

Document of
The World Bank

Report No: ICR1359

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-35740 IDA-3574A IDA-47850 TF-26223)

ON A

CREDIT

IN THE AMOUNT OF SDR 72.7 MILLION
(US\$ 95.5 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF MAURITANIA

FOR AN

URBAN DEVELOPMENT PROJECT

March 28, 2013

Urban Development and Services
Country Department AFCE1
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 3, 2012)

Currency Unit = Mauritanian Ouguiya (MRO)

SDR 1.00 = US\$1.54

US\$1.00 = MRO 298.5

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AGR	Activities-Generating Revenue
AMEXTIPE	Public Works Agency (Agence Mauritanienne d'Exécution de Travaux d'Intérêt Public pour l'Emploi)
ANAT	National Agency for Land Development (Agence Nationale d'Aménagement des Terrains)
ADU	Urban Development Agency (Agence de Développement Urbain)
APL	Adaptable Program Loan
BEM	Beit El Mal (Microcredit Operator)
CAS	Country Assistance Strategy
CDHLCPI	Commission on Human Rights, Poverty Reduction, and Integration (Commissariat aux Droits de l'Homme, à la Lutte contre la Pauvreté et à l'Insertion)
CIS/PDU	Interministerial Monitoring Committee in charge of UDP (Comité Interministériel chargé du Suivi de PDU)
ESPP	Environmental and Social Policy Procedures
FRD	Regional Development Fund (Fonds Régional de Développement)
GIRM	Government of the Islamic Republic of Mauritania
GRET	Group for Research and Technological Studies (Groupe de Recherche et d'Etude Technologie)
ICR	Implementation Completion Report
ISKAN	National Agency for Land Administration and Promotion of Housing Development (Société Nationale d'Aménagement de Terrains, de Développement de l'Habitat. De Promotion et de Gestion Immobilière)
ISR	Implementation Status and Results Report
MAED	Ministry of Economic Affairs and Development
M&E	Monitoring and Evaluation
MHUAT	Ministry of Housing, Urban Development and Land Management
PCU	Project Coordinating Unit (Cellule de Coordination du Projet)
PDO	Project Development Objective
PDU	Urban Development Program (Programme de Développement Urbain)
PPF	Project Preparation Fund
PRSP	Poverty Reduction Strategy Paper
RAP	Resettlement Action Plan
SNDE	National Water Company (Société Nationale de l'Eau)

SOCOGIM National Housing Agency (Société de Construction et de Gestion Immobilière en Mauritanie)
SOMELEC National Electric Company (Société Mauritanienne d'Electricité)
UDP Urban Development Project

Vice President: Makhtar Diop
Country Director: Vera Songwe
Sector Manager: Alexander E. Bakalian
Project Team Leader: Brahim Ould Abdelwedoud
ICR Team Leader: Brahim Ould Abdelwedoud

ISLAMIC REPUBLIC OF MAURITANIA
Urban Development Project
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MAP IBRD 31361	

A. Basic Information			
Country:	Mauritania	Project Name:	Urban Development Program
Project ID:	P069095	L/C/TF Number(s):	IDA-35740,IDA-3574A,TF-26223
ICR Date:	03/28/2013	ICR Type:	Core ICR
Lending Instrument:	APL	Borrower:	GOVERNMENT OF MAURITANIA
Original Total Commitment:	XDR 55.80M	Disbursed Amount:	XDR 72.18M
Revised Amount:	XDR 72.70M		
Environmental Category: A			
Implementing Agencies: Ministry of Economic Affairs and Development			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	06/22/2000	Effectiveness:	04/30/2002	04/30/2002
Appraisal:	02/14/2001	Restructuring(s):		
Approval:	10/25/2001	Mid-term Review:		10/15/2004
		Closing:	12/31/2006	06/30/2012

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
General education sector	22	22
General industry and trade sector	22	22
General public administration sector	12	12
General water, sanitation and flood protection sector	22	22
Roads and highways	22	22

Theme Code (as % of total Bank financing)		
Decentralization	20	20
Land administration and management	20	20
Municipal governance and institution building	20	20
Participation and civic engagement	20	20
Urban services and housing for the poor	20	20

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Callisto E. Madavo
Country Director:	Vera Songwe	A. David Craig
Sector Manager:	Alexander E. Bakalian	Letitia A. Obeng
Project Team Leader:	Brahim Ould Abdelwedoud	Abdelghani Inal
ICR Team Leader:	Brahim Ould Abdelwedoud	
ICR Primary Author:	Ahmed El-Hamri	

F. Results Framework Analysis

Project Development Objective (from Project Appraisal Document)

The program's Project Development Objective (PDO) was to support Mauritania's central and local governments to: (i) improve living conditions and employment opportunities in the main towns of Mauritania, especially in slums; and (ii) strengthen the institutional framework and capacity for urban and land management.

Revised Project Development Objectives (as approved by original approving authority)

The revised objective consisted of providing support to Mauritania's central and local governments to: (i) improve access to basic services and infrastructure in targeted urban areas; and (ii) increase access to micro-finance and income-generating activities for populations living in slums.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	People in slums in Nouakchott with access to improved urban services			
Value (quantitative or qualitative)	0	163,000		181,035
Date achieved	04/30/2002	12/31/2006		08/30/2012
Comments (incl. % achievement)	111 percent achieved			
Indicator 2 : (core)	People in regional capital cities provided with access to all-season roads within a 500-meter range under the project			
Value (quantitative or qualitative)	0		82,360	110,597
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	134 percent achieved			
Indicator 3 : (core)	People in regional capital cities provided with access to improved water sources under the project			
Value (quantitative or qualitative)	0		7,030	22,337

qualitative)				
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	317 percent achieved			
Indicator 4 : (core)	People in regional capital cities provided with electricity by household connections under the project			
Value (quantitative or qualitative)	0		12,650	13,850
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	109 percent achieved			
Indicator 5 : (core)	Number of lines of microcredit provided to slum dwellers			
Value (quantitative or qualitative)	0	12,500	89,446	160,895
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	180 percent achieved. Operation was successful due in part to the successful integration of the operation into the Mauritanian urban dynamics, to a significant presence of the Twize operators and Beit Al Mal in the quarters, and high demand from the population.			
Indicator 6 : (core)	People in regional capital cities provided with improved drainage services under the project			
Value (quantitative or qualitative)	0		20,775	25,305
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	122 percent achieved			
Indicator 7 : (core)	Number of people in urban areas provided with access to improved sanitation under the project			
Value (quantitative or qualitative)	0		26,514	26,514
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments	100 percent achieved			

(incl. % achievement)				
Indicator 8 : (core)	Direct project beneficiaries (% of whom are female)			
Value (quantitative or qualitative)	0		370,000 (52% female)	400,000 (52% female)
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	108 percent achieved			
Indicator 9 :	Jobs created			
Value (quantitative or qualitative)	0	50,000	143,000	225,630
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	158 percent achieved			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 : (core)	Roads constructed, non-rural (km)			
Value (quantitative or qualitative)	0	10.8	26.4	26.4
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target achieved			
Indicator 2 :	Earth roads built under the project (km)			
Value (quantitative or qualitative)	0	31.5	33	33
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments	Target achieved			

(incl. % achievement)				
Indicator 3 :	Primary, secondary, and tertiary water distribution networks built under the project (km)			
Value (quantitative or qualitative)	0		Total: 183 (Nouakchott 111; regional capitals: 72)	total : 157.8 (Nouakchott: 121; regional capitals: 45)
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	86 percent achieved. In some regional capitals, the construction of distribution networks was constrained by the limited water production.			
Indicator 4 :	Plots developed and sold			
Value (quantitative or qualitative)	0	1,100	1,375	2,491
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target exceeded. This was due to high demand and available capacity. Several land areas were developed and serviced and plots were developed for sale to benefit low-income households and middle income wage earners.			
Indicator 5 : (core)	Number of additional classrooms built or rehabilitated			
Value (quantitative or qualitative)	0	356	271	277
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	Original target of 356 classrooms was revised to 271 at mid-term review to take into account 223 classrooms financed under the Education project.			
Indicator 6 : (core)	Number of improved latrines built under the project			
Value (quantitative or qualitative)	0	3,600	2,946	2,946
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	The target was revised at the MTR due to lack of demand.			
Indicator 7 : (core)	Improved community water points constructed or rehabilitated under the project			
Value (quantitative or qualitative)	0		72	74

Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	103 percent achieved			
Indicator 8 :	Increased daily potable water consumption (liters/person/day)			
Value (quantitative or qualitative)	15	25	41	41
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	The target was revised during the Additional Financing appraisal to take into account actual achievements.			
Indicator 9 : (core)	Health facilities constructed, renovated, and/or equipped			
Value (quantitative or qualitative)	0	3	3	3
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target achieved.			
Indicator 10 :	Reduction in water prices by 50 percent in the slums (per cubic meter)			
Value (quantitative or qualitative)	US\$ 2	US\$ 1	US\$ 1	US\$ 1
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target achieved.			
Indicator 11 : (core)	Piped household water connections that are benefitting from rehabilitation works undertaken under the project			
Value (quantitative or qualitative)	0		86,900	88,655
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	102 percent achieved			
Indicator 12 :	Number of land titles regularized and registered			
Value (quantitative or qualitative)	0		27,970	100,042
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments	358 percent achieved. Operation was successful: assessment of urban			

(incl. % achievement)	plots, regulation of land plots, development and servicing and sale of plots were executed successfully.			
Indicator 13 : (core)	Transmission and distribution lines constructed or rehabilitated under the project (km)			
Value (quantitative or qualitative)	0		281 (Nouakchott: 209; regional capitals: 72)	327 (Nouakchott: 209; regional capitals: 118)
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target exceeded. 116 percent achieved.			
Indicator 14 : (core)	Lines of Credit - Microfinance volume (amount equivalent in US\$ million)			
Value (quantitative or qualitative)	0		13.5	19.7
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	Target exceeded by US\$6.2 million.			
Indicator 15 :	Number of people buying or improving their house with the provided loan			
Value (quantitative or qualitative)	0		7,500	5,145
Date achieved	04/30/2002		06/30/2012	08/30/2012
Comments (incl. % achievement)	67 percent achieved. Because the time needed by beneficiaries to mobilize their contribution was often longer than planned, the implementing agency was not able to complete all planned houses on time.			
Indicator 16 : (core)	Roads rehabilitated, non-rural (km)			
Value (quantitative or qualitative)	0		41.3	73.8
Date achieved			06/30/2012	08/30/2012
Comments (incl. % achievement)	179 percent achieved.			
Indicator 17 : (core)	Roads rehabilitated, rural (km)			
Value (quantitative or qualitative)	0		38.5	31
Date achieved	04/30/2002		06/30/2012	08/30/2012

Comments (incl. % achievement)	80 percent achieved. In some cities, the cost was higher than estimated, and achievements were reduced to fit the available budget.			
Indicator 18 :	Lighting posts built			
Value (quantitative or qualitative)	0		370	407
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	110 percent achieved			
Indicator 19 :	Increase of transfer of funds to municipalities (FRD) (MRO million)			
Value (quantitative or qualitative)	0	1,855 (increase by at least 600% by year 2005)	5,300 (increase by at least 2,000%)	3,500 (1,321% increase)
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	66% percent achieved. The Government faced some budget constraints due to the drought affecting the country in 2011/2012. For 2013, an additional amount of MRO 2,500 million is planned to increase the FRD, bringing the total increase to 2,264%.			
Indicator 20 :	Municipality income increase (percent)			
Value (quantitative or qualitative)	0	50	50	33% for municipalities of the regional capitals and 58% in Nouakchott municipalities
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Income increases for the municipalities outside Nouakchott are below the 50% target (in reference to 2009). The drought and the political situation (postponement of October 2011 elections) are the main reasons for these results.			
Indicator 21 :	Persons trained			
Value (quantitative or qualitative)	0	300	629	759
Date achieved	04/30/2002	12/31/2006	06/30/2012	08/30/2012
Comments (incl. % achievement)	Target exceeded. Staff was trained in land management and registration, urban regulation, municipal management and finance.			

Note: Core sector indicators were included during the retrofitting of the ISR and in the Project Paper for the Additional Financing.

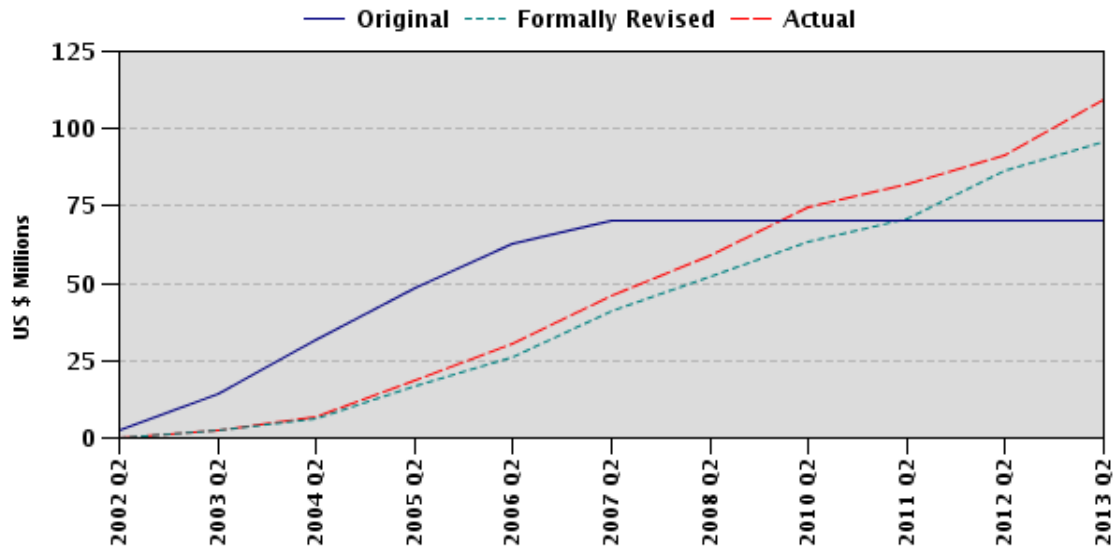
G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	Development Objectives	Implementation Progress	Actual Disbursements (US\$ millions)
1	04/03/2002	Satisfactory	Satisfactory	0.00
2	08/30/2002	Satisfactory	Satisfactory	2.00
3	02/26/2003	Satisfactory	Satisfactory	2.98
4	04/21/2003	Satisfactory	Satisfactory	3.46
5	10/29/2003	Satisfactory	Satisfactory	6.33
6	11/20/2003	Satisfactory	Highly Satisfactory	6.67
7	05/21/2004	Satisfactory	Highly Satisfactory	12.65
8	07/26/2004	Satisfactory	Highly Satisfactory	13.63
9	04/21/2005	Moderately Satisfactory	Moderately Satisfactory	21.52
10	12/06/2005	Moderately Satisfactory	Moderately Satisfactory	30.21
11	06/05/2006	Moderately Satisfactory	Moderately Satisfactory	36.22
12	12/05/2006	Moderately Satisfactory	Moderately Satisfactory	45.74
13	06/07/2007	Satisfactory	Satisfactory	51.59
14	11/29/2007	Satisfactory	Satisfactory	57.77
15	05/27/2008	Satisfactory	Satisfactory	67.54
16	11/13/2008	Satisfactory	Satisfactory	71.16
17	05/12/2009	Satisfactory	Satisfactory	71.16
18	11/30/2009	Satisfactory	Satisfactory	71.27
19	06/21/2010	Satisfactory	Satisfactory	79.86
20	03/07/2011	Satisfactory	Satisfactory	83.75
21	10/04/2011	Satisfactory	Satisfactory	88.73
22	06/10/2012	Satisfactory	Satisfactory	96.24

H. Restructuring

During the preparation of the additional financing, the project had already achieved the targets for its ten PDO indicators and eight out of the ten intermediate outcome indicators, and had disbursed 97 percent of its funds. As a result, the additional financing was entirely allocated to scale up the component related to basic infrastructure. In parallel, the Government has significantly increased resources allocated to microcredit. Taking in account the situation above, the PDO was lightly redrafted in the Additional Financing Project Paper to reflect the focus of the remaining activities (access to basic infrastructure and microcredit).

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

Country Background: In 2000, Mauritania was facing a trend of rapid and uncontrolled urbanization, ranging from less than 4 percent in 1962 to the estimated rate of 61 percent, with more than 67 percent of the urban population concentrated in Nouakchott (about 700,000 inhabitants) and Nouadhibou (100,000 inhabitants). In addition, unemployment ranked high at about 35 percent and the majority of the urban poor were nomads who had lost their economic base and most of their possessions due to persistent droughts and resulting desertification. As a result, the rate of rural migratory inflow into the urban area had substantially exceeded the capacity of both State and municipal governments to extend necessary urban infrastructure and services and generate employment.

