Public Disclosure Authorized

Public Disclosure Authorized

Report No. 78013-MR

Governance of State Owned Enterprises and Public Agencies in the Islamic Republic of Mauritania

June 2013

World Bank
Poverty Reduction and Economic Management (PREM)
Africa Region (AFTP4)

Document of the World Bank

APPROXIMATE CURRENCY EQUIVALENTS & EXCHANGE RATE
Exchange rate in effect at May 28, 2013

Unit of currency Mauritanian Ouguiya US$ 1:261.491 MRO

GOVERNMENT FISCAL YEAR
January 1 – December 31

MAIN ABBREVIATIONS AND ACRONYMS

CA	Board of Directors (*Conseil d'Administration*)
CBM	Central Bank of Mauritania
CFO	Chief Financial Officer
CNC	National Council on Accounting
CRSP	Parastatal Sector Rehabilitation Unit (*Cellule de Redressement du Secteur Parapublic*)
DGB	Budget General Directorate
DGPE	General Directorate of Domains and State Assets
DTF	Directorate of Financial Oversight
ENER	Mauritanian Company for Road Maintenance
EP	Public Agencies (*Etablissement Public*)
EPA	Administrative Public Agencies
EPIC	Industrial and Commercial Public Agencies
GDP	Gross Domestic Product
GIE	Economic Interest Group (*Groupement d'Intérêts Economiques*)
IGE	General Inspectorate of the State
IGF	General Inspectorate of Finance
IRM	Islamic Republic of Mauritania
MoF	Ministry of Finance
ONM	Meteorology National Office
ONS	National Office for Statistics
PESAP	Public Sector Adjustment Program
PHARMARIM	National Office of Pharmacy
REPP	Assessment Report of Project Performance
SAM	Airport Management Company
SAMIA	Arab Company for Metallurgical Industries
SCP	State-Owned Corporation (*Société à Capitaux Publics*)
SEM	Partly State-Owned Company (*Société d'Economie Mixte*)
SIG	Integrated Management System
SN	National Company (*Société Nationale*)
SNDE	Water Distribution National Company
SNIM	Industry and Mining National Company
SOE	State-Owned Enterprise
SOMAGAZ	Mauritanian Gas Company
SOMIMA	Mauritanian Mining Company
SOMIS	Mauritanian Company for Sugar Industry
SONADER	Rural Development National Company
SONELEC	Water and Electricity National Company
SONIMEX	Import and Export National Company

World Bank	
Vice President	Makhtar Diop
Country Director	Vera Songwe
Sector Manager	Miria Pigato
Task Team Leader	Alexandre Arrobbio
Co-Task Team Leader	Philip English

TABLE OF CONTENTS

MAIN ABBREVIATIONS AND ACRONYMS ..... **I**
TABLE OF CONTENTS ..... **III**
TABLES OF BOXES ..... **IV**
ACKNOWLEDGMENTS ..... **V**
EXECUTIVE SUMMARY ..... **VI**
1. INTRODUCTION **10**
2. THE SOE AND PUBLIC AGENCIES SECTOR IN MAURITANIA **13**
EVOLUTION OF THE SOE SECTOR 13
THE SCOPE OF THE SOE SECTOR AND PUBLIC AGENCIES 15
PERFORMANCE OF SOE SECTOR AND PUBLIC AGENCIES 16
FISCAL AND CONTINGENT LIABILITY RISKS 22
3. LEGAL AND REGULATORY FRAMEWORK **24**
A PARA-STATAL SECTOR WITH A COMPREHENSIVE LEGAL FRAMEWORK 24
ENFORCEMENT CHALLENGES OF THE LEGAL REGIME 26
4. OWNERSHIP &OVERSIGHT FUNCTION **28**
A HYBRID FORM OF OVERSIGHT BETWEEN DECENTRALIZED AND DUAL MODELS 28
OVERSIGHT IMPLEMENTATION LIMITATIONS 31
5. FISCAL RISK AND PERFORMANCE MONITORING **33**
FISCAL RISK MONITORING 33
PERFORMANCE MONITORING 35
6. SOE BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT **37**
GENERAL MEETINGS 37
BOARD OF DIRECTORS 37
EXECUTIVE MANAGEMENT 41
7. TRANSPARENCY AND DISCLOSURE **42**
TRANSPARENCY AND REPORTING 42
INTERNAL CONTROL FRAMEWORK 44
EXTERNAL AUDIT 44
8. OPTIONS FOR REFORM **46**
RATIONALE & MAIN PRIORITIES OF THE ACTION PLAN 46
A. INSTITUTIONAL FRAMEWORK FOR FINANCIAL OVERSIGHT 47
B. FINANCIAL INFORMATION & FISCAL RISK MONITORING 50
C. OTHER GOVERNANCE DIMENSIONS OF THE PARA-STATAL SECTOR 52
SEQUENCING OF THE IMPLEMENTATION OF THE ACTION PLAN 55
BIBLIOGRAPHY **59**
ANNEX 1: ESTABLISHING A SOE MONITORING FRAMEWORK FOR OVERSIGHT INSTITUTION **60**
ANNEX 2: EXAMPLES OF PERFORMANCE AGREEMENTS **63**
ANNEX 3: SOES LISTED BY SECTOR AND OWNERSHIP **64**
ANNEX 4: EPAS AND EPICS DECISIONS FOR STATE PRIOR APPROVAL **65**
ANNEX 5: ORDINANCE NO. 90-09,APRIL 4, 1990 ..... **66**
ANNEX6: DECREE NO. 90-118, AUGUST, 19 1990 ..... **75**
ANNEX 7: EXTRACTS OF EXISTING LAWS ON OVERSIGHT **78**
ANNEX 8: INVENTORY OF SOES AND PUBLIC AGENCIES IN MAURITANIA **81**

TABLES OF BOXES

Box 1: Extract of OECD Guidelineson Corporate Governanceof State-Owned Enterprises... 11
Box 2: Electricity and Water Sectors Restructuring 13
Box 3: AfDB Public Sector Adjustment Program supporting the Restructuring and Privatization of SOEs 14
Box 4: SixMajor SOEs in Mauritania 15
Box 5: Distribution of EPAs by Sectors (according to the annual budget, 2013)..... 16
Box 6: Subsidies and transfers to the para-statal sector 17
Box 7: The case of SOMAGAZ 18
Box 8: Evolution of the debt of SCPs (million of ouguiyas) 19
Box 9: Para-statal workforce 19
Box 10: Evolution of transfers to SOEs and Public Agencies 20
Box 11: Accountability Mechanisms generated by the OECD guidelines 21
Box 12: Composition of the Mauritanian Para-Statal Sector in 2013 – Number of Entities & Examples 25
Box 13: Ownership&Oversight Function in Mauritania 28
Box 14 : Directorate of Financial Oversight for Para-statal Sector – Ministry of Finance..... 29
Box 15: Organizational models of oversight of SOEs 29
Box 16: International Examples of Centralized Ownership Functions: Peru and Spain 30
Box 17: International Examples of Monitoring SOE Financial Performance 34
Box 18: Structure of Performance Agreements 36
Box 19: Key Responsibilities of Boards of Directors – International Practice..... 38
Box 20: Examples of Board Nominations..... 38
Box 21: **Empowering** SOE Boards in India and South Africa..... 39
Box 22: Examples of Audit Committees..... 40
Box 23: SOE Board Remuneration Methodology in New Zealand 41
Box 24: OECD Guidelines on Disclosure 42
Box 25: Examples of improved disclosures by SOEs..... 43
Box 26 : Using Public Scrutiny to Hold SOEs and the Government Accountable in Burkina Faso 43
Box 27: Possible Organizational Chart of General Directorate of Financial Oversight 48
Box 28:Example of Fiscal Risk Monitoring Model 52

ACKNOWLEDGMENTS

The World Bank acknowledges the close and fruitful collaboration of the Mauritanian Government in the preparation of this report.

The present report is the culmination of a study undertaken by the Poverty Reduction and Economic Management Unit of the World Bank and managed by Mr. Alexandre Arrobbio (Lead Public Sector and Governance Specialist, Task Team Leader), as well as Mr. Philip English (Lead Economist, co-Task Team Leader).

The project team included Mr. Oubeid El Hadramy (Public Sector Specialist); Mr. Renaud Beauchard (Consultant); Mr. Yves Duvivier (Consultant), Mr. Immanuel Steinhilper (Consultant), Ms. Charlotte Suc (Consultant), and Ms. Bronwyn Grieve (Consultant).The team also benefited from the invaluable guidance and advice of Mr. Moctar Thiam (Country Manager, Mauritania) and Ms. Miria Pigato (Sector Manager).

The World Bank would like to extend its sincere gratitude to the Minister of Finance, the Honorable Thiam Diombar.

This report would not have been possible without the support and contributions of the Mauritanian Government. The World Bank would like to particularly thank: Hassana Ould Boukreiss (Director General of Land and State Assets), Mohamed Narjez Ould Oumar (Head of the Financial Tutelle Directorate of the Ministry of Finance), Alioune Niangue, Abdel Kader Sow, Ahmed Salem Ould Abdellahi, Samba Ould Ahmed et Moctar Ould Tiyib (Financial Tutelle Directorate of the Ministry of Finance), Mahfoudh Ould Mohamed Ali (General Inspector of the State), Sidi Mohamed Cheik Ould Boideh (Deputy General Inspector of the State), Moustapha Ould Sidimou (President of the Chamber of Public Enterprises, Court of Accounts), Ahmed Ould Ahmed Aida (Secretary General of the Ministry of Rural Development), Sidi Ould Mohamed Abdallahi (President of the University of Nouakchott) and his staff and Hamahoullah Ould Cheikh (Director of the Nouakchott Hospital, Cheik Zaid) and his staff.

EXECUTIVE SUMMARY

1. This study reviews the governance framework underlying Mauritania's portfolio of State Owned Enterprises (SOEs) and Public Agencies and proposes options for reform. The report commences with an overview of the scope and performance of the portfolio, referred to as the para-statal sector, and identifies several key challenges. It then reviews the governance framework of the para-statal sector in Mauritania with comparative reference to the OECD guidelines on corporate governance of para-statal entities. This review includes an analysis of: the legal framework; the ownership function; the monitoring of fiscal risk and service performance; boards of directors; and transparency and disclosure. The report concludes with a detailed and sequenced Action Plan which is built on the findings of the diagnostic and proposes a series of reform options that are appropriately adapted to the institutional context in Mauritania.

2. SOEs and Public Agencies are critical to Mauritania's economic development and service delivery, with over 150 entities contributing to 14% of GDP. The significance of the para-statal sector in Mauritania is manifest in the financial magnitude of the sector, the sector's contribution to national employment, the number of entities in the sector, and the scope of para-statal engagement across the sectors. There are around 50 SOEs of different kinds operating in the commercial sector with engagement in a wide range of sectors including energy, network utilities, mining, telecommunications, transportation, commerce and fisheries. The portfolio of SOEs includes the National Mining Company (SNIM), by far the largest Mauritanian enterprise and the second employer in the country after the public administration. The para-statal sector also includes 108 Administrative Public Agencies which are active in non-commercial sectors including social services, health and education.

3. The para-statal sector represents a growing fiscal risk for the country and there is considerable scope to improve the service delivery performance of para-statal companies. First, available financial information on the sector is partial and outdated and there is no evidence of recent consolidated financial information, except regarding the transfers from the budget. Consequently, there is no available analysis of the consolidated trends and risks of the portfolio of para-statal organizations in Mauritania. Second, there has been an increase of fiscal transfers in recent years from the range of UM17 billion in 2009-11 to above UM70 billion in the last two years. Third, with the exception of a few entities including the SNIM, SOEs are reportedly experiencing significant business and financial problems, with high short-term levels of debt, operational losses, payment arrears, cross debts, and social conditions imposed upon SOEs by the State. Fourth, easy access to commercial bank credit and the tendency of SOEs to rely on short-term debt aggravate the fiscal risk, with aggregate short-term debt for the para-statal sector increasing from UM4 billion to UM9 billion between 2007 and 2009. Fifth, the lack of standardized control mechanisms in public agencies, particularly with respect to human resource management, combined with the size of the workforce and the increasing trend of state subsidies could signal potential fiscal risks associated with the size of the wage bill in public agencies. Finally, the rising number of public operators whose legal status is defined on a case-by-case basis impedes the State's ability to effectively oversee and monitor fiscal risks in the sector. In terms of service delivery by para-statal organizations, according to surveys taken in 2008, users appear not to be satisfied with the high cost and the poor quality of services, particularly for electricity and drinkable water.

4. Addressing service delivery and fiscal risk challenges requires the introduction of reforms to improve the governance framework of the para-statal sector. In order to improve financial management and ensure optimal performance in the delivery of services, the decentralized management of public resources by SOEs and Public Agencies needs to be accompanied by effective accountability mechanisms and appropriately-targeted incentives for good governance instigated by the state-shareholder. Strengthening the relationship of accountability and control between para-statal organizations and the state-shareholder lies at the heart of improving corporate governance in the para-statal sector in Mauritania. From a strategic perspective, the efficient and effective management of para-statal public resources requires the state-shareholder to adopt a holistic and consolidated approach to the steering and monitoring of its portfolio of assets.

Governance Framework of the Para-Statal Sector

5. The 1990/90-09 Ordinance defines the legal form of the different types of para-statal organizations, the relations between these organizations and the State and the rules regarding audits and related sanctions. The Ordinance distinguishes between the following legal types of organizations: Administrative Public Agencies (EPAs), which are autonomous organizations performing non-commercial functions of the State; Industrial and Commercial Public Establishments (EPICs), which are autonomous organizations performing commercial activities on behalf of the State; and State-Owned Corporations (SCPs).

6. State oversight of Public Agencies and SOEs is limited by fragmentation and lack of coordination. Oversight of the para-statal sector in Mauritania is conducted jointly by the sector ministries and the Ministry of Finance's General Directorate of Domains and State Assets, through the Directorate of Financial Oversight (DTF).This framework does not favor coordination and integration of financial and sector oversight, nor does it generate incentives for regular communication among oversight institutions and between para-statal organizations and the DTF. The involvement of other actors within the Ministry of Finance further hampers a unified and effective financial oversight.

7. Financial oversight and ownership functions are particularly adversely affected by the weak institutional position of the DTF and by its limited capacity. The position of the DTF as a simple directorate lodged within the General Directorate of Land and State Property (DGPE) gives rise to two challenges. First, the DGPE's scope of intervention may be too large compared to its allocated resources considering the strategic importance of both the real property of the State and para-statal organizations in the Mauritanian economy. In particular, the DTF lacks work procedures and its workforce of only nine staff (many of whom are new to the directorate and have limited experience) is responsible for covering the financial oversight of over 150 entities which face diverse and complex issues, and which represent a significant proportion of public expenditure in the country. Second, the financial oversight function of the DTF does not have enough visibility within the Ministry of Finance and the directorate has limited access to the Minister of Finance. This lack of visibility and access to authority does not enable the DTF to effectively exercise its financial oversight and ownership functions. Finally, the weak institutional position of the DTF increases the risk of distorting legal and formal oversight responsibilities and shifting them to the General Budget Directorate (DGB).

8. The sub-optimal performance of the DTF in ensuring financial oversight of the para-statal sector in Mauritania underscores the need for reform. The DTF appears to do little more than process board of directors' decisions by reviewing the minutes of board meetings and ensuring their compliance with the 1990 Ordinance. Other critical oversight tasks are barely performed. The DTF does not receive timely statutory audits for all para-statal entities nor is there evidence that the DTF has conducted an exhaustive review of the existing audit reports. The Directorate does not possess comprehensive and updated financial information on para-statal entities and its archives are incomplete and paper-based. There is no evidence of regular fiscal risk analysis or portfolio reporting nor of the DTF carrying out monitoring visits to entities under its oversight. DTF communication and interactions with the board of directors of entities, sector ministries, and the Chamber of SOEs of the Supreme Audit Institution are limited. All of these factors combined severely restrict the effectiveness of financial oversight of SOEs and public agencies by the DTF.

9. The paucity of consolidated financial information and the lack of capacity also prevent the DTF from monitoring fiscal risks associated with the sector. The DTF's ability to analyze fiscal risks related to the para-statal sector is constrained by weak institutional capacity and the absence of readily available data. Existing databases maintained by the DTF and the Supreme Audit Institution display gaps in information, do not contain the most recent information and, in the case of the DTF, depend primarily on personal initiative. This intertwines with the apparent lack of DTF authority in obtaining timely and comprehensive financial information from the para-statal organizations covered by its oversight mandate.

10. Performance monitoring of para-statal organizations is also limited. Sector ministries, which are expected to monitor the performance of para-statals in their respective areas, usually do not have strong monitoring and evaluation capacity to effectively exercise this function. Moreover, the designated oversight entities within sector ministries tend not to be specialized in performance monitoring. Although the legal framework provides for para-statal entities to be held accountable by the State through defined performance agreements, in practice these agreements are rarely established or enforced. There is no consolidated listing of these performance contracts and only three (SOMELEC, ENER, and SONADER) could be identified at the time that the study was conducted.

11. While the 1990 Ordinance provides that Boards of Directors are the deliberative body for SOEs and EPAs, they are seldom effective in fulfilling their mandates. The 1990/90-09 Ordinance provides that the Board is empowered to guide and control the activities of the para-statal organization under the authority of the technical and financial oversight bodies. In practice, Boards of Directors of para-statal organizations in Mauritania are usually lacking in effectiveness due to a combination of factors including the process of appointment of Board members (for which professional selection criteria are not systematically employed) and, in many cases, the infrequency of Board meetings. Interviews highlighted that Boards often 'rubber stamp' executive management decisions without extensive deliberation and that Board members tended to have limited independence vis-a-vis the line ministries.

12. The Mauritanian para-statal sector is further affected by limited transparency and limited adherence of para-statals to their reporting obligations. First, in terms of reporting, many SOEs do not systematically submit their financial statements on time and publication of reports appears to be infrequent. In the case of Administrative Public Agencies

(EPAs), annual reporting does not seem to be standardized and consists of the presentation of receipts and expenditures. In addition, SOEs usually do not disclose information recommended by the OECD guidelines such as information regarding material events, disclosure of related-party transactions and risk exposures. The DTF also does not disclose consolidated information on the state asset portfolio. Second, with regards to the internal control of para-statal organizations, EPAs do not apply uniform internal control procedures and there is no standardization or integration of financial management and human resources systems, thus rendering centralized monitoring difficult. Finally, regarding external audits, while all para-statal organizations are subject to statutory audits, there are shortcomings in the national audit norms. These include the weak precision of the audit methodology, inconsistencies between audit opinions and findings, the lack of standardization of audit reports and the lack of specialization in statutory audits within audit firms. Also, audit timeliness is irregular, and in the case of EPAs, statutory auditors are civil servants, sometimes without specific audit qualification.

Proposed Action Plan

13. The Action Plan, which focuses primarily on strengthening the fiscal oversight function in Mauritania, proposes sequenced reform options that reflect both international experience and the contextual specificities of the Mauritanian public sector. The Action Plan recommends, as a priority, the need to strengthen the fiscal oversight function of the State through the transformation of the DTF into a General Directorate (DGTF). It further proposes that the DGTF be adequately equipped with an exclusive and extended mandate for financial oversight and sufficient resources and capacity to fulfill its mandate. The Action Plan also proposes the preparation of a concept paper to explore options and promote dialogue on changing the SOE ownership and oversight model in Mauritania in the medium term.

14. Multiple stakeholders are involved in and affect the proposed reforms of the para-statal sector. This type of reforms usually involves the Head of Executive, Parliament, and Supreme Audit Institutions whose ownership and leadership are critical for the success of these reforms. Within the executive, beyond the Ministry of Finance, sector ministries and staff of para-statal entities are also crucial for the implementation of the reforms. The interaction between these different actors is critical to the determination of the approach and its success.

15. Strengthening the fiscal monitoring capacity of the oversight entity (DGTF) is suggested as a second priority reform area to pursue. This would entail developing the capacity for collecting financial and fiscal data on para-statal organizations; designing and implementing a model for fiscal risk monitoring; preparing regular aggregate fiscal risk reports; and enhancing the role of the financial oversight entity in the budget approval process as an interface between para-statal organizations and the DGB.

