



1. Project Data:		Date Posted : 07/27/2004	
PROJ ID: P063791		Appraisal	Actual
Project Name: Mauritania: Telecommunication And Postal Sector Reform	Project Costs (US\$M)	12.00	11.55
Country: Mauritania	Loan/Credit (US\$M)	10.40	9.24
Sector(s): Board: GIC - Central government administration (90%), Postal services (9%), Telecommunications (1%)	Cofinancing (US\$M)		
L/C Number: C3238; CQ133			
	Board Approval (FY)		99
Partners involved :	Closing Date	12/31/2002	12/31/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
Peter Nigel Freeman	Kris Hallberg	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
To expand access to communications and information services at more competitive prices through the development of a legal, regulatory and institutional framework favorable to competitive private provision of telecommunications infrastructure and services, and postal development .			
b. Components			
i) Establishment of the legal and regulatory framework for the telecommunications sector (US\$3.2m; 31 percent project cost);			
ii) Preparation and execution of privatization of the telecommunications operator (US\$1.7m; 14 percent of cost);			
iii) Strategy for rural access to communications and information services and the postal development (US\$5.3m; 44 percent of cost);			
iv) Media and information campaign (US\$ 0.2m; 2 percent cost);			
v) Capacity building and project management (US\$ 0.7m; 6 percent of cost).			
c. Comments on Project Cost, Financing and Dates			
Final cost was less than the appraisal estimate due primarily to rural pilot projects becoming unnecessary, because the market proved effective as it was without artificial stimulation . Project closure was extended by 12 months to support the development of Mauripost, which was proving more difficult than anticipated .			
3. Achievement of Relevant Objectives:			
The (somewhat general) objective to expand access to communications and information services at more competitive prices through the development of a legal, regulatory and institutional framework favorable to competitive private provision of <i>telecommunications services</i> was <i>achieved</i> at a level close to best practice . However the smaller component regarding <i>postal</i> services development was only <i>partially achieved</i> , although some significant progress had still been made in terms of rationalization, the creation of a postal entity and the streamlining of operating practices. At project closure Mauripost was not financially sustainable and the expected fall in operating expenditure had not materialized.			
4. Significant Outcomes/Impacts:			
<ul style="list-style-type: none"> • The Government of Mauritania's successful privatization of Mauritel in a climate impacted by the East Asian financial crisis and declining interest in private infrastructure financing was significant . • Between 1997 and 2003 (the life of the project) overall telecom penetration jumped from 0.53% to 14.08%. Total teledensity grew on average 114.22% annually over the same period. The targets set for mobile and fixed penetration in the PAD were surpassed respectively after one and two years of project effectiveness . A good effort was made to ensure that good telecom indicators were devised that allowed for effective monitoring and evaluation. • Mobile operators were induced by a competitive market to go well beyond their licence coverage obligations . • Overall prices of telecom services decreased . 			

- Investment in the sector in 2000 and 2001 represented 10% of GDP, created 2,000 direct jobs and established 300 micro firms.
- A new telecom law reflecting international best practice was enacted . The postal and telecommunications functions were separated and Mauripost was established as a separate entity .
- The Government of Mauritania is expanding the mandate of the regulator to other utilities .

5. Significant Shortcomings (including non-compliance with safeguard policies):

- There was no upfront agreement or vision for strategy in the postal sector and no agreed performance indicators to monitor implementation progress towards agreed postal development goals . (The Bank's knowledge in this area was limited and there was little evidence of useful international experience of postal sector reform in developing countries).
- Although a first draft of a postal law was ready in May 2000, by project closure parliament had still not approved it.
- Despite rationalization involving halving the number of staff and reducing the number of post offices from 61 to 24, the operating savings expenditures did not materialize .
- When the balance sheets of Mauripost were audited in 2003, it was realized that the accountancy information had very low reliability. Moreover, the savings of customers were regularly used to cover operating deficits and liquidity needs. While these matters are being attended to increased subsidy will be required .
- During the coup attempt of June 2003 all the equipment of the Hotel des Postes of Mauritel necessary for its postal operations were looted or completely damaged and had to be refinanced .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Highly Satisfactory	Satisfactory	Had the project only comprised telecom it would have been highly satisfactory, but the limited progress with the postal component makes a satisfactory rating more appropriate. The postal component was small, but still important.
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Highly Satisfactory	Satisfactory	As with "outcome" the limited postal sector progress makes a satisfactory rating more appropriate. Decision making was slow, accountability poor and by project closure the Postal Law had still not been enacted.
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:

- A highly professional analysis of the opportunities and risks for the private sector paved the way for successful telecommunication privatization. The details of this process are highly relevant to other countries considering a similar privatization strategy.
- Political commitment and ownership is essential for the successful implementation of a sector reform program and especially one involving privatization . At an early stage a definition of a sector strategy, outlining the Government's vision should be agreed .
- A good communications campaign and media relationship in readiness for privatization are essential ingredients to enhance private sector confidence, mitigate country risk and build consensus on the reform agenda .
- For the monitoring of project implementation progress and the assessment of the project's impact, it is important at an early stage to include indicators that closely reflect the development objective and the objectives of each component. An entity in charge of coordinating and collecting data on a regular basis should also be designated .
- To maximize the impact of competition, the Mauritanian experience demonstrated the importance of establishing a level playing field between operators, enacting clear rules of the game, and making sound policy choices .

8. Assessment Recommended? Yes No

Why? As an example of telecommunications privatization the performance is close to best practice and could form part of a wider study .

9. Comments on Quality of ICR:

The quality of the ICR's analysis is in general very good . However, the ratings are somewhat too generous, given the problems encountered with the postal services component .

