

1. Project Data :
OEDID: C2726
Project ID: P001866
Project Name: Private Sector Development Credit
Country: Islamic Republic of Mauritania
Sector: Privatization
L/C Number: C2726
Partners involved : None
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2. Project Objectives, Financing, Costs and Components :
 This adjustment credit, for US\$30.7 million, including an IDA reflow, was approved in FY95, was fully disbursed, and closed in FY98. Objectives: to promote private sector development through : (a) improving the investment incentive structure; (b) improving the foreign exchange and trade regime; (c) consolidating the restructuring of the banking sector and strengthening financial sector regulations; (d) developing financial markets and institutions; (e) developing the fisheries sector; and (f) developing the mining sector. The ICR was prepared by the Africa Region and includes the Borrower's assessment of the credit as an appendix .

3. Achievement of Relevant Objectives :
 The project objectives were fully achieved in the areas of liberalization of the foreign exchange system (unified market-determined exchange rate); banking sector reform (recapitalization of four commercial banks and liquidation of the national development bank, new banking law, improved credit risk and arrears data base, and recovery of non-performing loans); development of financial markets and institutions (regular auctions of treasury bills, market-related interest rate); and reduced state role in the fisheries sector (an equitable licensing system, improved surveillance. Conditionality requiring submission to Parliament of legislation in the areas of mining and the legal and judiciary framework for private sector development (PSD) was amended to allow more time to achieve these objectives, as delays in recruiting consultants and drafting legislation slowed implementation . Strengthening of the Chamber of Commerce, the Ministry of Fisheries and Maritime Economy and the Oceanographic Research Center (to carry out research in management of fisheries resources) did not proceed as planned, due in part to the fact that anticipated donor support did not materialize .

4. Significant Achievements :
 Strong government commitment and strong Bank supervision kept the project on track despite weaknesses in preparation and appraisal (see 5 below).

5. Significant Shortcomings :
 Both the Bank and the Government underestimated the complexity of the project and the time that would be needed to revise laws and regulations, and failed to establish adequate linkages with the parallel Capacity Building project . These weaknesses were responsible for many of the delays in implementation . In addition, after project appraisal, turnover of the entire Bank team disrupted the start-up of implementation.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	Many of the objectives were met, despite the demanding and complex nature of the project and the shortcomings in technical assistance.
Institutional Dev .:	Partial	Modest	Differences in menu of ratings.
Sustainability :	Likely	Likely	New laws and regulations have been

			implemented, and gov't commitment is strong.
Bank Performance :	Satisfactory	Satisfactory	Strong supervision overcame some of problems resulting from weak appraisal.
Borrower Perf .:	Satisfactory	Satisfactory	Government showed high commitment to the project objectives and successfully implemented the major components of an ambitious program.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

(a) It is of critical importance to assess realistically the time needed to revise legal texts and regulations . (b) Active Government participation in preparation and ownership of the program are key ingredients to success . (c) Institutional support should be carefully linked to the implementation timetable of the reform program . (d) Project design should be focused and simple .

8. Audit Recommended? Yes No

Why? Consider auditing in the future as a cluster with two ongoing projects, Capacity Building Project for Development of the Private Sector and Public Resource Management Credit . Together with previous cluster audit of PETARP, PESAP and PESIDTA, these would make a good building block for future OED work on PSD .

9. Comments on Quality of ICR :

The ICR is of satisfactory quality . It effectively summarizes an extensive amount of information on a complex project.