Report Number: ICRR0021978

1. Program Information

Country
Mauritania

Practice Area (Lead)
Macroeconomics, Trade and Investment

Programmatic DPF

Planned Operations
2

Approved Operations
2

Operation ID
P160592

Operation Name
Mauritania DPO

L/C/TF Number(s)
IDA-D1530

Closing Date (Original)
31-Dec-2017

Total Financing (USD)
25,413,450.00

Bank Approval Date
15-Dec-2016

Closing Date (Actual)
31-Dec-2017

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	26,000,000.00	0.00
Revised Commitment	26,000,000.00	0.00
Actual	25,413,450.00	0.00

Country
Mauritania

Practice Area (Lead)
Macroeconomics, Trade and Investment

Operation ID
P163057

Operation Name
Mauritania DPO 2 (P163057)

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-D1530,IDA-D2640	31-Dec-2018	26332392.14
Bank Approval Date	**Closing Date (Actual)**	
20-Dec-2017	31-Dec-2018	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	26,000,000.00	0.00
Revised Commitment	26,000,000.00	0.00
Actual	26,332,392.14	0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

The program development objective (PDO) of DPO1 and DPO2 was *to support fiscal consolidation and private sector participation in non-extractives sectors* (DPO1, p 12).

As described in Section 2b, “fiscal consolidation” was delineated between increasing domestic revenues and increasing the efficiency of public spending (including by controlling the spending of Public Agencies).

For the purpose of this ICRR, we therefore unpack the PDO into three separate objectives as follows:

Objective 1: *increasing domestic revenues*

Objective 2: *increasing the efficiency of public spending (*including by controlling the spending of Public Agencies)

Objective 3: *supporting private sector participation in non-extractive sectors*

b. Pillars/Policy Areas

The operation was originally structured around two pillars in line with the two PDOs: Pillar A – fiscal consolidation by increasing domestic revenues, enhancing fiscal transparency, and increasing the efficiency of public spending; and Pillar B – private sector participation in the non-extractive sectors. With the unpacking of the PDO, the evaluation will be based on three pillars, the first two drawing on the original Pillar A and

concentrating on actions to increase fiscal space (better revenue and expenditure management); and the third to diversify the economic base:

Pillar A – increasing domestic revenues

Pillar B – Increasing the efficiency of public spending

Together, these two pillars aimed to adapt fiscal policy to a new external environment of low commodity prices by (i) increasing non-extractive revenues by rationalizing tax expenditures and expanding the tax base; (ii) streamlining the public investment program (PIP) and reducing its impact on public debt; and (iii) address fiscal risks related to parastatals.

The contents of both pillars were revised slightly from DPO1 to DPO2. Under Pillar A, "*enhancing fiscal transparency*" was replaced with "*controlling public enterprises*" to reflect the narrower focus on operations of public enterprises under DPO2, through procurement reform and strengthening the budget transfer system for public agencies and parastatals.

Pillar C – supporting private sector participation in the non-extractive sectors (subsequently to include supporting private sector-led diversification.

Pillar C aimed to: (i) introducing PPP arrangements to attract greater private sector participation and foreign direct investment (FDI); (ii) reforming land tenure and property rights law to alleviate access to credit constraints; and, (iii) strengthening the regulatory environment to promote increased productivity and exports in the livestock sector.

Under Pillar C, "*private sector participation*" was changed to "*private sector-led diversification"* to reflect the 2016-2030 National Strategy for Accelerated Growth and Shared Prosperity (SCAPP)

The Prior Actions (PAs) associated with the operation were as follows:

Pillar 1 – Increase Domestic Revenues	
DPO 1	**DPO 2**
PA1: The Minister of Finance has issued an order introducing the benchmark tax model for tax exemptions, and has published it in the official gazette, and has compiled a tax exemption registry for firms benefiting from tax exemptions under the 1982 Investment Code and the 1966 Free Zone Area law.	**PA2:** The Ministry of Economy and Finance, based on a policy communique to the Council of Ministers, has notified the companies in full breach of their investment agreements that their tax and customs incentives, awarded under the 2012 Investment Code, will be revoked, effective January 1, 2018
	PA3: The Ministry of Economy and Finance has adopted the legal provisions for a comprehensive transfer pricing documentation and disclosure requirements as well as an effective anti-abuse provisions, which limit an entity's net interest deductions to a fixed percentage of its profit, measured using

