Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Jan-2020 | Report No: PIDA26938

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Mauritania	P169332	Decentralization and Productive Intermediate Cities Support Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	20-Jan-2020	19-Mar-2020	Urban, Resilience and Land
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Islamic Republic of Mauritania	Ministry of Economy and Industry	

Proposed Development Objective(s)

The development objectives of this operation are to (i) improve access to local services in selected localities; and (ii) strengthen the capacity of Local Governments to plan and manage public services

Components

Improving Access to Infrastructure and Services for Economic Development
Strengthening decentralization and Local Government capacity
Project management
Contingency Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	65.00
Total Financing	65.00
of which IBRD/IDA	50.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	50.00

IDA Grant	50.00
Non-World Bank Group Financing	
Counterpart Funding	15.00
Borrower/Recipient	15.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Mauritania has experienced a relative stability over the last decade translating in accelerated growth**. Stability has been correlated with accelerated economic growth culminating with a GDP increase of 3.6 percent in 2018. Economic growth has been mainly driven by the extractive and mining industry, fisheries and the construction sector.[1] The underlying drivers of growth were the increase in iron, gold, and copper international market prices, as well as significant government investments in public infrastructure.

2. **The positive economic outcomes contributed to a decrease in the national poverty rate.** Between 2008 and 2014, the poverty rate dropped from 44.5 percent to 33 percent[2] with the rural population benefitting most from this improvement. Most of the poor in Mauritania are located in rural areas (46.3 percent of the population lives in rural areas while 53.7 percent lives in urban areas)[3] and, over the last decade, the majority of the rural poor increased their household expenditures. The recent decline in poverty arose principally from temporary relative price changes in primary commodities. The main driver of rural poverty reduction was the improved welfare of agricultural and livestock producers.

3. **Poverty and integration still remains at the forefront of the challenges faced by Mauritania, especially in the Southern regions of the "triangle of hope"[4] and the Eastern regions along the Malian**

[1] SCAPP 2016-2030, volume 2

[2] Mauritania's Country's Partnership Framework (CPF).

[3] WDI, 2019.

[4] The triangle of hope comprises the wilayas of Guidimanga, Assaba and Gorgol

border.[5] Three-quarters of the poor live in rural areas, mostly in the South.[6] More than half of all the poor (54 percent) were in four Southern *wilayas*: Brakna, Gorgol, Hodh Ech Charghi, and Assaba.[7] The highest poverty rates are among rural households engaged in livestock-rearing and agriculture. Unequal access to quality social services and inequitable labor markets prevent the poor from becoming a healthy, educated, and productive workforce. Despite the growth of the extractives, agro-business and public administration sectors, the unemployment rate is still high at 30-31 percent of the active population, with even higher rates of unemployment among women and youth.[8] Challenges associated with unemployment are higher in urban areas (17.2 percent) compared to rural areas (6.9 percent). Furthermore, 27.4 percent of youth in urban areas are more likely to face obstacles to find a job, compared to 11.3 percent in rural areas. Finally, access to job opportunities in urban areas is unequal across genders with 24.8 percent of women facing challenges to find meaningful work compared with 13.7 percent for men.

4. **Climate change shocks are particularly affecting the Southern and Eastern regions, especially urban areas.** Mauritania is exposed to recurrent droughts, floods, and coastal erosion that are exacerbated by climate variability. The livelihoods and food security of most of the poor living in remote intermediary cities are particularly affected. Rising temperatures, desertification, drought, floods, soil erosion and decreasing availability of arable land contribute to drive migrations to the closest urban areas. While cities are particularly vulnerable to flash floods, creating important economic losses in the housing sector as well as productive activities.

