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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

ISLAMIC REPUBLIC OF MAURITANIA

FOR THE

POVERTY REDUCTION PROJECT IN AFTOUT SOUTH AND KARAKORO



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CURRENCY EQUIVALENTS

Currency Unit	=	Ouguiya (MRO)
USD 1.00	=	MRO 259
MRO 1.00	=	USD 0.0039

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

AWP/B	Annual Work Programme and Budget
CDHLPI	<i>Commissariat aux Droits de l'Homme à la Lutte contre la Pauvreté et à l'Insertion</i>
COS	<i>Comité d'Orientation et de Suivi</i> (Project Steering Committee)
COSOP	Country Strategic Opportunities Paper
GTZ	German Agency for Technical Cooperation
HIPCs	Heavily Indebted Poor Countries
IDG	International Development Goals
IEC	Information, Education and Communication
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
OPEC Fund	Organization of the Petroleum Exporting Countries Fund for International Development
PRSP	Poverty Reduction Strategy Paper
UCG	<i>Unité de Coordination et de Gestion</i> (Project Coordination and Management Unit)
UNOPS	United Nations Office for Project Services

GOVERNMENT OF THE ISLAMIC REPUBLIC OF MAURITANIA

Fiscal Year

1 January - 31 December



ISLAMIC REPUBLIC OF MAURITANIA
POVERTY REDUCTION PROJECT IN AFTOUT SOUTH AND KARAKORO
LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Islamic Republic of Mauritania
EXECUTING AGENCY:	<i>Commissariat aux Droits de l'Homme à la Lutte contre la Pauvreté et à l'Insertion (CDHLPI)</i>
TOTAL PROJECT COST:	USD 22.9 million
AMOUNT OF IFAD LOAN:	SDR 8.80 million (equivalent to approximately USD 11.3 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIER:	Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development
TERMS OF COFINANCING:	To be determined
AMOUNT OF COFINANCING:	USD 3.5 million
CONTRIBUTION OF BORROWER:	USD 7.9 million
CONTRIBUTION OF BENEFICIARIES:	USD 177 700
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)



PROJECT BRIEF

Who are the beneficiaries? Project beneficiaries will include most of the rural population in the project area, estimated at about 150 000 persons. The project will target the traditionally marginalized and vulnerable communities, called the *adwaba*, where many former slaves and nomads with limited farming experience live. The project will focus its support on subsistence farmers who depend for their livelihood on dry farming activities. Women and youth are particularly vulnerable groups, traditionally excluded from decision-making processes, and face severe access problems to resources and information.

Why are they poor? The main causes of poverty in the area can be attributed to the isolation of the target population from the country's economic, social, political and cultural mainstreams. Largely neglected by government support services and by donors, these populations have limited human and social capital, live in a severely enclosed area and have little access to basic infrastructure and services. They have a very limited capacity to improve their incomes because of their rudimentary technical know-how and constrained access (if any) to markets and financial services.

What will the project do for them? The project has been designed as a major instrument for the implementation of the country's poverty reduction strategy. Its aim is, first, to establish the necessary conditions for sustained and equitable economic growth at the local level. This will be done through the establishment of functional basic social and economic infrastructure. Second, the project will help to develop the social capital of the rural poor in the project area. This aim will be achieved through support to their grass-roots organizations and local development institutions, the promotion of functional literacy, and the establishment of participatory planning processes for local development, in which the traditionally marginalized groups can effectively have a voice. Third, the project will also aim to improve the income opportunities of the poorest groups by helping them to identify and exploit existing opportunities, providing them with technical and managerial expertise, and promoting the emergence of sustainable financial services.

How will the beneficiaries participate in the project? The project design calls for participatory diagnostic and planning processes at the local level to ensure that target beneficiaries, particularly women and youth, will participate in determining local development priorities with respect to basic social and economic infrastructure and services. The project will provide users' associations and other community-based and beneficiary organizations with technical and financial support to help them take responsibility for the proper operation and maintenance of community infrastructure. It will provide demand-driven services in support of income-generating activities, responding to requests from women's cooperatives, producers' associations and other beneficiary organizations. In addition, the project will enhance the participation of beneficiaries through targeted adult functional literacy programmes and systematic capacity-building of service-oriented grass-roots organizations.



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I submit the following Report and Recommendation on a proposed loan to the Islamic Republic of Mauritania for SDR 8.80 million (equivalent to approximately USD 11.3 million) on highly concessional terms to help finance the Poverty Reduction Project in Aftout South and Karakoro. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. Mauritania is a vast country of more than one million km². The Sahara desert covers two thirds of the country. Despite its size, Mauritania has a limited road infrastructure, with only 1 786 km of tarred roads and 5 850 km of dirt roads. The country's population, estimated in 1999 at 2.6 million, is growing at the rate of 2.7% per year. The population is young, with 42% under the age of 14. The urbanization rate exceeds 50%, while from the early 1960s to the late 1990s the nomadic population declined from 80 to 10% of the total.
2. The structure of Mauritania's gross domestic product (GDP) has been relatively stable in recent years, with the rural sector contributing on average about 25%. The share of mining fell in the early 1990s, but then recovered in 1994, stabilizing at around 12% of GDP. Manufacturing plays a limited role and has few prospects for growth. Recent economic growth has been driven mainly by an expanding tertiary sector, which now accounts for about 50% of GDP. Mining and fisheries provide 99.7% of export receipts. Since food production is highly dependent on climatic variability, the country relies heavily on imports to ensure its food security.
3. Since the early 1990s, the Government has been implementing a series of macroeconomic reforms supported by the International Monetary Fund (IMF), the World Bank and other donors. These reforms resulted in reducing both the internal and external deficits and inflation to manageable levels. The overall policy environment has been improved, with reduced state intervention in production, marketing and prices; liberalization of trade and foreign exchange; and the restructuring of the banking sector. Consequently, economic growth, which was modest in 1991 and 1992, improved to a healthy 4.9% per year between 1993 and 1997. Rates for 1998 show a slight decline, to 4.2%.
4. Despite this performance, Mauritania has remained highly vulnerable to external shocks, with near total reliance for its export earnings on fish and iron, a high dependency on food and fuel imports, high indebtedness, and dependency on international aid for public investments. Mauritania became eligible for debt relief under the enhanced Debt Initiative for Heavily Indebted Poor Countries

¹ See Appendix I for additional information.



(HIPCs), and reached its decision point in January 2000. The September 2000 Executive Board approved IFAD's participation in the Initiative. The country has now formulated and adopted a poverty reduction strategy paper (PRSP) and is nearing the completion point, the time when the debt relief will accrue.

5. The agricultural sector contributes about 25% of the country's GDP, with livestock contributing about 15%, and crop production and fisheries contributing about 5% each. Mauritania's agriculture, including livestock, is highly dependent on limited and extremely variable rainfall, which ranges from 35 mm in the north to 650 mm in the south. The rainy season is short, between three and four months, thus limiting the range of rainfed crops to sorghum and millet. Rainfed farming and flood recession agriculture, the main sources of income for the majority of farmers, rely on traditional production methods, with practically no modern inputs. Overgrazing, deforestation and soil erosion, aggravated by repeated droughts, are contributing to expanding the desert area, thus shrinking the amount of useable land. Less than 0.5% of the country's area is under permanent crops. Extensive pastures cover some 39 million ha, or 38% of the total land area.

6. For a long period, agricultural policy in Mauritania focused on irrigated agriculture in an attempt to reduce dependency on food imports. The objective was to increase rice production, the staple food in urban areas, through heavy investments in public irrigation schemes and pervasive state intervention in production, marketing and trade. A major shift occurred in the early 1990s, induced by declining export and budgetary resources, bringing about major policy and institutional reforms supported by the IMF and the World Bank. These reforms resulted in liberalizing agricultural production, marketing and trade, and in eliminating subsidies on farm inputs.

7. Institutional reforms led to the consolidation of agricultural public institutions into a single department, the Ministry of Rural Development and Environment (MDRE), supported by a couple of parastatals. The reform of MDRE resulted in a more streamlined central administration. But the delivery of farm support services, particularly to small subsistence farmers, has suffered and remains highly defective.

