Report Number: ICRR14697

IEG ICR Review
Independent Evaluation Group

1. Project Data:		Date Posted:	05/04/2015	
Country:	Mauritania			
Project ID:	P082888		Appraisal	Actual
Project Name:	Public Sector Capacity Building Project	Project Costs (US$M):	15.00	14.44
L/C Number:		Loan/Credit (US$M):	13.00	12.29
Sector Board:	Public Sector Governance	Cofinancing (US$M):		
Cofinanciers:		Board Approval Date:		07/06/2006
		Closing Date:	12/31/2009	03/29/2014
Sector(s):	Central government administration (85%); Sub-national government administration (11%); Law and justice (3%); Other social services (1%)			
Theme(s):	Public expenditure; financial management and procurement (29%); Administrative and civil service reform (29%); Environmental policies and institutions (14%); Tax policy and administration (14%); Decentralization (14%)			

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2. Project Objectives and Components:

a. Objectives:

According to the PAD (p. ii), the objective of the project was "to contribute to the improvement of performance, efficiency, and transparency of public resources management in Mauritania."

According to the Financing Agreement of July 19, 2006 (p. 6), the objective of the project was "to assist the Recipient in implementing key reforms to improve performance, efficiency and transparency of public resources management on the territory of the Recipient."

This Review will use the PDO in the Loan Agreement as the basis for the validation.

b.Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components:

The project consisted of five components:

Component A: Improvement of public finance management (appraisal estimate US$ 5.14 million, actual costs US$ 5.33 million, or 104% of appraisal estimate): This component was to finance management tools and information systems and build human resources management capacity through the following activities: i) strengthening resource mobilization; ii) improving budget presentation and planning; iii) improving budget execution and accounting; iv) strengthening the efficiency of expenditure; and v) improving public financial management in two regional capitals.

Component B: Support to local development (appraisal estimate US$ 1.57 million, actual US$ 856,000, or 54.7% of appraisal estimate): This component was to finance the decentralization and de-concentration of authority through technical assistance to the directorate for territorial administration and the general directorate of local governments. Also, this component was to finance information, education, and communication (IEC) activities, and pilot projects in Dakhlet Nouadhibou and Traza for local development management.

Component C: Mainstreaming environment into development management (appraisal estimate US$ 985,000, actual US$ 950,000; 96.4% of appraisal estimate): This component was to finance the enabling of the integration of environmental issues in development through harmonization of different strategies and texts. Activities to support these efforts were to include technical assistance for the development of a ministry of environment, capacity building, and the implementation of pilot projects.

Component D: Improvement of human resources management in public administration (appraisal estimate US$ 2.29 million, actual US$ 2.80 million; 122.6% of appraisal estimate): This component was to finance the strengthening of management structures for civil servants and maximization of the state's human resources. Activities to support these efforts were to include strengthening of human resources management in public administration and modernization of management and information tools used by public administrators.

Component E: Support to project implementation, monitoring and evaluation (appraisal estimate US$ 970,000; actual US$ 1.72 million, or 177.3% of appraisal estimate): This component was to finance the implementation of the project by the project implementation agency, monitoring and evaluation (M&E) and communication activities, and the provision of technical and financial audits.

The components were revised during a restructuring on March 29, 2012.

Component A: Activities to support increased transparency and efficiency in public financial management were added. These activities included technical assistance for public procurement reform and to the new coordination unit of the ministry of finance to implement the public financial management master plan, as well as assistance to the national statistics office to conduct a population and habitat census.

Component B: Decentralization activities were removed since they were included in a new project that was under preparation at that time. Funds were reallocated within the project.

Component C: Funds became available when development around sand dunes in Nouakchott was cancelled. Instead, strategic work for climate change and green growth and for the rehabilitation of the ministry of environment was conducted.

Component D: This component was revised twice. First, it was adapted to provide technical assistance for the development of a strategic agenda for the human resource management reform and functional reviews of the ministry of finance and the ministry of civil services. Then the project steering committee decided to cancel the functional review and instead provide assistance to the operationalization of the human resource management reform.

Component E: This component was adapted to provide additional capacity within the project implementation agency.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project Cost: At appraisal the project was estimated to cost US$ 15 million, with US$ 13 million from the Bank and US$ 2 million from the Government. The actual cost was US$ 14.44 million. The project spent significantly less than planned on the second component (decentralization, as those activities were shifted to another project), and more than planned on the fifth component (project administration).