16. Reform options to address other governance challenges in the sector are proposed for the medium term, once the financial oversight institutional framework is established. As articulated in the sequenced matrix of the Action Plan, various measures could be implemented in the next 18 to 36 months to: (i) improve the legal framework; (ii) strengthen the professional capacity of boards while ensuring DGTF participation in board meetings; and (iii) enhance transparency, external audit and internal control through: training and accreditation of civil servants who are statutory auditors, expanding the reliance on audit

firms for the statutory audits of strategic EPAs, ensuring the timely transmission and follow-up of audit reports to and by the oversight entity and audit publication. Finally, it is recommended that the DGTF eventually publish regular consolidated reports on the portfolio of SOEs and Public Agencies.

Table 1: Sequencing of the action plan:

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
INSTITUTIONAL FRAMEWORK FOR FINANCIAL OVERSIGHT				
Institution building of the financial oversight body	• Decree establishing a DGTF for Oversight of SOEs and Public Agencies within the Ministry of Finance. • Appointment of the Head of the DGTF. • Appointment of a task force complementing current staff resources. • Public Finance reform plan adjusted to include current proposed options.	• Strategic Plan of DGTF approved and defining: (i) detailed mandate and functions; (ii) detailed organogram and job descriptions; (iii) staffing, equipment, and budget needs; (iv) training needs; and (v) expected milestones and achievements for the following 3 years. • DGTF manual of procedure adopted. • Additional recruitment initiated. • Preparation of a National Strategy for SOEs and Public Agencies initiated.	• DGTF staffed as per Strategic Plan recommendations. • Staff training program initiated. • Website providing information on SOEs and Public Agencies at General Directorate of MEF. • A concept paper on revised model of ownership policy developed. • National Strategy for SOEs and Public Agencies developed and adopted.	• DGTF operational and ensuring financial oversight of SOEs and Public Agencies. • Annual Reports on implementation of National Strategy for SOEs and Public Agencies.
FINANCIAL INFORMATION AND FISCAL RISK MONITORING				
Financial Information	Notice Letter from Minister of Finance to all SOEs and Public Agencies requiring transmittal to the DGTF of all 2010 to 2012 audits and financial statements within a month.	• Comprehensive financial and fiscal database prepared by the DGTF for (i) each individual SOE and Public Agency; and (ii) consolidated portfolio.	• On-going financial analysis of SOEs/Agencies financial statements carried out by the DGTF. • Conducting a comprehensive analysis of taxation of SOEs.	• DGTF connected to financial management system of Public Agencies.
Budgeting of para-statal organizations		• DGTF responsibilities for SOE/Agencies budgeting adopted.	• DGTF provides inputs and clearance to DGB on N+1 budget for SOEs and Agencies. • DGTF provides inputs and clearance to DGB on subsidies and other transfers to para-statal organizations (SOEs and public agencies).	• Regular contribution to budget preparation of SOEs/Agencies. • Dividend policy defined and enforced.

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
Fiscal Risk Monitoring		• Fiscal monitoring methodology defined and adopted by the DGTF.	• Available consolidated portfolio report on aggregate fiscal risk for SOEs and Agencies prepared by the DGTF. • Analysis of existing SOEs cross-debts initiated by the DGTF. • Consider establishing clearer fiscal rules that create incentives for monitoring of SOE finances, such as deficit targets including SOEs.	• Effective fiscal monitoring of SOEs/Agencies. • Outstanding cross-debts settled. • Preparation of annual consolidated SOEs/Agencies portfolio fiscal risk report. • Quantification of contingent liabilities.
OTHER GOVERNANCE DIMENSIONS				
Development of advisory role in performance monitoring of DGTF		• Procedures are defined for coordination between DGTF and Sector Ministries.	• Training to DGTF staff in design and monitoring of performance agreements.	• DGTF works jointly with and provides support to Sector Ministries in the preparation of SOEs/Agencies performance agreements. • Adoption of performance agreements is generalized for major SOEs and Public Agencies.
Legal Framework for oversight of SOEs/Agencies		• Detailed legal review conducted on the basis of Strategic Plan and mandate of the DGTF.	• 1990 Ordinance updated. • Oversight arrangements for Limited Liability SOEs (SA) legally defined. • Legal form of other public agencies defined and adopted.	• Comprehensive legal framework defining financial oversight for all categories of SOEs and Public Agencies.
Board of Directors	• Adoption of a decree establishing the mandatory participation as observer of a representative of the oversight institution (DGTF of SOE Oversight) in the Board of each Public Agency or	• Determination of professional criteria for the selection of board members.	• Adoption of standardized rules for attendance fees in Board of Directors. • Training of members of boards of directors. • Assessment of board governance and operational practices.	

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
	SOE.			
Transparency and audit of SOEs and EPAs	• Budget allocation for inspections and special audits of SOEs and Public Agencies. • Determination by the DGTF of strategic and sizable EPAs to be audited by external firms.	• Stock taking of audits of SOEs (number of audits available, comparisons between companies).	• 2012 audits of SOEs published and available on the website of the DGTF or the Ministry of Finance. • Follow-up of recommendations of statutory audits by the DGTF. • Statutory Audits carried out by external firms for strategic EPAs. • Mechanisms to improve timeliness of statutory audits. • Training and accreditation of civil servants appointed as statutory auditors in budgeting and public accounting.	• Annual publication of statutory audits for all forms of state owned enterprises (EPICs and SCPs). • Publication by DGTF of an annual report on the portfolio of SOEs and Public Agencies.
Public Agencies (EPAs) internal control		• Job description with profile requirements. • Recruitment procedures defined and adopted.	• Standardized and integrated financial management systems adopted for all EPAs and accessible to the General Directorate. • Manual of internal control procedures for EPAs adopted. • Intensive training of administrative and financial units of EPAs in terms of financial management, budgeting, and public procurement.	• Regular financial management and activity report transmitted to the DGTF.

1. INTRODUCTION

17. Given the pivotal role that State-Owned Enterprises (SOEs) and Public Agencies play in the economic development of Mauritania, the Government of Mauritania has identified the need to better mitigate the fiscal risk associated with the para-statal sector. Improving the fiscal monitoring of SOEs and Public Agencies (referred to as the para-statal sector and/or para-statal organizations in this report) represents a priority for the Ministry of Finance in Mauritania, as outlined in the 2012 Public Finance Plan of Reform[1]. The para-statal sector is critical to the economic development of the country, with major commercial and industrial SOEs having an important impact upon employment, service delivery, and fiscal risk given their size in the economy, their number (over 150 organizations) and the diversity and complexity of their legal form. Effective and strategic oversight of the para-statal sector is therefore considered paramount to improving service delivery and supporting economic development. There is increasing recognition within the Government that improvements are needed in this regard. While the fiscal size of the para-statal sector is growing, financial information on para-statal activity is missing, audits are not always conducted in a timely fashion and their quality is questionable in certain cases, and state financial oversight is perceived as being insufficient for effective fiscal monitoring.

18. The Government envisages a gradual reform path for the para-statal sector to take into account the critical contextual factors. The Government contemplates a progressive approach to strengthening the performance and fiscal soundness of the para-statal sector. This is due inter alia to the complex contextual factors affecting para-statal entities such as their role in employment and service delivery; their limited levels of capacity in some cases; as well as the diversity of these entities.

19. In this respect, the Government requested World Bank support to improve the governance of the para-statal sector, with particular emphasis on enhancing the effectiveness of fiscal and performance monitoring. Following the adoption of the Public Finance Plan of Reform, the Government sought World Bank assistance to address the governance and fiscal risk challenges associated to the para-statal sector. Previous Bank activities, including the Accounting and Auditing Report on the Observance of Standards and Codes (ROSC), had only provided partial or specific responses to discrete issues in the sector. Accordingly the Bank proposed a more comprehensive and sequenced response to the Government's request, focusing first on analytical work to diagnose the governance challenges in the sector and identify potential solutions. The present study embodies this analysis and represents the first phase of the World Bank's support to the Government's plans to improve the governance of the para-statal sector.

20. The objective of the study is to provide a thorough analysis of the corporate governance of the para-statal sector in Mauritania to inform and guide Government reform efforts in the sector. The study includes a diagnostic of the governance rules and practices of all forms of SOEs in the country, including Industrial and Commercial Establishments (EPICs), State-Owned Corporations (SCPs), National Companies (SNs), Partially State-Owned Companies (SEMs); and Administrative Public Agencies (EPAs).Based upon the diagnostic, the study also incorporates an Action Plan of policy and reform options suitable to the Mauritanian context.

[1]Schéma Directeur pour les Finances Publiques.

21. The primary audience of the report is the Government of Mauritania. The report has been requested by the Government of Mauritania through the Ministry of Finance. In a first step, the report is planned to be reviewed and discussed with the Ministry of Finance, responsible for the financial oversight of SOEs and para-statal agencies. Subject to agreement with the Government, the report could subsequently target a larger audience of stakeholders including line ministries; SOE management and boards of directors; the Court of Accounts; and the Parliament.

22. The study has been conducted in the context of limited available data. The study relies on information obtained through research and field missions conducted in close cooperation with government authorities.Quantitative information was collected from different sources (including the Ministry of Finance, the National Audit Institution and various government officials) and consolidated by the team. Nevertheless, the availability of updated data, variations in the scope and methodology between different data sets and incomplete data on specific SOEs and agencies raised challenges and hindered the depth of the financial and fiscal analysis.

23. The study provides an analysis of the existing corporate governance framework and practices in the para-statal sector.The analysis is based on an assessment of the existing laws and regulations in Mauritania, as well as an understanding of *de facto* practices drawn from discussions with key stakeholders. The study focuses on the following key aspects of SOE corporate governance: legal and regulatory framework; exercise of the state's oversight and ownership role; monitoring of fiscal risk and activity performance; boards of directors; and transparency and disclosure. The study offers a comparative analysis which draws upon international experience, notably the *OECD Guidelines on the Corporate Governance of SOEs*. However, the problem-solving approach used in preparing the analysis ensures that the selection of international experience and the recommendations in the study are appropriately adapted to the specific context and challenges of the Mauritanian public sector. The review analyzes existing corporate governance frameworks and practices in SOEs and Public Agencies, compares them to OECD norms, where applicable, and provides reform options for discussion.

Box 1: Extract of OECD Guidelines on Corporate Governance of State-Owned Enterprises

Ensuring an Effective Legal and Regulatory Framework for State-Owned Enterprises. The legal and regulatory framework for state-owned enterprises should ensure a level-playing field in markets where state-owned enterprises and private sector companies compete in order to avoid market distortions. The framework should build on, and be fully compatible with, the OECD Principles of Corporate Governance.

The State Acting as an Owner (ownership function). The state should act as an informed and active owner and establish a clear and consistent ownership policy, ensuring that the governance of state-owned enterprises is carried out in a transparent and accountable manner, with the necessary degree of professionalism and effectiveness.

Equitable Treatment of Shareholders. The state and state-owned enterprises should recognize the rights of all shareholders and in accordance with the OECD Principles of Corporate Governance ensure their equitable treatment and equal access to corporate information.

Relations with Stakeholders. The state ownership policy should fully recognize the state-owned enterprises' responsibilities towards stakeholders and request that they report on their relations with stakeholders.

Transparency and Disclosure. State-owned enterprises should observe high standards of transparency in accordance with the OECD Principles of Corporate Governance. These include in particular: publication of annual aggregate report on SOEs by ownership entity; development of internal audit functions in SOEs monitored by board and audit committee or equivalent; annual independent external audits based on international standards; same high quality accounting and auditing standards for SOEs and listed companies; and disclosure of material

information described in the OECD Principles of Corporate Governance.

VI. The Responsibilities of the Boards of State-Owned Enterprises. The boards of state-owned enterprises should have the necessary authority, competencies and objectivity to carry out their function of strategic guidance and monitoring of management. They should act with integrity and be held accountable for their actions.

24. The study is primarily focused on state financial oversight and related institutional aspects. While the study is analyzing the whole range of topics covered by the OECD guidelines, it is primarily focused on the financial oversight of para-statal entities by the Ministry of Finance and the related institutional challenges. Besides, the scope of the study neither covers analysis of individual companies or entities nor privatization opportunities. This scope has been determined to best respond to the Government expectation of exchange of knowledge and solution-oriented approach.

25. The Action Plan proposes sequenced reform options that reflect both international experience and the contextual specificities of the Mauritanian public sector. The Action Plan includes proposed measures that are aimed at strengthening accountability and efficiency of the Mauritanian para-statal sector. It provides recommendations for sequencing and prioritization of sub-areas. It also proposes best fit reform options rather than best international practice when appropriate, to take into account capacity and contextual factors that are specific to the public sector in Mauritania.

26. The report is organized as follows:

- Section 2 provides an overview of the para-statal sector, focusing on their size, scope, and performance.
- Section 3 reviews the legal and regulatory framework for the governance of the para-statal sector.
- Section 4 assesses the role of the State,as owner, and its ability to focusing on exercising core ownership functions.
- Section 5deals with the monitoring of fiscal risk and the performance of service delivery and business activity.
- Section 6 discusses SOEs' boards of directors and the need to improve their structure and composition, as well as empower them to take on legitimate functions.
- Section 7 reviews transparency and disclosure and highlights the need to increase disclosure of financial and non-financial information so as to enhance transparency and accountability.
- Section 8 provides reform options, customized to the Mauritanian public sector, that are aimed at improving the corporate governance of SOEs and Public Agencies in an appropriately sequenced manner.

2. THE SOE AND PUBLIC AGENCIES SECTOR IN MAURITANIA

Evolution of the SOE Sector

27. The SOE sector in Mauritania grew steadily during the 1970s, reaching a peak of activity in 1980. With important revenues from the mining sector, particularly iron ore, Mauritania adopted a public investment policy that relied on a strong SOE sector. As a result of this policy, the SOE sector expanded rapidly in the 1970s. By 1980, the leading SOEs included the *Société Nationale Industrielle et Minière* (SNIM), which remains the largest Mauritanian enterprise, the *Société Nationale d'Importation et d'Exportation* (SONIMEX), the *Société Mauritanienne de l'Industrie Sucrière* (SOMIS), *Air Mauritanie*, the *Office National de la Pharmacie* (PHARMARIM), the *Société Minière de Mauritanie* (SOMIMA) and the *Société Arabe des Industries Métallurgiques* (SAMIA).

28. However, economic difficulties in Mauritania in the 1980s resulted in a contraction of the SOE sector. The country entered a period of economic turbulence in the early 1980s which triggered a decline in the GDP per capita, a significant increase in internal and external debt and increased budgetary expenditures to cover the losses of SOEs. Traditionally an asset, SOEs progressively became liabilities for the State as their economic and financial performance plummeted and their financial stability came under threat. Para-statal activity required heavy state subsidies that the increasingly indebted State could not provide. The faltering performance of SOEs in Mauritania coincided with a paradigm shift in the global political economy in which the relevance of national monopolies and the connection between the delivery of essential services and the state-owned nature of service providers came under question.

29. Mauritania engaged in an important privatization and restructuring program from 1985. To address fiscal management and financial performance issues in the sector, Mauritania engaged, as early as 1985, in a process to rationalize its large para-statal sector. The process involved the total or partial privatization of some SOEs and the winding up of others. The program of privatization concerned all sectors, but with the exception of the telecommunications and financial sectors - upon which particular emphasis was placed - privatization attempts were largely unsuccessful. Restructuring programs, which were predominantly financial in nature, were applied in a few SOEs in the State's portfolio and helped to reduce the level of indebtedness of the SOEs concerned. In some cases, entire sectors were restructured, as illustrated by the example of the network utilities presented in Box 2.These restructuring programs were sometimes combined with capital injections to improve the sustainability of the SOEs, as illustrated by the case of SNIM which received capital injections from the sale of equity holdings to foreign investors, mostly States.

Box 2: Electricity and Water Sectors Restructuring

The Islamic Republic of Mauritania restructured SONELEC (*Société Nationale d'Electricité)* in 1985 with a view to eventually privatizing the enterprise. Originally, water and electricity were supplied by the *Gérance des Eaux* which became SAFELEC in 1965 and MAURELEC in 1969, and then SONELEC in 1975. The restructuring program for SONELEC's in 1985 involved the institutional restructuring of the water and electricity sector, as well as the financial restructuring of the SOE. In 2001, the decision was made to separate SONELEC into two parts, creating SOMELEC (*Société Mauritanienne d'Electricité*) and SNDE (*Société Nationale de Distribution d'Eau*). In 2002, the Mauritanian government decided to open the capital of SOMELEC and sell 51% to a strategic partner with the requisite know-how and financial capacity. However, despite the receipt of several purchase tenders, the privatization process was ultimately abandoned.

30. In conjunction with the privatization and restructuring program, Mauritania reformed its legal and regulatory framework for utilities. As described in Box 3, the Mauritanian government's effort to reform the public utility legal and regulatory framework was designed to enable the State to better monitor the performance of, and improve the governance of, those SOEs that remained in the State's portfolio. A critical element of the reform effort was the creation of an ownership institution, the Para-Statal Sector Rehabilitation Unit (*Cellule de Redressement du Secteur Parapublic*, CRSP). In 1990, Mauritania also introduced a new legal framework for public agencies (*établissements publics*), created a special legal status for state-owned corporations, and formalized the relations between the State and SOEs. Meanwhile, the Government began to establish regulatory monitoring mechanisms, including the creation of a new agency with responsibility for regulating public services.[2]

Box 3: AfDB Public Sector Adjustment Program supporting the Restructuring and Privatization of SOEs

The African Development Bank engaged in an important Public Sector Adjustment Program (PESAP) between 1990 and 1993. The program aimed to sustain the economic recovery effort and reduce the burden of the public sector inefficiencies on public finances in Mauritania by enhancing the financial and economic performance of SOEs. Specifically, the PESAP aimed at enhancing the internal performance of SOEs across the sectors. The program was expected to achieve the following results: (i) an easing of SOE budgetary constraints through equity participation by outside investors; (ii)a reduction of state subsidies to address SOEs accumulating deficits; (iii) an increase in fiscal revenues through better financial performance of SOEs resulting from restructuring and rationalization; (iv) improvements in macroeconomic indicators (external and internal debt, reduction of current account deficit etc.), and (v) private sector development. The PESAP evaluation report in 1997 concluded that the program had contributed to a contraction of the SOE sector in Mauritania and a reduction in state subsidies to both fully owned and majority-owned (*Sociétés d'économies mixtes*, SEMs) SOEs. The state's partial withdrawal was accompanied with an easing of its exposure to budgetary risk associated with the SOE sector and a diminution of revenues from the SOE sector (revenues declined from 14% to 8% between 1990 and 1994). In terms of employment, PESAP resulted in a significant reduction in the workforce (1990 fewer jobs), but the overall public payroll continued to rise, increasing from 5.8 M UM in 1991 to 7.1 M UM in 1995. Despite the transfer of certain activities to the private sector, the program did not have an impact on increasing private investments, which remained low at 20% of global investment between 1991 and 1994.

Sources: African Development Bank, Public Sector Adjustment Program, Evaluation Report of the Project's Performance (REPP), (1997); African Development Fund, Completion Report, Public Sector Adjustment Program (PESAP), (1995).

31. In contrast to many other countries, however, the downsizing of the SOE sector in Mauritania came to a halt following unsuccessful attempts to privatize SOMELEC and the SOEs in the air transportation sector. While in many countries the number of SOEs continued to decline after the 1980's, Mauritania reversed its course in the 1990's and the SOE sector again began to grow - with the creation of new SCPs[3] and the participation of existing SOEs in other entities[4] - in a relatively unregulated manner. The problems encountered while attempting to privatize SOMELEC and the air transportation sector might partly explain the return to SOEs, however it is likely that the attraction of generating employment through the establishment of SOEs, including unregulated entities, might also have influenced the shift.[5]

[2] Legislation enacted in 2001 created the *Agence de Régulation Economique* (Economic Regulation Agency), as an independent regulator covering several sectors, including network utilities (telecommunications, water, energy and postal services).

[3] E.g. Société Nationale de l'Aménagement Agricole (SNAT), Société Nationale de Sucres Dérivés.

[4] Several large SOEs, such as SNIM diversified and took up participation in other entities, most of which were also SOEs (for instance, SNIM and the Port of Nouakchott have a stake in the National Television and the National Radio). This diversification has turned the SNIM into an extensive conglomerate.

[5] This was supported through the exploitation of oil wells from 2004.

32. In parallel, the number of Public Agencies in Mauritania increased and their roles expanded, particularly from 2010. As a result of both the improved fiscal situation and the need to better address social services, the Government has recently created several new public agencies. For example, universities and hospitals were converted into public agencies.

