

Document of
The World Bank

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Report No: 52815-MR

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED AFRICA CATALYTIC GROWTH FUND GRANT

IN THE AMOUNT OF US\$20.0 MILLION

TO THE

ISLAMIC REPUBLIC OF MAURITANIA

FOR A

MAURITANIA ROAD CORRIDOR PROJECT

June 24, 2010

Transport Sector
Country Department AF2CF2
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective - April 30, 2010)

Currency Unit	=	MRO
270.00 MRO	=	US\$1
0.75EUR	=	US\$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ACGF	Africa Catalytic Growth Fund
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
ARAP	Abbreviated Resettlement Action Plan
CAS	Country Assistance Strategy
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Review
CPIA	Country Policy and Institutional Assessment
CQS	Cost Quality Selection
DA	Designated Account
DEPC	<i>Direction des Etudes, de la Programmation et de la Coopération</i> (Directorate of Studies, Planning and Cooperation)
DFE	<i>Direction des Financements et des Etudes</i> (Directorate of Financing and Evaluation)
DGLT	(Directorate General of Land Transport)
DIT	<i>Direction des Infrastructures de Transport</i> (Directorate of Transport Infrastructure)
EDF	European Development Fund
EITI	Extractive Industries Transparency Initiative
ENER	<i>Entreprise Nationale d'Entretien Routier</i> (National Enterprise for Road Maintenance)
EOI	Expression of Interest
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESW	Economic Sector Work
EU	European Union
FM	Financial Management
FMS	Financial Management Specialist
FY	Fiscal Year
GDP	Gross Domestic Product
GoM	Government of Mauritania
GNI	Gross National Income
HDM	Highway Design and Maintenance (model version 4)
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune-deficiency Syndrome
IA	Implementing Agency
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA (14, 15)	International Development Association (Fourteenth Replenishment, Fifteenth Replenishment)

IDB	Islamic Development Bank
IEG	Independent Evaluation Group
IFB	Invitation for Bids
IFR	Interim Unaudited Financial Report
IRAI	IDA Resource Allocation Index
IRR	Internal Rate of Return
ISA	International Standards on Auditing
LCS	Least-Cost Selection
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MET	<i>Ministère de l'Équipement et des Transports</i> (Ministry of Public Works and Transport)
MoU	Memorandum of Understanding
MRO/UM	Mauritanian Ouguiyas
NACS	National Anti-corruption Strategy
NCB	National Competitive Bidding
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental Organization
OP	Operational Policy
OPEC	Organization of Petroleum Exporting Countries
PDO	Project Development Objective
PDU	Urban Development Project
PEFA	Public Expenditure and Financial Accountability
PPF	Project Preparation Facility
PRECASP	Public Sector Capacity Building Project
PRSP-2	<i>Cadre Stratégique de Lutte contre la Pauvreté - CSLP-2</i> (Second Poverty Reduction Strategy Paper)
QBS	Quality-based Selection
QCBS	Quality- and Cost-based selection
SIM	Sector Investment and Maintenance Loan
SFN	Special Fund of Nigeria
SSS	Single Source Selection
ToRs	Terms of Reference
TSIDTAP	Transport Sector Institutional Development and Technical Assistance Project
TTL	Task Team Leader
UNDB	United Nations Development Business
VOC	Vehicle Operating Cost
WB	World Bank

Vice President:	Obiageli K. Ezekwesili
Country Manager/Director:	Madani M. Tall
Sector Director:	Inger Andersen
Sector Manager:	C.Sanjivi Rajasingham
Task Team Leader:	Ibou Diouf

MAURITANIA
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

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MAURITANIA
ROAD CORRIDOR PROJECT
AFRICA CATALYTIC GROWTH FUND

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTTR

Date: June 1, 2010		Team Leader: Ibou Diouf	
Country Director: Madani M. Tall		Sectors: Roads and highways (100%)	
Sector Manager/Director: C. Sanjivi		Themes: Regional integration (P);Rural markets (S);Nutrition and food security (S)	
Rajasingham/Inger Andersen		Environmental screening category: B - Partial Assessment	
Project ID: P112131			
Lending Instrument: Sector Investment and Maintenance Loan			
Project Financing Data			
<input type="checkbox"/> Loan		<input type="checkbox"/> Credit	
<input type="checkbox"/> Grant		<input type="checkbox"/> Guarantee	
		<input checked="" type="checkbox"/> Other: Africa Catalytic Growth Fund	
Total Operation Cost (US\$m.): 90.8			
Financing Plan (US\$m)			
Source	Local	Foreign	Total
Borrower	3.80	5.70	9.50
Africa Catalytic Growth Fund (ACGF)	4.00	16.00	20.00
European Union (EU)	0.00	61.30	61.30
Total:	7.80	83.00	90.80
Amount of financing to be provided by			
Source	Amount (US\$m)		
ACGF Trust Fund Program	20.00		
Borrower/Recipient	9.50		
External Funds, not Bank Managed	61.30		
Financing Gap	0.00		
Total Project Cost	90.80		
Borrower:			
Islamic Republic of Mauritania			
Responsible Agency:			
Ministry of Public Works and Transport			
Nouakchott			
Mauritania			

Estimated disbursements (Bank FY/US\$m)									
FY	11	12	13	14					
Annual	4.00	7.00	8.00	1.00					
Cumulative	4.00	11.00	19.00	20.00					
Project implementation period: Start July 15, 2010 End: December 31, 2013 Expected effectiveness date: October 14, 2010 Expected closing date: October 31, 2013									
Does the project depart from the CAS in content or other significant respects? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ref. PAD A.3.									
Does the project require any exceptions from Bank policies? Ref. PAD D.7. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Have these been approved by Bank management? <input type="checkbox"/> Yes <input type="checkbox"/> No									
Is approval for any policy exception sought from the Board? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Does the project include any critical risks rated “substantial” or “high”? Ref. PAD C.5. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									
Does the project meet the Regional criteria for readiness for implementation? Ref. PAD D.7. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									
Project development objective Ref. PAD B.3., Technical Annex 5 The project development objective is to reduce physical barriers to road transport along the corridor from Nouakchott to Rosso. The key indicators will be: (i) reduced travel times and (ii) reduced vehicle operating costs along the road corridor between Nouakchott and Rosso.									
Project description Ref. PAD B.4., Technical Annex 5 The project will fund the upgrade (reconstruction/rehabilitation works) of the Nouakchott-Rosso road corridor. The road will be widened to 7 m from its current width of 6 m with 1.50 m paved shoulders on both sides to take into account traffic growth and vehicle standards evolution. The improvement proposals include widening of existing culverts, construction of culverts and safety measures such as pavement markings, pedestrian crossings, etc. The project will consist of the following Components: <ul style="list-style-type: none"> (i) Rehabilitation of the Corridor, including (a) the portion of the Corridor between Nouakchott and Bombri; and (b) the portion of the Corridor between Bombri and Rosso (ii) Strengthening capacity in the Mauritania’s transportation sector for: (a) the supervision of the ESMP and the monitoring and evaluation of the impact of the project on local development; (c) indemnification of displaced persons as part of the implementation of the Abbreviated Resettlement Action Plan; and (d) the completion of technical and financial audits and financing operating costs. 									
Which safeguard policies are triggered, if any? Ref. PAD D.6., Technical Annex 11 Environmental Assessment (OP/BP 4.01). Physical Cultural Resources (OP/BP 4.11) has been triggered as the policy applies whenever OP/BP 4.01 applies; i.e. whenever there is likely to be significant civil works. Involuntary Resettlement (OP/BP 4.12).									

Significant, non-standard conditions, **if any**, for: **Ref. PAD C.6.**

Board presentation: N/A

Grant conditions of effectiveness:

- The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary government and corporate parties.
- The Recipient has paid an amount equivalent to US\$ 1.7 million in the Project Account as initial deposit of its Counterpart Funds.

Dated Covenants:

- No later than six (6) months after the Effective Date, the Recipient shall have established a Coordination Committee with terms of attributions and compositions satisfactory to the World Bank. This Coordination Committee shall be responsible, *inter alia*, for the coordination and overall monitoring of the activities of the Project and it shall include representatives of the Recipient's ministries responsible for transport, economy, environment and, but only as observers, the donors involved in supporting the Recipient's transport sector.
- No later than twelve (12) months after the Effective Date, the Recipient shall have recruited a monitoring and evaluation consultant selected on the basis of terms of reference, qualifications and experience satisfactory to the World Bank, in accordance with the provisions of Section III of Schedule 2 of the Financing Agreement, to support DIT for the project..
- No later than December 31, 2011, the Recipient shall have adopted, signed and furnished to the World Bank a letter of transport sector policy including, *inter alia*, the following: (i) a dated action plan for the implementation of the conclusions of the road fund study entitled "*Etude pour la mise en place d'un fonds routier de seconde génération*" to be performed by the Recipient; and (ii) a dated action plan for the modernization of the Recipient's road maintenance operations, including the reorganization of the National Enterprise for Road Maintenance (*Etablissement National d'Entretien Routier-ENER*), acceptable to the World Bank.
- The Recipient shall provide to the World Bank evidence in form and substance satisfactory to the World Bank that a routine maintenance budget for the maintenance of the core road network, which includes the Corridor as necessary, is secured in the Recipient's budget for 2011, 2012, 2013 and 2014, in each case no later than January 15 of the relevant year.
- No later than June 30, 2011, the Recipient shall have established or reactivated, as the case may be, a platform for the transport sector reform monitoring and evaluation, which shall include representatives of the public sector, the private sector and the donors, in a manner satisfactory to the World Bank.
- No later than three (3) months after the Effective Date, the Recipient shall have amended the Project Implementation Manual in order to reflect specificities in the activities included in the Project.

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and Sector Issues

1. Mauritania is a 1.085 million square kilometers country. In 2008, the country had a population of 3.2 million and a gross national income (GNI) per capita of US\$840. Overall gross domestic product (GDP) growth decreased from 11.4 percent in 2006 to 1 percent in 2007. The country has undergone a period of political instability with the overthrow of elected governments twice, in 2005 and 2008. After three years of sustained dialogue between the government and development partners, the political crisis in the second half of 2008 led the international community to put most of its activities on hold, except humanitarian aid. The presidential elections of July 18, 2009 facilitated the World Bank's re-engagement with the government. These recent developments underline challenges, as well as, opportunities for the country's future. Real GDP growth reached about 3.7 percent in 2008, up from only one percent in 2007, driven mainly by mining (iron, copper and gold), a good agricultural harvest and a thriving construction sector. In addition, Mauritania became a petroleum producing country in early 2006; therefore, additional fiscal revenues are expected over the coming years. However, economic growth slowed down in 2009 due to both the global world recession and the national political uncertainty generated ahead of the elections.

2. Although the growth in recent years has reduced poverty, this still affects more than half of the population. The government has pledged, as part of its Poverty Reduction Strategy Framework, to implement the measures required to meet the Millennium Development Goals (MDGs) by 2015 and has recognized the importance of proper management of oil revenues as a source of wealth and development for the nation. However, Mauritania is highly unlikely to reach most of the MDGs and progress towards achieving them needs to be accelerated. Support to Mauritania is critical to help improve necessary capacity, transparency and sustained growth in the country.

3. The Mauritania Second Poverty Reduction Strategy Paper (PRSP-2, 2006–10) is based on a set of sound macroeconomic, structural and sector policies. More specifically, it tackles the fundamental question of how to manage natural resources wealth transparently and focuses on growth and poverty reduction. The strategy is articulated around five pillars: (i) accelerate growth and maintain macroeconomic equilibrium; (ii) anchor growth in the economic environment of the poor; (iii) develop human resources and generalize access to basic social services; (iv) strengthen good governance and capacity building; and (v) reinforce monitoring, evaluation, and coordination. These orientations have been confirmed by the current government.

4. PRSP-2 has identified four priority areas to support these pillars—education, health, water resources, and infrastructure. For the transport sector, specifically, the government is expected to make important contributions to the development of national and regional trade, the reduction of production costs, the reinforcement of the economic competitiveness, and the integration of rural poverty pockets.

5. The transport sector in Mauritania has been plagued by numerous institutional issues and deteriorating infrastructure, all of which combined, are impeding competitive and efficient transport services. There is a general consensus that poor quality, unreliable and costly transport have constrained economic growth, hampered delivery of social services, and slowed national integration efforts. A holistic and coherent transport sector strategy has not yet been formulated, although sub-sector strategies (land transport, maritime, and civil

aviation) have been prepared and endorsed. The Bank-financed National Transport Sector (Multimodal) Strategy Study and the European Union (EU)-funded Road Management and Investment Program Study have identified numerous structural problems: institutional (lack of capacity, weak institutions and inadequate institutional arrangements) and physical (deteriorating infrastructures due to insufficient maintenance). Until 2007, transport sector management functions were divided up among several ministries and directorates, resulting in a lack of coordination for sector planning and management.

6. The road sub-sector has also been characterized by a persistent imbalance between construction/rehabilitation and maintenance funds. As a result, sections of the country's core road network are in poor or bad condition, and rehabilitation is now often needed where routine maintenance could have prevented costly investment. Road maintenance has always been affected by insufficient funding and poor public expenditure management. However some improvements have been achieved since 2002 thanks to European SYSMIN¹ funds which have helped to secure a minimum level of maintenance funding. The maintenance funding allocation under this program is still too low, nevertheless, and this resource is expected to last only until 2015.. Existing mechanisms are therefore inadequate to ensure the sustainability of the heavy capital investments that have been recently made to improve the road networks. Therefore, reforms in road maintenance are high priority in the Transport Sector Plan (2007-2015).

7. The total length of the road network is 10,297 km, including national roads, regional roads, and local roads. This network is divided in paved roads, gravel roads, and rural roads. Because of its large desert area, Mauritania's road density ratio is only 1.0 km of road per 100 km² of territory compared with average ratios of 3.10 for West Africa and 4.70 for sub-Saharan Africa. However, in terms of road-to-population density, Mauritania has one of the highest densities in Africa (13 km per 10,000 people, compared to 2.71 km for sub-Saharan Africa). The current road classification system is outdated (it is based on a 1968 law) and responsibilities for network management remain unclear. Although rural roads constitute over two thirds of the entire network, there has been so far no overall strategy to improve rural access, and many agricultural production areas still lack all-weather links to the main road network and marketing outlets.

8. To try to resolve these issues, the Government of Mauritania (GoM) has launched a set of comprehensive sectoral reforms, and undertook the following actions to improve the transport sector performance: (i) issue new regulations liberalizing the road transport industry with a time-bound action plan for supporting this measure (leading to reduced transport costs by more than 30 percent since 2006); (ii) coordinate the formulation and implementation of sector policies and strategies especially by creating the Directorate for Studies, Planning, and Cooperation in the Ministry of Transport (now Ministry of Public Works and Transports, *Ministère de l'Équipement et des Transports* - MET); and (iii) engage more proactive discussions with its partners to finance the improvement of land, port, and airport facilities. These reforms are still relevant today, as they were confirmed by the government appointed after June 2009 election, and they contribute to support four of the five pillars of the PRSP-2 described in paragraph 4².

¹ SYSMIN is a special financing facility intended for ACP states whose mining sector plays a major role in their economy and faced with known and foreseeable difficulties. SYSMIN is intended essentially to lend support to the development of the mining sector and diversify economies.

² Pillars i, iii, iv and v

2. Rationale for Bank and ACGF involvement

Rationale for Bank involvement

9. The Bank's Country Assistance Strategy (CAS) (FY07-11) is aligned with the PRSP-2 and supports the country's development strategy by focusing on: (i) economic governance and public sector capacity; (ii) diversified growth through investment climate improvement, and key infrastructure possibly funded by International Bank for Reconstruction and Development (IBRD) enclave operations; and (iii) continued efforts to fight poverty and inequalities in both urban and rural areas. Consequently, the proposed operation will respond to the improvement of a key transport infrastructure, and will be consistent with the road sector reforms promoted under the leadership of the EU. The sector itself is one of the priority areas identified for International Development Association (IDA), as well as, IBRD enclave interventions.

10. After remaining disengaged from the transport sector in Mauritania for over ten years (the last Bank-financed project had been approved in 1996) the Bank upon the request from GoM decided to re-engage in the sector through three new projects to address some of the institutional and financial issues affecting the performance of the sector. The first project that was prepared is the Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP), which was approved in July 2008 and started implementation in December, 2009. The second project is the proposed Road Corridor Project and the third proposed project is the Port of Nouakchott Development Project, planned for the spring of 2011. These projects directly fall under the CAS and the second Poverty Reduction Strategy Paper (PRSP-2).

11. Besides its role in addressing institutional issues and providing technical assistance, the TSIDTAP was initially designed to also help finance physical investments to improve Mauritanian transport infrastructure. However, given the reduced Mauritania's IDA-14 and IDA-15 allocations, no road rehabilitation could be funded. As a result, the TSIDTAP focuses only on improving transport sector management but cannot meet its initial objective of also mobilizing investment funding to reduce Mauritania's transport infrastructure gap. The TSIDTAP is supporting institutional development and technical assistance to strengthen capacity of the transport sector stakeholders through four components. The first component will help establish the newly created Directorate General of Land Transport (DGLT) with a focus on road safety prevention and management. The second component will support the GoM efforts to reorganize the sub-sector through capacity building for the maritime sub-sector institutions. The third component supports GoM's efforts to set up a development program for Mauritanian airports by funding a master plan for the development of airports, including a detailed development plan and an investment plan for Nouakchott airport. The fourth component deals with capacity building of the new institutions, under the Ministry of Public Works and Transport, to ensure efficiency, taking into consideration the need for multimodal coordination. It will also reinforce the overall transport sector planning unit within the Ministry.

12. The proposed project would therefore complement the TSIDTAP by helping the country implement priority physical investments within the context of a multi donor program. Furthermore, the Bank's support through the Africa Catalytic Growth Fund (ACGF) grant will complement and leverage EU and Arab Fund for Economic and Social Development (AFESD) support, as well as, support from the Islamic Development Bank (IDB) and Arabic states, which are currently financing major road projects. The EU has also already allocated a

2.2 million Euros grant to Mauritania under the 9th European Development Fund (EDF), to support institutional reforms in the road sector including road maintenance management and financing and land transport services reforms. Furthermore, the road transport sector also constitutes an “area of focus” under the 10th EDF, and should therefore continue to benefit from institutional support for funding.