Financing: The project was financed by a US$ 13 million IDA credit, of which US$ 993,000 was cancelled due to SDR/USD exchange rate fluctuations and cancellation of two activities.

Borrower Contribution: At appraisal, the estimate for the Recipient's contribution was US$ 2 million. The actual contribution was US$ 2.15 million.

Dates: The project was restructured five times:

- On December 9, 2009 the original closing date of December 31, 2009 was extended to December 31, 2011. On December 28, 2011 the closing date was extended by three months to March 29, 2012.

- On March 29, 2012 the closing date was extended by two years to March 29, 2014. Also, funds were reallocated among components and the results framework was revised.
- On October 21, 2013 additional minor changes were made to the results framework.
- On February 27, 2014 funds in the amount of 645,000 SDR (US$ 993,000) were cancelled.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Substantial: The objective to contribute to the improvement of performance, efficiency, and transparency of public resources management in Mauritania was relevant given the weaknesses of Mauritania's public accounting systems, revenue collection, and budget planning and execution. In 1986, the government implemented a decentralization policy, aiming to move toward autonomous administration by the municipalities. While some ministries have shifted a few functions to their units in the regions, decentralization has been rather limited.

The project was in line with the government's priorities, such as strengthening public financial management, moving the decentralization process forward, identifying emerging concerns over sustainable environmental management, and improving human resource management. The project was in line with the Bank's Country Assistance Strategy (2006-2009) at the time of appraisal, which focused on improving governance and capacity development for public services. The project also supports the second pillar of the Bank's current Country Partnership Strategy (2014-2016), which aims to improve economic governance and public sector performance for improving service delivery.

b. Relevance of Design:

Modest: The causal relationship between planned interventions and the development objectives, as well as underlying assumptions about how some program actions would lead to intended outcomes, were not properly laid out. For example, component C aimed to integrate environmental policy into the state development program, which was not mentioned in the PDO. Therefore, it is unclear how activities under this component would lead to improving the performance, efficiency, and transparency of public resources management in Mauritania. The project also supported activities to implement reforms to increase decentralization to the municipalities. The link between decentralization to municipalities and improving public financial management is not sufficiently laid out in the PAD. Activities under the other components were more logical for achieving the PDO and aimed at increasing tax revenue by improving tax collection and establishing a customs information system, and increasing transparency and efficiency of public financial management by implementing an automated budget expense system. Also, a medium-term budget framework was to be developed to improve budget preparation.

4. Achievement of Objectives (Efficacy):

Assist the Recipient in implementing key reforms to improve <u>performance</u> of public resources management: Substantial

Outputs

Budget

- Seven sectoral and global Mid-Term Budget Frameworks were developed and are being updated on a regular basis. However, there continues to be a disconnect between the framework and the budget.
- All ministries use an automated network for expenditure processing (RACHAD) to issue orders of payments, achieving the target.
- A network connection between the Treasury and Central Bank is in place, achieving the target.

Environment

- A National Environment Action Plan was approved by the Government and the dedicated structure recommended by the National Environment Action Plan is implemented, achieving the target.
- Over 100 staff from the Ministry of Environment benefited from training.

Tax

- The tax office was equipped with a computerized revenue management tool, achieving the target.

Decentralization

- 160 staff from the Ministry of Interior were trained to provide support for the decentralization process to municipalities, surpassing the target of 150 staff.

Human Resource Management

- A new computerized human resource management system was developed and implemented.

Outcomes

Budget

- Government capacity to make credible budget forecasts has improved. The difference between initial expenditure forecasts and actual expenditure decreased from 19.2% in 2011 to 0.8% in 2013. The discrepancy between predicted sectoral allocations and effective allocations was reduced from 31.5% in 2011 to 10.7% in 2013.

Tax

- Tax collection was improved, with revenues increasing to 269.16 billion ouguiya, surpassing the target of 211.26 billion ouguiya.

Human Resource Management

- Human resource records were cleaned up, with irregularities such as ghost workers or double dippers identified. This led to a decrease in wage bills from 10.2% of Gross Domestic Product (GDP) in 2009 to 8.8% in 2010 and 8.0% in 2011.