The Scope of the SOE Sector and Public Agencies

33. SOEs and Public Agencies are of critical importance to Mauritania's economic development and to service delivery in the country, with over 150 entities making an important contribution to GDP.[6] The significance of the para-statal sector in Mauritania is manifest in the financial magnitude of the sector, the sector's contribution to national employment, the number of entities in the sector, and the scope of para-statal engagement across the sectors. As a whole, the para-statal sector consists of over 150 entities and in 2008 was estimated to have contributed around 14% to GDP[7].Together with the public administration, para-statals are an important source of employment, although updated comprehensive figures are not available. In 2008, public agencies were estimated to employ close to 8,000 people. Among the SOEs, SNIM alone employs around 5,000 workers.

34. There are approximately 50 SOEs operating in the commercial sectors in Mauritania. The para-statal sector in Mauritania is essentially comprised of two types of SOE - industrial and commercial establishments and state-owned corporations - as well as a number of entities with special status, such as the national mining company. SOEs are active in a wide range of commercial sectors including energy, network utilities, mining, telecommunications, transportation, commerce, and fisheries. Box 4 illustrates the activities of some of Mauritania's largest SOEs.

Box 4: Six Major SOEs in Mauritania

SNIM – Type: Special Status (partially state-owned corporation). With 70% of equity owned by the Mauritanian State and by several foreign shareholders (mostly North African and Middle East States) and structured as a corporation under Mauritanian law since 2000, SNIM exploits several iron ore deposits and is historically a major player in the iron ore world market. After the nationalization of MIFERMA in 1974 (MIFERMA was a consortium of European groups established in 1952), SNIM was created by Statute No. 78-104. SNIM's activities include the exploration, production, enrichment, transportation and marketing of iron ore. With an annual average production of 12 million tons of iron ore, SNIM is responsible for 57% of the country's export, with exportation of iron ore primarily to the European Union and China. SNIM is the second largest employer after the State (5,000 employees) and by far the largest Mauritanian enterprise. Building on its size and its strategic importance for the country's exports, SNIM has acquired a diversified portfolio of 9 subsidiaries and operates as a conglomerate. It enjoys a particular status in the Mauritanian economy.

SOMELEC – Type: National Company (Société Nationale - SN). SOMELEC is responsible for the production and distribution of electricity. The capacity of the national electricity park consists of 45 plants and 166.5 MW. Turnover: 22.6 billion ouguiya (2009).

SONIMEX – Type: Partially State-Owned Company (Société d'Economie Mixte – SEM). SONIMEX participates in the market supply of food throughout the national territory, the regulation of the market through stockpiling, and specific interventions on behalf of the state.

SNDE – Type: National Company (Société Nationale - SN). SNDE manages the distribution of water in all major cities of the country. It was created in 2002 following the separation of the water and electricity sectors, previously grouped together in SONELEC (National Water and Electricity Company). Turnover: 5.2 billion ouguiya (2008).

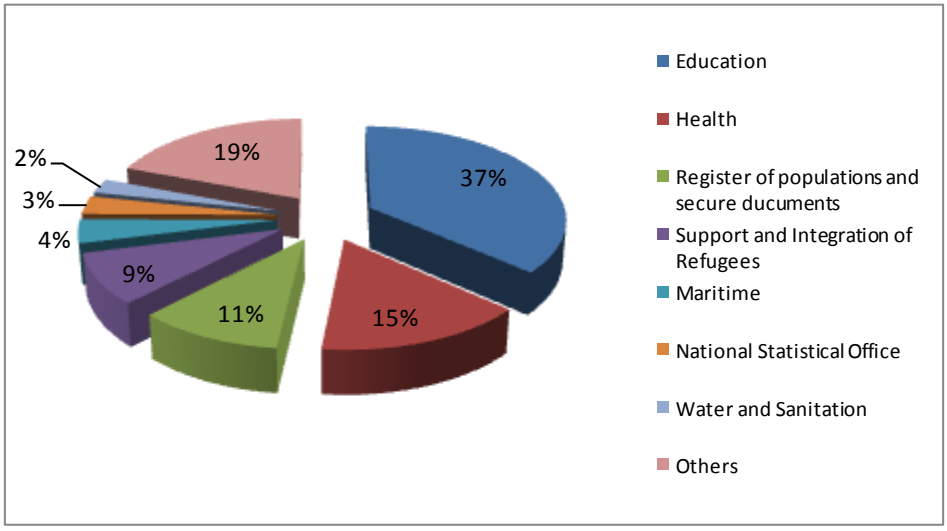
[6] Source: National Statistics Office (ONS), cited in World Bank (2010).
[7] Determined as added value to the GDP by the National Statistical Office (ONS)

SMH – Type: Partially State-Owned Company (Société d'Economie Mixte – SEM). SMH is in charge of the exploration, development, production, and marketing of oil and gas throughout Mauritania and the Exclusive Economic Zone, for its own account or on behalf of the State.

Mauritel. Mauritel is Mauritania's principle fixed and mobile phone operator. The company resulted from the sale of the phone operations of the previous state phone and postal operator. A telecommunications regulator was created in parallel to its privatization. Control of Mauritel was purchased by Maroctel, the principal telecommunications operator from Morocco. Maroctel brought not only its own expertise to Mauritel, but also that of its French parent Vivendi. Mauritel is one of the first companies that reports using IFRS standards, because of the accounting consolidation requirements of its parent company which is listed in France and reports under IFRS.

35. Mauritania also has a significant number of administrative Public Agencies, with 108 entities covering key public services. EPAs have a non-commercial character and are active in a variety of sectors, especially in the areas of social services, public health, and education[8]. The distribution of EPAs by sector is illustrated in Box 5 below.

Box 5: Distribution of EPAs by Sectors (according to the annual budget, 2013)



Source: DTF

Performance of SOE sector and Public Agencies

Financial Performance

36. Given the size and importance of the para-statal sector, the level of available consolidated financial information could present a serious challenge. At the Ministry of Finance, there is no evidence of recent consolidated financial information on the para-statal sector, except with respect to transfers from the national budget.[9] Furthermore, there appears to be no available analysis of the consolidated trends in the sector. While the Supreme Audit Institution developed a database of the financial statements of SOEs, it is neither updated with 2011 and 2012 figures, nor exhaustive. This could present problems in the case of either a drop in commodity prices and the fiscal consequences that may flow from this or an increase of revenues from natural resources and their equitable allocation and distribution.

[8]E.g. the University of Nouakchott and the *Caisse Nationale de Sécurité Sociale, Caisse Nationale d'Assurance Maladie.*

[9]Relevant budget data was consolidated by the Bank team.

37. In recent years, there has been a marked increase in fiscal transfers to para-statal entities, both in absolute terms and relative to the national budget. While the Government had committed to limit the growth of subsidies and transfers to the para-statal sector,[10] and indeed stabilized them in the range of UM15 to 17 billion between 2009 and 2011, these subsidies and transfers surged to UM105 billion in 2012,[11] and remain above UM70 billion. Conversely, loans and participations, the amounts of which were in the same range as those of subsidies and transfers up until 2010, plummeted from 2011. These trends show a decrease in investment compared to an increase in subsidized expenditures.

Box 6: Subsidies and transfers to the para-statal sector

Billion, ouguiyas	2009	2010	2011	2012	2013
Subsidies and transfers to the para-statal sector (1)	**20.3**	**27.0**	**65.4**	**105.84**	**70.3**
EMEL (Emergency Program)	0.0	0.0	8.4	33.3	0.0
Energy	6.4	0.0	19.1	30.7	15.0
Arrears	0.0	0.0	9.8	13.6	10.8
Transfers to EPICs, SCPs, EPAs	13.9	27.0	28.1	28.2	44.6
Loans, advances and participations (2)	10.65	23.35	0.05	2.35	0.01
Sub-Total (1)+(2)	**30,95**	**50,35**	**65,45**	**108,19**	**70,47**
Total national budget	245.88	265.28	269.15	388.05	394.89
Share of para-statal sector in state budget (%)	**13%**	**19%**	**24%**	**28%**	**18%**
Share of transfers to EPs in state budget (%)	**6%**	**10%**	**10%**	**7%**	**11%**

Source: DTF

38. With the exception of SNIM and Mauritel, the increase in state transfers has not been offset by increases in SOE revenue generation. As shown in Box 6 above, transfers to para-statal organizations represent a significant share of public expenditure. To this can be added the indirect subsidies that flow from a variety of tax expenditures. By contrast, the dividends from SOEs, other than SNIM and Mauritel, reached UM900 million in 2010, representing only 0.3% of fiscal return. This proportion declined even further in 2011, despite the favorable economic outlook.

39. Limited revenue generation performance might be explained by the financial health of many SOEs. Except in a few cases including SNIM, SOEs appear to be experiencing significant business and financial problems.[12] For example, SOMELEC has repeatedly generated significant deficits in the recent past. Between 2005 and 2009, the ratio of current debt over current assets moved from 1.03 to 2.26. In 2010, after benefitting from a capital increase of UM20 billion covering tax arrears and bank debts, the net asset was still minus UM6 billion,[13] and in 2012 the company registered operating losses of UM10 billion. In the case of SONIMEX, the financial statements of the last three years were not approved by the statutory auditor and the 2012 balance shows a 21 percent over-spending against

[10]The Government had in fact committed to bring transfers and subsidies down to 4.2 % GDP- Source : 2012 Mauritania Country Note prepared by the African Economic Outlook (AfDB, OECD, UNDP, and Economic Commission for Africa).

[11] The exceptional increase in 2012 was due to a food emergency allocation of UM33 billion.

[12] As indicated above, in the absence of consolidated and updated monitoring information about the financial health of SOEs, the report provides illustrative cases.

[13]Source : 2010 Activity Report. Capital increase covered UM10 billion in tax arrears; UM0.9 billion in payment arrears with AFD; and UM9 billion in bank debt, probably overdraft.

budgeted expenditures. SOMAGAZ serves as another illustration, with direct and indirect state conditions - ranging from consumer price to staff size - placing constraints on the performance of the enterprise, as shown in Box 7.

Box 7: The case of SOMAGAZ

SOMAGAZ is a state importer of butane gas in Mauritania. Its principal activity lies in the importation, storage and distribution in pressurized bottles of butane for domestic use. Retail distribution of cooking gas is open to other competitors though they must purchase their butane from SOMAGAZ. Beyond providing a necessary product to households, the use of butane gas helps fulfill an important public policy goal by reducing deforestation (households have traditionally resorted to burning wood), and pollution from burning coal.

Despite strong demand for its products, SOMAGAZ is unable to operate effectively or service consumers. The principal reason is that it has little operational autonomy. The state fixes the sales price of butane and compensates SOMAGAZ for the difference between that and the market price. However, compensation is typically late, thus forcing SOMAGAZ to resort to private banks for short term lending. Banks continue to lend to SOMAGAZ despite the fact that it is technically insolvent because of implicit guarantees by the State. However, lending that is needed to make longer term investments that could help SOMAGAZ improve its capacity and economic position is not available.

Personnel problems dog the company. One is the constant turnover of CEOs. When new ministers are appointed, CEOs change. New CEOs, in turn, hire new management and employees—often friends, family and associates. Since it is difficult to build down the staff brought by a prior CEO, the company accumulates personnel. The board is viewed as a formality and the qualifications of board members are insufficient. There is also the perception that the board is not fully cognizant of the challenges facing the company or its own responsibilities.

Source: Bouriet al, World Bank 2010

40. Operational losses incurred by SOEs have in turn created cash flow shortages and generated liquidity problems, payment arrears and cross debts- all of which ultimately require the State bail-out interventions. Given their status, SOEs in financial difficulty have accumulated payment arrears that take a variety of forms including: tax and mandatory social contribution arrears with the State;[14] creditor debts and payment arrears with other para-statal entities; guaranteed debts; and outstanding debts with suppliers. SOMELEC illustrates the problem of cross debts, being affected by significant payment arrears from the public administration.[15] The liquidity problems of SOEs have important ramifications for the State. SOEs ultimately rely on the State to bail them out through subsidies and capital increases.

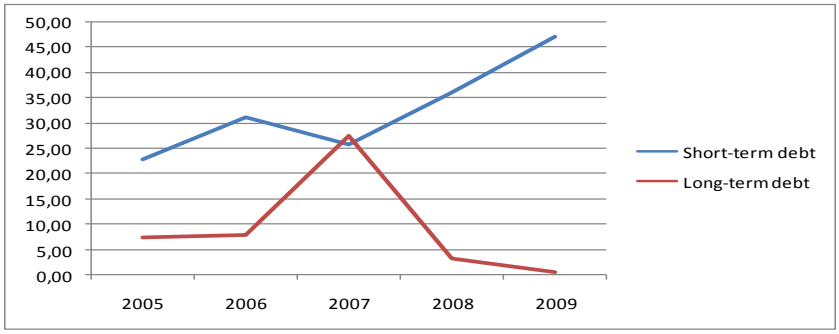
41. Another factor that could affect the financial situation of the para-statal sector is the ease of access to commercial bank credit and the tendency of SOEs to rely on short-term debt. Bank account management is not effective and some SOEs do not consolidate their accounts within the same commercial bank, ending up with high interest rate overdrafts in some accounts while liquidity is available in their other accounts.[16] Also, SOEs have an increasing tendency to rely on short-term debt. Between 2007 and 2009, aggregate short-term debt for the para-statal sector increased from UM4 billion to UM9 billion. By way of example, while ENER did not run long term maturity debt, its short term maturity debt in 2009 was 2.6 billion UM, representing 55% of its assets.

[14] e.g. *Impôts sur les Taxes et Salaires* (ITS), *Impôts Monétaire Forfaitaire* (IMF), *Caisse Nationale de Sécurité Sociale* (CNSS), *Caisse Nationale d'Assurance Maladie* (CNAM).

[15] 2010 Activity Report shows that out of UM7 billion in client debt from the state, only 0.3 were paid in time.

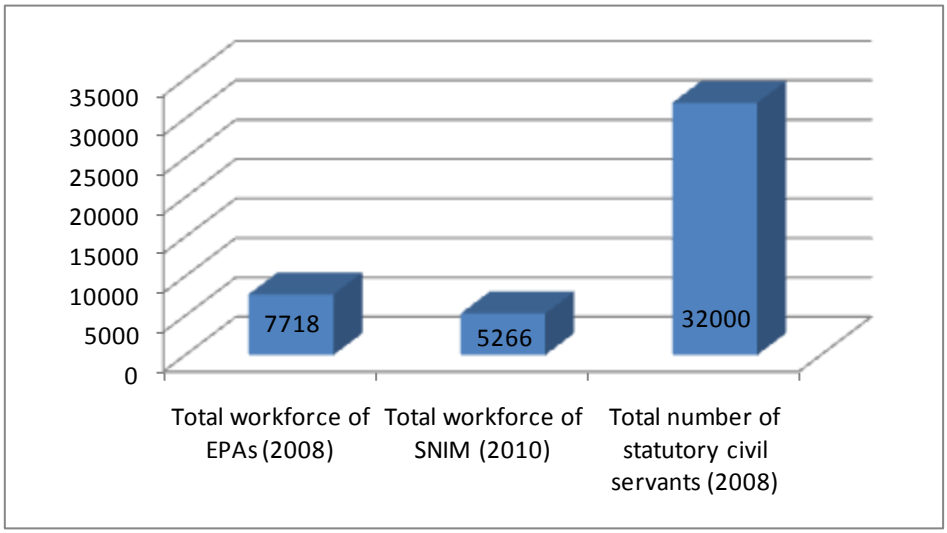
[16] Information collected from an IGF report.

Box 8: Evolution of the debt of SCPs (million of ouguiyas)



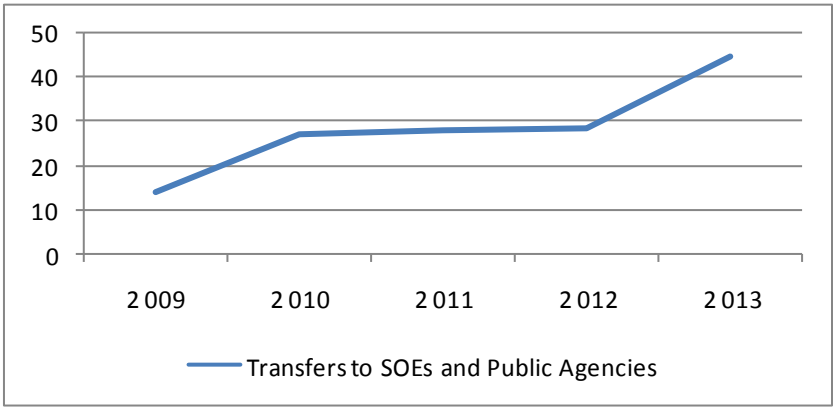
42. The significant size of the para-statal workforce and the lack of standardized controls over employment in the sector may also generate unforeseen impact on the fiscal situation. Employees in the para-statal sector represent a significant proportion of the labor force in Mauritania (see box 9 below). Employment status in the SOEs and Public Agencies tends to vary widely and includes civil servants, detached civil servants, auxiliary agents of the State or local government and salaried employees. Some employees are governed by collective bargaining arrangements while others are not. In contrast to the civil service, employment of personnel and wage bill management in the para-statal sector are not directly controlled by the Ministry of Civil Service and the Ministry of Finance, which is consistent with the decentralized management approach adopted in the legal framework for the sector. In the context of existing business and financial challenges experienced by para-statal organizations however, staffing and wage bill management issues constitute a fiscal risk. This is especially so in the case of restructuring attempts, where staffing and wage bill problems have the potential to distort the restructuring strategy and its timely application.

Box 9: Para-statal workforce



43. The trend of increasing subsidies from the State to para-statal organizations appears to confirm the increasing fiscal impact of para-statal wage bill. Despite Ministry of Finance efforts to encourage wage bill stabilization in para-statal organizations, the lack of effective State control overemployment in the sector, combined with the growing proportion of subsidies which relate mostly to current expenditures, might indicate that the actual wage bill is under-stated and that there is a fiscal risk to monitor.

Box 10: Evolution of transfers to SOEs and Public Agencies



44. The rising number of public operators whose legal status is defined on a case-by-case basis further complicates the State's ability to exert effective fiscal monitoring in the sector. Over the last two decades, a significant number of new state operators have emerged. These operators are not structured under legal forms regulated by the legal framework established for para-statals in the 1990s. The ad hoc and varied nature of these public operators raises an oversight issue for the State, which for the most part, tends to ignore the fiscal risk that they represent. The growth of public operators' in Mauritania has become a significant concern for public sector and public financial management and has resulted in an increase in the structural costs of public policy implementation.

Service Performance

45. Public service delivery remains a challenge for Mauritanian authorities. Overall, there have been noticeable improvements to public service delivery in Mauritania in recent years. However, despite the increased revenue generation from the mining sector, poverty levels have declined slowly, and the population is becoming increasingly dissatisfied with the perceived discrepancy between GDP growth and the quality of services provided by the public sector. For instance, the 2008 ONS poverty profile revealed that 30.7 % of households expressed dissatisfaction with the supply of electricity, 22% were dissatisfied with the supply of potable water and 18.4% with public transportation. The reasons given for dissatisfaction ranged from high cost of access[17] to poor service quality.[18] While this survey needs to be updated, it indicates that improving access to, and quality of, basic services is a priority.

46. Given the role of para-statal organizations in delivering basic services, improving their performance would have a direct impact on state legitimacy and citizen satisfaction. The para-statal sector delivers services that are essential to the well-being of the population, yet performance in the sector, particularly with respect to network utilities, is limited. For example, only 49% of the population has access to potable water and 26% of the population has access to sanitary installations.[19]

[17]In particular for electricity, hospital and public transport.
[18]In particular for education and drinkable water.
[19]Country Assistance Strategy (World Bank, 2013).