Rationale for ACGF involvement

13. The ACGF’s support is based on Mauritania’s qualification as a transformational country. The Government has demonstrated a commitment to sustained reform and a sound strategy for removing constraints to shared growth. Furthermore, the ACGF support has catalyzed additional donor funding for increasing the scale of the broader sector program.

14. Transformational Country with demonstrable commitment to reform: Mauritania is a country in transition that has experienced rapid changes over the last decade from a poor low income livestock, fishing and agricultural based economy to a low middle income urbanized natural resources based economy. Within this context, recent developments in Mauritania underline both challenges, as well as, opportunities for the country’s future. Its political context has been plagued by several de facto government periods, but an elected government is now in place following elections held in July 2009. In addition, Mauritania became a petroleum-producing country in early 2006, and government fiscal revenues are consequently expected to increase over the coming years. The successive governments have recognized the importance of proper management of oil and mining revenue as a source of wealth and development for the nation. Furthermore, the government elected in 2009 embraced a roadmap for comprehensive reforms, including in the transport sector, which is broadly consistent with the proposed reforms discussed between the government and its development partners in 2007-2008, and has taken strong stances against corruption in the public sector.

15. The World Bank’s Country Policy and Institutional Assessment (CPIA), which annually assesses and ranks all of the IDA borrowing countries on economic management, policies for social inclusion and equity, and public sector management and institutions, still gives a relatively weak score for Mauritania. The overall IDA Resource Allocation Index (IRAI) rating, based on the results of the annual CPIA exercises, remained low in recent years but increased from 3.2 in 2005 to 3.3 in 2009. It is expected to improve further if the political and economic context remains stable. The ratings related to economic management have especially improved, from an average 2.8 in 2004 to an average 3.3 in 2009. Even if these CPIA ratings remain low, they highlight the willingness of GoM, as confirmed in the June 2009 election, to implement the necessary reforms to ensure a more balanced future growth of the economy.

16. However, continued support to Mauritania is critical to help establish necessary capacity, transparency and sustained growth in the country. The World Bank has been playing a key role in this transition and needs to continue to do so. In order to remain usefully engaged in view of Mauritania’s changing development context and declining IDA resources, Bank involvement has to diversify and increasingly use catalytic financing to successfully scale-up aid in a harmonized and effective way. Making use of funds such as the ACGF in the transport sector will augment current assistance to support transformational change in Mauritania – helping to remove binding constraints to its sustained growth, improve progress towards MDGs and strengthen regional integration.

17. Removing Constraints to Growth and Corresponding Employment and Regional Integration: The Nouakchott-Rosso corridor has a total length of 192 kilometers, and links the capital Nouakchott to the Mauritania-Senegal border. It was the first paved road built in Mauritania, with EU assistance. Its construction, from 1969-1970, aimed at opening up the South of Mauritania and at creating an important economic corridor to Senegal while also serving areas close to the Senegal River. The road serves some of the most densely populated areas in the country.³ Moreover, since the road was paved, many villages have sprung up along the corridor which has contributed to local economic development. However the road, located in a desert area, has suffered from the impact of being built on sandy soils and from shifting dunes. Significant sections of the road are currently covered by sand, which has contributed to the rapid deterioration of the riding surface. As successive governments have failed to allocate sufficient funding beyond basic routine maintenance, long sections (more than 50 percent of the road length) of this critical inter/intra regional road have deteriorated significantly. This means that the international road corridor to Senegal is now barely passable over long sections and strongly hampers the development of a cash crop based economy in south west Mauritania. The reconstruction/rehabilitation of the road is expected to lead to major transport cost reduction, provide full all season connectivity to Senegal, and would help to develop the full agricultural potential along the Senegal River (especially between Lexeiba and Birette).

18. As a result of inadequate road infrastructure, Mauritania does not take full advantage of its strategic geographical location, both between Senegal and part of Mali and between Senegal and Morocco. Since the opening of the new road between Nouakchott and Nouadhibou and the rehabilitation of several sections of the *Route de l'Espoir* between Nouakchott and western Mali, the reconstruction of the Nouakchott-Rosso road and the Senegal river have now become the main obstacles to an efficient regional road network serving parts of Mauritania, Morocco, Mali and Senegal.

19. Scaling up for Increased Impact: By funding the reconstruction/rehabilitation of the Nouakchott-Rosso road, the proposed project would be part of the rehabilitation of two major road corridors to Mali (*Route de l'Espoir*) and Senegal (Nouakchott-Rosso road). The GoM has approached several development partners to mobilize funding to rehabilitate the Nouakchott –Rosso road, and the EU has agreed in principle to contribute to this rehabilitation. However, the EU has clearly indicated that it could not fund its share without another donor such as the ACGF complementing its funding on Nouakchott-Rosso. As a result, the funding proposed under the ACGF would contribute to ensure that more than US\$200 million required to finance the whole rehabilitation of these two corridors would be substantially funded.

Eligibility of the Project according to the ACGF criteria: removing a constraint for growth, enhancing regional integration and catalyzing donors' interventions.

20. The Nouakchott-Rosso corridor has a total length of 192 kilometers, and links the capital Nouakchott to the Mauritania-Senegal border. It was the first paved road built in Mauritania, with EU assistance. Its construction, from 1969-1970, aimed at opening up the South of Mauritania and at creating an important economic corridor to Senegal while also serving areas close to the Senegal River. The road serves some of the most densely populated

³ Based on 2008 estimates, the road serves Ouad Naga (29,135 inhabitants), Mederdra (33,763 inhabitants), Rosso (61,651 inhabitants), R'kiz (78,183 inhabitants) and Keur Macène (32,157 inhabitants).

areas in the country.⁴ Moreover, since the road was paved, many villages have sprung up along the corridor which has contributed to local economic development. However the road, located in a desert area, has suffered from the impact of being built on sandy soils and from shifting dunes. Significant sections of the road are currently covered by sand, which has contributed to the rapid deterioration of the riding surface. As successive governments have failed to allocate sufficient funding beyond basic routine maintenance, long sections (more than 50 percent of the road length) of this critical inter/intra regional road have deteriorated significantly. This means that the international road corridor to Senegal is now barely passable over long sections and strongly hampers the development of a cash crop based economy in south west Mauritania. The reconstruction/rehabilitation of the road is expected to lead to major transport cost reduction, provide full all season connectivity to Senegal, and would help to develop the full agricultural potential along the Senegal River (especially between Lexeiba and Birette).

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23. The proposed project to be administered by the World Bank through the ACGF will serve as an instrument toward building a sustainable partnership and fostering coordination in sector interventions to achieve greater efficiency and effectiveness in the Mauritanian road transport sector. This support will complement EU and African Development Bank (AfDB) support, as well, as support from Arab Funds, especially AFESD which is mostly funding the road to Mali.

3. Higher level objectives to which the project contributes

24. The proposed project would contribute to the achievement of the objectives outlined in the country's PRSP-2, which recognizes the importance of the transport sector. The project would also support the CAS (FY07-11), which stresses that the low quality and high cost of infrastructure service provision, especially in the transport sector, is one of the key challenges for private sector development. This is because an inefficient and poorly managed road transport sector raises transaction costs and affects competitiveness. The proposed project

⁴ Based on 2008 estimates, the road serves Ouad Naga (29,135 inhabitants), Mederdra (33,763 inhabitants), Rosso (61,651 inhabitants), R'kiz (78,183 inhabitants) and Keur Macène (32,157 inhabitants).

would therefore contribute to support the first pillar of the CAS, namely “accelerating growth and maintaining major macro-economic balances”.

25. The project will also contribute to reducing two of the major barriers to growth, which are the low national investment resource base and the very high costs of transport service provision, while consolidating Mauritania’s access to Senegal and its positioning as a link country between Morocco and the rest of sub-Saharan Africa. As mentioned earlier, the main remaining obstacle with regards to the Senegal River, which requires a bridge instead of the current ferry, is being considered by the donor community, namely AfDB and EU. The economic, social and environmental studies, as well as, preliminary technical studies for the bridge linking Senegal to Mauritania are currently under way mainly under AfDB funding. If completed with a satisfactory internal rate of return (IRR), it is likely that this project would attract interest from the donor community involved in the transport sector in the two countries, namely AfDB, EU and the World Bank Group. If everything goes according to plan, it is envisioned that the Bridge construction could start by 2013. This will then remove a major obstacle to trade facilitation along the corridor between Mauritania and Senegal on one hand and between Morocco and Senegal on the other hand. Another remaining impediment to further regional integration along this corridor is the poor condition of the road between Rosso and Saint Louis. The rehabilitation of this road, funded by EU for an amount of US\$68 million, is underway. The civil works, planned to last 24 months, started on January 1, 2010.

26. Finally, it would be consistent with the New Partnership for Africa’s Development (NEPAD) which fosters development of regional corridors as one of its main goals, and it would contribute to the rehabilitation of one of the weakest point of the Trans-African Highway No. 1 (Cairo-Dakar). The Trans-African Highway network comprises transcontinental road projects in Africa being developed by the United Nations Economic Commission for Africa, the Africa Development Bank and the African Union in conjunction with regional international communities. They aim to promote trade and alleviate poverty in Africa through highway infrastructure development and the management of road-based trade corridors.

B. PROJECT DESCRIPTION

1. Lending instrument

27. The proposed project will be financed through a US\$20 million grant from the ACGF. The ACGF funding will be complemented by a EUR46 million (US\$61.3 million equivalent) grant from the EU, and the GoM will provide the remaining funding. The project will be implemented as a Sector Investment and Maintenance Loan (SIM).

2. Program objective and Phases

28. The proposed project will fund the rehabilitation/reconstruction of one of the key international corridors (Nouakchott – Rosso) which is part of GoM’s ‘Overall Road Strategy in Mauritania’, and is supported by all development partners. This strategy aims at linking Mauritania to its neighbors while supporting growth of its major agricultural production areas.

3. Project development objective and key indicators

29. The project development objective is to reduce physical barriers to road transport along the corridor from Nouakchott to Rosso.

30. The key indicators will be: (i) reduced transit times and (ii) reduced vehicle operating costs along the Nouakchott-Rosso corridor.

4. Project components

31. The civil works which will be carried out to rehabilitate/reconstruct the Nouakchott Rosso Corridor are divided into two lots. The first lot comprises the Nouakchott-Bombri section which has a 142 km length, and the second lot comprises the Bombri-Rosso section which has a 50 km length.

32. The project part funded by the ACGF covers the second lot of the road between Bombri and Rosso and monitoring activities on that lot for an amount estimated at US\$29.5 million. The Government will co-finance the civil works in an amount at US\$9.5 million out of which US\$2.7 million is provisioned for contingencies and US\$120,000 is funding resettlement compensation measures related to the second lot. The project part funded by the ACGF has two components, which are: (i) the rehabilitation/reconstruction and the widening of the Bombri-Rosso section, and; (ii) Strengthening capacity in the Transportation Sector (Monitoring of the Environmental and Social Management Plan - ESMP and technical audits).

33. The proposed project will consist of two components :

Component 1: Rehabilitation of the Nouakchott-Rosso Corridor (Estimated cost: ACGF \$19.4 million; EU \$52.7 million; Government \$6.68 million)

- (i) Two contracts for road civil works, the first lot is a 142 km section funded by EU for an amount estimated at US\$52.7 million and the second lot under a co-financing arrangement between ACGF and the Government for an amount estimated at US\$26.08 million;

Component 2: Strengthening capacity in the Transportation Sector (Estimated cost: ACGF\$600,000; EU \$4.2 million; Government \$120,000)

- (i) Works supervision for the whole road between Nouakchott and Rosso (Lots 1 and 2) is also funded by EU as part of a US\$3.5 million budget;
- (ii) Monitoring of the implementation and supervision of the Environmental and Social Management Plan (ESMP) and Monitoring and evaluation of the project impact on local development, especially on employment;
- (iii) Indemnification of displaced persons as part of implementation of the Abbreviated Resettlement Action Plan; and
- (iv) Technical audits. ACGF will finance a technical audit which will be carried out every semester for the lot co funded with the Government to evaluate and monitor the quality of the works carried out. EU will also finance a technical audit on the first lot.

34. These contracts will be complemented by communication activities (including sensitization, awareness campaigns about road safety, HIV/AIDS, environment, etc), directly

handled by the EU for an amount estimated at US\$550,000. Project activities are described in Annex 5.

35. The costs for each activity are given in the following table:

Table 1: Project Costs Broken Down by Activity (US\$ million)

Physical works (first lot)	52.7
Physical works (second lot)	26.08
Works supervision	3.5
ESMP implementation	0.2
Project impact M&E	0.2
Resettlement compensations	0.12
Technical audit	0.25
Other activities*	0.65
Contingencies	7.1
Total	90.8

Table 2: Project Costs Broken Down by Activity and co-financing (US\$ million)

Activity	Co-financing			TOTAL (US\$)
	IDA (US\$)	EU (US\$)	GOVT (US\$)	
Physical works (first lot)		52.7		52.7
Physical works (second lot)	19.4		6.68	26.08
Works supervision		3.5		3.5
ESMP implementation	0.2			0.2
Project impact M&E	0.2			0.2
Resettlement compensations			0.12	0.12
Technical audit	0.1	0.15		0.25
Other activities*	0.1	0.55		0.65
Contingencies				7.1
Total	20.0	61.3	9.5	90.8

* including communication activities and operating costs

36. The costs of the total program of which the proposed project is part are described and listed in Annex 5 and the detailed project costs are presented in Annex 6.

5. Lessons learned and reflected in the project design

37. The main lessons learned which have influenced the project design are:

- **Ownership.** Project design must reflect the intent, interest and priorities of the beneficiaries and the stakeholders to ensure ownership of the project and particularly the reform processes;
- **Institutional capacity.** Capacities of project implementing agencies need to be assessed and if required strengthening measures have to be put in place. The proposed project design reflects this concern and builds on the capacity currently being developed as part of the TSIDTAP with EU support to the road administration;

- **Project readiness.** The detailed engineering studies were updated in 2008 and the costs estimate in 2009; the draft bidding documents are available. The Bank team has already provided comments on the one related to the second lot and it is therefore likely that the bidding process could start before project effectiveness. The procurement process for the first lot and the works supervision has already started and the supervision consultant will be mobilized by January 2011; and
- **Scope.** As noted in the recent Independent Evaluation Group (IEG) World Bank Report on Multi-country Operations⁵: (i) programs dealing with issues where country's interests are compatible have been more successful than those dealing with issues where interests are in conflict and require trade-offs among countries; and (ii) the scope of objectives have to match national and regional capacities to allow the regional programs to deal effectively with the complex coordination challenges. In this specific case, the interest of Mauritania as a transit country and that of its neighbors broadly coincide, as the area served by the Nouakchott-Rosso road comprises some of the most populated areas, as well as, the ones which have the greatest agricultural potential.

6. Alternatives considered and reasons for rejection

38. The use of a Sector wide operation or a programmatic lending to carry out the same proposed project activities was deemed inappropriate as: (i) donors in the sector are already involved in different operations which have institutional reforms components; and (ii) the project design would have been more complex and the duration would have exceeded the ACGF disbursement timeframe.

39. Since the Bank is already supporting the country through a technical assistance project, the use of ACGF funds to support capacity building was not considered. This is because most of the transport institutional development issues are already covered by the TSIDTAP.

C. IMPLEMENTATION

1. Partnership arrangements

40. The Bank has already established a close partnership with the EU, which has been playing the leading role in the transport sector over the last decade. The TSIDTAP was designed to complement EU institutional development activities in the transport sector. In this regard, EU has proposed that the Bank ensure the technical oversight of the urban transport sub-component under the surface transport reforms project funded through the 9th EDF. The TSIDTAP builds up a solid platform for the Bank to remain fully involved in donors' coordination and to keep an intensive and productive sector dialogue with the government

41. As the leadership of institutional reforms relies on the EU, this partnership is a key to the sustainability of the proposed ACGF operation. As highlighted in previous paragraphs,

⁸ The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multicountry Operations December 19, 2006

donors' interventions on the major international corridors in Mauritania are complementary which encourages them to work tightly.

42. In the specific case of the Nouakchott-Rosso corridor the EU will fund the supervision consultant for the whole road, including the section funded by the ACGF. Rather than an EU-World Bank/ACGF formal agreement, it was agreed that the coordination of the project would be led by the Government, which would report any difficulties to a coordination committee including donors, in order to be consistent with the recommendations of the Paris Declaration on Aid Effectiveness.

2. Institutional and implementation arrangements

43. Details of project implementation arrangements are provided in Annex 7, while the financial and disbursement arrangements are detailed in Annex 8 and procurement arrangements in Annex 9.

44. A coordination committee will be set up by the GoM in order to monitor and ensure smooth implementation of the overall project. It comprises the units in the MET responsible for project implementation (as described below), as well as, the Ministry of Development and Economic Affairs' Directorate of Financing and Evaluation, the Ministry of Environment representative, the EU and the World Bank.

45. The procurement and financial management for the proposed project will be done by the MET Directorate of Studies, Planning and Cooperation (DEPC). This unit is already responsible for procurement and financial management for the TSIDTAP and all transport related operations in Mauritania, and has as such been reinforced by recruiting two procurement specialists and a financial and accounting staff. The unit is responsible for financial management and coordination of the project and will maintain overall records and manage disbursements. The DEPC is also responsible for the Port of Nouakchott Development Project Preparation Facility implementation.

46. Implementation of the ESMP will be carried out by the contractor responsible for civil works. While the supervision consultant of the civil works contract will carry out most of the monitoring of due diligence of the contractor's obligations, a consultant or a NGO will also be recruited *inter alia* to monitor the overall implementation of the ESMP in close collaboration with the ministry of environment, under the supervision of the Directorate of Transport Infrastructure (*Direction des Infrastructures de Transport*, DIT) and the coordination of the DEPC. The activities, part of the ESMP, are described in Annex 11. A grievance mechanism will be established to identify and respond to complaints of Project-affected people in a timely manner.

