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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 21-Apr-2017 | Report No: PIDISDSC21721



**BASIC INFORMATION**

**A. Basic Project Data**

Country Mauritania	Project ID P163563	Parent Project ID (if any)	Project Name Supporting Gas Project Negotiations and Enhancing Institutional Capacities (P163563)
Region AFRICA	Estimated Appraisal Date Aug 16, 2017	Estimated Board Date Sep 25, 2017	Practice Area (Lead) Energy & Extractives
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Petroleum, Energy and Mines	

**Proposed Development Objective(s)**

To support the government capacity to drive negotiation towards final investment decision, and lay the foundations for the gas sector’s contribution to the economy through enhanced legal and regulatory frameworks and capacity building.

**Financing (in USD Million)**

Financing Source	Amount
International Development Association (IDA)	20.00
<b>Total Project Cost</b>	<b>20.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



## **B. Introduction and Context**

### **Country Context**

1. The Islamic Republic of Mauritania is in the Maghreb region of Western Africa at the gateway between the Sub-Saharan and Northern Africa. Cradling two distinct regional groupings, namely the Maghreb and West Africa, Mauritania borders Morocco and the remnants of Western Sahara in the north, Algeria in the northeast, Mali in the east and southeast, Senegal in the southwest, and the Atlantic Ocean to the west with a 754km coastline. Desert stretches from the northern area to the central and eastern regions, rendering only 0.5 percent of the 1,030,700 km<sup>2</sup> national territory arable. With a national population of slightly over 4.1 million, Mauritania is sparsely-populated, and 60 percent of its population is concentrated in urban areas, mostly in Nouakchott and Nouadhibou.
2. Despite being arid and mostly desert, Mauritania is a resource-rich country with mainly iron ore, copper, gold and crude oil. In the past 15 years, booming revenues from the extractives sector have sustained a robust economic growth in the country. From 2003 to 2015, real GDP growth averaged 5.5 percent a year, on par with Sub-Saharan Africa. With an annual population growth averaging 2.5 percent, GDP per capita has risen by 5.9 percent per year and stood at US\$1,371 in 2014, elevating Mauritania to a lower-middle-income country. Between 2008 and 2014, the poverty rate declined significantly from 44.5 percent to 33 percent, bringing about net gains for the bottom 40 percent of the population.
3. Mauritania's sustained growth since 2003 has been driven primarily by the rising value of its mineral exports and of oil. As a result of the dramatic rise in world commodity prices, the value of mineral exports jumped from US\$318 million in 2003 to US\$2,652 million in 2013, despite most of mining production being stagnant. Over this period, the extractives sector accounted for, on average, 25 percent of GDP, 82 percent of exports, and 23 percent of domestic budgetary revenue. The improvement in terms of trade is estimated to have brought, on average, 2.5 percent of additional national income per year. The mining boom translated into large foreign investments in the extractives sector and significant public investments. Regarding the domestic sectors, the traditional primary sectors of agriculture and fisheries have made the largest contribution to GDP growth due to their overall size, despite slower growth than the economy as a whole. In the meantime, it is worth noting that Mauritania's GDP growth rate fell from 6.1 percent to 3.0 percent between 2013 and 2015. This slowdown was driven by falling commodity prices combined with a 13 percent decline in iron ore production and an 11 percent drop in oil production in 2015, reflecting the country's heavy reliance on extractives.
4. Substantial resource-based national incomes have allowed the government to sustain its new national development model and to make significant public investments in infrastructure. To date, however, these have not contributed to encourage private sector-led economic diversification. While investments on transport and water infrastructure, as well as rural development have positively improved the country's inclusive growth trajectory, the private sector remains underdeveloped and has little influence on driving economic diversification.
5. Although the country's fiscal policy has remained mostly prudent, with efforts to contain recurrent expenditures and raise non-extractive revenues, the contraction of extractives industries and increased public investment over the past few years have fueled a rapid expansion in the public debt and deteriorated fiscal balances. Between 2006 and 2013, the overall fiscal deficit remained at, or below, 3 percent of GDP,