Rationale for improving the governance framework of the para-statal sector

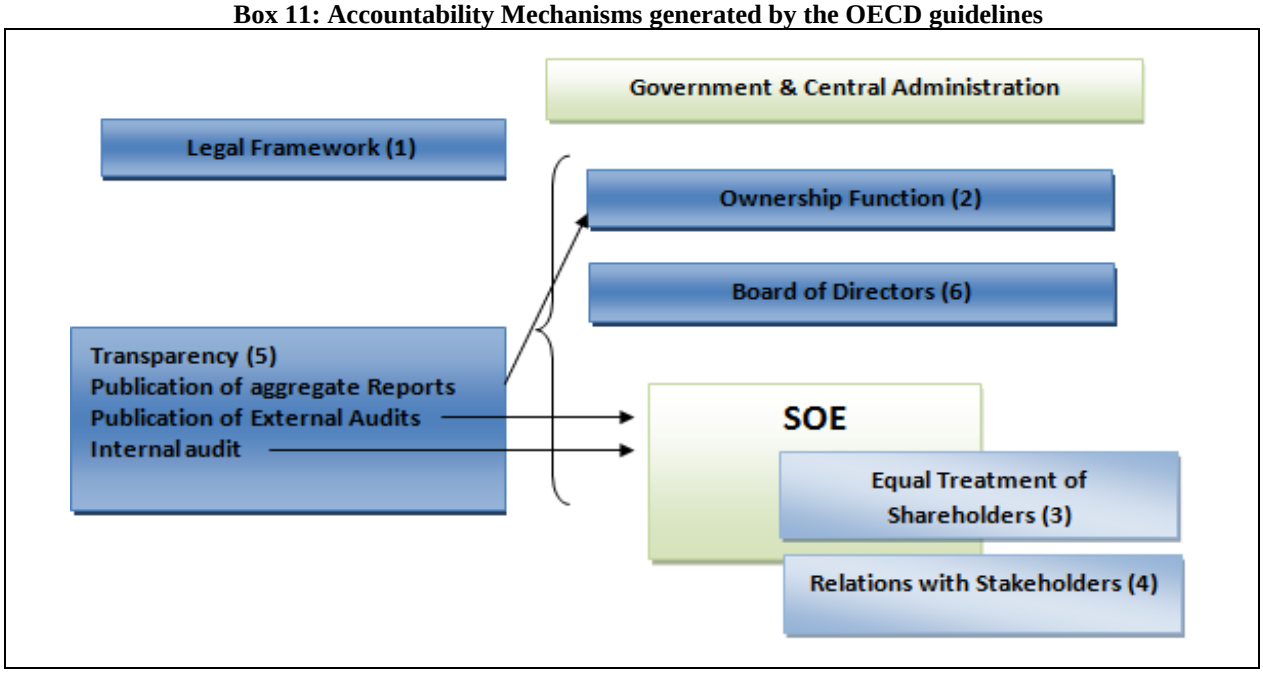
47. The extent of the financial and service performance challenges evident amongst para-statal organizations and their impact upon the country's development call for a targeted program of sector specific reforms. The ineffective delivery of critical services in sectors such as energy, water, and transportation and the inefficient use of scarce public resources in the para-statal sector can ultimately divert resources away from priority social sectors and impacts upon equitable growth. Wide-ranging reforms in the para-statal sector from policy and regulatory changes to restructuring and strengthening of inefficient companies and organizations are needed.

48. Equally, addressing fiscal and contingent liability risks requires effective governance and accountability mechanisms. These mechanisms include collection and disclosure of information, and accountability mechanisms scrutinizing decisions related to those risks. In the case of SOEs and public agencies, this entails effective corporate governance ensuring accountability and oversight relationships between para-statal organizations and the state-shareholder. From a strategic perspective, the efficient and effective management of para-statal public resources requires the state-shareholder to adopt a holistic and consolidated approach to the steering and monitoring of its portfolio of assets.

49. The main features of sound corporate governance of para-statal organizations and effective State oversight have been defined by the OECD. The analysis proposed in the remaining sections of this paper draw upon these key features which include:

- The legal and regulatory framework for para-statal organizations.
- The ownership and oversight function of the state-shareholder.
- The monitoring of fiscal risk and business/service performance of the portfolio of para-statal organizations.
- The Board of Directors of para-statal organizations.
- Transparency and disclosure, including in particular external audit.

Box 11: Accountability Mechanisms generated by the OECD guidelines



Source : OECD

Fiscal and Contingent Liability Risks

50. Para-statal financial performance and practices in Mauritania could generate fiscal risks. Fiscal risks can be defined as variations in fiscal outcomes from ex ante expectations, which also include unforeseen variations on government assets and liabilities, such as SOEs, and off-balance sheet items. Furthermore, fiscal risks pertain to both explicit legal obligations (e.g., loan guarantees and PSOs) and implicit burdens placed on the government by public expectations or political realities (e.g., recurring cost of investment projects and SOE bail outs). Consequently, SOEs financial features described in the previous section can signal fiscal risks, as illustrated in the box below.

Box 12 : Assessing Fiscal Risk from SOEs – Concepts and Issues[20]

Fiscal risks can be defined as variations in fiscal outcomes from ex ante expectations. In the context of the budget, a deviation of the budget outcome from the budget projections would constitute a fiscal risk (expenditure, revenue, and fiscal balance). More broadly, the definition of fiscal risk also includes unforeseen variations on government assets and liabilities and off-balance sheet items, such as for example guarantees under public-private partnership contracts. Furthermore, fiscal risks pertain to both explicit legal obligations (e.g., loan guarantees and PSOs) and implicit burdens placed on the government by public expectations or political realities (e.g., recurring cost of investment projects and SOE bail outs). Consequently, the financial situation described in the previous section could present significant risks, which quantification would be challenging given the available information.

The quantification of these risks requires the specification of risk factors that can perturb the fiscal accounts through their impact on SOEs. These risk factors include changes in the following sets of variables:

- **Macroeconomic:** including international commodity prices (especially for oil) and exchange, interest, and inflation rates.
- **Regulatory:** including price regulations (e.g., those related to PSOs), but also the effect of entry and universal service obligations.
- **Operational:** including delays and cost overruns in the implementation of capital projects and factors that impact on technical (or operational) efficiency.
- **Sector:** sector-specific factors that drive demand changes in market share, and the cost of production (e.g., competition and wages).
- **Force majeure:** natural disasters, civil strife, and other uncontrollable risk factors.

The impact of these risk factors on fiscal accounts can be captured through measures that include SOE financial features relevant to Mauritania. The below variables, used for a fiscal risk monitoring model developed in Indonesia, show that SOEs financial magnitude and performance can be critical for fiscal risk; they include:

- **Net contribution of the SOE to the budget** (including through VAT and other indirect taxes, corporate income tax, dividends, subsidies, net equity and debt payments, and calls on government guarantees). This measures the direct impact on fiscal revenue and spending.
- **Financing need of the SOE.** This complements the previous measure, because the SOE can offset the impact of a risk factor on its net contribution to the budget by taking on additional debt. But this also reduces the scope for net contributions in the future, ceteris paribus. The financing need can be measured on a net basis (i.e., not taking into account debt rollover) or on a gross basis (this is useful particularly in cases where debt rollover is at risk).
- **Net debt**, measured as total liabilities minus current assets of the SOE. Rising net debt increases the exposure of the government to adverse shocks on the SOE balance sheet and operations (i.e., through the need to provide financial support to the company and the likelihood of reduced net contributions to the budget in the future).
- **Off-balance sheet liabilities.** An example of such liabilities is a guarantee (e.g., for toll road revenue) under public private partnership contracts. Off-balance sheet liabilities are typically of a contingent nature (if they are direct liabilities they would likely be included in liabilities on the balance sheet). This measure complements the previous measures, as an increase in off-balance sheet liabilities has a similar impact on the net worth of the SOE for the government as an increase in net debt.

[20] Extracted from Verhoeven et al, IMF, 2008.

51. The existing legal framework in Mauritania also favors the accumulation of contingent liabilities, which quantification and consolidation are not evidenced. Contingent liabilities can be defined as "obligations whose timing and magnitude depend on the occurrence of some uncertain future event outside the control of the government".[21] Under Mauritania's legal framework, the state assumes several fiscal risks related to the para-statal sector. These risks are both explicit and implicit in nature and can emanate, among other, from the state's ultimate liability for the debts of para-statal entities and state guarantees for the provision of essential services.

52. EPAs and EPICs benefit from an exemption from seizure of their goods and from insolvency proceedings which amounts to an implicit state guarantee. EPAs and EPICs belong to the state system with the consequence that their assets are not distinguishable from the State's assets and are therefore exempt from seizures. The status of EPA or EPIC therefore entails a number of legal consequences, including (i) immunity from attachment and execution normally available against private legal persons and (ii) the inapplicability of insolvency and bankruptcy procedures under the provisions of the commercial code. As a consequence, the State is the party ultimately liable for the debts incurred by EPAs and EPICs, which amounts to an implicit guarantee.

53. Under the principle of the continuity of public service, the State is ultimately also liable for the debts of SCPs providing such services. Even though SCPs are regulated by default by the commercial code, under Mauritanian case law, the notion of continuity of public service entails that the State ultimately remains liable for SCPs' contingent liabilities. In particular, the state usually provides explicit guarantees to suppliers of strategic utilities such as water and electricity to ensure continuity of service.

54. For SOEs organized as private corporations (SAs), the State is only liable for the debts of the company on the basis of an explicit guarantee. For SOEs structured as private law corporations, which include mostly companies in which the State detains minority participation, the State is only liable for the debt incurred on the basis of explicit guarantees. However, for strategic SOEs, there seems to be potential expectation that the State will ultimately step in and bail out an entity even in the absence of an explicit guarantee.

[21] See IMF Working Paper "Contingent Liabilities: Issues and Practice", Aliona Cebotari, WP/08/245, p. 5.

3. LEGAL AND REGULATORY FRAMEWORK

A para-statal sector with a comprehensive legal framework

Specific legal framework: the 1990 Ordinance

55. The 1990 Ordinance defines and regulates the different legal types of public agencies and state-owned enterprises, and their relations with the State. The legal framework for para-statal organizations in Mauritania is centered upon Ordinance No. 90-09 ("1990 Ordinance), which was adopted on April 04, 1990.The legislation defines the different types of para-statal organizations, the relation between these organizations and the Executive and the rules regarding audits and sanctions.[22]The legislation distinguishes between the following forms of organization: Administrative Public Agencies (EPAs by their French acronym); Industrial and Commercial Public Establishments (EPICs by their French acronym); and State-Owned Corporations (SCPs by their French acronym). The Ordinance is complemented by Decree No. 90-118 of August 19, 1990, which governs the composition, organization and operation of EPAs and EPICs.[23]

56. Administrative Public Agencies (EPAs) are autonomous organizations performing non-commercial functions of the State. They are specialized public law entities with juridical personality and are responsible for the execution of a public service. EPAs are governed by a property regime that is distinct from that of the State, they have financial autonomy and cannot be owned by a private person. The mission of an EPA is defined by law and cannot be easily amended[24].EPAs cannot default financially, as they benefit from direct state backing; they do not always pay taxes applicable to companies; they have a Board of Directors nominated by the State; and most of their main decisions have to be approved by the State. EPAs are akin to government-integrated public services in terms of activity, management mode and relations with third parties. Their resources are provided exclusively from the State and/or from the collection of taxes and levies by the State and the employment regime applied to EPAs is that applied to government employees. They follow public accounting rules.[25]

57. Industrial and Commercial Public Establishments (EPICs) are autonomous organizations performing industrial and commercial activities on behalf of the State. They are specialized public law entities with juridical personality and are responsible for the execution of a public service. EPICs are governed by a property regime that is distinct from that of the State, they have financial autonomy and cannot be owned by a private person. The mission of an EPIC is defined by law and cannot be easily amended. EPICs cannot default financially, as they benefit from direct state backing; they do not always pay the taxes applicable to companies; they have a Board of Directors nominated by the State; and most of their main decisions have to be approved by the State. The activities of EPICs are, by nature, industrial and/or commercial and result from the production or sale of goods and services. The organization and operation of EPICs is akin to privately-owned enterprises. Their resources come from the sales of goods and services and they often receive state subsidies. EPIC personnel are regulated by the country's general employment law. They follow private sector accounting rules.

[22] See the text of the Ordinance in Annex 1.
[23] See the text of the Decree in Annex 2.
[24] This is called the "specialty principle".
[25] Refer to Article 2 of Ordinance 90-09.

58. The 1990 Ordinance also provides for State Owned Corporations (SCPs), which are denominated National Companies(SNs) when fully state owned, or Partially State Owned(SEMs).SCPs are limited liability industrial or commercial corporations, in which the State and/or other public law bodies hold either the whole equity of the company or part of it, while the remaining equity is held by private investors. They are regulated by the Commercial Code.

Box 13: Composition of the Mauritanian Para-Statal Sector in 2013 – Number of Entities & Examples

Administrative Public Agencies (EPAs) : 108 institutions (Universities, Hospitals)					
SOEs : approximately 50 companies					
EPIC	**SN**	**SEM**	**SNIM**	**SA**	**Participations**
22	**9**	**12**		**3**	
National Social Security Fund, Government Printing Office	Mauritania Airline, SOMELEC, National Water Company	SONIMEX, SOMAGAZ, SMH		Radio Mauritanie, Telédiffusion de Mauritanie, Télévision de Mauritanie	Entities in which the State owns less than 50% of the total equity.

59. Certain SOEs in Mauritania are regulated by special instruments and/or the Commercial Code and are not covered by the 1990 Ordinance. The Ordinance expressly excludes from its scope of application, the SNIM and other SEMs in which the State and/or other Mauritanian public law bodies hold less than 50% of the equity.[26] Para-statal organizations that have been corporatized also fall outside the scope of the 1990 Ordinance. For instance, the National Television (TVM) and the National Radio (Radio Mauritanie), originally EPAs, have become private corporations in which the State owns 70% of the stock, while the remaining 30% are held by other public entities, such as SNIM, the Social Security Fund and the Port of Nouakchott.

60. There is also a non-regulated para-statal sector, in which the legal regime of each SOE is exclusively governed by the SOE's enacting statute. These are organizations, such as the independent regulatory authorities, which are part of the para-statal sector but do not have legal personality and do not fall within the scope of application of the 1990 Ordinance.

Application of the Commercial Code

The Commercial Code regulates SCPs and, to a lesser extent, EPICs. Apart from the special provisions of the Ordinance, SCPs are regulated by default by the Commercial Code. By contrast, the Ordinance expressly excludes the application of the Commercial Code for EPICs, except with regards to the Commercial Code's provisions regulating commercial leases. SCPs and EPICs can form joint ventures either among them and/or with individual or corporate private legal persons. These joint ventures, named "Groupements d'Intérêts Economiques" (GIE), are regulated by the Commercial Code.

[26] SNIM and the SEMs with less than 50% of state/public sector equity are regulated by the Commercial Code as private limited corporations (Sociétés Anonymes).

Employment scheme in companies and public institutions

61. There are several employment regimes within the para-statal sector. EPA employees are usually employed either as civil servants or auxiliary agents of the State or local governments. However, personnel performing temporary or low-skilled tasks may be hired under the general employment law. Employment in SCPs and EPICs is entirely regulated by the general employment code.

Procurement regulations

62. Public enterprises that fall within the scope of the 1990 Ordinance must comply with the laws regulating public procurement. While public enterprises must generally apply public procurement rules for contracting, EPICs and SCPs may enter into contracts with third parties that are entirely regulated by the Code on Obligations and Contracts for transactions not subject to public procurement laws. The 1990 Ordinance provides that the board of directors of each EP or SCP must appoint a contracts and markets commission with a scope of intervention that covers the entity's operation. However, procurements tied to local investments remain within the scope of application of the local authority and/or central government commission.

System of Accounting

63. The accounting practices of EPAs are governed by the public accountancy regime. EPAs are required to have a public accountant that is appointed by a decree issued by the Ministry of Finance. The public accountant is accountable for the regularity and execution of cash, commitments, advance and cash accounting systems. As the sole administrator of the cash and advance system, in conformity with the principle of separation of the authorizing and accounting officers, the accountant may be held to account by the financial chamber of the Supreme Court. EPAs are not obliged to turn over their cash receipts to the Treasury, on the condition that the Treasury is informed of the company's monthly movements.

64. The accounting practices of EPICs are subject to private accounting rules and are administered by a Chief Financial Officer (CFO) or Chief Accountant. Appointed by the board of directors, the CFO or Chief Accountant is tasked with book-keeping and managing all financial and accounting documents. Like the public accountant, he may be held to account before the financial chamber of the Supreme Court.

Enforcement challenges of the legal regime

65. The legal instruments regulating the para-statal sector present enforcement challenges, particularly with respect to the provisions relating to performance agreements and boards of directors. The 1990 Ordinance provides that relations between the State and SOEs (EPICs and SCPs) must be articulated in a performance agreement or program contract between the State and the entity and that this agreement must be approved by ordinance.[27] However, there is evidence that only three of these agreements are currently in force. The following legal provisions are also poorly enforced[28]:

[27] Article 22 of Ordinance 90-09

[28]Based on study interviews and consultations with government counterparts.

- Appointment criteria for board of directors, including its president.[29]
- Periodicity of board meetings: their frequency is particularly low in the cases of EPAs.[30]
- Provisions regarding management committees.[31]
- Preparation of documents for board of directors meetings.[32]
- Board of directors' bi-annual report to the oversight ministry regarding the assessment of management performance.[33]

66. The enforcement challenges in the sector are closely connected to weak institutional capacity of the State bodies that are responsible for overseeing para-statal institutions. As shown in the next section, the shortcomings in legal enforcement are linked to the institutional capacity limitations of the existing oversight institutions and mechanisms, particularly regarding financial aspects.

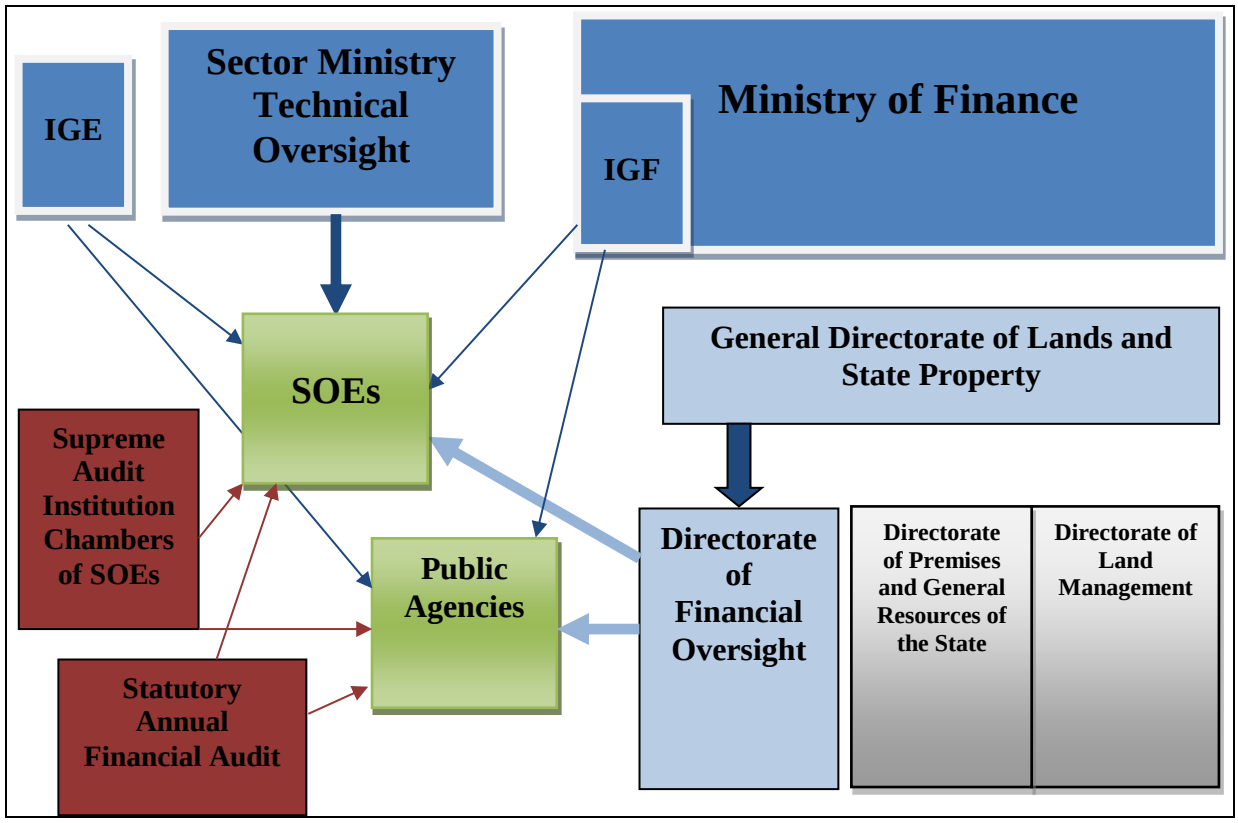
[29] Art. 2 and 4 of decree No. 90-118
[30] Art. 6 decree No. 90-118.
[31] Art. 7 decree No. 80-118
[32] Art. 10 decree No. 90-118
[33] Art. 11 decree No. 90-118

4. OWNERSHIP &OVERSIGHT FUNCTION

A hybrid form of oversight between decentralized and dual models

67. The Mauritanian oversight regime is characterized by joint oversight by the sector ministry and the Ministry of Finance. Oversight of the para-statal sector in Mauritania is conducted jointly by the sector ministries and the Ministry of Finance's s General Directorate of Domains and State Assets,[34]through the Directorate of Financial Oversight (DTF),[35] as shown in Box 13 below.