5. **By mid-2019, Mauritania hosted around 57,000 Malian refugees in and around Mbera Camp in the Region of Hodh el Chargui** and close to 3,000 urban refugees and asylum-seekers (UNHCR[9]). With the Mbera camp, the Bassikounou Moughataa[10] has seen its population double. Humanitarian agencies, led by UNHCR and the World Food Program (WFP), have traditionally provided the bulk of assistance to refugees, and to some extent, host communities in Mauritania. To date, this has mitigated the impact of the demographic shock on service delivery. However, as humanitarian support declines, access to services will become a challenge. Also, because natural resources and economic opportunities are scarce in this part of the country, the flow of refugees has increased a competition for sources of energy, water and pastures for livestock, the major economic sector and source of livelihood for both refugees and host communities. Conscious of the likely prolonged nature of forced displacement in the country, the Government of Mauritania is committed to ensuring the protection of refugees while promoting their increased self-reliance and the resilience of host communities. The World Bank Board of Executive Director approved in November 2018 Mauritania's eligibility for the IDA18 Refugee and Host Community Sub-Window (RSW) (see annex 4 for more details).

6. **Mauritania suffers from a severe gender gap.** Men hold three jobs in every four, even though women represent 55 percent of the working-age population. The gender gap increases with the level of education: boys are nearly fifty percent more likely to complete secondary education than girls. Women

[5] Hodh el Chargui and Hodh el Gharbi where access to education is lower compared to the other regions of the country; unemployment rate is the highest; food insecurity is at an all-time high.
[6] CPF, p. 16
[7] SCD, p. 93
[8] Mauritania's Country's Partnership Framework.
[9] UNHCR, August 2019. http://reporting.unhcr.org/sites/default/files/UNHCR%20Mauritania%20Operational%20Update%20-%2015AUG19.pdf
[10] Administrative divisions include the *wilaya* (region), *moughataa* (district), department and *commune* (municipality)

also suffer from insecure access to land and land rights, which fuels inequality: women account for just eight percent of those holding title to land or property.[11]

Sectoral and Institutional Context

7. **Southern Mauritania houses more than half of the population.** Mauritania encompasses a very large territory with a small population of only 4 million inhabitants, resulting in the second lowest density among African countries with 3.87 inhabitants per square kilometers.[12] Population density varies widely, with the Middle and Northern parts of the country nearly deserted, except for Nouakchott and Nouhadibou, while 59 percent of the population lives in the *moughataas* of the South (see area delineated in green in Map 1 below). The latter area represents around 12 percent of the territory and offers a more moderate climate and some subsistence opportunities tied to agriculture and livestock, the main driver for poverty reduction in recent years.

8. **Despite a concentration of population in the South, both urbanization and access to basic services are uneven with much lower access to services along the Central and Eastern Southern border, coinciding with the concentration of population** (Error! Reference source not found.). On average, population access to primary education (63.5 percent) and drinking water supply (62.1 percent) is relatively high, as is access to telephony (66.4 percent). Yet, transit connectivity is poor – on average only 42.6 percent have access to public transportation and nears zero in areas outside of Nouakchott and Nouhadibou.

9. **Past public investments have been disproportionally overlooked in the Southern regions of the country.** The financial resources allocated by international donors over the period 2010-2018 show a preference for the large cities along the Western coast. Out of a portfolio of USD2.2 billion that was geographically tagged[13], only 28 percent was invested in the South, while it accounts for 63 percent of the total population. Past Bank – and other donors – operations were intended to better balance those investments. For the Bank, about USD35 million (out of 70) of the Urban Development Project (PDU)[14] were injected into twelve regional cities. The Local Government Development Project (LGDP) then financed USD40 million worth infrastructures in 100 rural and department communes. The French Development Agency (AFD) also implemented VAINCRE in all the communes of the three poorest *wilayas*, all three in Southern Mauritania. But those have proved to be still insufficient to grow access to services to comparable levels than Nouakchott and Nouhadibou.