8. A decentralization law was adopted in 1986. The law has been implemented in three phases: a first phase of 13 communes located in the regional capitals; a second of 33 communes located in the departmental capitals; and a last of 162 communes, mostly rural, which covers the rest of the country's territory. The Government has now started to address the specific constraints faced by rural communes, particularly with regard to the requirements for local development planning and management in terms of financial and human resources, and to training and technical support.

9. The law on cooperatives was updated in 1996, with simpler provisions for their establishment and operation, and increased autonomy in their management. The gamut of civil-society institutions in rural areas has recently become more diversified thanks to the emergence of non-governmental organizations (NGOs) and professional associations. The Government is now preparing new legislation to upgrade the outdated 1964 law, which would improve the regulatory framework for these institutions and provide them with prerogatives and incentives for a more active role in its poverty reduction strategy and programmes.

B. Lessons Learned from Previous IFAD Experience

10. **IFAD portfolio.** IFAD has funded eight loans in Mauritania for a total commitment of about USD 55 million. The first loan was extended in 1980 for the Gorgol Irrigation Project, and the last one was approved in 1994 for the Oasis Development Project – Phase II. Two projects are still ongoing: the Maghama Improved Flood Recession Farming Project, due to close in June 2001, and the Oasis Development Project – Phase II, due to end in March 2003.



11. Implementation of IFAD projects was for many years plagued by very poor management practices, political interference, inadequate personnel recruitment procedures, high turnover of managerial staff, serious delays in the provision of counterpart funding, poor management of contracts, and lateness and poor quality of audits. As a result, IFAD has not funded new projects in Mauritania since 1994. A country portfolio evaluation (CPE), conducted in 1996, gave an in-depth assessment of ongoing IFAD projects and a thorough analysis of the causes of rural poverty in Mauritania. The CPE's conclusions and recommendations provided the basis for a constructive dialogue with the Government, which has since taken strong measures to address some of the management and implementation problems encountered by IFAD projects. As a result, IFAD cooperation with Mauritania was reactivated with the approval of the country strategic opportunities paper (COSOP) in May 2000.

12. **Lessons learned.** The key lessons learned from this 21-year presence include: (i) the more successful IFAD projects in Mauritania have provided for the effective participation of beneficiaries in setting priorities and participating in the implementation of project activities; (ii) poor implementation performance is caused by the lack of autonomy of project management units, non-competitive selection procedures of project staff, and a limited reliance on contractual arrangements with private service providers; (iii) dialogue with the Government has been effective in helping to address implementation problems and improve the institutional and regulatory environment for rural development; and (iv) close monitoring of agreed decisions on personnel and financial management procedures is essential for proper project implementation.

13. Other lessons of experience relevant to this project include: (i) a clear separation between the decision processes and funding mechanisms for public goods and for private goods is a key factor for ensuring transparency; (ii) sustainability of rural infrastructure depends on the effective participation of beneficiaries in the decision and implementation processes and on their capacity to take technical and financial responsibilities for operation and maintenance; and (iii) proactive and quick delivery of goods and services to the rural poor can mitigate the frustrations induced by the usually time-consuming participatory approaches.

C. IFAD's Strategy for Collaboration with Mauritania

14. **Rural poverty and government strategy.** The 1996 Integrated Household Survey revealed that the incidence of poverty in Mauritania was at 50%, with about 27% in urban areas and a very high 68% in rural areas. When compared with the 1990 poverty assessment, the survey showed a decline in the overall incidence of poverty from 57 to 50% of the total population. While the decline was general in all urban areas, poverty appears to have increased in many rural areas, especially in the eastern and central provinces, where it averaged 72%.

15. These results led the Government to initiate numerous poverty reduction activities. However, by 1999, both the Government and the donor community recognized the need for a coherent national strategy for poverty reduction. The Debt Initiative provided the opportunity for the formulation of such a strategy. The resulting PRSP, formulated in record time and approved in early 2001, sets for the country very ambitious goals for the 2015 horizon. These goals, which exceed the international development goals (IDG), are the following: (i) to reduce the overall incidence of poverty by two thirds (from over 50 to 17%), that of extreme poverty by one third (from 33 to 22%), and that of rural poverty by half (from 68 to 34%); (ii) to reach, well before 2015, the IDG with respect to school enrolment, alphabetization, health coverage and access to drinking water and decent lodging; and (iii) to reduce significantly the existing geographical and social inequalities.

16. In pursuing these goals, the PRSP proposes to: (i) promote an accelerated and equitable economic growth of about 6% per year, (ii) anchor economic growth in the activities sphere of the poor; (iii) support the development of human resources and broaden all citizens' access to basic



services, particularly education, health and nutrition and potable water; and (iv) promote institutional development and capacity-building at the local level. For the period 2001-2004, the PRSP sets goals for reducing the overall incidence of poverty to 39% and that of rural poverty to 53%, and sets five focal areas for intervention (rural development, development of the urban peripheries, education, health and drinking water).

17. **Poverty eradication activities of other donors.** The proposed project area has never benefited from any major donor interventions. Some international NGOs have been active in surrounding areas, but their activities have been small in scope, without the resources to address the critical infrastructure requirements. Projected interventions will include European Union funding of a major road that will cross most of the project area, and the rehabilitation of the urban infrastructure of M'bout, one of the departmental capitals, by the World Bank-funded Second Urban Infrastructure Project.

18. **IFAD's strategy.** IFAD's strategy for collaboration with Mauritania, as detailed in the COSOP, proposes to focus future interventions on four strategic thrusts:

- the empowerment of rural populations, particularly the IFAD target group, to participate effectively in setting local development priorities, in defining and implementing local development programmes, and in partaking of their benefits;
- the establishment of effective mechanisms for transferring resources to the rural populations for the funding of local development programmes that address their priorities;
- the alleviation of the access problems faced by the rural poor to land tenure security, financial capital and markets; and
- the development of grass-roots organizations with enhanced capabilities for advocacy and programme design and implementation.

19. The COSOP suggests that a two-pronged approach be used to pursue these goals: (i) exploitation of the synergies between policy dialogue and investment funding; and (ii) leverage of IFAD's limited capacity for policy dialogue and finite financial resources through strategic alliances and partnerships with other donors sharing the same objectives and approaches. Policy dialogue between IFAD and the Government focuses on those issues most critical to the interests of the rural poor. It also recommends the development of effective partnerships with NGOs and other civil-society institutions for the design and implementation of IFAD operations, providing targeted capacity-building support when necessary.

20. **Rationale for the project.** The COSOP recommends that future IFAD interventions focus on those areas where the most vulnerable of the rural poor live. This project was identified as the top priority in this regard. The project is to focus on some of the poorest rural areas in Mauritania, where poverty affects nearly 80% of the rural population. Inhabitants of the project area are mostly former slaves and other social groups suffering from various forms of exclusion. The project's design reflects the COSOP's four strategic thrusts of empowerment, effective transfer of resources, the alleviation of the critical access problems, and capacity-building of beneficiaries' grass-roots organizations.

21. The identification and formulation of this project were conducted during the final stages of the finalization of the country's PRSP, and have used the national expertise that played a key role in its preparation. As a result, the project's design is fully consistent with the PRSP and reflects its main strategic orientations of anchoring economic growth in the activities sphere of the poor, provision of basic economic infrastructure, and generalized access to basic social services. The Government considers the project the first major instrument for the implementation of the PRSP, and has made a commitment to use the windfall from the debt relief under the Debt Initiative to cofinance the project.



22. In view of this direct linkage with the country's PRSP, the project will contribute, within the context of its intervention area, to the achievement of IDG, which the PRSP has adopted and intends to exceed by the year 2015.

PART II - THE PROJECT

A. Project Area and Target Group

23. Project interventions will target three contiguous departments: M'Bout, Ould Yengé and Kankossa, respectively in the provinces of Gorgol, Guidimaka and Assaba. Covering about 26 000 km², the area is characterized by a semi-arid Sahelian climate, with low and highly variable rainfall. The fragile natural resource base was undermined by the repeated droughts of the 1970s and 1980s, and has suffered further degradation through human action. The project area is disconnected from the rest of the country, and its communities are isolated because of the defective road infrastructure. The area lacks other critical basic infrastructure, especially drinking water facilities and markets. Much of the existing educational and health infrastructure needs rehabilitation and/or is inaccessible to the inhabitants of small and dispersed village communities.