Urban Sector Background: As rapid urbanization had not been met by adequate investments in urban infrastructure, there was a proliferation of slums around the major cities, leading to low living standards and poor access to basic services such as roads, water, sanitation, electricity, and solid waste disposal services. The uncontrolled urbanization was also accompanied by unemployment and poverty, which affected about 35 percent of urban inhabitants. Furthermore, the absence of adequate and properly maintained infrastructure and inefficient and costly urban services were undermining the competitiveness of Mauritanian cities.

The urban sector was also constrained by a weak to non-existent legal and regulatory framework and had not been able to implement much needed decentralization reforms that have been introduced since 1986, including resolving inadequate financing to municipalities. Furthermore, due to an inefficient land tenure and management system, regularization of land property rights was a lengthy and difficult process leading to the emergence of an informal and speculative land market and proliferation of squatter settlements.

Rationale for World Bank Involvement: The World Bank's overall strategy for the urban sector in Mauritania was anchored in the 2001 Poverty Reduction Strategy Paper (PRSP) articulated around four strategic pillars: (i) the acceleration of private sector-led growth; (ii) growth anchored in the economic environment of the poor; (iii) developing human resources and ensuring universal access to basic infrastructure services; and (iv) institutional development and governance. The 2003-05 Country Assistance Strategy (CAS) focused on capacity building for decentralization and strengthened administrative capacity for Municipalities. In parallel, the Government issued a policy aimed at reducing urban poverty as advocated in the PRSP.

The 2008-11 CAS for Mauritania reiterated the necessity to: (i) accelerate growth and maintain macroeconomic equilibrium; (ii) continue to anchor growth in the economic environment of the poor; (iii) develop human resources and generalize access to basic social services; (iv) improve good governance and capacity building; and (v) reinforce

strategic oversight of programs, monitoring, evaluation, and coordination. The Urban Development Project (UDP) assisted the Government of the Islamic Republic of Mauritania (GIRM) to address those challenges but a follow-up program would improve on its results and achievements. The challenges associated with the goal of achieving inclusive growth are closely linked to Mauritania's shortcomings in poverty reduction, namely: (i) the need to reduce inequalities in the urban areas where they are highly visible and sources of popular discontent; (ii) the slow pace of decentralization that suffers from weak administrative capacity; and (iii) weak civil society organizational capacity that undermines its active participation in public affairs. Therefore, the sustainability of the UDP investments is dependent on further reforms and targeted socio-economic policies capable of ensuring sustainable development.

1.2 Original Project Development Objectives and Key Indicators *(as approved)*

The original Project Development Objective (PDO) was to support Mauritania's central and local governments to: (i) improve living conditions and promote employment opportunities in the main towns of Mauritania, especially in slums; and (ii) strengthen the institutional framework and capacity for urban and land management.

Key performance indicators	Outcome Indicators
1) Improve living conditions and promote employment opportunities in the main towns of Mauritania	Increased access to basic infrastructure services
Intermediate Results	Results Indicators for each
<p>Completion of Water Supply and Electricity Distribution Network</p> <p>Completion of road network</p> <p>Slum upgrading</p> <p>Sanitation system</p>	<p>a) Increased access to basic services (increased coverage and consumption of water in slums), from a daily average of 15 liters/person in 2000 to 25 liters/person by 2005 and 35 liters/person by 2010;</p> <p>b) Reduction of water prices in slums, from US\$2-3 per cubic meter in 2000 to less than US\$1 per cubic meter by 2005 and less than US\$0.75 per cubic meter by 2010;</p> <p>c) Increased access to roads, schools, health centers, electricity, services, and social assessments;</p> <p>d) Significant upgrading for at least 163,240 slum dwellers by 2005, a total of 281,590 slum dwellers by 2010, and 220,000 other urban inhabitants;</p> <p>e) Improved shelter and sanitary facilities (7,500 houses by 2005 and 15,000 by 2010);</p> <p>f). Improved sanitation, by providing</p>

<p>2) Strengthen the institutional framework and capacity for urban and land management</p>	<p>a) Formalized links between community organizations and the governance structure, increased involvement of community-based organizations in decision-making, and the provision of infrastructure services (full consultations on urban development plans and participation of communities in service delivery);</p> <p>b) Streamlined legislation and regulations governing urban planning;</p> <p>c) Improved technical and financial municipal capacities for infrastructure maintenance and service delivery (training of municipal staff, increased municipal financial income, and transfer of funds to municipalities);</p> <p>d) Operational land management and information systems, including the fiscal system (with 20,000 land titles registered and delivered in ten years);</p> <p>e) Simplified and accelerated procedures for tenure regularization;</p> <p>f) Positive change in property values and the land market in slums (land regularization with 3,000 titles by 2005 and 15,000 by 2010).</p>
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1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

Cancellation of the Adaptable Program Loan (APL) structure: Implementation delays occurred during the first phase of the program, due mainly to political instability which, in 2008, pushed the Bank to put all disbursements on hold. Given the important changes in the local context, and implementation by the Government of some activities planned for the second phase of the APL, the APL second phase was no longer relevant. Instead, the Government has requested support to develop a National Integrated Program for Decentralization, Local Development, and Employment. The Bank has welcomed this request and is already preparing a new project to support the Government Program.

An Additional Financing (AF) was approved by IDA Board on June 25, 2010 to scale up project Component 1 (Provision of basic urban infrastructure). At this moment, the initial project has already achieved the targets for its ten PDO indicators and eight out of the ten intermediate outcome indicators, and had disbursed 97 percent of its funds. In addition to the Bank AF, the Government has significantly increased resources allowed to microcredit. So the remaining activities were mainly focused on basic infrastructure and

microcredit. To reflect these changes in the AF Project Paper, the PDO was slightly revised.

The revised objective consisted of providing support to Mauritania's central and local governments to: (i) improve access to basic services and infrastructure in targeted urban areas; and (ii) increase access to micro-finance and income-generating activities for populations living in slums.

The revised PDO and Key Performance Indicators (KPIs) are the following:

PDO	Outcome Indicators
Improve access to basic services and infrastructure in targeted urban areas Increase access to micro-finance and income-generating activities for populations living in slums	Improvement in access to basic infrastructure services in the 12 regional capitals Increased access to microcredit and jobs
Intermediate Results	Results Indicators for each Component
Construction of paved roads Construction of unpaved roads Construction of water supply network Construction or rehabilitation of electricity lines	Construction of paved road (25.7 km) Construction of unpaved roads (26 km) Water supply network (8.3 km) Electricity transmission and distribution lines (18.5 km of network and 210 street lamps)
Microcredit services Job creation	Services for an additional 12,000 persons Creation of 36,000 employment-months

1.4 Main Beneficiaries

The main objective of the two phases of the project was to improve the living conditions of at least 541,590 persons: 281,590 living in slums, 100,000 resettling from rural areas or from other urban areas, and 100,000 in other urban areas, directly through targeted interventions, and indirectly through support for economic development (40,000 persons), improved urban and land management, and empowerment of communities. The primary beneficiaries were poor families in Nouakchott (431,000 persons) and Nouadhibou (10,000 persons), and to a more limited extent, in the regional capitals (100,000 persons). The project also empowered communities to participate in local decision-making and in project implementation through an adequate institutional framework and support from specialized organizations. Local governments and governmental agencies benefited from capacity-building activities to strengthen their technical and managerial capacities in urban and land management. Local NGOs, small entrepreneurs, and consultants benefited from targeted vocational training activities and public works programs. During the Additional Financing preparation, the number of beneficiaries, in Nouakchott and in the 12 capitals of regions, for the first phase of the APL, was increased to 370,000 (52% of whom are women), to take in account the scaling up of some components.

1.5 Original Components (*as approved*) (see Annex 3a)

The Urban Development Project was designed to contribute financing to the GIRM investment program for urban sector development with the objective of improving the living conditions of slums dwellers and reducing poverty. The estimated cost of the Adjustable Program Loan (APL) (for Phase 1 and Phase 2) was initially projected to be at US\$192.67 million. The total cost for the UDP's first phase was estimated at US\$99.06 million and IDA financing totaled SDR 55.8 million (US\$70.0 million equivalent). The project consisted of four components which were identified at the time of appraisal. These were:

- **Component 1.** Provision of basic urban infrastructure in the main cities, principally in slums, and serviced sites (cost: US\$75.85 million; IDA credit US\$54.30 million)
- **Component 2.** Microcredit (cost: US\$6.90 million funded by GIRM)
- **Component 3.** Institutional and capacity building (cost: US\$8.05 million funded entirely by IDA)
- **Component 4.** Auditing, monitoring, and operating costs of implementing agencies (cost: US\$6.56 million, IDA credit of US\$5.92 million)

1.6 Revised Components

The project components were not revised, but two of them were scaled up and the allowed funding has consequently increased. Component 1, provision of basic urban infrastructure in the main cities, has benefitted from the additional financing provided by IDA; and Component 2, microcredit, has benefitted from additional funds provided by the Government. The projected PDO was lightly revised for the additional financing, to take this scale-up into account.

1.7 Other significant changes

A changing national situation that impacted project implementation

Since the start of project implementation in April 2002, political instability in Mauritania affected the implementation of the UDP. In June 2003, an attempted coup undermined the institutional stability of the country. A second coup succeeded in breaking down constitutional order in August 2005. From that date until March 2007, the country has experienced a transition period, with legislative and municipal elections in October 2006 and presidential elections in April 2007. As a result, a large group of mayors, the UDP's main stakeholders and partners, was renewed. Just when they started to show stronger ownership of the project and its objectives, another coup, in August 2008, disrupted the recently restored constitutional order. As a consequence, the Bank put disbursements related to the Mauritania portfolio on hold for 15 months (from August 2008 to October 2009). During this period, the GIRM has relied on the national budget to continue paying

the ongoing contracts, avoiding interruption in already engaged contracts, preventing any complaints from suppliers.

The Bank and the GIRM agreed to resume the UDP's implementation by mid-December 2009. A retroactive extension was necessary as the project was supposed to close in June 2009. The extension was approved for two years (until June 30, 2011) by the Operations Policy and Country Services Vice Presidency (OPCVP) on October 29, 2009 to allow the project to complete all its activities and to rebuild confidence among stakeholders. An Additional Financing was approved on June 2010 with an extension of the closing date to June 30, 2012 to ensure implementation of the additional activities.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Project Design: Many alternatives were considered in selecting the most appropriate instrument to support the Government's long-term program. An integrated approach combining a classical urban development project, a public works program, a slum upgrading operation, a community action program, was finally adopted as more appropriate. An APL with two five-year phases was preferred to a Sector Investment Loan, as slum upgrading is a ten-year program, and capacity building and decentralization strengthening require a longer period. The approach was very innovative, in the context of the Country which has never implemented such an integrated urban program. Although the project has not benefited from a formal Quality at Entry Review (which was optional at that time), the quality at entry is considered satisfactory. In fact, the unique restructuring that was done during the long implementation period of the project, was just a simple reformulation of the PDO, in order to take into account the scale-up of some activities which were not predictable at the preparation stage.

Lessons learned from urban projects and ongoing activities carried out under the Urban Infrastructure and Pilot Decentralization Project (Cr. 2835-MR), as well as from other urban and water supply projects in Mauritania and from overall Bank experience, have been incorporated in the design of this program. Decentralization experience in Mauritania suggests that the participation of communities in project preparation is critical for adequate identification of priorities and subprojects, their timely and effective implementation and sustainability, ownership, and local capacity development. Ownership, a clear vision, and political commitment to project objectives ensure strong leadership, strong participation of communities, and availability of counterpart funds. Therefore, full community consultations and involvement have been an integral part of program preparation and have also been continued during implementation. However, technical assistance support is needed to boost local capacity. Interventions have been (and continue to be) targeted through assessments and based on thorough consultations with beneficiaries. Design was simple and has taken into account low institutional capacity at local government levels, especially in secondary cities, and the early stage of development of community-based organizations. The project has relied on NGOs and consultants to provide implementation technical assistance to communities and has

supported technical assistance to relevant local governments, through the Association of Mayors. Slum upgrading was limited to Nouakchott which had the largest slums and basic institutional and human capacity and strong leadership. Along with investment programs, activities have supported the development of central and local governments' capacities in urban and land management, as well as the development of capacities of communities and the private sector.

The lessons learned from Bank projects since 1970 include the need for decentralization of infrastructure service delivery and management to appropriate local levels with adequate local financial revenue generation. In addition to providing basic infrastructure, to alleviate poverty it is equally important to create jobs, generate income, prevent the creation of new slums, secure access to land, and improve housing.

As the implementation of the first phase of the APL has taken over 10 years (which was the period planned for the two phases). Given that many of the activities to be financed under the second phase were done by the Government (slums rehabilitation), or by the UDP additional financing (scale up of access basis infrastructures and micro credit), there was no need to prepare a second phase as initially planned. Instead, the Government and the Bank have agreed to prepare a new operation that will support a national integrated program for Decentralization, Local Development and Youth Employment (cf para. 2.5).

2.2 Implementation

Implementation of the project components was satisfactory. The GIRM and all implementing agencies were instrumental in ensuring that, despite the difficult context described above, project implementation was successful and that all components were completed before the project closing date and became operational as expected. Institutional oversight was provided by the Prime Minister who chaired an Inter-Ministerial Committee (CIS) in charge of the urban development program. This committee included the Ministers of Interior, Finance, Economic Affairs and Development, Housing and Urban Planning, Equipment and Transport, Hydraulics and Energy, the General Secretary of the Government, the Commission on Human Rights, Poverty Reduction, and Integration (CDHLCPI), and the Mayor of Nouakchott. The CIS was supported by a technical committee under the chairmanship of the Director of Programming and Studies, and includes representatives from all concerned sectors, civil society, and the private sector. After the mid-term review, and in order to confirm the increasing importance of urban issues, the Presidency of this committee was transferred to the Prime Minister Adviser, in charge of Decentralization and Urban Planning. Thematic subcommittees were also set up. All committees and subcommittees had reviewed the program preparation and were operational by project implementation. A Project Coordinating Unit (PCU), reporting to the Ministry of Economic Affairs and Development and the Coordinating Committee, was in charge of project coordination, monitoring, reporting, and auditing. In addition, the PCU was in charge of the implementation of the capacity-building component.

Strict adherence to implementation arrangements was ensured by the PCU during the 10 year period of project implementation, no delay or lack in the quality with regard to the

different reports and documents to be produced by the clients. All audits were transmitted on time and unqualified, and quarterly financial monitoring report was regularly prepared with the required quality and transmitted to the Bank in the agreed time. No procurement or safeguard issue has been recorded. The implementation of the more complex operation, regarding safeguards policies (the rehabilitation of the slum Kebba of El Mina, involving the involuntary resettlement of more than 2,300 families), was rated highly satisfactory according to an independent evaluation conducted by an international consultant firm, under the Bank supervision.

In addition to these achievements, when the Bank put disbursement on hold for 15 months, the Government mobilized its own resources to continue paying the ongoing contracts and related operating and costs.

The program was closely supervised by the Bank team. A local staff was fully dedicated to the project during the first years, and after the Mid-Term Review (MTR), in March 2005, the Task Team Leadership was transferred to Nouakchott-based staff, who enjoyed an excellent relationship with the PCU and all other stakeholders. All implementing agencies also contributed to an efficient monitoring of project components.

Project implementation through city contracts was used to support project implementation in the secondary cities. City contracts were signed for each of the 12 secondary cities involved in the project in order to address municipalities' limited managerial capabilities in dealing with planning and monitoring of works. A "bonus-malus" clause was inserted in these contracts in order to motivate and incentivize municipalities to be more performing, and has shown to be effective.

An evolving institutional setup led to more efficient project implementation. The project institutional setup was refined based on lessons of implementation, especially from the pilot's restructuring operation of the Kebba in Nouakchott's El Mina District, which highlighted the need to make the institutional framework flexible and adapted to the institutional reality on the ground. These changes concerned the separation of water management from electricity with the creation of the National Water Company (SNDE) and the National Electric Company (SOMELEC), the creation of ANAT (National Agency for Land Development) as the executing agency for Component C of the project. ANAT was later absorbed by ISKAN (a government company in charge of land development, housing and real estate management) that took over SOCOGIM (*Société de Construction et de Gestion Immobilière en Mauritanie*). A Ministry of Housing, Urban Affairs, and Land Management (MHUAT) was also created, as well as a special ministerial department in charge of environmental and sustainable development policies within the prime ministry.