10. **With continued gaps in access urban services, Southern towns have garnered few of the agglomeration effects typically associated with the urbanization process, especially in terms of job creation and economic development.** In fact, the urbanization rate in Southern regions is low, ranging from 23 to 29 percent at most. Several towns have grown over time to a population of 10,000 to 60,000 inhabitants. Among them, the most important are Kiffa, Rosso, Kaedi, and Bassikounou. But despite their roles in facilitating access to markets for the rural localities and offering better access to services than

[11] World Bank, Country Partnership Framework
[12] Population densities of African countries go up to 400-600 inhabitants per square kilometers for Rwanda or Mauritius.
[13] The entire donor portfolio for 2010-2018 amounts to USD4.4 billion, of which 51 percent is directed towards national initiatives.
[14] The Urban Development Project was implemented between 2001 and 2012 to support Mauritania's central and local governments to: (i) improve living conditions and employment opportunities in the main towns of Mauritania, especially in slums; and (ii) strengthen the institutional framework and capacity for urban and land management.

among rural localities, their growth has been relatively modest, and most of the economic mobility has been attributed to Nouakchott or Nouhadibou, especially driven by young male migrants.[15] Additionally, although Southern regions offers resources and geographic opportunities for the economic development of the country, the impact on the local economy – in terms of private sector development, job creation, and poverty reduction – remains limited. The creation of economic opportunities in those towns has been limited, be it in terms of private sector, except for a few recent rice industries and agriculture equipment rental centers in Rosso connected to the development of nearby irrigated land, as well as small or micro informal activities. Additional investments for improving domestic and regional connectivity, as well as access to electricity and water, could create a new dynamic for the development of the private sector and help existing towns grow into more vibrant secondary cities that would provide better livelihoods and living standards for its people and ultimately contribute to poverty reduction.

11. **Limited concertation between stakeholders at the regional and local level has contributed to the limited regional economic development.** The municipalities' main areas of interest have been mostly in social services in urban and rural communes, solid waste in the main towns, and to some extent agriculture infrastructures in rural areas. Even though jobs for youth have been a major concern recently, there has not been any concrete response, apart from community and sport infrastructures. In fact, local public institutions have limited framework for collaboration and concertation with local economic institutions, especially in towns. This lack of collaboration is further hindered by the low level of organization in collection action of the economic actors at the local level, in particular urban-type informal economic actors.

12. **Though rapid consultation during project preparation in the towns selected for the project confirmed the opportunity for different types and sizes of economic projects, particularly in agriculture, trade and logistics, services, and tourism.** For example, Rosso could become a National Agriculture Center, considering its leading role in extensive agriculture and livestock. It could also develop tourism around the Senegal river, today completely disconnected from the town. Kiffa could boost its leading role in the health sector with improved lodging, access, as well as training. Kiffa and Rosso also have a leading place in access to market with its central position in Southern Mauritania and on sub-regional corridors. Aioun could grow its role in tourism and hand crafting. In the Hodh del Charguy, the new regional road and the influx of refugees have started to change the urban dynamic, creating new economic opportunities that could be better consolidated. The three towns selected for the project have been assessed to provide social and economic services to refugees (in particular Bassikounou located near the Mbera camp), with likely job creation and local economic development as a result of increased needs. Transport of persons and goods have grown between the Hodh and Mali and between the Hodh and Nouakchott with the leading place of Bassikounou, services in Bassikounou in general and in Nema for health and administration, and livestock with Bassikounou and Adel Bagrou as platforms for trade within Mauritania and with Mali. Bassikounou is actually emerging as the leading urban center in the Hodh, with land and housing prices increasing rapidly as a result of the growth of general services associated with the influx of refugees, including services to humanitarian actors and staff.

[15] The World Bank, Mauritania Country Economic Memorandum, Towards a More Diversified and Structured Urban Growth, 2019

Access to electricity, key to regional development

13. **Mauritania continues to face significant challenges in terms of electricity services despite significant investments in generation and transmission of electricity.** The electricity access rate in Mauritania at 38.8 percent is low and comparable to the average in Sub-Saharan Africa. In addition, significant disparities exist between urban and rural areas. While 76.9 percent of urban households have access to electricity, only 6 percent of rural households benefits from electricity in 2015. In terms of coverage, out of 828 localities with more than 500 inhabitants, only 95 localities have access to electricity.[16] The electrification strategy in Mauritania is embedded in the Government's Strategy for accelerated growth and shared prosperity (Stratégie de Croissance Accélérée et de Partage de la Prospérité - SCAPP) which set an ambitious target to reach 85 percent national access rate with universal access in urban areas and 80 percent access rate in rural areas by 2030.