supported by extractives revenues and notable foreign grants. Tax revenues increased rapidly from an average of slightly higher than 12 percent of GDP in 2000-2011 to an average of 17.4 percent of GDP in 2012-2014. In addition, the Government set aside oil revenues in a fund which helped to finance the 2011 drought response and remained at almost US\$100 million in 2013, before falling to US\$60 million in 2015. The steady rise in investment spending over the past two years has, however, undermined the government's efforts at fiscal consolidation, as revenue growth failed to keep pace with rising public expenditures. Deficits reached 3.4 percent and 3.3 percent of GDP in 2014 and 2015, respectively. The ambitious Public Investment Program (PIP), with a 35.6 percent externally financed component (up from 21.0 percent in 2000), pushed the public debt stock to 85.4 percent of GDP by the end of 2015, a 15 percent rise since 2010. The absence of fiscal buffers and the government's recourse to bilateral loans and other less-concessional forms of external financing have worsened the debt profile and increased the vulnerability of the debt stock to exchange rate risks, leaving the country at a high risk of debt distress.

6. Years of significant economic growth and accelerated poverty reduction did not translate into commensurate levels of human development in the country. Mauritania ranks 156th out of 188 countries on the 2015 Human Development Index, and 139th out of 155 on the Gender Inequality Index (UNDP, 2015). There are also significant inequalities between urban and rural populations.

## Sectoral and Institutional Context

### Institutional Framework for Hydrocarbon

7. Mauritania's oil and gas sector is directly managed by the Ministry of Petroleum, Energy and Mines (MPEM, Ministère du Pétrole, de l'Énergie et des Mines). Its mandate is to formulate and implement government policies relevant to oil, mines and energy sector. Specifically, it is responsible for: i) promoting and regulating the production, import and export, transport, storage, and commercialization of hydrocarbons; and ii) encouraging exploration of new oil and gas reserves. With a special regulatory mandate, the MPEM is also responsible for issuing concessions (through production sharing contracts, PSC) and the allocation of oil and gas blocks.
8. Within the MPEM, the General Department of Hydrocarbon (GDH, Direction générale des Hydrocarbures) is responsible for the development, implementation and monitoring of the strategies related to hydrocarbons, including the development and enforcement of policies, as well as monitoring and implementation of laws and regulations. Particularly, the GDH is involved in: i) preparation of legal and regulatory frameworks for activities in the oil and gas sector; ii) participation in the contracts and agreements negotiations; iii) development and implementation of sectoral development plans; iv) promotion of investment opportunities; v) training design and delivery for oil and gas professionals; vi) dissemination of studies and data in oil and gas sector; etc.
9. The Mauritanian Hydrocarbon Company (SMH, Société Mauritanienne des Hydrocarbures) was created in April 2004 by the Decree No. 039-2004. As a public company under the supervision of the MPEM, its primary objective is to manage the state participation in the exploration, development, production, and commercialization of oil and gas resources in Mauritania. In 2014, the SMH changed its name to the Mauritania Hydrocarbon and Mining Company (SMHPM, Société Mauritanienne des Hydrocarbures et du Patrimoine Minier) according to Decree No. 2014-011, as the company expanded its mission to include oil, gas and mining exploitation. Based on the legislation and oil contracts, the SMHPM is responsible for



collecting and commercializing the government share of hydrocarbons following modalities determined by the MPEM.

