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**President's memorandum**  
**Proposed additional financing to**  
**Islamic Republic of Mauritania**  
**Sustainable Management of Natural Resources,**  
**Communal Equipment and Organization of Rural**  
**Producers Project (PROGRES)**

Project ID: 2000001878

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**FOR: APPROVAL**

**Action:** The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 59.

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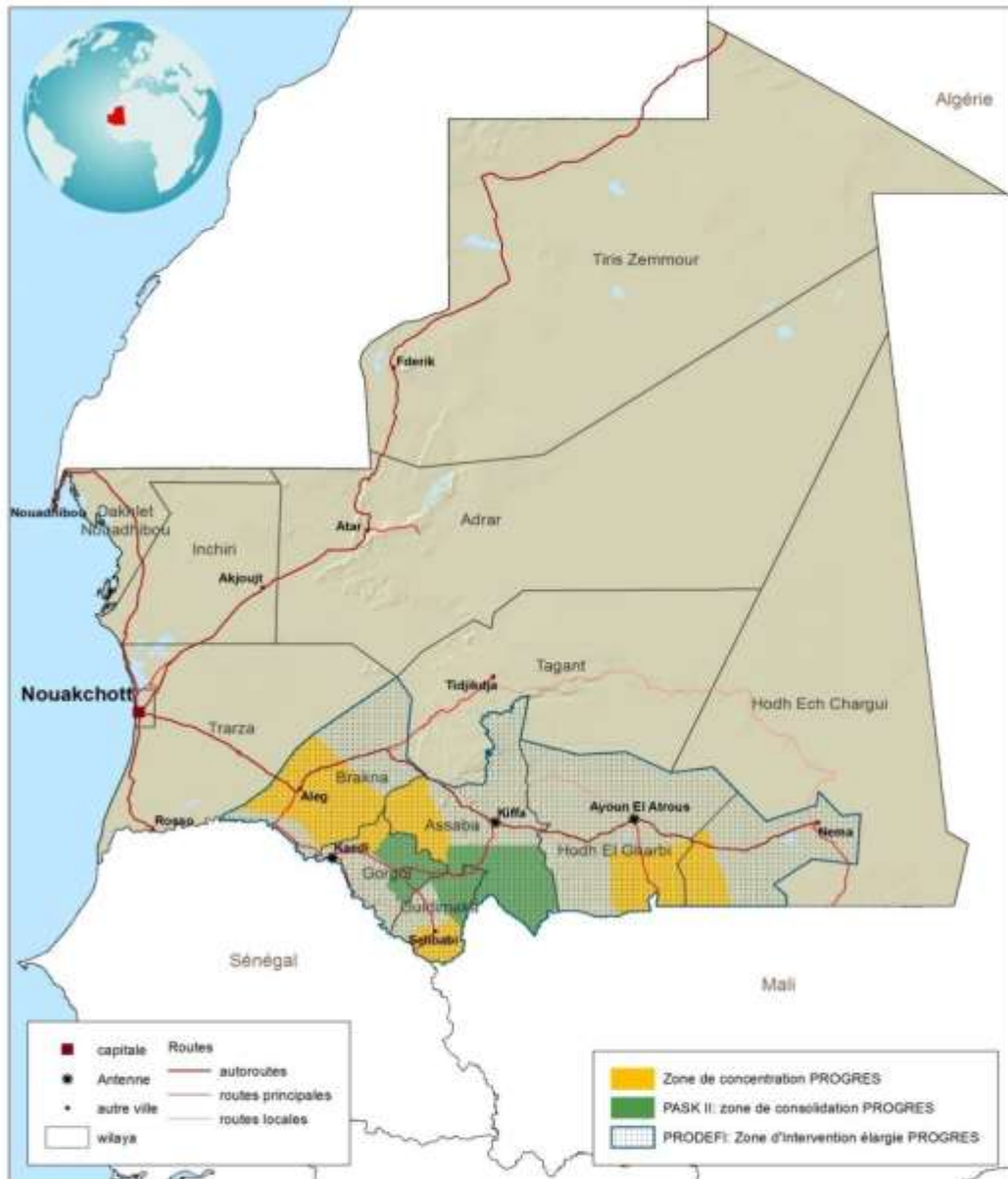
- I. Updated logical framework incorporating the additional financing
- II. Updated summary of the economic and financial analysis

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## Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
 Map compiled by IFAD |

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Islamic Republic of Mauritania
<b>Executing agency:</b>	Ministry of Agriculture
<b>Total project cost:</b>	US\$50.00 million
<b>Amount of original IFAD loan:</b>	US\$4.74 million
<b>Terms of original IFAD loan:</b>	Highly concessional
<b>Amount of IFAD Debt Sustainability Framework grant:</b>	US\$18.96 million
<b>Amount of additional loan</b>	US\$18.69 million
<b>Terms of additional IFAD loan</b>	Highly concessional (50%) and blend (50%)
<b>Contribution of borrower/recipient:</b>	US\$5.79 million
<b>Contribution of beneficiaries:</b>	US\$1.08 million
<b>Amount of IFAD climate finance:</b>	US\$11.28 million
<b>Cooperating institution:</b>	IFAD

