

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



ISLAMIC REPUBLIC OF MAURITANIA

PORTFOLIO REVIEW REPORT

**REGIONAL NORTH 2 DEPARTMENT - ORNB
December 2009**

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. OVERVIEW OF THE ACTIVE PORTFOLIO	2
A. Key Characteristics of the Active Portfolio	2
Volume and Composition of the Active Portfolio	2
Sectoral Distribution of the Active Portfolio and Activities Supported by the Bank	3
Average Age of the Active Portfolio	4
Average Disbursement Rate of the Active Portfolio	4
B. Portfolio Performance Evaluation	5
Overall and Sectoral Portfolio Performance	5
Projects at Risk (PAR) and Ageing Projects	7
Impact on Development	7
Points of Improvement in Portfolio Performance	8
Persistent Problems in Portfolio Performance and Monitoring	8
C. Comparison of Portfolio Performance	09
III. ASSESSMENT OF PORTFOLIO MANAGEMENT CAPACITY AND AID COORDINATION	10
Government Performance	10
Bank Performance	10
Aid Coordination	10
IV. LESSONS FOR PORTFOLIO MANAGEMENT AND CSP	11
A. Lessons for Portfolio Management	11
B. Lessons for CSP 2010-2014	11
V. CONCLUSION AND RECOMMENDATIONS	12
A. Conclusion	12
B. Recommendations	12

This report was prepared following a Bank multidisciplinary portfolio review mission to the Islamic Republic of Mauritania from 13 to 20 October 2009. The mission was led by Mr. G.W. BENE-HOANE, Lead Economic Expert, ORNB, and included Mrs. Jeanne NZEYIMANA, Microfinance Specialist, OSHD.1, Mr. Tijani NAJEH, Principal Economist, ORNB, Mr. Malek BOUZGARROU, Senior Economist, ORNB, Mr. Mamadou KANE, Senior Rural Infrastructure Engineer, OSAN.1 and Mr. Mustapha EL GHALI, Consultant, FFCO.3. The main orientations and conclusions of this review were discussed with the Mauritanian authorities as part of dialogue with the latter, steered by Mr. Isaac LOBE-NDOUMBE, ORNB Director.

ANNEXES

- Annex I** : Active Portfolio of Mauritania: Characteristics of Ongoing Operations as at 31 October 2009)
Annex II : Portfolio Improvement Plan

CHARTS

- Chart 1** : Sectoral Distribution of Bank Operations in Mauritania
Chart 2 : Comparative Indicators of Portfolio between 2007 and 2009
Chart 3 : Sectoral Distribution of Ongoing Projects as at 31 October 2009
Chart 4 : Disbursement Rate and Age of Projects by Sector

TABLES

- Table 1** : Composition of Bank Active Portfolio in Mauritania
Table 2 : Status of Disbursement of Ongoing Operations as at 31 October 2009
Table 3 : Portfolio Performance Rating
Table 4 : Comparison of Portfolio Performance

GLOSSARY

Age	Time elapsed from effectiveness of loans/grants
Average Portfolio Age	Average age of ongoing operations
Relative Age	Age divided by the projected duration of the operation
Project Implementation Unit	A project management unit is responsible for the implementation of a project as well as its technical and financial management
Paris Declaration	International conference held in Paris in 2005 on aid effectiveness which led to a commitment by donor countries and beneficiary countries to strive towards the ownership by countries concerned of the development process, harmonization of the interventions of technical and financial partners (TFPs), alignment of aid with national policies of countries and result-based management.
Implementation Progress (IP)	Status of project implementation. It is measured by the average of the following criteria: procurement performance, compliance with conditions, financial performance, activities and outputs.
Operation	A term used in the reference document "General Conditions Applicable to Loan and Guarantee Agreements" to describe a project, study or programme
Non-Sovereign Guaranteed Operation	Concerns the Bank's interventions that do not have Government guarantee.
Project	Term used in the reference document "General Conditions Applicable to Loan Agreements and Guarantee Agreements" to describe any project, programme or operation for which a loan has been granted.
Portfolio	A set of projects financed by the Bank in the country
Active Portfolio	Consists of a set of ongoing public sector operations as well as those without a sovereign guarantee
Ageing Projects	Operations with implementation periods equal to or in excess of eight years.
Problem Projects (PP)	An operation with lower than 1.5 average score for Implementation Progress (IP) or Development Objective.
Potentially Problematic Project (PPP)	Operation with a less than 1.5 rating for <i>at least two</i> of the following criteria: compliance with loan conditions for its entry into force (A1), procurement of goods and services (B2), availability of funds in local currency (C3), project management performance (D4)
Projects at Risk (PAR)	Problem projects or potentially problem projects (PAR=PP+PPP)
Enclave Project	A viable public sector project in exclusively ADF countries, geared towards exports and with a sure foreign market for its products and services and eligible for ADB resources
Portfolio Review	An exercise conducted by the Bank Group every two years to assess with the beneficiary country the implementation performance, relevance, effectiveness and viability of the assistance it provides the member country.

ACRONYMS AND ABBREVIATIONS

ADB	:	African Development Bank
ADF	:	African Development Fund
AFESD	:	Arab Fund for Economic and Social Development
BCM	:	Central Bank of Mauritania
CAPEC	:	<i>Caisse Populaire d'Epargne et de Cr�dit</i> (Savings and Credit Fund)
CAS	:	Country Assistance Strategy
CSP	:	Country Strategy Paper
ECOWAS	:	Economic Community of West African States
GDP	:	Gross Domestic Product
MFI	:	Micro-finance Institutions
MAED	:	Ministry of Economy and Development
MAFO	:	ADB Regional Office in Morocco
MDG	:	Millennium Development Goals
MRO	:	Mauritanian Ouguiya (Currency Unit of Mauritania)
NTF	:	Nigeria Trust Fund
OPEC	:	Organization of Petroleum Exporting Countries
PADEL	:	Rangelands and Livestock Development Project
PAHABO	:	Brakna-West Irrigation Project
PARPEF	:	Economic and Financial Programming Support Project
PIU	:	Project Implementation Unit
PRECAMF	:	Microfinance Actors Capacity Building Project
PRGF	:	Poverty Reduction and Growth Facility
PROCAPEC	:	CAPEC Project
PRSF	:	Poverty Reduction Strategy Framework
RAPP	:	Annual Portfolio Performance Review
SNFO	:	ADB Regional Office in Senegal
SNIM	:	National Industrial and Mining Company
TAF	:	Technical Assistance Fund
UA	:	Unit of Account
WS	:	Water Supply
WSS	:	Water Supply and Sanitation

CURRENCY EQUIVALENTS (November 2009)

Currency Unit	:	Ouguiya (MRO)
UA 1	:	MRO 415.685
UA 1	:	USD 1. 58989
USD 1	:	MRO 261.455