### Hydrocarbon Discoveries

10. To date, there are eleven hydrocarbon discoveries in Mauritania, namely: Chinguetti (2001), Banda (2002), Tiof (2003), Pélican (2003), Tevet (2004), Labeidna (2005), Faucon (2005), Aigrette (2006), Cormoran (2011), Grant Tortue/Ahmeyim (GTA) (2015), and Bir Allah (2015). Before GTA, the findings of Chinguetti and Banda were the most significant. The others are not considered commercial at this stage.
11. **Chinguetti.** The extraction of oil in Mauritania started in 2006 with the development of the Chinguetti field. The field was discovered by the Woodside Petroleum in 2001 and production of 75,000 barrels per day began in 2006 via a Floating Production Storage and Offloading (FPSO). In 2007, Woodside ceded – at a loss – to Petronas, all upstream interests held in Mauritania for USD 418 million. The sale included the yet unappraised Banda gas resources, as well as the producing Chinguetti oil field, which was developed by a Woodside led consortium of companies at an estimated cost of USD 700 million. Chinguetti was expected to produce over 50,000 Barrel of oil per day (BOPD) for a period of 20 years. It started producing in 2006 with a brief production peak of 75,000 BOPD which immediately plummeted to 15,000 BOPD in 2007, and continued to decline to 7,000 BOPD in 2013 and then to even lower levels. Chinguetti is in the process of being decommissioned. The rapid drop in production was due to unforeseen and un-remediable reservoir discontinuities, which can happen in a complex lithology – such as the one found in Chinguetti or in Banda, which have irregular water and gas saturations, and present permeability barriers, only allowing probabilistic reservoir assessments before production.
12. **Banda.** The Banda gas resource was discovered offshore Mauritania in 2002 by the Woodside Group. In 2011, Tullow took Petronas' lead operatorship of Banda, and conducted the screening studies needed to adopt a gas development project concept. Given the small size of the offshore gas resource, a gas export project concept was not an option and, instead, a gas to domestic power project development concept was adopted in line with the operator's main business model. The primary rationale supporting the choice of this concept hinged on the assumption that the gas produced would power the then prosperous local mining industries, which needed electricity to further expand production with international price trends in the mining industry skyrocketing over 2011-12. In addition, the project was potentially able to boost access to affordable electricity in Mauritania as well as in Senegal and Mali in a context of high oil and gas international market price trends (also over 2011-12). Despite progress towards a Final Investment Decision (FID) between 2012 and 2014, the dramatic drop in international oil and gas market prices starting in 2014 ended up shaking the financial health of Tullow worldwide. As a result, the company had to monetize many of its gas assets, including through the sale of its gas assets in Pakistan and Bangladesh. At the same time, a spectacular drop in international mining prices resulted in the need to revise downwards mining production plans in Mauritania and elsewhere in the world. In this context, Tullow therefore abandoned the development of the project. Since then, the State has undertaken two studies to identify restructuring options that could make the development of the project attractive to a public-private partnership, which it considers more appropriate to market conditions.
13. **Grand Tortue/Ahmeyim (GTA).** The recent gas discovery in the Grand Tortue/Ahmeyim field, situated in very deep waters on country's border with Senegal, represents a play-extending opportunity that could turn Mauritania into a significant natural gas and associated liquids exporter. In 2015, Kosmos (90 percent,



operator) in partnership with the SMHPM (10 percent) made a discovery in the Ahmeyim-1 offshore well in southern Mauritania, close to the border with Senegal. In early 2016, Kosmos (60 percent, operator) in partnership with Timis (30 percent) and PETROSEN (10 percent) reported another offshore gas discovery in Senegal in the Geumbeul-1 well located roughly five kilometers from the Ahmeyim-1 well. Both drilling operations reached the target formation at a water depth of approximately 2,700 meters and a well depth of over 5,000 meters. Moreover, both exploration wells encountered about 100 meters of net gas pay. In March 2016, the Ahmeyim-2 well, which was drilled in Mauritania, encountered 78 meters (256 feet) of net gas pay. The drilling confirmed reservoir continuity on both sides of the border. However, the appraisal program for Grand Tortue will have to be completed before a thorough assessment of the nature and size of the reservoirs can be provided along with the specifications of the gas and reservoir productivity. Late December 2016, British Petroleum (BP) signed a farm-in agreement with Kosmos Energy to acquire a 62 percent working interest, including development operatorship, of Kosmos' exploration blocks in Mauritania, and a 32.49 percent effective working interest in Kosmos' Senegal exploration blocks. BP is planning to drill 4 additional wells and then decide on a project development concept this year (2017) hoping to reach a Final Investment Decision (FID) by the end of 2018. Given the large size of the resources and low international market price trends for LNG, the PSC holders are seeking to develop the resource in phases. The first phase would be a solution seeking to minimize investments and costs, designed to quickly establish Mauritania and Senegal as LNG producing and exporting countries. The preliminary studies on the production and liquefaction of the gas that is competitive (exports) include the innovative and relatively less expensive concept of using two former LNG vessels converted into floating LNG (FLNG) units. It is interesting to mention that in the new BP-Kosmos offshore Mauritanian acreage, Kosmos will keep its role of exploration operator while BP will be the operator for the gas production and liquefaction.