	earnings before interest, taxes, depreciation and amortization (EBITDA).
Pillar 2 – Increase the efficiency of public spending	
PA4: The Council of Ministers has issued a decree creating an institutional framework for the evaluation, selection and execution of public investment projects, and has published it in the official gazette.	**PA6:** The Council of Ministers has adopted a decree correcting deficiencies in the implementation of the Public Procurement Law, including clarifying regulations governing the composition, organization, and operations of the procurement commissions and designating specific officials responsible for procurement in each Contracting Authority, and has published it in the official gazette.
PA5: The Council of Ministers has approved the budget law proposal for 2017 that includes an integrated public investment budget with combined domestic and foreign financed projects.	**PA7**:The Council of Ministers has adopted the implementation decrees for Law 2005- 020 reorganizing the project award and project management processes, and regulating the contracting arrangement between Government and SOEs, and published it in the official gazette.
PA8: The Minister of Economy and Finance has issued an executive circular requiring the expansion of the automated expenditure-chain system (RACHAD) to include all eligible EPAs in Nouakchott beginning January 1, 2017	**PA9**: The Minister of Economy and Finance has issued a policy communique instructing the expansion of the treasury management system (RACHAD) to encompass the revenues and expenditures of all eligible public agencies starting January 1, 2018, as a means to reduce fiscal risks and enable budgetary savings.
PA10: The Recipient has published the latest audited financial statements for the five largest commercial enterprises in which its ownership stake exceeds 50 percent, on the website of its Treasury.	
Pillar 3: Support for Private Sector participation in the non-extractive industries	
PA11: The Council of Ministers has presented to Parliament the draft law on public-private partnerships (PPPs), and has approved two orders relating to the composition and operation of the inter-ministerial and the technical committees for PPP respectively, and has published these in the official gazette.	**PA12:** The PPP law is made operational through i) the adoption and publication in the official gazette of the PPP executive decree by the Council of Ministers that defines the institutional, procedural, and governance set-ups for PPP projects and ii) the adoption and publication in the official gazette of the order by the Minister of Economy and Finance setting thresholds for operation requiring inter-Ministerial approval.
PA13: The Minister of Economy and Finance has established the institutional framework for land reform by adopting an order creating a technical committee for land reform, appointing its members and validating its terms of reference.	**PA14:** The Recipient has enacted a new Law for Property Rights (Code des Droits Réels) that modernizes, reconciles, and consolidates the current property rights regimes, and published it in the official gazette.

	PA15: The Minister of Interior and Decentralization, the Minister of Housing, Urban Development, and Land-Use Management, the Minister of Budget, and the Minister of Economy and Finance have issued and published it in the official gazette a joint order laying down the new simplified modalities for processing demands for the final concession on property in urban areas, with the objective of expediting the property title granting process.
PA16: The Council of Ministers has made the Livestock Law operational through the adoption of two new executive decrees on livestock exports and imports and on animal-feed quality, and through the Minister of Livestock three new orders on poultry production and veterinary inspections, all in accordance with OIE standards, and all published in the official gazette	**PA17**: (i) The Council of Ministers has adopted decrees codifying professional standards and qualifications for veterinarians and defining the applicable requirements and institutional framework for the livestock sector, including for establishing livestock farms, vaccination parks, livestock markets, and slaughterhouses; and these decrees are consistent with the World Organization of Animal Health (OIE) standards; (ii) the Minister of Livestock has issued three new orders defining conditions for meat utilization and transformation and describing the organization of the livestock profession and sectoral information systems; and (iii) these decrees and orders have been published in the official gazette

c. Comments on Program Cost, Financing and Dates

DPO1 was an IDA grant of SDR 19 million (US$26 million). It was approved on December 15, 2016, became effective on December 19, 2016, and closed on December 31, 2017 after disbursing US$25.4 million. DPO2 was an IDA grant of SDR 18.6 million (US$26 million) was approved on December 20, 2017, became effective on December 21, 2017, and closed on December 31, 2018 after disbursing US$26.3 million.