Box 14: Ownership & Oversight Function in Mauritania

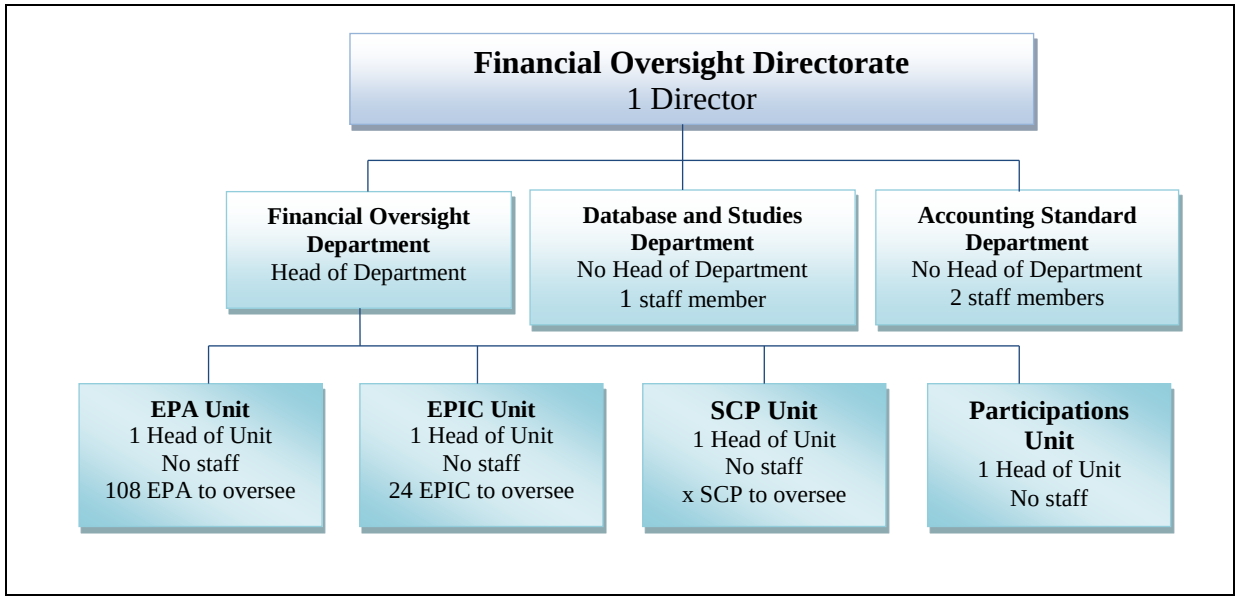


68. The mandate of the Directorate of Financial Oversight includes multiple areas of oversight of para-statal organizations and the monitoring accounting standards. With a total of nine staff and one director, the Directorate consists of three departments, as shown in Box 14. The Financial Oversight Department is responsible for the oversight of the entire portfolio of para-statal organizations (5 staff). The Database and Studies Department is tasked with conducting sector studies, collecting data and maintaining databases, monitoring legal and regulatory reforms, following up on audit reports and preparing the annual report for the Directorate (1 staff). The Accounting Standard Department serves as the secretariat of the National Accounting Council, as well as the secretariat of the National Order of Accountant Experts "Expert Comptable". It is responsible for coordinating the preparation of studies related to country charts of accounts[36] and monitoring the implementation of the new

[34]*Direction Générale des Domaines et du Patrimoine de l'Etat « DGPE »*
[35]*Direction de la Tutelle Financière* « DTF »
[36] "Plan comptable général" and "plans comptables sectoriels".

accounting standards (2 staff). In addition, the Public Accountants assigned to each Administrative Public Agency (EPA) are administratively attached to the DTF.

Box 15 : Directorate of Financial Oversight for Para-statal Sector – Ministry of Finance



69. Despite the dual oversight dimension provided in the 1990 legal framework, oversight by sector ministries in Mauritania appears to prevail. While the 1990 Ordinance provides that the Ministry of Finance is responsible for the financial oversight of public agencies and SOEs and sector ministries are responsible for overseeing technical aspects, it also provides that sector ministries may be involved in and consulted on questions with fiscal impact.[37] In practice this results in a potential overlap with the Ministry of Finance on the financial oversight of SOEs.

70. Of the three standard oversight models, the oversight model applied in Mauritania has characteristics of both the decentralized and dual models. In the decentralized model, SOEs are under the responsibility of relevant sector ministries. The dual model of oversight emphasizes a sharing of responsibilities, with the Ministry of Finance responsible for oversight pertaining to economic efficiency and the fiscal impact of SOE performance, while the line ministries take the lead in monitoring technical performance. This is contrasted with the centralized model, in which SOEs are placed under the responsibility of a single ministry or agency responsible for overseeing both financial and sector performance. Box 15 provides a summary of the three models.

Box 16: Organizational models of oversight of SOEs

Model	Responsibility	Advantages	Limitations	Examples
Centralized Model	SOE Oversight concentrated in a single institution (Ministry of Finance or a specific agency).	Clear definition of Government objectives and priorities and of responsibilities. Focus on efficiency and effectiveness.	Risk of excessive focus on financial issues.	Australia, Austria Belgium, Brazil(federal level), Colombia, Denmark, Finland, France, Japan, UK, Holland, Norway, Panama, Paraguay, Peru,

[37]See Article 20 of the 90-09 Ordinance.

				Poland, Spain, Sweden, Uruguay.
Dual Model	Oversight shared between Sector Ministry and "central" institution.	Balance between financial considerations, regulations and public policy.	Diluted responsibility, shared authority.	Greece, Italy, Mexico, New Zealand, Switzerland, Turkey.
Decentralized Model	Oversight by each Sector Ministry.	Sector Knowledge.	- Budget risk and lack of consolidated information. - Conflict of Interest: Government is shareholder, client of SOE services and responsible for social impact.	Czech Republic, Slovakia.

71. Centralized and dual oversight models tend to better integrate sector performance and fiscal risk monitoring. One advantage of the decentralized model of oversight is that the sector ministry has specific sector expertise for oversight and potentially the capacity to implement a more active industrial policy. However, it is difficult with this model to clearly separate the financial and technical oversight functions of the ministry from other state functions and, in particular, to separate the ministry's regulatory role from its role in overseeing SOE activities. Furthermore, sector ministries do not always have the skills and resources needed to ensure effective financial oversight or strategic management of state assets. By contrast, the dual and centralized models provide for better coordination and the application of appropriate expertise for the different financial and technical oversight functions.

72. In recent years, countries around the world, in particular in Europe and Latin America, have moved towards a centralized ownership model. In this model, most SOEs are under the responsibility of a single Ministry or Agency. In most cases, this is the Ministry of Finance (Denmark, the Netherlands, Spain) or the Ministry of Industry (Norway and Sweden). In Belgium, there is a specific ministry, the Ministry of State-Owned Enterprises and Participations. In a few cases, a specific autonomous Agency has been established which usually reports to the Ministry of Finance, as in the case of France.[38]In Poland, the majority of SOEs are under the supervision of the Ministry of the Treasury. Separate units of the Ministry, responsible for privatization and corporate governance, employ altogether around 220 persons.

73. A centralized model is considered to have several advantages. Centralized models are usually adopted to encourage a more unified and consistent ownership policy with respect to Board nominations, disclosure, and executive remuneration. In addition, the model facilitates the development of consolidated reporting and fiscal and performance monitoring. Finally, centralized models can be a way to attract and concentrate scarce talent rather than dispersing specialists over a wide range of institutions.

Box 17: International Examples of Centralized Ownership Functions: Peru and Spain

In Spain, SEPI is responsible for this centralized function. SEPI is a body that is constituted by law as a Public Corporation entity, within the Central Government, and under the responsibility of the Ministry of Economy and

[38] In France, the ownership function is exercised by the Agence des Participations d'État (APE) which reports to the Ministry of Economy and Finance.

Finance (MF). The law defines SEPI as a legally responsible body, whose economic activities and contractual obligations are governed according to the corresponding Civil Code. SEPI functions as a financially autonomous corporation. Their sources of finance are derived from: (i) management of own assets; (ii) revenues from privatization proceeds; (iii) dividends from participation on mixed capital firms; (iv) transfers allocated through the general budget (since 2006); and (v) borrowing from private financial markets, within the limits stated by the annual general budget law. SEPI is responsible for implementing Government SOE policy and for promoting and coordinating SOE corporate strategies. If a SOE is to be privatized SEPI takes the lead in managing this process. The Government, through SEPI, has established an integrated monitoring and oversight mechanism. Under this mechanism SEPI oversees the companies' budgetary process; controls and monitors the companies' budget execution; and carries out a final evaluation of the companies' performance and reports the results.

In Peru, SOE ownership is managed by a holding company, FONAFE. They are responsible for regulating the SOEs and for ensuring that SOEs follow budget processes, including budgetary norms related to acquisitions, investment, accounting, and audit regulations. They are also responsible for establishing corporate governance regulations, and for designating members for SOE shareholders meetings and boards. FONAFE is led by a Board of Directors. The Minister of Economy and Finance presides over this board consisting of other Ministers from relevant sector line ministries. FONAFE's executive director is appointed by the Minister of Economy and Finance.

Oversight implementation limitations

74. State oversight of public agencies and SOEs in Mauritania is limited by fragmentation and lack of coordination. As observed above, the legal and institutional oversight framework does not favor coordination and integration of financial and sector oversight nor does it generate incentives for regular communication between oversight institutions, and between para-statal organizations and the DTF. The reported lack of communication between EPA public accountants and the DTF, which is their administrative authority, illustrates this point. The DTF's function is also hampered by the involvement of other actors within the Ministry of Finance. For instance, Ministry representatives on SOEs and public agencies Boards of Directors are usually not selected from DTF staff members and their communication with the DTF appears to be limited and informal. At the same time, the DTF does not usually participate in Board meetings. There is also very limited contact between the DTF and the SOEs Chamber of the Supreme Audit Institution.

75. The 1990 Ordinance imposes onerous *ex ante* approval requirements on EPAs and EPICs, affecting both financial oversight effectiveness and the performance of these entities. EPAs and EPICs are subject to prior approval from overseeing sector ministries regarding financial and budget decisions. The sector ministry can even substitute a decision of a public enterprise for its own decision where the entity does not react after the minister's notice to revise its deliberation.[39] For most acts subject to prior approval by the line ministry, a joint approbation must be obtained from the Ministry of Finance. The approval process must also be completed within 15 days of the decision, which represents an oversight risk in terms of timely enforcement and credibility. This ex ante process, which requires State intervention in the day-to-day management of para-statal entities is paradoxical considering both the focus of the 1990 Ordinance on SOE autonomy and performance and the limited effectiveness and institutional visibility of the DTF, as explained hereunder.

76. The financial oversight and ownership functions of the State are adversely affected by the institutional positioning of the DTF. The position of the DTF as a simple directorate lodged within the General Directorate of Land and State Property (DGPE) gives rise to two challenges. First, the DGPE's scope of intervention may be too large compared to its allocated resources considering the strategic importance of both the real property of the State and SOEs

[39] Ordinance 90-09, Article 20.

in the Mauritanian economy. Second, the financial oversight function does not have enough visibility within the Ministry of Finance and the directorate has limited access to the Minister of Finance. In light of the above-mentioned international experiences and trends, this lack of visibility and access to authority does not provide DTF with the ability to exercise effective financial oversight and ownership over the para-statal sector.

77. The weak institutional position of the DTF increases the risk that legal and formal oversight responsibilities diverge and assumed by the institutionally stronger budget directorate. As a result of the lack of institutional visibility of the DTF, financial oversight may shift from the DGPE to the General Budget Directorate (DGB), which is responsible for arbitrating budget allocations. The executive management of public enterprises may, in turn, be tempted to bypass the DTF, and possibly even the board of directors, to communicate directly with the DGB. This would ultimately defeat the purpose of the financial oversight directory, which is in place to collect and analyze financial information on SOE activity so as to empower the State to arbitrate budgetary allocations based on actual and competent risk analysis from the perspective of the State's interests. At present however, the DTF does not currently receive comprehensive and timely information to enable it to perform its duties.

78. Furthermore, the DTF operates with limited capacity. The nine employees in the DTF are responsible for covering the financial oversight of over 150 entities which face diverse and complex issues, and which represent a significant proportion of public expenditure in the country. Most of the current employees joined the DTF approximately one year ago. With the exception of management, the practical experience of DTF staff, as well as their expertise in auditing and financial and legal analysis, is limited. Employment conditions further limit the motivation of staff in the DTF. The DTF lacks procedures and processes as well as equipment: some employees reportedly work with their own computers. By comparison with other finance bodies including the Treasury and the Budget Directorate, the DTF does not seem to provide professional incentives to attract and retain staff and this increases the risk of staff turnover.

79. As a result, the performance of the DTF in effectively ensuring financial oversight of the para-statal sector in Mauritania is limited. In fact, the DTF appears to do little more than process board of directors' decisions by reviewing the minutes of board meetings and ensuring their compliance with the 1990 Ordinance. Other critical oversight tasks are barely performed. The DTF does not receive timely statutory audits for all para-statal entities, nor is there evidence that the DTF has conducted an exhaustive review of the existing audit reports. The Directorate does not possess comprehensive and updated financial information on para-statal entities and its archives are incomplete and paper-based. There is no evidence of regular fiscal risk analysis or portfolio reporting, or of the DTF carrying out monitoring visits to entities that are undergoing review. DTF communication and inter-actions with the board of directors of entities, sector ministries, and the Chamber of SOEs of the Supreme Audit Institution are limited. All of these factors combined severely restrict the effectiveness of financial oversight of SOEs and public agencies by the DTF.

5. FISCAL RISK AND PERFORMANCE MONITORING

Fiscal risk monitoring

80. Capacity constraints and fragmented oversight arrangements also currently prevent the DTF from effectively monitoring financial risks. Given the shortcomings of the DTF outlined in the Chapter Ownership and Oversight Function, the DTF currently does not have the institutional capacity to analyze the fiscal risks related to the para-statal sector as a whole. In particular, it is not in a position to monitor risks emanating from: (i) loss-making entities in the state portfolio; (ii) the accumulation of debt and contingent liabilities (as a result of implicit or explicit state guarantees); or (iii) uncontrolled recruitment and related financial obligations of the State.

81. The lack of consolidated financial information and effective information systems also affect the DTF's ability to monitor fiscal risk. Both the DTF and the Cour des Comptes have compiled basic statistics on the para-statal sector, however, these databases are replete with information gaps and they do not contain the most recent data. In addition, the collection and management of data depends primarily on personal initiative and is not integrated in an institutionalized system for the systematic collection, storage and analysis of data. The archives of the DTF are kept manually in the absence of a computer system, and there is currently no system in place to consistently identify and follow up on missing information.

82. Financial monitoring is further hampered by limited interactions between the financial oversight entity and the organizations it is expected to oversee. The DTF reportedly experiences difficulties in exercising authority over the entities falling within its oversight. It appears that many para-statal organizations do not systematically provide their financial statements and budget forecasts to the DTF in a regular and timely fashion. Information from the Boards and financial reports appear to reach the DTF only with significant delays and in some cases not at all. Overall, DTF interacts little with para-statal organizations.[40]

83. The sparse data that is available is not used to analyze the financial performance of para-statals. The DTF currently does not perform any significant fiscal or financial performance analysis on para-statals, either at the level of individual entities or at the portfolio level. In particular, the DTF does not collect and update information in a systematic fashion ,nor does it aggregate financial information at the portfolio level or perform analyses on existing risks and their potential evolution under different scenarios. As a result, the DTF cannot readily quantify the profits or losses of individual entities, sub-groups of para-statals, or the portfolio as a whole. Oversight entities in several countries assess and benchmark the financial performance of public enterprises on dimensions such as profitability, solvency, budget appropriations, and shareholder returns. Box 17 summarizes some of the indicators commonly observed.

[40] Given the limited number of staff and the large portfolio, the DTF does not currently conduct site visits.

Box 18: International Examples of Monitoring SOE Financial Performance

What is monitored	Shareholder returns	Profitability/efficiency	Solvency	Budgetary appropriations
India	• Sales to capital • Net profit/net worth • Return on capital	• Value added (at market prices) • Production/sales costs • Cost of sales/sales • Inventory/sales	• Investments (equity/loans) • Net worth • Debt/equity	
Brazil	• Shareholder returns	• Return on capital • Operational margin	• Liquidity • Assets/liabilities (including debt) • Net worth • Change in net borrowing	• Deficits/surpluses (institutional differences)
Indonesia	• Returns on equity	• Returns on assets • Expense/income ratio • Net interest income	• Nonperforming loans • Capital adequacy ratio • Assets/liabilities • Loans/deposit ratio	
			• Changes in net borrowing from private/public • Assets/liabilities	• New government investment • Government credit injections/support
New Zealand	• Dividend yield • Dividend pay out • Equity return	• Return on capital • Operating margins • Efficiency ratios	• Gearing ratio • Interests covered by earnings • Current assets/current liabilities	
China	• Net profit available to shareholders less opportunity cost of equity capital			

84. The monitoring of SOE debt levels is fragmented across different government departments. The debt of public enterprises is monitored by the debt department (*Direction de la dette*) in the Budget Directorate of the Ministry of Finance. Cash flows associated with subsidiary debt[41] granted by the State to SOEs are monitored by the Treasury Department (*Direction Générale du Trésor*). The DTF appears to be largely disconnected from this debt monitoring process and does not itself have access to comprehensive debt information. The development of contingent liabilities is currently also not monitored by DTF.

85. There is no general policy for setting dividends or other financial performance targets in Mauritania. The distribution of profits through dividends or their retention for reinvestment or other purposes is decided by the board of directors of the SOE in question. Some countries have developed specific targets for financial performance or minimum dividend levels for SOEs.

86. In the case of Public Agencies, financial risks related to human resources are not effectively monitored. Under the current system, recruitment in EPAs and associated employment liabilities of the State are not systematically monitored and controlled.

[41] Debt that is contracted by the State and subsequently passed on to an SOE which then pays back the State.

Monitoring is hampered by the diverse status of personnel[42] and the lack of consolidated HR systems to follow personnel. The lack of control over the evolution of the workforce in the para-statal sector represents a potential risk for financial performance through wage arrears or healthcare and pension obligations that are not fully accounted for.

87. Finally, fiscal risk monitoring is negatively affected by the restricted scope of the DTF's mandate, which does not cover all para-statal entities. Comprehensive fiscal monitoring at the portfolio level is hampered by the limited mandate of the DTF which does not cover entities that fall outside the ambit of the 1990 Ordinance, such as agencies and commissions ("commissariats"). As a result, the fiscal risk of this sub-group of the para-statal sector can theoretically only be monitored by the national audit institution (*Cour des Comptes*) and eventually by the General Inspectorate of the Ministry of Finance or the General State Inspectorate.[43]In practice however, both of these institutions face their own capacity constraints and therefore do not fully exercise this function.

Performance monitoring

88. Performance monitoring of para-statals falls within the competence of sector ministries whose oversight and monitoring capacity tends to be weak. Sector ministries are expected to monitor the performance of para-statals in their respective areas. However, in practice, sector ministries do not usually have a strong monitoring and evaluation capacity to effectively exercise this function. Moreover, the designated oversight entities within sector ministries tend not to be specialized in performance-related monitoring. For example, technical oversight of hospitals (EPAs) is conducted by the Directorate of Hospital Medicine (DMH) in the Ministry of Health, even though this directorate is principally focused on developing medical policy. In the Ministry of Education, the oversight of universities (EPAs) is handled by advisors to the Minister of Education. In the Rural Development Ministry, there is no specific directorate in charge of monitoring and overseeing the implementation of activities by the EPICs and EPAs under the mandate of the Ministry: monitoring falls within the responsibilities of the General Secretary and the representatives of the Minister that are appointed to the boards of para-statal organizations.