#### Challenges Ahead for Oil and Gas Development

14. The period separating the moment resources are discovered from the moment a decision is made on whether and how to develop them (i.e., the FID) involves critical and substantial work. Before making a FID, the lead operator of the GTA development, BP, focuses on finalizing the appraisal of the transnational gas resources and defining the project development concept. This work directly impacts the fiscal and non-fiscal revenues that the resource exploitation will bring to the host country. The expectation that comes with large oil and gas discoveries in terms of fiscal revenue and other local economic benefits often diverts public attention from necessary institutional reforms and technical development alternatives, towards issues related to how best to invest future revenue and develop human capital for future employment in the industry.
15. Yet, the choice of a project development concept irreversibly defines the project's socioeconomic and fiscal impacts as well as its ability to generate fiscal revenues for a country. During the early screening phase, it is essential that all relevant development concepts be screened. In countries such as Mauritania, where the lack of affordable electricity is one of the key binding constraints on growth, it is essential to make sure that the concepts under consideration include options for gas destined for domestic power generation. While such concepts may not be commercially viable on their own merits, they may still be a competitive alternative to existing energy sources, or financial solutions may be available to address the viability gap. Finally, the different project development concepts should compare not only the costs (CAPEX and OPEX) and tax revenues, but also the safety and robustness of these alternatives, not to mention their environmental impacts.



16. Furthermore, the local content or local economic participation of alternative development concepts can vary substantially. This too carries a weight in the final choice of concept. Often adding more local content in capacity constrained markets leads to a sub-optimal decision and may exacerbate supply bottlenecks. Yet, ruling out such concepts without proper analysis and stakeholders' consultation often leaves local expectations unaddressed and can add substantial time and costs to project negotiations. It is therefore important for governments to proceed in a methodical manner, focusing initially on their responsibilities in firming up a FID, while cautiously assessing the needs and opportunities for local employment and local economic participation. Once operators near an FID based on factors that can optimize the government's tax revenues and other positive externalities, the estimated timing of oil revenues and training needs become clearer. Governments should then switch priorities and focus on these issues.
17. During the conceptualization phase, governments and operators must work hand in hand to finalize all agreements needed for an FID. While the greatest part of the work falls to the lead operators, governments must grant approval for many decisions. In new producing countries, governments often need to complete the legal and regulatory framework so that it covers all critical uncertainties that could affect the feasibility of the project. Governments will also be asked to review the Front End Engineering Design (FEED) of oil and gas development concepts as well as field developments, which typically requires new capacity. Before they make a FID, private operators will also have to make sure that project financing is adequate and that all parties, including national oil corporations, can assume their share of development and production costs. In such cases, this suggests that the Government should determine its stake and secure ways to finance it ahead of time. In the development of LNG, the private operator will lead the gas marketing strategy and find buyers for the gas. However, the Government will still need to provide clearance for the gas marketing strategy and gas sale agreements.
18. Key landmarks that need to be achieved in the earliest stage of GTA negotiations include the following:
  - a. Ratification of an Intergovernmental Cooperation Agreement (ICA) for the development of the transnational resource that will not create geopolitical tensions between Mauritania and Senegal;
  - b. Adoption a Unitization and Unit Operating Agreement (UUOA) complying with the ICA;
  - c. Approval of project development concepts for GTA discoveries that optimize fiscal revenues under existing PSCs and other positive impacts for the country (e.g., gas for domestic power generation and local content) while meeting social and environmental standards and investors' requirements; and
  - d. Identification of the optimal level of participation of the SMHPM in the development and liquefaction of GTA and option(s) for financing this participation.
19. The proposed World Bank Technical Assistance (TA) will support the GoM's efforts to mobilize the capacity needed to partner with private operators to ensure progress toward completion of these specific milestones and broader needs associated with the government's responsibility for a FID.

#### Relationship to CPF

20. The proposed technical assistance will contribute to achieving the World Bank's global twin goals of eliminating extreme poverty and boosting shared prosperity by helping the Government of Mauritania progress towards FID. More specifically, it will help ensure that Mauritanian gas development projects take place in an environment conducive to private sector investments aligned with public interests. Supporting Government of Mauritania's negotiations towards FID will be done by mobilizing third party international



expertise, strengthening key institutions, enhancing the fiscal, legal and regulatory framework and engaging with all stakeholders. The latter will help ensure that all stakeholders are joining efforts as needed for gas developments to contribute to the country's economic growth in a resilient and sustainable way. The proposed technical assistance will develop the social platforms necessary to share with the greater public reliable information on the timing and scope of potential fiscal revenues, employments opportunities and other local content through stakeholder engagement and communications campaign.