2.3 Monitoring and Evaluation Design, Implementation and Utilization

Monitoring and Evaluation (M&E) Design: A project performance monitoring framework was designed to provide the Bank and the GIRM with the appropriate data and indicators (with some baseline values and target values) about component implementation and their results on the ground. Given the pilot nature of the project, many baseline values

were not available. However, the Implementation Status and Results Report (ISR) format allowed an objective monitoring of key performance indicators (see Annex 2-b) for project outcomes and intermediate outputs in the areas of basic infrastructure services, slum upgrading and land development as well as effectiveness of microcredit operations in generating demand for public housing, land development and income generating activities. Other indicators for capacity building and project implementation and institutional strengthening were also used to assess the degree of success of the project.

M&E Implementation and Utilization (see Annex 2-b for KPIs): Data collection adhered to the Project Appraisal Document (PAD) guidelines and the borrower information system. The data collected for outcome and outputs indicators were monitored through an agreed reporting format. The Government provided the Bank with monthly reports on project implementation progress, quarterly progress monitoring reports, quarterly financial management reports, annual information about progress on key entity and sectoral performance indicators, and other information as the Bank required. These arrangements worked in a satisfactory manner and were always rated satisfactory in the ISRs. In addition, the Bank team periodically conducted site visits to monitor implementation progress, compliance with environmental and social safeguards, and engage in discussions regarding benefits achieved from the investments. The Bank team also interacted regularly with various project stakeholders, including all implementing agencies, NGOs, and the Association of Mayors. GIRM provided a retrospective analysis on performance and inputs for planning purposes, producing and submitting to the Bank for review the Quarterly Project Report, containing M&E data. The quarterly reports resulted in discussions on all aspects of the project ranging from procurement, engineering, KPIs, safeguards and finance to decentralization. These reports also provided a close monitoring of all covenanted targets. Furthermore, the social development outcomes were being tracked by CDHLCPI which was in charge of monitoring poverty indicators, including in urban areas. The monitoring was supplemented by social assessments carried out by the Bank during the MTR and at the end of the project.

Through good M&E systems, the Bank was able to avoid many pitfalls. During project implementation, the Bank has identified major problem in a timely fashion and has undertaken needed adjustments, to avert bottlenecks and other constraints, avoiding and/or solving potential problem. Major adjustments were done during the MTR and the Additional Financing approval, or by specific amendments. They were essentially related to reallocation of funds, indicators, and target value.

In addition, the Government has conducted many surveys to measure impacts of the project, and to provide additional information to the data base on urban and decentralization issues. One of those surveys was conducted at the beginning of the project to establish a baseline for El Mina neighborhood and the other targeted areas in Nouakchott. Two years later, another survey was conducted to measure impacts of the project, and a third one was conducted an additional two years later. A technical audit of the built infrastructure and equipment was conducted every two years to check the quality of the product, and how it is managed and maintained. Municipalities were audited every year, and the collected data was used by the General Directorate of Local Government for the creation of a data base on local

finance. The Government has also put in place, at the Urban Development Agency, an observatory for the city of Nouakchott to follow its evolution and provide update information on the land occupation and planning.

2.4 Safeguard and Fiduciary Compliance

Environmental and Social Safeguards (ESS): The UDP was rated “Category A” on environmental and social safeguards management. The environmental and social safeguards process was initiated during project preparation and appraisal stages. An Environmental Assessment was triggered and the project prepared a Strategic Urban Environmental Assessment. The identified Potential Environmental and Social Impacts were: Resettlement caused by land acquisition in the slum areas to be improved will be a major impact of the project. A Social Assessment and a Land Acquisition and Resettlement Action Plan (LARAP) have been prepared, which includes the impacts of on-site sanitation in waterlogged and temporarily flooded areas, impacts of solid waste disposal sites, impacts of construction activities, increased pressure on the fragile coastal zone, which would increase the risk of inundation for parts of Nouakchott from the sea, monitoring of groundwater levels of fossil groundwater resources, impacts of new or improved infrastructure, such as cattle markets, the artisanal fish landing site on the beach, and the fish market. Environmental studies have been carried out, and mitigation plans elaborated under these studies have been incorporated in the Strategic Urban Environmental Assessment (SUEA) and Environmental Management Plan (EMP).

Compliance with the Bank’s Environmental and Social Safeguards: The EMP and the LARAP implementation were satisfactory. After the completion of the RAP implementation, an independent evaluation was conducted by an international consulting firm under Bank supervision and has rated it highly satisfactory. The Bank latest supervision, including a field survey, found that the preparation and the implementation of the investment projects of the UDP did adhere to a single scheme which was to implement projects on public sites not used for other economic activities by individuals or business entities. Most of the time, these sites were located on the right-of-way of main arteries. This was the case of electricity, water supply and sanitation projects. No project for rehabilitation of markets necessitated the acquisition of land. The construction of schools and health centers was made on public land provided by the concerned municipalities. In all the cases, the Bank team was attentive to this issue and had no knowledge of any complaint in Nouakchott. Resettlement programs of the Urban Development Agency (ADU) were made according to the resettlement standards of the Bank and the Mauritanian national legislation and have been the subject of relocation Plans reviewed and approved by the Bank. Other activities of the UDP were covered by a resettlement policy framework outlined and enforced by the Bank.

Financial Management: The Borrower’s financial management (FM) systems were upgraded to take into account the reporting system as required by the Bank/IDA. The Project Coordinating Unit ensured close and independent control over all sub-components and their implementation. The PCU was strengthened by a finance department and an accountant assisted by a local accounting firm whose role was defined prior to credit effectiveness. All other implementing agencies (AMEXTIPE, SOCOGIM, SONELEC and

ADU) strengthened their FM capabilities during their partnership with the Bank and were able to enhance the financial accountability and transparency of their operations. The reporting framework for the project included a quarterly Project Management Report (PMR), an equivalent of the interim unaudited financial report, prepared in an agreed format with the Bank/IDA (detailed in the Project Implementation Plan) as well as yearly audit reports. PMRs were prepared from information generated by all implementing agencies. The FM arrangements were considered to accurately account and report on the project financial resources and expenditures under the various components financed by the World Bank/IDA. FM arrangements under the UDP were implemented in a manner satisfactory to the Bank/IDA. FM measures involved all participating implementing agencies. These measures ensured that flows and expenditures were in conformity with the project management manual and Bank guidelines.

Procurement: Procurement of goods, works and consultant services was carried out in accordance with Bank/IDA guidelines under IBRD loans and IDA credits. The Borrower provided a detailed procurement plan that included relevant information on civil works and goods. Procurement under the UDP was generally satisfactory with no major issues faced during implementation. All procurement plans established by implementing agencies and consolidated by the PCU were in conformity with Bank/IDA guidelines. There were 299 contracts for consultant services, of which 259 were awarded to national firms, 120 contracts for works of which 105 contracts were awarded to national enterprises, and 158 contracts for the supply of goods and these were almost all to domestic/national suppliers. Contracts resulted in creating important income generating activities for the national economy, including for local/regional enterprises. Procurement was rated satisfactory in the project's final Implementation Status and Results Report.

2.5 Post-completion Operation - Next Phase

Based on the project success, the Government has: (i) prepared a national slums rehabilitation strategy, and started implementation of a large program with the objective of zero slums by end of 2012 (in December the rate was around 90 percent); (ii) revised the land management legal framework to facilitate access to land property rights, particularly for vulnerable and poor populations; (iii) increased resources enabled microcredit to scale up access to credit and promote self-employment in poor neighborhoods; (iv) continued to finance and implement a large infrastructure program to improve access to basic services in urban areas; (v) elaborated an incentive-based strategy to encourage rural population to be more grouped around settlements with the minimum size to justify services delivery with affordable cost and has already succeeded with 48 small villages grouped now in two localities; (vi) A national company was created to develop equipped plots and public housing and is already implementing many programs around the Country; and (vii) approved a new policy letter related to Decentralization and Local Development confirming its commitment to continue supporting and enhancing local governments, through in particular, a sound fiscal transfer and institutional capacity building program. Regarding this point, this Government is preparing a national program to develop Decentralization and Local Development. A new funding-window will be created to provide performance-based grants to local governments. The objectives of this window is to provide more sustainable

and significant resources to local governments, and to use those resources as an incentive to push local governments to deliver better services to the population, and ensure good management and efficient maintenance of equipment and infrastructure. The Bank is involved in the preparation of this program and is preparing a new operation in support. Annex 1-c shows the GIRM budgetary allocations to finance additional infrastructure for the benefit of the urban population and its development.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The current Government PRSP-3 (2011-2015), and the PRSP-2 (2008-2010) have the same five principal objectives, and are articulated around the same pillars: (a) accelerating economic growth and maintaining macroeconomic stability; (b) making growth more inclusive by developing the growth potential and productivity of the poor; (c) improving the potential of the Mauritanian people and their access to basic social services; (d) enhancing governance and institutional development; and (e) improving planning and monitoring and evaluation systems. The achievement of the PDOs, before and after the Additional Financing restructuring, is fully supporting the Government and the Country Partnership Strategy (CPS) priorities listed above. The improvement of living conditions in the major cities, the creation of employment opportunities, the capacity building, and the institutional reforms aiming to improve governance both at, central government and local government levels, are particularly contributing to PRSP's pillars (c), (d), and (e), and are, to some extent, contributing to the other pillars. The Bank is preparing a new Country Partnership Strategy (To be submitted to the Board in March 2013). The design of this CPS is based primarily on providing support to Mauritania for the implementation of PRSP-3 with an emphasis on inclusive growth, improving service delivery, capacity building and governance, and job creation, and therefore, the project's objectives are also relevant for the CPS.

The fact that the Government, in its current and past strategies, has maintained, despite the high political instability, the project's objectives as priorities, is confirming that the project's objectives and design are highly relevant, and that the diagnosis and analysis made during the project preparation are still relevant. It shows also that studies carried out during the project preparation (about cities strategies, slums population, economic potential, housing, microcredit, etc.), and fed into project design were relevant. The fact that all achieved results are contributing to the PDO and to the overall development objectives of the Government confirms that activities planned under the project components were appropriate to reach the objectives, and so were the implementation arrangements. The performance indicators were well-chosen and allowed a good monitoring of the project achievements. However, the initial PDO was too broadly defined and contained higher level objectives. That issue was addressed through the subsequent restructuring which revised the PDO to properly reflect the project objectives. This restructuring was included in the additional financing granted by the Bank to scale up the very successful component related to access to basic infrastructure.

Finally it is important to note that, despite the political instability, the Project Coordinator has never been changed and this has facilitated the relationship between the Bank and other counterparts. This also has helped to manage the more difficult political situations,

particularly that the Bank has put all disbursement on hold, as the Coordinator was able to get some funds from the Government to continue paying ongoing contracts.

3.2 Achievement of Project Development Objectives

The PDO for the project and for the APL, as in the PAD, is to support Mauritania's central and local governments to: (i) improve living conditions and promote employment opportunities in the main towns of Mauritania, especially in slums; and (ii) strengthen the institutional framework and capacity for urban and land management.

Five groups of indicators were set up to measure achievements of PDO:

1. Increased access to basic services: (a) increased coverage and consumption of water (from a daily average of 15 liters per person in 2000 to 25 liters per person by 2005 and 35 liters per person by 2010); (b) reduction of water prices in slums, from US\$2 to US\$3 per cubic meter in 2000 to less than US\$1 per cubic meter by 2005 and less than US\$0.75 per cubic meter by 2010; (c) improved sanitation, by providing 10,000 additional latrines by 2005 and 30,000 by 2010; (d) increased access to roads, schools, health centers, electricity and services; and (e) improvements regarding access to potable water, electricity, roads, schools, health centers, sanitation and markets for at least 163,240 slum dwellers by 2005, a total of 281,590 slum dwellers by 2010, and 220,000 other urban inhabitants.
2. Increased access to credit for, and results in: (a) income-generating activities (2,500 credits by 2005 and 5,000 by 2010); and (b) improved shelter and sanitary facilities (7,500 houses by 2005 and 15,000 by 2010);
3. Increased support for economic activities, as measured by the number of activities created or improved conditions of work (for 20,000 workers in each phase);
4. Formalized links between community organizations and the governance structure, increased involvement of community-based organizations in decision-making, and the provision of infrastructure services (full consultations on urban development plans and participation of communities in service delivery);
5. Additional indicators to measure achievement of PDOs: (a) Streamlined legislation and regulations governing urban planning; (b) improved technical and financial municipal capacities for infrastructure maintenance and service delivery (training of municipal staff, increased municipal financial income and transfer of funds to municipalities); (c) operational land management and information systems including the fiscal system (with 15,000 land titles registered and delivered in ten years, and 3,000 before 2005); (d) simplified and accelerated procedures for tenure regularization; and (e) positive change in land market in slums.

The target values for some of these results were formally revised during the project implementation to take in account the scale-up of some components and also the reality on the ground. The amount of credit provided to slum dwellers was increased from MRO

12,500 to MRO 89,446, and the number of jobs increased from 50,000 to 143,000. The target value for some intermediate outcome indicators was also formally revised.

Although only the first phase was implemented results of the project to date, are as follows: (a) people benefitting from basic infrastructure improvement in the regional capital (110,000 inhabitants); people benefitting from slum upgrading (181,000 inhabitants, with secure land tenure, basic infrastructure, with creation or improvement of 225,000 jobs, affordable serviced land and/or shelter (for 50,000 inhabitants); (b) technical assistance to community associations, Non-Governmental Organizations (NGOs), have benefitted from microcredit, and trainings, 160,895 people or entities have benefitted from credit (i) 100,042 land titles were regularized and registered, benefitting slum populations in particular; (ii) 5,145 households have benefitted from improved construction, and 2,946 have benefitted from improved sanitation; and (iii) the biggest part of the 100,042 credit was mainly for income-generating activities (mainly NGOs and micro-enterprises for services and construction); and (c) fiscal transfer from the Central Government has increased by 2,000 percent. In addition, municipalities have received substantial technical assistance through the city contracts signed by the Mayor and the Wali (Governor, Representative of the Government at Regional level). For the Government, the purpose of these contracts, as a counterpart to the funds granted for investments and the technical assistance for capacity building, was to engage municipalities to be more performing in terms of their own resources mobilization, services delivery, participation of the communities (associations and NGOs) in the management of local affairs, etc.

The Additional Financing approved by the Board on June 2010 has reformulated the PDOs to take into account that achievement of the initial PDO had been realized, and to focus the objective of the additional financing on scaling up the provision of basic infrastructure and microcredit. The revised PDO was to support Mauritania's central and local governments to: (i) improve access to basic services and infrastructure in targeted urban areas; and (ii) increase access to micro-finance and income-generating activities for populations living in slums. In addition to the results in the paragraph above, the number of direct project beneficiaries has reached 400,000 inhabitants, 68 percent of the target for the APL, while only the first phase of the UDP was implemented.

All PDO indicators related to roads, water, electricity, sanitation, access to microcredit, the number of direct beneficiaries, job creation, capacity building, and land access and registration, have been reached or have exceeded the target value, confirming the achievement of both the initial and revised PDOs. Based on the above information, the achievement of objectives is satisfactory, though the impact of the project has far exceeded the listed PDO and intermediate outcomes indicators. When the project started, no resources from the national budget were allocated to finance urban infrastructure, slum upgrading, or microcredit. The fiscal transfer to the local government was negligible. Urbanization problems were known but there was no real commitment to face them, and there was a feeling of helplessness against the immensity of the problems. When the first impacts of the project came out, the Government became more confident of its capacity to change things, and to started preparing policies and putting more resources to address

decentralization and urban development in a more sustainable manner. As such, the project has succeeded not only in achieving its development objective, meeting or surpassing its results indicators, and delivering all expected outputs, but the project has succeeded in changing Government behavior regarding the Urban and Decentralization agenda. This is reflected by the important programs under implementation or under preparation (paragraph 2.5 above). One of the more visible illustrations of this enormous impact is the El Mina slum rehabilitation which was financed by the project and has benefitted 22,000 households. The success of this operation has triggered a national program aiming at having zero slums in the country by end of 2012. This operation and the Government's program which followed, has allowed more than 480,000 slum dwellers to have access to land property rights and to improved basic infrastructure.

Box 1: Microcredit

The Microcredit component funded entirely by the Government included activities ranging from public housing; microcredits: creation of jobs and income-generating activities; training and promotion of local employment; development of micro-projects in targeted neighborhoods. The initial amount allocated to this component at project preparation was US\$6.0 million and totaled US\$20.61 million by the end of the project. The results were largely superior regarding the income-generating microcredit. The success of the microcredit component is attributable to institutions such as the CNDHLCPI, Beit-El-Mal and the Twize program. Activities such as the land servicing operation that benefitted from the funds resulted in the construction of 5,269 housing units in Nouakchott; 615 housing units in Nouadhibou; 1,500 latrines-fences units; 34,000 housing microcredits granted; 160,895 microcredits for income and employment-generating activities; 1,300 trained professionals including 400 in the construction sector and 900 micro-entrepreneurs representing 95 micro-projects in the project areas.

