



1. Project Data:		Date Posted : 02/17/2004	
PROJ ID: P066198		Appraisal	Actual
Project Name: Financial Sector Infrastructure Project	Project Costs (US\$M)	6.08	3.79
Country: Mauritius	Loan/Credit (US\$M)	4.75	3.03
Sector(s): Board: FSP - Payment systems securities clearance and settleme (70%), Central government administration (30%)	Cofinancing (US\$M)		
L/C Number: L7011			
	Board Approval (FY)		00
Partners involved :	Closing Date	01/30/2002	06/30/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
Lily L. Chu	Laurie Effron	Kyle Peters	OEDCR
2. Project Objectives and Components			
a. Objectives			
(i) Improve the quality of banking payment systems to further reduce float, speed up circulation of funds and increase efficiency of funds transmission; (ii) provide appropriate tools to the Bank of Mauritius (BOM) and the Ministry of Finance (MOF) and participating commercial banks to facilitate cash management and avoid credit and liquidity risk; (iii) improve the MOF's debt management and interaction with financial markets in order to both improve market efficiency and lower its funding costs .			
b. Components			
(i) Payment System (Cost: US\$3.5 million; Bank Financing: US\$2.8 million). The project would introduce a modern Real Time Gross Settlement (RTGS) system and the associated real-time cash management support functions of the BOM, MOF, and the commercial banks.			
(ii) Government Cash and Debt Management (Cost: US\$2.58 million; Bank Financing: US\$1.90 million). The project would develop and implement a cash and debt management plan for the Government, through the provision of technical advisory services and training, and the acquisition of equipment .			
c. Comments on Project Cost, Financing and Dates			
US\$ 1.72 million of the loan was canceled, due to : (i) savings from competitive bidding; (ii) greater utilization of existing equipment and software; (iii) use of software provided by donors; and (iv) postponement of training programs due to delays in staffing the debt management unit .			
3. Achievement of Relevant Objectives:			
(i) The installation and operation of a payment system was achieved .			
(ii) Steps were also taken to improve the MOF's debt and cash management . However, the legal documents and Project Appraisal Document specified that the cash and debt management component would include "development and <i>implementation</i> of a cash and debt management plan for the Guarantor (MOF), through the provision of technical services and training, and the acquisition of equipment ." The project, however, covered the development of the plan and the creation of the framework for the plan, but not the actual implementation of the plan . The Debt Management Unit has been established, but other WB documents have cited several areas where improvement is still needed, including in the strategic planning, legal framework, organization and management of public debt .			
4. Significant Outcomes/Impacts:			
(i) A modern RTGS system was installed and handles about \$ 55 million in transactions per day; (ii) The commercial banks no longer have to post collateral to cover settlement risk, which will free up additional funds for commercial purposes and will improve liquidity management. (iii) The Government is now earning interest on its excess treasury bonds; however, interest received is still below the Government's cost of funds .			
5. Significant Shortcomings (including non-compliance with safeguard policies):			

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	The overall outcome is rated satisfactory, since the primary component (payment systems) was well implemented and is functioning well. The outcome of the debt and cash management component appears to have achieved many of the initial stages (analysis of the issues and development of a plan), but implementation was not fully achieved .
Institutional Dev .:	Substantial	Substantial	The payment system is in use and its contribution is substantial. The debt management unit is still under development. However, since the payment system was the major component, an overall rating of substantial is acceptable .
Sustainability :	Highly Likely	Highly Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- (i) Focused projects that target specific outputs are implemented more smoothly . The scope of the payment systems component was focused and well-defined, and well-suited to the needs, capacity, and commitment of the implementing organizations, both within the Government, BOM, and the commercial banks .
- (ii) Procurement processes should be flexible . Giving one vendor overall responsibility for the functioning of an entire system can ensure that the needed technical support will be available to support the provision of equipment, and that all components work well together . That may be more cost-effective than hiring different vendors for different components .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR omits some basic data such as preparation and supervision costs, as well as overall expenditures (as opposed to Bank-only disbursements). Also, the objectives and components of the project, as described by the ICR vary from those in the original legal agreement, making the analysis a little less clear .