ICR Review

Operations Evaluation Department

Report Number: ICRR10978

1. Project Data:		Date Posted: 07/09/2001		
PROJ ID:	P069820		Appraisal	Actual
Project Name:	Fiscal Reform Support Operation	Project Costs (US$M)	48	46.9
Country:	Mauritania	Loan/Credit (US$M)	48	46.9
Sector(s):	Board: PS - General industry and trade sector (50%), Central government administration (33%), Payment systems securities clearance and settleme (17%)	Cofinancing (US$M)		
L/C Number:	C3352			
		Board Approval (FY)		0
Partners involved :		Closing Date	12/31/2000	06/30/2001

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2. Project Objectives and Components

a. Objectives

As part of a program to assist the government to implement sound macroeconomic policies and structural reforms, specific goals were to introduce measures to harmonize the tariff and tax regime with neighboring countries : (1) reduce property tax from 30% to 20%; (2) introduce an accelerated tax rate depreciation system; (3) extend loss carryover; (4) introduce withholding tax on property transfer; (5) introduce withholding tax on noncommercial income; (6) double the deduction of the minimum presumptive tax from Corporate Income Tax . In addition, social expenditures were to be kept roughly unchanged, and fiscal administration bolstered .

b. Components

The credit had one component, a quick-disbursing single tranche of SDR 22.4 million (around US$ 30 million), which was released at effectiveness. The Credit Agreement was later amended to accommodate additional balance of payment support of US$18.0 million as part of the Bank's program to help African countries counter the negative effects of higher oil prices.

c. Comments on Project Cost, Financing and Dates

The original project amount of US$30 million was supplemented by US$18 million to counter the oil shock. Actual project expenditures in US$ reflect variations in SDR/US$ exchange rate. The initial closing date of 12/31/00 was extended to 6/30/01 as a result of the amendment.

3. Achievement of Relevant Objectives:

All conditions of the credit were successfully implemented prior to effectiveness . Other related elements of the long-term program were also successfully undertaken, including: no reduction in social sector expenditures, and the strengthening of the General Tax Directorate, including establishment of the Directorate of Large Enterprises .

4. Significant Outcomes/Impacts:

Macroeconomic performance improved; tax and tariff reforms were implemented; social sector expenditures remained unchanged; fiscal administration was strengthened .

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

There were no significant shortcomings.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	
Institutional Dev .:	Substantial	High	Considering the contribution the project made to enhancing the "rules of the game" and enabling environment, IDI is

			assessed as High.
Sustainability :	Highly Likely	Highly Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- A consistent, long-term focus on key reforms pays off
- Implementation of the credit's highly focused reforms, as opposed to a broad menu, was quite effective
- Comprehensive and painstaking consultations with government on tax and tariff reform paid off in rapid and effective project implementation

8. Assessment Recommended? ○ Yes ● No

9. Comments on Quality of ICR:

The ICR was satisfactory. However, it had several deficiencies: it did not present macroeconomic data, even though it claimed that macroeconomic achievement was "substantial;" "key lessons learned" presented were from similar operations in the region, not from this operation; and "key performance indicators" were simply listed (Annex 1), with no indication as to whether they were achieved or not.