Impact of the Twize Program

The UDP's objective of poverty reduction through access to decent housing was accompanied by a culturally and socially adapted approach called Twize. This approach was based on collective community participation articulated with solidarity programs in order to finance and build housing 'modules' for poor families. Twize's achievements in Nouakchott and Nouadhibou range from the local production of 5,900 cost-controlled quality housing 'modules' (room or plot enclosure and latrine); the granting of 65,000 classic micro-loans destined to improve inhabitants' incomes and housing; micro-loans accessible to inhabitants organized in Twize groups; the training of 1,200 professionals, 800 of whom are in the construction sector—a priority in the framework of the project; and support for the joint implementation of 95 urban, economic and social micro-projects. The housing scheme's success (satisfying 84 percent of targeted households) depended on the quality of the social, technical and financial support throughout the entire process.

3.3 Efficiency

Project Costs

Actual project costs totaled US\$156.34 million, representing a global project cost increase of 23 percent (the estimated costs were US\$126.96 million). The increase was not due to a cost overrun, but due to additional funds mobilized by the Government and the Bank to scale up some subcomponents. The Government has increased the microcredit component by 198 percent from an estimated US\$6.9 million to an actual value of US\$20.61 million; this increase was due mainly to the demand for microcredit to generate income creating activities (US\$20.41 million), the need to reduce relative poverty in the targeted areas, and the extension of the project period from 5 to 11 years. The impacts in terms of employment generation have been consistent with the lending scale generated by the implementation of this component. The institutional and capacity building component has increased by 115 percent (US\$19.5 million from US\$7 million), to allow the project to accompany institutions during the whole project period. Actual projects costs for activities under the Additional Financing totaled US\$30.8 million for an estimate of US\$27.9 million, representing a cost overrun of 10.5 percent due to the increase of the constructions costs which was entirely financed by the Government.

Economic and Financial Analysis (see Annex 3)

The PAD economic analysis was limited by available data and unable to replicate the initial analysis. At the project preparation stage, only some major subprojects for Nouakchott were identified. For the regional capitals, the project provided funds to municipalities, and in each municipality, the Municipal Council had to prioritize resource allocation. As such, the analysis did not address investments in secondary cities or account for many project impacts, such as improvement of the living conditions of slums dwellers (e.g., reduction in water-borne diseases (typhoid and cholera) and morbidity) or income generating activities. In addition, the initial data for analysis is not available. During preparation of the Implementation Completion Report (ICR), however, an analysis was done, though based on incomplete data, on the Economic Rate of Return (ERR) and Net Present Value (NPV) for the cattle and fish markets.

Infrastructure for economic activities: It was initially assumed that private operators were going to assure the operation and maintenance of cattle and fish markets and that the city of Nouakchott would have established concession contracts with one private operator for each of the markets. Private operator income was to be generated from fees from users of the market facilities. It was expected that those private operators would manage the markets in an efficient manner, based on commercial practices. The Borrower provided the Bank with very limited data on these aspects, namely the amount of the concession paid by the private operators for the cattle and fish markets to the municipality of Nouakchott.

Cattle Market: The amount of the cattle market concession was fixed at MRO 53,380,000/year to be paid to the municipality which invested a total of MRO 592,689,926. Given these figures and taking into account the same assumptions of the appraisal (20 years of operations and a discount rate of 0.12), the resulting calculations provide an ERR of 6.40 percent and a negative NPV of MRO 173,156,264.

Fish Market: Like the cattle market, the project assumed private operation of the fish market. The concession fee paid by the private operator was fixed at MRO 1,260,000/year and the municipality invested a total of MRO 358,302,793. Given these figures and taking into account the same assumptions of the appraisal (20 years of operations and a discount rate of 0.12), the resulting calculations provide a negative ERR of 17.92 percent and a negative NPV of MRO 311,510,240.

The low concession cost was justified by the fact that the Municipality imposed a limit on rental rates for shops and stalls to allow small vendors access to the two markets. However, the Municipality could increase shop rental rates when activities become more profitable and vendor demand for access increases. This rental rate increase will be reflected in the amount paid by the concessioner to the Municipality. This was not taken into account in the calculation above, nor were taxes paid directly to the Municipality by users of the two markets, or the modern markets' impacts on hygiene and health. As such, the ERR is certainly higher than as calculated here. In addition, some subsidies for these investments could be justified by their economic and social impacts, particularly the number of activities and employment generated. As the initial data used to calculate ERR in the PAD is not available, it is possible that the calculation had accounted for these factors.

An alternative and more realistic ex-post economic analysis was performed for the Urban Development Project over the lifetime of the project, i.e., 2001-2012. It is expected that the benefits will accrue beyond the project implementation but were not calculated.

The project has two main components: Component 1 to improve living conditions and promote employment opportunities in main urban areas; and Component 2 to strengthen the institutional framework and capacity for urban and land management. Both components had the potential of generating health, environmental, economic and social benefits but quantification of the latter benefits are more difficult to perform and were not calculated. Hence, the ex-post economic analysis covered five sub-components under Component 1, which was restructured in 2010, and include: (i) Completion of Water Supply and Electricity Distribution Network; (ii) Completion of Road Network; (iii) Slum Upgrading; (iv) Sanitation System and Shelters; and (v) Microcredit.

Deriving the economic analysis benefits is made difficult by the complexity and heterogeneity of the health (e.g., less water-borne diseases although vector-borne could not be considered), environmental (less urban air emissions and water effluents, etc.), economic (numerous benefits although job creation was not accounted for in the analysis) and social (numerous in terms of access, quality of life, etc.) outcomes from components improvement. Nevertheless, the benefits that were calculated include the water consumer

service with the tariff reduction to under US\$1 per cubic meter, the health improvements due to both improved water and improved sanitation, less flooding days due to improved drainage, and paved road construction in urban areas that led to the increased the price of land (30% to 200%) depending on the areas.¹

The selected benefits that were calculated are just a fraction of the project benefits. In addition, the benefits have been aggregated and compared to IDA's annualized and shadowed costs for the project over the 2002-2012 periods. Hence, it was not possible to value each component separately.

NPV, ERR, MERR and PV Benefit/Cost Ratio

The project economic costs and benefits per selected sub-components are detailed in Annex 3. All the costs associated with the component are considered and annualized over the first five years of the project life (additional clarifications are in Attachment 1 of the Annex 3).

The project is economically viable with a NPV discounted at 10% reaching US\$7.6 million with an ERR of 18% and a Marginal Economic Rate of Return (MERR) of 14% and a Present Value Benefit/Cost (PV B/C) ratio of 1.2. No sensitivity analysis is needed as this is an ex-post evaluation with the benefits considered accruing during the implementation of the project. Nevertheless, with proper operations and maintenance, the benefits will continue accruing over the next years.

Economic Analysis Benefits

Consumer Surplus Benefits

The consumer surplus has been calculated for the targeted population of 181,035 in the slums of Nouakchott. The total consumer surplus amounts to US\$1.1 million annually over the period (Table 1.3, Annex3).

Health Risk Reduction for the Water and Sanitation

As many of the benefits of reliable and improved water supply and improved sanitation are difficult to quantify, the economic analysis is limited to: (i) reduced incidence of diarrheal disease; (ii) reduced mortality from diarrheal disease; and (iii) reduced mortality from infectious diseases associated with improved nutritional status in young children from reduced incidence of diarrhea.

The population that benefitted from improved water coverage is equivalent to 87,229 in all the targeted cities in 2005 with the targeted population reaching 106,337 in 2012, whereas the population that benefitted from improved sanitation is equivalent to 21,799 in 2005 with the targeted population reaching 26,574 in 2012. A 50 percent reduction in disease and mortality is expected from having access to improved water and a reduction

¹ Impact Evaluation of infrastructure works in the 12 main urban areas of the Wilayat as prepared for the Project Development Unit of the project.

of 40 percent from having access to improved sanitation.² Benefits start accruing as off 2005 (Table 1.4, Annex3).

The health associated with water and sanitation improvements are illustrated in Tables 1.4 and 1.5 respectively in the Annex 3. Benefits have been considered for improved access to potable water and improved sanitation based on the Project Development Unit evaluation and start accruing in 2005 and reached on average US\$2.9 million and US\$0.8 million per year respectively.

Flood Reduction Benefits

The flood reduction benefits are illustrated in Table 1.7 in the Annex 3. The people are no longer affected by flooding starting 2005. A monetization in terms of gross national income/capita per day by 30 days of forgone flooding by the population no longer affected by flooding (23,305 residents), which is assumed to represent a share of the gained economic activity as reported in the above mentioned evaluation report.

Impact of Road Construction on Land Value

The hedonic value increase of the lots around the urban roads (150 meters on average from each side of the urban roads) with the very conservative net incremental price of land was estimated at US\$5 per square meter. Some 26,600 linear meters were constructed in urban areas and land prices increased by 200 percent in some cases. An average increase of US\$5 per square meter was adopted across the board based on professional judgment. The area positively affected by the construction of houses hence affected 7,920,000 square meter equivalent to one time gain of US\$39.6 million.

Unfortunately, the roads subcomponent was not considered as the traffic count was not performed at the end of the project. Moreover, the electricity subcomponent was not considered in the analysis although the evaluation reported an increase of the land value where the electricity provision was introduced.

3.4 Justification of Overall Outcome Rating

Rating: *Satisfactory*

The overall rating of the project is satisfactory on the basis of its high relevance (as discussed in Sections 2 and 3), satisfactory achievement of the PDO (as discussed in Section 3.2), and efficient implementation (as discussed in Section 2.2). The project achieved all of its PDO indicators. During the project implementation period, all implementing agencies (PCU, ADU, ANAT/ISKAN, AMEXTIPE, and CNDHLCPI) were well-coordinated and made significant contributions to the successful completion of project implementation and the satisfactory achievement of the PDO. The implementing agencies' performance allowed all components to be completed despite difficulties and

² Bassi et al. (2011).

delays, suspension of disbursements caused by political events, and a difficult institutional environment. Finally, significant progress has been achieved in the urban sector and in the provision of infrastructure services to the poorest populations of Mauritania.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

The impact of the program on Government action on poverty alleviation is evident as shown by the results indicators. The project particularly targeted slums and poor neighborhoods in both Nouakchott, and the regional capitals, and the impact has been positive and visible, in terms of improved living conditions (see Annex 2 on outcomes). The project activities in the neighborhoods and households that lived in precarious housing areas resulted in noticeable and positive changes both at the housing level and in terms of socio-economic services such as access to roads, income-generating activities, schools, electricity, drinking water, health-care centers and markets. The pilot project of Kebba of El Mina has initiated a process of participatory and integrated development that is being scaled up by the Government nationally and which will gradually become mainstreamed in all the regional capitals. In the Kebba of El Mina (the oldest of the slums), the social impact has been positive as slum upgrading actions have led to the relative improvement of living conditions and social cohesiveness among most inhabitants. The pilot in El Mina has also had positive impacts on the attendance of girls at schools and this has been felt by all targeted. Housing conditions after relocation were also improved and this has been felt by more than 70 percent of households. Moreover, inhabitants believe that they have better access to transport infrastructure and about 65 percent of the households surveyed see an improvement in the access and contact with parts of the city of Nouakchott and the country. The success of the El Mina pilot has impacted communities in other slums who have started to claim the same treatment for their slums. That has pushed the Government to start the implementation of its large slum rehabilitation program without waiting for donor support.

In addition, this project supported key policy choices on how to address poverty in Mauritania, drawing from numerous studies across multiple themes, from urban growth strategy to adapted strategies for the promotion of employment, and income generating economic activities. The project initiated institutional reforms and decentralization aimed at giving municipalities and civil society more weight in the decision making process leading to investments and project choice.

(b) Institutional Change/Strengthening

The Urban Development Project has changed the public sector's approach to dealing with urban issues. Before the project, urbanization was considered just a dangerous phenomenon emptying rural areas, and the best way to limit this exodus was to let the cities deal with their problems to make them less attractive. Investment priorities were channeled to rural zones in order to maintain population in their "*terroire*" or homeland. When the UDP started, no other funding was available for urban development; no strategy was prepared to deal with the main problem (slums rehabilitation, land tenure,

housing, employment, etc.). In 2010, during the preparation of the Additional Financing, the Bank has requested from the Government the list of ongoing, or already confirmed financings allocated to the cities involved in the UDP (Nouakchott and the 12 regional capitals). The amount was US\$443 million. The project has demonstrated the need and the impact of investments in urban areas, and both Government and donors started to mobilize more funding. All programs mentioned above (para 2.5) were launched.

The institutional strengthening component has put in place important mechanisms and changes in the way government institutions and municipalities are managed. Overall, the progress made in the management of municipalities has led to improving the effectiveness of their work and strengthening their institutional capacity. As result of this, the Government was convinced to transfer more resources to local Governments and to put in place a sustainable enabling mechanism. The UDP initiated a progressive decentralization process and resulted in setting the foundations for sustainable local development. The mechanisms introduced under the UDP, such as technical assistance, partnership agreements and city contracts, will need to continue to be improved and adapted to the needs of the municipalities so they are able to play the role that is delegated to them.

The Government is now preparing a large national program to support decentralization and local development. In addition to a very important capacity building component, this program will set up a new window in the Regional Development Fund, which will provide performance-based grants to local governments. Participation, transparency, accountability, maintenance, own-resources mobilization will be among the major performance indicators to be eligible to this new window. The Bank is involved in the preparation of this program, and will support the Local Governments Development Project, under preparation.

(c) Other Unintended Outcomes and Impacts (positive or negative)

There were no unintended outcomes or impact from project implementation.

4. Assessment of Risk to Development Outcome

Rating: *Moderate*

The overall level of risk to the development outcome is rated moderate. While municipalities' resources and capacity remain insufficient to ensure good maintenance of equipment and infrastructures financed by the project, the commitment shown by the Government to continue increasing fiscal transfer and improving capacity building of local governments is significantly improving the prospects for sustainability of the project's outcomes. In addition, the physical components of the project are relatively sustainable and many of them are maintained by governmental entities (water and electricity investments are maintained by the respective national utilities in charge of urban water and electricity; local roads benefit regularly from the national roads maintenance program; health facilities are benefitting from cost recovery system; markets' maintenance is often included in the concession contracts). Some other achievements of

the project are irreversible (access to land property rights, rehabilitation of slums, microcredit, housing, etc.). Policies and institutional reforms supported by the project have continued to be supported by the different governments, despite the great political instability of the Country during the project implementation period.

The Government commitment: The Government is now preparing a large national Decentralization and Local Development Program. In addition to a very important capacity building component, this program will establish a funding-window including performance-based grants which should aid the municipalities in undertaking adequate maintenance of the infrastructure and deliver the basic services. Participation, transparency, accountability, maintenance, and own-resources mobilization, will be among the major performance indicators to be eligible under this new window. The Bank is involved in the preparation of this program and will support it through the “Local Government Development Project” under preparation.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: *Satisfactory*

The World Bank’s performance during identification, preparation and appraisal of the project is rated satisfactory. The Bank had good knowledge of sectoral issues and context through previous projects and assistance to the Mauritanian Government. The Bank’s knowledge of the Mauritanian economy and infrastructure sectors was significant in the formulation of a targeted PDO in line with the strategic transformation of the urban sector. The Bank’s assistance was sustained by a strong partnership and good working relationship with all the stakeholders, including the PCU, ADU, ANAT/ISKAN, AMEXTIPE, CNDHLCPI, the Mayors Associations, municipalities and sector NGOs. This helped the Bank team and the GIRM counterpart to define feasible component options and setup an implementation framework in line with the Bank’s procurement and applicable safeguards. The PDO focused on outcomes for which the GIRM and implementing agencies were held accountable and risk assessment focused on appropriate risks and the ratings were realistic.

The preparation team also ensured that the final Project Implementation Plan incorporated details of investment components and subprojects. The Bank team carried out assessment of safeguards and compliance measures, as well as a financial management assessment during the preparation phase (refer to Annex 6 of PAD). The Bank team helped the Borrower to formulate the required Environmental and Social Policy Procedures framework needed for project implementation; a Strategic Urban Environmental Assessment made sure that the Government provided the initial Environmental Management Plan and a Land Acquisition and Resettlement Action Plan. Moreover, a number of required measures were put in place to ensure quality at entry which contributed to successful implementation. These were:

- Project and subsidiary Agreements approved and signed by all implementing agencies involved in project implementation and benefitting from the IDA credit proceeds, including: SOCOGIM, SONELEC, ADU and AMEXTIPE.
- Adoption by the Government of the Environmental Impact Evaluation (EIE) and the Environmental Management Plan and submission of the Social Impact Evaluation Final Report (SIE);
- Establishment of model/standard bidding documents for planned procurement activities and submission of bidding documents for works for the first 12 months with IDA's non-objection (El Mina restructuring bidding documents, and technical assistance).