14. **Recognizing the catalytic role of electricity in both urban and local development, the Government has initiated a reform of the institutional, legal and regulatory frameworks to improve the efficiency of the sector.** The electricity sector in Mauritania was supposed to be governed by the Electricity Code (under Law 2001-19). The Electricity Code allows third party generation and private sector participation in the distribution segment, particularly for off grid areas. The revision of the Electricity Code is ongoing with the aim to clarify the roles of different institutions and to support sector efficiency. Currently, the institutional framework of the electricity sector includes: (i) the Ministry of Petroleum, Energy and Mines supported by the Directorate of Electricity and Energy Management (DEME) for the organization and monitoring of the electricity sector; (ii) SOMELEC, a vertically integrated public utility, which is responsible for generation, transmission and distribution of electricity; (iii) the Multisectoral Regulatory Authority (ARE), an independent regulatory body active in key sectors, including the electricity sector; (iv) private operators or Delegates for electricity public service (DSPE). In the rural electrification space, the Government decided to reshuffle the rural electrification institutional arrangements with the dissolution of the Agency for the development of rural electrification (ADER) and the Agency for the promotion of universal access to services (APAUS) in July 2018. The Government transferred these responsibilities to SOMELEC. The newly created PPP Support Cell (CAPPP) will take over some responsibilities of ARE in the contracting process.

15. **To support service delivery to unserved populations, the Government provides financial support to private service providers by buying down the cost through the Fund for universal access to services (FAUS).** Formerly administered by APAUS, the FAUS is now managed by the Ministry of Economy and Industrialization. The FAUS is financed through levies collected from telecom, water and energy operators, ICT providers, provisions of the state budget, contributions from development partners, the poverty Alleviation Fund, as well as revenues and surpluses from its own operations and investments. This fund is used to subsidize tariff gaps of mini-grids managed by private operators, as well as for replacement and renewal of electrification systems.

New momentum for Decentralization

16. **To improve service delivery and foster local development, the Government is committed to accelerating the decentralization process.** Decentralization was slow-paced and very limited until the later 2000s with the creation of the Regional Development Fund (FRD – *Fond Regional de Developpement*)

[16] *Note sectorielle novembre* 2018 – MPEM

in 2001 and the IDA-funded PNIDDLE in 2014-2019.[17] The 2016-2030 national development strategy (*Stratégie de Croissance Accélérée et de Prospérité Partagée* or SCAPP) emphasized the role of Local Governments (LG) in local development. The creation of regions and regional elections in 2018, combined with the 2019 decree clarifying regional responsibilities, created new momentum for decentralization. While the 2019-2028 National strategy for Decentralization and Local Development set a clear roadmap for decentralization, it has yet to be formally adopted. However, newly-elected President highlighted in its political agenda its commitment to decentralization and deconcentration for LG-driven development.[18]

17. **The creation of regions is both an opportunity and a challenge for locally-driven development**. So far, the transfer of responsibilities by sector ministries and their related human and financial resources to Communes, has been limited. The creation of regions introduced a new layer for coordination and collaboration for local development, between deconcentrated services at both regional and district levels, municipal councils and regional councils. However, some of the transferred responsibilities overlap, e.g. health, education, electricity, roads, etc. Thus, implementing texts will be required to clarify the transfer of responsibilities from line ministries to LGs, and the coordination between line ministries, regional councils, and municipal councils in development planning and service delivery.

18. **Human resource capacity is a key challenge to regional and local development**. While support to strengthen capacity over the past few years has led to some improvements in local governance, staff capacity is limited and it is difficult for local governments to recruit and retain. The Ministry of Interior developed training curricula for Communes in the past few years, which improved the compliance of communes to some extent.[19] However, none of the regions can confirm even two employees per 1,000 inhabitants and 49 municipalities out of 218 report having no permanent employees. In addition, local governments lack a personnel management strategy, skills are seldom aligned to functional needs, and there is, as yet, no legal framework for the regional civil service. For example, about a third of municipalities do not keep a registry of expenses and payments. While the government produced a 2019-2023 strategy for strengthening capacity at the local level, the capacity of the Ministry of Interior to deliver the training is also limited.