24. The majority of the rural inhabitants, estimated at about 150 000, are recently settled nomads with little experience with sedentary farming practices. Many of them depend for their livelihood on dry farming and extensive livestock activities, which are highly vulnerable to climatic variability. Because of their origin and the long years of neglect, most of the population have little social capital, and rely less on the traditional solidarity mechanisms. The main coping mechanisms of the poorest group consist in the diversification of their income-generating activities and a very high mobility of labour through seasonal and permanent migration.

25. The project will target all of the rural population in the project area, through the rehabilitation and establishment of functional rural roads and basic social and economic infrastructure, particularly to the benefit of the traditionally marginalized and vulnerable communities. It will also promote the development of local capabilities through technical and managerial support to grass-roots organizations and rural communes, functional literacy programmes, and the establishment of participatory planning processes for local development, in which the traditionally marginalized groups can effectively have a voice. These activities will specifically target women and youth, who are traditionally excluded from decision-making processes. The project will provide farm support services to about 10 000 subsistence farmer families. It will also provide targeted support to the most vulnerable groups, especially women and youth, by helping to identify and exploit existing income opportunities, providing technical and managerial know-how and promoting sustainable financial services.

B. Objectives and Scope

26. The project aims to contribute, within its intervention area, to the broad policy goals of the PRSP of reducing rural poverty, ensuring generalized access to basic social services, and fostering institutional development at the local level. More specifically, its development objectives will be to improve in a sustainable manner:

- the capacities of beneficiary organizations, decentralized institutions and local service providers;
- the access of the rural population to basic infrastructure and services; and
- the incomes of the rural poor, particularly those of the most vulnerable groups, small farmers, women and youth.



C. Components

27. The project will have four components: (i) support to organizational and managerial capabilities; (ii) basic rural infrastructure; (iii) support to income-generating activities; and (iv) project coordination, monitoring and evaluation (M&E).

28. **Support to organizational and managerial capabilities.** The project will aim at capacity-building at the grass-roots level of community-based beneficiary organizations, users' associations, rural communes and local service providers. It will support, among other activities, the generation of information necessary for local development planning and implementation; participatory diagnostic and planning activities; adult literacy programmes; the provision of technical and managerial support; and information, education and communication (IEC) programmes for women.

29. **Basic rural infrastructure.** The project will fund three sub-components: (i) a rural roads programme, which will focus on the treatment of critical points and light road rehabilitation; (ii) a rural infrastructure programme, including the rehabilitation and/or establishment of potable water facilities, community-based productive infrastructure, and multi-purpose community facilities; and (iii) a programme of complementary infrastructure, to be financed by the Government under the framework of the enhanced Debt Initiative. This last programme will cover the rehabilitation of primary education and basic health facilities, rural markets and other infrastructure that will improve living conditions in rural areas and will provide funding for the rehabilitation and establishment of urban infrastructure that will benefit rural populations, such as health, secondary education and market facilities.

30. **Support to income-generating activities.** The project will support farm and non-farm income-generating activities, particularly those initiated by the most vulnerable groups. Key activities to be supported under this component will include: technical and managerial support to sustainable agricultural production systems; support to non-farm income-generating activities, mostly for the benefit of women and youth; and support to the development of private financial services.

31. **Project coordination, monitoring and evaluation.** This component will provide for the coordination and M&E of all project activities, and for the financial management of the project. It will finance the establishment and operation of a small, fully autonomous project coordination and management unit in the project area, under two-year renewable contractual arrangements. This component will also include expatriate and national technical assistance, with the aim of ensuring the continuous improvement of the project's implementation methods and instruments.

D. Costs and Financing

32. **Project costs.** Overall costs of the project, which will be implemented over a seven-year period, are estimated at about USD 22.9 million, including contingencies. Foreign currency requirements are estimated at USD 5.1 million, about 22% of total cost. Taxes and duties will be about USD 2.3 million (about 10%).

33. **Financing.** It is proposed that IFAD finance USD 11.3 million, about 49% of the total cost. The Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development has expressed an interest in cofinancing the rural roads sub-component for USD 3.5 million, about 15% of total cost. The Government's contribution will total about USD 7.9 million (35% of the total cost). This will include USD 6.1 million to be funded within the framework of the enhanced Debt Initiative. Of the Government's contribution, USD 2.3 million will cover taxes and import duties. In view of the prevalence of poverty in the area, beneficiaries' direct contributions are estimated at only USD 177 700 (1%).

34. A tentative agreement has also been reached with the German Agency for Technical Cooperation (GTZ), which will coordinate support to the PRSP updating and M&E processes.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
Support to organizational and managerial capabilities	2 245.1	240.0	2 485.1	10	12
Basic rural infrastructure	9 328.4	3 318.9	12 647.3	26	59
Support to income-generating activities	2 450.0	-	2 450.0	-	12
Project coordination, monitoring and evaluation	2 605.3	1 104.6	3 709.9	30	17
Total base costs	16 628.8	4 663.5	21 292.3	22	100
Physical contingencies	565.8	217.6	783.7	28	4
Price contingencies	640.8	216.7	857.5	25	4
Total project costs	17 835.4	5 098.0	22 933.4	22	108

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD '000)

Components	IFAD		OPEC Fund		Beneficiaries		Government		Total		For. Exch.	Local (Excl. Taxes)	Duties and Taxes
	Amnt	%	Amnt	%	Amnt	%	Amnt	%	Amnt	%			
Support to organizational and managerial capabilities	2 429.5	90.7	-	-	-	-	247.8	9.3	2 677.3	11.6	242.8	2 256.4	178.2
Basic rural infrastructure	3 090.2	22.6	3 489.9	25.5	177.7	1.3	6 934.5	50.6	13 692.3	59.4	3 662.4	8 652.6	1 377.4
Support to income-generating activities	2 223.6	87.6	-	-	-	-	314.0	12.4	2 537.5	11.1	-	2 223.6	314.0
Project coordination, monitoring and evaluation	3 583.2	89.0	-	-	-	-	443.0	11.0	4 026.2	17.6	1 192.9	2 390.3	443.0
Total disbursement	11 326.5	49.4	3 489.9	15.1	177.7	0.8	7 939.2	34.6	22 933.4	100.0	5 098.0	15 522.8	2 312.5

^a Discrepancies in totals are due to rounding.



E. Procurement, Disbursement, Accounts and Audit

35. The **procurement procedures** will vary according to the nature of goods and services to be procured and on the amounts involved. Contracts in excess of USD 50 000 will be subject to international competitive bidding (ICB) procedures. Contracts worth USD 50 000 or less but more than USD 10 000 will be subject to local competitive bidding. Local shopping procedures will be used for contracts of USD 5 000 or more, but less than USD 10 000; and purchases of less than USD 5 000 will be made directly.

36. As far as possible, vehicle purchases will be pooled in order to obtain better prices, and will follow ICB procedures in accordance with IFAD guidelines. Consultants and partner organizations will be contracted using the procedures of the cooperating institution. Considering the small size of the investments and their implementation over several years, these contracts will be concluded on the basis of local invitations to tender.

37. **Disbursements.** Prior to the beginning of every implementation year, an annual work programme and budget (AWP/B) will be submitted, after review and approval by the project steering committee (COS), to the cooperating institution and IFAD for comments and approval. Withdrawal applications will be co-signed by the coordinator of the project coordination and management unit (UCG) and the administrative and financial officer of the project. Disbursements will be fully documented, except for expenditures covering the following: operating costs, salaries, travelling allowances, surveys and contracts, local training and the risk fund. These will be paid against certified statements of expenditures (SOEs).

38. To facilitate disbursements and project implementation, a special account in United States dollars will be opened by the borrower in the name of the project with an acceptable bank in Nouakchott. The authorized allocation will be USD 600 000. An initial amount of USD 400 000 will be deposited into the account for the first year of operation. The amount will be increased to USD 600 000 when loan disbursement reaches SDR 1.5 million.