By effectiveness, the Bank team had delivered a product tailored to the GIRM investment priorities and implementing capacity in compliance with procurement, financial management, and safeguards guidelines.

(b) Quality of Supervision

Rating: *Satisfactory*

The World Bank's performance during supervision is rated satisfactory. Since effectiveness, the Bank supervision team carried out 25 implementation support missions with site visits over the eight year implementation period. Sufficient budget and staff resources were allocated and the project was adequately supervised and closely monitored, including through delegation of day-to-day supervision responsibilities to Nouakchott-based staff, who proved highly effective. As of 2005, the Task Team Leader for the project was based in-country. The ICR mission took place in September 2012. Supervision of project implementation was strengthened by a systematic collaboration between the Bank, the PCU and the implementing agencies' project teams, and relied on an appropriate skills mix. The Bank team was continuously involved in all aspects of implementation to ensure that physical investments were carried out, that disbursements occurred as planned, and difficulties and implementation problems were resolved. Submission of progress reports, PMR, and safeguards compliance reports ensured that supervision provided both parties with information to allow them to track progress and take corrective actions when needed. The Bank's supervision tracking system (ISR and mission aide memoires) provided much needed status information about the project, and required implementation ratings and compliance with covenants.

The Mid-Term-Review was carried out in October 2004. At the time, the Bank team flagged issues relating to the low disbursement level (21%) which was due to delays in the implementation of works. Attention was also focused on the Regional Development Fund (3% of the national budget) that was crucial to the transfer of Government resources to the municipalities and their capacity to ensure adequate support and maintenance of their infrastructure.

Issues related to Safeguard Compliance: The Bank team has closely supervised implementation of the Land Acquisition and Resettlement Action Plan (LARAP) for rehabilitation of the slum Kebba of El Mina, involving the involuntary resettlement of

more than 2,300 families. It was rated highly satisfactory according to an independent evaluation conducted by an international consulting firm, under the Bank supervision. After the success of this operation, the Government has rehabilitated, with its own resources, some other slums. The Bank team undertook (in October 2010) a full review of safeguards compliance of the involuntary resettlement activities that affected inhabitants of the two slums of Hay Sakan and Arafat (which were under rehabilitation at that moment), and found that compliance measures were consistent with the RAP that was prepared by the Government for the UDP. The team had found that the key requirements of OP 4.12 had been respected, and formulated a set of recommendations to improve the outcomes of the resettlement activities implemented by the Government and bring them to full compliance with OP 4.12 requirements. The Government had confirmed its commitment to implementing all those recommendations.

The Bank team was continuously involved with the PCU to resolve delays due to disruptive institutional and political events and temporary cessation of disbursements. As project implementation was constrained by these events, it delayed procurement and completion of works. Project implementation resumed by the end of 2009 and disbursements were authorized by the Bank. Issues were resolved and activities proceeded towards completion according to the planned schedule of the Additional Financing and closing date extension agreement. Continuous involvement by the Bank team and the PCU's use of its own monitoring and evaluation system were instrumental in ensuring that the project components were successfully implemented and completed with a close to 100 percent disbursement rate.

(c) Justification of Rating for Overall Bank Performance

Rating: *Satisfactory*

As the Bank's performance in ensuring both quality at entry and quality of supervision was rated satisfactory, the overall bank performance is rated satisfactory.

5.2 Borrower Performance

(a) Government Performance

Rating: *Satisfactory*

The GIRM identified the development of the urban sector as vital for sustained and inclusive economic growth and poverty reduction and has taken decisive steps to improve legal and policy frameworks. In compliance with program objectives, the Government issued an official Sector Policy statement that outlined a program of actions and institutional measures that supported the project. In spite of the implementation cycle being undermined by political events that led to a hold on project disbursements and delays of works, strong project ownership by the Borrower provided the required and continuous commitment of the Government to the project. In this sense, the Government's performance is rated satisfactory. The rating is justified based on the adequate performance in the institutional oversight of the project. Despite governance and institutional disruptions that affected the project life cycle, Governmental capacity and commitment was maintained and ensured adequate funding and legal and regulatory

frameworks for project implementation, including the implementation of the decentralization process and the participatory mechanism.

(b) Implementing Agency or Agencies Performance

Rating: *Satisfactory*

All implementing agencies and stakeholders (PCU, SOCOGIM/ANAT/ISKAN, ADU, AMEXTIPE CNDHLCPI, the Mayors Association, and municipalities) were always available to the Bank supervision teams and worked together to resolve issues during project supervision. Project ownership by the GIRM was crucial to the successful implementation of this project. Institutional support ensured continuous monitoring and support for loan disbursement and related financial measures such as counterpart funding, compliance with credit covenants and safeguard measures.

The PCU played a significant role in providing transparent oversight of project implementation and its performance is rated satisfactory. This rating is based on the PCU efficiency in ensuring the monitoring and evaluation of the project activities and components were implemented in relative compliance with established timelines, disbursements reached 100 percent of funds, and closing occurred as planned on June 30, 2012. The project has not only met all PDO indicators but in some cases outperformed Key Performance Indicators, thus meeting all development outcomes.

Compliance with financial, legal agreements as well as timely reporting was also achieved during implementation, as the PCU and its project team was strongly committed to the project's successful implementation. The use of IDA's procurement guidelines, compliance with Environmental and Social Safeguards, as well its role in mitigating implementation risks, allowed the PCU to be a valuable Bank partner.

The ADU, SOCOGIM/ANAT/ISKAN, AMEXTIPE, SONELEC and SNDE completed all the works and executed all the activities for which they were contracted. They complied with terms and covenants of the credit agreements as well as those included in their respective project agreements. The project coordinating unit (PCU) ensured that the implementing agencies were audited throughout project implementation. The audits of the implementing agencies underscored their good performance across the board. The PCU was also highly effective in addressing some inherent deficiencies of the construction sector (bottlenecks in the construction sector awaiting a Government decision on revision of construction prices, deficiency of a number of contractors and a lack of proactivity of executing agencies). The PCU accomplished its role to the satisfaction of the Government and the World Bank.

(c) Justification of Rating for Overall Borrower Performance

Rating: *Satisfactory*

The Borrower has fully satisfied its obligations and in many cases, gone beyond them. In term of respecting its commitments, the Government has regularly produced required documents (audits, Financial Monitoring Report (MTR), quarterly reports, etc.). In terms

of counterpart funds, the Government has mobilized more than the planned amount, increasing by three the microcredit funds and providing additional resources to many cities, to complete financing of their subprojects. In addition, when the Bank held disbursements following the 2008 coup, the Government mobilized funds to continue paying the ongoing contracts, avoiding complaints from suppliers.

In term of ownership, the Government is continuing the ownership, as with its own resources, to implement and scale up the main program components: slum rehabilitation, improving access to basic infrastructure, fiscal transfer to local governments, and microcredit.

6. Lessons Learned

The main lessons learned from the design and implementations of the project are:

Project Design

- The integrated approach for an urban project is very relevant, but is complex and needs more time and more attention to be implemented efficiently;
- When an urban project is able to achieve some sound and visible impacts, it will be able to trigger sustainable institutional changes regarding urbanization perception and policies.

Approach: Project vs. Program

- **Project approach is not the more efficient way for sustainable capacity building:** Although municipal capacity improved during project implementation, it declines at the project's end if efforts are not sustained in a government-led programmatic approach. So, developing local governmental capacities requires a national program, based on sustainable resources and strong political commitment that eventually will be supported by donors.

Sustainability of Microcredit

Generating income-activities could be developed with appropriate microcredit: The project demonstrated the feasibility and sustainability of microcredit operations for generating income activities in Mauritania: The Beit El-Mal microcredit institution has been active since 2009 with 30,400 new clients annually. It is a profitable institution and does not require any subsidy.

Project Implementation and Impacts on Slum Rehabilitation Operations

- **Slum upgrading** has limitations when there is a lack of established appropriate regulatory frameworks for land development in an urban environment. For instance, because of a weak land administration that cannot prevent squatters in public spaces, the cost of slum rehabilitation operations could dramatically increase when new slums are

formed. Therefore, an appropriate and rigorous compensation policy coupled with an efficient land ownership control system for illegal land occupation will be necessary for successful slum rehabilitation.

- **Impact of slum upgrading on land development programs for low-income people.** The amount paid by low-income people to have access to land property rights is very low as compared to the existing land market value. Therefore, it is a real risk that beneficiaries might sell their lots at current and higher market prices, and reconstitute new slums. Depending on local conditions, additional arrangements have to be put in place to ensure that only targeted people are benefitting from such programs, and will keep this benefit.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

(b) Co-financiers

None

(c) Other partners and stakeholders

(e.g. NGOs/private sector/civil society)

None

Annex 1. Project Costs and Financing

(a) Project Cost by Component (Original and Additional financing) (US\$ million equivalent)

Components	Appraisal Estimate (US\$ million)	Actual/Latest Estimate (US\$ million)	Percentage of Appraisal
1. Provision of Basic Urban Infrastructure	100.35	96.86	97
2. Microcredit	6.90	20.61	299
3. Institutional and Capacity Building	9.05	19.5	215
4. Auditing, Monitoring, and Operating Costs	8.96	10.01	112
PPF Refinancing	1.70	0.76	45
Total Project Costs	126.96	156.34	
Total Undisbursed		0.80	
MDRI Split		7.84	
Total Financing Required	126.96	156.38	

Note:

1. Appraisal estimates are from both PAD for the original financing and from the Project Paper for the Additional Financing (include Bank and Government financing).
2. MDRI Split: Debt relief provided by IDA under the Multilateral Debt Relief Initiative (MDRI).
3. Exchange rate at appraisal (May 2001) was SDR 1= US\$1.25568 and US\$1 = UM259.10. At Additional Financing (April 2010), the exchange rate was SDR 1= US\$1.5111 and US\$1 = UM270.

**Annex 1-a: MAURITANIA: Urban Development
Program - Detailed Actual Project Costs**

	Local	Foreign	Total
Project Cost By Component	US\$ million	US\$ million	US\$ million
1. Provision of basic infrastructure (including technical studies and supervision)	9.04	58.32	67.36
1.1 Slums upgrading	3.53	15.10	18.64
1.1.1 Nouakchott (water supply and electricity not included) (ADU)	1.33	15.10	16.44
1.1.2 Resettlement grants, compensations (El Mina) (ADU)	2.20	0.00	2.20
1.2 New serviced land (SOCOGIM)	0.17	1.68	1.85
1.3 Infrastructure for economic activities support in Nouakchott (ADU)	1.57	9.49	11.06
1.4 Basic Infrastructure in 12 cities (including Nouadhibou) (AMEXTIPE)	2.39	18.29	20.68
1.5 Provision of water and electricity (SONELEC)	1.38	13.75	15.13
1.5.1 Water production for Nouakchott slums	0.86	6.76	7.62
1.5.2 Water distribution in Nouakchott slums	0.30	2.21	2.51
1.5.3 Electricity in Nouakchott slums	0.52	4.49	5.01
2 Microcredit (CDHLCPI)	20.61		20.61
2.1 For land acquisition or regularization			
2.2 For housing	0.20		0.20
2.3 For economic activities	20.41		20.41
3 Institutional and Capacity Building (PCU)	2.36	16.73	19.09
3.1 To communities		1.88	1.88
3.2 To municipalities	0.70	4.08	4.77
3.3 To central government administration	1.67	10.77	12.44
4 Auditing, Monitoring, and Operating Costs	1.17	7.92	9.09
4.1 Monitoring, auditing (PCU)	0.14	0.80	0.94
4.2 Operating costs PCU including 20% equipment (PCU)	0.88	2.50	3.38
4.3 Technical Assistance (ADU)		0.22	0.22
4.4 ADU fees (6% of 1.1.1 and 1.3.1) and equipment (ADU)	0.15	2.00	2.15
4.5 AMEXTIPE fees (8% of sub-component 1.4)		1.65	1.65
4.6 Technical Assistance (AMEXTIPE)	0.00	0.28	0.28
PPF refinancing		0.76	0.76
Total Project Costs	33.18	83.74	116.92
Total Financing Required	33.18	83.74	116.92

Annex 1-b: UDP Additional Financing-Detailed Actual Costs

UDP- Additional Financing Actual Costs		
Categories	(MRO)	US\$
	(Incl Taxes)	(Incl Taxes)
Extension of Electricity Network	435,565,000.00	1,480,355.50
Road Construction and linkage with Taiba	833,086,015.00	2,831,410.85
Road Rehabilitation	1,054,472,670.00	3,583,838.05
Development of Potable Water Distribution	255,138,202.00	867,138.64
Road Rehabilitation	1,077,444,069.00	3,661,910.98
Road Rehabilitation	685,892,592.00	2,331,144.32
Road Rehabilitation	1,372,339,274.00	4,664,171.82
Central Market Reconstruction - additional works	19,337,220.00	65,721.44
Road Rehabilitation and Access to surrounding localities	1,318,507,464.00	4,481,213.55
Water Supply Rehabilitation	419,088,481.00	1,424,356.73
Water Supply Rehabilitation	83,161,420.00	282,640.86
Rainwater Drainage	358,660,300.00	1,218,979.37
Extension of Electricity Network	185,972,797.00	632,066.06
Road Construction and Rehabilitation	577,924,505.00	1,964,193.00
Total	8,676,590,009.00	29,489,141.18
Works	8,676,590,009.00	29,489,141.18
Works Supervision and Operating Costs	271,349,772.00	922,236.93
Consultant Services	121,000,000.00	411,242.91
TOTAL	9,068,939,781.00	30,822,621.01

Annex 1-c: Additional Urban Investments and Financing made by GIRM

Category	Amount in MRO
Urban Community – Zone of Nouakchott	
Roads	
113 km- Paved road for Nouakchott	15 547 000 000
Health Centers	
Health Center improved at Sebkha	182 666 172
Health Center improved at Teyaret	131 386 574
Health Center (pediatrics, obstetrics, and gynecology) at Nouakchott	580 006 448
Schools	
Rehabilitation of 14 primary schools, 1 middle-school and 4 high schools in Nouakchott	152 703 656
Sports and Leisure (for youth) Centers	
Rehabilitation of 7 cultural/leisure centers for youth and 7 stadiums at Moughâtaas of Nouakchott	76 348 500
Rehabilitation of 2 youth centers, 1 stadium, and 1 cultural center, in Nouakchott	92 017 825
Youth Leisure Center at Arafat – Nouakchott	139 069 100
Public Infrastructure	
Supreme Court building at Nouakchott	519 755 463
Land Development	
Housing development for University faculty at Nouakchott	60 070 000
Total infrastructure	17 281 884 638
Slum upgrading in Nouakchott	
Technical assistance	
Topography and lot delineation	100 000 000
Census and communication	
General census of populations living in precarious housing	33 000 000
Films, documentaries, and public awareness campaigns	20 000 000
Land Development	
Designation of zone for developments, construction of paths/tracks and roads	1 653 375 000
Construction of community facilities	
Schools, Health Centers and local/neighborhood markets	1 630 000 000
Registration/protection of urban perimeters	819 625 000
Office of Dispute Settlement	94 000 000
Fees for ADU	144 000 000
Total Restructuring/Improvement	4 494 000 000
Total investment BCI/RIM for Nouakchott	21 775 884 638
Municipality of Néma	
Roads	1 576 000 000
Construction of National School for Health Studies at Néma	263 749 224
1,000 seat stadium at Néma	348 997 390
Total Néma	2 188 746 614
Municipality of Aioun	

Roads	1 576 000 000
Total Aioun	1 576 000 000
Municipality of Kiffa	
Courthouse at Kiffa	265 928 953
1,000 seat stadium at Kiffa	394 845 969
Total Kiffa	660 774 922
Municipality of Sélibabi	
Construction of National School for Health Studies at Sélibaby	260 201 908
Youth Leisure Center of Aleg and Sélibaby	41 365 228
Total Sélibaby	301 567 136
Municipality of Kaédi	
Medical Center/Hospital at Kaédi	1 541 609 157
Health Center/Kaédi (Extension Zone)	71 000 412
Rehabilitation and extension of ENFVA at Kaédi	143 749 449
Extension and modernization of the city of Kaédi	
Rehabilitation of precarious/squatted neighborhoods, Development and construction/provision of the socioeconomic infrastructure/equipment	346 530 000
Total Kaédi	2 102 889 018
Municipality of Rosso	
Medical/Hospital center at Rosso	1 547 092 057
Construction of National School for Health Studies at Rosso	341 736 940
Secondary School at Pk 7/ Rosso	57 477 989
Two primary schools at Pk 7/ Rosso	19 000 000
Extension and modernization of the city of Rosso	
Technical Assistance and Zone development	451 817 644
Roads	2 785 302 127
Infrastructure for community use (school and health center)	154 502 475
Electricity Distribution Network for PK 7/Rosso	320 000 000
Total Rosso	5 676 929 232
Municipality of Aleg	
Rehabilitation of CFPP at Kaédi and Aleg	44 884 440
Construction of a National School of Civil Engineering at Aleg	340 691 417
Prison Facility at Aleg	670 000 000
Total Aleg	1 055 575 857
Municipality of Tidjikja	
Youth and Leisure Center	65 893 880
Total Tidjikja	65 893 880
Municipality Akjoujt	
Youth Center	132 214 660
Development and modernization of the city of Akjoujt	
Technical assistance to the restructuring and upgrading of slums/squatted neighborhoods – Land Development	111 240 000
Total Akjoujt	243 454 660
Municipality of Atar	
Youth Center	17 659 139
Total Atar	17 659 139
Municipality of Zouerate	
1,000 seat stadium at Zouerate	400 911 578
Water Supply System	1 200 000 000