47. The technical implementation of the project will be done by the MET's DIT, which already oversees most of the main road works in Mauritania, with the support of an international consulting firm for the civil works supervision, funded by the EU.

48. There will also be at least two supervision missions every year, jointly with the EU whenever possible, which will be led by the Bank to supervise both the ACGF funding and the TSIDTAP.

3. Monitoring and Evaluation (M&E) of outcomes/results

49. The results chain for results monitoring, which will be used as a basis for M&E, can be found in Annex 4.

50. **Project outcome indicators.** The baseline data was taken from the detailed technical study carried out under EU funding. Travel time on selected road sections will be measured twice during the project life, which should ensure better sustainability of project outcome monitoring.

51. **IDA core indicators.** As part of the IDA-15 monitoring and evaluation system, several sector specific core indicators need to be measured. While the project is not funded by IDA, the implementation of the project will include such similar monitoring mechanism for consistency purposes. Therefore, the number of kilometers of road rehabilitated under the project will be monitored through the civil work progress. This transport specific indicator will evaluate directly the implementation of the physical road works.

52. The direct and indirect project beneficiaries also need to be measured for IDA approved projects since July 1, 2009. They have also been identified and measured for this project (see Annex 4). Direct beneficiaries are the population right along the road corridor as they will directly benefit from the road upgrade. Indirect beneficiaries are people benefitting from the employment, a positive side effect of the project. The local labor force to be used for the civil works was estimated to be 200 at the end of the project. A consultant shall be recruited in order to monitor and evaluate the impact of the project on both direct and indirect creation of jobs and other impacts on local population.

53. **Project goal indicators.** As part of the ACGF framework, one of the contracts procured for this project will focus on the monitoring and evaluation of the project impact on local development, especially on employment. It will assess the number of jobs directly created by the civil works (indirect beneficiaries) and long term employment rate in the concerned areas. It will also estimate the GDP increase in regions crossed by the Nouakchott-Rosso corridor. The project impact on the development of trade between Mauritania and Senegal will be overseen by the government through the measure of the trade volume between the two countries. In 2008, imports from Senegal were estimated at US\$24.15 million and exports to Senegal at US\$2.42 million. As a result, data to see if the overall project goals contributed to increase trade will be collected.

4. Sustainability

54. **Financing of road maintenance.** Project sustainability will mostly depend on the availability of funding for routine maintenance and scheduled rehabilitation of the other sections along the corridor. Road maintenance funds have always been insufficient, even if funding has been significantly improved since 2002 thanks to European SYSMIN funds allocated to the sector. In 2008, MRO3.2 billion (US\$11.8 million) were allocated for the maintenance of the entire road network (2,189 km of paved roads and 3,597 km of unpaved roads, excluding 3,639 km of local roads). This amount covered only about 40 percent of the maintenance needs of the road network, and with the decline and eventual phasing out of European SYSMIN funds by 2015, the maintenance funding situation could even further deteriorate. However, despite the maintenance funding constraints, the GoM was able, over the last few years, to provide funding for emergency type of repairs (including patching

holes) of the priority road corridors/core network in the country including Nouakchott-Rosso, as the road condition was at the time already requiring rehabilitation.

55. With government contribution which was below what had been agreed upon in the maintenance program, and disbursement even lower, the 2009 maintenance budget situation deteriorated resulting in contract arrears. The first elements in the 2010 budget (before the mid fiscal year budget re-allocation) indicate the same trend with less than MRO500 million (US\$1.85 million) against a minimum target of MRO800 million (US\$2.96 million). This situation coupled with the decreasing budget funded out of SYSMIN funds, shows the need to set a covenant prescribing the government contribution to the road maintenance budget for the 2011-2014 period. At the same time, the EU, whose project timeframe will run until 2015, will set the same covenant for a longer period (2011-2015).

56. The end of the SYSMIN funding is a challenge for the road maintenance funding needs of the network. As part of the objectives for the overall road strategy, the government aims at setting up a specific maintenance funding mechanism. The creation of a second generation road fund has been set as a condition for the 10th EDF, and a study is underway to be launched by August 2010 in order to design a framework for such a road fund. The results of this study will be reflected in the Letter of Sector Policy currently being prepared under the TSIDTAP as part of a dated covenant for the proposed project.

57. **Road maintenance implementation.** The *Etablissement National d'Entretien Routier* (ENER) is a semi autonomous public entity in charge of public road maintenance since 1994. At the request of GoM, ENER has progressively widened its range of activities to the detriment of its original mandate which is the routine/periodic maintenance of the road network. Furthermore, the GoM owes the ENER about MRO3 billion (US\$11 million, to be confirmed) in arrears due to a large extent to the noncore maintenance activities, and this has impacted both ENER's financial equilibrium and the subcontractors used by ENER to carry out some of the maintenance works, as well as its traditional suppliers.

58. A financial and organizational audit, financed by the EU, was carried out in 2006 and highlighted the weak organizational structure of the ENER. A study financed by the EU will propose a new organization of the ENER. The results of this study, as well as, the results of the government's thinking on opening road maintenance activities to direct private contractors will be translated into an action plan in the Letter of Sector Policy, as part of a dated covenant for the proposed project.

59. **Transport sector liberalization.** The project will contribute to reducing transport costs through the rehabilitation of the road corridor between Nouakchott and Rosso. Travel time and vehicle operating costs will decrease. These efforts to cut down cost factors could be jeopardized if an effective liberalization of transport services is not ensured, as these savings may not be passed on to shippers and passengers. Transport services were liberalized in 2005 (November 10, 2005 decree 2005-010) which led to reduced transport costs. The actual government recently confirmed its commitment to continue with the liberalization of the transport sector. Nevertheless, to avoid reversing this reform, a remedy or recommendation will be included in the Transport Letter of Sector Policy to ensure that the transport sector liberalization is sustained.

5. **Critical risks and possible controversial aspects**

60. The most critical risks are summarized in the following table. The global Risk Identification Worksheet is provided in Annex 3:

Table 1: Risks and Mitigation Measures

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
Operation-specific Risks				
Technical/Design	The Government has a long history of discontinued support to the preservation of road assets and maintenance	Substantial	The Bank, as well as, other donors, maintains permanent dialogue with the Government on that issue through the Coordination Committee. This dialogue is done under the leadership of the European Union, and several covenants have been agreed upon: <ul style="list-style-type: none"> - a dated action plan for the implementation of the conclusions of the road fund study - a dated action plan for the modernization of the road maintenance operations, including the reorganization of ENER. - the securing of a routine maintenance budget for the core international network for 2011-2015 period. 	Moderate
Financial management	<u>Inherent Financial Management:</u> Funds may not be used in an efficient and economical way and exclusively for purposes intended due to poor governance.	Substantial	The DEPC, consisting of appropriately qualified and experienced staff set up during the TSIDTAP, may reduce this risk. An adequate administrative, accounting	Moderate

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
			and financial management manual will guide activities and provide safeguard over assets. The number of contracts to be funded as part of the ACGF is very limited, so control can concentrate on few operations.	
	<u>Financial Reporting</u> Delays in the submission of agreed IFRs and annual project financial statements.	Substantial	The same IFRs format and content as what has been decided for TSIDTAP will be used.	Moderate
	<u>External Audits</u> Supreme Audit Institution has limited capacity. Quality of the project audit reports may not be acceptable.	Substantial	Qualified independent external auditors will be appointed by the government for all transport projects.	Moderate
Procurement	Little WB procurement has been undertaken by the Ministry of Civil Works and Transport for many years, but activities of the TSIDTAP Project Preparation Facility have been satisfactorily undertaken by the implementing entity, whose head is familiar with WB procurement.	High	A procurement specialist and a procurement assistant were recruited under other projects. Project governance will be established through strict implementation scheme and procedures. The number of contracts under the ACGF is limited and all operations will be subject to prior review by IDA.	Substantial
Social and environmental safeguards	-The project involves the widening of the current road between Nouakchott and Rosso, which triggers the BP/OP 4.01 on environmental assessment. - Resettlement issues are anticipated and BP/OP 4.12 is triggered. Land, mostly consisting of small fields, may need to be acquired, either on a permanent or on a temporary basis, and owners of these fields will therefore need to be resettled or compensated.	Substantial	-An environmental and social impact assessment (ESIA), as well as, an ESMP, have been carried and were found satisfactory to the Bank. - An Abbreviated Resettlement Action Plan (ARAP) was carried out, reviewed and published.	Moderate
Other	<u>Donor coordination</u> : the Bank is already involved in a joint program with the EU in the Mauritanian transport sector (TSIDTAP). There could be some issues linked to the differences between the two donors in terms of policies or processing.	Moderate	A permanent dialogue has already been established between the Bank and the EU in the Mauritanian transport sector, and the EU has confirmed that civil works supervision will be in place in due	Low

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
			course while civil works are procured under the ACGF. A coordination Committee under government leadership is set up to bring the different actors together.	
	<u>Cost escalation</u> : Some of the investment activities that will be carried out by the project present risks of cost overruns because their overall cost can be affected by the fall of the dollar, the current volatility of the local currency or the occurrence of raw material shortages (common in Mauritania).	Substantial	Costs were revalued in 2008. The bidding process will be closely monitored, both by the local team and by the Bank's task team.	Substantial
Overall Risk				
		Substantial		Moderate
^a Rating of risks on a four-point scale – High, Substantial, Moderate, Low – according to the likelihood of occurrence and magnitude of potential adverse impact.				

6. Loan/credit conditions and covenants

61. The effectiveness conditions beyond the standard effectiveness conditions are summarized below:

- The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action.
- The Recipient has paid an amount equivalent to US\$1,700,000 in the Project Account as an initial deposit of its Counterpart Funds.

62. The main dated covenants are summarized below:

- No later than six (6) months after the Effective Date, the Recipient shall have established a Coordination Committee with terms of attributions and compositions satisfactory to the World Bank. This Coordination Committee shall be responsible, *inter alia*, for the coordination and overall monitoring of the activities of the Project and it shall include representatives of the Recipient's ministries responsible for transport, economy, environment and, but only as observers, the donors involved in supporting the Recipient's transport sector.
- No later than twelve (12) months after the Effective Date, the Recipient shall have recruited a monitoring and evaluation consultant selected on the basis of terms of reference, qualifications and experience satisfactory to the World Bank. This consultant shall be in charge of monitoring and evaluating the impact of the Project on both direct and indirect creation of jobs and other impacts on local population.
- No later than December 31, 2011, the Recipient shall have adopted, signed and furnished to the World Bank a letter of transport sector policy including, *inter alia*, the following: (i) a dated action plan for the implementation of the conclusions of the road fund study entitled "*Etude pour la mise en place d'un fonds routier de seconde génération*" to be performed; and (ii) a dated action plan for the modernization of the Recipient's road maintenance operations, including the reorganization of –the ENER.
- The Recipient shall provide to the World Bank evidence in form and substance satisfactory to the World Bank that a routine maintenance budget for the maintenance of the core road network, which includes the Corridor as necessary, is secured in the Recipient's budget for 2011, 2012, 2013 and 2014, in each case no later than January 15 of the relevant year.
- No later than June 30, 2011, the Recipient shall have established or reactivated, as the case may be, a platform for the transport sector reform monitoring and evaluation, which shall include representatives of the public sector, the private sector and the donors, in a manner satisfactory to the World Bank.
- No later than three (3) months after the Effective Date, the Recipient shall have amended the Project Implementation Manual in order to reflect specificities in the activities included in the Project.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

63. An economic analysis of the project was conducted in 2008, based inter alia on the available traffic volume data and prior studies of the same section. Highway Development Maintenance model version 4 (HDM-4) was used to perform the analysis, which took into account direct benefits resulting from savings in transport costs (Vehicle Operating Costs (VOC), and time savings). The main conclusion is that the IRR of the project based on a realistic traffic increase is 16.1 percent (19.0 percent for Nouakchott-Tiguient, and 13.2 percent for Tiguient-Rosso), which proves that the project proposed reaches the appropriate thresholds for opportunity.

64. Sensitivity analyses were also carried out. The worst case scenario (costs increase by 10.0 percent, traffic growth rate decrease by 2.0 percent), would result in an IRR of 12.6 percent, and the project would still meet the appropriate thresholds.

2. Technical

65. The project mainly involves upgrading of the existing road. Some sections of the Nouakchott-Rosso corridor need rehabilitation, whereas others need reconstruction. The upgrade will be completed by the widening of an existing 6 meter road to 7 meters including paved shoulders. The improvement proposals include widening of existing bridges, construction of culverts and safety measures such as pavement markings, pedestrian crossings, etc.

66. A detailed technical study for the Nouakchott-Rosso road rehabilitation/reconstruction was carried out in 2008. The study concluded that the civil works to be carried out do include any specific technical issue, and the proposed design standards are appropriate for existing and forecast traffic.

67. The works will be divided into three sections, with different characteristics for each of them. Section 1 and 3 entitled to reconstruction/heavy rehabilitation will have a 12cm-thick gravel-bitumen road base, as well as, a 6 cm-thick asphalt concrete wearing course, while section 2 which has localized rehabilitation will have an 8 cm-thick asphaltic base, as well as, a 6 cm-thick asphaltic concrete wearing course.

68. For the required raw materials, deposits of shellfish were discovered in the project area, which have allowed the reduction in project costs by around Euro13 million (US\$17.3 million) and to use a less capital intensive technology than initially contemplated in 2006 during the first rehabilitation studies. These materials will be used for the shoulders and the capping layer, as well as, for the road base layer which will be made of gravel bitumen.

3. Fiduciary

69. A financial management assessment was carried out to determine whether the DEPC, which is in charge of the implementation of the project, has acceptable financial management arrangements. The conclusion of the assessment is that the financial management system in place satisfies the Bank's minimum requirements under OP/BP 10.02, and therefore is adequate to provide, with reasonable assurance, accurate and timely financial management

information required on the project status. The Financial Management arrangements will be strengthened with the implementation of the action plan in Annex 7.

70. In terms of procurement implementation of the project, the TSIDTAP appraisal concluded that the risk linked to the project was high, as no procurement in accordance with the World Bank Procurement and Consultants Guidelines had been undertaken by the Ministry of Public Works and Transport for many years. However, activities of the TSIDTAP Project Preparation Facility (PPF) have been successfully managed by the implementing entity, whose head is familiar with the Bank's procurement rules. Besides, a procurement team was hired at the end of 2009 to help manage all World Bank group related activities and close supervision will be ensured by the team. Project governance will also be established through strict implementation scheme and procedures. The reinforced DEPC is therefore considered to meet appropriate standards for implementation.

71. Moreover, all contracts under the ACGF will be subject to a prior review by the Bank, which will limit the procurement risks.

4. Social

72. The Nouakchott-Rosso road passes through more than 60 villages, rural districts and cities. Although the road has not restricted extension of education and health, the current condition of the road has limited the people's mobility, access to farming and other opportunities for the sale of their production. Therefore, the positive impacts of the project on social grounds include inter alia improved market access for neighboring population, as well as, those people living on the Western part of Mauritania adjacent to Senegal valley.

73. An Abbreviated Resettlement Action Plan (ARAP) assures that proper population consultation of the neighboring communities have been carried out and spells out measures needed in application of OP 4.12. It has been published in the Infoshop on April 2, 2010 and in-country on March 29, 2010 as well. Extensive consultations with potentially affected people were carried out during the preparation of the ARAP. The feedback obtained from the public consultations indicated that there is a high degree of project acceptability among local people. The funding of the ARAP implementation will be undertaken by the government. Furthermore, HIV/AIDS prevention campaign will be carried out and monitored during civil works implementation. For more details refer to Annex 11.

74. As one of the major objectives of the ACGF is to provide opportunities for employment and growth, a specific monitoring and evaluation consultant will be in charge of quantifying: (i) the employment impact of the construction work and of the maintenance activities to be done afterwards (with a specific emphasis on local population) and (ii) quantify the evolution of economic activities in the area impacted by the project.

5. Environment

75. An Environmental and Social Impact Assessment (ESIA) was funded by the EU. It has been reviewed by the Bank and found to be satisfactory. It was updated in 2009 to be in conformity with Bank policies. An Environmental and Social Management Plan (ESMP) was also prepared. Project impacts are mostly limited to temporary disturbance linked to the construction. The mitigation measures have been identified and proposals have been made to address the following issues, all of which are linked to temporary impacts during construction:

- Management of contractors' work camp and workshop areas;
- General management and reinstatement of borrow pits;
- Disposal of waste material;
- Prevention and minimization of soil erosion and sedimentation;
- Health and safety measures;
- Air (dust), pollution control measures;
- Prevention of surface and groundwater pollution;
- Landscape preservation;
- Noise and vibration limitations;
- Traffic signals; and
- Traffic diversion and relocation of public utilities.

76. The ESIA as reviewed and updated indicates that the impacts of the road improvements will be positive, by improving the quality of life for people. A review of the institutional and regulatory capacity for environment and social management at the national level revealed that there is adequate institutional and regulatory capacity although some capacity improvements are needed and are currently funded by EU.

77. The project environmental category is B.

6. Safeguard policies

Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)	X	
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)	X	
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

78. *Environmental Assessment (OP 4.01, BP 4.01)*. The ESIA funded by the EU in 2006 was updated in 2009. Monitoring of ESMP implementation is partly incorporated in the terms of reference of the supervision consultant. Another consultant or a nongovernmental organization (NGO) will also be recruited to monitor and evaluate the ESMP implementation and to establish a grievance mechanism to identify and respond to complaints of project-affected people in a timely manner.

79. *Involuntary Resettlement (OP 4.12, BP 4.12)*. Resettlement issues are anticipated, even though the road investments will be made along well-established existing alignments. The main impact is the need to relocate informal traders who are currently encroaching on the right of way near Rosso, and there is enough space beyond the right of way to accommodate them. Land, mostly consisting of small fields, will have to be acquired by the government, either on a permanent or on a temporary basis, and owners of these fields will therefore need to be resettled or compensated by the Government.

80. *Physical Cultural Resources (OP/BP 4.11)* has been triggered as the policy applies whenever OP/BP 4.01 applies; i.e. whenever there is likely to be significant civil works, which is the case as the project is about road reconstruction/rehabilitation. As a result civil works will be monitored closely.