21. The proposed technical assistance seeks to support the government's capacity to progress negotiations towards final investments decisions in the extractives sector, and lay the foundations for the sector's contributions to the economy through enhanced legal and regulatory framework and capacity building. As such, the proposed project is fully aligned with and complementary to the World Bank Group's latest Country Partnership Strategy (CPS) for Mauritania (FY14-16) (Report No. 75030-MR). The FY14-16 CPS includes two main pillars: i) growth and diversification, which aims at increasing productivity and expanding the productive base of the economy, including promoting inclusive growth in the extractives industries; and ii) economic governance and service delivery, which focuses on improving public sector performance, including resource management.
22. Findings of the Systematic Country Diagnostic (SCD) for the Islamic Republic of Mauritania, which is currently being finalized, have also highlighted that higher inclusive growth and more stable macroeconomic environment will be required to reach the goal of eliminating poverty by 2030. The SCD reiterates that the weak management and inadequate institutional underpinnings in the upstream and downstream extractives sector represent as a binding constraint to inclusive growth, as it limits both the optimal and pro-poor utilization of revenue and impedes much needed economic diversification and institutional capacity along the entire revenue value chain. Therefore, by implementing proposed project activities to strengthen institutional capacity and engage broad stakeholders in the gas sector, the proposed technical assistance will directly echo the findings and recommendations presented by the SCD and contribute to inclusive growth in the long run.
23. The proposed technical assistance is also aligned with the Bank's updated Governance and Anticorruption (GAC) agenda with interventions focused on strengthening governance systems and processes to enhance the predictability, credibility and accountability of the government. To do this, the proposed technical assistance will support activities that will help reduce government spending by further involving the private sector and leveraging regional and international markets.

### **C. Proposed Development Objective(s)**

24. Enhance the capacity of the government of Mauritania to manage its hydrocarbons sector for improved development outcomes.

#### **Key Results (From PCN)**

25. Progress in achieving the PDO will be measured by the following key indicators:
  - Development concept for Grand Tortue Ahmeyim (GTA) determined;
  - Unitization agreement for the GTA reservoir developed;
  - Oil and gas policy, strategy, and action plan developed;



- Master plan for oil and gas development formulated;
- Institutional diagnostic conducted and results publicly disseminated;

#### D. Concept Description

26. The proposed technical assistance has three components: (Component A) Capacity building and technical support to the GTA project negotiations; (Component B) Strengthening of the institutional and regulatory framework; (Component C) Project management and coordination. Details on the project components are summarized hereinafter:
27. **Component A - Capacity building and technical support for the GTA negotiations (USD 16 million).** The objective of this component is to define, develop and implement a program to build capacity and acquire the technical resources required for the effective negotiation, development and operation of the GTA. The strengthening of human capacity and technical resources aims at ensuring the sustainable development of gas resources beyond the negotiation phase of the GTA. In contrast, support for the negotiations is likely to be more limited in time, and to involve the ad hoc mobilization of technical, fiscal, legal, commercial and financial experts that will ensure that the government has the necessary resources to effectively develop or validate the various agreements required under the FID. Specific activities to be implemented under this component include the following sub-components:
- i. Sub-Component 1. Institutional Analysis, Training and Capacity Building (US \$ 8 million) The objective of this sub-component is to identify capacity building and technical resource needs, to develop and implement training and technical resource buildup programs, and to support GoM's efforts to execute:
- Institutional Analysis: This activity is intended to provide a detailed analysis of the operations, policies and internal procedures of government institutions involved in gas exploration and production, taking in consideration international best practices. Targeted institutions will include line ministries (Energy, Economy, Finance, Transport, Infrastructure and Environment) and the SMHPM. The analysis will provide short- and medium-term training and organizational and recruitment strategies for the various public institutions involved in the decision-making and monitoring of the development and operation of GTA. This subcomponent should be executed in such a way as not to delay the other priority components in the short term.
  - Training: This activity is intended to provide high-level training to gas policy makers (including line ministers, parliamentarians and SMHPM) and in-depth training of the staff of the SMHPM and the ministries directly involved in project negotiations and their implementation. The high-level training aims at facilitating the decision-making process on the legal provisions necessary for the finalization of the oil and gas legal framework, the ratification of an Intergovernmental Cooperation Agreement, the adoption of an Unitisation Agreement, the validation of gas development concepts, etc. Study visits to LNG production sites comparable to those to be developed in Mauritania could also be offered to a limited number of people contemplated by this activity. In addition to the strategic training of decision-makers, in-depth training - based on industry needs - will be offered to senior management and executives of key institutions involved in resource development and management. These trainings will follow a preliminary capacity assessment to ensure that the beneficiaries of the training are able to effectively assimilate the proposed courses. Training will be provided after the capacity assessment, and their programs will be tailored to the diverse needs of key institutions' engineers, economists, tax professionals and lawyers. This training will be