19. **Local governments continue to operate with a very limited financial capacity, though there is room for enhancing the currently limited fiscal decentralization.** Total transfers to municipalities only represented about 0.67 percent of the national budget in 2018 (the lowest since 2013). Local revenue mobilization is limited and varies widely from on commune to another: from nothing to USD26k per capita, with average by category of municipalities varying from USD3.0 to USD260.0 per capita to USD3.0.[20] Disparities in local tax recovery between comparable intermediate cities indicates likely room for improvement in local tax revenue mobilization (cf. Annex 5). Local councils rely mostly on international

[17] The first meaningful move towards decentralization was the launch of the Local Government Development Project (*Projet d'Appui au Programme National Intégré pour la Décentralisation, le Développement Local et l'Emploi* - PNIDDLE) in 2014 with USD25 million IDA financing combined with USD50 million from the government, to support the development of 100 Mauritanian municipalities through financing of municipal infrastructures and capacity building. It was the first effort to operationalize the decentralization framework by making communes manage entirely their allocations, from planning to execution, and introduced an innovative approach based on performance

[18] In the *Discours de Politique Générale du Gouvernement* (sept. 2019)

[19] E.g. the rate of the municipalities that fulfilled the obligation to vote and approve the initial budget before December 31 increased from 54 to 90 percent 2015 and 2018. Source: GoM (2019) report on LG performance

[20] GoM (2019) report on LG performance

partners[21] and the Regional Development Fund (FRD), the latter being limited to recurrent and maintenance spending and insufficient to foster investment. In principle, the FRD aims to finance both recurrent and investment spending of communes by central government. However, the Budget allocation is decided annually through the National Finance Law, and thus lacks predictability for Communes, both in terms of their budget preparation calendar and the amount. There is no equalization financing, and investment *per capita* varies widely.

20. **Recent initiative could be scaled up to improve municipal financial management.** The Ministry of Finance developed and piloted in-house a budgeting-accounting software, connected to the Treasury[22] that has the potential to be converted into an Integrated Financial Management Information System (IFMIS) for local governments, which is expected to be rolled out in 2020. Also, despite continued capacity and financing constraints, a technical assistance activity provided to the municipality of Tintane, as part of the LGDP, as well as a pilot financed by GIZ, showed the potential for municipalities to increase their own-source revenues. Scaling up such initiative would increase the capacity of local government in financial management, as well as accountability and control, setting the foundations for increased transfers to local governments.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The development objectives of this operation are to (i) improve access to local services in selected localities; and (ii) strengthen the capacity of Local Governments to plan and manage public services

Key Results

PDO Level Indicators

- People provided with improved access to services through the project, disaggregated by men/women and by refugees/host communities
- Number of electricity connections as a result of the project
- Share of economic actors for which business was positively impacted by infrastructure and services, disaggregated by women-owned businesses, and by refugee-owned businesses
- Improvement in municipal investment budget execution

[21] For example, IDA-funded project PNIDDLE (2013-2019) financed investment in 100 communes. In 2015, the FDR contributed to 52 percent of the municipal investment effort, the remaining 48 percent being subsidized through the PNIDDLE. The PNIDDLE was a national program to support the decentralization effort, which was terminated in 2019 in line with its planned closure.