3. Relevance of Design

a. Relevance of Objectives

At the time of project approval, Mauritania was struggling with the effects of an ongoing slump in global commodity prices that was severely impacting its terms of trade. The extractive industries had been the engine of the country's development for over a decade, averaging some 25 percent of GDP, 82 percent of exports and 23 percent of fiscal revenues. With the fall in commodity prices, the country saw its GDP growth rate fall from 6.1 percent to 3 percent between 2013 and 2015. The need for reform seemed inevitable and came to underpin the government's 2016-2030 national development strategy. The strategy had three axes: (i) macroeconomic management that included land reform and adoption of a new property rights law, review of the public investment portfolio, and strengthening tax policy; (ii) private sector development, including

diversification away from extractive industries, and public-private dialogue; and (iii) accelerated economic growth focusing on improving agri-business and diversifying livestock production.

The DPO series was designed to support the development strategy with its emphasis on fiscal consolidation and economic diversification. It was in line with the FY13-FY16 Country Partnership Strategy (CPS) and its two pillars – growth and diversification, and economic governance and service delivery; and it was consistent with the current FY18-FY23 Country Partnership Framework. The reform agenda supported by the DPO series built on successes under several Bank Technical Assistance and capacity building projects in public sector governance, public-private partnerships, land reform and property rights, and livestock development that had been or were under implementation.

Mauritania did not have a program with the IMF at the time of DPO1 (2016), but its macroeconomic policy framework for 2016-19 was considered adequate, although fragile (PD, p. 11). The IMF approved a Three-Year Arrangement (2017-2021) under the Extended Credit Facility (ECF) in December 2017, just before DPF2 was approved. The objectives of both the Bank and IMF programs were aligned with DPO2, focusing on fiscal consolidation and public investment management reform and private sector participation beyond the extractive sectors (DPO2, p. 14).

b. Relevance of Prior Actions

Rationale

There were 17 PA:s altogether, with three PAs supporting Pillar A (increasing domestic revenues), seven supporting Pillar B (efficiency in public spending), and seven supporting Pillar C (private sector led diversification). PAs under Pillar B were also likely to contribute to increasing fiscal revenues and thus reducing fiscal risk (PAs 4, 5 and 13); addressing the first objective..

Pillar A. PAs to increase domestic revenues (PA 1 under DPF 1; and PAs 2, 3 under DPO 2)

Based on Bank findings, Mauritania's tax exemption regime was fiscally expensive: it was poorly targeted, tax exemptions were inefficient and in some cases incentives were misplaced and ineffectual, and base erosion and profit shifting activities were inadequately regulated. The system was estimated to cost 4.9 percent of GDP, and its streamlining could yield significant fiscal savings. The PAs under this pillar combined to form a credible approach to increasing fiscal resources and lowering fiscal risk – essentially by weighing the efficiency of tax expenditures. **PA 1** under DPO 1 introduced a model for assessing tax incentives and identifying the most expensive elements of the incentive regime. PAs 2 and 3 under DPO 2 built on that model introducing a mechanism for revoking inefficient tax expenditures **(PA 2**) and strengthened rules to protect the tax base against abuse (**PA 3**). Together, these actions were likely to contribute towards a more efficient tax expenditure system with less distortions and thus bolstering domestic revenue mobilization (the Bank team estimated such savings to amount to 1.2 percent of GDP in 2019). However, while these three PAs set the stage for addressing non-compliance with existing tax exemptions, they provide no constraints on or disincentives to the future issuance of tax exemptions, including with respect to poor targeting and misplaced incentives Their relevance is therefore collectively rated moderately satisfactory

(Relevance = MS)

The relevance of PAs in Pillar A to the objective's achievement is judged to be *Moderately* Satisfactory

Pillar B. PAs to increase the efficiency of public spending (PAs 4, 5 under DPO 1; and PAs 6, 7 under DPO 2)

Public investment management (PIM) – PA 4, PA 5, PA 6, PA 7. Large-scale public investment is a central feature of the government's development agenda, but according to the ICR (p. 15) Mauritania's public investment management framework suffers from weaknesses: in project selection and management, in project implementation and in procurement systems. To address them, the DPF series supported a two-stage reform process: the first stage was to reform the institutional framework for formulating and selecting public investment projects, while the second stage focused on streamlining project implementation through more efficient procurement management. These stages were complementary and addressed the whole public investment cycle.