## **I. Background and project description**

### **A. Background**

1. The Sustainable Management of Natural Resources, Communal Equipment and Organization of Rural Producers Project (PROGRES) in Mauritania was approved by the Executive Board on 2 June 2020. The project financing agreement (loan no. 2000003428; grant no. 2000003427) was signed on 20 June 2020 and, after the required ratification process, entered into force on 13 October 2020 for a period of six years. The completion date is 31 October 2026.
2. The initial cost of the project was estimated at US\$50 million. IFAD's contribution is US\$23.7 million, composed of a US\$4.74 million highly concessional loan and a US\$18.96 million Debt Sustainability Framework grant. An estimated US\$9 million in cofinancing from the OPEC Fund for International Development (OPEC Fund) was anticipated, along with an initial Government contribution of US\$5.30 million and a beneficiary contribution of US\$1 million. The project was designed with a financing gap of US\$11 million that was expected to be filled by financing from the Green Climate Fund.
3. The expected cofinancing from the OPEC Fund did not materialize due to unsuccessful negotiations with the Government on the financing terms. As a result, the project's financing gap increased to US\$20 million.
4. On 13 June 2021, IFAD granted a US\$738,144 subsidy under the Rural Poor Stimulus Facility (RPSF) for additional activities in support of rural livelihoods affected by the COVID-19 pandemic. It was disbursed in one instalment with a completion date of 31 December 2021.
5. For the Twelfth Replenishment of IFAD's Resources (IFAD12), Mauritania's allocation under the performance-based allocation system (PBAS) allocation was US\$23.696 million, US\$5.0 million of which was used for the Joint Programme for the Sahel in Response to the Challenges of COVID-19, Conflict and Climate Change. The Government requested authorization to use the balance of US\$18.696 million to partially fill the PROGRES financing gap. The proposed additional financing is expected to finance the remaining project costs up to the completion date and allow for implementation of the planned activities.

### **B. Original project description**

6. The overall objective of PROGRES is to improve the living conditions and food and nutrition security of the poor rural population (especially women and youth). Its development objective is to empower rural poor people, facilitating their sustainable access to natural resources and communal equipment. Ultimately, the main expected outcomes are: (i) 150,000 rural dwellers benefit from economic mobility; (ii) 50 per cent of the reclaimed land is regenerated; (iii) 60 per cent of the reclaimed land is improved; (iv) 30 per cent of households report an increase in production; and (v) 90 per cent of communal infrastructure is operational.
7. PROGRES's theory of change consists of regenerating degraded ecosystems, restoring abandoned agricultural and pastoral areas, and promoting climate-resilient agriculture. To accomplish this, it advocates for a profound rural transformation based on citizen engagement and sustainable natural resource management, putting poor rural communities at the centre of the transformation process.

## II. Rationale for additional financing

### A. Rationale

8. The project was designed with a financing gap of US\$11 million, which increased to US\$20 million when the expected cofinancing from the OPEC Fund failed to materialize.
9. PROGRES is a well-performing project, with an overall implementation rating of 4.17 (supervision mission, October 2022). Improved family embankments are a promising cost-effective innovation that is currently being tested for concept validation before scaling up within the project. Even before the midway point of its planned implementation period, PROGRES has reached a disbursement rate of 61 per cent of the available financing. Despite a late start-up, thanks to good planning and operational capacity, the PROGRES team has disbursed 61 per cent of the available IFAD funds, representing about 25 per cent of the total estimated cost of the project, for an average of 17 per cent of the project targets. All other PROGRES performance indicators, including fiduciary, management, development effectiveness, relevance and sustainability, are rated 4 or above, confirming that PROGRES is not a problem project. The project's likeliness of reaching its development objectives is good as well (rated 3.94). This performance is expected to improve further as the recommendations of the last supervision report are onboarded by a dynamic project management team.
10. PROGRES follows and scales up a completed project (Poverty Reduction Project in Aftout South and Karakoro – Phase II [PASKII]) that was deemed successful by an independent impact evaluation conducted in 2019/2020 by IFAD (the Research and Impact Assessment Division of the Strategy and Knowledge Department). PROGRES's core management team is essentially the same team that implemented PASK II, which validates its experience and augurs well for the project's prospects.
11. The rationale for the additional financing is that it bridges the financing gap between the cost of project activities up to the completion date and the resources effectively mobilized to support the objectives of a well-performing project that has disbursed at least 50 per cent of the IFAD financing.

#### **Special aspects relating to IFAD's corporate mainstreaming priorities**

12. In line with IFAD's mainstreaming commitments, the project has been validated as:
  - Including climate finance
  - Youth-sensitive
13. **Climate finance.** A climatological study of the period 1961-1990 reveals a sharp upward warming trend and an increase in rainfall intensity, leading to:
  - (i) overgrazing and the incursion of flocks/herds into farmland, provoking conflicts between herders and farmers;
  - (ii) greater pressure on wetlands and lowlands;
  - (iii) expansion of irrigated farming in the valley;
  - (iv) deforestation and the felling of trees for fuelwood;
  - (v) soil degradation; and
  - (vi) the destruction of natural resources in new migrant-receiving areas. By 2050, Mauritania's climate will further evolve towards greater aridity, an increase in the frequency of extreme climate events (droughts and floods) and a decrease in precipitation volumes.
14. However, the main production systems in the project area suffer from water scarcity, as well as soil and range degradation. An appropriate action plan is needed to promote climate-resilient agricultural development within the framework of the project design and resources. The October 2022 supervision mission helped PROGRES take corrective action by assessing needs in terms of technical capacity-building for producers and climate-smart technologies, recommending 18 specific measures on how to structure a sustainable, climate-resilient agricultural programme for the three major production systems in the project area. These measures covered organizational aspects, rainfed production systems, livestock

and range systems and market gardening production systems. The additional financing requested will help in this regard and mitigate some social risks and impacts, including social exclusion and gender inequality in project areas.