39. The Government will take all appropriate measures, including annual budget provisions, treasury cheques and exoneration from import duties, to cover taxes and duties pertaining to project expenditures. A project account, also to be established in the name of the project with an acceptable bank in Nouakchott, will receive the counterpart funds and will be managed in accordance with current regulations in Mauritania. As a condition of loan effectiveness, an allocation for the necessary amount covering the Government's total contributions for the first year of operations, or the equivalent of USD 800 000, will be introduced in the Government's 2002 consolidated investment budget. As a condition of disbursement, the Government will deposit half of this amount, the equivalent of USD 400 000, in the project account.

40. **Accounts and audit.** The UCG will keep double-entry books that satisfy international standards. The partner organizations in charge of executing specific project activities will keep separate accounts to document their use of project funds. They will receive advances against future expenditures, beginning with a payment equivalent to the forecasted operating costs for the first three months. They will submit monthly SOEs with the original documentation to the UCG. After verification, the UCG will replenish the accounts as appropriate. The accounts of both the UCG and the partner organizations will be examined on a regular basis and/or at the request of supervision missions. A financial and management audit will be conducted each year by an internationally recognized auditing firm acceptable to IFAD. The auditing firm will express its opinion on the tendering procedures, the legitimacy of the expenditure items charged against the special account, and the use of the goods and services financed by the project. It will also issue a separate opinion on SOEs. The fees of the auditing firm will be paid from the loan proceeds.



F. Organization and Management

41. **Overall organization.** The project will be implemented with the direct participation of beneficiary associations and rural communes. There will be in this regard a clear delineation between public and private goods and services, in the applicable decision processes, and delivery and funding mechanisms. The rural communes will have the main responsibility for public goods and services, but will be encouraged to transfer responsibilities for operation and maintenance to users' associations under concessions of public services that are provided for under Mauritanian legislation. For productive community investments and individual income-generation activities, the project will provide support directly to producers' associations, women's cooperatives and other forms of formal and informal rural microenterprises. Delivery of support services to beneficiaries and to their grass-roots organizations will be based on the "faire-faire" principle, through contractual or cooperative arrangements with private and public-service providers.

42. **Beneficiary participation.** Participatory processes will be used at the local level (village communities and communes) to ensure the beneficiaries' effective participation in the selection of local development priorities, in implementing project activities, and in evaluating the effectiveness and impact of project support. The project will seek and enforce clear commitments with regard to the participation of traditionally marginalized groups, such as women and youth, particularly in connection with the establishment of local priorities for public infrastructure and services. Beneficiaries, through their users' associations, will have the main responsibility for the operation and maintenance of all facilities rehabilitated or established with project support. The most vulnerable groups among the rural poor – particularly women, youth and subsistence farmers – will participate by initiating, or consolidating, farm and non-farm activities that are likely to increase their incomes. The project will provide organizational and technical support to these groups, and help with funding arrangements.

43. **Provision of support services.** Implementation of project support activities will be through contractual arrangements with private service providers, through framework agreements with national public service providers, and through cooperative agreements with partner institutions such as United Nations agencies and/or qualified international and national NGOs. The project will promote the use of rural communes, users' associations and beneficiary associations as implementing partners, providing capacity-building support as needed. The delivery of agricultural support services and support to income-generating activities will be based on a demand-supply approach, through consolidation of the fragmented demand for services into feasible packages that will attract private and public service providers. When appropriate, the project will help with the emergence or strengthening of local service providers.

44. **Coordination and management.** The *Commissariat aux Droits de l'Homme à la Lutte contre la Pauvreté et à l'Insertion* (CDHLPI), a commissariat for human rights, poverty reduction and inclusion, will be the Government's implementing agency. CDHLPI will establish a small UCG, with autonomy with regard to its administrative and financial management. The UCG will be located in the project area and will be responsible for coordinating all project interventions, administering contracts and cooperative framework agreements with implementing partners, and managing project funds.

45. A project steering committee will be responsible for project oversight and ex-post monitoring and will also play a facilitating role in inter-institutional coordination. The COS, to be presided by the head of CDHLPI or his designated representative, will include representatives of key departments (especially those responsible for rural development, primary education, health, literacy, rural roads, and women's affairs) and an appropriate number of local development actors and representatives of beneficiary organizations.



46. **Partnerships and coordination with other projects.** A tentative agreement has been reached between IFAD and GTZ to coordinate their respective support activities for the implementation and monitoring of the PRSP processes. This coordination will be mainly in terms of complementary support to the establishment and operation of a national PRSP monitoring system. IFAD will also ensure that the project's internal M&E system is consistent and interactive with the national PRSP system. The national PRSP process, supported by GTZ, will establish mechanisms for cross-fertilization across all poverty reduction programmes in Mauritania.

47. At the implementation level, the project will seek to establish cooperative arrangements with other relevant donor and NGO interventions in the project area and in other parts of the country, in order to promote synergy, exchange experiences and avoid duplication of activities.

48. **Monitoring and evaluation.** The design of the project's M&E system will take into account the design and implementation linkages between the project and the PRSP, making explicit in particular the information flows and interactions between the national PRSP M&E system and that of the project.

49. The project's M&E system will be designed as an integrated system of tools to be established and used by each of the key actors with the purpose of improving implementation and impact on a regular basis. Therefore, each implementing agency will establish an internal monitoring system focused on collecting and analysing the information that is pertinent to assess implementation performances. The selected operating principal partners (OPPs) and operating specialized partners (OSPs) will provide support to all village-level organizations and to the rural communes to help them establish and operate their individual monitoring systems.

50. At the rural commune level, process and impact evaluations will be conducted annually within the framework of the consultative communal committees (CCCs), and will constitute the backbone of the overall evaluation system. These evaluations will be interactive, associating the population representatives and all the implementing partners. They will provide the basis for the annual updates of the communal, departmental and project area baselines, and for the preparation of the corresponding activity programmes for the coming year. In addition, they will serve as primary inputs into an inter-communal system to be established to identify and promote best practices in local development activities.

51. At the project level, mid-term and end-of-project evaluations will be conducted in a participatory manner, with a focus on progress towards the PRSP objectives and the project's development indicators. Evaluations will detail the impact on the various types of beneficiaries and assess the efficacy of implementation processes. Provisions are also made for thematically oriented evaluations, and for technical and training support in the establishment, operation and use of participatory M&E systems.

G. Economic Justification

52. **Beneficiaries.** Most of the rural population in the project area, estimated at 150 000 persons in about 30 000 households, will benefit from the reduction of physical and economic exclusion, and from a broader access to improved basic social and economic services, potable water, education and health. The vulnerable groups to be targeted will include about 10 000 subsistence farmer households, whose livelihoods depend on dry farming and extensive livestock activities. About 2 000 women and 500 youths – the traditionally marginalized groups – will benefit not only from the above services, but also from higher incomes from diversified sources through support targeted to their income-generating activities. All these social groups will also have established or consolidated sustainable grass-roots organizations that will play active advocacy roles and will provide them with



critical social and economic services. These groups, and the rural population as a whole, will also benefit from an increased and effective participation in local development decisions.

53. **IFAD's target group and gender impact.** Women and youths will benefit from an explicit empowerment strategy, which will aim at: (i) their effective participation in local development decisions, particularly those pertaining to basic infrastructure and services; (ii) the development of their social capital through capacity-building support targeted at the grass roots and the implementation of targeted IEC programmes; (iii) facilitation of access to basic social services, mainly education, literacy and health services; and (iv) promotion of income-generating activities, through support in the identification of opportunities, provision of technical and managerial expertise, facilitated access to appropriate financial service organizations, and assured participation in local diagnostic and planning processes. As a result, women will expect to play key roles in decision-making and in the implementation of development activities.

54. **Economic and financial analysis.** The project is designed for on-demand delivery of support services and funding. Therefore, even though the main categories of support services and funding needs are identified, it will be the beneficiaries, through their grass-roots organizations, who will determine the kinds and amounts of services and investments to be funded, together with funding priorities. A large proportion of project funding will be used for the rehabilitation and establishment of basic social and economic infrastructure, and the development of human and social capital. The returns on these investments, while very high, are difficult to quantify and extend over the long run. It is therefore impossible, under these conditions, to apply a classical cost-benefit analysis to the project.