Under DPO 1, the institutional framework for evaluation, selection and implementation of public investment projects was set up, and projects were to be selected based on their economic and social viability, as well as their relevance to the policy agenda (**PA 4**). The operation also supported reforms to the budget classification and presentation process, introducing a unified investment budget that included both domestic and foreign-financed projects, providing consistent data to evaluate expenditure trends (**PA 3**). Under DPO 2, PAs 6 and 7 focused on the efficiency and integrity of the public procurement process as a means of enhancing value for money in public investments, reduce fiscal risk, and increase opportunity for private sector involvement. **PA 6** addressed the organizational arrangements for public procurement, especially the role of contracting authorities, while **PA 7** reorganized the project award and project management process.

The PAs introduced in the above paragraphs all addressed meaningful constraints to achieving PDO 2, and they fit into a coherent results chain.

Relevance of PA 4 = S; Relevance of PA 5 = S; Relevance of PA 6 = S; Relevance of PA 7 = S

Control of public enterprises – PA 8, PA 9, PA 10; addressing Objective 2. Reforms focusing on improving oversight, administrative controls and transparency in the parastatal sector are essential to effective management of fiscal risk and generation of budgetary savings. PAs 8 and 9 under DPO 1 focused on fiscal risk and inefficiencies in the parastatal sector. Under **PA 8**, the government's automated expenditure chain system (which included central government agencies and all domestically funded public expenditures) expanded and government agencies are gradually being incorporated into its public expenditure control system. **PA 9** included the publication of audited financial statements for major state-owned enterprises in the system. DPO 2 introduced additional reforms to the parastatal sector. **PA 10** promoted the expansion of the treasury management system to all eligible public agencies which drew attention to recruitment irregularities and prompted the authorities towards more effective management of the public sector wage bill. With the introduction of PA 10, agencies were able to make automatic deductions of income tax and social insurance contributions, previously uncollected.

PA 8 = S; PA 9 = S; PA 10 = S

The relevance of PAs in Pillar B to the objective's achievement is judged to be Satisfactory.

Pillar C. Private participation/diversification into non-extractive sectors (PA 11, 13, 16 under DPO 1; and PA 12, 14, 15, 17 under DPO 2; addressing the third objective)

Public-private partnerships (PPP) – PA 11, PA 12. PPPs can play an increased role in building the economy, especially in an environment of high infrastructure needs and limited fiscal resources. To encourage this, actions addressing key governance constraints, including an appropriate legal and institutional framework, were taken: regulations governing the establishment and management of PPPs, including a PPP executive unit, were introduced (**PA 11** under DPO 1); under DPO 2, the governance architecture of the PPP executive was operationalized (**PA 12**).

Relevance of PA 11 = S; Relevance of PA 12 = S

Land tenure and property rights – PA 13, 14, 15. Uncertainty about property rights – formal legislation, traditional practices and sharia law – has had a detrimental effect on private sector development, limiting efforts at land improvement, use of land as collateral in financial transactions, and inhibiting the growth of the non-extractive primary sector. Under DPO 1, a consultative process was initiated to guide the development of a reform program, as well as an accompanying institutional framework in the form of a technical coordinating committee (**PA13**). DPO 2 supported the adoption of new legal texts and policy documents – a new code of property rights (**PA 14**) – complemented by regulations for effective implementation (**PA 15**). All of these measures are likely to boost formal title ownership and expand credit access that supports private sector participation (Objective 3). (See also Section 5, Objective 3, Property rights)

Relevance of PA 13 = MS; Relevance of PA 14 = S; Relevance of PA 15 = S)

The livestock sector – PA 16, 17. Agro-pastoralism is the main livelihood for 60 percent of rural households, and it is dominated by the livestock sector. Inadequate sanitation and few professional guidelines prevent the sector from reaching its full potential. The PDO series supported the passage of new regulations targeting best practice standards. Under DPO 1, the government adopted executive texts on livestock exports and imports, animal feed quality, poultry production and veterinary inspections (**PA 8**). DPO 2 built on those measures, setting professional standards and qualifications for the veterinary profession, promoting the development of pastoral infrastructure, and encouraging the professionalization of livestock production and related trades (**PA 17**). This, in turn, was expected to diversify private sector activity, supporting Objective 3.(see also Section 5, Objective 3, Livestock sector)

Relevance of PA 16 = S; Relevance of PA 17 = S

The relevance of PAs in Pillar C to the objective's achievement is judged to be Satisfactory.