15. Of the total additional financing, US\$11,276,000 was validated as climate finance (US\$1,036,000 adaptation under subcomponent 1.2 and US\$10,240,000 mitigation under subcomponent 1.1), meaning that 60.3 per cent of the total project costs (which have remained unchanged) will support adaptation or mitigation activities. The staff of PROGRES has the operational capacity to implement climate-sensitive activities.
16. **Gender and youth.** Poverty among Mauritians stems largely from lack of access to work and factors of production (land, livestock). Moreover, life is harsher in rural areas, due to the lack of basic socioeconomic infrastructure. A significant drop in unemployment during the mining boom in 2006 served only to mask a steady decline in the economically active population, particularly women and youth.
17. The project design and targeting approach create good starting conditions for high levels of participation by women and youth. This is partly linked with the results of the information campaigns (IEC) organized with the support of the 15 NGOs/local organizations engaged by the project, which impacted 121 villages in the project's intervention municipalities – that is, a total of 84,290 people, 40 per cent of whom were women, 22 per cent men and 38 per cent young people. Women are currently represented in village development committees at the rate of one to two women out of the five members.
18. With a view to heightening the achievements recorded at this stage and moving towards transformational effects, the project management unit will work to integrate a gender and social inclusion perspective at two levels:
  - (i) Ensure that the targeting strategy engages the most vulnerable subgroups of women and youth.
  - (ii) Apply a gender, youth and social inclusion approach at all levels of planning and execution.

## **B. Description of geographical area and target groups**

19. **The intervention area** covers six *wilayas* – Brakna, Gorgol, Guidimakha, Assaba, Hodh El Gharbi and Hodh Ech Chargui – and is divided into: (i) a consolidation area, represented by the three *moughataas* of PASK II; (ii) a concentration area devoted to scaling up in six *moughataas*; and (iii) an expanded area covering all *moughataas* and communes in the six target *wilayas*, or 24 *moughataas*, for a total of 142 communes. This intervention area will remain the same with the proposed additional financing.
20. **Target group.** PROGRES aims to directly reach 30,000 households, or 183,000 beneficiaries. It envisions that 40 per cent of its participants will be women and 30 per cent youth. The beneficiaries will consist of: (i) small-scale rural producers whose productive capital and livelihoods are in jeopardy; (ii) small-scale herders who have difficulty obtaining animal health services for their flocks/herds and must grapple with the extreme shortage of forage and water points; (iii) poor rural households with difficulty accessing basic social services, especially households headed by women and youth; (iv) underemployed youth tempted to emigrate; (v) small-scale farmers' and herders' organizations with limited structuring and governance; and (vi) members of rural institutions and organizations participating in local governance. Changes in the target group are not foreseen with the proposed additional financing.

## C. Components, outcomes and activities

21. The proposed additional financing will keep project outcomes, components and activities unchanged. The project has two components with measurable outcomes based on the logical framework and one coordination and management component.

### Component 1. Sustainable water and soil management

22. **Expected outcome:** The resilience of ecosystems and rural poor people to the effects of climate change is strengthened. In addition to improving the landscape, which will go hand in hand with the restoration of the land, this outcome will translate into the avoidance or sequestration of 1,947,522 tons of CO<sub>2</sub>eq and the adoption of sustainable and resilient practices by some 24,000 households.

### Component 2. Equipment to support local development

23. **Expected outcome:** Access by the rural poor to basic socioeconomic services and communal equipment is improved.

### Component 3. Project management and monitoring and evaluation

24. Component 3 was to be part of the framework of a programme approach that would gradually be executed according to a predetermined roadmap and included the pooling, in the portfolio, of all project management functions. Little progress was made on the programme approach, which is currently being reactivated following a period in which the programme was impacted by the COVID-19 pandemic and high turnover of IFAD country directors.

## D. Costs, benefits and financing

### Project costs

25. The total project cost over six years, including provisions for contingencies, is US\$50.00 million. The base cost is US\$42.99 million, and physical and financial contingencies are US\$0.75 million and US\$6.25 million, respectively.
26. The project costs by component, including contingencies, are: (i) sustainable water and soil management, US\$28.8 million; (ii) equipment to support communal development, US\$11.52 million; and (iii) project management and monitoring and evaluation, US\$9.67 million, or respectively, 58 per cent, 23 per cent and 19 per cent of the total cost.
27. The financing gap of US\$20 million is being filled with the RPSF grant of US\$0.789 million, the two forthcoming additional IFAD loans of US\$9.348 million each, at highly concessional and blend terms, respectively, and domestic contributions totalling US\$0.57 million.
28. The original cost table was adjusted to reflect the fact that IFAD12 will cover the financing initially proposed as OPEC Fund cofinancing. No changes were made to rearrange staff. Forty-six groups called village development committees have been created out of a total of 200 groups of villages planned (23 per cent) and trained to manage basic socioeconomic infrastructure.