subdivided into two categories:

- i. The first category will focus on the teams working on the project (negotiators, GTA project team, etc.) and will be provided rapidly considering the project schedule and its specific needs, and
    - ii. The second category will focus on strengthening the capacities of the intervening institutions based on the results of the institutional diagnosis.
  - Recruitment of key personnel: This activity is intended to support the short- and mid-term efforts of the Mauritanian authorities to mobilize additional skills in petroleum engineering, development of LNG projects, gas economy, project financing, taxation and gas law. Experts will be recruited as consultants and will mainly support the Project Implementation Unit (PIU), MPEM and the SMHPM.
  - Strengthening of technical resources: This activity aims at enabling key institutions, in particular MPEMi and SMPH, to have the equipment, tools and facilities required for the sustainable management of the country's hydrocarbon resources (modeling platform, a document center (carotheque) for technical data, an integrated information and management system ERP). An assessment of the short and medium term needs will be conducted to define the specifications of the equipment and tools to be acquired and the facilities to be installed. This diagnosis, which will consider the project timetable, will ensure that institutions such as the SMHPM are not over-equipped or under-equipped in relation to short- and medium-term needs.
- ii. Sub-Component 2. Technical Support for Effective Negotiation of the GTA Agreements (US \$ 8 million). The objective of this sub-component is to support the efforts of the Mauritanian authorities to engage rapidly and constructively with the Senegalese authorities and the holders of the Production Exploration Contracts (CEP) to guarantee the sustainable development of its gas resources. This subcomponent includes the following support activities:
- Support the efforts of the Mauritanian negotiating team to validate the operator's estimates of the resources in place and of the commercially productive reserves as well as the methodology used for the delineation of GTA and the estimation of transnational gas resources that will be the object of an Intergovernmental Cooperation Agreement and an Unitisation Agreement.
  - Assist MPEMi in validating the field development plan and engineering studies related to the production and liquefaction of the gas submitted by the operator. The terms of reference will be designed to enable capacity building of the MPEMi and SMHPM teams.
  - Assist the Mauritanian authorities in finalizing the necessary agreements to move towards GTA's FID, including operational agreements, marketing agreements and financial agreements, the Intergovernmental Cooperation Agreement and the GTA Unitisation Agreement.
  - Support government efforts to identify the tax implications of different LNG development concepts, finalize project funding and identify the optimal participation rates for the national company in gas and LNG developments and financing (both for the project as a whole and for the participation of the SMHPM). More specifically, a strategic / financial advisor would be recruited to help the national company exercise the option of participation in the development of GTA.



- Assist the Mauritanian negotiating team in validating the commercialization agreements for GTA and in identifying options for generating electricity from gas produced at GTA.