[22] The IFMIS is called *Elkhazin-Elbeledi*

D. Project Description

21. **This project will support government efforts to foster the local economy of intermediate cities of Southern Mauritania through productive investments and institutional support to local authorities to deliver those services in line with the decentralization agenda**. Investments will be concentrated in a small number of urban centers and, when relevant, their surrounding rural localities in order to seek higher impacts. In particular, it aims to deliver higher quality services to social and private economic actors through a concentration of selected high impact investments in a few dynamic cities suffering from an infrastructure deficit. This is aligned with one of the pillars of the Decentralization strategy, which recommends encouraging economic and urban levers, considering urban centers as a means to deliver higher levels of services for the population and economic agents. Some other large localities that are still lacking electricity connection will also be part of the electrification effort. In parallel, institutional strengthening will aim to support dedicated actors to better plan and deliver services, contributing to consolidate the infrastructure and service investments through systematic and better consultation with local actors (both economic and service oriented), more transparent financing mechanisms, spending efficiency and revenue mobilization, as well as improved urban planning and management. By strengthening the management capacity of the targeted municipalities and regional councils, the project will hence contribute to increase the performance of local governments in driving local development.

22. **The design and implementation of the project will be articulated with other IDA sectoral projects** (access to water and sanitation, youth employment, health and cash transfer services to refugee and host communities) to increase impact on economic development and job creation in this part of the country. Coordination with other donor initiatives also seeks complementarity in local development and electricity, in particular with DECLIC 1 and 2 as well as RIMDIR. DECLIC 1 and 2 will deliver infrastructure and services in all the communes of five Southern regions. RIMDIR will improve rural electrification access in Southern Mauritania as well. Such coordination will be reinforced through shared institutional arrangements whenever possible.

Component 1: Improving Access to Infrastructure and Services for Economic Development (USD50.0 million)

23. ***Sub-component 1.1: Resilient urban infrastructure and services supporting economic development in selected Southern intermediate cities (USD36.0m).*** The sub-component will finance investments in infrastructure and services to support the growth of selected cities in Southern Mauritania and their economic development. Financing will cover the feasibility and technical studies, as well as works and possible equipment. Seven cities – Rosso, Selibaby, Kiffa, Aioun, Nema, Bassikounou, and Adel Bagrou/Mbera Camp – have been selected based on their population, level of economic activity, and their potential to extend their benefits to the broader territory, as well as, for the Hodh el Chargui, their specific role in the economic development of the refugees and host communities.

24. ***Sub-component 1.2: Urban and rural electrification (USD14.0m).*** The Sub-component will contribute to increasing access to electricity for households in the wilayas of Hodh El Chargui, Hodh El Gharbi, and Assaba using solar photovoltaic (PV) hybrid mini-grids. A top-down approach is proposed in this operation and is driven by the Government agenda to expand access starting with centers with the biggest population and high development potential. The subcomponent will also finance the extension of the existing grid in the city of Bassikounou to connect about 2,000 new consumers. Additionally, 1,500 rural households will benefit from access to electricity in 16 villages of Perimeter B around Djiguenni.

Component 2. Strengthening decentralization and Local Government capacity (USD8.0 million)

25. The objectives of the component are to (i) build the capacity of the targeted local governments, both at regional and municipal levels in public finance and public sector management to increase local governments' efficiency and capacity to develop their local economy; and (ii) strengthen the systems for implementing decentralization reform. Municipalities of the seven cities and the five regional councils will be primarily targeted for this Component, in order

to maximize synergies with Component 1.

26. ***Sub-component 2.1 (USD2.0m): Strengthening the systems for decentralization.*** The sub-component aims to support the implementation of the deconcentration and decentralization strategy at central level to strengthen the legal framework and processes to effectively transfer responsibilities and the related resources to Local Governments. The project will finance technical assistance and small equipment to:

(i) improve central government oversight of local governments by (a) strengthening the capacity of the DGCT human resources on public sector management aspects relevant to local governance such as PFM, territorial development, human resource management, performance-based management; (b) supporting the deployment of deconcentrated services of DGCT in the targeted regions, (c) developing relevant additional modules to the LG software (e.g. on payroll, procurement), (d) enhancing current DGCT database and information management system to include public investment at communes level (incl. geo-data) and improve data collection efficiency and access;

(ii) improve fiscal decentralization, by (a) assessing and designing the adequate financing mechanisms and processes for local development (including the existing FRD, the potential National Fund for Local Development, and plans for financial transfers to regional and municipal governments from line ministries) that enhance LG's accountability and performance, foster local economic development and ensure territorial equity, (b) reviewing and improving LG planning and budgeting methodologies that include citizen participation, economic actor participation and gender sensitive budgeting;