7. Policy Exceptions and Readiness

81. There are no policy exceptions.

82. The detailed engineering studies were updated in 2008 and the costs estimate in 2009; the draft bidding documents are available. The Bank team has already provided comments on the one related to the second lot and it is therefore likely that the bidding process could start before project effectiveness. The procurement process for the first lot and the works supervision has already started and the supervision consultant will be mobilized by January 2011.

Annex 1: Country and Sector or Program Background
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

1. Mauritania is a 1.085 million square kilometers country. In 2008, the country had a population of 3.2 million and a gross national income (GNI) per capita of US\$840. Overall gross domestic product (GDP) growth decreased from 11.4 percent in 2006 to 3.7 percent in 2007. GDP growth even dropped to 1 percent in 2007. After declining to 7.4 percent by the end of 2007, inflation reached 8.6 percent in 2008 due to the food crisis and the country's fiscal situation deteriorated.

Trade flows in Mauritania

2. Mauritania's trade is largely dominated by the mining and fisheries sectors, which are mostly using Port infrastructure, and in the case of mining the specific railway constructed to link the iron mines of Zouerat and the Nouadhibou Port. Major regional trade flows relate to trade between Mauritania and Morocco (Nouadhibou-Nouakchott road), Mauritania and Senegal (Nouakchott-Rosso road), as well as, transit trade from Morocco to Senegal. Official trade between Mauritania and Senegal mostly transit through the Nouakchott-Rosso road and is estimated at US\$26.57 million in 2008, mostly consisting of imports from Senegal to Mauritania. There is a significant unreported local trade along the Senegal river, as well as, informal fishing related trade.

Table 1: Mauritania's External Trade in 2008

Amounts in Millions US\$

3. So far, there has not been reporting of trade volumes between Morocco and Mauritania or Morocco and Senegal. It is not possible to use general trade data to estimate these exchanges as this trade can also use shipping as a mean of transportation. The table above gives the trends of Mauritania's external trade in 2008 per sector and per country.
4. There is also substantial trade between Nouakchott and its eastern provinces, through the *Route de l'Espoir* which reaches Mali. However, statistical data do not give figures of trade between regions in Mauritania.

Imports	1,630.46
Foodstuffs	435.00
Oil products	572.52
Facilities	230.70
Building materials	99.45
Vehicles and spare parts	112.13
Cloth, clothes and other textile products	32.00
Cosmetics and chemical products	31.17
Tobacco	26.13
Other products	91.36
Exports	1,620.68
Metal and mineral	1,018.48
<i>iron ore</i>	770.55
<i>Copper</i>	120.32
<i>Gold</i>	127.61
Oil	325.17
Fisheries	275.40
Leather	0.17
Other products	1.46

	Exports (except oil)	Imports
Europe	829.44	878.66
<i>Germany</i>	133.10	51.38
<i>Belgium</i>	82.79	99.42
<i>Spain</i>	108.56	79.37
<i>France</i>	264.88	266.82
<i>Italy</i>	118.01	15.80
<i>Russia</i>	21.23	183.32
<i>China</i>	100.88	182.54

5. While external trade mostly passes through the ports of Nouakchott and Nouadhibou, road transport has a main

role in internal trade flows and in trade with Senegal, Mauritania and Morocco. The only existing railway is mainly used to exploit iron ore in the North of the country and air transport remains very limited, in spite of the huge internal distances and the strategic position of Mauritania.

Mauritania’s road network

6. The total length of the road network is 10,297 km, including national roads, regional roads, and local roads (see table below). This network is divided in paved roads, earth roads, and rural roads. Because of its large desert area, Mauritania’s road density ratio is only 1.0 km of road per 100 km² of territory compared with average ratios of 3.10 for West Africa and 4.70 for sub-Saharan Africa. In terms of road-to-population density, however, Mauritania has one of the highest densities in Africa (13 km per 10,000 people, compared to 2.71 km for sub-Saharan Africa). Seventy percent of the paved road network is in good or fair condition, which is higher than the average in Western Africa, whereas earth roads are generally in poor condition.

Table 2: Mauritania Road Network

(Length in km)	Paved roads	Gravel roads	Rural roads	Total
National	1,800	425	2,684	4,909
Regional	389	447	913	1,749
Local	235	0	3,404	3,639
Total	2,424	872	7,001	10,297

7. Based on official figures, the number of vehicles has risen from 12,620 in 1998 to more than 30,000 in 2008, which represents an annual growth higher than nine percent.

Sector issues and strategy

8. The Bank carried out an Economic Sector Work – (ESW) – “*Transport Sector Overview*” in early 2004, which provided a framework to analyze current transport sector issues, and identified issues and challenges that can be addressed through international lending operations. The ESW outlined a number of sector-specific actions to correct the most serious deficiencies identified in its analysis, some of which will involve longer term reform, but some of which may be initially addressed in the near term. Concerning road transport, these actions may be summarized as: (i) correct the imbalance between investment and maintenance; (ii) improve maintenance financing mechanisms; (iii) carry out a balanced road investment program; (iv) strengthen road management; (v) revisit existing regulations to ensure effective liberalization of transport services; (vi) review fiscal policy and tax collection procedures in the sector; (vii) improve balance between transport supply and demand; and (viii) support modernization of the trucking industry.
9. The Mauritanian Road Transport Sector Plan was then updated in 2007, under European Union (EU) funding. The strategy was built around seven key pillars: (i) improvement of national road network and rural opening up; (ii) improvement of fiscal management; (iii) impact of road transport on environment; (iv) road safety; (v) reduction of road transport costs; (vi) set up of a road transport database; and (vii) institutional reforms. The Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP)

already helps address several of these objectives, mainly road safety and institutional reforms, while actions funded or to be funded by the EU under the 9th and 10th European Development Fund (EDF) are mostly taking care of other issues such as road maintenance management and financing.

10. The first pillar of the sector plan had as a first priority to contribute to trade development through the main corridors. These are: (i) the Trans-African Highway from Morocco to Dakar and Lagos, which crosses Mauritania through the Nouadhibou-Nouakchott-Rosso road; (ii) the north-Eastern (to Algeria, via Ain Bentili) and (iii) South-Eastern (to Mali, via the *Route de l'Espoir*) corridors. The proposed project would therefore perfectly fit in this objective. Adding rehabilitation of the Nouakchott-Rosso road to improvements in the Nouakchott Port Project (refer to the Port Development Project which is under preparation) would enable the country to create efficient corridors to Senegal and Mali, which could foster regional integration and trade development.
11. The first pillar also included as a primary objective the opening up of *Moughataas* (regional capitals) by linking them to Nouakchott. The proposed program would help reach this goal, as the Nouakchott-Rosso road links several important cities (Tiguent, Mderdra, R'kiz, Keur Macene, Lexeiba, Jidr El Mohguen, and Rosso) to the capital. The *Route de l'Espoir* also links five regional capitals (Boutilimitt, Aleg, Kiffa, Aioun and Nema) to Nouakchott.
12. The sector plan insisted on the need for a huge improvement in terms of use of fiscal resources within the transport sector, as per the second pillar. Revenue generated by the sector should largely exceed the needs to ensure sand removal and maintenance along the national road network. However no mechanism has been put in place so far and while the total cost of maintenance including sand removal was estimated to be MRO8 billion (US\$30 million) in 2003, National Enterprise for Road Maintenance (ENER), the national road maintenance agency, only had a MRO 3 billion (US\$11 million) budget. Figures have remained about at this level both in terms of needs and resources.
13. Traditional response to such an issue is the set up of a road maintenance fund based on part of the revenue or additional revenue collected as a way to pay for the road maintenance service.

Nouakchott-Rosso area issues

14. The road can be divided into two sections:
 - Nouakchott-Tiguent: the road crosses a highly urbanized area and several large agglomerations. Most of it consists of desert, with very scarce vegetation, and the region is subject to high risks of flooding as most areas are located below sea level.
 - Tiguent-Rosso: the area is populated with several villages along the way, and has a high potential for agriculture. However, many places still suffer from water stagnation or sand accumulation, thus reducing the potential for crops.

Nouakchott-Rosso road technical issues

15. The Nouakchott-Rosso road, constructed between 1969 and 1970 on EU financing, was the first paved road built in Mauritania. It became at the same time a regional corridor, as the German cooperation funded the Rosso ferry rehabilitation which enabled trucks and

cars to cross the Senegal River and linked Nouakchott to Dakar. The construction of the Nouakchott-Nouadhibou section later strengthened this regional role as a good connection by road was made possible up to Morocco. With the planned construction of a bridge over the Senegal River in Rosso, the Nouakchott Rosso road will be the central link of the Trans-African Highway between Tanger and Lagos. Maintaining and improving this road is thus in line with an improvement of the sub-regional road network to ensure a sustainable growth of the surrounding countries in accordance with the objectives of the New Partnership for Africa's Development (NEPAD).

16. The Nouakchott Rosso road has currently exceeded its design life expectancy and requires rehabilitation. The first section, between Nouakchott and Tiguent, is in poor to average condition while the second section, between Tiguent and Rosso, is deteriorated. Under-sizing (the road is currently only 6 m wide) and poor road condition contribute to slow growth of the areas and cause many accidents.

Donor support

17. Donors in the sector have usually been supportive of government initiatives. More specifically, the EU has been the main donor in the road transport sector over the last ten years, and although its past intervention focused mainly on investment, it has also taken the lead role in supporting institutional reform in the road transport sector. This complements its continuing investment program, which focuses on main highway construction and rehabilitation. The EU proposes to back this engagement by aligning its Support Program on the achievement of the Road Transport Sector institutional reforms, as outlined in the "Transport Sector Overview (ESW)" in 2004, in the transport sector studies of 2006 and 2007 (Land Transport Sectoral Plan and Multi-modal Transport Strategy respectively) and further detailed in sections above. The African Development Bank has also joined with the EU in upgrading a key trunk road in the Senegal River Valley (Rosso-Boghe), but has also conditioned its investment assistance on the achievement of a specific study for the establishment of a road maintenance fund.
18. Finally, the Arab Fund for Economic and Social Development (AFESD) has been active in the road sector for a few years, and intends to strengthen its involvement by contributing to the proposed project on the corridors to Mali.
19. The involvement of the main donors in the road sector depends on the creation of an independent and sustainable road maintenance funding mechanism as described in the main text. Road maintenance has always suffered from insufficient funding and a penalizing public expenditure management. Even if some improvements have been performed since 2002 thanks to European SYSMIN funds, the amount dedicated to road maintenance is far too low. In 2008, MRO3.2 billion (US\$11.8 million) were dedicated to the entire road network (2743 km of paved road and 1147 km of unpaved road). This amount covered only about 40 percent of the maintenance needs of the road network and it even decreased in 2009, as the government contribution was below what had been agreed upon in the maintenance program, resulting in arrears vis-à-vis ENER the entity in charge of public road maintenance. The Government of Mauritania (GoM) owes the ENER about MRO3 billion (US\$11 million). The first elements in the 2010 budget (before the mid FY budget re-allocation) indicate the same trend with less than MRO500 million (US\$1.85 million) against a minimum target of MRO800 million (US\$2.96 million). To avoid such a situation in the next years, donors agreed to set a covenant

prescribing the government contribution to the road maintenance budget for the period from 2011 to 2015.

20. Maintenance funding also faces the decreasing of the SYSMIN funds, which will expire in 2015. The EU just launched a study in order to design a framework for a sustainable road fund. This fund should guarantee sufficient available resources to maintain the future road network. It should also contribute to the development of local companies able to carry out the road maintenance needs. Such a fund could be a second generation road fund. The results of the EU study will be translated into an action plan, which will be a dated covenant as part of the Grant Agreement through the proposed Letter of Transport Sector Policy. The following table gives the SYSMIN funds allocated to road maintenance between 2004 and 2015.

Table 3: SYSMIN Funds Allocated to Road Maintenance (2004-2015)

Year	Amount (Euros)	Amount (Dollars)
2004	3,659,000	4,879,000
2005	5,748,000	7,664,000
2006	5,616,000	7,488,000
2007	5,484,000	7,312,000
2008	5,352,000	7,136,000
2009	5,220,000	6,960,000
2010	5,088,000	6,784,000
2011	4,956,000	6,608,000
2012	4,824,000	6,432,000
2013	4,692,000	6,256,000
2014	4,560,000	6,080,000
2015	2,079,000	2,772,000
TOTAL	57,278,000	76,371,000

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

1. All current projects related to transport funded (some are at preparation stages) by donors are summarized in the table below:

Table 1: Donors of all Current Transport Funded Projects

Donor	Project	Latest Supervision Ratings (Bank projects only)		Amount
		Implementation Progress (IP)	Development Objective (DO)	
IBRD	Port of Nouakchott Development Project (P108554)	Under preparation	under preparation	\$50,000,000
IDA	TSIDTAP (P089672)	MS	MS	\$4,500,000
EU	Support to transport sector reforms	S	N/A	□10,000,000
AfDB/OPEC/SFN/EU/GoM	Rosso Boghé road construction	N/A	N/A	\$151,000,000
EU	Kaedi - Gouraye	N/A	N/A	□66,000,000
AFESD	Kiffa-Tintane road rehabilitation	N/A	N/A	\$63,000,000
EU (EOI)	Kseir torchane/Choum road construction	N/A	N/A	\$25,000,000

Annex 3: Risk Identification Worksheet
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Table 1: Risk Identification Worksheet

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
I. Country and/or Sub-National Level Risk^s				
Macroeconomic Framework	The global economic downturn and the domestic political crisis have led to a deterioration of macroeconomic conditions. The last joint IMF-World Bank low-income country debt sustainability in 2006 indicates that Mauritania is at moderate risk of debt distress as all critical external and fiscal ratios remain below the relevant thresholds. However, debt sustainability depends on the resolution of arrears with a number of bilateral creditors (Algeria, Iraq, Kuwait, Libya, and the United Arab Emirates), amounting to US\$1.3 billion at end-2005, or 46 percent of Mauritania's total external debt. CPIA rating for 2008 is 3.3 (thereof: Macroeconomic Management: 3.5, and Economic Management: 3.3).	Substantial	Continued access to concessional borrowing from IDA; Bank projects ensure that borrowing is strategic. The authorities have requested reengagement with the IMF through a new Extended Credit Facility (ECF) arrangement. The Poverty Reduction Growth Facility arrangement with the IMF was suspended in October 2008 after the third review was completed in May 2008. The ECF for 2010–12 which is expected to be discussed at the IMF board in February 2010 will focus on: (i) fiscal consolidation to create more fiscal space for social and infrastructure spending and strengthening social safety nets; (ii) further enhancing the monetary policy framework to maintain low inflation and rebuild reserves to prudent levels; and (iii) deepening the financial sector to promote a broad-based private sector led-growth.	Moderate
Country Engagement with World Bank	Mauritania has always honored its commitments vis-à-vis the World Bank, when the World Bank was not processing withdrawal applications in accordance with OP7.30 (dealing with de facto Governments).	Low	Renewed dialogue between Government and the Bank and implementation of existing portfolio has resumed.	Low
Country Governance	Poor governance has undermined the integrity of decision-making and the efficiency and transparency of public financial management. It is associated with a weak rule of law, an inadequate legal framework, and a judicial	High	The Bank program is contributing to improving governance in all sectors including natural resources, public administration and the judicial system. It is supporting the Government in improving public systems	Substantial

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
	system that lacks independence.		reform, public finance management, strengthening monitoring and evaluation capacity and harmonizing donor support to capacity development.	
Systemic Corruption	Corruption is still considered a problem in Mauritania. The economy is still dominated by oligopolistic interests. Influential groups have in the past resisted measures geared at stimulating competition (notably in the financial sector), resulting in a slow-down of the reform process. Transparency International Corruption Perception Index ranks Mauritania in the bottom third of the countries considered (130th out of 180).	High	The draft National Anti-Corruption Strategy (NACS) prepared three years ago was completed and accompanied by an action plan. It is still under validation by the parliament. Mauritania ratified the UN and African Union's anti-corruption conventions, joined the Extractive Industries Transparency Initiative (EITI), issued a public sector ethics code, and adopted a decree for declaration of assets for high-level civil servants. An Anti-Corruption Commission was established in December 2007. The new Government recently submitted a National Anti-Corruption Action Plan 2010-2012 to the Bank for comments. Those documents define an ambitious program of reform in matters of governance, including fundamental changes in the justice sector.	Substantial
Other (for example security risks, political/election risks, country engagement with other MDBs/donors, social and environmental risks at the country level)	While crime rates are among the lowest in the sub-region, the recent series of attacks attributed to Al Qaida in the Maghreb (attacks against Mauritanian army, killing of the US citizen working for an NGO, attack on the French Embassy, kidnapping of three Spanish citizens and two Italian tourists) are raising concern among businesses, and affecting tourism. Social characteristics hamper equitable growth and could cause tensions. A diverse ethnic mix of Moors and Black African Mauritians characterizes the social and political landscape. Elite capture continues to hamper equal opportunities to employment.	Substantial	The presidential election in July 2009 enabled Mauritania's return to constitutional order. The international community has resumed assistance to Mauritania. The new Government seems committed to greater transparency and justice is considered a core reform area. The Government is also further addressing the issue of inequality by establishing a skills-based human resource management system in the public administration. The Bank is assisting the Government in developing better access to health and education and equitable and sustainable development.	Moderate

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
II. Operation-specific Risks				
Technical/Design	No sensitive technical issues will be raised by the project, as civil works will only include classic paved road rehabilitation without changes in the itinerary.	Moderate	N/A	Moderate
	The Government has a long history of discontinued support to the preservation of road assets and maintenance	Substantial	The Bank, as well as, other donors, maintain permanent dialogue with the Government on that issue through the Coordination Committee. This dialogue is done under the leadership of the European Union, and several covenants have been agreed upon: <ul style="list-style-type: none"> - a dated action plan for the implementation of the conclusions of the road fund study - a dated action plan for the modernization of the road maintenance operations, including the reorganization of ENER. - the secure of a routine maintenance budget for the corridor for 2011-2015 period. 	Moderate
Financial management	<u>Inherent Financial Management:</u> Funds may not be used in an efficient and economical way and exclusively for purposes intended due to poor governance.	Substantial	The DEPC, consisting of appropriately qualified and experienced staff set up during the TSIDTAP, may reduce this risk. An adequate administrative, accounting and financial management manual will guide activities and provide safeguard over assets. The number of contracts to be funded as part of the ACGF is very limited, so control can concentrate on few operations.	Moderate
	<u>Financial Reporting</u> Delays in the submission of agreed IFRs and annual project financial statements.	Substantial	The same IFRs format and content as what has been decided for TSIDTAP will be used	Moderate
	<u>External Audits</u>	Substantial	Qualified independent external auditors will be	Moderate