Assist the Recipient in implementing key reforms to improve efficiency of public resources management: Substantial

Outputs

Budget

- Fiscal and accounting reports are produced in a timely manner and in accordance with legislation, achieving the target.

Outcomes

Budget

- Budget execution was improved through a more efficient payment process at the Treasury. Advice of credit is being issued within 36 hours after payment order is approved by the Treasury, achieving the target of 36 hours.

Assist the Recipient in implementing key reforms to improve transparency of public resources management: Substantial

Output

- 12 pieces of legislation on civil service reform were drafted and approved by the Superior Council of Public Service.
- All civil servants were effectively migrated into the new integrated Human Resource Management system, surpassing the revised target of 50%.
- At least nine ministries are executing their published procurement plans, surpassing the target of four ministries. However, not all sectoral procurement plans cover all public contracts.
- The Public Procurement Regulatory Authority and all sectoral commissions are staffed and operational, achieving the target.

Outcome

- Single-source contracting has decreased from 6% contracts in 2012 to 2.11% in 2014.

5. Efficiency:

Modest

Neither the PAD nor the ICR include a formal economic efficiency analysis. The PAD (p. 69) states that the project would not finance investments with economically quantifiable benefits. However, the PAD estimates cost-effectiveness as high, given that the project was to finance activities that are essential for improving inefficiencies in critical areas such as public finance and government human resources management. No alternatives for addressing these inefficiencies were identified.

The ICR (p. 21) states that the project had high returns, especially due to the increase in tax revenue and decrease in wage bills for civil servants. Tax revenue increased by US$ 28.2 million dollars within two years due to the project's fiscal census, which cost US$ 185,784. Also, through the civil servants' human resource census and revision of data, the wage bill was reduced from 10.2% of GDP in 2009 to 8.0% in 2011. The investment cost for these activities was US$ 500,000.

However, the project's implementation period and supervision budget were twice as high as initially planned due to the highly unstable and complex political environment. Initially the project was to be implemented within three years, but the closing date was extended several times and the project period ended up being seven years. The planned supervision budget was supposed to be 7.4% of the total project budget; however, the actual was 12.8%. Procurement challenges (see Section 11b) demanded significant time and attention. These factors indicate less than optimally efficient use of project funds.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Relevance of objectives is rated Substantial due to Mauritania's need to reform its public financial management. Relevance of design is rated Modest due to the weak causal relationship between planned interventions and the project's development objectives, as well as unclear underlying assumptions about how some program actions would lead to intended outcomes. The achievement of all three objectives is rated Substantial, as there is strong evidence of increased performance, efficiency, and transparency in the management of public resources. Efficiency is rated Modest due to the lack of an economic efficiency analysis and significant delays in project implementation. Taken together, these ratings are indicative of moderate shortcomings in the project's preparation and implementation, and therefore an Outcome rating of Moderately Satisfactory.

a. Outcome Rating: Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

A new Bank project under preparation (Mauritania Public Sector Governance Project) will aim to build on the achievements of this public sector capacity building project and continue to improve efficiency and performance of public sector institutions. However, there are significant development outcome risks given the country's continuing political and institutional instability. The government's commitment during implementation was often weak, and this lack of commitment might also persist in the future. In addition, the country has been experiencing a high turnover in administration and has experienced weak communication between ministries and about various reform steps. This has led to resistance to reform and lack of ownership. Therefore, the risk to development outcome is significant.

a. Risk to Development Outcome Rating: Significant

8. Assessment of Bank Performance:

a. Quality at entry:

The Bank team prepared the project with the transitional government in a challenging political environment after a military coup in 2005. The project's objectives were relevant and aligned with government priorities to strengthen public financial management, foster decentralization, improve human resource management for public service delivery, and improve sustainable environmental management.

However, the design of the Results Framework had several significant shortcomings which had a negative impact on project implementation and performance (see Section 10). Also, the components were not well linked to one other and to the development objectives. While the focus was on public financial management and human resource management reform, it is not clear why the project also included a component on sustainable environment management.