Table 1

### Original and additional financing summary

(Thousands of United States dollars)

	<i>Original financing</i>	<i>Current financing</i>	<i>Additional financing</i>	<i>Current and additional financing</i>
IFAD loan	4 740	4 740	18 696	23 436
IFAD grant	18 960	19 698	0	19 698
Other financiers (OPEC Fund)	9 000	0	0	0
Beneficiaries	1 000	1 000	80	1 080
Borrower/recipient	5 300	5 300	486	5 786
Financing gap	11 000	19 262	0	0
<b>Total</b>	<b>50 000</b>	<b>50 000</b>	<b>19 262</b>	<b>50 000</b>



Table 2  
**Additional financing: project costs by component (and subcomponent) and financier**  
(Thousands of United States dollars)

	IFAD		Government		Beneficiaries		Total
	Amount	%	Amount	%	Amount	%	Amount
<b>1. Sustainable water and soil management</b>							
Development of production basins	9 029	97	424	5	(101)	(1)	9 352
Strengthening of stakeholder capacity in natural resource management	1 165	83	235	17	-	-	1 400
<b>Subtotal</b>	<b>10 194</b>	<b>95</b>	<b>659</b>	<b>6</b>	<b>(101)</b>	<b>(1)</b>	<b>10 752</b>
<b>2. Local development support equipment</b>							
Strengthening of planning and communal equipment management entities	1 192	90	127	10	-	-	1 319
Investments in basic socioeconomic infrastructure	4 308	125	(1 033)	(30)	181	5	3 456
<b>Subtotal</b>	<b>5 500</b>	<b>115</b>	<b>(906)</b>	<b>(19)</b>	<b>181</b>	<b>4</b>	<b>4 775</b>
<b>3. Project monitoring and evaluation</b>							
Coordination and management	2 399	79	623	21	-	-	3 022
Planning, monitoring and evaluation, knowledge management and communication	603	85	110	15	-	-	713
<b>Subtotal</b>	<b>3 002</b>	<b>80</b>	<b>733</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>3 735</b>
<b>Total</b>	<b>18 696</b>	<b>97</b>	<b>486</b>	<b>3</b>	<b>80</b>	<b>-</b>	<b>19 262</b>

Table 3  
**Additional financing: project costs by expenditure category and financier**  
(Thousands of United States dollars)

Expenditure category	IFAD		Government		Beneficiaries		Total
	Amount	%	Amount	%	Amount	%	Amount
<b>I. Investment Costs</b>							
A. Civil works	6 656	101	2	-	(90)	(1)	6 568
B. Vehicles	5	4	126	96	-	-	131
C. Equipment and materials	73	52	68	48	-	-	141
D. Training and workshops	1 775	99	19	1	-	-	1 794
E. Consultancies	335	60	227	40	-	-	562
F. Goods, services and inputs	2 280	85	410	15	-	-	2 690
G. Grants and subsidies	4 283	126	(1 059)	(31)	170	5	3 394
<b>Total investment costs</b>	<b>15 406</b>	<b>101</b>	<b>(207)</b>	<b>(1)</b>	<b>80</b>	<b>-</b>	<b>15 280</b>
<b>II. Recurrent costs</b>							
A. Salaries and allowances	3 010	84	572	16	-	-	3 582
B. Operating costs	279	70	121	30	-	-	400
<b>Total recurrent costs</b>	<b>3 289</b>	<b>83</b>	<b>693</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>3 982</b>
<b>Total</b>	<b>18 696</b>	<b>97</b>	<b>486</b>	<b>3</b>	<b>80</b>	<b>-</b>	<b>19 262</b>

Table 4  
**Project costs by component and project year (PY)**  
(Thousands of United States dollars)

	2022	2023	2024	2025	2026	2027	2028	Total
<b>1. Sustainable water and soil management</b>								
Development of production basins	5 792	7 310	5 888	4 095	2 344	146	116	25 691
Strengthening of stakeholder capacity in natural resource management	48	836	797	799	576	34	27	3 113
<b>Subtotal</b>	<b>5 840</b>	<b>8 146</b>	<b>6 684</b>	<b>4 890</b>	<b>2 920</b>	<b>181</b>	<b>144</b>	<b>28 804</b>
<b>2. Local development support equipment</b>								
Strengthening of planning and communal equipment management entities	241	1 211	1 409	740	104	-	-	3 703
Investments in basic socioeconomic infrastructure	-	3 251	1 967	1 823	779	-	-	7 819
<b>Subtotal</b>	<b>241</b>	<b>4 461</b>	<b>3 375</b>	<b>2 562</b>	<b>883</b>	<b>-</b>	<b>-</b>	<b>11 522</b>
<b>3. Project management and coordination, monitoring and evaluation</b>								
Project management & coordination	2 005	923	1 061	1 020	1 083	1 131	926	8 149
Planning, monitoring and evaluation and knowledge management	261	429	230	254	351	-	-	1 524
<b>Subtotal</b>	<b>2 266</b>	<b>1 352</b>	<b>1 290</b>	<b>1 274</b>	<b>1 434</b>	<b>1 131</b>	<b>926</b>	<b>9 673</b>
<b>Total</b>	<b>8 347</b>	<b>13 959</b>	<b>11 350</b>	<b>8 726</b>	<b>5 236</b>	<b>1 312</b>	<b>1 070</b>	<b>50 000</b>

### **Financing and cofinancing strategy and plan**

29. The sources and composition of the proposed additional financing are as follows: (i) IFAD: two loans in the amount of US\$9.348 million each, at highly concessional terms and blend terms, respectively (together representing 96 per cent of the additional financing); (ii) Government of Mauritania: US\$0.49 million, distributed across the various components and expenditure categories, or 2.6 per cent per cent of the additional cost; (iii) beneficiaries: US\$0.08 million, mainly as an additional contribution to investments in basic services.