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
	Supreme Audit Institution has limited capacity. Quality of the project audit reports may not be acceptable.		appointed by the government for all transport projects.	
Procurement	Little WB procurement has been undertaken by the Ministry of Civil Works and Transport for many years, but activities of the TSIDTAP Project Preparation Facility have been satisfactorily undertaken by the implementing entity, whose head is familiar with WB procurement guidelines.	High	A procurement specialist and a procurement assistant were recruited under other projects. Project governance will be established through strict implementation scheme and procedures. The number of contracts under the ACGF is limited and all operations will be subject to prior review by IDA.	Substantial
Social and environmental safeguards	-The project involves the widening of the current road between Nouakchott and Rosso, which triggers the BP/OP 4.01 on environmental assessment. - Resettlement issues are anticipated and OP 4.12 is triggered. Land, mostly consisting of small fields, may need to be acquired, either on a permanent or on a temporary basis, and owners of these fields will therefore need to be resettled or compensated.	Substantial	-An environmental and social impact assessment (ESIA), as well as, an environmental and social management plan (ESMP), have been carried out and were found satisfactory to the Bank. - An Abbreviated Resettlement Action Plan (ARAP) was carried out, reviewed and published in-country on 03/29/2010 and at the Infoshop on 04/02/2010.	Moderate
Other	<u>Donor coordination</u> : the Bank is already involved in a joint program with the EU in the Mauritanian transport sector through TSIDTAP. There could be some issues linked to the differences between the two donors in terms of policies or processing.	Moderate	A permanent dialogue has already been established between the Bank and the EU in the Mauritanian transport sector, and the EU has confirmed that civil works supervision will begin in due course while civil works are procured under the ACGF. A coordination Committee under government leadership is set up to bring the different actors together.	Low
	<u>Cost escalation</u> : Some of the investment activities that will be carried out by the project present risks of cost overruns because their overall cost can be affected by the fall of the dollar, the current volatility of the local currency or the occurrence of raw material shortages (common in	Substantial	Costs were revalued in 2008. The bidding process will be closely monitored, both by the local team and by the Bank's task team.	Substantial

<i>Risk factors</i>	<i>Description of risk</i>	<i>Rating^a of risk</i>	<i>Mitigation measures</i>	<i>Rating of residual risk</i>
	Mauritania).			
	Lack of overall funding: the US\$200 million for the rehabilitation of the corridors to Senegal and Mali may not be sufficient	Moderate	The EU has already committed to finance a large part of the Nouakchott-Rosso corridor. Works for Kiffa Tintane under AFSED's financing have already started and the budget for this road is now secured. The outstanding balance to be taken by the government is consistent with the government's revenue.	low
III. Overall Risk				
		Substantial		moderate
^a Rating of risks on a four-point scale – High, Substantial, Moderate, Low – according to the likelihood of occurrence and magnitude of potential adverse impact.				

Annex 4: Results Framework and Monitoring
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Table 1: Results Framework for the Road Corridor ACGF Project

PDO	Outcome Indicators	Use of Outcome Information
Reduce physical barriers to road transport along the corridor from Nouakchott to Rosso.	<p>Reduced operating costs ③ <i>Vehicle operating cost.</i></p> <p>Reduced travel time ③ <i>Average travel time between Nouakchott and Rosso</i></p>	To assess the impact of improved road condition on the physical access of rural population to markets and services.
Intermediate Results	Results Indicators for Each Component	Use of Results Monitoring
<p>Improvement of road conditions between Nouakchott and Rosso</p> <p>Improvement on local employment</p>	<ul style="list-style-type: none"> • Number of km of roads reconstructed/rehabilitated under the project • Roads in good and fair condition as a share of the total classified roads in the project area⁶ • Direct Project beneficiaries (of which female) • Indirect Project beneficiaries (of which female) 	<p>To ensure that the civil works are completed</p> <p>To assess the impact of the project on local economy</p>

Table 2: Other Indicators to be Tracked by the Project as per Africa Catalytic Growth Fund Requirements

Project Goal ⁷	Indicator	Target
A: Contribute to the development of trade between Mauritania and Senegal	<p>Trade volume between the two countries (in US\$ million)</p> <p>Mauritanian GDP growth</p> <p>Average Daily Traffic between Nouakchott and Rosso</p>	To assess the impact of the rehabilitated corridor on the Mauritanian economy, through an increase in trade with Senegal
B: Contribute to local economic development in Mauritanian southwestern remote areas	<p>Number of jobs directly created by the civil works</p> <p>Long-term employment rate in the concerned areas</p> <p>GDP Increase in regions crossed by the Nouakchott-Rosso corridor⁸</p>	To assess the impact of the rehabilitated corridor on the economy of areas along the corridor funded by the Project

⁶ In the project area, the total classified roads compass only the Nouakchott-Rosso Corridor, which is 192 km long.

⁷ Project goals are the objectives of the overall partnership program of the Africa Catalytic Growth Fund, and not something to which this project will be measured in terms of achieving the objectives.

⁸ The regions are Ouad Naga, Mederdra, Rosso, R'kiz and Keur Macène.

Arrangements for results monitoring

1. No World Bank group financed project has been undertaken in ten years in the transport sector in Mauritania. The capacity to derive the necessary information in order to monitor and evaluate the results of the project is likely to be weak. Data may be missing or unreliable.
2. Thus, the Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP) supports the development and the joint implementation, together with the government, of a common portfolio monitoring and performance measurement process. This tool will be included in an online system, in which data are supposed to be filled in by implementing agencies which should reinforce the monitoring and evaluation (M&E) strength and ownership of the government.
3. As the Directorate of Studies, Planning and Cooperation (DEPC) has the mandate to collect and monitor sector performance, it will undertake the M&E oversight of the project. This mission falls into its overall coordination role and there will be no M&E budget issue, because the M&E specific tasks will be carried out within the framework of DEPC's regular activities. However, the project implementation manual of the TSIDTAP will be modified to incorporate data collection mechanisms, especially in relation to what is not necessarily collected by the Ministry of Public Works and Transport (MET) such as trade data. Travel time on selected road sections will be measured twice during the project life by the supervision engineer or the Directorate of Transport Infrastructure (DIT). A consultant will also be recruited to monitor and evaluate the project impacts on local development, especially on employment.
4. A technical audit will be carried out every six months to evaluate and monitor the quality of the works carried out. A financial audit, funded by the TSIDTAP, will also be carried out yearly.

Table 3: Results Chain for Results Monitoring

Activity	Outputs	Intermediary Outcomes/Indicators	Outcomes/Indicators
Rehabilitation of the road between Nouakchott and Rosso	192 km of road rehabilitated under the project	<p>Increased length of road rehabilitated under the project</p> <p>Number of km of road reconstructed under the project</p>	<p>Reduced operating costs</p> <p>Annual vehicle operating cost</p> <p>Reduced travel time</p> <p>Average travel time between Nouakchott and Rosso</p>

Table 4: Arrangements for Results Monitoring

IDA related indicators	Baseline 2008 ⁹	Target Values				Data Collection and Reporting		
		YR1	YR2	YR3	YR4	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Direct Project Beneficiaries ¹⁰ (of which female)	0 (0)	10,000 (5,000)	20,000 (11,000)	60,000 (32,000)	120,000 (65,000) ¹¹	End of Project	Survey reports	DEPC
Indirect Project Beneficiaries ¹² (of which female)	0 (0)	50 (0)	100 (0)	150 (0)	200 (0)	Six-month	Survey reports	DEPC+supervision consultant
Project Outcome Indicators								
Annual vehicle operating cost (percentage of reduction)	\$21,523,000 (0%)	\$20,576,000 (4%)	\$18,918,000 (12%)	\$17,024,000 (21%)	\$16,787,000 (22%)	End of Project	Survey reports	DIT
Average travel time between Nouakchott and Rosso (percentage of reduction)	150 min (0%)	150 min (0%)	150 min (0%)	140 min (7%)	120 min (20%)	End of Project Mid-term project	Survey reports of private investors	DIT
Intermediate Outcome Indicators								
Number of km of roads reconstructed/rehabilitated under the project	0 km	5 km	70 km	140 km	192 km	Monthly	Reports	DIT
Roads in good and fair condition as a share of the total classified roads in the project area (percentage)	0%	2%	36%	73%	100%	Monthly	Reports	DIT

⁹ The data available as baselines were collected in 2008 before the august 2008 political crisis. These baselines stay relevant.

¹⁰ Concerning the number of direct and indirect beneficiaries, the target values could be reevaluated during the mid-term review

¹¹ The direct beneficiaries are the population right along the road corridor, namely the inhabitants of the following areas: Ouad Naja, Mederdra and Rosso

¹² The indirect beneficiaries will be the local workers hired for the second lot civil works

Table 5: Indicators to be Tracked by the Project for the Overall Partnership Program of the Africa Catalytic Growth Fund

Project Goals – ACGF related indicators	Baseline 2008	YR1	YR2	YR3	YR4	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Trade volume between Mauritania and Senegal (in US\$ million)	26.6					Annually	Reports	Mauritanian Custom
Mauritanian GDP growth	3.7%					Annually	Reports	Ministry of Economic Affairs and Development
Number of jobs directly created by the civil works ¹³	0	50	100	150	200	six-month	Survey reports	DEPC+supervision consultant
Long-term unemployment rate in the concerned areas ¹⁴	22.5%					Annually after the End of Project	Reports	Ministry of Employment, Professional Training
GDP increase in regions crossed by the Nouakchott-Rosso corridor ¹⁵	4.1% ¹⁶					Annually	Reports	Ministry of Economic Affairs and Development
Average daily traffic between Nouakchott and Rosso	1619 ¹⁷					Six-month	Survey reports	DEPC+supervision consultant

¹³ Same as the IDA-core indicator related to indirect beneficiaries in the result framework

¹⁴ The baseline of the indicator “Long-term unemployed rate in the concerned areas” was calculated in 2004

¹⁵ The regions are Ould Naga, Mederdra, Rosso, R’kiz and Keur Macène

¹⁶ Assumed to be equal to the non-oil real GDP growth, with regards to the local economy pattern

¹⁷ Traffic count campaign funded by the EU carried out between May, 14 and May 21, 2008

Annex 5: Detailed Project Description
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Project Context

1. The proposed road (Nouakchott-Rosso) is part of the core road network and is classified as a National Road. This road passes through over 60 rural district capitals and villages, and links Nouakchott to the southern part of Mauritania and towards Senegal.

2. To complement the Nouakchott-Nouadhibou construction, a large road investment program, totaling an amount of about MRO77.57 billion (about US\$287 million equivalent) was implemented from 2001 to 2004 over the whole road network. It covered 1,500 km and the scope ranged from road maintenance to road rehabilitation and extension. This included rehabilitation of many sections of the Nouakchott-Nema road (*Route de l'Espoir*), the construction of the Mauritanian section of Aioun (Mauritania)-Niuro (Mali), Rosso-Boghé, and Kaedi-Gouraye. At the same time MRO2 billion (about US\$740,000 equivalent) was dedicated to the rehabilitation of urban roads in Nouakchott.

3. This program was supported by the key development partners in the transport sector in Mauritania which are: the European Union (EU), the Islamic Development Bank (IDB), the Arab Fund for Economic and Social Development (AFESD), and the African Development Bank (AfDB). The EU contributed about MRO36.57 billion (US\$135.4 million equivalent) to the program while the AFESD (in co-financing with the Organization of Petroleum Exporting Countries (OPEC) and the Government of Mauritania (GoM)) about MRO21.75 billion (US\$ 80.5 million equivalent), IDB (in co-financing with OPEC and GoM) about MRO5.521 billion (US\$ 20.4 million equivalent), AfDB about US\$14 million and GoM about MRO7.925 billion (US\$29.4 million equivalent).

4. After the end of this first program the GoM and donors prepared a new program covering the 2007-2015 period. The implementation of this second program was slightly delayed due to the political unrest, and started only in 2009. The objective of this program is to rehabilitate the two major inter and intra regional surface corridors towards Senegal (Nouakchott-Rosso) and Mali (Nouakchott- Niuro du Sahel).

5. The corridor towards Mali is broken down into the following sections:

- Nouakchott-Boutimilit (152 km): section in good condition, and no rehabilitation needed for at least the next five years if appropriate maintenance is carried out.
- Boutimilit-Aleg (103 km): rehabilitation needed, and will be funded by Abu Dhabi Funds for an amount of US\$46.4 million;
- Aleg-Kiffa (330 km): section in good condition, no rehabilitation needed for at least the next five years if appropriate maintenance is carried out ;
- Kiffa-Tintane (140 km): rehabilitation needed, and will be funded by AFESD for an amount of US\$56 million together with complementary funding from GoM;
- Tintane-Aioun (60 km): rehabilitation needed, a technical study has been undertaken, under AFESD funding (the estimated rehabilitation cost is US\$20 million); and

- Aioun-Nioro du Sahel (Mali) (190 km): section in fair condition, no rehabilitation needed yet.

6. The rehabilitation of the corridor towards Senegal (192 km) would cost US\$90.8 million. The EU has already secured €46 million, and the ACGF, together with the GoM will provide complementary financing. See summary of the project costs below:

Table 1: Summary of the other Corridors Conditions and Costs are as follows

Section	Length (km)	Cost (million US\$)	Funding Secured	Funds still to be Secured	Comments
Rosso-Nouakchott	192	90.8	61.3 (FED-equivalent of Euro46 million) + 20.0 (ACGF) + 9.5 (GoM)	N/A	
Nouakchott-Boutilimit	152	N/A	N/A	N/A	Good condition-routine maintenance
Boutilimit-Aleg	102	46.4	46.4	N/A	Abu Dhabi Funds
Aleg-Kiffa	410	N/A	N/A	N/A	Good condition-routine maintenance
Kiffa-Tintane	140	56.0	56.0	0	AFSED-works started
Tintane-Aioun	60	20.0	0	Technical studies being funded by AFESD	Commitment in principle from AFESD
Aioun-Nioro du Sahel (Mali)		N/A	N/A	N/A	Fair condition-routine maintenance

Project description

7. The proposed project is expected to: (i) fund the: upgrading of the Nouakchott-Rosso road to reach the standards of a paved road with a 20 year pavement life in order to improve road safety and transport services quality; and (iii) secure the routine maintenance. The road will be widened to 7 m from its current width of 6 m with 1.50 m paved shoulders on both sides to take into account traffic growth and vehicle standards evolution. The planned works include

widening of existing bridges, construction of culverts and safety measures such as pavement markings, pedestrian crossings, etc.

Civil works

8. The works will be divided into three sections, with different characteristics for each of them.

Section 1: Nouakchott – Tiguent (PK 0 – PK 95). The existing pavement will be scarified/removed, recycled and incorporated into the road base so as to create the new sub base (20cm thick). A new 12 cm-thick asphaltic base will be used, as well as, a 6cm-thick asphaltic concrete wearing course.

Section 2: Tiguent - Mballal (PK 95 - PK 122). Localized rehabilitation works will be conducted. An 8 cm-thick asphaltic base will be used, as well as, a 6 cm-thick asphaltic concrete wearing course.

Section 3: Mballal - Rosso (PK 122 – 192, including the Bombri-Rosso section financed under ACGF and GoM funding). The sand-concrete road base will be kept as a new sub base. The existing wearing course will be removed. A 12cm-thick gravel-bitumen road base will then be set up, as well as, a 6cm-thick asphalt concrete wearing course. The coating leveling will be done so as to save as much quality material as possible, which could be used for the road widening.

9. The total amount of the estimate, including the work physical and financial contingencies, amount to US\$90.8 million. The exchange rate of MRO 270 per US Dollars has been adopted. The cost per km for road reconstruction adds up to US\$450,000 on average.

Consulting services

10. *Supervision of the works:* the consultant will be responsible for quality control, including monitoring of technical standards' compliance and financial reporting, and will be funded by the EU. It will also monitor the implementation of the ESMP by the contractor.

11. *Implementation of the Environmental and social management plan:* The consultant or the NGO will monitor, evaluate and support the overall implementation of the ESMP, and notably the establishment of a Human Immunodeficiency Virus / Acquired Immune-deficiency Syndrome (HIV/AIDS) awareness program and public information sessions. The consultant would also provide a summary of the implementation of the abbreviated resettlement plan.

12. *Monitoring and evaluation of the project impact on local development.* The consultant will carry out a study, including a methodology and a framework to capture/monitor and evaluate the local impact of the project on growth and unemployment. A specific emphasis could be made on gender issues, local impacts with regard to markets' access and access to schools and health centers. This activity will be funded by the ACGF funds.

13. *Communication:* All actions relative to communication judged necessary for the acceptance of the project (including media coverage) will be funded by the EU.

Annex 6: Project Costs
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Table 1: Summary of Project Costs by Component (in US\$)

	Local	Foreign	Total
Physical works (first lot)	0	52,700,000	52,700,000
Physical works (second lot)	6,550,000	19,530,000	26,080,000
Works supervision	0	3,500,000	3,500,000
ESMP implementation	50,000	150,000	200,000
Project impact M&E	50,000	150,000	200,000
Resettlement compensations	120,000	0	120,000
Technical audit	30,000	220,000	250,000
Other activities*	100,000	550,000	650,000
Contingencies	900,000	6,400,000	7,100,000
Total	7,800,000	83,000,000	90,800,000

* including communication activities and operating costs

Table 2: ACGF funded costs

Activity	US\$
Civil Works	19,400,000
<i>Rehabilitation of the Bombri-Rosso section: 50km</i>	<i>19,400,000</i>
Consulting services	400,000
<i>ESMP and ARAP implementation</i>	<i>200,000</i>
<i>Project impact on local development M&E</i>	<i>200,000</i>
Other Activities	200,000
<i>Technical audit</i>	<i>100,000</i>
<i>Operating costs¹⁸</i>	<i>100,000</i>
TOTAL	20,000,000

¹⁸ The operating costs of the Project, as well as the financial Audit, will be financed by the TSIDTAP Project, as it will provide technical, operational and material assistance to the coordination of the two Projects, the DEPC. However, as the TSIDTAP Project could be closed before the Nouakchott-Rosso Corridor Project, an amount of 100,000 \$US for the remaining operating costs is forecast.