The Bank identified several relevant risk factors, including the lack of government support for the reform process, changes of priorities after election of the post-transition Government, and technical and financial partners not being aligned with the Government's reform program or the project. However, mitigation efforts were not sufficiently robust, and the Bank did not identify how the project would adapt to changing circumstances despite the unstable political situation. Also, the planned implementation period was three years, which is too short for such a complex project that anticipated reforms across five ministries.

Even though the PAD emphasizes the importance of coordination with other donors supporting Mauritania in its public sector reform, it does not provide clarity on how the Bank would cooperate with other donors to take advantage of synergies between different interventions.

Quality-at-Entry Rating: Unsatisfactory

b. Quality of supervision:

The Bank team experienced a high turnover rate of Task Team Leaders (TTLs). During the life of the project there were five different TTLs, which led to delays.

From project appraisal until 2012, supervision of the project had several shortcomings. Even though several recommendations for restructuring were made in the Implementation Status Reports from 2009 onwards, the restructuring to reallocate funds among components and revise the results framework only took place in March 2012. Also, ratings for progress towards the achievement of project objectives in the Implementation Supervision Reports were too optimistic. The ICR (p. 24) states that the Bank conducted reviews that presented a much more positive outlook on project performance than the ones conducted by the Implementing Agency. If the Bank's performance ratings had been more accurate, Bank management and the government could have taken earlier steps to address implementation challenges.

After 2012 until project closing, Bank supervision became more intensive and activities that were inactive were started again. Also, the Bank team was supported by an expert on information technology for public financial management, an expert on construction to renovate the Ministry of Environment, and an M&E expert to review performance data for the entire project.

Quality of Supervision Rating: Moderately Satisfactory

Overall Bank Performance Rating: Moderately Unsatisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

From 2006 to 2011, the political situation was unstable and the country experienced two presidential elections, a military coup, several transitions to new governments, and cabinet reshuffles. Government co mmitment and ownership were therefore limited. The project was initially coordinated at the Prime Minister's Office. However, the anchoring of the project changed three times and ended up in the Ministry of Public Service from 2010 onwards. Even though most project funds went to the Ministry of Finance, the project steering committee was led by the Ministry of Public Service, which was also in charge of all project contracts.

This may have diminished the Ministry of Finance's stewardship role in the reform process and also led to delays due to complications in project implementation.

The two governmental entities directly responsible for the project, the inter-ministerial committee and the project steering committee, performed their strategic and oversight roles weakly and did not meet as regularly as planned. Also, focal points in the government lacked technical expertise, which had a negative impact on the work performed by government departments.

The ICR does not comment on the government's role in consulting and involving beneficiaries and stakeholders, the government's compliance with covenants, or its role in coordinating with other donors.

Government Performance Rating	Moderately Unsatisfactory

b. Implementing Agency Performance:

The project was implemented by a Project Coordination Unit (PCU) that had three different coordinators during the life of the project.

The PCU conducted M&E-related activities despite the shortcomings in the Results Framework, and it informed the Bank when implementation of activities was delayed or challenges were identified. According to the ICR (pp. 25-26), the PCU was efficient, conversant with Bank practices, and effective throughout the lifetime of the project. The PCU successfully achieved its disbursement and fiduciary obligations.

The project faced procurement-related challenges (see Section 11b). The ICR does not comment on how they were addressed by the implementing agency. There was little interaction between the PCU and the focal points within the government, largely because the PCU lacked sufficient staff to coordinate with five different ministries.

Implementing Agency Performance Rating :	Moderately Satisfactory
Overall Borrower Performance Rating :	Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

The Results Framework in the PAD (p. 27) included five PDO-level and 11 intermediate outcome indicators. The Results Framework had significant shortcomings: i) the causal relationships between some of the planned interventions and the project's development objectives, and underlying assumptions about how program actions would lead to intended outcomes, were not properly laid out; and ii) some of the indicators were not sufficiently specific, measurable, attributable, results-oriented, or time-bound. For example, PDO indicator 1, "the budget preparation is improved," was very broad and difficult to measure. The Results Framework did not include indicators to measure results of Component E. Also, the PAD did not define who would be responsible for the implementation of M&E activities. Therefore, the M&E design was not well embedded institutionally.

b. M&E Implementation:

A steering committee was responsible for overseeing the M&E process, but its functions were not clearly defined. The ICR (p. 12) states that the project lacked appropriate M&E support. An M&E plan was not developed until 2008. The M&E expert within the PCU collected M&E data to the greatest extent possible. During the restructurings in March 2012 and October 2013, several PDO and intermediate outcome indicators were refined to improve the linkages between inputs, outputs, and outcomes. In 2013, the Bank hired a consultant to evaluate all results produced during project implementation.

c. M&E Utilization:

The PCU produced and submitted quarterly financial and M&E reports. The ICR does not comment to what extent M&E results contributed to informed decision making and resource reallocation.