89. Although the legal framework provides for para-statal entities to be held accountable by the State through defined performance agreements, in practice these agreements are rarely established or enforced. According to the 1990 Ordinance, the State can negotiate multi-annual performance contracts[44]with para-statal organizations whereby budgetary allocations are agreed in exchange for a commitment from the para-statal to reach specific objectives. In theory, the agreement defines economic and social objectives in coherence with the orientations of the national development strategy and regulates the reciprocal commitments of the State and the para-statal organization. In practice, however, there are reportedly only three program contracts currently in force between the State and para-statal entities, namely those of SOMELEC, the *Société Mauritanienne de l'Entretien Routier* (ENER), and the *Société Nationale pour le Développement Rural* (SONADER).

90. For performance agreements to be effectively implemented, the financial oversight institution would need to be closely engaged in the preparation and monitoring of the

[42] The employment status of employees of EPAs range from tenured civil servants, detached civil servants, auxiliary agents of the State, and salaried employees, with some covered by collective bargaining.
[43]Inspection Générale de l'Etat (IGE).
[44] In Mauritania, they are known as "contrat programme".

contracts. Given the budgetary dimension of these performance contracts, and the link between effective service delivery and adequate funding, the involvement of the financial oversight body from the design through to monitoring the implementation of performance contracts would be critical. Box 18 below gives suggestions on the structure and content of a performance agreement and Annex 2 provides some international examples.

Box 19: Structure of Performance Agreements

Performance agreements describe the expectations and specific objectives agreed on by the ownership entity and the SOE board. A performance agreement would ideally include the following:

- *The mandate and the scope of activities that the company (including subsidiaries) will undertake.*
- *A short description of the company's vision and strategy.*
- *A clear description and explicit financial cost estimate of the company's noncommercial objectives*
- *Financial and nonfinancial performance indicators and targets for those indicators*
- *Frequency and procedures for reporting*
- *A statement describing the dividend policy.*

Source: Handbook on SOE Governance, World Bank (2013), forthcoming.

6. SOE BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT

General Meetings

91. Partially state-owned corporations (SEMs) are the only para-statal organizations legally required to hold general meetings. For other para-statal organizations in which the State is the sole shareholder,[45] general meetings are not mandated and the power to convene general meetings is vested in the board of directors, headed by the Minister of Finance.

92. In SEMs, the most important decisions in the life of the organization are decided at the general meetings, in which all shareholders are represented. In SEMs, each shareholder appoints a representative at the general meeting who has a vote equal to the percentage of his or her capital ownership. Pursuant to the 1990 Ordinance, the general meeting is expected to be held at least once a year and at the latest within 3 months following the end of the fiscal year and as many times as it is deemed necessary. The shareholders assembled at the general meeting approve the auditor's report, they decide on the allocation of company results, they may discharge the board of directors of their management, and they report to the line ministry and to the Ministry of Finance on the past fiscal year and the company's prospects. The winding up of a SEM is decided at an extraordinary general meeting.

93. Minority shareholders have limited influence in SEMs created by the State. In practice, the shareholders assembled in general meeting have few prerogatives in SEMs created by the State, particularly regarding modifications to the repartition of the company's capital or bylaws, which requires the intervention of the regulator.

94. In companies where the State is a bondholder, it is common practice that the State is represented by a government commissioner. The legal instruments are silent about companies where the State is not a shareholder but is a creditor or a bondholder. However, common practice sees the appointment of a government commissioner (Commissaire du Gouvernement) who participates in the general meetings on behalf of the State.

Board of Directors

95. While the 1990 Ordinance provides that Boards of Directors are the deliberative organ of SOEs and EPAs, the effectiveness of SOE Boards tends to be limited. The 1990 Ordinance provides that the Board is empowered to guide and control the activities of the para-statal organization within the authority of the technical and financial oversight bodies. The organization and functioning of the Boards, as well as the remuneration and other benefits of board members are determined by a decree adopted by the Council of Ministers. Board responsibilities are also specified in the decree regulating the respective entity. In practice, Boards of Directors of para-statal organizations in Mauritania are usually lacking in effectiveness. This is due to a combination of factors including the process of appointment of members, the infrequency of Board meetings, and the predominance of CEOs and Ministries.

96. Boards of directors play a critical role in upholding good corporate governance and in many countries they enjoy significant powers. The global trend in SOE governance

[45] e.g., National Companies (SN), EPICs, and EPAs.

is to clarify the roles of the State, oversight institutions, Boards, and management. The goal is to assign decision-making powers to those who are most capable of exercising them, and segregate decision-making responsibilities in order to avoid conflicts of interests and disincentives. In several countries, Boards of Directors are expected to exercise significant responsibilities as illustrated in Box 19.

Box 20: Key Responsibilities of Boards of Directors – International Practice

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

2. Monitoring the effectiveness of the company's governance practices and making changes as needed.

3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

4. Aligning key executive and board remuneration with the longer-term interests of the company and its shareholders.

5. Ensuring a formal and transparent board nomination and election process.

6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

8. Overseeing the process of disclosure and communications.

Source: OECD (2004).

97. In Mauritania, the absence of clear selection criteria and the limited involvement of the financial oversight entity in the selection of board members create opportunities for political influence. In all EPICs, EPAs, and SCPs, board members are nominated by the line ministries and appointed by decree in the Council of Ministers for a renewable term of 3 years. Although the decree provides that board members are chosen for their integrity and competence, there are no specific selection criteria for the profile of Board members. As a result, there is a risk that the nomination process could be based on political allegiance or other factors rather than professional profile. This risk is increased by the fact that the financial oversight entity, the DTF, is currently not involved in the process of the selection of board members. This is in contrast to the trend observed in OECD countries where similar board nomination processes exist, as summarized in Box 20.

Box 21: Examples of Board Nominations

Techniques for Selecting Board Members

Nomination procedures vary across OECD countries. Some SOEs have board nominations committees much like private sector enterprises. Others use committees that are attached to the Annual General Meeting to nominate board members. In **Norway**, for example, nominations committees are composed of three independent members and one government representative and report to the Annual General Meeting. Removing the nominations decision from the board appears to insulate the process from a potential moral hazard when board members protect themselves from scrutiny by nominating friends or likeminded individuals. In **New Zealand**, candidates can be proposed based upon a gap analysis of the board. A gap analysis is conducted, potential nominees are examined, these are considered, and a short list is developed which is then decided upon by shareholding ministries. Some countries report great success in the use of external advisors who are able to expand the search base of candidates and apply professional techniques including initial assessments of the quality of the candidates. This stands in contrast to the often informal processes that used to characterize board nominations. In some cases, potential board nominees are disclosed to the public, and the qualities of individuals are openly debated in the press.

Source: Frederick (2011).

The Case of Mauritel

Changes to the Board structure can also be induced by external factors, as was the case for the national telecommunications company Mauritel. When Mauritel was purchased by Maroctel, lines of accountability were completely changed, as was the board of directors which received new members, new procedures and authorities, and commercial expertise. The Maroctel office invested heavily in systems to oversee management and hold them to account and introduced IFRS accounting standards in line with the requirements for the parent company. Source: Bouri et. al., World Bank (2010).

98. The independence of Boards of directors vis-à-vis the relevant line ministries and CEOs is also blurred. Even though the 1990 Ordinance confers upon Boards of Directors the power to veto important management decisions, in practice, Boards of Directors tend routinely to rubber stamp the decisions of the executive management without in-depth consideration. At the same time, the limited independence of board members from line ministries results in a centralization of de facto decision-making power in the hands of the CEO and shifts the forum of deliberation from the Board of Directors to the line ministries, thus rendering ministerial intervention in the day-to-day management of SOEs more likely. Several countries facing similar situations have progressively sought to empower Boards of Directors while at the same time specifying clearly the expectations and role of the Government, as shown in Box 21.

Box 22: Empowering SOE Boards in India and South Africa

In **South Africa,** SOE boards have been given explicit responsibility through the 2002 *Protocol on Corporate Governance in the Public Sector*. The protocol is to be used in conjunction with South Africa's corporate governance code, the King Code, which applies to a range of enterprises, including listed companies. The protocol confirms that SOE boards have responsibilities similar to those listed in Box 19. According to the protocol, "the board of the SOE has absolute responsibility for the performance of the SOE." The protocol also clarifies when the government shares power with the board. For example, it notes that the board should consult with the "shareholder" (relevant ministry) on the choice of CEO and that the shareholder should approve the payment of executive board members. It also specifies that the objectives of the shareholder compact—a performance agreement between the shareholder and SOE—are to be the benchmark for measuring the performance of the company, the board, the chair, or the CEO.

In **India**, board responsibilities are outlined by the Corporate Governance Code that applies to all central public sector enterprises (CPSEs), which is similar to the requirements for listed companies. In addition, a formal system of delegation based on company performance determines which decisions are the exclusive purview of the board and which must be shared with the relevant ministry (see table). Under this system, each SOE is classified on the basis of its size, profitability, and governance. The 5 Maharatnas and 16 Navratnas, some of the largest companies in India, have the most freedom. Miniratnas have somewhat less. And some powers are delegated to all profit-making SOEs. A threshold is set for such actions as capital expenditures and joint ventures, subsidiaries, and mergers and acquisitions. Actions below the threshold require no approval by the ministry; those above the threshold do require its approval.

Thresholds Triggering Requirement for Ministry Approval of SOE Actions, India

	Threshold	
SOE category	**Capital expenditures**	**Joint ventures, subsidiaries, and mergers and acquisitions**
Maharatna	No limit	US$1.1 billion or 15% of net worth
Navratna	No limit	US$220 million or 15% of net worth
Miniratna (category 1)	US$110 million or 100% of net worth	US$110 million or 15% of net worth
Miniratna (category 2)	US$55 million or 50% of net worth	US$55 million or 15% of net worth
Other profit-making CPSEs	US$33 million or 50% of net worth	No specific delegation
Other CPSEs	No specific delegation	No specific delegation

	Source: World Bank (2010).	

99. Boards of Directors in Mauritania appear not to meet with sufficient periodicity and are negatively affected by absenteeism. The Decree No. 90-118 provides that Boards of Directors must hold at least three ordinary meetings per year. However, based on conversations with government counterparts, it appears that this schedule is not always respected, particularly in EPAs and EPICs. Several Boards appear to meet on a less frequent basis or not at all. There are also indications that some Boards are experiencing strong absenteeism without resulting in changes of Board membership.

100. The capacity of Boards of Directors in steering SOE activity is further hampered by the paucity of specialized committees. Very few boards of directors appear to have monitoring committees and there are generally no audit committees. The 1990 Ordinance provides for the creation within the board of directors of a committee tasked with the control and the monitoring of its decisions. Although these committees exist, their performance is reportedly sub-optimal. The 1990 Ordinance does not provide for audit committees. International experience suggests that audit committees can be effective in signaling the importance of the board of directors, as illustrated by the example of Air France and EDF in Box 22.

Box 23: Examples of Audit Committees

Air France

During the preparation work prior to the Initial Public offering, an audit committee was established by the Air France Board of Directors. Formally instituted by a board decision of October 1999, the committee is composed of five persons, including two administrators chosen among qualified persons. One administrator represents the State, a censor represents the pilots and another seat is reserved for other employees. The head of the state oversight mission takes part in all meetings. The committee is governed by operating guidelines, it can invite the CFO, it hears the external auditor, the head of auditing and any person in the group and can meet anytime it considers it necessary, with at least two meetings dedicated to half-yearly and annual financial statements. In addition, the committee examines risk coverage, organization, operation, positioning and the internal audit's work plan and can ask for written information on provisioning and provision for depreciation. The chart includes a confidentiality provision which applies to all members participating – even occasionally- to the committees' works. The committee provides detailed reports on its activities to the board of directors.

EDF

A new competitive environment and the risks associated with this environment ultimately prompted the Board of Directors of the EDF to create an audit committee, which began in December 1999. The committee is composed of four administrators: one qualified person chairs the committee, two state representatives, one personnel representative. The head of the state oversight mission takes part in the committee meetings and the committee, as in the case of Air France, may receive information from any source considered necessary. The committee provides the board of directors with its advice on annual and half-annual social consolidated statements and, if necessary, other periodical results, financial management, lessons learned from the program contract, risk management policy, risk geographical identification and the audit program.

Source: Albert et Buisson (2002).

101. The remuneration of board members varies significantly from one SOE to another. The decree regulating board member remuneration prior to1990 was repealed by the 1990 Ordinance and never replaced. As a consequence, remuneration of board members remains unregulated and appears to vary significantly between different entities. Even though few countries have standardized methodologies for fixing board member remuneration, some examples of good practice are available, including the case of New-Zealand as described in Box 23.

Box 24: SOE Board Remuneration Methodology in New Zealand

Director's fees are not performance related. Each SOE is placed into one of six fee bands, with a unit rate for each director. Each board receives approval for an annual lump sum of fees based on the unit rate multiplied by the number of directors, with a factor of 2 for the Chair and 1.5 for the Deputy Chair. The unit rate incorporates an allowance for sub-committee work.

The unit rates are aligned to the private sector averages, but with a reduction to reflect the public service element of appointment to the SOE boards. In practice, therefore, although the fees are pegged to the private sector equivalents ,they lag someway behind.

Boards may request additional one-off fee approvals to cover extraordinary activities that arise, over and above the normal expectation on directors.

Source: OECD (2005).

Executive Management

102. The nomination of executives in Mauritania tends to fall within the prerogative of the Government. While the procedures for the nomination and dismissal of executive directors differ between EPICs, EPAs, and SCPs, in practice the processes tend to converge. In EPICs and EPAs, the executive manager and, when there is one, the deputy executive manager, are appointed and dismissed by decree of the Council of Ministers, whereas in SCPs, the executive and deputy executive managers are appointed and dismissed by the board of directors, upon the recommendation of the line ministry. In practice, the nomination of executives by the line minister or another Government authority tends to be accepted by the Board with little active engagement by the Board in the final selection process. The remuneration of executive management is determined by the board of directors and, in the case of SEMs, approved at the general meetings.

7. TRANSPARENCY AND DISCLOSURE

Transparency and Reporting

103. The Mauritanian para-statal sector is particularly affected by limited transparency and weak adherence of para-statals to their reporting obligations. Despite relatively robust legal requirements, few para-statals in Mauritania exhibit transparent and effective disclosure regimes. In the below analysis, the rules and practices of SOEs and public agencies in Mauritania are measured against the OECD guidelines related to transparency and disclosure.

Box 25: OECD Guidelines on Disclosure

From OECD Principles of Corporate Governance
The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.
A. Disclosure should include, but not be limited to, material information on:
1. The financial and operating results of the company.
2. Company objectives.
3. Major share ownership and voting rights.
4. Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board.
5. Related party transactions.
6. Foreseeable risk factors.
7. Issues regarding employees and other stakeholders.
8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.

From OECD Guidelines on Corporate Governance of State-Owned Enterprises
State-owned enterprises should observe high standards of transparency in accordance with the OECD Principles of Corporate Governance.

SOEs should disclose material information on all matters described in the OECD Principles of Corporate Governance and in addition focus on areas of significant concern for the State, as owner, and the general public. This includes:
1. A clear statement to the public of the company objectives and their fulfillment.
2. The ownership and voting structure of the company.
3. Any material risk factors and measures taken to manage such risks.

104. In Mauritania, SOEs do not systematically prepare timely financial statements, and publication of the statements appears to be infrequent. Although required by the 1983 Mauritanian Chart of Accounting,[46] which applies to SOEs, there is no evidence that financial statements[47] are systematically produced on an annual basis or in a timely fashion. To the contrary, there are cases like SONIMEX where financial statements have reportedly not been produced for the last three years and have instead been substituted with budget statements. There are reports of delays in the preparation of statutorily mandated audits and financial statements are frequently finalized later than six months after the end of the financial year. With the exception of the SNIM, it appears that the publication, or at the least, the availability

[46] The quality of the Mauritanian Chart of Accounting ("Plan Comptable") is analyzed in the 2012 Accounting and Auditing Report on the Observance of Standards and Codes (ROSC).
[47] The Mauritanian Chart of Accounting requires the annual preparation of a balance sheet, a profit & loss account, and a cash flow statement.

of financial statements, is even more problematic. Even in the case of the SNIM, the most recent financial statements available on the company website date back to 2011.

105. In the case of EPAs, annual reporting does not appear to be standardized and consists of a presentation of receipts and expenditures. The financial statements for EPAs present only receipt and expenditures and do not present assets and liabilities, as is the case with the state budget presentation. The study team also observed the use by EPAs of very different forms of presentation for their financial statements, indicating the absence of a standardized reporting format.

106. Important categories of information recommended for disclosure by the OECD guidelines appear not to be disclosed by SOEs in Mauritania. The types of information not routinely available for SOEs in Mauritania include information on "material events"[48]; disclosure of related-party transactions; company objectives and social policy outcomes[49]; and risk exposures and management.

Box 26: Examples of improved disclosures by SOEs

Several countries and SOEs have made important efforts to improve disclosure across both financial and non-financial metrics. For example, Brazil's Sabesp posts detailed information on its website, including its bylaws, operating indicators, a sustainability report, its securities trading policy, its code of ethics and conduct, information on corporate governance, and annual and quarterly financial statements.[50] Korea requires all SOEs to provide standardized data in more than two dozen categories, then publishes the data on the internet. Chile, Sweden, and other OECD countries require many SOEs to meet the same standards of disclosure that the securities regulator imposes on listed companies. New Zealand requires its seven largest SOEs to continually disclose material information to the public.

Several countries—such as India and South Africa as well as Chile, Korea, Sweden, and other OECD countries—have guidelines or requirements for disclosure by SOEs that are in line with those for listed companies and include many of the items recommended by the OECD principles and guidelines.

107. Finally, the financial oversight body (DTF) does not disclose consolidated information on the state asset portfolio. The DTF does not disclose any periodic consolidated reports regarding the portfolio of SOEs and Public Agencies to the public or to the Parliament.

Box 27 : Using Public Scrutiny to Hold SOEs and the Government Accountable in Burkina Faso

In Burkina Faso, in a feature unique to the country, all SOEs present their results at an annual two-day meeting—the general assembly of SOEs. SOEs are represented by their board chair, the external auditor, directors, the CEO, and the CEO's staff, including the finance director. The state is represented by the Council of Ministers, the prime minister, and various ministries.

The general assembly of SOEs is aimed mainly at holding SOE executives accountable. But it also puts the government in the spotlight. Participation is open to the public, and the assembly is televised and covered by the press. The full government typically attends, as do trade unions.

The general assembly is one of the few ways to create public accountability for the performance and oversight of SOEs in West Africa. The implication is that greater disclosure, public transparency, and public shaming can affect the behavior of both SOEs and the government.

Source: Bouriet. al (2010)

[48] "Material event" refers to the "impact on the enterprise of changes in their own circumstances or the market environment".

[49] In the case of companies with legally enforceable program contracts, social objectives are disclosed. However, as noted in the Chapter Fiscal Risk and Performance Monitoring, very few SOEs in Mauritania are governed by a program contract.

[50] World Bank case study.

Internal Control Framework

108. The framework of internal controls in the para-statal sector consists of the systems adopted internally by the para-statal companies and the controls exercised by the relevant state control bodies. The mandates of both the General Inspectorate of the State[51] and the General Inspectorate of Finance[52] cover para-statal organizations. These inspectorates work on an annual program and respond to specific requests for inspection from their respective supervisory authorities. SOEs are also expected to develop their own internal control systems, while EPAs are formally subjected to tighter supervision from the financial oversight body.

109. EPAs do not apply standardized internal control procedures. As indicated previously, EPAs are formally subject to the supervision of the Ministry of Finance, and each agency is required to have a public accountant who is responsible for the ex-ante approval of expenditures. Notwithstanding these requirements, there are no harmonized internal control procedures for EPAs, and their financial management and human resources systems vary extensively. The accounting systems of public agencies also vary significantly across agencies, ranging from basic manual systems to more advanced computer-based systems. Overall, there is currently no standardization and integration of financial management and accounting systems and practices.[53] The same applies to human resources procedures and control mechanisms. The DTF has no access to EPA systems and is therefore forced to rely on the periodic information transmitted by over 100 EPAs.

External Audit

110. Para-statal organizations are subject to statutory audits and the external control of the Court of Accounts. SOEs and EPAs are subject to annual statutory audits as defined by the 1990 Ordinance and the Mauritanian auditing norms.[54] They are also subject to the external control of the Court of Accounts.[55]While the statutory audits tend to be systematic and are produced on an annual basis, the Court of Account controls are governed by the Court's annual audit plan which sets out the selected para-statal entities for control each year.

