

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA14623

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Mauritania	Project ID:	P146804
Project Name:	Mauritania Public Sector Governance Project (P146804)		
Task Team Leader(s):	Kjetil Hansen, Eric Brintet		
Estimated Appraisal Date:	11-Jan-2016	Estimated Board Date:	29-Mar-2016
Managing Unit:	GGO25	Lending Instrument:	Investment Project Financing
Sector(s):	General public administration sector (100%)		
Theme(s):	Public expenditure, financial management and procurement (75%), Economic statistics, modeling and forecasting (25%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	11.30	Total Bank Financing:	10.30
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			1.00
IDA Grant			10.30
Total			11.30
Environmental Category:	C - Not Required		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The Project Development Objective (PDO) is to improve monitoring and transparency of selected government entities and the administration of property and mining taxation.

3. Project Description

The project has three components: (i) Improving transparency and control in public resource

management; (ii) Strengthening the administration of property and mining taxation; and (iii) project management. Project duration is four years (2016-2020).

Component 1: Improving Transparency and Control in Public Resource Management (US\$4.80 million)

The objective of this component is to support the authorities' efforts to enhance transparency and improve controls over the use of public resources through an updated and more integrated GFMIS, increased monitoring of SOEs and AGAs, improved Accounting and Auditing Standards, better internal and external oversight and a more efficient public procurement system.

Sub-component 1.1 Enhancing Transparency and Reporting on Public Resources (US\$1.85 million).

This sub-component will support the enhanced functionality, upgrading and further integration of the various GFMIS systems in Mauritania to improve monitoring, control and reporting on budget execution and to facilitate access to more accurate and up-to-date fiscal data. It will be guided by an integrated diagnostic of IT system needs given ongoing PFM reforms, and opportunities for greater functionality and interconnectivity, including sharing of electronic platforms and storage/backup capabilities. It will also support increased transparency and public access to information through improved public sector web-presence. It will finance the following activities:

- Technical Assistance for an in-depth assessment/functional audit of current GFMIS systems and development of a GFMIS system integration plan
- Purchase and installation of back-up servers for the Ministry of Finance
- Technical support for the integration/interconnection of remaining GFMIS systems
- Purchase and installation of Public Investment Management and M&E modules for the Development Assistance Database
- Training/upgrading of IT engineers and staff skills for maintenance of new systems
- Creation of a Ministry of Finance Portal to improve web presence, including features that enable the facilitation of on-line public debates around budget monitoring
- Support to the development of a transparency and anti-corruption strategy

Sub-component 1.2: Increasing Monitoring of SOEs and Public Agencies (US\$1.35 million)

This sub-component will support the improved performance and accountability of SOEs and AGAs through stronger monitoring, oversight and results monitoring by the authorities. It will focus mainly on strengthening the State's capacity to become a more informed and active owner of its portfolio of SOEs and AGAs by setting clear strategic targets and expectations and then actively holding them to account through performance monitoring and competent technical inputs and views on company business plans, performance contracts, etc. The project will also provide some limited support to selected SOEs for improved reporting and board evaluation. The project will finance the following activities:

- Development of a national policy/strategy for the parastatal sector - SOEs and EPAs
- Support to Ministry of Finance for the production of annual reports on parastatal agencies and SOEs, including operational and financial performance
- Review of the parastatal sector in collaboration with internal auditor
- Training for DTF and SOE Board Members on business analysis, understanding balance sheets, business planning, etc.

- Development of standard business analysis tools for DTF staff to enable them to improve their monitoring of their assigned portfolio of companies/agencies
- Training for SOEs on the preparation of annual reports
- Development of methodology and tools for Board self-assessments
- Elaboration of Performance Agreements with 10 SOEs

Sub-component 1.3: Improving Accounting and Auditing Standards and Internal and External Oversight (US\$1.08 million)

This sub-component will support two main objectives. First, it will support the improvement of accounting and auditing standards to bring them in line with international norms, building on the findings of the 2014 ROSC. Second, it will support some of the core internal and external oversight entities to help them to exercise their mandate to ensure public resources are spent for the intended purposes in a manner consistent with prevailing national laws. The project will finance the following activities:

- Review and update the Mauritanian Accounting and Auditing System for Small and Medium Enterprises
- Provision of support to the ONEC (national accounting body) to adopt International Standards on Auditing (ISA) and the International Federation of Accountants' (IFAC) Code of Ethics and move towards IFAC compliance
- Dissemination and promotion of the ISA and capacity building of ONEC members to apply ISA and International Financial Reporting Standards (IFRS)
- Establishment of Audit Quality Review Schemes
- Creation of a single registry of company accounts that includes audited financial statements for private and public enterprises and that is accessible by relevant authorities
- Diagnostic studies on the internal audit units in the ministries of Health and Education
- Provision of equipment for internal audit units in the ministries of Health and Education for inspection purposes
- Training and capacity building for ministerial internal audit units, including the development of operational manuals for inspectors
- Short-term Technical Assistance for the Cour des Comptes on the Auditing of SOEs