M&E Quality Rating: Modest

11. Other Issues

a. Safeguards:

The project was classified as Environmental Category C. According to the PAD (p. 17), no safeguards were triggered under the project. The ICR does not comment on safeguards.

b. Fiduciary Compliance:

Financial Management

According to the ICR (p. 12), financial status reports were thoroughly prepared and submitted on time. The accounting system performed satisfactorily, and the auditors found that the internal control procedures were in place and issued an unqualified opinion based on the 2012 financial statements.

Procurement

The project faced several procurement-related challenges. The procurement commissions responsible for the national procurement system lacked capacity. Processes were unclear, as important documents such as operational manuals and standard bidding guidelines did not exist. Also, it was unclear which entity was responsible for what. This led to delays in project implementation and frequent complaints from bidders. The ICR does not comment on how these challenges were addressed by the Bank or the PCU. However, in the restructuring of March 2012, procurement for the whole project was put under a single procurement commission (replacing the earlier situation where seven different procurement commissions were involved).

The project supported implementation of several activities to improve the procurement system, including the development of standard bidding documents and procedural manuals for all procurement agencies, and the provision of training for private and public parties involved in procurement.

c. Unintended Impacts (positive or negative):

None reported.

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement/Comments
Outcome:	Satisfactory	Moderately Satisfactory	Relevance of design is rated Modest due to unclear underlying assumptions about how some program actions would lead to intended outcomes. Efficiency is rated Modest due to the lack of an economic efficiency analysis and significant delays in project implementation.
Risk to Development Outcome:	Significant	Significant	
Bank Performance:	Moderately Satisfactory	Moderately Unsatisfactory	Shortcomings in the design of the results framework, insufficient mitigation efforts to address potential risks, and weak supervision until the

			March 2012 restructuring.
Borrower Performance:	Moderately Satisfactory	Moderately Satisfactory	
Quality of ICR:		Satisfactory	

NOTES:
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR (p. 27) identifies several valuable lessons, including the following:

- In a country with an unstable political environment and weak capacity, it is critical that project design is kept simple and objectives are not overly ambitious. In this project, the design included five components and five ministries. Also, changes in the architecture of the government led to significant changes in the architecture of beneficiaries. This led to challenges in project implementation, project management, and coordination with beneficiaries.
- Change management is critical for the successful implementation of a reform project. Innovation and changes introduced in this project often led to resistance due to lack of communication and coordination between different government stakeholders. Addressing challenges related to change might lead to a smoother transition process.
- Projects require a strong Results Framework designed during preparation and implemented during the entire project life to ensure accurate progress tracking and identification of bottlenecks. This project lacked a well designed Results Framework with a clear linkage between activities, outputs and outcomes. Also, M&E responsibilities were not clearly defined, leading to challenges in measuring progress and overcoming implementation issues.

One lesson added by IEG:

- In a politically unstable environment with limited government commitment and ownership, the implementation of a Bank project that aims to reform the public sector is likely to be challenging. In this project, implementation only really picked up starting in mid-2012, when the political situation became more calm and the Bank increased its engagement and supervision. Taking potential delays into account during project preparation is prudent.

14. Assessment Recommended? ● Yes ○ No

Why?
To explore complex issues related to IT procurement, common to this and other public sector capacity building projects.

15. Comments on Quality of ICR:

The ICR provides a very good overview of the changing political environment and project implementation. Also, the ICR is in some sections appropriately critical. However, the ICR is lengthy, does not spell out acronyms when first used, and could have provided more in-depth information on important areas such as financial management, procurement, M&E utilization, and safeguards. Also, the ICR does not provide any kind of economic efficiency analysis. The ICR's quality is rated satisfactory, with shortcomings.

a.Quality of ICR Rating: Satisfactory