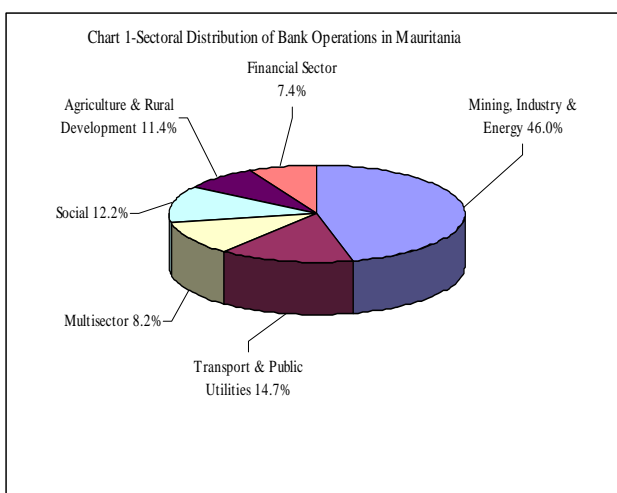
I. INTRODUCTION

1.1 *The purpose of this report is to apprise the Board of Directors of the status of the Bank's operations in Mauritania and progress made in their implementation since the last review conducted in 2007 (ADF/BD/WP/2008/39). It assesses the portfolio performance and makes recommendations to both the Bank and the Government for improvement. The report is based on the findings of the supervision mission of ongoing projects, analyses of the portfolio review mission fielded in Mauritania from 13 to 20 October 2009 as well as the outcome of dialogue with the Mauritanian authorities. The review relates to both public and private sector operations. It also covers regional operations¹.*

1.2 *The period covered by the review (2008-2009) was characterized by several major events that marked the environment in which projects financed by the Bank in the country were implemented: (i) the political crisis that rocked the country for over twelve months and that led some development partners (World Bank, International Monetary Fund and the European Union in particular) to freeze or suspend their cooperation with Mauritania and briefly defer their financial and technical assistance; and (ii) the international financial crisis that came in the wake of a serious food crisis and a sharp rise in the price of energy products, and subsequently snowballed into a profound economic crisis. The economic crisis resulted in a global recession, causing a steep decline in demand for Mauritania's major export commodities. Combined with the effects of the political crisis, this situation that led to the freezing of a portion of external aid, negatively affected the country's economic performance. These events called for a closer monitoring of the portfolio to ensure that despite the aforementioned context, the implementation of operations was not compromised. However, it is worth recalling that following the establishment of a Government recognized by the international community since August 2009, Mauritania has initiated moves towards the gradual normalization of relations with all its development partners.*

1.3 *Since the start of its operations in Mauritania in 1972, i.e. nearly 37 years of cooperation, the Bank Group has financed 61 operations for a total commitment of UA 493.61 million. These operations consist of the following: 43 projects, 5 studies, 5 economic reform programmes, 3 loans under the supplementary financing mechanism, 3 lines of credit and 2 emergency humanitarian assistance.*

1.4 A sectoral breakdown of the operations is presented in **Chart 1** below. *Taking into account non-sovereign guaranteed loans, mining/industry tops the list of sectors supported by the Bank with 43% of total commitments. It is followed by infrastructure (transport, energy and public utilities) with 17.7% of commitments, the social sector (12.2%), the agricultural sector (11.4%), multi-sector/governance (8.2%) and, lastly the financial sector (7.4%). The prominent share of the mining and industry in the portfolio is mainly attributable to the USD 175 million loan to the *Société Nationale Industrielle et Minière* (National Industrial and Mining Company - SNIM) approved in September 2009. In terms of the amount involved, the operation is the largest the Bank has ever approved for Mauritania. It has significantly altered the structure of the portfolio of Mauritania to the extent that non-sovereign guaranteed operations which, together with this project, account for 70% of the total portfolio, have overtaken the public sector. It also indicates that despite the relatively modest level of ADF allocations to Mauritania, the latter has obtained substantial resources through the ADB window (private sector operations and enclave projects). Thus, the Bank has been able to meet the financing needs of the country's economy*



¹ As of 31 October 2009, the portfolio included a single regional operation namely the *Invasive Aquatic Weeds and Plants Control Project*.

beyond the country's allocation. Prior to the approval of this relatively recent operation, the portfolio was dominated by *infrastructure (transports, energy and public utilities) which topped the list of sectors supported by the Bank with 52% of total commitments.*

1.5 *Out of 61 operations, 50 have been completed and 11, amounting to total commitments of nearly UA 171.8 million, are still in the portfolio.* The financing of these operations entailed: (i) UA 240.8 million in the form of concessional loans and UA 4.79 million as ADF grants; (ii) UA 236.13 million from ADB non-concessional financing; (iii) UA 10.3 million as grants from the Nigeria Trust Fund (NTF) and; (iv) UA 1.55 millions from the African Water Facility (AWF), bilateral cooperation and Special Relief Fund (SRF) resources.

II. Overview of the Active Portfolio

A. Key Characteristics of the Active Portfolio

2.1 *This review relates to ongoing - therefore active projects - as at 31 October 2009.* It does not cover the SNIM loan mentioned in paragraph 1.4. Although included in the portfolio, the SNIM loan had not become active at the time of this review.

Volume and Composition of the Active Portfolio

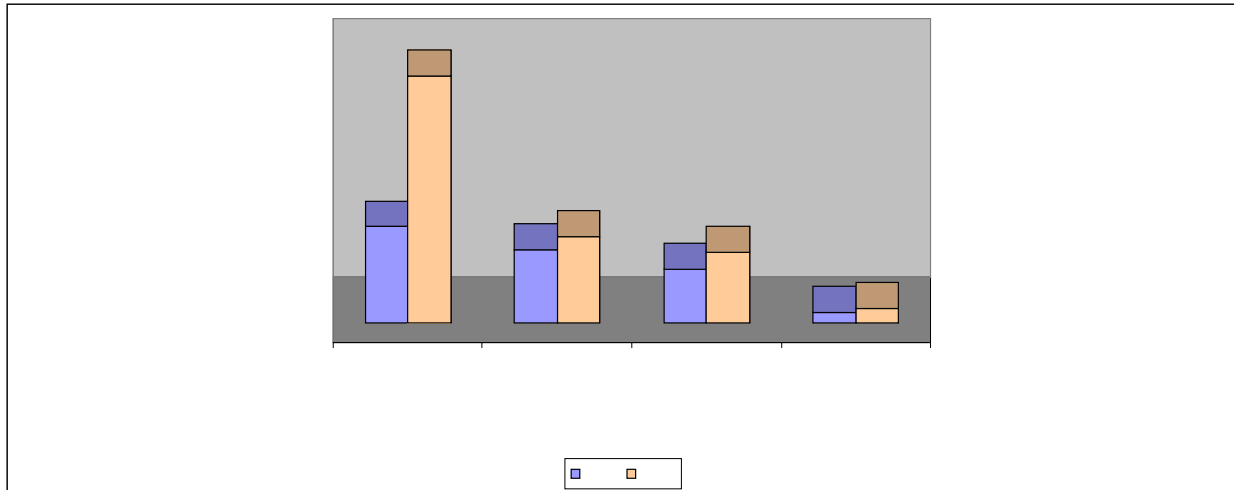
2.2 *As at 31 October 2009, the active portfolio consisted of ten (10) ongoing operations (compared to 7 in 2007).* The ten operations represent total commitments of UA 60.12 million (see Table 1 below and Annex I), comprising UA 52.16 million for eight (8) public sector operations (of which a UA 810,000 regional operation), and UA 7.95 million for two (2) non- sovereign guaranteed operations (lines of credit to the BCI and Mauritanie Leasing).