Sub-component 1.4: Enhancing the Public Procurement System (US\$0.52 million)

This sub-component will support reforms to address the main areas of weakness outlined in the recent Country Procurement Performance Review, such as completing the legal framework, guidelines and standard bidding documents, adjusting/adapting the current institutional set up for public procurement, improving the quality of procurement input in budget preparation and budget execution and strengthening the capacity of procurement authorities through, inter alia, the establishment of a certification program in the public service. The piloting of framework contracts for some standard high volume items will demonstrate options for improved efficiency and savings. Improved transparency and control will be supported through targeted training for CSO Stakeholders, publication of the ARMP's annual report, and the setting up of mechanisms for reporting of fraud and corruption. The sub-component will finance the following activities:

- Design of a national public procurement professionalization and capacity building strategy
- Legal advice for the harmonisation of all procurement legal documentation
- Technical and legal advice to align procurement planning, procurement processing and

contract execution with budget processing and budget execution

- Technical support for adjusting/adapting the current institutional set up for public procurement
- Piloting of framework contracts for high volume products in 10 institutions (vehicles, fuel, medicines, uniforms, food items, common IT items, paper, printing of school books and manuals and other common and repetitive items)
- Training/workshops for stakeholders including existing public procurement practitioners, the private sector, internal auditors and other actors like CSOs to address current shortcomings of procurement and contract management practices respectively
- Design and implementation of mechanism for anonymous reporting of suspicions of procurement fraud
- Preparation and publication of annual report on public procurement by ARMP

Component 2: Strengthening the administration of property and mining taxation (US\$4.70 million)

This component will help the GoM to broaden the tax base and modernize tax administration in order to create a more predictable and stable source of revenue for the State. It involves support to the tax department to improve their communication and service to taxpayers; an update and expansion of the fiscal census; and support to increase fiscal revenues from property taxes and fees through the development of a modern national property registry and cadaster. It will support improved mining sector taxation by using a tax model and a risk based methodology for mining sector tax audits to combat base erosion and profit shifting. It will also contribute to updating/modernizing the mining cadaster, as well as strengthening the capacity of the Ministry of Mines (MPEM) for geo-scientific analysis of existing data.

Sub-component 2.1: Strengthening Tax Administration and Compliance (US\$0.9 million)

This sub-component will support ongoing tax reforms which aim to strengthen domestic revenue mobilization and widen the tax base through: improving services, payment channels and information to taxpayers; training for tax administration staff on international tax issues related to base erosion and profit shifting, such as transfer pricing; updating the taxpayer census for Nouakchott and expanding it to six other cities; and improving property taxation. The following activities will be supported under the project:

- Training/capacity building for tax directorate personnel and mining ministry technicians with a particular focus on (i) base erosion and profit shifting, including Technical Assistance for a Transfer Pricing Risk Assessment and (ii) mining taxation
- Update of Taxpayer Census for Nouakchott and expansion to other main cities, to evaluate the tax potential by identifying and mapping taxpayers
- Development of communication material and forms to implement ongoing tax reform once new law is passed (from 2016)
- Training on tax software (SIGTAX) with a focus on users (training for engineers for systems maintenance is included in GFMIS sub-component)
- Review of the property taxation and valuation system and processes

Sub-component 2.2 Supporting the Development of a National Property Registry and Multi-purpose Cadaster (US\$1.25 million)

This sub-component will support the development of an integrated multi-purpose cadaster and

modern land registry, and increase the share of formally registered properties in Mauritania as a way to increase tax revenues, secure land rights and increase access to credit. It complements the ongoing efforts of the authorities to elaborate a broader national land policy to reinforce land tenure security for vulnerable groups including women, building on the findings of the Land Governance Assessment Framework (LGAF) study and action plan. It will finance the following activities:

- Legal, institutional and processes review that will be divided in three parts (i) Policy, Legal and Institutional Review (ii) Cadastral and Land Registration Processes Review (iii) Property Valuation and Taxation
- Preparation of a draft operational plan on Cadaster and Land Registration covering both private and public land which will include a small pilot project for systematic registration to test different approaches to feed into the National Land Policy and the Draft National Strategy under development by the authorities
- Purchase of new equipment (GNSS equipment and software) for use by surveying and legal staff involved in property measurement and registration preparation of land titles
- Training personnel working on land registration, land surveying, land title preparation, community consultations etc.
- Study tours in African countries where successful experiences in systematic registration were realized

Sub-component 2.3: Strengthening Fiscal Management in the Mining Sector (US\$1.25 million)

This sub-component will support the Directorate of Mines and Geology (Direction des Mines et de la Géologie, DMG) and the General Tax Directorate (Direction Générale des Impôts, DGI) in the areas of mineral tax policy formulation and tax administration of the industry. Support will be provided to facilitate the adoption of consolidated modeling of cash flows and tax receipts, including formalization of mandates and work plans of inter-ministerial coordination, capacity building in principles of fiscal policy making and contract negotiations. Support will target inter-ministerial collaboration in order to achieve standardized terms and conditions for new investors and preparation of modalities for inter-ministerial coordination and development of a database of tax payers in the extractive industry in collaboration with the EITI. Activities will include:

- Modeling of the mineral tax regime, including hardware and software
- Training and legal support in the area of fiscal and financial terms of the mineral regulation and revision of standard contracts and agreements
- Preparation of a tax administration manual and procedures, including hardware and software
- Support to planning and execution of tax audits, regular controls and verification of tax returns
- Public outreach and awareness campaigns

Sub-component 2.4 Enhancing Management of the Mineral Cadaster System and Geo-Scientific Data (US\$1.30 million)

The objective is to enhance the management of operators' performance, sector data and increase investor interest in the sector. The project will modernize the mining cadaster to improve tracking of operators and build capacity in geo-science data analysis to serve the mining industry as well as the general public in areas such as hydrological surveys, erosion control, zoning, etc. A second objective is to increase publicly available geo-scientific data. In addition, the project will support systematic

data recording and storage of the expanding body of geo-scientific knowledge with the intention of making the information available to potential investors through web portals and by means of sector promotion at international investor conferences. This support will contribute to increased investor interest, and eventually an expansion of the tax base. Activities to be supported include:

- Cadaster System redesign, development, installation of software, related equipment and training
- Publication and dissemination of data from the existing Geo-Science Database which is currently only accessible at the MPEM office
- Training of staff at MPEM and the national geological agency (Office Mauritanien de Recherches Géologiques, OMRG) in geological data analysis and modeling
- Promotion of the mining sector

Component 3 – Project Management (US\$1.80 million)

This component will support the Recipient to hire and maintain a Project Implementation Unit (PIU), including personnel and equipment to ensure technical support to the implementation of the planned activities. The component will also finance operating costs and some equipment including: a vehicle; office rental; office equipment; travel; operating expenditures; external audits of project accounts.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will not finance any investment in physical structures or buildings. It is expected that hardware investments will focus on IT systems upgrades and development.

5. Environmental and Social Safeguards Specialists

Melissa C. Landes (GEN01)

Yacouba Konate (GSU01)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The project consists of technical assistance activities as well as the provision and installation of IT equipment. There will be no design or feasibility studies of future infrastructure.
Natural Habitats OP/BP 4.04	No	The project will not have a physical footprint nor will it change, update, or revise policies that may affect natural habitats.
Forests OP/BP 4.36	No	The project will not have a physical footprint nor will it change, update, or revise policies that may affect forests.
Pest Management OP 4.09	No	This safeguards policy is not applicable to the project.
Physical Cultural Resources OP/BP 4.11	No	The project will not have a physical footprint nor will it change, update or revise policies that may affect PCR.
Indigenous Peoples OP/BP 4.10	No	No indigenous people are identified in the project area.
Involuntary Resettlement	No	The project does not have a physical footprint and, as such, there will be no land acquisition or involuntary

OP/BP 4.12		resettlement.
Safety of Dams OP/BP 4.37	No	This safeguards policy is not triggered as the project does not involve dams directly or indirectly.
Projects on International Waterways OP/BP 7.50	No	This safeguards policy is not triggered as the project does not involve activities on international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This safeguards policy is not triggered as the project does not involve activities in disputed areas.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>The project consists of technical assistance activities. There will be no design or feasibility studies of future infrastructure. Since the project does not have a physical footprint, there are no foreseen negative impacts on the physical and social environments. The social impacts of the project are expected to be positive as it will improve access to both information on public sector budgets and expenses, and provide opportunities for engaging with the authorities in the budget process. It also aims to improve public services through strengthened internal controls and through performance agreements with parastatal agencies, as measured by a public service perceptions survey.</p> <p>To mitigate social risks during the preparation of the national cadaster, the project will emphasize participatory decision-making, beneficiary feedback mechanisms and entry points for citizen engagement. The beneficiary feedback will include specific grievance redress mechanisms, designed to support the piloting of the property register and national cadaster. A specialist agency will be contracted to help GoM manage stakeholder consultations and gather feedback from citizens during the preparation of the national cadaster.</p> <p>Under component 2, sub-component 2.4, the following activities: (i) Training of staff at MPEM and the national geological agency (Office Mauritanien de Recherches Géologiques, OMRG) in geological data analysis and modeling, and (ii) Promotion of the mining sector, will take into consideration national environmental laws (e.g., sectorial guidelines) as well as the principles of environmental sustainability promoted by the World Bank. While the training of staff in geological analysis and modeling could include modules on environmental sustainability; the promotion of the mining sector should aim to bring awareness to sector-related environmental issues and to promote best practices for environmental sustainability.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>Not applicable.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p> <p>Not applicable.</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>

Not applicable.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Not applicable.

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Kjetil Hansen, Eric Brintet	
<i>Approved By</i>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 06-Jan-2016
Practice Manager/ Manager:	Name: Renaud Seligmann (PMGR)	Date: 07-Jan-2016