28. **Component B – Strengthening of the institutional and regulatory framework (US \$3 million).** The objective of this component is to assist the Government of Mauritania in updating its policy and strategy for the development of the gas sector. The specific activities to be implemented under this component are:

- a. **Policy, Strategy and Action Plan for the Gas Sector:** This activity aims to support the efforts of the Government of Mauritania in updating its gas policy once the concept for the development of GTA and its implementation schedule are adopted. In this context, options for managing the gas sector (both upstream and downstream) and for determining the use of future gas production (electricity from gas, refining, petrochemicals and other uses) may be considered. The gas revenue management policy may be updated and serve as a basis for the sector's general policy. This component will take into account all gas resources in the country.
- b. **Master Plan:** All work required to develop or update the sectoral policy and strategy, or to ensure its implementation, will be funded under this activity. This includes the development of a master plan that will help explain the contribution of gas development in Mauritania to the electricity sector or to any other local industry. The Master Plan will be developed after the finalization of the preliminary design studies and the approval Pre-FEED of GTA. It will assess the social and environmental risks associated with the project development concept and the capacity of the national safeguard measures to adequately mitigate risks.
- c. **Local Content Strategy:** All work required to develop or update the local content strategy for the hydrocarbons sector will be funded through this activity. This will include defining a diagnosis of existing industries that exist or could be developed upstream or downstream of the GTA project and a strategy and an implementation plan, which will enable the domestic private sector to take a significant and gradual share of the services, supply and works contracts, particularly in relation to gas development projects.
- d. **Strategy for the involvement of stakeholders in the gas sector.** The main objective of this activity is to mobilize international expertise from third parties with a view to developing a communication strategy and an information campaign aimed at engaging all the actors in the sector in an efficient and lasting way on issues relating to the gas development projects at GTA. This activity will consist of an assessment of the existing communications and institutional options/mechanisms for communication, information and engagement of key target audiences in public bodies, including the Presidency, the Prime Minister's Office, MPEM and SMHPM. In addition, it will finance a communications strategy and a stakeholder engagement campaign.

29. **Component C - Project management and coordination (USD 1 million).** The proposed component will help develop the capacity of the Project Implementation Unit (PIU) to manage all project activities financed under the World Bank TA. More specifically, it will support the costs associated with the recruitment of a procurement specialist, an accountant, an administrative and financial director, and other instrumental staff as needed, to build the PIU's procurement, financial management, monitoring and evaluation, as well as safeguards management capacities in a sustainable manner.



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**SAFEGUARDS**

**A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

Not applicable.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

The proposed project aims to support the government’s capacity to progress negotiations towards final investment decision and lay the foundations for the sector’s contributions to the economy through enhanced legal and regulatory framework and capacity building. The proposed project, as designed, precedes the preparation of feasibility and environmental and social studies, and final investment decisions are not anticipated to take place in the short- to medium-term. Therefore, the proposed project will develop terms of reference that outline all the requirements needed to ensure adequate preparation and understanding of the environmental and safeguards requirements necessary at actual project implementation. In addition, the terms of reference for the Master Plan for Gas Development will ensure that the Plan addresses broad environmental and social risks in the sector.

**C. Environmental and Social Safeguards Specialists on the Team**

Hocine Chalal, Environmental Safeguards Specialist  
Fatou Fall, Social Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	An assessment will be commissioned of the readiness of the Mauritanian safeguards' related regulatory framework to deal with current oil and gas development projects. Terms of reference will be prepared and disclosed as soon as possible, which will delineate the environmental and social safeguards mitigating and regulatory measures as well as the capacity building measures that will be built in the technical assistance package for Mauritania. The project precedes the preparation of feasibility and environmental and social studies, and final investments decisions are not anticipated to take place in the short- to medium-term. Therefore, the objective of this contribution is to ensure that the government is well equipped to negotiate, manage and implement the projects that will come out of this



technical assistance operation.

Natural Habitats OP/BP 4.04	No
Forests OP/BP 4.36	No
Pest Management OP 4.09	No
Physical Cultural Resources OP/BP 4.11	No
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	No
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

May 08, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The terms of reference outlining environmental and social safeguards requirements will be finalized by end of April and disclosed before project appraisal.

**CONTACT POINT**

**World Bank**

Ilhem Salamon, Susana Moreira  
Senior Oil and Gas Specialist

**Borrower/Client/Recipient**

Ministry of Economy and Finance

**Implementing Agencies**



Ministry of Petroleum, Energy and Mines  
Moustapha Bechir  
Director General for Hydrocarbons  
mobechir@yahoo.fr

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Ilhem Salamon, Susana Moreira
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**Approved By**

Safeguards Advisor:	Maman-Sani Issa	02-Aug-2017
Practice Manager/Manager:	Sheila Khama	02-Aug-2017
Country Director:	Louise J. Cord	15-Aug-2017

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