Annex 7: Implementation Arrangements

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

1. The Ministry of Civil Works and Transport (MET) will bear the overall responsibility for coordinating all the activities within the project. The framework for coordination, implementation, and reporting will be formalized as follows.
2. The Directorate of Studies, Planning, and Cooperation (DEPC) of MET will be mandated to coordinate the project. The rationale for choosing DEPC lies in its current responsibilities, as it is already managing the TSIDTAP and coordinating the current European Union (EU) and Bank-financed sector studies. Supervision of activities has until now proved satisfactory. The directorate is a recent creation, and it lacks some skills required to deal with the implementation of a complete project. However, the TSIDTAP project will provide technical, operational, and material assistance to the DEPC to coordinate project implementation activities, which should tackle this issue. In this regard, two procurement specialists and one accountant are recruited to reinforce the DEPC project coordination unit, which assumes the overall project planning (the financial management specialist was already recruited as part of the Project Preparation Facility (PPF) activities). DEPC will report, in formats to be established and agreed upon in accordance with procurement, financial management (FM) and disbursement arrangements agreed upon between the World Bank and the government of Mauritania (GoM).
3. Works related activities for each component will be managed by the Directorate of Transport Infrastructure (DIT), another directorate within the MET. DIT capacities have been assessed during the pre-appraisal mission, and the staff in charge of the proposed project has the appropriate technical qualifications.
4. In order to ensure coordination between all actors, namely the Directorate of Transport Infrastructure (DIT), the DEPC, the Ministry of Development and Economic Affairs' Directorate of Financing and Evaluation, the Ministry of Environment Representative, the EU and the World Bank (as observers), a coordination committee is set up by the Government of Mauritania. This committee will monitor the implementation of the overall project, and share the information about the project advancement.

Responsibilities

5. Fiduciary responsibilities (financial management and procurement) will be centralized in DEPC, while technical implementation responsibilities will remain with the DIT. Monitoring and evaluation (M&E) of technical activities will be carried out by DEPC, based on data collected from the DIT and external technical audit. This will also help strengthen DEPC's mandate of sector coordination. However, the Ministry of Environment should designate a Representative (Focal Point), who will carry out the technical oversight of the implementation and the monitoring of the Environmental and Social Management Plan (ESMP), particularly the supervision of the consultant or a

nongovernmental organization (NGO) to be recruited for the monitoring of the ESMP and of the project’s larger environmental and social impacts.

6. A summary of responsibilities can be found in the following table:

Table 1: Summary of Responsibilities

Activity	DEPC	DIT	MET	DFE
Design of the project scope and activities	X	X		
Costing of activities		X		
Implementation program	X			
Procurement: technical specifications/ToRs		X		
Procurement: bidding documents	X			
Procurement: EOI/IFB issuance	X			
Procurement: evaluation of bids/proposals	X	X (participation to bid analysis)		
Contract signing			X	
Technical control and technical certification of activities		X		
Payment requests				X

7. The project framework can be summarized as follows:



8. The project implementation manual prepared by DEPC for the TSIDTAP will be amended by the addition of a chapter aimed at tackling the specificities of the Africa Catalytic Growth Fund (ACGF) funded activities.

Project Governance Oversight

9. Internal controls for the project will be carried out on fiduciary aspects by the inspector general of the MET, following governance arrangements already agreed upon during the negotiations of the Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP).
10. Otherwise, the MET secretary general will be required to provide the overall governance oversight for the project, by identifying the risks associated with project activities, as well as, major contracts award and deliverables quality. The secretary general will be more specifically required to produce a semester progress report summarizing governance issues, independently from the implementing agencies. The secretary general may be assisted in this task by the inspector general or any other expert acceptable to the Bank.
11. In order to ensure that civil works are carried out properly, a technical audit will be carried out every six months to evaluate and monitor the quality of the civil works.

Annex 8: Financial Management and Disbursement Arrangements

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

A. Summary of Financial Management Assessment

Implementing Entity

1. The project will be coordinated by the Directorate of Studies, Planning, and Cooperation (DEPC) under the Ministry of Public Works and Transport (MET). DEPC is already managing TSIDTAP project, as well as, the Project Preparation Facility (PPF) for the Port project, and coordinating all donor-funded studies. The financial management (FM) unit of DEPC will be responsible for FM aspects and will coordinate project accounting, maintain overall records, and manage disbursements for the project. The implementing agency, the Directorate of Transport Infrastructure (DIT), will only have technical responsibilities. It will not have financial management responsibility.

Staffing and Transaction Recording

2. The project will be one of the first project executed under MET's authority using World Bank standards, but DEPC coordination unit is staffed with a qualified and experienced financial management specialist who has already implemented Bank-financed projects. To reinforce the internal control system, the coordination unit will rely on the MET's inspector general and financial controller to control, on a regular basis, project-operational activities.

3. The DEPC already has accounting software that allows proper recording of project financial transactions. A project chart of accounts will be customized for the Africa Catalytic Growth Fund (ACGF).

4. Adequate administrative, accounting, and FM procedures have been required as part of the Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP) Implementation Manual to guide activities and provide safeguard over assets. An accountant function is also required through the TSIDTAP funding to ensure an appropriate segregation of duties with the FM specialist.

Conclusion of the Financial Management Assessment

5. The Public Expenditure and Financial Accountability (PEFA) Report of March 2008 shows that the Government of Mauritania (GoM) has made progress in improving its Public Financial Management Systems since the last Country Financial Accountability Assessment (CFAA) undertaken in 2002. Various improvements have recently been implemented to strengthen the credibility of the budget in terms of: (i) aggregate revenue out-turn compared to original approved budget, (ii) multi-year perspective in fiscal planning and public expenditure policy, (iii)

transparency of taxpayer obligations and liabilities, and (iv) monitoring and management of cash balances, debt, and guarantees. The fiduciary risks associated with poor budget formulation and budget preparation processes have been reduced.

6. However, several risks remain in terms of: (i) comprehensiveness of information included in budget documentation, (ii) effectiveness in collection of tax payments and custom duties, (iii) effectiveness of internal audit, (iv) quality and timeliness of in-year budget reports and annual financial statements and (v) effectiveness of external audit and legislative scrutiny of the annual budget law.

7. The Public Financial Management System does not provide sufficient reasonable assurance that funds are being used for their intended purpose. The risk of waste, diversion, and misuse of funds was assessed as partially high. As the CFAA recommendations on financial accountability reforms have not been fully implemented yet, the country risk is still assessed as partially high.

8. However, the GoM has prepared a public financial management reforms program to address the weaknesses in its Public Financial Management System. The reform program is supported by some development partners including the World Bank through the Public Sector Capacity Building Project (PRECASP). With various measures taken at government level to mitigate these risks, the project risk from a financial management perspective is assessed as substantial prior to risk mitigating measures implementation.

Risk Assessment and Mitigation Measures

9. FM arrangements were designed to ensure that funds are used for the purpose intended, timely information is produced for project management and government oversight, and to facilitate the compliance with Bank fiduciary requirements.

10. The main inherent and control risks and mitigating measures taken as part of this specific project are tabulated below.

Table 1: Risk Assessment and Mitigation Measures

Risk	Risk Rating	Risk-Mitigation Measure	Residual Risk
Overall Inherent Risk	S		M
Inherent Financial Management Risks			
Country Level Funds may not be used in an efficient and economical way and exclusively for purposes intended due to poor governance.	S	The team comprises appropriately qualified and experienced staff, which may reduce this risk	M

Risk	Risk Rating	Risk-Mitigation Measure	Residual Risk
Entity & Program Level Less experience of WB-executed projects in MET, resulting in delay in the project preparation.	M	The TSIDTAP will provide training to strengthen FM capacity of the DEPC, implementing agency of this project, as well as, the Nouakchott Port's PPF.	M
Financial Management Control Risks:	S		M
• Budgeting Lack of quality and timeliness of budget reports	M	Few activities in the project, which are already planned and well-described in the project document	L
• Accounting Delays in accounting and producing financial statements	M	The project FM team's capacity will be strengthened on a continuous basis through appropriate training	L
• Flow of funds Delays due to bank foreign transfers	M	The risk will be mitigated through close monitoring by the project financial management specialist (FMS), shared with the TSIDTAP	L
• Financial Reporting Delays in the submission of agreed IFRs and annual project financial statements	S	Agreement was reached to use the IFRs format for TSIDTAP	M
• External Audits Supreme audit institution has limited capacity. Quality of the project audit reports unacceptable	S	Qualified independent external auditors will be appointed by DEPC before June 30, 2010	M
OVERALL RISK ASSESSMENT	S		M
H = High S = Substantial M = Moderate L = Low			

11. The project residual risk from an FM perspective is assessed as moderate provided that risk-mitigating measures are implemented as indicated in the risk assessment table above.

Strength and Weaknesses

12. The DEPC has a qualified financial management specialist who supervises the financial and accounting function. Nevertheless, the financial unit has weak reporting capacity with regard to the Bank's procedures by lack of experience.

Information Systems

13. A project-specific FM system has been established within the DEPC and is able to handle multiple projects separately, and the software was modified to that effect during project preparation. The project chart of accounts will accommodate the proposed project to capture sources and uses of funds, assets, and liabilities in sufficient detail. The system

should also integrate budgeting, operating, and accounting applications to facilitate monitoring and reporting.

Accounting Policies and Procedures

14. Project accounts (both the counterpart funding and the designated account) will be maintained on an appropriate basis, augmented with appropriate records and procedures to track commitments and to safeguard assets. The chart of accounts will facilitate the preparation of relevant quarterly and annual financial statements, including: (i) project expenditures; and (ii) total expenditures on each component/activity.
15. All accounting and control procedures will be documented in the Project Implementation Manual developed for all transport sector projects (which includes administrative, accounting, and financial procedures), a document that will be updated by the project's coordination team on a regular basis.

Internal Controls and Audits

16. MET's inspector general will carry out the internal auditor function with terms of reference (ToRs) acceptable to the International Development Association (IDA). The internal controller will ensure continuous adequacy in conformity with the project's procedures and other due process. The internal auditor will report directly to the Minister, MET.

External Audits

17. An independent audit firm will carry out external audits. A single opinion on the project financial statements in compliance with International Standards on Auditing (ISA) will be required. The auditor will be appointed to audit both the TSIDTAP and the proposed project. It was agreed that the contract of the already recruited auditor of TSIDTAP could be amended provided the outcomes of the projects first audit mission is satisfactory. Otherwise a new auditor will be recruited within 3 months after effectiveness.
18. In addition to the audit reports, the external auditors will submit a management letter giving observations and comments, and providing recommendations for improvements in budgeting, accounting records, information systems, controls, and compliance with financial covenants.

Disbursements and Flow of Funds

Table 2: Table of Yearly Disbursements

Estimated Disbursements (ACGF Grant - Bank FY/US\$ millions)				
FY	11	12	13	14
Annual	4.00	7.00	8.00	1.00
Cumulative	4.00	11.00	19.00	20.00

Table 3: Credit Disbursement per Category and Percentage of Expenditures

Category	Amount of credit allocated (expressed in US\$)	% of expenditures ACGF financed
(1) Works under Part 1.B of the Project	19,400,000	90% Taxes included
(2) Consultants' services (ESMP implementation and monitoring and evaluation of the project impacts, technical audits, operating costs)	600,000	100% Taxes included
TOTAL	20,000,000	

19. Funds will flow from the Bank grant account to the designated account to be opened and maintained by the DEPC for the purposes of this project. These funds will finance ACGF's share of expenditures related to the local costs associated with consultants. The expenditures will be incurred by the DEPC and the Implementing Agency (IA). The DEPC will process payment for eligible expenditures upon confirmation by the implementing agencies that the service has been successfully completed. Management of funds will not be decentralized to the DIT. The DEPC will submit a statement of expenses, and application requests for subsequent disbursements and replenishment of the designated account and supporting documentation will be kept and maintained by the DEPC for audit purposes and review by the Bank.

20. The major contract (civil works) will mostly be paid through direct payments.

Interim Unaudited Financial Reports (IFRs)

21. Quarterly IFRs to be produced will include sources and uses of funds by project components/activities. They will also include a comparison of budgeted and actual project expenditures to date and for the quarter.

22. Project management will produce the IFRs by no later than 45 days after the end of each quarter.

23. The project coordinating unit will produce annual financial statements, and these statements will comply with international accounting standards (IAS) and World Bank requirements. These financial statements¹⁹ will comprise :

¹⁹ It should be noted that the program financial statements should be inclusive and cover all sources and uses of funds and not only those provided through ACGF financing, but also all project activities, financing, and expenditures, from other development partners and contributions in kind such as labor and accommodation, irrespective of whether the program implementing agency controls the funds for a particular aspect of the program.

- (i) a *balance sheet* reflecting the assets, liabilities, and funding of the project based on the cash basis;
- (ii) a *statement of sources and uses of funds/cash receipts and payments*, which recognizes all cash, receipts, cash payments, and cash balances controlled by the entity for this project; and separately identifies payments by third parties on behalf of the entity;
- (iii) the *accounting policies adopted and explanatory notes*. The explanatory notes should be presented in a systematic manner with items on the balance sheet and statement of cash receipts and payments being cross-referenced to any related information in the notes. Examples of this information include:
- (iv) a *management assertion* that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

Disbursement Arrangements

- 24. A designated account (DA) in US\$ to be managed by DEPC will be opened in a commercial bank on terms and conditions acceptable to IDA for payment of eligible expenditures.
- 25. The DA will be managed according to the disbursement procedures described in the Project Implementation Manual and the disbursement letter. It will operate as follows:
 - (i) The ACGF will provide an advance that is equivalent to the financing for at least four months of activity. This amount will be deposited in the account held in American dollars with a commercial bank.
 - (ii) Project expenditures will be reimbursed by means of reimbursement applications either to the project account pre-financed by the counterpart funds or advances made by ACGF to the designated account on the basis of statement of expenditures. All invoices and other supporting documents for expenditures incurred will be retained at DEPC or implementing agencies.
 - (iii) All expenditures paid through the DA shall be approved by the project coordinator, who shall also co-sign the checks with the FM specialist.
- 26. The Recipient may upon mutual agreement by the government and the Bank request withdrawals from the credit account to be made on the basis of IFRs, to be submitted to the association in form and substance satisfactory to the Association. Until such time all disbursements will be transaction based as explained in the disbursement letter.

B. Next Steps

Action Plan and Covenants

- 27. The action plan to be implemented is tabulated below:

Table 4: Action Plan and Covenants

ACTION	Conditionality
The Recipient has paid an amount equivalent to US\$ 1,700,000 in the Project Account as initial deposit of its Counterpart Funds.	Effectiveness
The Recipient shall provide to the World Bank evidence in form and substance satisfactory to the World Bank that a routine maintenance budget for the maintenance of the core road network, which includes the Corridor as necessary, is secured in the Recipient's budget for 2011, 2012, 2013 and 2014, in each case no later than January 15 of the relevant year.	Dated covenant
No later than three (3) months after the Effective Date, the Recipient shall have amended the Project Implementation Manual in order to reflect specificities in the activities included in the Project.	Dated covenant

Financial Covenants

- 28. The Recipient shall maintain or cause to be maintained an FM system including records, accounts, and preparation of related financial statements in accordance with accounting standards acceptable to the Bank. The Recipient shall recruit the external auditor in terms and conditions acceptable to the Association which will be in charge of both the TSIDTAP and the Project before June 30, 2010. The financial statements will be audited in accordance with international auditing standards. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the project fiscal year.
- 29. The Recipient shall prepare and furnish to the association not later than 45 days after the end of each calendar quarter, IFRs for the project, in form and substance satisfactory to the association.
- 30. The Recipient will be compliant with all the rules and procedures required for withdrawals from the DA of DEPC.

Supervision Plan

- 31. Supervision activities will include: (i) review of quarterly IFRs; (ii) review of annual audited financial statements and management letter, as well as, timely follow up of issues arising; (iii) and participation in project supervision missions, as appropriate. The Bank financial management specialist (FMS) assigned to the project will play a key role in monitoring the timely implementation of the FM arrangements. In the first year after effectiveness, two on-site FM visits will be undertaken, and cover all WB project in the transport sector managed by DEPC. Subsequently, the intensity of on-site FM visits will

be based on the assessed FM risk for the project, i.e., if the risk rating remains moderate, there will be at least one on-site visit per annum.

Annex 9: Procurement Arrangements

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

A. General

1. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004 as revised as of October 1, 2006 and May 2010; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 as revised as of October 1, 2006 and May 2010, and the provisions stipulated in the financing agreement. The various items to be procured under each expenditure category are described in general below. For each contract to be financed by the Grant the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and timeframe are agreed between the Recipient and the Bank in the procurement plan. The procurement plan will be updated as required to reflect the actual project implementation needs and improvements in institutional capacity. When applicable, standard Bank bidding documents for goods and works and standard Bank requests for proposals for consultants, as well as, standard evaluation reports will be used during project implementation. Other bidding documents that do not follow Bank standards, including national bidding documents, may be accepted, provided that they are reviewed by the Bank before first use.

2. **National procurement system:** Procurement of public markets in Mauritania is ruled by the Public Markets Code, adopted through decree No. 2002-08 (February 12, 2002); this code is being updated with support from the Bank. More generally, national procedures in terms of procurement do not contradict Bank policies. No special mention is necessary in the financial agreement, as national legislation gives primacy to Bank rules and policies on national laws and policies.