55. It is possible, however, to identify the major benefits that will accrue to the various beneficiaries. These benefits will consist mostly of: (i) improved access to drinking water facilities and reduction in time and effort spent by women and children in fetching water; (ii) improvement in the key human development indicators, particularly those related to functional literacy, primary education and access to basic health services; (iii) the development of social capital in rural areas, especially those inhabited by traditionally marginalized groups; (iv) improved farm income and food security and nutrition of subsistence farmer families; and (v) increased and more diversified incomes of the most vulnerable groups, women and youths.

56. **Financial analysis.** A financial analysis of some the farm and non-farm activities to be supported by the project has shown that their rates of return vary from a low of 13% for flood recession agriculture to a high of 47% for anti-erosion works. The requirements for operation and maintenance of all major types of infrastructure have also been evaluated. Because most of the proposed infrastructure is small and will rely on local materials and expertise, operation and maintenance are well within the financial and technical capabilities of the beneficiary associations and rural communes.

57. **Sustainability.** One of the key features of this project is the systematic concern with ensuring the sustainability of the social and physical capital it will help build for the targeted communities. Other key features are the systematic promotion of natural resource management practices in support of farming activities, the promotion of anti-erosive measures and the rehabilitation of natural tree plantations. Institutional sustainability will be promoted not only through the development of the social capital of the most vulnerable groups and of the technical and managerial capabilities of all key actors in local development, but also through support to the emergence and sustainable operation of financial intermediaries and other service providers.



H. Risks

58. Three potentially important risks have been identified. The first, which has a low probability of occurring, would be a slackening of government commitment to implement the PRSP. This risk will be mitigated through a steady involvement of IFAD, in alliance with other donors, in support of the implementation and monitoring process of the PRSP. The second, which is more likely, would be frequent interference by local authorities in the project's operation and management. Effective enforcement and close monitoring of the proposed institutional arrangements for project implementation will help reduce such interference to a manageable level. The third is related to the likelihood of defective service delivery by public and private service providers. This risk will be minimized by the strict enforcement of time-bound contracts and agreements, and by the provision of capacity-building support to local service providers.

I. Environmental Impact

59. Overall, the project will have a positive impact on the environment and the natural resource base. For those few project activities with some negative impact on the environment, mitigation measures have been identified. Their implementation will be ensured through the sensitization of beneficiaries, technical support and the enforcement of strict eligibility criteria. In addition to these mitigation measures, a vast array of proactive activities have been planned to promote and facilitate the rehabilitation and conservation of the natural resource base. These activities will target, in particular, soil fertility, anti-erosion activities, and the rehabilitation of natural plantations of Arabic gum and other trees of economic value to the local population.

J. Innovative Features

60. The project introduces a number of key innovative features, in terms of its linkages to the national poverty context and strategy, the most important being:

- the development goals of the project are consistent with the IDG;
- the project is fully consistent with the country's PRSP, with the same key objectives and indicators, and complementary and interactive M&E systems;
- the Government will participate in project financing under the enhanced Debt Initiative; and
- project implementation will be accompanied by parallel IFAD support to the decentralization reform process and to the monitoring and updating processes of the PRSP.

61. The project is also innovative in its implementation arrangements. First, there will be a clear delineation in the decision-making processes and funding mechanisms between public goods and services and private ones. The second innovation consists in applying a demand-supply approach for the delivery of support services to farm and non-farm income-generating activities, through the consolidation of the fragmented and dispersed demand into attractive packages, and primary reliance on contracts with local service providers, providing targeted capacity-building support as needed.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

62. A loan agreement between the Islamic Republic of Mauritania and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

63. The Islamic Republic of Mauritania is empowered under its laws to borrow from IFAD.

64. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.



PART IV - RECOMMENDATION

65. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Islamic Republic of Mauritania in various currencies in an amount equivalent to eight million and eight hundred thousand Special Drawing Rights (SDR 8 800 000) to mature on and prior to 1 May 2041 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 5 September 2001)

1. The Government of the Islamic Republic of Mauritania (the Government) shall make the proceeds of the loan available to CDHLCPI, in accordance with the AWP/Bs and customary national procedures for development assistance.
2. In addition to the proceeds of the loan and as and when required, the Government shall make available to the UCG and to all other parties involved in the project, funds, facilities, services and other resources to enable them to implement the project in accordance with the terms of the loan agreement. Without prejudice to the foregoing, during the course of project implementation, the Government shall make available to the UGC counterpart funds from its own resources in an aggregate amount in Mauritanian ouguiyas equivalent to USD 7 900 000, of which the amount of USD 6 100 000 corresponds to its financial participation in the Debt Initiative for the HIPC under the project. To that end, the Government shall deposit into the project account an initial amount in Mauritanian ouguiyas equivalent to USD 4 000 000 to cover the first six months of project implementation; thereafter, it shall replenish the project account, in advance on a six-monthly basis, in accordance with the requirements of the AWP/Bs for the relevant project year. The Government, in accordance with customary national procedures for development assistance will meet the taxes and duties on all goods and services required under the project. The project will be registered under the country's consolidated investment budget.
3. The Government shall ensure that the proceeds of the cofinancing provided by the OPEC Fund for International Development are made available to the UCG in accordance with the AWP/Bs.
4. As part of maintaining sound environmental practices as required by the General Conditions, the Government shall maintain appropriate pest management practices under the project. To that end, the Government shall ensure that pesticides procured under the project do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or Listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization's Recommended Classification of Pesticides by Hazard and Classification 1996-97, as amended from time to time.
5. The Government shall exempt from taxes all importations, goods, civil works and services financed by the project. The value of such exemptions shall be credited against the obligation of the Government to provide counterpart funds.
6. Key personnel, i.e. the project coordinator and the administrative/financial officer, shall be selected in collaboration with CDHLCPI on the basis of competitive selection procedures open to qualified candidates from the public and private sectors and from non-profit-making organizations. The recruitment (and dismissal, should the case arise) of the project coordinator and the administrative/financial officer shall be subject to the prior approval of both the Government and IFAD. The selection of technical, management and administrative staff shall be the responsibility of the project coordinator, in accordance with the procedure outlined above. All things being equal, priority shall be given to women candidates for appointments to vacant positions under the project. All UCG staff shall be recruited under two-year renewable contracts.



ANNEX

7. The Government shall insure project staff against health and accident risks, in accordance with current national laws pertaining to working conditions.
8. The following are specified as additional conditions to loan effectiveness:
 - (a) The Government shall have signed the official decision to establish the project and shall have specified the responsibilities and composition of the UGC and the project steering committee.
 - (b) The Government shall have opened the special account and the project account.
 - (c) The project coordinator and the administrative/financial officer shall have been selected.
 - (d) The Government's contribution for the first project year shall have been registered under CDHLCPI's investment budget for 2002.
 - (e) A financial and accounting system shall have been elaborated.
 - (f) A favourable legal opinion, in form and substance acceptable to IFAD, issued by the Director-General of the Legislation, Translation and Edition of the Official Journal, or other official authority in Mauritania, shall have been delivered by the Government to IFAD.
9. The following are specified as additional conditions for the disbursement of loan proceeds:
 - (a) No withdrawals shall have been made under any disbursement category until such time as:
 - (i) the Government shall have deposited into the project account an amount equivalent to USD 400 000 to cover the first six months of project implementation;
 - (ii) the project operational manual shall have been finalized; and
 - (iii) a financial and accounting system shall have been set up.
 - (b) No withdrawals shall have been made from Category I(a) (Civil Works – Rural Roads) prior to the finalization by the Government and approval by IFAD of the priority programme for rural roads.
 - (c) No withdrawals shall have been made from Category VIII (Microcredit) prior to the approval by IFAD of the study on private financial services.