Table 1
Composition of Bank Group Active Portfolio in Mauritania

Project Name	Approv. Date	Signature Date	Effectiveness	Amount Approved (UA)	Closing Date
PUBLIC SECTOR OPERATIONS					
Regional Operations					
- Invasive Aquatic Weeds and Plants	22/09/2004	07/12/2004	03/02/2006	810 000	31/12/2011
SUB-TOTAL				810 000	
National Operations					
- Brakna-West Irrigation Scheme	17/11/2004	03/06/2005	10/08/2005	2 670 000	31/12/2010
Brakna-West Irrigation Scheme				4 300 000	31/12/2010
- Ten-Year Educational Development Support Programme	28/11/2001	16/12/2001	20/10/2002	8 293 000	31/12/2009
- Nouakchott WSS Project (Aftout Essahili)	24/09/2003	16/12/2003	22/11/2005	10 000 000	31/12/2009
Nouakchott WSS Project (Complementary Loan - 1st tranche)	28/05/2008	12/11/2008	07/05/2009	9 460 000	31/12/2010
- Southern Rural WSS Project	15/11/2006	12/01/2007	03/10/2007	9 700 000	31/12/2011
- Micro-Finance Actors Capacity Building (PRECAMF)	02/03/2007	21/03/2007	02/04/2008	5 980 000	31/12/2012
- Strengthening of Economic and Financial Programming (PARPEF)	22/02/2007	29/03/2007	25/04/2007	487 457.6	31/08/2009
- Integrated Water Resource Management Project (AGIRE)	07/11/2007	08/05/2008	15/01/2009	459 618.0	31/12/2012
SUB-TOTAL				51 350 075.54	
TOTAL				52 160 075.54	
PRIVATE SECTOR					
OPERATIONS					
- Mauritanie Leasing	17/07/2008	15/03/2009		3 060 687	
- Mauritanie BCI	17/07/2008	15/03/2009		4 897 100	
TOTAL				7 957 787	
GRAND TOTAL				60 117 862.54	

The average size by operation is about UA 6 million, which is relatively small. Compared to 2007, the portfolio is growing both in volume (+18.5%) and number of projects (+3), as **Chart 2 below** indicates.

Chart 2: Comparative Portfolio Indicators between 2007 and 2009

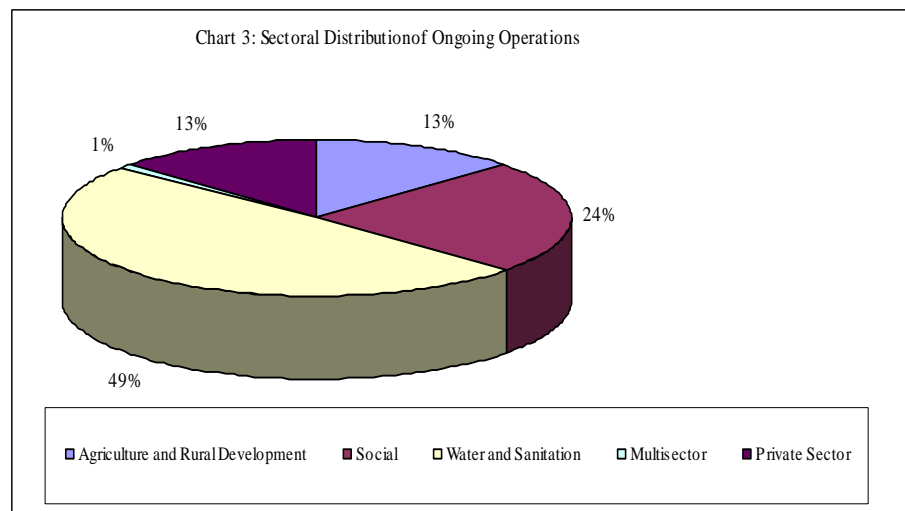


Sectoral Distribution of the Active Portfolio and Activities Supported by the Bank

2.3 ***The ten ongoing operations are small in size, but they target specific sectors. The operations are spread among five (5) sectors*** with a high concentration on infrastructure, particularly water and sanitation which accounts for 49% of active commitments. The remaining commitments are shared between the social sector (24%), agriculture and rural development (13%), the financial sector (13%) that essentially covers non-sovereign guaranteed operations, and multi-sector (1%) (**Chart 3**). Compared to 2007, the portfolio structure has undergone a slight change. The transport sector, which in 2007 accounted for 21.8% of active commitments and ranked second in the portfolio, no longer features in the latter following the completion of the *Rosso-Boghe Road Construction Project*. Furthermore, the financial sector, which no longer featured in the sectoral distribution of the portfolio in view of the non-inclusion in the 2007 review of non-sovereign guaranteed operations, appears with the inclusion of the two lines of credit approved in 2008 for private financial institutions.

2.4 ***A sectoral breakdown of ongoing operations reflects the Bank's growing selectivity in its interventions in Mauritania under the last two ADF Cycles (X and XI)***, during which a significant portion of the allocation was devoted to the water and sanitation sector. The priority given to the sector by both the Government and the Bank is explained by the critical nature of the problem of water scarcity in Mauritania. This scarcity affects the living conditions and health of the

population as well as hampers the development of the country's economy, particularly industrial and commercial activities. To mitigate the problem, the Government, with the support of several development partners, including the Bank, initiated a major project, i.e. the *Nouakchott City Water and Sanitation Project* (Aftout Essahili Project). The totality of the ADF XI has been allocated to this project.



population as well as hampers the development of the country's economy, particularly industrial and commercial activities. To mitigate the problem, the Government, with the support of several development partners, including the Bank, initiated a major project, i.e. the *Nouakchott City Water and Sanitation Project* (Aftout Essahili Project). The totality of the ADF XI has been allocated to this project.

2.5 ***In other sectors supported by the Bank***, operations mainly focused on the promotion of micro-finance and income-generating activities for the most vulnerable sections of the population (social sector), higher education development (education), control of water-borne diseases (rural development), institutional capacity building (economic governance) and support to the development of small and medium-sized enterprises by strengthening the local financial sector (private sector). These interventions are in line with the Bank's strategic orientations and Government's priorities as defined in the Poverty Reduction Strategy Framework (PRSF 2006-2010). With regard to the PRSF, the Bank has focused on cross-cutting issue, with some of the interventions designed to directly impact women's enhancement (*Micro-finance Actors Capacity Building Project*), environmental protection (*Invasive Aquatic Weeds and Plants Control Project*) and improvement of water resource management (*Integrated Water Resource Management Project*).

Average Age of the Active Portfolio

2.6 ***Annex I outlines the main characteristics of the portfolio as at 31 October 2009.*** The average age of the portfolio declined from four (4) years in 2007 to about two and a half years (2.6) in 2009. This decline is mostly attributable to the inclusion of two non-sovereign guaranteed operations (lines of credit to the private sector) with an average age of a little over one year (1.3) and a slight improvement in the average age of public sector operations to 3.9 years, following the closing of some relatively old operations (the *Artisanal Fishing Development Project* which was over 9 years old and the *Rosso-Boghe Road Construction Project* which exceeded 6 years).

2.7 ***Although the average age of the portfolio is encouraging in light of the criteria generally used in portfolio analysis and compared to the majority of ADF eligible countries, it should not be forgotten that some operations (over 5 years old) continue to weigh negatively on the average age of the portfolio.*** These operations (three in all) are in the agriculture, water and education sectors. ***In pursuing efforts to reduce the age of the portfolio, steps were taken, in agreement with the Mauritanian authorities, to pay particular attention to these operations either to close them or accelerate their implementation.*** Thus, it was agreed with the authorities that the oldest operation of the portfolio (7.9 years), i.e. the *Ten-Year Education System Development Programme*, will no longer be extended and a programme of action was defined to complete the implementation by 31 December 2009. The closing of this operation will render the portfolio significantly younger, with the average age of public sector operations reduced to 3.4 years and the entire portfolio to 2.4 years, marking a significant improvement.