3. The Country Procurement Assessment Review (CPAR) was carried out in March 1999 and updated in June 2002. It led to the identification of the main weaknesses in regulatory framework, in control, and in transparency, as well as, weaknesses in institutions and in procurement skills in the country, which has an impact on its absorption capacity. This review has identified several measures to mitigate these weaknesses.

4. The CPAR was updated in June 2002; crucial improvements were noticed but the report also identified persistent weaknesses in the institutional and regulatory framework, especially the lack of separation among functions, particularly regulation, control, allocation, and recourse, which are all overseen by the Central Tender Board, as well as, the lack of standard bidding documents and contracts and weaknesses in terms of human resources. This has led to an IDA support, which enabled: (i) the development of a new public markets code, with the set-up of a regulation autonomous agency and separation between incompatible functions (this code is about to be adopted); and (ii) the development of local training in procurement within the National Administration School.

5. **Procurement of works:** The project will involve one civil works contract, which will be subject to prior review and use an international bidding with a post qualification method.

6. As any of the remaining funds could be used for local road constructions, NCB processes, if necessary, may be adjusted to ensure that: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder qualification, and award criteria are specified clearly in the bidding documents; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidder provided the bidder is qualified; (v) eligible bidders, including foreign bidders, are not precluded from participating; and (vi) no preference margin is granted to domestic bidders.

7. **Procurement of goods:** In principle, no goods are to be procured under this project. Small articles and office supplies, if need be, as well as, small equipment and furniture available locally and whose estimated cost is less than US\$30,000 may be awarded through shopping, in accordance with the Bank's procurement guidelines (section 3.5).

8. **Procurement of non-consulting services:** If necessary, this will include training and capacity-building for staff working in several implementing agencies (IAs), and sensitization campaigns on road safety. For contracts estimated to cost the equivalent of US\$30,000 and above, NCB will be carried out. For contracts estimated to cost less than US\$30,000, shopping procedures may be used, in the same way as for the procurement of goods.

9. **Selection of consultants:** Activities needing selection of consultants include, but are not limited to the contract to supervise the implementation of the Environmental and Social Management Plan and the monitoring of the project impact on employment and growth. Consultants will generally be selected through quality- and cost-based selection (QCBS), but the technical auditor will be selected on the basis of Consultants' Qualifications (CQS) in accordance with the Bank guidelines. As a provision and should the case arise, the following methods may be used: (i) quality-based selection (QBS); (ii) single source selection (SSS); (iii) least-cost selection (LCS), which may be used for financial audits; and (iv) CQS. For the implementation of the Environmental and Social Management Plan (ESMP), the use of NGO is possible. In this case, the shortlist may be composed entirely by nongovernmental organizations (NGO), in accordance with paragraph 3.16 of the Bank's guidelines.

10. Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the consultant guidelines.

11. **Operating costs:** Operating costs financed by the project are incremental recurrent expenditures including office equipment and supplies, office rental, communications, vehicle-maintenance costs, fuel and spare parts, and travel expenses and per-diems, all needed for the supervision of the project. They will be procured according to shopping procedures, grouping together when possible and using shopping for repetitive goods and services. These procedures will be detailed in the Project Implementation Manual.

12. **Publication:** To generate as much interest as possible from eligible bidders, a general procurement notice will be prepared and published in UN Development Business (UNDB) online, Development Gateway's Market (dgMarket) for major consultants services, above US\$100,000 or equivalent, and in a widely circulating national newspaper for all consultants services for recruitment of firms and ICBs for which specific contracts will be awarded, in accordance with procurement guidelines. The Recipient will keep a list of received answers from potential bidders interested in the contracts.

13. Procurement procedures and standard bidding documents used for each kind of procurement, as well as, standard contracts for works, goods, and consultants, are detailed in the Project Implementation Manual, acceptable to IDA.

B. Assessment of the Agency's Capacity to Implement Procurement

14. A participatory procurement capacity assessment of the existing implementing agency (DEPC) was conducted for the Transport Sector Institutional Development and Technical Assistance Project (TSIDTAP) February 2008 and December 2009. The following point emerged from this assessment. The DEPC has gained extensive experience in International Development Association (IDA) and European Union (EU) procurement procedures through previous projects and Project Preparation Facility (PPF) of TSIDTAP. It handled satisfactorily the implementation of IDA PPF of TSIDTAP (US\$1.2 million). Some weaknesses and risks were identified during the assessment. A necessary mitigation action plan was agreed upon with the DEPC to be implemented before effectiveness and during the early implementation stage of the TSIDTAP.

15. The overall project risk for procurement is substantial given the country risk.

C. Procurement Plan

16. The Recipient, at appraisal, developed a procurement plan for project implementation that provides the basis for the procurement methods. This plan was agreed between the Recipient and the World Bank on May 18, 2010 and is available at the DEPC. It will also be available in the project's database and in the Bank's external web site. The procurement plan will be updated in agreement with the World Bank annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Fraud, Coercion, and corruption

17. All procuring entities, as well as, bidders, suppliers, and contractors would observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.15 & 1.16 of the Procurement Guidelines and paragraphs 1.25 & 1.26 of the Consultants Guidelines.

E. Frequency of Procurement Supervision

18. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the coordination unit (DEPC) has recommended supervision missions

every six months to visit the field to carry out post review of procurement actions. Estimated annual supervision cost: US\$80,000.

F. Details of the Procurement Arrangements Involving International Competition

Goods, Works, and Non-consulting Services

19. **Table 1: List of contract packages to be procured following ICB and direct contracting:**

Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior/Post)	Expected Bid-Opening Date
1	Nouakchott-Rosso Road (second lot)	26,080,000	ICB	Prior	September 2010

Consulting Services

20. **Table 2: List of main consulting assignments:**

Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior /Post)	Expected Proposals Submission Date
2	Monitoring and implementation of the ESMP	200,000	QCBS	Prior	October 2010
3	Monitoring and evaluation of project impacts	200,000	QCBS	Prior	October 2010
4	Technical audit for the second lot of Nouakchott-Rosso Corridor	100,000	CQS	Prior	October 2010

21. Consultancy services estimated to cost more than US\$100,000 (for firms) or US\$50,000 (for individuals) per contract and all single-source selection of consultants (firms) for assignments will be subject to prior review by the Bank.

22. Shortlists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the consultant guidelines.

23. Vocational trainings and workshops, both inside and outside the country, as well as, study travels will be implemented in compliance with an annual program approved by the World Bank; this program will precisely define their natures, the institutions in which they will take place,

their estimated costs, and the contents of their courses. Procedures relative to such trainings will also be defined in the Project Implementation Manual.

Annex 10: Economic and Financial Analysis

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

1. The detailed technical study carried out under European Union (EU) funding included an economic evaluation of the Nouakchott-Rosso road rehabilitation. The evaluation has been performed on a cost-benefits analysis basis, using the Highway Development Maintenance version 4 (HDM-4) model to compare the situation in which the project is carried out to the situation in which nothing is done. The analysis took into account a 24-year-long period for the project (2008-2032). The road has been divided into two sections: (i) Nouakchott-Tiguent (95 km) and (ii) Tiguent-Rosso (97 km).
2. The main principle of the study is to compare rehabilitation and maintenance costs with the main advantages resulting from the project, as following:
 - reduction in vehicle operating costs (VOC)
 - time savings coming from a decrease in travel times
 - residual value of the road and structures
3. The analysis was performed on a 24-year-long basis, with the following assumptions:
 - civil works will be carried out during the first two years of the project
 - the road will be opened to traffic the third year, and benefits will begin from that date
 - the discount rate has been chosen equal to 12 percent (classic value)
 - the value of time depends on the road users' socio-professional category. It varies between 160 MRO per hour and 3000 MRO per hour
 - economic costs are equal to 91.5 percent of financial costs (taxes account for 7 percent, and the remaining 1.5 percent of costs come from hiring unqualified local workers, who would otherwise be unemployed)
 - the residual value of the road and structures has been chosen equal to 20.7 percent of the costs of works for the first section, and to 20.8 percent for the second section

Costs and benefits summary

4. Costs, distinguished according to their categories, can be found in Annex 5. The overall costs for the project have been estimated to be US\$90.8 million, with a cost per kilometer of US\$450,000.

Traffic data

Table 1: Current values (number of vehicles per day, 2005 and 2008)

		Private vehicle	4W	Pick-up	Van	Bus	Small truck	Large truck	Lorry	Total
Section 1	2005	830	190	260	48	65	42	19	25	1479
	2008	1110	248	340	62	89	76	7	10	1941
	growth	34%	31%	30%	30%	37%	79%	-65 %	-62 %	31%
Section 2	2005	728	218	280	29	74	32	24	21	1406
	2008	994	198	258	37	68	49	5	6	1615
	growth	36%	-9%	-8 %	29%	-8%	55%	-79 %	-72%	15%

5. The evolution of the traffic during the last three years is characterized by a drop of the truck traffic and a 31 percent growth of the traffic in section 1.

Traffic estimates:

6. The following assumptions have been made to assess traffic from 2008 to 2032 (traffic growth per year). These assumptions are based on fuel consumption. They are conservative, as they do not take into account the traffic yields by the forthcoming bridge over the Senegal River, the completion of the Nouakchott-Nouadhibou section and the construction of the Rosso-Boghé section. Also the Port of Nouakchott development project is to be considered.

Table 2: Traffic Growth Rate Estimates

	2008-2011	2012-2016	2017-2032
Light vehicles	6%	11%	6%
Trucks	4%	5%	5%

7. Together with the assessment of induced traffic, this leads to the following values (number of vehicles per year and category). The induced traffic is in italics.

Table 3: Induced Traffic (number of vehicles per day)

First section

	Private vehicle	4W	Pick-up	Van	Bus	Small truck	Large truck	Lorry	Total
2008	1110	248	340	62	89	76	7	10	1941
2010	1247	279	382	70	100	82	7	10	2177
2015	2006	449	615	112	161	151	13	19	3527
2020	2811	629	862	158	225	194	17	25	4921
2025	3762	841	1154	211	301	248	22	31	6571
2030	5035	1126	1545	282	403	317	28	40	8775

Table 4: Induced Traffic (number of vehicles per day)*Second section*

	Private vehicle	4W	Pick-up	Van	Bus	Small truck	Large truck	Lorry	Total
2008	994	198	258	37	68	49	5	6	1614
2010	11	223	290	41	76	52	5	6	1811
2015	1796	359	467	67	123	103	10	13	2937
2020	2517	503	654	93	172	133	12	16	4101
2025	3369	673	875	125	231	170	16	21	5478
2030	4508	257	117	167	309	217	20	27	6675

Results

8. Results are summarized in the table below (prices are given in billions MRO):

Table 5: Internal Rate of Return

	IRR
Section 1	19.0%
Section 2	13.2%
Overall	16.1%

9. Sensitivity tests on the results of the economic analysis have been performed for two different scenarios:

- costs increase by 10 percent
- actual traffic growth per year is two percent less than estimated

10. The IRR resulting from these scenarios are given below:

Table 6: Internal Rate of Return

Section 1	Section 2	Overall
15.9%	9.4%	12.6%

11. The project would remain bankable even in the worst case. Besides, this economic analysis described above cannot take into account several advantages of the project, as the trade flow increase between Senegal and Mauritania, a better accessibility to public services or the development of tourist activities along the littoral and in the Diawling national park.

Annex 11: Safeguard Policy Issues
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Activities of the Project

1. The project will finance the rehabilitation of the 192 km road between Nouakchott and Rosso. The works planned by the project will upgrade the road to reach the standards of a paved road with a 20 year life time, improve security and transport conditions, reduce transport costs and facilitate routine maintenance. The road investment shall include the following activities:

- Widening to 7 m from a current width 6 m with 1.5 shoulders on both sides of the road over all its length;
- Excavations for borrow-pits and quarries;
- Rehabilitation and if need be extension of culverts, channel crossings and bridges;
- Rehabilitation of the road including use of the existing road as a sub base, impregnation of the base layer and coating with asphalt concrete.

2. The road serves some of the most densely populated areas in the country. The first section of the road, between Nouakchott and Tiguent, crosses a desert area, with very scarce vegetation. The region is subject to high risks of flooding as most of the region is located below sea level. The second section between Tiguent and Rosso is located in an area with a higher potential for agriculture. But many places suffer from water stagnation or sand accumulation, thus reducing the potential for crops. Because of many droughts these last years, the wild life has almost disappeared.

3. Because the works will be carried out along well-established existing alignments, they are not being treated as raising safeguards issues. The only alternative to the project which could be considered is to not carry out the project. However, this alternative will prevent the opening up of the areas crossed by the Nouakchott-Rosso road. The local population will keep having difficulties in commuting, in selling their farm produces, in purchasing vital goods and in accessing health and education centers. This alternative is not consistent with the social and economic growth strategy of Mauritania.

Legal framework

4. The environmental and social management of the Nouakchott-Rosso Corridor project is designed to take into account the legislation and regulations of Mauritania, as well as, the World Bank Safeguard Policies and the World Bank Group Environment, Health and Safety Guidelines updated in 2007.

5. The Government of Mauritania (GoM) has passed laws in the last few years to protect the environment and natural resources. Some of them focus on population involvement and on the integration of environmental concerns in sector policies. However, these regulations have limitations, and they suffer from lack of implementation, monitoring and consistency. However,

the project complies with the national environmental and social management laws and with the National Action Plan for the Environment (PANE 2007-2011).

6. As with all other projects financed by the World Bank, the Mauritania Road Corridor Project must comply with the requirements of the World Bank Safeguard Policies and with OP/BP 17.50 on public disclosure, which requires that all safeguard documents be distributed and disclosed in-country and through the Bank's Infoshop.

7. Civil works associated with the rehabilitation trigger the BP/OP 4.01 on Environmental Assessment and the BP/OP 4.12 on Involuntary Resettlement. Studies have been carried out to ensure the most sustainable technical option has been chosen with respect to the project resources, and the team has confirmed that based on the information provided other safeguards policies were triggered.

Environmental and social issues

8. **Studies carried out.** An Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) funded by the Transport Sector Institutional Development and Technical Assistance Project, Project Preparation Facility (TSIDTAP PPF) were carried out for the ACGF financed section (Bombri-Rosso). These documents have been reviewed by the Bank and found satisfactory. They have been published in the country on 03/29/2010 and in the Infoshop on 04/02/2010. A first Environmental and Social Impact Assessment (ESIA) had been funded by the European Union (EU), and was updated to fit the Bank policies.

9. **Consultations.** The ESIA was carried out on the basis of a participative approach. It included the key stakeholders, namely local populations (of which cattle raisers and farmers), road-users, nongovernmental organizations (NGOs), donors, regional and local leadership, MET, Ministry of Environment. Individual interviews, group discussions and several meetings were organized during the study. The project contents, in terms of environmental and social safeguards, as well as, mitigation impacts and compensations measures were developed and discussed with the stakeholders mentioned above. This participatory consultation process will be then ensured to continue on a regular basis during the project implementation. Supervision missions will be the opportunity to assess the whole process on a regular basis.

10. **Potentials impacts.** Discussions with the stakeholders of the Project identified both positive and negative impacts of the project. Positive social outcomes are expected from the livelihood improvements as a result of the road upgrading. The potential negative impacts are principally related to the temporary disturbance linked to construction. There are no large-scale, irreversible impacts associated with this road rehabilitation, which explains why the project has been classified as Category B. Following rehabilitation, the increased speed and volume of traffic will increase the risk of road accidents. Sewage and waste may also be issues of concern if economic activity increases in the area, but these cannot be fully linked to the project. In addition, an increased risk of Human Immunodeficiency Virus/Acquired Immune-deficiency Syndrome (HIV/AIDS) transmission is possible both during and after the rehabilitation works.

11. **Mitigation measures.** These negative impacts however will either be mitigated through the measures set out in the ESMP, which include:

- The establishment of a ARAP to ensure adequate compensation of people affected by expropriation on account of the roadwork;
- The establishment of an HIV/AIDS awareness program;
- Establishment of a complaints mechanism to identify and respond to the concerns of affected people in a timely manner;
- The preparation of site specific environmental protection plans by the contractor for borrow sites, quarries, labor camps, work camps and workshop areas, and sensitive locations.

12. Specific mitigation measures include: (i) the rehabilitation of borrow sites, (ii) the disposal of waste material, and (iii) the indication of work and the installation of speed reducers. The mitigation plan is summarized below:

Table 1: Mitigation Measures

Impacts		Impact assessment		Mitigations measures
		Phase	Nature	
Natural Environment				
1	Impact on vegetation (destruction of vegetation)	Works	Short term Significant	- Approval of local authorities and forest public service before any deforestation operation - Rehabilitation of the quarries and the borrow sites - Reforestation of about 12 ha
2	Soil pollution (discharge of sewage, engine oil and stored hydrocarbons on the building site)	Works	Short term Significant	- Disposal of sewage and waste in adequate stations - Handling of hazardous materials in safe areas - Clean up soils where products were discharged
3	Impact on water resources (exploitation of water resources, disturbance of rainwater paths)	Works	Mid term Moderate	- Rehabilitation of rainwater path after the road works - Rationalization of water resource management -Approval of local authorities to use the water taps
4	Air pollution (dust)	Works	Short term Significant	-Tree planting along the road
Human Environment				
5	Land occupancy (non allowed occupancy of private fields)	Works	Short term Significant	- Approval of local authorities - Rehabilitation at the end of the road works
6	Safety	Works	Long term	- Covering of trucks carrying materials

	(accident risks)	Operation	Significant	- Mandatory use of helmets and safety shoes - Indication of ongoing works - Speed reducers
7	Risk of HIV/AIDS transmission	Works	Long term Significant	- Establishment of an HIV/AIDS awareness program
8	Expropriation and field deterioration	Works	Long term Significant	- Establishment and implementation of a ARAP, including adequate compensation of People Affected by expropriation
9	Non recruitment of local workforce	Works	Short term Moderate	- Local workforce recruited as a priority

13. **Environmental and Social Monitoring program.** While the supervision consultant of the civil works contract will carry out most of the monitoring of due diligence of the contractor's obligations in term of implementation of the ESMP, a consultant will also be recruited inter alia to monitor implementation of the ESMP, funded by the Project. The latter will also establish a grievance mechanism to identify and respond to complaints of Project-affected people in a timely manner. The costs of ESMP implementation are described in the following table. The activities the contractor will implement are not included.