### **Disbursement**

30. The disbursement provisions remain unchanged. **Summary of benefits and economic analysis**
31. **Financial analysis.** Conducted using models for rainfed (*Diéri*) and flood-recession (*Walo*) crops (sorghum, maize-cowpea intercropping) in areas under cultivation and new sites. Mixed garden produce models have also been studied for irrigated cultivation at existing sites. The return indicators indicate viability of the models used in the analysis, with additional margins and significant returns on investment.
32. All the models have net present values (NPV) greater than zero. They are highest for the market gardening financial model under drilling (MRU 0.5 million) and lowest in the millet and sorghum model (MRU 0.02 million). The good mobilization of water through drilling would partly explain this performance.
33. **Economic analysis.** The project's economic internal rate of return (EIRR) is 14.7 per cent, and the NPV, at a 6 per cent opportunity cost of capital, is US\$21.4 million. Though satisfactory, this result does not include certain benefits for lack of data. This estimate is based on a 70 per cent adoption rate for promoted technologies. The benefits not reflected in the EIRR are primarily the improvement of living conditions, human health, and food and nutrition security, thanks to the growth in income and the food supply and the effects of action to strengthen capacities in other types of beneficiary activities. These results are better than those envisioned in the design: 14.5 per cent EIRR and MRU 544.5 million (US\$14.2 million) of NPV in the base case. When the project was designed, the financial models used were sorghum and maize associated with cowpea in a rainfed production system and a flood recession production system.<sup>1</sup> In the implementation of the project, millet associated with sorghum was used by farms that had completed at least one production cycle. In addition, millet associated with sorghum would occupy large areas rehabilitated through soil and water conservation techniques.
34. The sensitivity analysis shows that the projected benefits are quite robust insofar as investment costs are concerned. On the other hand, they are more sensitive to the decrease in the gross margin and the delay in the project's execution and thus, the realization of profits. If the costs of the financial models are 30 per cent higher than forecast, the NPV decreases to MRU 578.3 million (US\$16.51 million) and the internal rate of return (IRR) to 11.9 per cent. If the benefits of the financial models analysed are 30 per cent lower due to a drop either in prices or the quantities produced compared to forecasts, the NPV decreases to MRU 354.0 million (US\$10.1 million) and the IRR falls to 11.0 per cent. In the event of a two-year delay in the planned implementation, the NPV decreases to MRU 477.1 million (US\$13.63 million) and the IRR to 11.5 per cent.

### **Exit strategy and sustainability**

35. PROGRES is designed to promote sustainable, climate-resilient development. As a result, the prospective sustainability of the project is good in principle, conditional on effective implementation. By empowering rural people and their organizations,

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<sup>1</sup> Project design report, p. 45.

PROGRES should also contribute to greater resilience to external economic shocks, at least those of moderate intensity.

36. Activity programming and implementation are based on a local ownership, institutional accountability and sustainability approach. Technical assistance will facilitate active beneficiary participation and the effective transfer of competencies to commune and village governance entities and management, while strengthening the governmental functions exercised by the regional technical offices and decision-making bodies. PROGRES anticipates the risks of post-project backsliding by adopting the following measures:
- (i) Simple, affordable infrastructure within the ability of communities to implement and maintain;
  - (ii) A territorial diagnosis by communities and local uptake of know-how through the creation of a local advisory mechanism with internal facilitation of planning;
  - (iii) Strengthening of citizen advisory committees (CCCs), local collective management associations (AGLCs), village development committees and health management committees around the issues of sustainable natural resource management, governance and monitoring;
  - (iv) Promotion of resilience techniques and technologies, especially through the farmer field school approach, to benefit small-scale producers;
  - (v) Strengthening of government entities, especially the technical offices for crop and livestock farming and the environment.

### III. Risk management

#### A. Risks and mitigation measures

37. The main risks and mitigation measures are summarized and updated in the table below:

<i>Risks</i>	<i>Risk rating probability</i>	<i>Risk rating impact</i>	<i>Mitigation measures</i>
Sector strategies and policies: - Economic vulnerability is improving but remains high	High	High	- Continuation of reforms to consolidate macroeconomic stability, achieve inclusive growth and improve governance. - Strengthening of commune capacity and management of communal development plans. - Project support in procurement.
Technical and environmental aspects	High	Medium	- Differentiated geographic approach, with support concentrated in six <i>wilayas</i> . - Significant logistical resources in the branch offices. - Creation of village development associations and training of village managers. - Creation of health management committees and strengthening of their capacity to manage and maintain infrastructure/equipment. - Training in agroforestry techniques. - Seeding and planting of woody plants for the sustainability of works and the protection of developed areas. - Strengthened capacity for infrastructure building.
Institutional capacity	High	High	- Roadmap for programme execution. - Investing proportionately much more than initially envisaged in community capacity-building.