Development and modernization of the city of Zouerate	
Technical assistance to the rehabilitation and upgrading of slums/squatted neighborhoods – Land Development	174 960 000
Total Zouerate	1 775 871 578
Municipality of Nouadhibou	
Rehabilitation and development of LFTP in Nouadhibou	152 390 135
Youth Center at Nouadhibou	141 953 575
Prison facility at Nouadhibou	239 259 988
Total infrastructure	391 650 123
Slums upgrading in Nouadhibou	
2 primary schools at El Weva	83 106 058
Pre-assembled/ready-made school at El Weva	9 554 900
Construction of school (using wood materials)	10 000 000
Health Center at El Weva	73 452 360
Pre-assembled/ready-made Health Center at El Weva	14 388 540
Electricity distribution network at Weva	74 754 882
5 community water fountains at El Weva	17 540 600
Land development	257 369 775
Electricity network distribution at El Weva	74 754 882
Road development	22 528 190
Area cleaning	9 900 000
Studies: monitoring of civil works; cost of slum upgrading/restructuring unit; and technical assistance	171 805 702
Total for Slum Upgrading at NDB	819 155 889
Total Nouadhibou	1 210 806 012
City of Chami	
Site preparation for development and construction community facilities, amenities and mid- to upscale housing/apartments	957 300 000
Total Investment BCI/Municipalities	17 833 468 048
Total Investment BCI	39 609 352 686
Total Investment BCI in US\$ (Sept 2012)	136,583,974.80
Source: MHUAT/ADU/ISKAN	

Annex 2 -a: Outputs by Components

- a) **Provision of infrastructure and Nouakchott basic urban services.** This consisted of: (i) setting up equipment in the districts of Kebba (shanty town) of El Mina, Riyadh, Teyaret and Dar Naim; and (ii) the construction of infrastructure in support of economic development. Fully completed activities include: all activities related to the pilot resettlement operation of El Mina Kebba; construction of pits for individual latrines, road paving/surfacing, and the construction of community facilities; the upgrading of vulnerable neighborhoods, including the land development in Arafat, and development operations and required infrastructure for under-equipped neighborhoods (which were programmed for the 2nd phase of the program). In addition, the construction of the cattle market, paving of the access road, development of the non-industrial fishing zone, construction of landfill, improved dirt road/street network (using improved/stabilized dirt surfacing), are also fully completed. Project beneficiaries include 377,000 people, 52 percent of whom are women. Furthermore, 181,035 people (for a target of 163,000) in upgraded slums have access to improved services and 26,574 people have access to improved sanitation.

- b) **Provision of infrastructure and urban basic services in the 12 regional capitals:** This component consisted of works carried out as part of the initial funding and as part of the additional financing. These included schools at Zouerate, renovation of Rosso's main market structure, and rehabilitation of Aioun's urban water supply system.

- c) **Upgrading/Site Preparation and Development in Nouakchott.** The IDA credit financed 884 plots for public housing development. This component was implemented by ANAT (as a result of SOCOGIM's reform). Subsequently the ISKAN company was created and has taken over ANAT's activities. All planned activities were successfully executed: urban plot assessment, land plot regulation, and plot development, servicing, and sale. In total, 2,491 plots were developed in multiple sites, though only 1,090 were sold. The project demonstrated that it was possible to provide infrastructure services (road, water, electricity, public lighting) for equipped plots at an acceptable price for the population, and that there was an alternative to the restructuring of unsanctioned neighborhoods. It is vital, however, for ISKAN to carry out an assessment of its activity. This will help to determine the reasons for the failure to sell the plots of K-Extension (apparently due to inefficient marketing and plots located on aggressive soil) and avoid repeating the same mistakes on this type of operation in the future. The lack of adequate marketing of the operation concerning the 884 plots of El Mina is difficult to understand. ISKAN could be capable of developing its activities because it has access to several land developments of several courses (60 hectares in Arafat, 6 hectares in Teyaret, and 30 hectares in Dar Naim) and in which some potential buyers already have land titles.

- d) **Supply of Potable Water Services.** This sub-component strengthened the water supply system in the Kebbe of El Mina and in neighborhoods that were under-equipped. All works programmed have been completed. Conditions of access to drinking water have been improved for the majority of households in those vulnerable districts. All works to strengthen the pumping capacity from the well field of the Idni aquifer have been fully completed. The production capacity has increased from 50,000 to 60,000 cubic meters/day. This action was accompanied by many operations in under-equipped neighborhoods, and it helped ensure sufficient water pressure via public kiosk-type standpipes (40 installed in El Mina). The price of water to standpipes, which is an important impact indicator, was 91UM/cubic meter for consumption of 0 to 20 cubic meters, whereas the price of water provided through household connections was 99UM/cubic meter for the same tier (the lower price of household connections). Water costs have been reduced by half as compared to the project baseline (from US\$2.00/cubic meter to US\$1.00/cubic meter) and water consumption increased from 15 liter/day to 41 liter/day. Water network targets (183 kilometers) have been exceeded as well, with 157 kilometers installed in Mauritania, 121 kilometers in Nouakchott, and 45 kilometers for the regional capitals. Further, rehabilitation works benefitted 88,655 household water connections, against a target of 86,900.
- e) **Electricity Distribution Services.** This sub-component densified and extended the medium voltage and low voltage networks both in the Kebba of El Mina and in the poorer neighborhoods. The supply of electricity to these districts caused an influx of requests for individual connections from 1,500 to 2,000 subscribers in El Mina. The conditions of access to electricity have been improved for the majority of households; security conditions were deemed satisfactory (due to extension of the public lighting network) by neighborhoods with access to widespread public lighting: 407 lighting posts were built in comparison to a baseline figure of 0.00 and 327 kilometers of electric transmission and distribution lines have been installed (against a target of 281 kilometers). In addition, 13,850 people in the regional capitals have access to electricity through household connections.
- f) **Subprojects.** These activities were included in the “Twize” program which has been successfully conducted by CNDHLCPI since 1999. Subsidized and non-subsidized public housing units developed by GRET (*Groupe de Recherche et d’Etude Technologie*) since 2003 were adapted to the restructuring operation of El Mina. This activity was then developed in other under-developed districts of Nouakchott and Nouadhibou. As of 2008, and in conformity with the project’s timeline, the implementation of this component generated 27,004 new clients. The stream of new customers has since stabilized at around 31,000 clients (for 2009, 2010, and 2011). At the end of project implementation, there were a total of approximately 161,635 clients for a volume of 5.44 billion MRO loans that had been disbursed. The outcomes from the Activities Generating Revenue AGRs microcredit activities for income generation have been largely superior to the estimates. This is due in part to the good penetration of this type of operation within the Mauritanian urban dynamics and good exposure of the Twize and Beit

El-Mal programs within the neighborhoods targeted by UDP operations. Other subproject outcomes include: 4,500 public housing units built, 1,500 latrines-fences elements built, 34,000 microcredits granted for housing development, 160,895 microcredits granted for income and employment-generating activities, 1,200 professionals trained including 800 in the construction sector, and 95 micro-projects completed in the targeted neighborhoods.

- g) **Institutional Strengthening and Capacity Building.** This comprised several subcomponents including: (i) support to municipalities; (ii) support to the central government; and (iii) support to community associations and the Commission (CNDHLCPI). In order to fulfill its role, the PCU signed 17 agreements with administrations, institutions, structures and organizations that were eligible for financial assistance that totaled US\$7,854,005. The results have been satisfactory overall in the areas of assistance, capacity-building and the delivery of strategic studies, with the exception of institutional reforms that have been delayed. In addition to instructional strengthening work done by the PCU, there were numerous capacity strengthening measures namely: (i) the acquisition of office equipment; (ii) training provided to more than 960 staff from central governments, elected representatives and municipal staff, managers and agents of implementing agencies; (iv) financial and technical audits carried out annually within implementing agencies; (v) financial audits of municipalities eligible for project financing and regular audits on city-contracts to assess the performance of the municipalities and their compliance with their city contracts commitments

Urban sector institutional capacity was strengthened through: (i) the establishment of simplified geographic information systems (GIS); (ii) approval of a code of urban planning and management; (iv) improvement and simplification of the existing legislative texts concerning land ownership and development; and (v) survey and demarcation of land parcels. These measures among others, helped to modernize financial management, streamline and accelerate the procedures for securing land, and clear up land management responsibilities. They also resulted in the implementation of institutional improvements such as the regulatory urban framework and management and the creation of tools.

Annex 2-b Results Framework and Monitoring – Key Performance Indicators

PDO	Baseline	Unit of measure	End Target Value 30/06/2012	Actual Value 08/30/2012
Number of active loans - micro-finance	0.00	number	30,531.00	22,110.00
People in regional capital cities provided with electricity/household connections under the project	0.00	number	12,650.00	13,850.00
Direct project beneficiaries	0.00	number	370,000.00	377,000.00
Percent of women beneficiaries	0.00	%	52.00	52.00
Jobs created	0.00	number	143,000.00	225,630.00
People in slums in Nouakchott with access to improved services	0.00	number	163,000.00	181,035.00
People in urban areas with access to all-season roads with 500 meter range under the project	0.00	number	82,360.00	110,597.00
People in urban areas provided with access to improved water sources under the project	0.00	number	7,030.00	14,087.00
People with improved drainage services under the project	0.00	number	20,775.00	25,305.00
People in urban areas with access to improved sanitation under the project	0.00	number	26,514.00	26,514.00
Intermediate Results Indicators				
Dirt roads (unpaved) build under project	0.00	Km	33.00	33.00
Transmission and distribution lines constructed or rehabilitated under the project	0.00	Km	281.00	327.00
Lighting posts built	0.00	number	370.00	407.00
Construction lots developed and sold	0.00	number	1375.00	2491.00
Land titles regularized and registered	0.00	number	27,970.00	100,042.00
Health facilities constructed, renovated, and/or equipped	0.00	number	3.00	3.00
Primary schools classrooms added	0.00	number	271.00	277.00
Funds transferred to municipalities (in million MRO)	0.00	number	3500.00	3500.00
Increase (%) in municipal income	0.00	%	50.00	33.00
Persons trained	0.00	number	629.00	759.00
Reduction in water tariffs by 50% in the slums	2.00	Amount in US\$	1.00	1.00
People buying or improving their house with the provided	0.00	number	7,500.00	5,145.00

loan				
Volume of bank support: Lines of Credit – Micro-finance	0.00	Amount in US\$	6,000,000.00	19,694,679.00
Improved community water points constructed or rehabilitated under the project	0.00	number	72.00	74.00
Daily potable water consumption: liter/person/day	15.00	number	41.00	41.00
Intermediate Results Indicators (continued)				
Piped household water connection that are benefiting from rehabilitation works undertaken by the project	0.00	number	86,900.00	88,655.00
Water distribution network built under the project (primary, secondary, and tertiary)	0.00	Km	183.00	157.80
In Nouakchott	0.00	Km	111.00	121.00
In Regional Capitals	0.00	Km	72.00	45.00
Roads rehabilitated – Rural	0.00	Km	38.50	31.00
Roads rehabilitated – Non-Rural	0.00	Km	41.30	73.8
Roads constructed – Non-Rural	0.00	Km	26.40	26.40
Improved latrines built under the project	0.00	number	2,946.00	2,946.00

Annex 3. Economic and Financial Analysis

Background

1. An ex post economic analysis was performed for the Urban Development Project over the lifetime of the project, i.e., the 2001-2012 periods or 11 years although an economic analysis was not performed ex ante. Yet, it is expected that the benefits will accrue beyond the project implementation but were not calculated.

2. The project has 2 main components: (i) Improve living conditions and promote employment opportunities in main urban areas; and (ii) Strengthen the institutional framework and capacity for urban and land management. Both components had the potential of generating health, environmental, economic and social benefits but the quantification of the latter benefits are more difficult to perform and were not calculated. Hence, the ex post economic analysis covered 5 sub-components under the Improving living component, which was restructured in 2010, are as follows:

- Completion of Water Supply and Electricity Distribution Network
- Completion of Road Network
- Slum Upgrading
- Sanitation system and Shelters
- Microcredit

3. Deriving the economic analysis benefits is made difficult by the complexity and heterogeneity of the health (e.g., less water-borne diseases although vector-borne could not be considered), environmental (less urban air emissions and water effluents, etc.), economic (numerous benefits although job creation was not accounted for in the analysis) and social (numerous in terms of access, quality of life, etc.) outcomes from components improvement. Nevertheless, the benefits that were calculated includes the water consumer service with the tariff reduction to under US\$1 per cubic meter, the health improvements due to both improved water and improved sanitation, less flooding days due to improved drainage and finally paved road construction in urban area that led to the increased the price of land (30% to 200%) depending on the areas.³

4. The selected benefits that were calculated are just a fraction of the project benefits. In addition, they have been aggregated and compared to IDA annualized and shadowed cost for the project over the 2002-2012 periods. Hence, it was quasi impossible to value each component separately.

³ *Etude d'Evaluation de l'Impact des Infrastructures* in the 12 main urban areas of the Wilayat as prepared for the Project Development Unit of the project.

Economic Analysis Results

Economic Analysis of the Project

NPV, ERR, MERR and PV Benefit/Cost Ratio

5. The project economic costs and benefits per selected sub-components are illustrated in Table 1.1. All the costs associated with the components are considered and annualized over the first five years of the project life (additional clarifications are in Attachment 1).


Table 1.1: The Project Economic Analysis Costs and Benefits, 2002-2012, in Millions of US\$

Cost/Benefit	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDA Cost	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Benefit				11.1	11.6	12.0	12.3	12.5	12.7	12.9	13.3
<i>Water Consumer Surplus</i>				1.1	1.1	1.2	1.2	1.1	1.1	1.0	1.0
<i>Water Improvement</i>				2.9	3.1	3.3	3.6	3.9	4.1	4.4	4.8
<i>Sanitation Improvement</i>				0.8	0.8	0.9	0.9	1.0	1.1	1.1	1.2
<i>Flooding Reduction</i>				1.4	1.6	1.7	1.7	1.6	1.4	1.4	1.4
<i>Land Value-added</i>				5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	(6.5)	(6.5)	(6.5)	4.6	5.1	5.6	5.9	6.1	6.2	6.5	6.8

Source: Oanda website: <www.oanda.com>; and WDI (2012).

6. The project is economically viable with a NPV discounted at 10% reaching US\$7.6 million with an ERR of 18% and a MERR of 14% and a PV B/C ratio of 1.2 (Table 1.2). No sensitivity analysis is needed as this is an ex-post evaluation with the benefits considered accruing during the implementation of the project. Nevertheless, with proper operations and maintenance, the benefits will keep on accruing over the next years.

Table 1.2: Economic Analysis of the Project

Key Economic Indicator	Project Ex post
<i>Economic Analysis</i>	
NPV (US\$ million)	7.6
ERR	18%
MERR	14%
PV Benefit/Cost Ratio	1.2
Viability	

Economic Analysis Benefits

Consumer Surplus Benefits

7. The consumer surplus has been calculated for the targeted population of 181,035 in the slums of Nouakchott. The total consumer surplus amounts to US\$1.1 million annually over the period (Table 1.3).

Table 1.3: Economic Analysis of the Project

Benefits	2005	2006	2007	2008	2009	2010	2011	2012
Targeted Population	181,035	181,035	181,035	181,035	181,035	181,035	181,035	181,035
Daily consumption per capita/m ³	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
Annual Consumption per capita/m ³	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Original Tariff Ouguiya/m ³	200	200	200	200	200	200	200	200
New Tariff Ouguiya/m ³	91	91	91	91	91	91	91	91
Consumer Surplus Ouguiya/m ³	109	109	109	109	109	109	109	109
Exchange rate Ouguiya/US\$	0.40	0.42	0.44	0.44	0.42	0.39	0.38	0.36
Consumer Surplus US\$ million	1.1	1.1	1.2	1.2	1.1	1.1	1.0	1.0

Health Risk Reduction for the Water and Sanitation

8. As many of the benefits of reliable and improved water supply and improved sanitation are difficult to quantify, the economic analysis is limited to:

- reduced incidence of diarrheal disease;
- reduced mortality from diarrheal disease; and
- reduced mortality from infectious diseases associated with improved nutritional status in young children from reduced incidence of diarrhea.