Average Disbursement Rate of the Active Portfolio

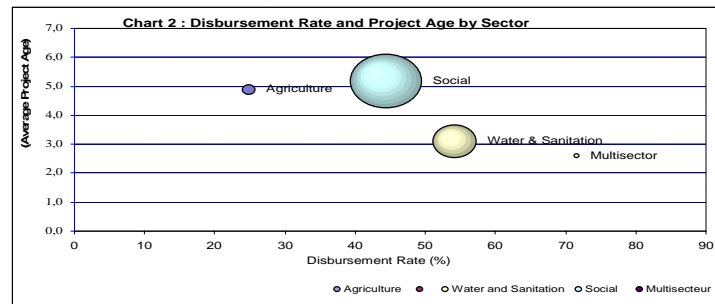
2.8 ***The average disbursement rate of the portfolio (see Table 2) improved, also reflecting the accelerated implementation of some projects that hitherto suffered start up or implementation delays.*** As at 31 October 2009, total disbursements for ongoing projects amounted to nearly UA 29.5 million, representing an average disbursement of 49%. This improvement is particularly significant for the eight public sector operations whose average disbursement increased from 37.1% in 2007 to 48.8% in 2009, and essentially accounts for the remarkable progress in implementing some projects, notably: (i) the *Aftout Essahili Project* (Nouakchott City Water Supply Project) whose disbursement increased from 3% in 2007 to nearly 90% as at 31 October 2009; (ii) the *Micro-finance Actors Capacity Building Project (PRECAMF)* with a disbursement rate of 26.4% from barely 8% as at 31 December 2008; and (iii) the *Invasive Aquatic Weeds and Plants Control Project* whose disbursement rate increased from 7% in 2007 to 50.4% in 2009.

Table 2
Status of Disbursement of Ongoing Operations as at 31 October 2009

Sector	Number of projects	Amounts Approved	ADB	ADF	TAF	AWF	NTF	% Source of Financing	Amount Disbursed M (UA)	Disbursement Rate (in %)
Public Sector Operations										
Agriculture and Rural Development	2			3.5			4.3	12,97	2.0	25.7
Social	2			14.3				23.79	6.8	47.6
Public Utilities (Water and Sanitation)	2			29.2				48.58	16.1	55.2
	1					0.5		0.83	0.2	45.8
Multisector	1				0.5			0.83	0.3	71.5
Total	8	52.2		46.9	0.5	0.5	4.3		25.5	48.8
Non- Sovereign Guaranteed Operations										
Financial Sector	2	7.9	7.9					13.14	3.9	
Sub-Total		7.9								50.0
Amount in UA Million	10	60.1	7,9	46,9	0,5	0,5	4,3	100	29,4	49,0

2.9 The implementation of the *Aftout Essahili Project* fell considerable behind schedule following the cost review triggered by escalating prices of materials and the subsequent need to mobilize supplementary financing. Since then, significant progress has been made in implementing the project as the disbursement rate and progress of works indicate. About 90% of the works has been carried out and the project is expected to be completed in 2010. With regard to *PRECAMF*, delays in implementation were mainly attributable to the initial inappropriate procurement method and the slow pace of mobilization of the counterpart contribution by the Government. For its part, the *Invasive Aquatic Weeds and Plants Control* was delayed at start up due to poor regional coordination and the inappropriate procurement method used. However, the revision of the list of goods and services in November 2008 as well as an improvement in regional coordination resulting from workshops organized by the Bank and attended by participants from countries involved with the project, gave the implementation a boost. On the whole, seven (7) public sector operations out of a total of eight (8) have seen a remarkable improvement in implementation, translated into a higher level of disbursement than in 2007. The two non-sovereign guaranteed operations have also posted a relatively high disbursement rate (50%).

2.10 **Improvements in portfolio in terms of average age of projects and disbursements are confirmed in Chart 4 below.** The chart indicates the rate of disbursement and average age by sector. The improvement observed stems from efforts by both the Mauritanian authorities and the Bank to improve the portfolio and enhance its monitoring. As part of measures taken in that regard, some operations that affected the overall portfolio performance, notably in relation to their age, have been closed since June 2009.



B. Portfolio Performance Evaluation

Overall and Sectoral Portfolio Performance

2.11 Based on the evaluation criteria in Table 3 below, **the overall portfolio performance is deemed satisfactory with a rating of 2.32 on a scale of three (3).** This score takes into account two non-sovereign guaranteed operations with an average performance of 2.55. The 2007 review had not taken into account private sector operations. The average rating for public sector operations is 2.1, which is close to the 2007 performance of 2.2. This score reflects virtual stability in the performance of the public sector which is

accounted for by the fact that although the situation of some operations has improved since the previous review, the performance of others has not. Furthermore, some operations in the 2007 portfolio whose performance was deemed satisfactory have been closed (e.g.: Rosso-Boghé Road Construction Project).

Table 3
Portfolio Performance Rating

	Loan Conditions	Procurement of Goods and Services	Financial Performance	Activities and Outputs	Impact on Development	Overall Evaluation
Public Sector Operations						
A Agriculture and Rural Development	2.25	1.75	2.25	1.875	2.335	2.09
Brakna-West Irrigation Project	3.0	2.0	2.0	2.25	2.67	2.38
Invasive Aquatic Weeds and Plants Control (multinational)	1.5	1.5	2.5	1.5	2.0	1.8
B. Water and Sanitation	2.27	2.23	1.67	2.07	2.33	2.11
Nouakchott Water Project (Aftout-Essahili)	2.66	3.0	2.0	2.25	3.0	2.58
Southern Rural WS Project	2.66	2.0	1.0	1.66	2.0	1.86
AGIRE Project	1.5	1.7	2.0	2.3	2.0	1.9
C. Social Sector	2.85	1.65	1.75	1.9	2.1	2.05
Ten-Year Educational System Development Programme	2.7	2.3	2	2.5	2.2	2.34
PRECAMPF	3	1	1.5	1.3	2.0	1.76
D. Governance	2.0	2.4	2.16	2.05	2.6	2.24
PARPEF	2.0	2.4	2.16	2.05	2.6	2.24
Overall Rating – Public Sector 2009	2.3	2.0	2.0	2.0	2.3	2.1
Overall Rating – Public Sector 2007	2.4	2.1	2.1	2.0	2.5	2.2
Non-Sovereign Guaranteed Operations						
E. Financial Sector						2.55
Mauritanie Leasing						2.6
BCI Mauritanie						2.5
Overall Evaluation 2009						2.32

2.12 *Table 3 above indicates a satisfactory performance of nearly half (50%) of public sector projects*, with a minimum average score of 2, despite the context in which the projects were implemented, as paragraph 1.2 shows. Unlike the others, these projects have a high probability of achieving the development objectives of their respective sectors, once their implementation is completed. The most significant improvement in terms of performance was recorded by the *Aftout Essahili Project* for reasons indicated in paragraph 2.9. The overall rating of the project, which alone accounts for nearly 38% of the portfolio, increased from 1.75 in 2007 to 2.58 in 2009. Notable achievements were made in a relatively short time, thereby confirming the relevance of the Bank's decision to continue supporting its implementation through supplementary financing. In contrast, four other projects have a much lower level of performance with ratings varying from 1.76 to 1.9. The projects in question face procurement-related problems and are behind schedule, despite some improvements. These projects will be given special attention as part of portfolio performance improvement monitoring. They include the only regional operation which has affected the overall performance, mainly as a result of coordination issues that the countries involved faced at start up (see paragraph 2.9).