## **B. Environment and social category**

38. PROGRES is classified as an environmental category B project. In the environmental sphere, the project will have a positive impact on natural resources, through: (i) diminished erosive water or wind phenomena, restoring degraded areas through water and soil conservation/soil protection and restoration works and their biological consolidation through agroforestry and the planting of hedgerows; (ii) training in organic fertilization and farming techniques for farmers and local development agents (ADLs); and (iii) strengthening of AGLC capacities.
39. In the social sphere, the project will have the following positive effects: (i) by protecting cultivated areas, it will lower the risk of conflicts between farmers and herders; (ii) it will improve access to water for herds/flocks on the transhumance axis; (iii) it will provide employment, enabling the most vulnerable households to benefit from the social networks of highly labour-intensive jobs, and at the same time, from perpetual access to restored land; and (iv) it will improve access to clean water through communal planning, which will have positive health implications.
40. The project's main emerging results in the area of climate resilience and the environment are the soil restoration and water management works. These structures are the project's strong point and will undoubtedly contribute to improving soil and water management and to increasing the climate resilience of ecosystems and rural communities. The Social, Environmental and Climate Assessment Procedures (SECAP) are well integrated into the project logic, and efforts are being made to fully integrate the SECAP indicators into the monitoring and evaluation system to guarantee that all land agreements are formalized and to render the complaint management mechanism operational (as recommended by the supervision mission of October 2022). In addition, as yet there are no results in the area of consolidating stone structures with trees or replacing chain-link fences with shrubby hedges interspersed with trees. Community awareness of environmental and climate issues and understanding of adaptation solutions is still too limited. These areas for improvement were pointed out by the last supervision mission and will be addressed in the 2023 annual workplan and budget (AWPB) and beyond.

## **C. Climate risk classification**

41. PROGRES poses a moderate climate risk. The expected impacts of climate risks on rainfed crops are lower yields or lost harvests. Lower herd production, or even livestock losses, will be exacerbated by recurrent droughts and the scarcity and distance of grazing lands and water points.
42. The project has a strategy that puts environmental, social and climate issues at the heart of its interventions. PROGRES strengthens the adaptation capacity of small-scale farmers and herders by: (i) improving agricultural production through better water management and training in traditional agricultural adaptation techniques; (ii) increasing access to groundwater for domestic and pastoral use; and (iii) raising awareness about climate issues among local actors (AGLCs, ADLs, CCCs) and providing them with training in this regard. The climate risk is assessed as high.

## **IV. Implementation**

### **A. Compliance with IFAD policies**

43. The proposed additional financing is fully aligned with IFAD's Strategic Framework 2016-2025, particularly the strategic objectives of increasing poor rural people's productive capacities and strengthening the environmental sustainability and climate resilience of poor rural people's economic activities.

44. The proposed additional financing adheres to IFAD policies and strategies for gender mainstreaming, environmental and natural resource management, climate change, and social, environmental and climate assessment and scaling up.

## **B. Organizational framework**

### **Management and coordination**

45. The Ministry of Agriculture<sup>2</sup> will continue exercising technical oversight and will manage the steering committee representing the borrower and chaired by the Ministry of Economy and Sustainable Development that provides overall guidance and oversight. The project's national coordination unit has been set up in Nouakchott.
46. Social engineering and capacity-building activities for the actors take place simultaneously with the investments. Project management is exercised largely by decentralized territorial groups and community institutions. The project forges strategic and operational partnerships with state technical services at various levels. As needed, it also makes use of contractors and other implementation partners.

### **Financial management, procurement and governance**

47. The provisions for financial management, procurement and governance of the additional financing are the same as the original provisions governing the initial PROGRES agreement.
48. **Financial management.** Project resource management follows national and IFAD procedures for project financial management and the project financing agreement.
49. **Procurement** is governed by Mauritania's current code and procedures, and this national framework has been deemed acceptable to IFAD; a procurement plan based on the AWPB is prepared each year.
50. **Audit.** The project has an oversight function whose activities are based on an annual plan developed by the internal auditor. Furthermore, a full project audit that complies with the International Standards on Auditing is performed annually, pursuant to the auditing guidelines for projects financed by IFAD.
51. **Governance.** Out of the 180 countries evaluated in 2017 for the Corruption Perceptions Index, Mauritania ranked 143<sup>rd</sup>. Since then, the situation has substantially improved, as the country now ranks 130<sup>th</sup> (2022). Specifically, the risk to governance is related to goods and services procurement and the hiring of qualified human resources. That being the case, several measures have been instituted to guarantee an adequate implementation framework for meeting the established objectives.

## **C. Monitoring and evaluation, learning, knowledge management and strategic communication**

52. **Planning.** Participatory preparation of the AWPB is based on a bottom-up organizational structure that begins with the branch offices and ends with approval by the national steering committee. The selection of investments at the village/village cluster level is based on a territorial study that will eventually evolve into full community development plans that guide project implementation.
53. The **monitoring and evaluation** system, based on the results-based management system, has been customized to meet the information needs determined by the project and will help to improve portfolio performance management. The system is being strengthened in the branch offices, which are assigned monitoring and evaluation assistants. A customized data gathering mechanism and tools are in place for optimum regular information on the results chain. The challenge of

<sup>2</sup> Originally, the Ministry of Rural Development was entrusted with oversight. After it was split into two ministries for Agriculture and Livestock, respectively, the oversight responsibility was given to the Ministry of Agriculture.

results-based management is to obtain major changes in the behaviour of technicians so as to integrate the monitoring dimension into the daily execution of scheduled activities.

54. **Knowledge management.** Knowledge capitalization, management and communication were to be guided by a knowledge management plan prepared at project start-up that specified the communication products and tools to be developed, as well as the most suitable formats and support for the different types of users. There is a need to better specify knowledge management activities in the AWPB to ensure more effective monitoring of the physical and financial execution of these activities.
55. **Innovations and scaling up.** Focused on scaling up, PROGRES's main innovations are: (i) community ownership for the restoration of agropastoral ecosystems and natural resource management; (ii) local technical assistance for participatory planning; (iii) widespread adoption of climate-resilient production practices and techniques; and (iv) an infrastructure and equipment governance system grounded in transparency and accountability.