The overall relevance of the PAs in the series is judged to be Satisfactory

Rating

Satisfactory

4. Relevance of Results Indicators

Rationale

Table 2. Description of RIs by Pillar, the PAs they support, baseline and target values, and status

Results indicator	Associated PA	Baseline/Target	Status
Pillar A: Domestic revenue mobilization			
RI1: Tax revenue as % of GDP	PA 1, PA 2	**Baseline** (2015): 17 % of GDP **Target**: (2019): 18.2% of GDP	Actual (2019): 18.8% of GDP (target exceeded)
RI2: Share of public investment projects prepared and executed based on new framework	PA 3, PA 4, PA 5	**Baseline** (2016):0 **Target** (2018) >75%.	100% (target exceeded)
RI3: Percentage of the total value of contracts awarded without competition has been cut in half	PA 6, PA 7	**Baseline** (2016): 47 percent of total procurement bids **Target** (2018): 23.5 percent of total procurement bids.	28% (target exceeded)
RI4: The number of eligible administrative public agencies (EPAs) and agencies included in the automated expenditure-chain system (RACHAD) increases	PA 8, PA 9	**Baseline (2016)**: 0 **Target** (2018): 81.	133 (target exceeded)
Pillar B: Increasing the efficiency of public spending:			
RI5: Decline in public enterprises and agencies extra-budgetary spending and carry-forwards (in percentage of GDP)	PA 10	**Baseline** (2015): 0% **Target** (2018): 79%	100% (target exceeded)
Pillar C: Support for private sector participation in the non-extractive industries			
RI6: The executive PPP Unit has reviewed and assessed PPP projects according to the new regulatory framework	PA 11, PA 12	**Baseline** (2016): 0 **Target** (2018): half of the PPP portfolio.	100% (target exceeded)

RI7: Increase in formal properties titled	PA 13, PA 14, PA 15	**Baseline** (2015): 27168 **Target** (2018) : >28000 **Revised target** (2018): >31000	29742 (below revised target)
RI8: : Improvements in the formalization of the livestock sector as highlighted by: The increase in the percentage of verified products in total products of slaughterhouses	PA 17	**Baseline** (2016): 0% **Target** (2018): 8%.	88% of animals slaughtered are verified (target exceeded)
RI9: Increase in the percentage of formal livestock transactions at the borders	PA 16	**Baseline** (2016): 0% **Target** (2018): 10%.	100% (target exceeded)

Results Indicators related to Objective 1 – Increasing Domestic Revenues

RI 1: Number of tax exemption categories eliminated under the new benchmark model was revised to **Increase in tax revenues as a share of GDP** for DPO 2. Both seek to measure the impact of the benchmark model (introduced under PA 1 and operationalized under PAs 9 and 10) on increasing fiscal resources and reducing fiscal risk through the effects of tax expenditure measures (adjustments to preferential tax and customs treatment). Monitoring of changes in value of tax exemptions (which is reported in the ICR) might have been a more straightforward indicator of the effects of PA 1 and PAs 9 and 10.

Relevance of RI 1 = S

The relevance of the results indicator associated with prior actions under Pillar A is judged Satisfactory

Results Indicators related to Objective 2 – Increasing the efficiency of public spending

RI 2: Share of public investment projects prepared and executed based on a new (legal) **framework** [for selecting public investment projects]. The indicator was to monitor progress on applying a more rigorous selection process to public investment projects, for which PA 2 created the institutional framework. Here, the results indicator is limited to outputs, essentially the number of projects approved under the new rules, with little guidance on how those rules were being applied or savings realized.

Relevance of R2 = MS

RI 3: Percentage of the total value of contracts awarded without competition. This indicator was introduced under PDO 2 and supported PA 6 and PA 7 introduced to strengthen administrative controls to help improve efficiency in public spending. The indicator had clear baselines and targets, and data was available to measure achievement.