111. The 2012 Accounting and Auditing ROSC identified limitations in the implementation of the national audit norms. According to the ROSC, these norms are not sufficiently specific and there are limitations in their implementation. These limitations include: the rigor and precision of the audit methodology, particularly as compared to IFAC standards; the consistency between audit opinions and audit findings; the level of standardization of audit reports; and the lack of specialization in statutory audits within audit firms in Mauritania.[56]

---

[51] The General Inspectorate of the State, created by a decree in 2005, is under the authority of the Prime Minister's Office and is responsible for administering general public administration inspections.

[52] Created in 1983 by decree, the General Inspectorate of Finance is under the authority of the Minister of Finance.

[53]The systems for the hospitals of Nouakchott are relatively integrated because the same IT service provider developed their systems. However, the property of the system remains with the IT firm.

[54] These norms, as defined by the 2000 ministerial order R 819/MEF/DTEP, are analyzed in the 2012 Accounting and Auditing ROSC.

[55] While SOEs are audited through the Chamber of SOEs of the Court of Accounts, EPAs fall under the responsibility of the Chamber of Public Finance.

[56] See Accounting and Auditing ROSC for a detailed analysis.

112. The DTF and the Court of Accounts both reported irregularities in the timing of the statutory audits of para-statal organizations. Statutory audits are seldom available and in several cases, audits beyond the financial year 2010 could not be found at the DTF. The study team was unable to ascertain whether these audits were delayed or whether the reports were simply not provided to the DTF.

113. In the case of EPAs, statutory auditors are civil servants sometimes without specific qualifications. The statutory auditors of EPAs are appointed by the Minister of Finance, and given the budget limitations of some EPAs, the appointed auditors are civil servants without necessarily specific accounting and auditing qualifications nor appropriate training or experience.[57] Although the financial statements are simple budget statements, the level of audit expertise amongst civil servant appointed as auditors is likely to affect the quality of the audit reports.

[57] The only requirement for these statutory auditors is to be a professional level civil servant with a degree (Category A).

8. OPTIONS FOR REFORM

RATIONALE & MAIN PRIORITIES OF THE ACTION PLAN

114. The three-year Action Plan for reform of the para-statal sector in Mauritania proposes a series of measures which are designed to address the most critical SOE governance challenges in a feasible and context-appropriate manner. The proposed measures are customized to Mauritania's public sector context and aim at providing practical solutions to the challenges evident in the para-statal sector. The approach is selective and prioritizes measures that are expected to be feasible, provided there is political will. In line with this, changes requiring substantive adjustments to the legal framework have been minimized.

115. The Action Plan serves as a tool to support the Government in defining its priorities and the time-frame for implementation of reforms in the para-statal sector. It contributes to the Ministry of Finance Reform Program for Public Finance and is intended to be used as a convening instrument for the Ministry of Finance to promote governance reform in the sector.

116. The Action Plan consists of a narrative section describing the main proposed options and a sequenced implementation matrix to facilitate prioritization and monitoring of reforms. The narrative section describes the rationale of the main proposed measures and provides explanations and comparisons where necessary. The three-year sequencing matrix aims to provide a monitoring mechanism for implementation, and it also contributes to the determination of priorities. In this respect, while the first 18 months of the Action Plan timeframe are predominantly focused on the fundamental areas in need of reform (financial oversight institution building, financial information and fiscal risk monitoring), the remainder of the Action Plan proposes reform measures to tackle other governance issues that would need to be addressed once progress towards the implementation of core reforms has advanced.

Implementation and Stakeholder Implications

117. Multiple stakeholders are involved in and affect the proposed reforms of the para-statal sector. This type of reforms usually involves the Head of Executive, Parliament, and Supreme Audit Institutions whose ownership and leadership are critical for the success of these reforms. Within the executive, beyond the Ministry of Finance, sector ministries and staff of para-statal entities are also crucial for the implementation of the reforms. The interaction between these different actors is critical to the determination of the approach and its success.

118. The Presidency is critical to guide reform efforts. High-level ownership and sustained political support are key factors for a successful reform of the para-statal sector given its contextual implications.

119. The Supreme Audit Institution could be a positive reform driver. In many countries, the Supreme Audit Institution plays an important role for the external oversight of the para-statal sector. In Mauritania, the Cour des Comptes is committed to play a stronger role and could benefit from a strengthened financial oversight entity that has the mandate and political backing to collect and consolidate relevant data on the sector. The availability of

financial and performance data would greatly facilitate investigations and reports of the Cour des Comptes.

120. State-owned enterprises and public agencies are at the center of the reform process. Obtaining a level of consensus of board members, management, and staff will be critical to the effective implementation of the reform.

121. Within the executive, coordination within the Ministry of Finance and with sector ministries is critical for effective oversight of para-statal entities. Given sector ministries' role in technical oversight and the interaction between service delivery and financial performance, close cooperation with most critical sector ministries is key to this reform. Similarly, within the Ministry of Finance, the cooperation and clear definition of responsibilities between the General Directorate of Budget and the proposed General Directorate of Financial Oversight (DGTF) will be crucial for the development of the latter.

Pillars of the proposed Action Plan

A. Strengthening the institutional framework for financial oversight of the para-statal sector.

B. Developing capacity to monitor para-statal financial information and fiscal risk.

C. Strengthening other dimensions of governance including: performance measurement, effectiveness of boards of directors, transparency and statutory audit, and internal control of EPAs.

A. INSTITUTIONAL FRAMEWORK FOR FINANCIAL OVERSIGHT

The proposed measures to strengthen the oversight and ownership functions are gradual and intend to minimize legal changes. It is recommended that the ownership function of SOEs eventually shifts towards a more centralized model, as described in the section Ownership and Oversight Function, as an initial step. However, as an initial step, it is proposed to maintain the current responsibilities of the sector ministries and the Ministry of Finance and significantly strengthen financial oversight functions.

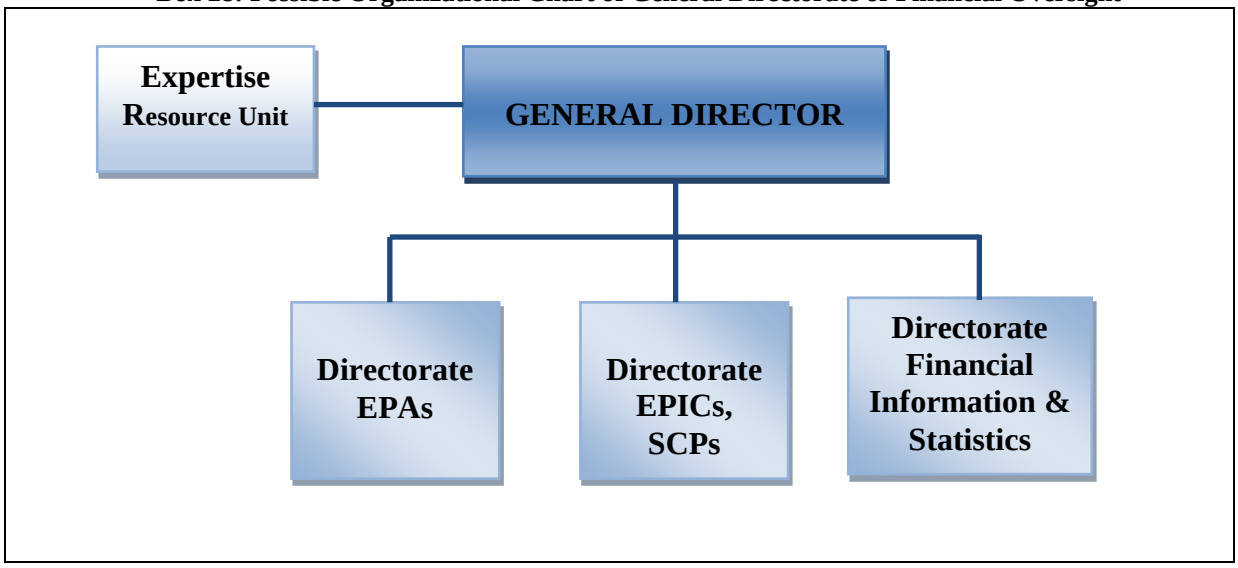
Transforming the DTF into a General Directorate (DGTF)

122. The Directorate of Financial Oversight at the Ministry of Finance could be transformed into a General Directorate. This reform measure would help to address the current fragmentation of the financial oversight function, and the limited visibility and capacity of the DTF. Converting the DTF into a General Directorate of Financial Oversight (DGTF) would facilitate the creation of a more autonomous and capable unit within the Ministry, exclusively dedicated to financial oversight of the para-statal sector and directly responsible to the Minister. The DGTF could include the following subdivisions:

- ***Directorate for Public Agencies:*** Apart from the monitoring, this Directorate would be responsible for the coordination and interaction with public accountants from EPAs.
- ***Directorate for SOEs****:* Covering EPICs, SCP, and other commercially-oriented SOEs.
- ***Directorate for Financial Information and Statistics:*** Performing aggregate analysis and reporting.

- ***Horizontal Unit:*** Unit directly attached to the General Director operating in a more cross-cutting fashion across the General Directorate and including staff highly specialized in legal analysis, audit, and monitoring and evaluation.

Box 28: Possible Organizational Chart of General Directorate of Financial Oversight



Proposed Mandate of the DGTF

123. The mandate of the DGTF would be to ensure the financial oversight of the para-statal sector on behalf of the Minister. More specifically, the DGTF ought to be mandated to:

- Develop policies, tools and guidelines for overseeing the financial activities and governance practices of para-statal organizations;
- Advise on, or assist in, board nomination processes;
- Conduct fiscal monitoring of para-statal organizations, and, in particular, review statutory audits;
- Actively participate in the budget preparation of EPAs;
- Systematically participate as an observer in the meetings of Boards of Directors;
- Coordinate and interact with the Supreme Audit Institution; and
- Coordinate with sector ministries in defining the performance targets of para-statal organizations.

Appointment of the new Management of the DGTF

124. Once the DGTF is created, specific attention would need to be given to the appointment of the General Director, Directors and a task-force of well-qualified and experienced professionals capable of invigorating the development of the unit.

DGTF Strategic Plan

125. To ensure that the DGTF commences on a strong footing, it is recommended that an institution building program be elaborated in the form of a strategic plan. The strategic plan could define the DGTF's mandate, procedures, work approach, medium-term objectives and needs in terms of training, staff recruitment, and equipment. External support for the implementation of the strategic plan could be envisaged.

Capacity Building of the DGTF

126. The DGTF could be further professionalized through an increase in staff numbers, intensive staff training and technical assistance, and improvements to the working conditions and career advancement prospects offered by the entity.

- ***Recruitment:*** While a specific needs assessment of staffing levels is warranted, the size of the current DTF workforce would not be sufficient to effectively fulfill the DGTF mandate proposed. Appointment of new staff would be necessary and would need to be conducted on the basis of clearly defined professional criteria.
- ***Training:*** Existing DTF staff would also need intensive training in financial analysis, budget accounting, legal analysis, and monitoring and evaluation. Training would critically need to target staff capacity to review financial statements and (for some of the staff) to implement fiscal risk management tools.
- ***Enhanced systems and equipment:*** There is a need to update and improve the existing IT equipment of the current Directorate as well as provide the future DGTF with systems adapted to the proposed mandate (databases, connections to financial management systems of EPAs, etc).
- ***Motivation:*** Career advancement and performance incentive mechanisms would need to be developed to improve the current reputation of the DGTF and attract and retain professional staff. In this respect the appointment of a robust management team, including a General Director with both strong leadership skills and technical soundness and professionally experienced Directors, is critical.
- ***Integration of Public Accountants from EPAs:*** The Public Accountants from EPAs that are currently mapped to the DTF, could represent a well-trained workforce to strengthen the future DGTF. To harness the potential of these Public Accountants, it would be important to strengthen the interaction between the Public Accountants and the DGTF and clarify the lines of reporting.

Concept Paper on a revised ownership function

127. Given the importance of the para-statal sector and in parallel to the strengthening of the current model, it is recommended that the Ministry of Finance and the future DGTF initiate a process of dialogue and reflection on possible options to revise the ownership and oversight model of the para-statal sector in Mauritania.

Box 29: Strengthening of SOE Oversight in Paraguay

State-owned enterprises (SOEs) played a significant role in the Paraguayan economy, accounting for roughly 10 percent of GDP or 30 percent of country public expenditure. Even though profitable as a sector, SOEs represented important contingent liabilities for the state totaling 6% of GDP. SOEs provided essential goods and services, including oil, water, telecommunications and electricity. However, their service delivery and management performance was limited.

To a large extent, the limited performance of SOEs was due to the institutional limitations that prevailed until 2008. In particular, before the reform process, SOE oversight was characterized by decentralized and fragmented responsibilities between different Government actors, with overlapping functions and responsibilities. There was also asymmetric information on the performance and fiscal situation of between SOE management on the one hand and Government and civil society on the other.

Paraguay responded by significantly enhancing the oversight of SOEs while building on the existing institutional structures. A key part of the reform was to strengthen inter-ministerial coordination on SOEs by establishing a SOE Council under the leadership of the presidency comprised of the Ministry of Finance, the Ministry of Public Works, and the Ministry of Industry and Trade. The objective of this Council was to act as the shareholder of SOEs on behalf of the Government and to supervise SOEs' corporate governance, financial management, and business management. At the technical level, the Council was supported by an SOE monitoring unit to undertake effective information analysis and business monitoring of SOEs. Staff members of this unit are qualified, professional, and highly motivated. One or two persons are assigned to closely monitor each SOE, and have progressively developed technical knowledge, thus becoming specialists in their assigned sectors. Staff of the unit received extensive training in topics including financial analysis, procurement, management, negotiation, strategic planning, and comparative experiences from other countries on SOE oversight.

The SOE Council meets every two weeks receiving technical inputs from the SOE monitoring entity. A quarterly SOE performance report is presented to the President of the Republic who in turn holds a meeting with SOE Presidents to discuss the performance of each SOE. This practice has resulted in heightened visibility of SOE performance and increased accountability for SOE management.

Further on, steps were taken to enhance the rationality of budgetary allocations to SOEs, to reduce the outstanding debt of government units for basic services provided by SOEs (i.e. water, electricity, and phone services) and to ensure more regular payments of SOEs.

In a context of public sector capacity and responsiveness challenges, the ability to combine the political-level Council's fast inter-institutional decision-making capacity with the professional and technical monitoring of the technical-level SOE monitoring body created a responsive and technically-sound SOE supervisory framework.

Strategy for the Para-Statal Sector

128. In parallel with the strengthening of the ownership entity, a more comprehensive strategy for the para-statal sector could progressively be developed. Such a strategy could define the overall objectives pursued with the para-statal sector, clarify the institutional arrangements and responsibilities, determine budgeting needs, set realistic financial and service delivery targets, and specify monitoring and reporting requirements. Once developed, the DGTF could be charged with preparing annual reports on the implementation of the Strategy.

B. FINANCIAL INFORMATION & FISCAL RISK MONITORING

Collection of Financial Information

129. The proposed DGTF's financial information management systems would also need to be prioritized from the outset. Particular focus would need to be given to:

- ***Developing capacities for data collection:*** Strengthening capacities and developing appropriate tools to collect relevant and reliable data in a timely manner is a critical priority for the future DGTF.

- ***Maintaining an updated database.*** The proposed DGTF would also need to maintain an updated database of information on the entire portfolio of para-statal entities to be monitored***. This database would need to include, at the least, comprehensive and updated financial and fiscal information for each public agency and SOE and consolidated at the portfolio-level.*** The DGTF could assign specific staff to specific groupings of para-statal entities and encourage staff to conduct company visits and maintain regular contact with relevant stakeholders. This would help to establish of corpus of staff with detailed knowledge of specific entities within the portfolio, which would in turn assist the compilation of data on individual companies and facilitate closer monitoring. Annex1provides a brief methodology to establish such a system.

- ***Taxation of SOEs:*** A comprehensive analysis could be conducted on the taxation of SOEs considering aspects such as existing tax requirements, similarities, differences, and exemptions, and the evolution of tax revenues from SOEs.

Fiscal Risk Monitoring

130. Fiscal risk monitoring usually includes data collection, as described in the above section, analysis and the design of alternative scenarios. Box 28 below provides an example of a fiscal risk monitoring model in which data is collected from SOEs and is used to construct a baseline and alternative scenarios on the basis of key assumptions related to macro-economic, financial, and operational factors. The scenarios are subject to stress tests, such as changes in the oil price or the exchange rate, to arrive at an overall risk assessment for individual SOEs and the portfolio. In order to strengthen fiscal risk monitoring in Mauritania, the following actions are proposed actions:

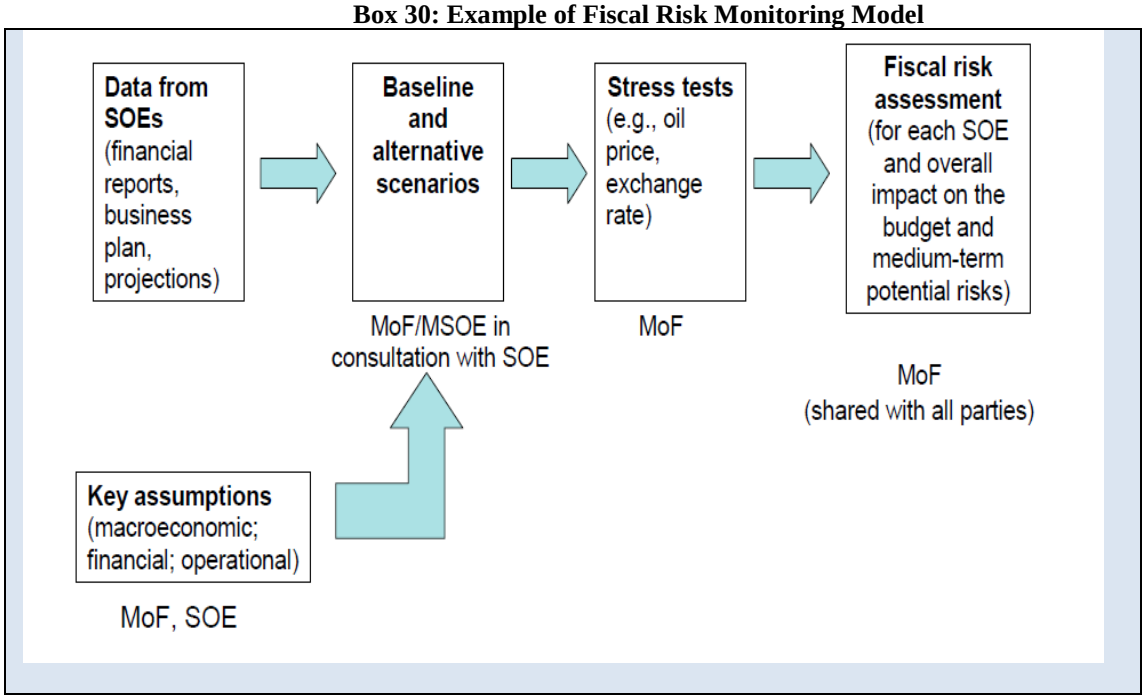
- ***Design and Implement of model for fiscal risk monitoring.***

- ***Prepare regular aggregate fiscal risk reports for the attention of the Minister of Finance.***

- ***Quantify contingent liabilities.***

- ***Deficit Targets including SOEs:*** To gain a better understanding of the overall fiscal situation, it could be considered to establish clearer fiscal rules that create incentives for the monitoring of SOEs, for example, through deficit targets including SOEs.

Box 30: Example of Fiscal Risk Monitoring Model



Source : Verhoeven et. al, IMF (2008).

Budgeting of Para-Statal Organizations

131. It would be important for the DGTF to play an instrumental role in the budget process of EPAs and in supporting the determination of subsidies and other transfers from the budget to para-statal organizations. To enable the DGTF to play such a role, it would be advisable to confer upon the DGTF the following responsibilities:

- ***Budget formulation and modification for EPAs.*** The DGTF could be given responsibility for advising on and reviewing the budget preparation and modification processes for each EPA, as a counterpart of the General Budget Directorate (DGB) for EPAs.
- ***Subsidies and other transfers to para-statal organizations (SOEs and EPAs)*** Similarly, the DGTF could work jointly with DGB in decisions on the allocation of subsidies and transfers.

C. OTHER GOVERNANCE DIMENSIONS OF THE PARA-STATAL SECTOR

Development of Advisory Role in Performance Monitoring

132. Given the close linkages between budgeting and performance agreements, it is advisable that the DGTF assume a technical advisory role in supporting the sector ministries to design and monitor performance agreements. This would require capacity building of DGTF staff.

Legal Framework

133. To facilitate better monitoring and oversight in the sector, the legal framework for the oversight of SOEs and agencies needs to be updated to incorporate all existing forms of para-statal organizations, including those not currently covered.