#### **D. Proposed amendments to the financing agreement**

56. The signed PROGRES financing agreement will be amended following approval of the additional financing.

#### **V. Legal instruments and authority**

57. The Islamic Republic of Mauritania is empowered under its laws to receive financing from IFAD.
58. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

#### **VI. Recommendation**

59. I recommend that the Executive Board approve additional financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Islamic Republic of Mauritania in an amount of nine million three hundred and forty-eight thousand United States dollars (US\$9,348,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on blend terms to the Islamic Republic of Mauritania in an amount of nine million three hundred and forty-eight thousand United States dollars (US\$9,348,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario  
President

## Logical framework incorporating the additional financing

Results hierarchy	Indicators					Means of verification			Assumptions/Notes	
	Name	Baseline	Midterm	Original target	End Target	Source	Frequency	Responsibility		
<b>Outreach</b>										
	Total Number of beneficiary households	0	15 000	30 000	30 000	PROJECT M&E SYSTEM	Quarterly	Project Coordination Unit	Double counting with PRODEFI would be avoided	
	Corresponding number of household members	0	91 500	183 000	183 000					
<b>Project goal</b>										
Improve the living conditions and the food and nutrition security of rural people living in poverty (especially women and youth)	1. Number of people benefiting from economic mobility	0	70000	150 000	150 000	Baseline survey and impact evaluation	Year 3 & 6	IFAD & Government		
<b>Development objective</b>										
Empower the rural poor, facilitating their sustainable access to natural resources and communal equipment	2. Number of beneficiaries receiving Project services	0	15 000	30 000	30 000	PROJECT M&E SYSTEM	Quarterly	Project Coordination Unit	Enabling environment for access to markets, information, etc.	
	3. Percentage of households declaring a production increase of at least 10%	0	-	30%	30%	Outcome survey	Annually			
<b>Outcome 1:</b> The resilience of ecosystems and the rural poor to the effects of climate change is strengthened	4. Percentage of developed areas brought under cultivation	0	45%	60%	60%	PROJECT M&E SYSTEM	Half-yearly	Project Coordination Unit	Climate evolution is consistent with (or more favorable than) IGPPC forecasts	
	5. Number of tons of CO <sub>2</sub> e emissions avoided or sequestered * (3.2.1)	0	-292 000	-1 947 522	-1 947 522	Calculated on the basis of FAO's Exact software	At midterm and end of Project			Environment and climate change specialist
	6. Number of households declaring the adoption of sustainable and climate-resilient practices and technologies* (3.2.2)	0	10800	24 000	24 000	PROJECT M&E SYSTEM	Half-yearly			Project Coordination Unit
<b>Output 1.1 :</b> Agropastoral lands are restored	7. Number of hectares of land under climate resilient management* (3.1.4)	0	5980	9 500	9 500	PROJECT M&E SYSTEM	Half-yearly	Project Coordination Unit	Government willingness to deploy adequate staff at local level	
<b>Output 1.2:</b> Actors' capacities in sustainable management of natural resources are strengthened	8. Number of groups supported in the sustainable management of natural resources and climate-related risks	0	270	460	460					Climate change specialist
	9. Number of relay farmers and facilitators trained through farmer field schools (FFSth)	0	1320	2250	2 250					Project Coordination Unit
<b>Outcome 2 :</b> Access by the rural poor to basic socioeconomic services and communal equipment is improved	10. Number of literate women and youth (including at least 75% women)	0	2700	4500	4500	PROJECT M&E SYSTEM	Half-yearly	Project Coordination Unit	Bonne clarification des mandats des services techniques	
	11. Percentage of functional infrastructure and communal equipment	TBD	80%	90%	90%					

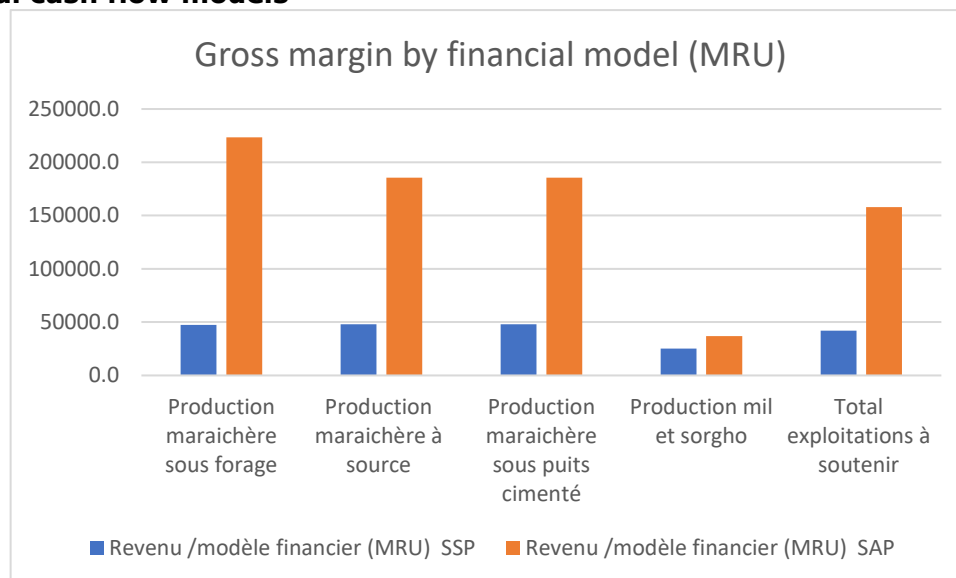
Results hierarchy	Indicators					Means of verification			Assumptions/Notes
	Name	Baseline	Midterm	Original target	End Target	Source	Frequency	Responsibility	
									déconcentrés au niveau régional et communal
<b>Output 2.1:</b> Actors' capacities in planning and management at local and communal levels are strengthened	12. Number of villages/clusters of villages supported in carrying out their territorial diagnosis.	0	120	200	200				Actors willingness to collaborate in a fair, transparent and sustainable way
	13. Number of Communal Concertation Councils (CCC) and Management Committees (COGES) strengthened	0	176	688	688				
<b>Output 2.2:</b> Infrastructure and equipment meeting the needs of rural communities are built	14. Number of infrastructure and equipment built with FIC financing	0	80	260	260				