Relevance of R3 = S

RI 4 and RI 5 combine to bring oversight, administrative controls and transparency to parastatals, and may reduce their dependence on budget transfers and generate budget savings. **RI 4** monitors **the number of eligible administrative public agencies included in the automated expenditure chain system;** it was expanded under DPO 2 to **measure the decline in public enterprises' and agencies' extra-budgetary spending and carry-forwards** (as a percentage of GDP) by mapping revenue and expenditure reporting of those entities. As increasing the number of public agencies covered is expected to improve oversight and transparency, an additional results indicator, **RI 5,** was introduced to measure **the share of budget transfers to parastatals administered through the automated expenditure chain system.** Together, RI4 and RI5 brought all administrative public agencies into a unified, automated system of expenditures. All three indicators were measurable.

Relevance of RI4 = S ; relevance of RI 5 = S

Relevance of results indicators associated with prior actions under Pillar B are judged Moderately Satisfactory.

Results Indicators related to Objective 3: Private Sector Participation in the Non-Extractive Sectors

RI 6: The number of public-private partnership projects under implementation using the new framework (for selecting investment projects) was revised for DPO 2 to read: **the executive PPP unit has reviewed and assessed PPP projects according to the new regulatory framework**. In its current form, the RI does not provide insight into the extent of private sector participation; it would be achieved if no PPP projects were considered or if those reviewed were not implemented. While review under the new framework has merit in terms of the quality of PPPs, it does not itself capture an increase private-sector participation in the non-extractives sector.

Relevance of RI6 = MS

RI 7: Increase in formal properties that were titled allowed an effective means of monitoring the process, once the relevant codification and regulatory framework was in place. That was done under PA 13, which created a technical committee for land reform, PA 14 which passed the new law on property rights, and PA 15 which lay down the necessary modalities.

Relevance of RI7 = S

RI 8: Increase in the percentage of verified products in slaughterhouses' total products, and **RI 9: increase in the percentage of formal/legal livestock transactions at the border**. The two RIs built on PA 16 and PA 17 to promote the livestock trade and thereby expand opportunities for the non-extractive sector, and were designed to monitor the government's efforts to build the institutions for a livestock industry that measured up to international standards – at the production level and in the livestock trade.

Relevance of RI8 and RI9 = S

The relevance of results indicators associated with prior actions under Pillar C are judged Moderately Satisfactory.

RI Summary: The results indicators mostly proved adequate for measuring progress towards achievement of the three objectives. In a few instances, the initial formulation of an indicator proved awkward or insufficient and was replaced or adjusted for DPO 2.

Overall, indicators were feasible and measurable Still, the ICR (p.23) notes difficulties in the timely provision of RI data, making tracking of the RIs during implementation difficult. The necessary data was however available at the time the ICR was produced. However, this raises undermines the value of the RIs as a management tool in program implementation.

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Support Fiscal Consolidation by increasing domestic revenues

Rationale

Supported by PAs 1 under DPO 1, and PAs 2 and 3 under DPO 2, Progress measured by RI 1

The RI target was met (tax revenues increased by 1.2 percent of GDP from a baseline of 17 percent of GDP in 2015 to 18.6 per cent of GDP in 2019 compared with a target of 18.2 percent). This includes a drop in total fiscal exemptions from 6.4 percent of GDP in 2017 to 5.9 percent of GDP in 2018 as non-compliant tax incentives were revoked. This points to progress in fiscal consolidation during project implementation, although full attribution to the reforms supported by the operation is difficult to ascertain.

Achievement of Objective 1 is rated Moderately Satisfactory

Rating

Moderately Satisfactory

OBJECTIVE 2

Objective

Increasing the efficiency of public spending

Rationale

Supported by PAs 4, 5, 8 and 9 under DPO 1; and PAs 6, 7 and 10 under DPO 2; Progress measured by RI 2 to RI 5

Public Investment Management and Procurement

Efficiency in public spending was to be raised through better investment management and procurement processes, and more rigorous control over public enterprises. Relevant results indicators related to project selection (RI 2), competitive procurement (RI 3), and greater oversight of parastatals (RI4, RI 5). The share of PIPs prepared and executed based on a new legal framework reached 100 percent (i.e. all PIPs were being processed under the new framework at project completion from a baseline of zero and against a target of over 75 percent). The total value of contracts awarded without competition declined from a baseline of 47.0 percent in 2016 to 23.5 percent in 2018. The number of EPAs and public agencies included in the automated expenditure chain system exceeded the target by a large margin.