2.13 *At the sector level, although all the sectors have recorded average ratings above 2 (indicating a relatively satisfactory performance level), major disparities appear when projects are examined on a case by case basis.* Thus, the best performance is in the water and sanitation sector as a result of the acceleration of the *Aftout Essahili Project*, while the weakest performance is in the social sector, mainly due to start up problems encountered by *PRECAMF* notably in procurement (inappropriate goods and services selection method), and in the financial sector (delay in mobilizing the counterpart contribution, governance-related issues, etc.). These challenges translated into major delays in project implementation. However, the review of the sectoral performance and possible conclusions that could be drawn from it

must be qualified, insofar as each of the sectors represented in the portfolio comprises a limited number of projects, thus limiting the import of the said review. The implementation of the two non-sovereign guaranteed operations is proceeding smoothly and both have shown a satisfactory level of performance.

Projects at Risk (PAR) and Ageing Projects

2.14 ***The portfolio had a relatively low percentage (10%) of projects that could be classified being at risk as of 31 October 2009.*** The number of projects at risk has indeed reduced from two (2) at the previous review to one (1) for the present review. The *Aftout-Essahili Project*, which appeared in this category in 2007, is no longer at risk. The only project now so classified is *PRECAMF*, which accounts for 11.46% of commitments of ongoing public sector operations. Recent progress in implementing the project as reflected in the sharp rise in the disbursement rate (see Paragraph 2.8) did not fully compensate for the delays accumulated at start up. Consequently, the *PRECAMF* requires close monitoring, especially since fresh issues, notably in the area of governance and delays in setting up a legal and regulatory framework to govern the country's micro-finance sector, could cause additional implementation delays. Although it is not classified among projects at risk, two other projects require particular attention: (i) the *Southern Rural Water Supply Project*, which has recorded a low disbursement rate of barely 6% since its approval in 2007; (ii) the *Invasive Aquatic Weeds and Plants Control Project*, the only regional project in the portfolio.

2.15 ***The portfolio contains only one ageing project (ageing projects refer to those projects dating back eight (8) years and above since Board approval).*** This is the *Ten-Year Education System Development Programme*, which as part of improvement measures decided with the Government, will be closed on 31 December 2009. As mentioned in paragraph 2.7, the closure of this project will reduce the average age of the portfolio even more.

Impact on Development

2.16 ***In view of the age of the portfolio, taking into account the fact that the constituent projects are ongoing, it is premature at this juncture to draw final conclusions concerning their impact on development.*** This aspect could be better assessed and perceived after full implementation. However, in view of the progress made in implementation, the projects are likely to achieve their objectives and have positive impacts on the development of their respective sectors. Thus, they could contribute to progress towards attaining the Millennium Development Goals (MDGs).

2.17 ***In the education sector***, the *Ten-Year Education System Development Programme* whose implementation has virtually been completed, will contribute to improving and extending the capacity provided by the education system by providing the country with modern and quality infrastructure. The Rosso Higher Institute of Technological Studies (ISET) built under the project is operational. Officially inaugurated, ISET now provides the country with the necessary agricultural and livestock farming skills that should boost Government's efforts to achieve food self-sufficiency. It will also foster technical research. The Institute has an intake capacity of 250 students per year and is equipped with modern facilities and infrastructure. ***With regard to the agriculture sector***, although the *Brakna-West Project* is not yet completed, it has already helped to improve the output of farms and reduce post-harvest losses following the introduction of new cropping methods and through extension efforts. The project will contribute to improving food security through a lasting increase in agricultural production and improvement in farmers' income. For its part, the *Invasive Aquatic Weeds and Plants Control Project (the only regional project in the portfolio)* will, on completion, check the negative impact of aquatic plants on natural habitats, thus improving the quality of water as well as facilitating transport and fisheries in the countries of the region, including Mauritania.

2.18 ***With regard to the water and sanitation sector***, the *Aftout-Essahili Project* with a 90% physical implementation level, and the *Southern Rural Water Supply Project*, once completed, will provide the population with greater access to clean drinking water. As an illustration, the *Aftout-Essahili Project* will enable access to clean drinking water by over a million persons, representing one-third of the country's population. ***In the micro-finance sector***, after two and a half years of implementation and

despite the start up delay, *PRECAMF* has already given fresh impetus to micro-finance development in Mauritania. Thanks to this project, the membership of micro-finance networks has increased from about 34,000 in 2005 to over 170,000 in 2009.

2.19 **The two lines of credit to the private sector** provided the financial system with long term resources - still lacking in local financial institutions. The amounts already disbursed have contributed to the creation of many jobs and have helped to support business start up or extension in at least 10 local small and medium enterprises operating in various fields such as transportation or cooking gas distribution.

Points of Improvement in Portfolio Performance

2.20 ***The review highlighted some points of improvement in portfolio performance since 2007, notably with regard to disbursements, average age of projects and accelerated implementation of some projects*** which had hitherto suffered considerable delays. Apart from the portfolio restructuring measures already mentioned (closing of some projects, non-systematic extension of the deadline of final disbursement, etc.), these improvements were obtained through more active commitment by the country's authorities to monitoring project implementation and, for some projects, mobilizing the counterpart funds. For its part and despite the political crisis and freezing of activities by some development partners, the Bank maintained a regular and steady flow of supervision missions, which translated into a supervision rate of 1.0 in 2008. Each project obtained 1.50 supervisions for 2009. For public sector operations, the supervision rate was 1.76 in 2009, reflecting the special attention given to portfolio management and monitoring in the past twelve months. Some of these supervision tasks were conducted with the participation of either the Senegal Field Office (SNFO) or the Morocco Field Office (MAFO).

Persistent Problems in Portfolio Performance and Monitoring

2.21 ***Notwithstanding the improvements mentioned above and progress made in some aspects, the quasi-stability of the overall public sector performance between 2007 and 2009, indicated persisting problems that hamper smooth project implementation. On the Government side, the main problems identified in 2007 related to: (i) the length of procurement procedures; (ii) inadequate follow up of external auditors' recommendations; (iii) weak project monitoring mechanisms and lack of adequate coordination between the parties involved in their implementation. With regard to the Bank, the 2007 review underscored the need to: (i) expedite the processing of files; (ii) improve the monitoring and implementation of projects; and (iii) enhance dialogue with the country and donors.***

2.22 The Government was sensitized on the need to improve project implementation monitoring as well as coordination between the parties involved. Progress was noted in this area with the setting up of relevant structures, notably: (i) creation in 2008, at the Ministry of Economy and Development (MAED), of a Directorate of Monitoring and Coordination, responsible for the physical and financial implementation of projects, as well as the setting up of monitoring indicators and tools; (ii) re-definition of the role of the Directorate of Financing and Evaluation, henceforth responsible for mobilizing donor resources, ex-ante and ex-post evaluation of projects and dissemination of best practices in project design and implementation; and (iii) setting up of a Committee in charge of the ADB portfolio, mainly with a view to monitoring and assessing the status of implementation of projects, identifying obstacles as well as the necessary corrective measures. An information system (SYSFIN) to help monitor disbursements in the various projects was also established in June 2009 through PARPEF (a project financed by the Bank and intended to build MAED institutional capacity). Furthermore, a system of performance contracts was put in place to set clear objectives for the implementation units, evaluate and monitor their performance periodically.

2.23 The setting up of these structures reflects the importance that the Government now attaches to improving project implementation and monitoring. However, although it is premature to draw final conclusions on the effectiveness of the system put in place, it can already be revealed that its running has been impeded by lack of resources and capacity as well as by divergent interpretations on the role and functions of each structure. This issue should be the subject of dialogue with the Government in order that the measures taken to improve and render project implementation monitoring are more effective.