COUNTRY DATA

MAURITANIA

Land area (km² thousand) 1997 1/	1 025	GNI per capita (USD) 1999 4/	390
Total population (million) 1999 4/	2.6	Average annual real rate of growth of GNP per capita, 1990-98 2/	1.5
Population density (people per km²) 1998 1/	2	Average annual rate of inflation, 1990-98 2/	5.3
Local currency	Ouguiya (MRO)	Exchange rate: USD 1 =	MRO 259
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-98 1/	2.7	GDP (USD million) 1999 4/	958
Crude birth rate (per thousand people) 1998 1/	40	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1998 1/	13	1980-90	0.0
Infant mortality rate (per thousand live births) 1998 1/	90	1990-98	4.2
Life expectancy at birth (years) 1998 1/	54	Sectoral distribution of GDP, 1998 1/	
Number of rural poor (million) (approximate) 1/	n.a.	% agriculture	25
Poor as% of total rural population 1/	n.a.	% industry	30
Total labour force (million) 1998 1/	1.2	% manufacturing	9
Female labour force as% of total, 1998 1/	44	% services	46
Education		Consumption, 1998 1/	
Primary school gross enrolment (% of relevant age group) 1997 1/	79 a/	General government consumption (as% of GDP)	14
Adult literacy rate (% age 15 and above) 1998 3/	41	Private consumption (as% of GDP)	78
Nutrition		Gross domestic savings (as% of GDP)	
Daily calorie supply per capita, 1997 3/	2 622	Balance of Payments (USD million)	
Prevalence of child malnutrition (height for age% of children under 5) 1992-98 1/	44	Merchandise exports, 1998 1/	359
Prevalence of child malnutrition (weight for age% of children under 5) 1992-98 1/	23	Merchandise imports, 1998 1/	319
Health		Balance of merchandise trade	
Health expenditure, total (as% of GDP) 1990-98 1/	5.2	Current account balances (USD million)	
Physicians (per thousand people) 1990-98 1/	0.06	before official transfers, 1998 1/	-110
Percentage population without access to safe water 1990-98 3/	63	after official transfers, 1998 1/	77
Percentage population without access to health services 1981-93 3/	70	Foreign direct investment, 1998 1/	
Percentage population without access to sanitation 1990-98 3/	43	5	
Agriculture and Food		Government Finance	
Food imports as percentage of total merchandise imports 1998 1/	n.a.	Overall budget surplus/deficit (including grants) (as% of GDP) 1997 1/	n.a.
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	87	Total expenditure (% of GDP) 1997 1/	n.a.
Food production index (1989-91=100) 1996-98 1/	104.7	Total external debt (USD million) 1998 1/	2 589
Land Use		Present value of debt (as% of GNP) 1998 1/	150
Arable land as% of land area, 1997 1/	0.5	Total debt service (% of exports of goods and services) 1998 1/	27.7
Forest area (km ² thousand) 1995 1/	6	Nominal lending rate of banks, 1998 1/	
Forest area as% of total land area, 1995 1/	0.5	n.a.	
Irrigated land as% of cropland, 1995-97 1/	9.7	Nominal deposit rate of banks, 1998 1/	
		n.a.	

n.a. not available.

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 20002/ World Bank, *Atlas*, 20003/ UNDP, *Human Development Report*, 20004/ World Bank, *World Development Indicators database*, 2001



PREVIOUS IFAD LOANS TO MAURITANIA

Loan no.	Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Closing Date	Currency	Approved Amount	Disbursement (% of approved amount)
MR-044	Gorgol Irrigation Project	IDA	IDA	HC	16.09.80	27.08.81	30.06.90	SDR	7 600 000	95%
MR-092	Gorgol Farmers' Training Project	IFAD	IDA	HC	31.03.82	28.07.83	30.06.90	SDR	1 200 000	20%
MR-169	Small-Scale Irrigation Project	IDA	IDA	HC	03.04.85	30.01.86	30.06.93	SDR	3 500 000	74%
SRS-MR-001	Agricultural Rehabilitation Programme	AFESD	AFESD	HC	30.04.86	10.12.86	30.06.94	SDR	4 000 000	100%
MR-022	Agricultural Rehabilitation Programme – II	AFESD	AFESD	HC	06.12.89	06.11.90	31.12.96	SDR	8 650 000	99%
MR-318	Maghama Improved Flood Recession Farming Project	IFAD	UNOPS	HC	03.12.92	10.06.93	31.06.01	SDR	7 450 000	97%
SRS-MR-031	Banc d'Arguin Protected Area Management Project	IFAD	UNOPS	HC	15.04.92	18.05.93	30.06.00	SDR	1 200 000	93%
MR-043	Oasis Development Project – Phase II	IFAD	AFESD	HC	06.09.94	08.02.95	30.03.03	SDR	5 400 000	69%

Note: HC = Highly concessional.

LOGICAL FRAMEWORK

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>I. GLOBAL POLICY GOAL</p> <p>Rural poverty reduced by half</p> <p>Generalized access of population to basic social services</p> <p>Institutional development at the local level</p>	<p>Incidence of poverty in the project area reduced</p> <p>Access of rural population to basic social services improved</p> <p>Local capacity improved</p>	<ul style="list-style-type: none"> • Poverty surveys • PPDP • Participatory mid and end-of-project evaluations • Participatory thematic evaluations 	<p>The Government sustains effective implementation of the PRSP.</p>
<p>II. PROJECT DEVELOPMENT OBJECTIVES</p> <p>Improve in a sustainable manner:</p> <ul style="list-style-type: none"> • The capacity of beneficiary organizations, decentralized institutions and local service providers; • The access of the rural population to basic infrastructure and services; • The incomes of the rural poor, in particular those of the most vulnerable groups, small farmers, women and youth. 	<p>Key outcomes</p> <p>Adult literacy rates increased</p> <p>Public services rendered by rural communes are improved (coverage, quality, timeliness)</p> <p>Grass-roots organizations are participating effectively in local development planning and providing services to their members</p> <p>Percent of rural communes with access to main road network increased</p> <p>Percent of communities with access to safe drinking water increased</p> <p>Percent of communities with access to health facilities increased</p> <p>Primary school enrolment increased</p> <p>Incomes of small farmers</p> <p>Incomes of targeted women increased and diversified</p> <p>Incomes of targeted youth increased and diversified</p>	<ul style="list-style-type: none"> • PPDP • Participatory mid and end-of-project evaluations • Participatory thematic evaluations • Specific surveys 	<p>The Government sustains will and efforts to implement PRSP.</p> <p>There is no local interference in project operations.</p> <p>Quality response by public and private service providers</p>



Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>III. OUTPUT FROM EACH COMPONENT</p> <p>Support to organizational and managerial capabilities</p> <p>Basic rural infrastructure</p> <p>Support to income-generating activities</p> <p>Project coordination, monitoring and evaluation</p>	<p>GIS system, rural roads master plan, groundwater studies, and watershed management schemes completed Baseline established and regularly updated Participatory diagnostics and planning successfully completed in 18 rural communes Targeted capacity-building support has been provided to 18 communes Functional literacy provided to local elected officials and to members of users' associations, beneficiary associations and local service providers</p> <p>Rural roads rehabilitation programmes completed Non-functional facilities for water, primary education and health rehabilitated and fully operational New drinking water facilities established and fully operational</p> <p>Non-functional flood recession facilities have been rehabilitated and become fully operational New flood recession facilities have been established and are fully operational Support packages for the major agricultural production systems have been implemented successfully Support has been provided to vulnerable groups to promote their income-generating activities Sustainable systems for the provision of private financial services have been established</p> <p>Technical and financial supports mobilized in time Effective M&E system Tools and methodologies improved and implemented by service providers Annual audits carried out in time, and audit recommendations implemented</p>	<p>Project annual activity reports</p> <p>Mid-term and end-of-project evaluations</p>	<p>No local interference in project operations</p> <p>Quality response by public and private service providers</p>



Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
IV. COMPONENTS AND SUB-COMPONENTS Support to organizational and managerial capabilities. Basic rural infrastructure Support to income-generating activities Project coordination, monitoring and evaluation	Components cost USD 2.7 million USD 13.7 million USD 2.5 million USD 4.2 million	<ul style="list-style-type: none"> • Mid-term and end-of-project evaluations • Project annual financial reports • External audit reports • Participatory thematic evaluations 	