Institutional efficiency related to public spending is likely to have increased; however, there is no direct evidence of whether the efficiency gains as a result of the measures generated financial savings. The ICR indicates that fiscal savings are unknown (ICR, p. 25)

Control of public enterprises

Oversight, administrative controls and transparency of parastatals and their reduced dependency on budget transfers were measured by RIs 4 and 5. With all EPAs integrated into the unified, automated system for the public expenditure budget, extrabudgetary expenditures by EPAs declined from 1.2 percent of GDP in 2016 to nearly zero percent in 2018. While this also could represent significant fiscal savings, numbers are currently not available.

Achievement of Objective 2 is rated Satisfactory

Rating

Satisfactory

OBJECTIVE 3

Objective

Support private sector participation in the non-extractive sectors

Rationale

The series supported the development of an institutional framework for public private partnerships, including a PPP law and an executive unit as a way to support private-sector participation in the non-extractives

sector. The law and the unit became operational in 2019 and at the time of the ICR, required reviewing all PPP projects, against a target of 50 percent. While this is encouraging, there is no indication of the number of PPPs addressed, the executive unit has no role in administrative follow-up, and the ICR, p. 32, expresses concern about the sustainability of PPP arrangements, following transparency issues in the expansion of Nouakchott port.

Property Rights

With access to credit largely dependent on property titling, this was a meaningful way of expanding the non-extractive economy. Since the introduction of a formal institutional framework in (P7, 15 and 16), over 31,000 properties had been titled by 2018, equaling the target set at DPF 2, compared to a baseline of 27,000.

Livestock Sector

The number of slaughterhouses meeting international standards has risen from zero in 2016 to 88 percent in 2018 against a target of 8 percent. The increase in the percentage of formal livestock transactions (as per the new law) at the borders has risen from zero percent in 2016 to 100 percent in 2018, against a target of 10 percent. However, there is no indicator that allows appreciation of the level of activities.

Achievement of Objective 3 is rated Moderately Satisfactory in the absence of indicators on actual fiscal savings, in particular regarding the actions in the context of property rights and the livestock sector. While fiscal savings are plausible, information is so far lacking.

Rating

Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

Achievement of the first objective was rated Moderately Satisfactory and the two other objectives were rated Satisfactory. The program met or exceeded six of the eight results targets. It was successful in raising efficiency in public spending by addressing important challenges in PIM, and by strengthening oversight of spending in public enterprises. It broadened the potential for private enterprise by formalizing PPPs, improving the resource base for entrepreneurs by redefining property rights and land tenure, and improved practice standards in animal husbandry. Finally, it contributed to reducing fiscal risk by increasing public revenue generation.

In some instances, the necessary in-country skills to implement new requirements introduced under PAs – notably under Objective 3 – might not have been easily available. The ICR points to a number of weaknesses in applying new regulations that were introduced as PAs the areas of public-private partnerships, procurement and land reform – all areas where relatively unfamiliar concepts were being introduced (ICR, p. 32).

Results Indicator	RI Relevance	Efficacy	Pillar Efficacy	Overall Efficacy
Pillar 1: Domestic Revenue Mobilization				
RI1	S	High	Satisfactory	Satisfactory
Pillar 2: Increased Efficiency in Public Spending				
RI2	MS	Substantial	Satisfactory	
RI3	S	Substantial		
RI4	S	High		
RI5	S	High		
Pillar 3: Supporting the non-extractive private sector				
RI6	MS	Substantial	Satisfactory	
RI7	S	Substantial		
RI8	S	High		
RI9	S	High		

Overall Efficacy Rating

Satisfactory

6. Outcome

Rationale

The relevance of the series to country needs was high, focusing on fiscal consolidation and improving the role of non-extractive private enterprise, both priorities on the government agenda. Objectives were met at a satisfactory or moderately satisfactory level.

a. Rating

Satisfactory

7. Risk to Development Outcome

The ICR ((p. 32) signals some concerns about the sustainability of the development outcomes: they are mainly in the areas of PPPs, procurement and land reform. Recent experience with PPP has raised concerns about the transparency of the PPP processes and compliance with the regulatory and legal framework, partly pointing to weaknesses in the government's PPP unit. Likewise, uncertainties are attached to the transparency of the procurement process and, again, uncertain administrative arrangements. On land reform, the Bank is supporting a gradual process of piloting in the face of some possible political resistance. While ongoing investment/TA projects funded by the Bank and other donors are likely to maintain at least some momentum, the organizational and institutional frailties that they seem to point to may indicate that some of the initiatives launched under this series might have been premature or require more preparation or technical support.