Table 2: Environmental and Social Monitoring Program

Environmental and Social Measures	Costs (MRO)	Costs (US\$)	Implementing Entity
1. Establishment and implementation of a ARP, including adequate compensation of People Affected by expropriation;	60,000,000	223,000	Government
2. Establishment of an HIV/AIDS awareness program and public information sessions on the ESMP	4,000,000	15,000	Consultant
3. 15 month environmental support	12,000,000	45,000	Consultant
4. Environmental supervision support (local authorities, forest public services)	8,000,000	30,000	Consultant
5. Public meetings organization	4,000,000	15,000	Government
6. Recruitment of an environmental specialist	4,320,000	16,000	Consultant
7. Recruitment of a sociologist	4,320,000	16,000	Consultant
8. Computer hardware	2,000,000	7,000	Consultant
TOTAL ESMP COST	98,640,000	367,000	

Resettlement issues

14. The field visit confirmed that some families and traders will be required to move. These people will be settled not far away from their current residences. In order to protect the rights of vulnerable groups and traders who might lose land, income or lose access to resources, an

Abbreviated Resettlement Assessment Plan (ARAP) funded by the TSIDTAP Project was carried out for the ACGF financed section (Bombri-Rosso). The ARAP has been prepared in compliance with the World Bank's Policy on Involuntary Resettlement (OP 4.12) and its implementation has been budgeted as part of the project financing.

15. **Studies carried out.** The ARAP funded by the TSIDTAP Project has been reviewed by the Bank and found satisfactory. It has been disseminated in the country on March 29, 2010 and in the Infoshop on April 2, 2010. Recommendations from both ASPEN and the stakeholders' validation workshop have been reflected in all final safeguard documents prior to disclosure.

16. **Potential impacts.** The project has considerably more positive social and environmental impacts than negative. Negative social impacts are associated with the displacement of population (widows, divorced women, etc). The project involves the widening of the current road between Nouakchott and Rosso. It also includes restoration and widening to 1.50 m of shoulders. This widening will lead to relocation of families and informal traders who are currently encroaching on the right of way near Rosso, and there is enough space beyond the right of way to accommodate them. Land, mostly consisting of small fields, will have to be acquired, either on a permanent or on a temporary basis, and owners of these fields will therefore need to be resettled or compensated. It is important to note that families will not be displaced more than 50 meters away from their original sites.

17. **Resettlement implementation.** The ARAP included in-depth consultation with the people affected by the project. The census conducted during project preparation identified 110 people affected and 25 traders for whom compensation will be required. Five gas filling stations have also to be removed and their owners will be compensated. Financial provision has been made to ensure the implementation of the ARAP, and it is agreed that compensation will be completed before any acquisition takes place.

18. Resettlement in Mauritania is now rather experimented in terms of ARAP production, as one was already carried out for the Urban Development Project (PDU) by the Urban Development Agency (ADU), together with a local consulting team benefiting from support from an international consultant. The PDU resettlement program was well prepared, and no crucial issues arose during implementation.

19. However, the identified potential shortcomings associated with the project implementation will be linked to the weak safeguards capacities of the DEPC which will need to be strengthened to ensure follow up of the ARAP implementation. The ARAP recommends an institutional arrangement to be set up. The project will provide technical assistance (local consultants, local committee or NGOs, etc.) to assist project stakeholders in implementing and monitoring the proposed safeguards measures, as needed.

20. A local committee will be set up to follow up the compensation and resettlement of affected people; and grievance mechanisms for affected persons, in case of unsatisfactory arrangements. The project will also support capacity building of PIU staff to help implement safeguard policies.

Annex 12: Project Preparation and Supervision
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

	Planned	Actual
PCN review	N/A	N/A
Initial PID to PIC		N/A
Initial ISDS to PIC		N/A
Appraisal	05/20/2010	05/17/2010
Appraisal PID to PIC		05/25/2010
Appraisal ISDS to PIC		05/25/2010
Negotiations	05/27/2010	05/24/2010
Board/RVP approval	06/22/2010	
Planned date of effectiveness	10/14/2010	
Planned date of mid-term review	10/14/2012	
Planned closing date	12/31/2013	

Key institutions responsible for preparation of the project:

Ministry of Transport

Directorate of Studies, Planning, and Cooperation (DEPC)

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Ibou Diouf	Senior Transport Specialist, TTL	AFTTR
Jean-François Marteau	Senior Transport Specialist	ECSS5
Helene Bertaud	Senior Counsel	LEGAF
Wolfgang M. T. Chadab	Senior Finance Officer	CTRFC
Brahim Ould Abdelwedoud	Municipal Engineer	AFTU2
Salamata Bal	Senior Social Dev. Specialist	AFTCS
Taoufiq Bennouna	Senior Natural Resources Mgmt Specialist	AFTEN
Moustapha Ould El Bechir	Lead Procurement Specialist	AFTPC
Maimouna Mbow Fam	Financial Management Specialist	AFTFM
Saidou Diop	Financial Management Specialist	AFTFM
François Lavoué	Research Analyst	AFTTR
Cédric Allio	Research Analyst	AFTTR
Ntombie Z. Siwale	Sr. Program Assistant	AFTTR
Marie Gaye	Team Assistant	AFMMR
Maimouna Toure	Team Assistant	AFMMR
Kariata Doukoure Diane	Language Program Assistant	AFTTR
Boury Ndiaye	Program Assistant	AFCF1
Bertille Mapouata	Language Program Assistant	AFTTR

Bank funds expended to date on project preparation:

1. Bank resources: US\$15,000
2. Trust funds: ACGF US\$126,000
3. Total: US\$141,000

Estimated Approval and Supervision costs:

1. Remaining costs to approval: 0
2. Estimated annual supervision cost: US\$80,000

Annex 13: Documents in the Project File
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

IDA processing internal documents and World Bank technical documents

Integrated Safeguards Data Sheet (appraisal stage) (April 2010)

Project Information Document (appraisal stage) (April 2010)

Islamic Republic of Mauritania, Transport Sector Overview (September 2004), Report No. 30039

Mauritania Country Assistance Strategy (June 2007), Report No. 39532

Government documents

Mauritania Second Poverty Reduction Strategy Paper (PRSP-2, 2006–10)

Multimodal Transport Strategy study report (February 2007)

National Road Safety Strategy and Action Plan for 2006–10 (Ministry of Equipment and Transport, June 2006)

Road Transport Strategy Study report (February 2007)

Legal documents related to project beneficiaries and the project

Decree No. 096-2007/PM establishing the attributions of Ministry of Transport and the organization of its central administration

Technical documents

Revised feasibility study for the Nouakchott-Rosso road, July 2008, ILF BERATEN DE INGENIEURE ZT GmbH

Revised technical and administrative arrangements, June 2008, EU

Safeguards documents

Environmental and Social Impact Assessment, Bombri-Rosso, January 2010 (Abdoulaye Sene, Consultant)

Environmental and Social Management Plan, Bombri-Rosso, January 2010 (Abdoulaye Sene, Consultant)

Abbreviated Resettlement Action Plan, February 2010, Bombri-Rosso, February 2010 (Mamosso Alzouma Aïchatou Christiane, Consultant)

Annex 14: Statement of Loans and Credits
ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P089672	2009	MR-Transport Sector Inst'l Dev. TA	0.00	4.50	0.00	0.00	0.00	3.04	-1.28	0.00
P102031	2008	MR-Bus. Environ. Enhancem. SIL)	0.00	5.00	0.00	0.00	0.00	4.69	1.42	0.00
P082888	2007	MR-Pub Sec CB SIL)	0.00	13.00	0.00	0.00	0.00	9.11	7.83	0.00
P094278	2006	MR-Health & Nutrition Supt)	0.00	10.00	0.00	0.00	0.00	2.55	1.35	0.00
P088828	2005	MR-Irrigated Agr Integr Dev APL 2	0.00	39.00	0.00	0.00	0.00	9.72	6.90	0.00
P087180	2005	MR-Higher Education (	0.00	15.00	0.00	0.00	0.00	13.14	11.98	0.00
P081368	2004	MR-Com Based Rural Dev - (PDR)	0.00	45.00	0.00	0.00	0.00	8.17	3.14	0.00
P078383	2004	MR-Mining Sec TA SIL 2)-(PRISM 2)	0.00	23.00	0.00	0.00	0.00	8.30	0.93	0.68
P071308	2002	MR-Edu Sec Dev APL - (PNDSE)	0.00	49.20	0.00	0.00	0.00	0.56	-8.35	-8.35
P069095	2002	MR-Urb Dev Prgm	0.00	70.00	0.00	0.00	0.00	6.42	-7.54	-12.33
Total:			0.00	273.70	0.00	0.00	0.00	65.70	16.38	- 20.00

MAURITANIA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2006	BSA Ciment	11.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	GBM	5.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004	GBM	5.00	0.00	5.00	0.00	5.00	0.00	5.00	0.00
2005	GBM	9.82	0.00	0.00	0.00	9.82	0.00	0.00	0.00
	GTFP GBM Maurit.	7.59	0.00	0.00	0.00	7.59	0.00	0.00	0.00
	PAL-Tiviski	0.28	0.00	0.00	0.00	0.28	0.00	0.00	0.00
2006	SEF Hotel Halima	2.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total portfolio:		41.58	0.00	5.00	0.00	22.69	0.00	5.00	0.00

Approvals Pending Commitment					
FY Approval	Company	Loan	Equity	Quasi	Partic.
Total pending commitment:		0.00	0.00	0.00	0.00

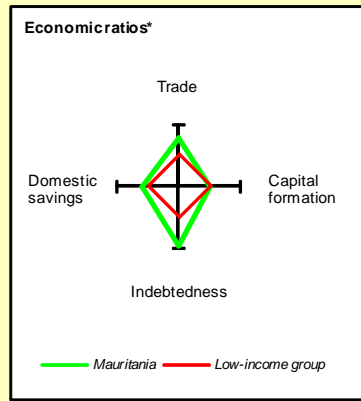
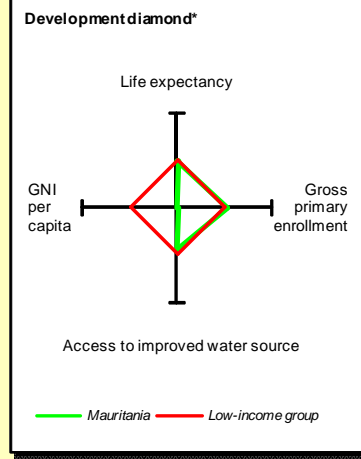
Annex 15: Country at a Glance

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

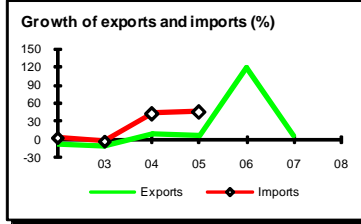
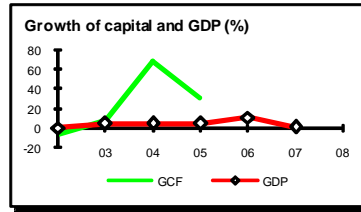
Mauritania at a glance

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POVERTY and SOCIAL	Mauritania	Sub-Saharan Africa	Low-income	
2008				
Population, mid-year (millions)	3.2	818	973	
GNI per capita (Atlas method, US \$)	..	1,082	524	
GNI (Atlas method, US \$ billions)	..	885	510	
Average annual growth, 2002-08				
Population (%)	2.6	2.5	2.1	
Labor force (%)	3.1	2.8	2.7	
Most recent estimate (latest year available, 2002-08)				
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	40	36	29	
Life expectancy at birth (years)	57	52	59	
Infant mortality (per 1,000 live births)	75	89	78	
Child malnutrition (% of children under 5)	23	27	28	
Access to an improved water source (% of population)	60	58	67	
Literacy (% of population age 15+)	56	62	64	
Gross primary enrollment (% of school-age population)	102	98	98	
Male	99	103	102	
Female	105	93	95	
KEY ECONOMIC RATIOS and LONG-TERM TRENDS				
	1988	1998	2007	2008
GDP (US \$ billions)	0.96	12	2.6	2.9
Gross capital formation/GDP	28.0	19.0	25.9	..
Exports of goods and services/GDP	50.3	44.4	57.7	..
Gross domestic savings/GDP	15.2	3.5	18.7	..
Gross national savings/GDP	42.2	12.2	29.2	..
Current account balance/GDP	2.6	-14	-3.7	..
Interest payments/GDP	4.6	3.4	10	0.9
Total debt/GDP	214.2	195.6	64.3	68.6
Total debt service/exports	26.6	19.4	6.9	..
Present value of debt/GDP	79.5	41.6
Present value of debt/exports	120.5	..
	1988-98	1998-08	2007	2008
<i>(average annual growth)</i>				
GDP	2.5	4.6	1.9	..
GDP per capita	-0.2	1.8	-0.6	..
Exports of goods and services	-2.2	7.4	4.9	..



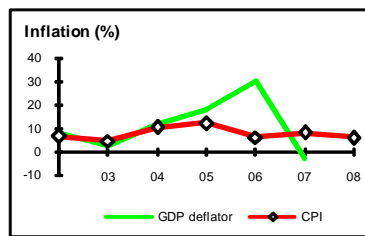
STRUCTURE of the ECONOMY	1988	1998	2007	2008
<i>(% of GDP)</i>				
Agriculture	32.7	31.2	12.5	..
Industry	27.2	28.1	46.7	..
Manufacturing	13.2	8.8	..	..
Services	40.1	40.7	40.7	..
Household final consumption expenditure	60.5	84.7	61.2	..
General government final consumption expenditure	24.3	11.9	20.1	..
Imports of goods and services	63.0	60.0	64.9	..
	1988-98	1998-08	2007	2008
<i>(average annual growth)</i>				
Agriculture	0.9	-1.1	1.9	..
Industry	2.2	3.6	1.9	..
Manufacturing	3.1	-2.6	1.9	..
Services	3.3	7.4	1.9	..
Household final consumption expenditure	..	5.5	..	..
General government final consumption expenditure	..	4.8	..	..
Gross capital formation	..	30.8	..	..
Imports of goods and services	-1.7	12.6	..	..



Note: 2008 data are preliminary estimates.
 This table was produced from the Development Economics LDB database.
 *The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

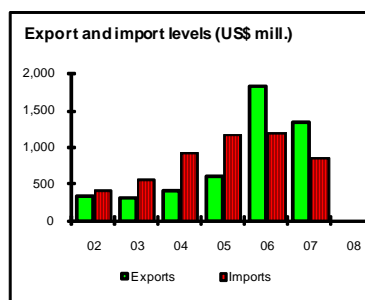
PRICES and GOVERNMENT FINANCE

	1988	1998	2007	2008
Domestic prices				
(% change)				
Consumer prices	1.3	8.0	7.9	6.0
Implicit GDP deflator	5.4	5.3	-2.6	..
Government finance				
(% of GDP, includes current grants)				
Current revenue	24.9	20.6	24.5	23.2
Current budget balance	-1.3	4.3	2.8	2.3
Overall surplus/deficit	-13.2	-3.3	-5.9	-5.9



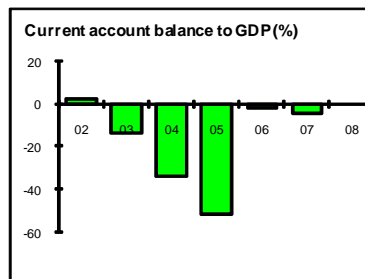
TRADE

	1988	1998	2007	2008
(US\$ millions)				
Total exports (fob)	431	360	1,325	..
Iron ore	141	217	..	..
Fish	291	140	..	..
Manufactures	..	..	..	..
Total imports (cif)	389	387	849	..
Food	118	103	118	..
Fuel and energy	27	50	109	..
Capital goods	108	64	68	..
Export price index (2000=100)	106	111	110	..
Import price index (2000=100)	105	93	100	..
Terms of trade (2000=100)	100	120	109	..



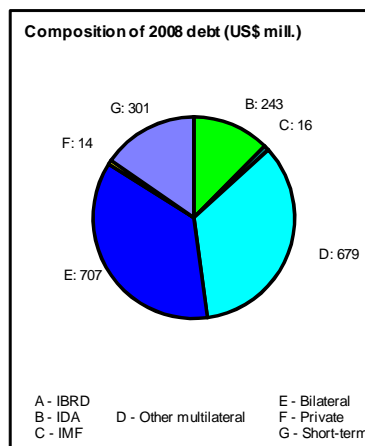
BALANCE of PAYMENTS

	1988	1998	2007	2008
(US\$ millions)				
Exports of goods and services	481	437	1,524	..
Imports of goods and services	603	561	1,715	..
Resource balance	-122	-124	-190	..
Net income	-72	19	-78	-127
Net current transfers	219	88	170	144
Current account balance	25	-18	-98	..
Financing items (net)	-26	24	-130	..
Changes in net reserves	1	-7	229	253
Memo:				
Reserves including gold (US\$ millions)	..	52	..	..
Conversion rate (DEC, local/US\$)	75.3	188.5	268.6	268.6



EXTERNAL DEBT and RESOURCE FLOWS

	1988	1998	2007	2008
(US\$ millions)				
Total debt outstanding and disbursed	2,050	2,391	1,700	1,960
IBRD	74	4	0	0
IDA	150	408	203	243
Total debt service	133	110	121	63
IBRD	16	2	0	0
IDA	2	6	2	2
Composition of net resource flows				
Official grants	86	131	198	200
Official creditors	69	-4	88	263
Private creditors	1	-2	-1	-6
Foreign direct investment (net inflows)	2	0	153	103
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	28	24	0	5
Disbursements	30	24	66	43
Principal repayments	9	5	0	0
Net flows	20	19	66	43
Interest payments	8	3	2	2
Net transfers	12	16	65	41



Note: This table was produced from the Development Economics LDB database.

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Annex 16: Maps

ROAD CORRIDOR AFRICA CATALYTIC GROWTH FUND

IBRD 37643