(iii) improve the territorial development planning's systems by (a) assessing and improving manuals and processes for Regional Development Plans, (b) assessing and designing options for Regional Development Agencies, (c) assessing the national voluntary resettlement program of rural localities into critical mass centers (*regroupement volontaire*), (d) building the capacity of the Ministry of Urban Planning in urban land planning;

(iv) strengthen local government human resource management system (HRM) by (a) assessing and elaborating a legal framework adapted to local government needs and fiscal capacity, fostering attractivity for LG cadres, flexibility and autonomy for LG management, and control from oversight authorities; and (b) elaborating a plan for the transfers of line ministries' deconcentrated services to regional governments;

(v) support deconcentration, decentralization and state deployment policy-making through (a) elaborating a program for the deployment of state's human and financial resources across the territory to improve service delivery, (b) a stock-taking study of decentralization strategy implementation by end 2021, (c) support to the LG elected women network, including a strategy for gender equality in local elected office, and (d) additional relevant studies and just-in-time technical assistance.

27. ***Sub-component 2.2 (USD6.0m): Building the capacity of Local Governments.*** The sub-component aims to build the capacity of the targeted LGs specifically to improve their public finance and public sector management. The project will finance technical assistance and small equipment to:

(i) improve targeted regional councils' development planning by (a) elaborating their regional development plans and investment plans in a participatory process that involves traditionally less inclusive groups, such as women and refugees, (b) elaborating pilot sectoral conventions with sectoral ministries including the related transfers of resources, (c) building the capacities of the regional councils' staff in public finance management (planning, territorial development, budgeting, public investment management, procurement, environmental and social safeguards, etc.) and human resource management and (d) strengthening local institutions in the coordination of actors and initiatives, especially for the coordination of humanitarian and

development actors in the regions hosting refugees and monitoring the impact of investments on refugees and host communities;

(ii) strengthen targeted communes' public finance management and accountability by (a) elaborating/updating Commune Development Plans and annual implementation monitoring process and updates following a participatory approach inclusive of women, refugees and local economic actors, (b) improving local revenue mobilization through capacity-building and replicating successful country pilot using ICT, (c) installing the budgeting and accounting software developed by the Treasury and building the capacity of communes' fiduciary staff, local counselors and deconcentrated services of Treasury (*réseau comptable*) on financial management, (d) piloting concertation platform between local economic actors and LGs on investment planning and local taxes to improve both revenue mobilization and doing business environment at local level, (e) designing and piloting dissemination of Communes' simplified budget execution report, (f) providing strategic and legal advice to communes to pilot commune-level's PPP;

(iii) improve targeted communes' human resource management by (a) undertaking functional reviews of Communes' HR, (b) elaborating HR adjustment plans, (c) designing and piloting simple HR management tools compliant with legal framework;

(iv) improve urban land management planning by (a) elaborating the urban master plan of Kiffa[23] and (b) piloting urban land mobilization tools for infrastructure investments in the selected cities of Component 1.

Component 3: Project management (USD7.0 million)

28. This component will support the implementation of all activities in accordance with the Bank's policies and guidelines in the area of coordination, supervision, financial management, procurement, audits, safeguards, monitoring and evaluation. This includes (i) Project Management and Implementation Support to SOMELEC (USD 1 million); and (ii) Cost of the Project Coordination Unit and other implementing entities (USD 5 million).

Component 4: Contingency Emergency Response Component (USD0.0 million)

29. Should a natural event precipitate a major disaster affecting the livelihoods of people living in the project area, the government may request the World Bank to reallocate project funds to cover some costs of emergency response and recovery. Detailed operational guidelines for implementing the project Contingency Emergency Response Component (CERC) will be prepared and approved by the World Bank as a disbursement condition for this sub-component. All expenditures under the CERC will be in accordance with paragraphs 11, 12, and 13 of Bank Policy: Investment Project Financing. They will be appraised and reviewed to determine if they are acceptable to the World Bank before any disbursement is made. Disbursements will be made against an approved list of goods, works, and services required to support crisis mitigation, response, recovery, and reconstruction. RSW funds should be used to finance eligible activities that benefit refugees and host communities.