COSTS AND FINANCING

Project Costs by Category of Expenditures

Category of Expenditure	(MRO '000)			(USD '000)			% For. Exch.	% Total Costs
	Local	Foreign	Total	Local	Foreign	Total		
I. Investment costs								
A. Civil works								
Rural roads	700 868.0	300 372.0	1 001 240.0	2 803.5	1 201.5	4 005.0	30	19
Community Infrastructure	1 432 426.3	529 357.3	1 961 783.6	5 729.7	2 117.4	7 847.1	27	37
Subtotal	2 133 294.3	829 729.3	2 963 023.6	8 533.2	3 318.9	11 852.1	28	56
B. Vehicles	35 784.0	53 676.0	89 460.0	143.1	214.4	357.8	60	2
C. Equipment	38 541.4	40 346.6	78 888.0	154.2	161.4	315.6	51	1
D. Studies, training and technical assistance								
Studies and conventions	719 834.6	60 000.0	779 834.6	2 879.3	240.0	3 119.3	8	15
Training	595 460.0	6 000.0	601 460.0	2 381.8	24.0	2 405.8	1	11
Technical assistance	28 530.0	102 000.0	130 530.0	114.1	408.0	522.1	78	2
Subtotal	1 343 824.6	168 000.0	1 511 824.6	5 375.3	672.0	6 047.3	11	28
E. Micro-credit	175 000.0	-	175 000.0	700.0	-	700.0	-	3
Total Investment costs	3 726 444.3	1 091 751.9	4 818 196.2	14 905.8	4 367.0	19 272.8	23	91
II. Recurrent costs								
A. Salaries	298 575.0	-	298 575.0	1 194.3	-	1 194.3	-	6
B. Maintenance and operating costs								
Maintenance of Vehicles	33 547.5	33 547.5	67 095.0	134.2	134.2	268.4	50	1
Maintenance of equipment	11 548.5	11 548.5	23 097.0	46.2	46.2	92.4	50	-
Annual operating costs	87 075.0	29 025.0	116 100.0	348.3	116.1	464.4	25	2
Subtotal	132 171.0	74 121.0	206 292.0	528.7	296.5	825.2	36	4
Total Recurrent costs	430 746.0	74 121.0	504 867.0	1 723.0	296.5	2 019.3	15	9
Total Base costs	4 157 190.3	1 165 872.9	5 323 063.2	16 628.8	4 663.5	21 292.3	22	100
Physical contingencies	141 454.8	54 457.8	195 912.6	565.8	217.8	783.7	28	4
Price contingencies	247 690.2	83 681.4	331 371.6	640.8	216.7	857.5	25	4
Total Project costs	4 546 335.3	1 304 012.1	5 850 347.4	17 835.4	5 098.0	22 933.4	22	108

FINANCING PLAN BY COMPONENT

Components	IFAD		Cofinanciers		Beneficiaries		Government		Total		For. Exch.	Local Excl. Taxes	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Support to organizational and managerial capabilities													
Basic studies	577.3	81.0	-	-	-	-	135.4	19.0	712.7	3.1	242.8	404.1	65.8
Local development planning and management	786.5	87.5	-	-	-	-	112.4	12.5	898.9	3.9	-	786.5	112.4
Capacity-building of local development actors	1 065.8	100.0	-	-	-	-	-	-	1 065.8	4.6	-	1 065.8	-
Subtotal	2 429.5	90.7	-	-	-	-	247.8	9.3	2 677.3	11.7	242.8	2 256.4	178.2
B. Basic rural infrastructure													
Rural roads	872.5	17.2	3 489.9	68.8	-	-	710.2	14.0	5 072.6	22.1	1 395.0	2 967.5	710.2
Basic rural infrastructure	2 217.8	85.9	-	-	177.7	6.9	185.8	7.2	2 581.3	11.3	978.6	1 416.9	185.8
HIPC complementary programme	-	-	-	-	-	-	6 038.5	100.0	6 038.5	26.3	1 288.8	4 268.3	481.4
Subtotal	3 090.2	22.6	3 489.9	25.5	177.7	1.3	6 934.5	50.6	13 692.3	59.7	3 662.4	8 652.6	1 377.4
C. Support to income-generating activities													
Support to sustainable agricultural systems	953.4	82.5	-	-	-	-	201.6	17.5	1 155.0	5.0	-	953.4	201.6
Support to non-farm income-generation	344.4	82.0	-	-	-	-	75.6	18.0	420.0	1.8	-	344.4	75.6
Support to rural financial services	925.8	96.2	-	-	-	-	36.8	3.8	962.5	4.2	-	925.8	36.8
Subtotal	2 223.6	87.6	-	-	-	-	314.0	12.4	2 537.5	11.1	-	2 223.6	314.0
D. Coordination, monitoring and evaluation													
	3 583.2	89.0	-	-	-	-	443.0	11.0	4 026.2	17.6	1 192.9	2 390.3	443.0
Total disbursement	11 326.5	49.4	3 489.9	15.2	177.7	0.8	7 939.2	34.6	22 933.4	100.0	5 098.0	15 522.8	2 312.5



ORGANIZATION AND MANAGEMENT

1. **Key implementation principles.** The project has been designed along the following principles:
 - participatory processes at the local level will be used to ensure the beneficiaries' effective participation in setting local development priorities (particularly with respect to public goods and services), implementing project activities and evaluating the effectiveness and impact of project support;
 - beneficiaries, through their grass-roots organizations, will have the main responsibility for the operation and maintenance of all facilities rehabilitated or established with project support, the project providing organizational support, help with funding arrangements and technical training;
 - a clear delineation, in decision processes, funding mechanisms and eligibility rules, between public and private goods and services; (communes and users' associations for public goods, and producers' associations and rural microenterprises for private goods);
 - implementation of project activities will be based on the "faire-faire" principle, managed and coordinated by a small and autonomous project coordination unit located in the project area; and
 - the delivery of support services to agricultural and non-agricultural income-generating activities will be based on a demand-supply approach, through consolidation of the fragmented demand for services into feasible packages that will attract private and public service providers, and targeted support to service providers.

2. **Overall organization.** The project will be implemented with the direct participation of beneficiary associations and rural communes. There will be, in this regard, a clear delineation between public and private goods and services, in the applicable decision processes, and delivery and funding mechanisms. The rural communes will have the main responsibility for public goods and services, but will be encouraged to transfer responsibilities for operation and maintenance to users' associations under concessions of public services that are provided for under Mauritanian legislation. For productive community investments and individual income-generating activities, the project will provide support directly to producers' associations, women's cooperatives, and other forms of formal and informal rural microenterprises. Delivery of support services to beneficiaries and to their grass-roots organizations will be based on the "faire-faire" principle, through contractual or cooperative arrangements with private and public service providers;

3. **Beneficiary participation.** Participatory processes will be used at the local level (village communities and communes) to ensure the beneficiaries' effective participation in setting local development priorities, in implementing project activities, and in evaluating the effectiveness and impact of project support. Clear commitments will be sought and enforced with regard to the participation of traditionally marginalized groups, such as women and youth, particularly with respect to the establishment of local priorities for public infrastructure and services. Beneficiaries, through their users' associations, will have the main responsibility for the operation and maintenance of all facilities rehabilitated or established with project support. The most vulnerable groups among the rural poor – women, youth and small subsistence farmers – will participate by initiating, or consolidating, farm and non-farm activities that are beneficial to their incomes, and will be assisted in doing so with organizational and technical support, and help with funding arrangements.

4. **Participatory diagnostic and planning processes (PDPP).** A PDPP will be conducted for each of the 18 rural communes. Typically, a PDPP will start with an initial consultation with the



elected rural commune body to explain the proposed processes and to obtain agreement for the establishment of a consultative communal committee. The CCC will include members from the commune's elected body, some representatives of traditional authorities, and key representatives of the prevailing social groups, particularly those of the traditionally marginalized groups, women and youth.

5. The PDPPs proper will involve a diagnostic phase to be conducted at the village community level to establish a baseline of social, economic and physical data, obtain a hierarchy of local development problems, conduct a capacity assessment of existing grass-roots organizations, and identify the major income-generating initiatives undertaken or contemplated by the various beneficiary groups. The populations will then be asked to prioritize the various proposals for action, especially with respect to public infrastructure and services. The second stage will be the consolidation of the various proposals into a communal development plan (CDP), which will typically have three components: (i) a public infrastructure programme; (ii) a capacity development plan; and (iii) opportunities for agricultural development and income-generating activities. The CDP will be validated by the CCC before submission for formal approval to the rural commune's elected body.