9. The population that benefitted from improved water coverage is equivalent to 87,229 in all the targeted cities in 2005 with the targeted population reaching 106,337 in 2012. The population that benefitted from improved sanitation is equivalent to 21,799 in 2005 with the targeted population reaching 26,574 in 2012. A 50% reduction in disease and mortality is expected from having access to improved water and a reduction of 40% from having access to improved sanitation.⁴ Benefits start accruing as of 2005 (Table 1.4).

Table 1.4: Diarrheal morbidity and mortality reduction

Current water supply and sanitation coverage	Additional population with improved provision by 2012	Water and sanitation improvement	Expected average reduction in diarrheal disease and mortality		
			Already good hygiene	Substantial scope for hygiene improvement	Midpoint
Potable water	106,337	Reliable potable water	35%	65%	50%
Sanitation	26,574	Reliable sanitation	25%	55%	40%

Source: Bassi et al. (2011).

10. The health associated with water and sanitation improvements are illustrated in Tables 1.4 and 1.5 respectively. Benefits have been considered for improved access to

⁴ Bassi et al. (2011)

potable water and improved sanitation based on the Project Development Unit evaluation and start accruing in 2005 and reached on average US\$2.9 million and US\$0.8 million per year, respectively.

Table 1.5: Gains associated with access to improved water, 2005

Population	2005	Reduction of diarrheal coef.	Reduction of mortality due to diarrheal	Reduction of cases of diarrheal	Value per case	Benefits starting in 2005
	#		#	#	US\$	US\$ million
Additional access to potable water (million)	0.087					
Crude birth rate (Number of new borne per 1000 inhabitants)	33.8	10.00	26		99,277	2.6
Population < 5 years (million)	0.017	1.25		0.02	12	0.2
Population ≥ 5 years (million)	0.07	0.25		0.02	6	0.1
Total						2.9

Note: the value of statistical life is used for premature death and is derived from Bassi et al. and adjusted by the GDP differential denominated in \$PPP.

Sources: Adapted from Bassi et al. (2011); and World Development Indicators (2012).

Table 1.6: Gains associated with access to improved sanitation, 2005

Population	2005	Reduction of diarrheal coef.	Reduction of mortality due to diarrheal	Reduction of cases of diarrheal	Value per case	Benefits starting in 2005
	#		#	#	US\$	US\$ million
Additional access to sanitation (million)	0.022					
Crude birth rate (Number of new born per 1000 inhabitants)	33.8	8.000	6		99,277	0.6
Population < 5 years (million)	0.009	1.00		0.008	11.8	0.1
Population ≥ 5 years (million)	0.013	0.200		0.0026	5.6	0.0
Total						0.8

Note: the value of statistical life is used for premature death and is derived from Bassi et al. and adjusted by the GDP differential denominated in \$PPP.

Sources: Adapted from Bassi et al. (2011); and World Development Indicators (2012).

Flood Reduction Benefits

11. The flood reduction benefits are illustrated in Table 1.7. Project beneficiaries are no longer affected by flooding starting in 2005. A monetization in terms of gross national income/capita per day, of 30 days of forgone flooding by the population no longer affected by flooding (23,305 residents), assumed to represent a share of the gained economic activity as reported in the above mentioned evaluation report.

Table 1.7: Gains associated with reduction of flooding

Flood Reduction Benefits	2005	2006	2007	2008	2009	2010	2011	2012
GNI /capita Ouguya US\$	178,956	195,104	198,475	202,713	197,573	193,813	185,848	195,667
Exchange Rate Ouguya US\$	274	260	247.6	249.2	258.6	279.4	283.4	299.0
GNI /capita US\$	653.1	750.4	801.6	813.5	764.0	693.7	655.8	654.4
GNI /capita/day US\$	1.8	2.1	2.2	2.2	2.1	1.9	1.8	1.8
GNI /capita/month US\$	54	62	66	67	63	57	54	54
People targeted by drainage	25,305	25,305	25,305	25,305	25,305	25,305	25,305	25,305
Benefits US\$ million	1.4	1.6	1.7	1.7	1.6	1.4	1.4	1.4

Impact of Road Construction on Land Value

12. The hedonic value of the lots around the urban roads (150 meters on average from each side of the urban roads) increased where the very conservative net incremental price of land was estimated at US\$5 per square meter. Some 26,600 linear meters were constructed in urban areas and land prices increased by 200 percent in some cases. An average increase of US\$5 per square meter was adopted across the board based on professional judgment. The area positively affected by the construction of houses hence affected 7,920,000 square meter equivalent for a one-time gain of US\$39.6 million.

13. Unfortunately, the roads subcomponent was not considered as the traffic count was not performed at the end of the project. Moreover, the electricity subcomponent was not considered in the analysis although the evaluation reported an increase of the land value where the electricity provision was introduced.

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Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Abdelghani Inal	Task Team Leader		
Robert Robelus	Environment Specialist		
Sylvie Debomy	Urban Planner, Water and Sanitation Specialist		
Janaiba Kah	Urban Planner		
Salamata Bal	Economist, Social Aspects Specialist		
Hitoshi Shoji	Economist		
Ahmedou Ould Ahmed	Procurement Specialist		
Abdoulaye Coulibaly	Financial Analyst		
Connie Kok Shun	Program Assistant		
Sophie Hans-Moevi	Team Assistant		
Geraldine Grataloup	Intern		
Hans Wabnitz	Senior Counsel		
Wolfgang Chadab	Disbursement Officer		
Roberto Chavez	Urban Planner, Peer Reviewer		
George Gattoni	Urban Planner, Lead Advisor		
Supervision/ICR			
Brahim Ould Abdelwedoud	Senior Urban Specialist	AFTU2	Task Team Leader
Sylvie Debomy	Senior Urban Planner	LCSUW	
Bella Lelouma Diallo	Senior Financial Management Specialist	AFTFM	
Christian Diou	Senior Municipal Engineer	AFTUW	
Maimouna Mbow Fam	Financial Management Specialist	AFTFM	
Sung Heng C. Kok Shun	Senior Program Assistant	AFTU2	
Yahya Ould Aly Jean	Disbursement Assistant	AFMMR	
Moustapha Ould El Bechir	Senior Procurement Specialist	AFTPC	
Maimouna Toure	Team Assistant	AFMMR	

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$ thousands (including travel and consultant costs)
Lending		
FY00	24	113.82
FY01	68	203.07
FY02	15	45.97
Total:	107	362.86
Supervision/ICR		
FY02	14	106.99
FY03	59	164.68
FY04	55	159.35
FY05	46	148.40
FY06	40	90.59
FY07	41	87.70
FY08	33	70.13
FY09	6	0.00
FY10	27	57.5
FY11	25	61.20
FY12	16	38.7
FY13	2	2.50
Total:	364	987.74

Annex 5. Beneficiary Survey Results

Summary of UDP's Survey on Socio-Economic Impacts on the Kebba El Mina area (09/2007)

Population Sample: 2,150 households

Social Impact

Organization: Under the Kebba strata (both displaced households and remaining households), people feel that the program helped people better to organize (58%). Its impact is more notable among the households that were moved (80.4%) than among those that remained in place, of which only 48.7% felt the positive effects of the program on their organization.

Social Cohesiveness:

Consider: The majority of the population in the Kebba thinks that the program had no impact on social cohesion, though the answers are not so clear-cut. Among households that were displaced, an overwhelming majority (62.8%) thought that the program increased cohesion among the population, while 28.6 percent found no difference in social cohesion. Among households that remained, half (50.6%) thought the restructuring of the area had no impact on social cohesion, while 27 percent thought that cohesion was stronger.

Creation of new organizations and associations: The majority of the Kebba population (63.5%) felt the program had no positive impact on the creation of new organizations and associations. At the household level, 72.7 percent of Kebba households had no opinion on this; among households that were not displaced, an even greater share (81.2%) had no opinion. The remainder among Kebba households (19.8%) considered that the creation of new organizations and associations was due to the efforts of local inhabitants, while a few (7.5%) think the change was due to external interested parties.

The new organizations and associations created under the project conduct a variety of work, focusing on social (10.6%), economic (9.7%), and political (3.5%) work. Yet a majority of Kebba households did not understand the nature of these organizations (75.1%) nor their function (67.7%). Among households that were not moved, these trends are more acute (84.7% do not understand the nature of the organizations and 75.6% do not understand their function.); less so with relocated households (52.2% and 48.9%, respectively).

Economic Impact

To assess the impact of the program on economic activities and the quality of life, analysis of household responses in the Kebba focused on issues relating to job opportunities, the creation of associations AGR, the economic contribution of women.

Creation of new employment opportunities: Among households interviewed, 65.8 percent felt that the program failed to create new job opportunities, with slight differences in opinion between displaced and remaining households (65.3% and 66.0%, respectively). Among households that thought the program had a positive impact on new job opportunities (20.9%), displaced households had a more positive perception (29.7%) than households that did not move (17.2%).

Income-generating activities: Similarly, 71.4 percent of households interviewed felt the program did not have a positive impact on the creation of income-generating activities, trade, or services.

The economic contribution of women: Household opinion was fairly even on whether the resettlement helped women to increase their economic contribution. Where 46.7 percent of households judge there to be no impact, 42.6 percent think there was. Among displaced households compared to those not moved, perceptions are 57.1 percent and 36.5 percent, respectively.

Other Impacts:

Attendance at schools for girls: The program impact on school attendance by girls is one of the positive outcomes felt by targeted households. Indeed, 62.9 percent of households interviewed consider that there is an improvement in the number of girls going to school. This rate exceeds 70 percent for households that moved as compared to 59.4 percent for the households that remained. Nearly one-third of targeted households (32.1%) feel there was no impact.

Housing conditions after relocation: Among displaced households, 70.7 percent believe that housing conditions have improved, compared to 27.2 percent who believe that housing conditions have remained the same or deteriorated. Among households that remained, nearly 48 percent believe that housing conditions are the same or deteriorated, as compared to 37.7 percent who believe that conditions have improved.

Access to transport infrastructure: Among households surveyed, a majority (55.4%) believe that the program had a positive impact on access to transport, while 43.5 percent feel that nothing has changed. The impact is largely felt by relocated households, with nearly 62 percent seeing a positive impact as compared to 35.7 percent who consider the change irrelevant. Among households that did not move, the difference in opinion - positive impact vs no impact - is 52 percent and 46.8 percent, respectively).

Contact with the outside world: Among households surveyed, about 60 percent feel that the program has improved contacts with the outside world, as compared to 37.8 percent who disagree. The gap in perceptions about external contact is more pronounced among displaced households (75.7% see improved contact compared to 21.8% who disagree) than in remaining households (52.9% vs. 44.6%, respectively).

Annex 6. Summary of Borrower's ICR and/or Comments on Draft ICR

This report was drafted by the Project Coordinating Unit (PCU) with the support of its technical assistance. The Project Completion Report was based on documentation and information provided by the various stakeholders and executing agencies involved in the preparation and implementation of the project.

Identification and design of program

The Urban Development Program (UDP) was based on the national strategy for the development of the urban sector. This strategy had three main objectives: (i) the control of urban growth, (ii) the reduction of disparities in economic and social infrastructure between urban centers, and (iii) the effective contribution of the regions, the municipalities, the private sector and communities, in the planning and implementation of sustainable development programs. The project aimed at improving the living conditions in major urban centers and to harmonize urban development throughout the entire country. The program was designed to support Central and local authorities to: (i) improve living conditions in urban areas, particularly for low-income households; (ii) promote economic activities and employment opportunities in major cities of Mauritania, particularly in the poor districts of Nouakchott and Nouadhibou; and (iii) strengthen and develop the institutional capacities (authorities and urban communities) urban land management of urban environmental services, and decentralization. With additional funding for the project in June 2010, the objectives of this program were revisited in the current context. The revised goal of the program is to support the central Government and the local authorities of Mauritania to: (i) improve access to basic services and infrastructures in 12 urban areas; and (ii) to increase access to microfinance and activities generating income for the population of precarious neighborhoods.

The project consisted of four components: (i) Component 1 focused on the completion of major construction and rehabilitation of basic infrastructure in Nouakchott and the twelve capitals of provinces capitals; (ii) Component 2 consisted of implementation of sub-projects that included the following activities: (a) the community development of housing construction; (b) the promotion of job creation and income-generating activities; (c) the activities of land regulation or acquisition of land for the construction or improvement of housing; and (d) the creation of companies and promoting home-based income generating activities. Component 3 related to the strengthening the institutional/implementing capacity of urban communities, NGOs, the CDHLCPI, micro-enterprises, municipalities and central authorities in charge of urban planning and transportation, land management, decentralization and environment, regulation, land registration, and legal system. Component 4 concerned audits, control and monitoring systems and the operating costs of implementing agencies.

Implementation and Results Achievements

Part A: Provision of infrastructure based in Nouakchott. This was carried out in accordance with the credit agreement under ADU's supervision. This component was achieved with notable success. This included adequate implementation and completion of the pilot operation of resettlement of Kebbe of El Mina and all programmed work: construction of individual latrines, road paving/surfacing, and the construction of social facilities. The upgrading of vulnerable neighborhood and development operations and equipment of under-equipped neighborhoods which were programmed for the 2nd phase of the program were also completed (at Riyadh, Teyaret and Dar Naim). The construction of infrastructure to promote employment and income-generating activities, such as the cattle market and paving the access road, development of the non-industrial fishing zone, and the construction of the landfill, improved dirt road/street network (using improved/stabilized dirt surfacing), were fully completed to the satisfaction of the beneficiaries.

Part B: Supplies to the twelve regional capitals for basic infrastructure. This component was implemented by AMEXTIPE. Programmed infrastructure works were executed in two tranches through (i) contracts between the Government and the concerned municipalities and (ii) according to the signing of agreements by delegated contracting authority (MOD) between these municipalities and AMEXTIPE. Three delegated management agreements were signed at the same time in city contracts. This component was implemented and successfully achieved despite delays and existing bottlenecks/limitations in the construction sector. All programmed infrastructure works have been completed with some delay but to the satisfaction of the beneficiaries.

Part C: Slum Upgrading/Housing Site preparation in Nouakchott by SOCOGIM. This component was implemented by ANAT (as a result of SOCOGIM's reform). Subsequently the ISKAN Company was created and took over ANAT's activities. All planned activities were executed successfully, namely: assessment of urban plots, land plots regulation, development and servicing and sale of plots. Several land areas were developed and serviced and plots have been developed for sale to benefit low-income households and middle class wage earners. On the land development of Riyadh, 635 plots of 120 square meters each were developed and sold. Within the K-extension land area, 958 lots of 160 square meter were developed, of which 157 have been sold, thus representing 54 percent of the total. On El-Mina Land Development Area, 898 lots were developed and delivered in June 2011 (35% of these were sold).

Part D: Supplies of water and electricity services. This sub-component was executed by SNDE. The strengthening of water supply systems in the Kebbe of El Mina and in under-equipped neighborhoods was completed. All the work programmed under the first and second phases was completed. Conditions of access to drinking water have been improved for the majority of households in those vulnerable and under-equipped districts. The work of strengthening the capacity of pumping in the field to increase the production, were fully completed. The production capacity has increased from a capacity of 40 cubic

meters/day at 60 cubic meters/day. Water costs have been reduced by half compared with the initial baseline.

- **Supplies of electricity supply services.** This sub-component was implemented by the SOMELEC. All the planned intensification and extension of medium voltage and low voltage networks were completed, both in the Kebbe of El Mina district and in under-equipped neighborhoods. The work of extending the network of public lighting in these districts was also completed. The conditions of access to electricity have been improved for majority of households; security conditions were deemed satisfactory by households with public lighting widespread in these areas.

Part E: Sub-Projects. The activities under this component were performed by the CNDHLCPI which received technical assistance from an international NGO, GRET (*Groupe de Recherche et d'Etude Technologie*). These activities, listed under the "Twize" program, were implemented since 1999 and successfully conducted by the CNDHLCPI. Investments of this sub-component were covered by an initial endowment from the Government of \$US 6 million, to which \$US 4.72 million, was added, for a total grant of \$US 10.72 million, fully released by the Government. Five components are covered by this component: (i) public housing; (ii) microcredit; (iii) creation of jobs and income-generating activities; (iv) training and promotion of local employment; and (v) development of micro-projects in targeted neighborhoods. The results were largely greater than the estimated outcomes for income-generating microcredit (AGR). This was due to the successful integration of the operation into the Mauritanian urban dynamics in general, and optimal distribution of operators, such as Twize and Beit El Mal, in the areas supported by the program, servicing and securing land in particular operations under the PDU. The results were: 4,500 social habitant modules built; implementation of 1,500 latrines-fences modules; granting of 34,000 habitat microcredits and 160,895 microcredits for income and employment-generating activities; 1,200 trained professionals including 800 in the construction sector, and 95 micro-projects in the areas of intervention.