2.24 ***Furthermore, difficulties persist in the area of procurement and disbursements*** as a result of long delays in procedures, particularly attributable to: (i) the weak capacity of the project implementation units and their lack of familiarity with Bank rules and procedures, often translating into the rejection of files submitted for approval due to their poor quality and non-compliance with Bank requirements (absence of supporting documents, etc.); (ii) delays in examining procurement documents by the Central and Departmental Public Procurement Committees. These problems are compounded by the poor quality of projects at entry due to inadequate preparation and slow mobilization of counterpart funding – both often the cause of delays in project start up. Problems peculiar to some projects are also to be noted, especially inadequate compliance with the Bank’s financial management rules (e.g. poor quality of audit reports, delays in forwarding reports etc.) and governance-related issues.

2.25 For its part, the ***Bank has recorded improvements in the time taken to process documents and monitor projects as indicated by the increase in supervision rate for 2009 (1.76 for public sector projects and 1.5 for the entire portfolio, including non-sovereign guaranteed operations) and dialogue with the Government.*** Several meetings of the Country Team devoted solely to portfolio issues were held in 2009. These meetings helped to sensitize project officers on the need to improve and strengthen project monitoring and performance, ensure better coordination between the various departments involved in their monitoring and initiate portfolio improvement actions. Several working sessions involving the Regional and Sector Departments were also held with the Mauritanian authorities to discuss project implementation and portfolio issues. These sessions helped to sensitize the authorities on the need to improve portfolio monitoring and performance. Missions were also conducted by SNFO and MAFO as part of the monitoring of some ongoing projects. Through these missions, the Bank also enhanced dialogue with the Mauritanian authorities on the implementation of the projects concerned.

2.26 However, the above-mentioned actions also revealed persisting delays in the processing of documents and the issuance of notices of non-objection. They also indicated that Bank support to project implementation units on fiduciary, procurement and disbursement matters are relatively inadequate, in view of the limited capacity of the said units. In that regard, it would be necessary to not only increase the frequency of supervision missions, notably for operations requiring special monitoring, but also to ensure better planning, preparation and composition, thus enabling such missions to provide greater support to the authorities and the project implementation units. Plans have been made to provide more systematic support to the authorities and project implementation units, with greater involvement of the Field Office in portfolio monitoring. Lastly, with regard to poor quality at entry, the Bank should ensure that all projects submitted to it are subjected to adequate preparation through detailed engineering design and in-depth appraisal.

C. Comparison of Portfolio Performance

2.27 Although the portfolio performance has virtually remained at the same level as in 2007 overall, progress has been made in several areas and some difficulties mitigated as the indicators in Table 4 below show. ***Compared to the overall Bank portfolio (RAPP 2008) and that of the World Bank, several indicators of the Bank’s portfolio in Mauritania post a good average, except for the small size of operations which is due to the relatively small allocation to the country.*** The better performance recorded by the Bank’s portfolio in Mauritania compared to the World Bank’s is attributable, among other things, to the freezing of disbursements and project supervision by the latter during the political crisis, thus considerably deteriorating the overall performance of its portfolio. The improvement of parameters such as average age of projects, cumulative disbursement rate and the proportion of projects at risk,

reflects the progress made with some projects that saw an acceleration of their implementation as well as the result of gradual portfolio improvement measures. For lasting and significant improvement of the portfolio, it is necessary to pursue efforts made (portfolio restructuring, coordination improvement, strengthening of monitoring/evaluation by the Bank and by the Mauritanian authorities, etc.), with a view to extending the impact already perceptible in some projects to the entire portfolio.

Table 4
Comparison of Portfolio Performance

Performance Indicators	Trend review	Previous Current Review	Overall Performance of Bank Portfolio (RAPP 2008)	Average Performance (WB 2009) ⁽¹⁾
Average age of projects in years	4.0	2.6	4.2	3.9
Cumulative disbursement rate	37.1%	49%	n.a	n.a
Average disbursement rate 2008	n.a	26.5%	19%	n.a
Average size of projects in UA million	6.6	6.0	20.6	12.6
Overall assessment of projects (2)	2.2	2.1	n.a	3.23
Proportion of Projects at Risk (PAR)	16.20%	10.0%	40%	12.5%
Co-financed	50%	45%	30%	n.a

(1) Quarterly portfolio performance of the World Bank in Mauritania (September/October 2009)

(2) The notion of overall project performance is based on a scale of (3) for the Bank and a scale of (5) for the World Bank

(3) Volume of disbursements made during the period under review in percentage of undisbursed balance at the end of the previous period

III. Evaluation of Portfolio Management Capacity and Aid Coordination

Government's Performance

3.1 The Bank's operations in Mauritania are coordinated by MAED. The technical ministries are responsible for the implementation of projects through project implementation units. However, some of these units have relatively weak capacity. A more systematic support from the Bank and training will be needed to improve their performance, notably in the area of project management. To strengthen the coordination between structures involved in projects, the Government introduced a number of measures aimed at putting in place a monitoring system. Unfortunately, the system is beset by functional deficiencies as indicated in paragraph 2.23.

Bank's Performance

3.2 During the political crisis, the Bank pursued its activities in Mauritania by focusing on portfolio management. This helped to maintain dialogue and regular contacts with the authorities on portfolio issues, continue with supervision missions, initiate portfolio restructuring and ensure that the implementation of projects financed by the Bank would not be compromised by the crisis. The activities undertaken in that regard account for the progress made under some parameters (portfolio age, disbursements, etc.). Therefore, maintaining dialogue with the authorities has been a determining factor in project implementation and the quasi-stability in the overall portfolio performance, in a particularly difficult context. However, given the crisis, it was not possible to fully roll out the work programme (establishment of a system of regular periodic meetings with the project implementation agencies and the authorities with a view enhancing dialogue on portfolio issues, establishment of an enhanced system of support through greater involvement of the Field Office, etc.) meant to strengthen portfolio monitoring and coordination.

Aid Coordination

3.3 Aid is coordinated in Mauritania by the MAED, through a Government/Development Partners Committee chaired by the latter. The Committee is responsible for monitoring the implementation of the Poverty Reduction Strategy Framework (PRSF 2006-2010). Since 2008, it oversees the implementation of the guidelines of the Paris Declaration on aid alignment and harmonization. During the political crisis, the Committee, which was supposed to meet quarterly, was unable to function normally in view of the suspension of cooperation ties with the country by some development partners. However, with the normalization of the political situation and the gradual resumption of cooperation by all the donors, the Committee resumed its meetings, thereby paving the way for greater consultation between development partners on the PRSF policies.

3.4 In recent years, the Bank has not participated regularly in the periodic aid coordination meetings organized by the Government - meetings in which generally only partners represented in Mauritania take part. However, the Bank regularly coordinates its activities with other development partners, as the high number of jointly financed projects in the portfolio indicates. The monitoring of these projects has been closely coordinated with other co-financiers, through regular information-sharing meetings, specific meetings by project and disbursements in line with a time-table jointly agreed to by all the donors. Additionally, throughout the political crisis, the Bank maintained contacts and regular interactions with other partners in order to monitor the trend of events. The contacts enabled the Bank to maintain the coordination of its activities with all its development partners and ensure that despite the political crisis, the implementation of co-financed projects could continue without any major hindrance. Furthermore, in the context of the gradual resumption of activities by some development partners who had suspended their cooperation with Mauritania, a dialogue mission was organized in September 2009 in close collaboration with the World Bank and the IMF, with a view to undertaking joint consultations on the country's economic prospects and preparing the next Government programme. The intended strengthening of the involvement of the Field Office in monitoring Bank operations in Mauritania through the transfer of Mauritania to MAFO (currently undergoing review), could enable the Bank to participate more regularly in coordination activities.