That said, there are also trends towards positive longer term development outcomes, especially in fiscal consolidation. Efforts under the series to improve tax administration and project selection, and a wider role for private enterprise outside the extractive sector, have contributed to budget surpluses. That has been especially valuable during a period of lower extractive revenues.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

The series had a strong analytical underpinning with each policy area supported by analytical work and technical assistance provided by Bank teams and projects under implementation. The ICR lists a large number of activities in each program area, including sector work covering all three program areas, and a Public Sector Governance Project (P146804) providing capacity building to tax authorities and various directorates for implementing PIM reforms. The results chain is in most instances convincing and maps a logical continuum on how program inputs are expected to achieve outcomes through a monitorable series of actions. The PD identified a series of ex ante risks – political ones and in governance, macroeconomic and implementation capacity – assessing the overall risk as high. The ICR notes that many of the risks were mitigated during the design phase (when the focus was on selecting interventions that the team believed had reasonable chance of succeeding) and during implementation through technical assistance. The institutional capacity risk was recognized (ICR, p. 31) and significantly mitigated as noted above. Implications for poverty and social impact were extensively discussed in program documentation (PDs), and ex ante estimates indicated a decline in the poverty rate. So far, actual impacts have not been measured.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

As noted above, the Bank provided significant technical assistance, including capacity building, as it recognized the client's capacity limitations, and adjusted reform momentum accordingly. (i.e. in some instances triggers were modified to better reflect reality on the ground. The Bank team collaborated with the IMF and other development partners, first to define the reform program, and then drawing on coordinating mechanisms, especially in promoting PFM reforms and the land reform program. The Bank conducted regular monitoring, supported by day-to-day support from the field office.

Rating

Satisfactory

c. Overall Bank Performance

Rationale

Bank Performance in design as well as implementation rated satisfactory. Hence, overall Bank Performance is satisfactory.

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

During series' preparation, estimates were made of its potential poverty alleviating impact; these showed a decline in the poverty rate from 23.3 percent in 2016 to 20 percent in 2020. So far, no such calculations have been made post- project.

b. Environmental

None identified.

c. Gender

None identified.

d. Other

None identified.

10. Quality of ICR

Rationale

The ICR is well done. It clearly and succinctly articulates the backward and forward links between the PDO, the PAs and the results indicators, and provides additional evidence where necessary to support achievement of the PDO. Apart from land titling it also identifies the weaknesses in the program.

a. Rating

High

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	Not rated in the ICR
Quality of ICR	---	High	

12. Lessons

The ICRR agrees with the lessons listed in the ICR:

The DPO instrument, through a productive dialogue can move forward reforms that otherwise might have stalled. The series included a continuing dialogue with the country, the IMF and other development partners throughout the program. This was seen as critical (during ICR interviews) to complete the prior actions and subsequent implementation, and points to the key role that close engagement with the client can have, especially when capacity constraints may require a lowering of ambitious targets..

The importance of TA and support from ongoing investment projects to support DPO reforms. Relevant TA is an essential complement to a DPO to ensure follow through on implementation; and support from planned/ongoing investment projects to support reforms on the ground and to achieve outcomes, especially in a country with low capacity.

Emphasis should be placed on explicitly integrating M&E into the project process, In low capacity countries there is a danger of underestimating/ignoring the results framework of a project. Counterparts may view M&E as a bureaucratic requirement rather than an essential feature of successful institution building. This can be counterbalanced by focusing on incorporating results management into the policy dialogue and into project implementation – going beyond the focus on prior actions to emphasize results.

13. Project Performance Assessment Report (PPAR) Recommended?

No