Part F: Strengthening institutions and capacities: the Project Implementation Unit (PIU) was responsible for implementation of this component. It included activities such as: (i) support to municipalities, (ii) support to the central Government's institutions, and (iii) support to community associations and the CDHLCPI. The PCU signed 17 agreements with each of the administrations, institutions, structures and eligible organizations for valued at approximately \$US 7,854,005. The results were satisfactory overall in the areas of assistance, capacity-building and the establishment of strategic studies, with the exception of the implementation of expected reforms which had some delays, despite all the efforts of the PIU and central authorities that were involved.

Part G: Management, coordination follow-up and evaluation of the project. Responsibility for project implementation was shared between the PCU, ADU and AMEXTIPE. This component concerned the administration, coordination, monitoring, evaluation and execution of the project by these three structures. In this context, the PCU oversaw (i) the acquisition of office equipment, the purchase of office supplies and

consumables and vehicles to meet its needs, (i) the recruitment of technical assistance and other support depending on the needs, and (iii) the monitoring of a set of training missions. Audit firms, technical, and financial agencies were recruited in all years of the program, and was carried out to the satisfaction of each of the agencies.

Institutional framework for implementation: complex but operational.

All structures and executing agencies have fully played their role in accordance with the provisions of the credit and project agreements. The program was completed in accordance with the institutional framework in place, the provisions contained in credit agreements, in procedures and manuals in accordance with the internal regulations of executing agencies agreed upon and mutually agreed with the World Bank, and for some contracts under the rules of the code of public contracts of Mauritania.

Changing national context since the entry into force of the credit agreement.

Since credit effectiveness, several changes have taken place in the Mauritanian institutional context. In June 2003, an attempted coup undermined the institutional stability of the country. A coup on August 5, 2005 succeeded in breaking down the constitutional order, which was re-established in March 2007. This period was marked by new legislative and municipal elections in October 2006 and in presidential elections in April 2007. The Association of Mayors of Mauritania held its Congress in January 2007 and renewed the members of its governing bodies. The PDU had new local interlocutors which appropriated the program objectives. In August 2008, Mauritania experienced a second rupture of constitutional order and a difficult period that resulted in disruptive consequences for program operations. The program entered a period of uncertainty, as the Bank unilaterally put disbursements and supervision on hold. This period lasted about fifteen months (August 2008 to October 2009), after which the project implementation was resumed. Thanks to the commitment of the public authorities, the program continued to work with outstanding balances of the special account and the special accounts agencies and with interim financing drawn from the national budget for the operations of AMEXTIPE. This resulted in increased activity and impact with a strong ripple effect due to Government action. Furthermore, among the trends of changes over the past three years: it should be noted that program objectives remained the same including the priority character of the urban area.

However, these breakdowns in the constitutional order, with delays in the execution of some works have extended the duration of the program beyond its originally-scheduled five years. It took until May 2010 for the program to receive additional funding from IDA, entirely devoted to the regional capitals. Several reports of closing dates for the program have been solicited by the Government to allow execution of the program up to term and with satisfaction.

Results and Impacts

Main results of the program

Nouakchott: ADU provided all infrastructure and equipment (component 1, subcomponents (a) and (c)). In addition, (i) the SNDE and SOMELEC satisfactorily provided water supply and electricity infrastructure, in addition to additional works in vulnerable and under-equipped neighborhood (component 1, subcomponent (e)); (ii) ANAT and ISKAN successfully conducted land servicing and subsequent sales at a cost accessible to low-income households (component 1, subcomponent (b)), (iii) CNDHLCPI and implemented micro-projects and microfinance (Component 2). The results of technical support by MHUAT and GRET exceeded expectations in restructured precarious neighborhoods and un- and under-equipped areas.

Regional capitals: Provision of facilities in the regional capitals (component 1, subcomponent (d)) was satisfactory. Infrastructure works under the additional financing was completed, before the closing date..

Training and capacity-building measures: All the commitments under the agreements signed between the CPC and each of the institutions and beneficiary associations have been honored, including the provision of office equipment, acquisition and availability of rolling stock and training of more than 950 executives and agents in the areas of their respective competencies.

The results show that all eight (8) performance indicators required to trigger Phase 2 of the program have been met. The point on which efforts must continue are land issues and the improvement and consolidation of the resources of urban communities. The Mauritanian authorities are focused on the positive results of recorded performances, while seeking a future program with a view to consolidate and strengthen the actions of the PDU, balanced by support for development, appropriation, and implementation of reforms by the central administrations and local beneficiaries.

Economic and Financial evaluation

On August 31, 2012, total disbursements of SDR 55,246,855,82 on a budget of SDR 55,800,000 registered in the credit agreement. The rate of disbursement was 99 percent. This level of disbursement is considered very satisfactory and it accelerated during the last two months of the program. With regard to the "micro-projects" component, the total amount of the subsidy paid by the State was of \$US 10,720,000. This disbursed amount represents 178.67 percent of the commitment of the Government in the credit agreement. The technical assistance of the GRET under this component was funded by the program for a total disbursed amount of \$US 2,101,647. The total amount disbursed for this component was US\$12,821,467 or 83.61 percent on the national budget for investments. When adding additional funding, the amount of disbursements **as of August 31, 2012**, amounted to US\$19,628,448 on a budget of \$US25,500,000 recorded in the credit agreement. The disbursement rate of 77 percent, is considered acceptable prior to the

closure of the program. With regard to GIRM's contribution, the total amount mobilized on August 31, 2012 is MRO 9,435,584,472, or US\$ 32,536,498. The disbursed amount MRO 8,334,225,267 is the equivalent of US\$ 28,738,707 representing a disbursement rate of 88 percent. In addition to this disbursed amount, a total amount of MRO 483 million must be added for parties financing activities of Component 1 (b) by SOCOGIM/ANAT/ISKAN and those of Component 1 (e) (SNDE and SOMELEC) taken the funds of these companies in amounts that were on-lent to them according the subsidiary agreements. In conclusion, and to the credit of the Mauritanian authorities, the implementation of the program did not suffer payment delays thanks to the Government's funding in general, even during periods of uncertainty that affected Mauritania from 2003 to 2009.

Performance in monitoring and coordination of the Program

The Inter-ministerial Monitoring Committee (CIS) placed under the chairmanship of the Prime Minister, has ensured the smooth running of the program by taking smart decisions with regard to the multiple actions of the program covering several sectors of development. Through this Committee, the period of uncertainty that Mauritania has crossed had little impact on the broad guidelines of the program. This mobilization of the Government at the highest level shows attention and special interest given to the effective implementation of the PDU.

The Technical Committee has been highly effective in the preparation of dossiers submitted to the decision of the CIS. Because of the composition of its members, the Technical Committee has enabled the Program to immerse itself in the beneficiary administrations and also facilitate the implementation of specific agreements between the PCU (Project Coordinating Unit), central Governments, and focal points. This capability also enabled the PCU to have managers that can be heard on various issues of the implementation of the program.

The coordination and management of the program were based essentially on a small component of the PCU team. This core team has the advantage of having its lead as Coordinator, a high-level manager with experience managing projects supported by bilateral and multilateral financial partners, and with a deep knowledge of the inner workings of the Mauritanian administration and the exceptional qualities. All partners involved have praised the quality of coordination and good relationships that they have maintained with them during the whole period of implementation of the Program. The PCU has also played an important role in the coordination and harmonization of actions with other programs including PDCD/KfW, PRECASP/BM, PERICLES/EU, defeat/AFD, AFD/PERCUN and UNDP/PACA.

This core group has been able to harmonize and work in synergy with all other actors involved in program implementation, satisfying its obligations in both coordination and execution of certain program components. This team, although it is small, was able to capitalize on all the achievements of the program, team returning to the PCU with the agreement of the Government and the World Bank, and ensuring publication of results

and dissemination of gains from the completed work at the close of this phase of the program.

Performance in the management of the program

At the start of the program, a Special Account was opened as well as some secondary special accounts at the level of the implementing agencies. Despite the provisions established in the credit agreement and subsidiary agreements, fiduciary risks were high. Furthermore, seventeen (17) categories of expenditure were created and errors of imputations were also high. The Coordinator, CEOs, and CFOs have received training on financial and accounting management that have been very useful and have produced positive effects on financial and accounting of the program management.

All contractual obligations have been met, including the prescribed financial audits regularly carried out in accordance with the standards prescribed and certified. They are transmitted to the overseeing Ministry guardianship (MAED) and the World Bank, most of the time well before the deadline. Audit officers have regularly certified program accounts. The recommendations of audits and notes were taken into account. At the end of supervision missions of financial management controls organized by the World Bank, administrative, financial and accounting program management was reviewed and considered to be satisfactory. The credit agreement has been amended several times in order to facilitate and improve financial and accounting management. The latest amendment was in 2009, and it has prescribed the closure of several special sub-accounts at the level of agencies. Only the special account managed by the PCU remained operational. Activities were virtually completed at level agencies except for AMEXTIPE, which ran the program including activities under the additional financing. The PCU continued the finalization of the activities under the institutional component and the overall coordination of activities. As a result, the program fiduciary risk was low (by the end of the program), pursuant to the conclusions of the audits after the official closing of the special account and the account of the local counterpart.

Procurement Performance

All procurement plans established by executing agencies and consolidated by the PCU were submitted to the World Bank, which has validated them. Coordinator, Directors-General and heads of procurement markets have received specific training on the procurement and which were very helpful. These formations have produced positive effects on the quality of contracting documents and control of procurement procedures. The Government and the World Bank often made positive opinions on the procurement supervision missions. The overall performance of the program is judged on this plan as satisfactory.

Performance of the institutions, consultants and contracting enterprises

The implementation of the program has promoted the emergence of research and individual consultants in the market especially in the construction sector, in the areas of building capacity in general and in the implementation of city contracts. Furthermore, the intervention of accredited international consultancy, in joint ventures or other forms of collaboration with national consultants, produced effects of transfer of knowledge and/or

sharing of experience and know-how for the benefit of Mauritania. In addition, the monitoring and control aspects insure that associated and partner offices have acquired experiences that will be valued in the next phase. Although companies have faced bottlenecks in the construction sector, especially during the years 2004-2007, they have managed to deliver quality goods and services for most works. Despite a difficult environment and delays, recipients were satisfied with the completed works. The implementing agencies were audited throughout the implementation of the program. The conclusions of the reports raised the good performance of all these agencies and noted deficiencies have been overcome to the satisfaction of the Government and the World Bank. Municipalities, the Association of Mayors of Mauritania, the Nouakchott urban community, and central governments also have benefitted from the program.

Impacts of the program

The project was considered highly satisfactory for performance in operations to improve living conditions in poor neighborhoods. The program produced quantitative benefits but also qualitative and sustainable benefits in terms of social progress, with the feeling and the pride of recipients to 'be at home' and of belonging to a nation, and the high degree of commitment from the Government, local communities and support of the program by the beneficiary communities. Ultimately, the program offered citizens the means to invest in important decisions that were taken at the local level through the adaptation of institutional frameworks and intervention of associations and community-based organizations.

Appreciation of the World Bank role and actions

The diligence with which the World Bank has honored its commitments has been very appreciated in general. The World Bank team fulfilled its roles promptly and as expected.

Assessment of Government's Performance

The Mauritanian authorities have honored all the commitments entered into by credit agreements. All these commitments led to the achievement of the performance indicators supporting the initiation of Phase 2 of the PDU or the preparation of a new program.

Sustainability and risk

The credit agreement has highlighted certain risks identified during the evaluation of the PDU, relating to execution of program components and those related to the management and installation of the program. Examination of these various risks, on the occasion of the drafting of this completion report, shows that these risks have been adequately mitigated. It notes, however, that the reforms proposed, although not a major risk, are slow to be implemented and the significance of their impact and effectiveness can be assessed only as part of a future program. With regard to the sustainability of program achievements, the Government is concerned that sustainable forms of structures be implemented. The MHUAT is one of the key departments responsible for the appropriation of achievements especially in the areas of habitat, urbanization, land reforms and control of public work. The creation of ISKAN, the ADU and the AMEXTIPE, BEM in the process of institutionalization, CDD (Caisse de dépôt et développement), are all instruments at the disposal of the Mauritanian government and authorities already involved in

implementation of government action for the sustainable relief from poverty through mechanisms established and developed as part of the PDU.

The recurrent funding of investments should not in principle be a major problem. Sound management and exploitation of market infrastructure will generate new resources for the municipalities and should determine which part will be devoted to the maintenance of the infrastructure. Facilities for the supply of water and electricity are provided by SNDE and SOMELEC that provide paid services to the user. Regarding school and educational infrastructure, their maintenance is a triangular participatory management involving the municipality, branch institutions and parents' associations. Health infrastructure will rely on participatory management involving the municipality and health officials. Furthermore, the mayors for beneficiaries of infrastructure and equipment are attentive and sensitized to their good management and their maintenance in order to extend the life of infrastructure and to ensure a good level of municipal public services for the populations. It should be noted that city contracts which were systematized during implementation of the program, are to be considered a tool of local governance, whose implementation has been useful in the municipalities and the beneficiaries do include technical assistance and support provided by the program.

Conclusions and Recommendations

The program has achieved significant results and performance indicators that trigger Phase 2 of the program.

As a result of project achievements, we note that: (i) the Government and the municipalities are engaged irreversibly in restructuring the existing precarious neighborhoods and preventing the formation of new precarious neighborhoods through progressive provision of land in conformity with the legal framework and procedures for the distribution of land titles and access to the property by preventing land speculation. These actions have been initiated and implemented over the past three years under the guidance of the MHUAT, ISKAN and ADU among structures of implementation; (ii) microcredits were granted to the poor for public housing, and strengthening their capacity for operation and maintenance. The sustainability of this activity of microfinance and microcredit for housing is a main concern for concerned for the MHUAT and its structures through ISKAN's involvement, CSD, and the institutionalization of the BEM; (iii) NGOs participate actively in organization of the communities, and technical assistance and products for the poor are being developed. This action is appreciated through the achievements of the BEM, with the assistance of the GRET; (iv) the legal framework is being revised and the Government has implemented actions of strengthening the process of decentralization and communities are involved and empowered. Central Government and local authorities are strengthened in a sustainable manner and are competent in the areas of land management, registration of land titles has improved, and the number of registered land titles has increased.

With respect to recommendations, it is proposed: (i) to continue and achieve reforms of the Regional Development Fund (FRD), as well as reform of local taxation, in order to increase the resources transferred in line with local skills and assets transfer; (ii) to keep











in the Council of Ministers informed in order to maintain the same level of information for all members of the Government about the progress made under the program, and to seek at the same time a Government decision for the implementation of the reforms that were put on hold; (iii) Ownership by municipalities to be confirmed at the end of the agreements of delegated management, to agencies of execution, formally the agreement's termination and the confirmation that works have been carried out in accordance with the rules of art and received by the municipality without reservation; (iv) to transform the PCB into an autonomous, operational and sustainable structure, to install and implement the Government program to capitalize and value experience, to accumulate expertise in editing, performance and program management, and to establish within the institutionalized PCU a documentation center dedicated to the protection, backup, importance and the quality of the documentation produced and to facilitate access by the public and the community of researchers and consultants.

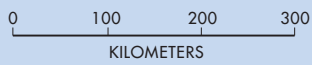
Finally, it is proposed to initiate preparation of a new program as ambitious as the PDU as part of a dynamic continuity and in synergy with the macroeconomic framework, the conclusions of the evaluation of the PRSP, and the major pillars of the SAP/WB.

Annex 7. List of Supporting Documents

1. Project Appraisal Document
2. Mauritania CAS
3. Mauritania PSRP (Bank-IMF)
4. Project ISRs
5. Project Aide-Memoires
6. PCU Reports and Audits
7. GRET Evaluation Report on TWIZE program
8. GIRM Preparation Studies and Impact Evaluations
9. GIRM Development Plans and Programs
10. Impact evaluation study for infrastructure works in the 12 main urban areas of the Wilayat as prepared for the Project Development Unit of the project.

MAURITANIA URBAN DEVELOPMENT PROGRAM

-  PROJECT CITIES
-  PRIMARY ROADS
-  SECONDARY ROADS
-  TRACKS
-  RAILROADS
-  REGION CAPITALS
-  AIRPORTS
-  PORTS
-  REGION BOUNDARIES
-  INTERNATIONAL BOUNDARIES



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