IV. Lessons for Portfolio Management and the CSP

A. Lessons for Portfolio Management

4.1 The present review has helped to draw several lessons likely to improve both the design and implementation of operations, and enhance their effectiveness with a view to ensuring that they contribute to achieving the country's development objectives. The main lessons are as follows:

- ***Guarantee better adherence to time frames and procurement procedures*** – The Mauritanian authorities should review the modus operandi as well as the composition of Central and Departmental Procurement Committees to ensure that they cease to cause delays in the timely implementation of projects (§2.24) ;
- ***Improve the quality of projects at entry*** – The lack of in-depth engineering designs is a handicap to the good quality of projects at entry. It is the cause of project start up and implementation delays and problems. To remedy this, it is recommended that projects undergo thorough preparation through detailed technical studies and in-depth appraisal (§2.26) ;
- ***Build the capacity of project implementation units and monitoring structures through greater support and targeted training programmes*** – Given the weak capacity of project implementation and monitoring units, and to ensure a lasting improvement of the portfolio, it is necessary to: (i) support project implementation through enhanced assistance on fiduciary, disbursement and procurement issues; and (ii) put in place targeted training programmes to build their capacity in the key areas of project management and monitoring. In that regard, in addition to training workshops that the Bank could organize for these units, the project should as much as possible incorporate a capacity-building component at preparation, notably with regard to fiduciary and project management. Furthermore, supervision missions should be increasingly used to provide technical support to these units (§2.26).

B. Lessons for CSP 2010-2014

4.2 In light of the analysis of portfolio performance and constraints that continue to hamper project implementation, the following lessons may be drawn with regard to the strategic orientations of the Bank's interventions in Mauritania.

- ***Continue to mobilize supplementary resources to meet the country's financing needs beyond the allocation*** - To support the implementation of the Bank's strategy and meet

the country's financing needs, it is necessary, in view of the country's relatively low allocation level, to mobilize additional financing from other sources (bilateral cooperation, ADB private sector window and enclave projects, etc.) and more of co-financing (§ 1.4);

- ***Consolidate the achievements of the previous strategy and avoid the scattering of resources, given the country's low allocation level*** - The Bank must consolidate the achievements of the previous strategy by strengthening its interventions in infrastructure, as a result of the good performance of the sector, Mauritania's sizeable needs and the sector's direct impact on the living conditions of the population. Furthermore, in view of the country's relatively low allocation level, it is desirable for enhanced effectiveness to continue focusing Bank interventions on a relatively small number of operations (§2.4) ;
- ***Support the achievement of the Bank's strategic objectives through economic and sector work*** – To increasingly support the achievement of the objectives of the strategy, it is necessary to supplement sector programmes and projects with analytical economic and sector work, in addition to mapping out activities aimed at building the capacity of the Mauritanian administration (§ 3.1).

V. CONCLUSIONS AND RECOMMENDATIONS

A Conclusion

5.1 Despite the quasi-stability of the overall portfolio performance, this review has highlighted some points of improvement. Some progress has been made in some areas despite the peculiar context in which the Bank's operations were conducted in 2008 and a portion of 2009. These improvements were made as a result of efforts by both the authorities and the Bank to step up the pace of implementation of some projects and gradually improve the portfolio. However, the review also shows that the efforts made must be pursued and intensified in order to extend the current progress to all the projects and improve in a sustainable and significant manner the performance and quality of the portfolio. It has highlighted the need for all stakeholders to take additional measures to address the weaknesses identified by laying special emphasis on the training and capacity building actions of project implementation units, improvement of monitoring/evaluation mechanisms, setting up of a support and assistance system closely involving the Mauritanian authorities as well as the Bank and greater involvement of the Field Office in portfolio monitoring.

B Recommendations

5.2 The main recommendations for improving portfolio performance significantly and sustainably are captured in the Portfolio Improvement Plan in Annex II. These recommendations to both the Government and the Bank are presented below:

For the Government

- Strive to improve the quality at entry of future projects by ensuring better preparation through the prior preparation of detailed engineering designs;
- Ensure that counterpart funds are included in the annual budget and released to the project implementation units on the basis of an established time-table, to avoid delays in project start up and implementation;
- Strengthen the capacity of project implementation and monitoring units through the design and implementation of targeted training programmes in key areas of project management and by encouraging their participation in training programmes organized by the Bank;
- Improve the running of the monitoring and coordination system through: (i) a clarification of the role and responsibilities of relevant structures put in place or on a

case by case basis through organizational re-arrangements; and (ii) providing these structures with appropriate resources (human, technical and budgetary) to enable them to effectively fulfil their respective mandates;

- Put in place a mechanism for monitoring the execution of performance contracts in order to: (i) ensure their effective implementation and fulfilment of commitments defined therein by all the parties concerned; and (ii) be able to periodically evaluate the performance of project implementation units;
- Establish a system of quarterly meetings on points involving project implementation units, supervisory ministries, authorities in charge of monitoring and the Bank to foster experience sharing, detect problems on time and take the necessary corrective measures;
- Accelerate the passing of the new public procurement code and the formulation and enforcement of implementing provisions, notably with regard to measures to improve the operation of the Central and Departmental Public Procurement Committees.

For the Bank

- Improve the quality at entry of future projects by ensuring that they have been subjected to rigorous preparation through detailed engineering designs and in-depth appraisal;
- Improve the quality of supervision through better planning, preparation and composition of supervision missions and by ensuring that such missions are geared towards providing support and assistance to project implementation units;
- Undertake dialogue with the Government on measures to be pursued to improve the monitoring/evaluation mechanism and by provide the authorities with the necessary assistance;
- Increase the effectiveness of portfolio management and monitoring by: (i) pursuing efforts initiated to improve it; (ii) putting in place together with the Government, a mechanism for quarterly portfolio monitoring and evaluation; (iii) involving the Field Office more in portfolio monitoring and support to project implementation units;
- Strengthen the involvement of the Field Office in portfolio management and monitoring by exploring the possibility of transferring the coverage of Mauritania to the Morocco Office (MAFO) in order to improve and facilitate the coordination of Bank operations, and strengthen MAFO's role in supervising, monitoring and managing the portfolio;
- Assist the Government in putting in place a capacity building programme for agencies involved in public procurement management and monitoring.

5.3 The Operations/Development Effectiveness Committee (CODE) is invited to consider the conclusions of the 2009 Portfolio Review of Mauritania and approve the above recommendations.