[You should decide ref, Triggered or not in the table below

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No

[23] The Urban Master Plan of Rosso will be financed by the African Development Bank as part of the Rosso Bridge Project.

Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

The environmental and social risks are substantial at this stage of the project as the activities will include construction of infrastructures, urban road, access road, markets, waste management. The project's activities will be implemented near the Mali and Senegalese board where are living vulnerable groups and refugees. There is a risk of workers coming from these two countries which could lead to a conflict with the local and vulnerable groups.

E. Implementation

Institutional and Implementation Arrangements

30. A comprehensive institutional assessment has been conducted as part of project preparation to design the mechanism for project implementation consistent with the decentralization vision of the government. The proposed institutional framework resulting from the assessment aims at creating a sustainable capacity for investment management among local authorities. This proposed institutional arrangement gives municipalities a key role in the selection and leadership in the implementation of local infrastructure with support of the project Coordinating Unit (PCU).

31. A Steering Committee (SC), will be established within three months of Project effectiveness to support project implementation. The SC will be chaired by a representative of the Ministry of Economy and Industries (MEI) and will comprise representatives of the following entities:

(i) A representative of the Ministry of Finance;
(ii) A representative of the Ministry of the Interior and Decentralization;
(iii) A representative of the Ministry of Urbanism and Housing;
(iv) A representative of the Ministry of Oil, Energy and Mines;
(v) A representative of the Ministry of Environment and Sustainable Development;
(vi) A representative of the selected cities.

32. The overall project coordination will be coordinated by the PCU of the PNIDDLE at the Ministry of Economy and Industry and based in Nouakchott. Given the geographical extent of the project area, a branch of the PCU will be created and located in the city of Kiffa to support project implementation in the regions of Assaba, Hodh el Chargui and the Hodh el Garbi. This PCU will coordinate the various project implementers and will oversee the overall implementation and ensure compliance with Bank procedure. It will have (a) the overall FM responsibility and will manage the following: (b) Reporting, and Monitoring and Evaluation (M&E), (c) procurement of activities under component 2 and 3.

33. Specific implementation arrangements will be made for various project activities:

(i) Sub-component 1.1 will be implemented by beneficiary municipalities with technical support from the PCU or its Branch in Kiffa. Municipalities will be responsible for investment project preparation and implementation, with the technical support of the PCU or its Kiffa Branch. Depending on the size and complexity of a specific investment beneficiary, municipalities could directly manage investments (contract management of technical studies, construction works, and works supervision) or otherwise delegate investment implementation to a public agency.

(ii) Sub-component 1.2 will be implemented by SOMELEC. Procurement for this sub-component will be done by SOMELEC but financial management will be assured by the PCU. The SOMELEC implementation team will be seated within the Project Execution Department (DEP) of SOMELEC and will report to the Director of DEP, who ultimately will be responsible for the procurement and safeguards aspects of the sub-component. The same team at SOMELEC will be overseeing the implementation of the AFD-funded RIMDIR project and will benefit for the oversight of the RIMDIR Project Steering Committee. SOMELEC has no experience with World Bank-financed projects. The implementation team will be staffed to ensure that project technical and fiduciary responsibilities are adequately fulfilled. Experienced project consultants could be recruited to assist SOMELEC with project implementation in key areas such as procurement, and environmental and social safeguards. In addition, an experienced project design and supervision consultant (Owner's Engineer) will be recruited by the project to assist with project implementation and will report directly to SOMELEC's coordinator. The SOMELEC implementing team will benefit from support of the PCU for reporting, FM, audits, M&E.

(iii) Component 2 will be technically implemented by the Ministry of Interior in charge of Decentralization by the same unit in charge of the AFD-funded DECLIC 1 & 2 projects to ensure synergies, in coordination with other key Ministries, including the Ministry of Urban Planning, where a focal point will be in charge of urban planning and land related activities.

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