## Updated summary of the economic and financial analysis

Table A

### Financial cash flow models



Legend: SSP: situation without Project; SAP: situation with Project

Table B

### Project costs and logframe targets

<b>TOTAL PROJECT COSTS</b> (Million USD)	50	<b>PROJECT BASE COSTS</b> (Million USD)	43
Beneficiary household members	76 800	Sustainable water & soil management	25
Cost per beneficiary	651	Equipment to support communal dev.	10
		Management, M&E, KM & Communication	8
<b>Components and costs (USD million)</b>		<b>Outcomes and indicators</b>	<b>End Target</b>
Project management, M&E, Knowledge management and communication	28.8		
Sustainable water and soil management	11.5	Number of households declaring the adoption of sustainable and climate-resilient practices and technologies*	8160
Equipment to support communal development	9.7	Percentage of functional infrastructure and communal equipment	90%
		Number of infrastructure and equipment built with FIC financing	150

Table C

### Main assumptions and shadow prices

The additional production of the Project as well as the costs of production are valued at the prevailing market prices. No economic shadow prices have been used in this calculation.

Table D

### Beneficiary adoption rates and phasing

The economic calculations assume 70% adoption rate of the technologies promoted by the Project at the end of its investment period. The breakdown of Project beneficiaries is summarized below:

Table D

Indicator	Target
Total number of beneficiary households	12 800
Corresponding number of household members	76 800
Number of people receiving Project services	62 000
Percentage of women receiving Project services	40%
Number of households declaring adoption of climate resilient practices	8 160
Percentage of households declaring at least 10% increase of production	30%
Percentage of land developed that is brought into cultivation	60%

Table E

**Economic cash flow**

Années	Bénéfices nets additionnels économiques en millions de MRU				Total bénéfices nets additionnels	Coûts économiques (millions de MRU)	Avantages économiques (millions de MRU)
	Production maraichère sous forage	Production maraichère à source d'eau	Production maraichère sous puits cimenté	Production mil et sorgho			
AN1	0.00	0.00	0.00	-55.80	-55.80	115.31	-171.11
AN2	-4.41	-2.68	-5.63	-69.21	-81.93	170.29	-252.22
AN3	4.92	4.51	7.80	-74.02	-56.79	148.27	-205.05
AN4	9.16	8.80	12.69	-69.35	-38.70	107.95	-146.64
AN5	10.29	9.85	12.34	-0.36	32.12	68.47	-36.35
AN6	4.83	5.66	9.06	90.83	110.38	34.91	75.47
AN7	14.01	13.79	17.33	158.28	203.41	26.78	176.63
AN8	14.13	13.90	17.78	157.98	203.79	0.6	203.19
AN9	12.38	11.35	15.24	154.86	193.82	0.6	193.22
AN10	13.91	13.50	17.20	150.32	194.93	0.6	194.33
AN11	13.94	13.43	17.33	155.13	199.83	0.6	199.23
AN12	14.11	13.66	17.78	164.43	209.98	0.6	209.38
AN13	14.48	14.14	18.04	173.82	220.48	0.6	219.88
AN14	14.48	14.14	18.04	173.91	220.57	0.6	219.97
AN15	14.48	14.14	18.04	174.00	220.66	0.6	220.06
AN16	14.48	14.14	18.04	174.00	220.66	0.6	220.06
AN17	14.48	14.14	18.04	174.00	220.66	0.6	220.06
AN18	14.48	14.14	18.04	174.00	220.66	0.6	220.06
AN19	14.48	14.14	18.04	174.00	220.66	0.6	220.06
AN20	14.48	14.14	18.04	174.00	220.66	0.6	220.06
<b>TRIE</b>		<b>14.0%</b>					
<b>VAN à 8% (millions de MRU)</b>		<b>447.76</b>					
<b>VAN à 8% (millions de \$US)</b>		<b>13.17</b>					

Table F  
Sensitivity analysis

<b>Assumptions</b>	<b>EIRR</b>	<b>NPV \$US million</b>
Base	14,7%	21,4
10% costs increase	13,7%	19,7
20% costs increase	12,8%	18,1
30% costs increase	11,9%	16,5
10% benefit reduction	13,6%	17,6
20% benefit reduction	12,4%	13,9
30% benefit reduction	11,0%	10,1
Benefits delayed by 1 year	13,0%	17,4
Benefits delayed by 2 years	11,5%	13,6