**ACTIVE PORTFOLIO OF MAURITANIA: CHARACTERISTICS OF ONGOING OPERATIONS AS AT
31 October 2009**

	Projects	Financial Information			Duration		Rating *					Status*	
		Net Approved Amount (UA)	Amount Disbursed (UA)	Rate of Disbursement (%)	Extension	Age	Compliance with Conditions	Procurement of GS	Financial Performance	Activities and Output	Impact on Development		Overall Rating
1	Invasive Aquatic Weeds and Plants Control Project	810,000.0	408,240.00	50.4	0	5.1	1.5	1.5	2.5	1.5	2.0	1.8	NPP
2	Brakna West Irrigation Project	2,670,000.0	1,409,760.00	52.8	0	4.9	3.0	2.0	2.0	2.25	2.67	2.38	NPP
	Brakna West Irrigation Project	4,300,000.0	125,869.66	2.9	0	4.9							
	<i>Sub-Total (Agriculture)</i>	7,780,000.00	1,936,927.66	24.9		5.0	2.2	1.7	2.2	1.8	2.3	2.0	
3	Nouakchott WS Project (Aftout Essahili)	10,000,000.00	8,891,000.00	88.9	0	6.1	2.6	3.0	2.0	2.2	3.0	2.5	NPP
	Nouakchott WS Project (Complementary Loan-1 st tranche)	9,460,000.00	6,640,920.00	70.2	0	0.5	--	--	--	--	--		
4	Southern Rural Water Supply Project	9,700,000.00	586,850.00	6.0	0	2.9	2.6	2.0	1.0	1.6	2.0	1.8	NPP
5	Integrated Water Resource Management Project (AGIRE)	459,617.97	210,000.00	45.7	0	1.9	1.5	1.7	2.0	2.3	2.0	1.9	NPP
	<i>Sub-Total (Water and Sanitation)</i>	29,619,617.97	16,060,600.00	54.2		2.8	2.2	2.2	1.6	2.0	2.3	2.1	
6	Ten-Year Education System Development Programme	8,293,000.00	5,300,056.30	63.9	2	7.9	2.7	2.3	2.0	2.5	2.2	2.3	NPP
7	Micro-finance actors Capacity Building Project (PRECAMF)	5,980,000.00	1,578,720.00	26.4	0	2.6	3.0	1.0	1.5	1.3	2.0	1.7	PPP
	<i>Sub-Total (Social Sector)</i>	14,273,000.00	6,336,988.30	44.4		5.2	2.8	1.6	1.7	1.9	2.1	2.0	
8	Project in Support of Economic and Financial Programming (PARPEF)	487,457.57	348,085.12	71.4	2	2.6	2.0	2.4	2.1	2.0	2.6	2.2	NPP
	TOTAL (PUBLIC SECTOR)	52,160,075.54	25,499,501.08	48.8		3.9	2.3	2.0	2.0	2.0	2.3	2.1	
	PRIVATE SECTOR OPERATIONS												
9	Mauritanie Leasing	3,060,687.00	1,530,343.50	50.0		<u>1.3</u>							
10	Mauritanie BCI	4,897,100.00	2,448,550.00	50.0		<u>1.3</u>							
	TOTAL (PRIVATE SECTOR)	7,957,787.00	3,978,893.50	50.0		1.3							
	GRAND TOTAL	60,117,862.54	29,478,394.58	49.0		2.6							

NPP: Non-Problematic Project, PPP: Potentially Problematic Project; PP: Problem Project

PORTFOLIO IMPROVEMENT PLAN

Problems and Constraints	Measures to be Taken	Responsible Entity	Time Frame	Comments
Fiduciary Issues				
Procurement of goods and services				
Non-compliance of procurement procedures with Bank rules (§2.24)	-Improve the quality of bidding documents submitted to the Bank for review -Provide support to Project Implementation Units (PIUs) for the preparation of Bidding Documents - Organize for the benefit of PIUs a training workshop to assist them to familiarize themselves with the Bank's procurement rules	GoM Bank (ORNB, ORPF) GoM/ Bank (ORNB, EADI)	Permanent Permanent 3rd Quarter 3/2010	-Greater involvement of Field Office in the monitoring of the Bank's operations in Mauritania will help provide greater support to PIUs to enable them improve bidding documents. It will also make for an enhanced monitoring of the Bank's operations and contribute to accelerating the processing of files. -The proposed training will cover all aspects of project management and help build the capacity of implementation units
Delays in issuance of "non-objection" by Bank (§2.26)	-Expedite the issuance of non-objection	Bank (OWAS, OSGE, OSHD, OSAN, OINF)	Permanent	-The frequency of Country-Team meetings on the portfolio will be strengthened for a better the handling of files
Delay in examination and processing of tender documents by the Central and Departmental Procurement Committees resulting in considerable delays in the progress of some projects (§2.24)	-Accelerate the adoption of the new Public Procurement Code as well as the formulation and implementation of implementing orders particularly with regard to the running of the Central and Departmental Public Procurement Committees - Put in place a capacity building programme for the benefit of entities involved in the monitoring and management of public tenders	GoM GoM/ Bank (ORNB, ORPF, EADI)	3rd Quarter 3/2010 4th Quarter /2010	
Financial management, disbursements and auditing				
Insufficient mastery by PIUs of financial management and accounting rules (§2.24)	-Put in place a reliable organizational system for each project -Organize a training workshop for the PIUs to build their capacity in financial and accounts management -Introduce greater rigour in the selection of firms required to audit projects financed by Bank	GoM/ Bank (ORNB, ORPF) GoM/ Bank (ORNB, EADI, ORPF)	Permanent 3rd Quarter 2010	-The training workshop which is scheduled for the third quarter of 2010 will also cover accounting and financial aspects. Furthermore, a better preparation and composition of supervision missions as well as greater involvement of the Field Office in the monitoring of the portfolio will help provide support to the PIUs in this area
Poor quality of audit reports and delays in transmission to Bank (§2.24)	-Urge the PIUs to prepare and submit their audit reports within the time-frame set by the Bank	GoM/ Bank (ORNB, ORPF) GoM/ Bank (ORNB, OWAS ,OSAN, OINF, OSGE)	Permanent 1st Quarter 1/2010	

Problems and Constraints	Measures to be Taken	Responsible Entity	Time Frame	Comments
Poor quality of disbursement requests resulting in delays in project implementation (§2.24)	<ul style="list-style-type: none"> -Improve the quality of disbursement requests submitted to the Bank by ensuring that all supporting documents are attached - Provide support to PIUs in the preparation of disbursement requests - Organize a training workshop for the benefit of PIUs to enable them familiarize themselves with the Bank's disbursement rules of procedure 	GoM Bank (ORNB, FFCO) GoM/ Bank (ORNB, EADI, FFCO)	Permanent Permanent 3rd Quarter /2010	
Counterpart Resources				
Delays in mobilization of Government counterpart resources (§2.24)	-Ensure that Government resources are included in annual budgets and disbursed on time	GoM/ Bank (ORNB, OWAS, OSAN, OINF, OSGE)	Permanent	-The Bank will pursue dialogue with the Government on problems related to counterpart resources to ensure their inclusion in the annual budget
Poor quality at entry				
Poor quality of projects at entry (§2.24)	Improve the quality at entry of projects by ensuring that they have been subjected to in-depth engineering designs	GoM/ Bank (ORNB, OWAS, OSAN, OINF, OSGE)	Permanent	
Monitoring, evaluation and coordination				
Inadequate support by Bank to PIUs, notably with regard to fiduciary aspects and procurement and disbursement matters (§2.26) Weaknesses of monitoring system put in place by the Government (§2.23)	<ul style="list-style-type: none"> -Improve the preparation of supervision missions and strengthen their composition to ensure that they can provide the necessary support to PIUs, notably with regard to fiduciary issues and disbursements -Strengthen the involvement of the Field Office in the monitoring of the Bank's operations through the proposed transfer of Mauritania to MAFO currently undergoing consideration -Put in place a mechanism to monitor the execution of performance contracts to ensure their effective implementation and be able to assess the performance of PIUs periodically -Improve the operation of the monitoring and coordination system by: (i) clarifying the role and responsibilities of the structures put in place for the purpose or, where necessary, by undertaking appropriate organizational re-adjustments; (ii) providing these resources (human, technical and budgetary) to enable them fulfil their respective mandates effectively - Improve the coordination and communication between the ADB, MAED and PIUs through quarterly meetings on the monitoring and implementation of projects and portfolio performance including video-conferencing 	Bank (ORNB, OWAS, OSAN, OINF, OSGE, ORPF, FFCO) Bank (ORNB) GoM GoM GoM/ Bank (ORNB)	Permanent 2 nd Quarter /2010 2 nd Quarter /2010 3rd Quarter /2010 2 nd Quarter 2/2010	-Greater involvement of Field Office in providing greater assistance to PIUs