6. The CDP will be the main instrument for dialogue and negotiation of the rural commune. The operating principal partners (OPP) will first help operationalize the public infrastructure programme into a three-year investment plan, with a financing plan, which includes communal resources from existing funding mechanisms and proposed project funding contributions. A formal contract will then be established between the project and the rural commune, specifying the agreed financing plan, implementation arrangements, and mutual commitments with respect to maintenance and operation of the infrastructure to be rehabilitated or established.

7. **Provision of support services.** Implementation of project support activities will be through contractual arrangements with private service providers, through framework agreements with national public service providers, and through cooperative agreements with partner institutions such as United Nations agencies and/or qualified international and national NGOs. The project will promote the use of rural communes, of users' associations and of beneficiary associations, as implementing partners, providing capacity-building support as needed. The delivery of agricultural support services and of support to income-generating activities will be based on a demand-supply approach, through consolidation of the fragmented demand for services into feasible packages that will attract private and public service providers. When appropriate, the project will help with the emergence or the capacity development of local service providers.

8. **Overall organization, oversight and coordination.** The CDHLPI, as the government's implementing agency, will establish a small project coordination and management unit (UCG), which will be autonomous in its administrative and financial management. The UCG will be located in the project area, and will have the responsibilities of coordinating all project interventions, of administering contracts and cooperative framework agreements with implementing partners, and of managing project funds.

9. Project oversight and ex-post monitoring will be entrusted to a project steering committee (COS), which will also play a facilitating role in inter-institutional coordination. The COS, to be presided by the head of CDHLPI or his designated representative, will be composed of representatives of the key ministries, especially those responsible for rural development, primary education, health, literacy, rural roads and women's affairs, and of an appropriate number of representatives of local development actors and of beneficiary organizations.

10. Implementation of project support activities will be through contractual arrangements with private service providers, through framework agreements with national public service providers, and through cooperative agreements with partner institutions such as United Nations agencies and/or



qualified international and national NGOs. The project will promote the use of rural communes, of users' associations and of beneficiary associations, as implementing partners, providing capacity-building support as needed.

11. **Partnerships and coordination with other projects.** An agreement has been reached in principle between IFAD and GTZ to coordinate their respective support activities for the implementation and monitoring of the PRSP processes. This coordination will be mainly in terms of complementary support to the establishment and operation of a national PRSP monitoring system. IFAD will also ensure that the project's internal M&E system is consistent and interactive with the national PRSP system. The national PRSP process, supported by GTZ, will establish mechanisms for cross-fertilization across all poverty reduction programmes in Mauritania.

12. At the implementation level, the project will seek to establish cooperative arrangements with other relevant donor and NGO interventions in the project area and in other parts of the country, in order to promote synergy, exchange experiences and avoid duplication of activities.

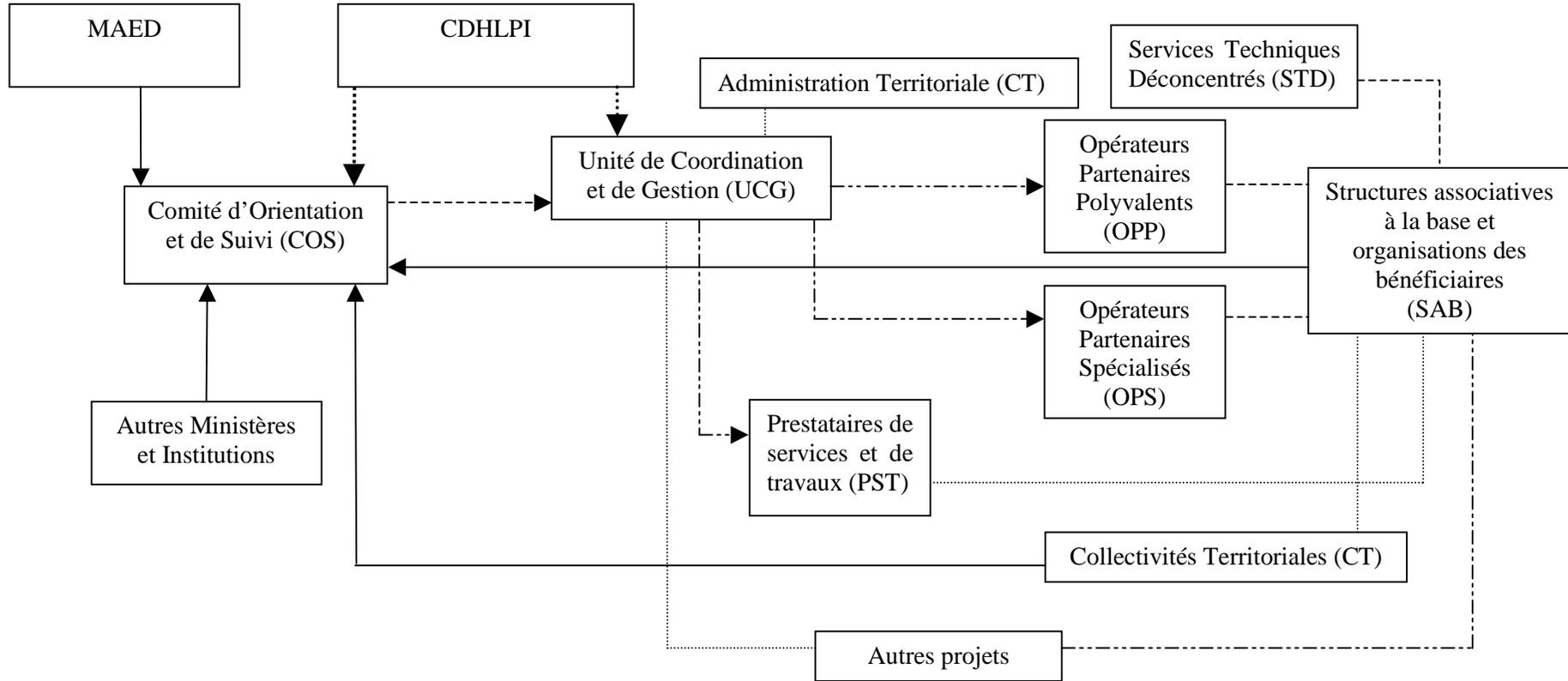
13. **Monitoring and evaluation.** The design of the project's M&E system will take into account the design and implementation linkages between the project and the PRSP, and will make explicit, in particular, the information flows and interactions between the national PRSP M&E system and that of the project.

14. The project's M&E system will be designed as an integrated system of tools to be established and used by each of the key actors with the purpose of improving implementation and impact on a regular basis. Hence, each implementing agency will establish an internal monitoring system focused on collecting and analysing the information that is pertinent to assess implementation performances. The selected OPPs and operating specialized partners (OSPs) will provide support to all village-level organizations and to the rural communes to help them establish and operate their individual monitoring systems.

15. At the rural commune level, process and impact evaluations will be conducted annually within the framework of the CCCs, and will constitute the backbone of the overall evaluation system. These evaluations will be interactive, associating the population representatives and all the implementing partners. These evaluations will provide the basis for the annual updates of the communal, departmental, and project area baselines, and for the preparation of the corresponding activity programmes for the coming year. These evaluations will also serve as primary inputs into an inter-communes emulation system to be established to identify and promote best practices in local development activities.

16. At the project level, mid-term and end-of-project evaluations will be conducted in a participatory manner, with a focus on progress towards the PRSP's and the project's development indicators, and will detail the impact on the various types of beneficiaries and assess the efficacy of implementation processes. Provisions are also made for thematically oriented evaluations, as well as for technical and training support in the establishment, operation and use of participatory M&E systems.

ORGANIGRAMME



11

Nature des relations entre les acteurs

-▶ Assure la présidence du COS et la sélection du coordinateur UCG
- ▶ Membres du COS
- ▶ Orientation et suivi à posteriori par le COS
- .-.-.-▶ Relations contractuelles UCG – OPP et OSP
- Relations de coopération, facilitation
- Fourniture d'appuis aux populations
- Appuis aux populations autres que celles du PASK

Légende

- DHLPI Commissariat aux droits de l'homme à la lutte contre la pauvreté et à l'insertion
- MAED Ministère des affaires économiques et du développement