Boards of Directors

- ***Representation of the DGTF in Boards of Directors of SOEs and EPAs:*** To enhance the DGTF's interactions with Boards of Directors, it is recommended that the participation of a DGTF representative as observer in all Board meetings be made a mandatory requirement.

- ***Strengthening Boards:*** The capacity of Boards of Directors to effectively and professionally carry out their mandates in strategically steering para-statal activity could gradually be strengthened through the introduction of professional criteria for the selection of board members and through the setting of standard rates for attendance fees at Board meetings and clear guidelines for remuneration. This could be complemented with training for directors and members and the periodic assessment of board governance and operational practices.

Transparency and Audit

- ***Training and accreditation of civil servant statutory auditors***: The current requirement for statutory auditors to be category A civil servants needs to be raised to ensure that appropriately experienced auditors are engaged. It is recommended that a training and accreditation system be introduced for civil servants to be appointed as statutory auditors.

- ***Stocktaking of audits:*** The DGTF could conduct in coordination with the Court of Accounts a stock-taking of existing audits of SOEs to identify how many SOEs currently conduct regular audits. The audits could be compared and contrasted among companies along several dimensions such as content, periodicity, and publication practices.

- ***Externally conducted statutory audits for strategically important EPAs:*** It is advisable that external firms with credentials undertake the auditing of strategically important EPAs. The DGTF would need to determine criteria (budget, strategic service provider) to select the EPAs for which externally conducted audits would be required.

- ***Timely transmission of statutory audits to the DGTF:*** The DGTF would need to establish an effective reminder, follow-up and sanction mechanism to ensure the timely delivery of audit reports.

- ***Enhanced transparency:*** The DGTF could take the lead in promoting transparency in relation to para-statal organizations by developing a website, and publishing information and documents including an annual report on the portfolio of SOEs and the audit reports of SOEs.

Box 31: Strengthening SOE Transparency through Audit Reports

Prior to the SOE reforms in Paraguay referred to in box 29, comprehensive financial information on SOEs was not publicly available. This greatly undermined effective state oversight, strategic planning, and decisions. As part of the reforms, Paraguay's inter-ministerial SOE Council required SOEs to hire independent professional audit firms, to submit the financial reports to the SOE monitoring body, and to subsequently publish the audits. The oversight body also established an audit follow-up mechanism including field visits, letters highlighting the main findings and recommendations of audits, and, if needed, a warning report to the Minister of Finance to discuss the content during the next SOE Council meeting. Following the reforms, most major SOEs published audit reports. These measures helped to increase SOEs financial management soundness, and provided a venue for civil society and the media to exert an additional oversight of SOEs. For instance, the 2010 audit of the oil company PETROPAR (*Petróleos Paraguayos)* showed that the company had two times more liabilities than assets, mostly because of payment arrears to foreign suppliers and a debt to foreign suppliers amounting to 1.9 percent of GDP. With the progressive adoption of the practice and the follow-up activities of the oversight body, it is expected that the timeliness and quality of audit reports will continue to improve in the coming years. The objective is to make SOEs' audited financial statements available no later than June 30 of the following year. Audited financial statements of SOEs are published on the website of the Ministry of Finance's website: http://www.hacienda.gov.py/web-sseei_v1/index.php?c=322.

Internal Control of Public Agencies

134. The control framework of public agencies could be strengthened by standardizing human resources and financial management procedures, as well as developing standardized financial management and human resources systems. The DGTF should have access to these systems, enabling it to directly monitor and consolidate the financial data of EPAs.

SEQUENCING OF THE IMPLEMENTATION OF THE ACTION PLAN

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
INSTITUTIONAL FRAMEWORK FOR FINANCIAL OVERSIGHT				
Institution building of the financial oversight body	• Decree establishing a DGTF for Oversight of SOEs and Public Agencies within the Ministry of Finance. • Appointment of the Head of the DGTF. • Appointment of a task force complementing current staff resources. • Public Finance reform plan adjusted to include current proposed options.	• Strategic Plan of DGTF approved and defining: (i) detailed mandate and functions; (ii) detailed organogram and job descriptions; (iii) staffing, equipment, and budget needs; (iv) training needs; and (v) expected milestones and achievements for the following 3 years. • DGTF manual of procedure adopted. • Additional recruitment initiated. • Preparation of a National Strategy for SOEs and Public Agencies initiated.	• DGTF staffed as per Strategic Plan recommendations. • Staff training program initiated. • Website providing information on SOEs and Public Agencies at General Directorate of MEF. • A concept paper on revised model of ownership policy developed. • National Strategy for SOEs and Public Agencies developed and adopted.	• DGTF operational and ensuring financial oversight of SOEs and Public Agencies. • Annual Reports on implementation of National Strategy for SOEs and Public Agencies.
FINANCIAL INFORMATION AND FISCAL RISK MONITORING				
Financial Information	Notice Letter from Minister of Finance to all SOEs and Public Agencies requiring transmittal to the DGTF of all 2010 to 2012 audits and financial statements within a month.	• Comprehensive financial and fiscal database prepared by the DGTF for (i) each individual SOE and Public Agency; and (ii) consolidated portfolio.	• On-going financial analysis of SOEs/Agencies financial statements carried out by the DGTF. • Conducting a comprehensive analysis of taxation of SOEs.	• DGTF connected to financial management system of Public Agencies.
Budgeting of para-statal		• DGTF responsibilities for SOE/Agencies budgeting	• DGTF provides inputs and clearance to DGB on N+1 budget	• Regular contribution to budget preparation of SOEs/Agencies.

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
organizations		adopted.	for SOEs and Agencies. • DGTF provides inputs and clearance to DGB on subsidies and other transfers to para-statal organizations (SOEs and public agencies).	• Dividend policy defined and enforced.
Fiscal Risk Monitoring		• Fiscal monitoring methodology defined and adopted by the DGTF.	• Available consolidated portfolio report on aggregate fiscal risk for SOEs and Agencies prepared by the DGTF. • Analysis of existing SOEs cross-debts initiated by the DGTF. • Consider establishing clearer fiscal rules that create incentives for monitoring of SOE finances, such as deficit targets including SOEs.	• Effective fiscal monitoring of SOEs/Agencies. • Outstanding cross-debts settled. • Preparation of annual consolidated SOEs/Agencies portfolio fiscal risk report. • Quantification of contingent liabilities.
OTHER GOVERNANCE DIMENSIONS				
Development of advisory role in performance monitoring of DGTF		• Procedures are defined for coordination between DGTF and Sector Ministries.	• Training to DGTF staff in design and monitoring of performance agreements.	• DGTF works jointly with and provides support to Sector Ministries in the preparation of SOEs/Agencies performance agreements. • Adoption of performance agreements is generalized for major SOEs and Public Agencies.
Legal Framework for oversight of SOEs/Agencies		• Detailed legal review conducted on the basis of Strategic Plan and mandate of the DGTF.	• 1990 Ordinance updated. • Oversight arrangements for Limited Liability SOEs (SA) legally defined.	• Comprehensive legal framework defining financial oversight for all categories of SOEs and Public Agencies.

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
			• Legal form of other public agencies defined and adopted.	
Board of Directors	• Adoption of a decree establishing the mandatory participation as observer of a representative of the oversight institution (DGTF of SOE Oversight) in the Board of each Public Agency or SOE.	• Determination of professional criteria for the selection of board members.	• Adoption of standardized rules for attendance fees in Board of Directors. • Training of members of boards of directors. • Assessment of board governance and operational practices.	
Transparency and audit of SOEs and EPAs	• Budget allocation for inspections and special audits of SOEs and Public Agencies. • Determination by the DGTF of strategic and sizable EPAs to be audited by external firms.	• Stock taking of audits of SOEs (number of audits available, comparisons between companies).	• 2012 audits of SOEs published and available on the website of the DGTF or the Ministry of Finance. • Follow-up of recommendations of statutory audits by the DGTF. • Statutory Audits carried out by external firms for strategic EPAs. • Mechanisms to improve timeliness of statutory audits. • Training and accreditation of civil servants appointed as statutory auditors in budgeting and public accounting.	• Annual publication of statutory audits for all forms of state owned enterprises (EPICs and SCPs). • Publication by DGTF of an annual report on the portfolio of SOEs and Public Agencies.
Public Agencies (EPAs) internal control		• Job description with profile requirements. • Recruitment procedures defined and adopted.	• Standardized and integrated financial management systems adopted for all EPAs and accessible to the General Directorate. • Manual of internal control procedures for EPAs adopted.	• Regular financial management and activity report transmitted to the DGTF.

Area of intervention	Within 3 months after Action Plan validation	Within 12 months after Action Plan validation	Within 18 months after Action Plan validation	Expected Results 3 years after Action Plan validation
			• Intensive training of administrative and financial units of EPAs in terms of financial management, budgeting, and public procurement.	

BIBLIOGRAPHY

- S. Albert & Claudie Buisson, State-Owned Enterprises, the State's Role as an Owner, Paris – La documentation française (2002).

- Amico, Priorities for Improving Governance and Performance of State-Owned Enterprises in the Middle-East and North Africa, Paris – OECD (2012).

- African Development Bank, Public Sector Adjustment Program, Projet Performance Evaluation Report (PPER), (1997).

- Central Bank of Mauritania, Report on Public Finances Management Performance (2008).

- R. Barbier de la Serre, The State as an Owner and Corporate Government, Report to Mr. Francis Mer, Minister of Economy, Finance and Industry, Paris (2003).

- M. Bouri, F. Nankogobo and R. Frederick, Synthesis of Review of Corporate Governance of State-Owned Enterprises in Burkina-Faso, Mali, and Mauritania, World bank (2010).

- J-P. Colson, P. Idoux, Public Economic Law, Paris – LGDJ (2012).

- J.P. Dreyfus, Public Sector Enterprises, Répertoire de droit des sociétés, Paris - Dalloz (2009).

- African Development Fund, Completion Report, Project Public Sector Adjustment Program, (PESAP), (1995).

- International Monetary Fund, 2012 Article IV Consultation and Fourth Review Under the Three-Year Extended Credit Facility Arrangement, and Requests for Waivers of Nonobservance and Modification of Performance Criteria-Staff Report and Supplement. (2012).

- International Monetary Fund, Report No. 12/249, Selected Questions (2012).

- R. Frederick, Enhancing the Role of the Boards of Directors of State-Owned Enterprises, Paris – OCDE (2011).

- General Inspection of Finances, Report: The State and its Agents, Paris (2012).

- E. Malaret, Administrative Modernization in Spain: Between State Reforms Momentum and Discontinuity of Administrative Reform, Revue Française de Droit Administratif 2009, p. 597.

- OECD, Corporate Governance of State-Owned Enterprises : Survey of OECD Countries, Paris - OECD (2006)

- OECD, State-Owned Enterprises Governance Reforms: Recent Evolution Survey, Paris – OECD (2010).

- OECD, Transparency and Responsibility: Guide for the State as an Owner, Paris – OECD (2010).

- M. Vagliasindi, Governance Arrangements foe State Owned Enterprises, Policy Research Working Paper 4542, Banque Mondiale – Washington (2008).

- www.Africaneconomicoutlook.org, 2012 Mauritania Country Note, (OECD, AfDB, UNDP, AEC)

ANNEX 1: ESTABLISHING A SOE MONITORING FRAMEWORK FOR OVERSIGHT INSTITUTION

The following Annex describes basic requirements for structuring a monitoring framework, and the key tasks that are undertaken in the monitoring cycle.
When introducing such frameworks, ownership entities usually need to start with gathering baseline information on each SOE and developing a team of specialists who can develop an understanding of, and expertise in, the operations of the monitored SOEs. Once this baseline information and processes have been established, ownership entities will be better placed to design more sophisticated performance agreements, measures and information technology systems. Where successful monitoring systems have been put in place, they have evolved over many years, and implementing the systems requires reasonable capacity and a relatively high level of coordination between ownership entities and companies.

Baseline methodology

Before an ownership entity starts to create a more comprehensive performance monitoring system, a first step is to build basic information about its portfolio and remove bottlenecks to financial reporting by companies in the portfolio. This may involve the following tasks:

- *Build a list of the companies in the portfolio.* Most countries find it difficult in the beginning to construct a comprehensive list of the companies and assets owned by government. This task can be particularly difficult when moving from a decentralized system to a more centralized one or when a coordinating body is created. The ownership entity should first work with ministries to identify the companies and get an initial sense of their legal and operational status (operating, closed, in liquidation).

- *"Triage" the companies and begin categorizing them.* Many ownership entities are responsible for monitoring several types of organizations—from large companies wholly owned by the government to budget-dependent social service agencies, regulatory bodies organized as companies, and joint ventures with private companies. It is important to begin at an early stage to place companies in different categories according to their complexity and their needs. As a starting point, organizations can be categorized into:
  - ✓ *"Commercial" companies* – those which derive the majority of their revenues from commercial sources. Commercial companies can be further divided into minority-owned and majority- or wholly-owned.
  - ✓ *"Policy oriented" companies* – those that have broader developmental and non-commercial goals, such as the delivery of certain infrastructure services; and
  - ✓ *"Budget dependent" agencies* -- those which receive the majority of their revenues from government budgets. These types of companies can be further divided, for example into social service agencies and regulatory bodies.

- *Assign staff to monitor the portfolio.* How staff are assigned will depend on the number of companies in the portfolio and the number of staff available. As a rule of thumb, one staff member can probably cover and understand 10 portfolio companies (fewer if the companies are large and complex).
- *Build knowledge of the sectors.* The staff assigned to each sector or type of company should begin to build their knowledge of that sector, by taking advantage of workshops and obtaining reports on comparable companies in other countries.

- *Collect key documents about the companies.* Staff assigned to each company should begin to build files of company information, including annual reports or financial statements; financial reports to line ministries; founding company laws, charters, or constitutions; reports from the supreme audit authority or state auditor; budget documents detailing payments from the government budget to the company and dividends paid by the company to the government; information on credits outstanding to the company (especially from government entities); and any other information available. The staff should also seek to understand the financial information available and begin to try to reconcile conflicting information from different sources.
- *Develop and complete a basic template of important data.* A basic template of key data on each company in the portfolio should include:
    - Company name
    - Sector
    - Legal status (where applicable, such as company or public enterprise)
    - Percentage of state ownership
    - Most recent date of the company's annual report or financial statements
    - Whether the financial statements have been audited
    - Number of employees
    - Assets
    - Revenues
    - Profits
    - Dividends paid to the government
    - Subsidies paid to the company by the government.

- *Draft a short report on the portfolio.* The ownership entity ideally should be able to produce a report of a few pages that summarizes the key information collected about the state-owned commercial sector. These data can be presented to the ownership entity's management and governing body and should be periodically updated.

- *Meet with the companies.* A surprising number of ownership entities (and especially coordinating bodies) do not meet with the boards and management of the companies in their portfolio. An initial meeting should have very basic goals: to introduce the ownership entity and its role and mission, to identify key points of contact in the company for future communication, and to address initial questions about key missing information (especially financial reporting).

- *Meet with other shareholders or joint venture partners.* For important companies the ownership entity should meet with key stakeholders, particularly other shareholders. The goals are similar to those for meetings with companies: to introduce the ownership entity and its role and mission, to identify key points of contact, and to address initial questions about the goals and objectives of the other shareholders in the company.

- *Develop a strategy to address constraints in financial reporting and auditing.* Many companies (especially in low-income countries) find it difficult to produce financial statements on time and to get them audited in a timely manner. The ownership entity should make basic financial reporting a top priority in the companies, resolve any legal or resource constraints on timely auditing, and work toward a goal of 100 percent compliance with financial reporting requirements. (See module 4 for a discussion of financial reporting and auditing issues.)

Quarterly and Annual Monitoring

The above process establishes a baseline framework for:

- capturing financial data from SOEs;
- prioritizing the most important SOEs, in terms of focusing resources during the monitoring process;
- building expertise within an ownership unit on the portfolio companies, their industries and on performance monitoring; and
- establishing formal and informal lines of communication with SOE management, boards and external stakeholders.

The next step in the process is to utilize the information gathered to monitor company performance against the agreed company objectives and performance targets as set out in the performance agreement. Initially this may be on an annual basis, but for more important portfolio companies more regular monitoring (bi-annual or quarterly) might be warranted. The key element to implementing a periodic monitoring framework is the establishment of suitable performance indicators and targets as discussed above.

The monitoring process can be streamlined by requiring SOEs to provide standard form financial and non-financial data. This can be done with varying degrees of sophistication, from simple spreadsheet based templates through to dedicated online data entry portals. More sophisticated systems can facilitate better manipulation of data to identify trends; provide cross-sector or inter-temporal analysis; and to generate aggregate reports. However, where more complex uses of the data is not required, the risk of elaborate data entry systems is that they fall into disuse by the SOEs.

Where possible the data required should seek to conform to the existing data requirements placed on the company. For instance, financial data requirements should preferably be based in the relevant accounting standards that the SOEs are required to adopt for their financial statements.

The periodic monitoring can occur on several levels:

- as an initial check, the ownership entity can ensure that all periodic reports and actions (such as preparation of annual financial statements; external audit) are being performed by the SOE and are on time;
- all variances between the actual financial and non-financial results and the budgeted results (as set out in the relevant performance agreement) should be documented;
- SOEs can be asked to document reasons for any unexpected variances, or alternatively this can be done via face to face meetings between the SOE and the ownership entity;
- Large or unjustified variances from planned results should be escalated through the system. This might mean, for example, that the major issues arising from the performance review are discussed between the Chairman of the SOE and the head of the Ownership Unit. Depending on the structure, significant issues might be reported to the Minister or a Parliamentary oversight committee;
- Depending upon the nature of the performance monitoring agreements, the variations may give rise to consequences under the agreement (refer to the next section for performance incentives);
- Periodic public disclosure of SOE performance can be made against the budgeted objectives, or relevant benchmarks. This can act as a strong incentive for managers and boards to improve the performance.

Source: State Owned Enterprise Handbook – World Bank

ANNEX 2: EXAMPLES OF PERFORMANCE AGREEMENTS

Italy: The Ministry of Economy and Finance, which is the ownership entity, carries out a constant monitoring on SOE's performance and management. Each company is thus required to provide the ministry with the following detailed information and documents: The annual budget for the incoming year; half-yearly reports on performance and financial results, which details the differences between the budget and the previous year's figures; and the estimated year -end figures. SOEs are also required to point out potentially critical issues and give all relevant information, including the business plans approved by the board. In addition, the shareholder can receive information on each SOE by its representatives appointed at both the Board of Directors and the Board of Auditors. (The Italian Civil Code [Art. 2449] allows the State as an owner to appoint one or more members of the Board of Directors and of the Board of Statutory Auditors with the same rights and duties of board members chosen by GSM.)

Greece: A specific and interesting process is being developed in Greece in the framework of the current broad reforms on SOE governance. A specific Management Information System has been put in place to collect directly from the SOE's own information systems the relevant data to monitor their performance. Monthly data will be automatically compared to budget data. The whole system of business plans, budget and performance monitoring will be based on the same data, allowing a closer monitoring and thus greater transparency and accountability.

France:

The program contract between EDF and the State (1997-2000)

The contract articulated EDF's public service missions and provided new development perspectives in France and abroad, while anticipating the upcoming electricity market liberalization. EDF was granted the right to diversify its service offer to complement its core activity of supply of electricity. In return, EDF committed to readjust its rate and reduce its costs with the objective that EDF's rate drops by 14% by the end of the contract. Financial relations with the State were rationalized, particularly the capital remuneration which the State authorized. The State committed that no new expenditure unrelated to the enterprise's activity would be imposed on EDF without compensation. The enterprise committed to pursue reforms aimed at productivity gains and to ensure its investments were funded and that rates would decrease. Objectives were well attained, particularly with respect to a decrease in the rate, a diversification of activities, and international growth.

The Program Contract between the Postal Services and the State (1998-2001)

This contract determined the mutual commitments and obligations. It articulated the enterprise's missions and strategic orientations in the various fields of intervention (mail, packages, and financial services). It set the objectives regarding localized access to services – through the post office network- and regarding the quality of services, i.e. maximization of human resources and adaptation to new technologies. The post office committed to improve its global performance and set quantified objectives: the gross operation surplus had to reach 6% of the turnover. The Postal Services agreed to improve analytical accounting. In return, the State committed to compensate the Postal Services for national and local development, for press transportation and dispatching, and to stabilize retirement contributions. Regarding financial services, the State eliminated the obligation to centralize positive balance assets of postal accounts on the Treasury's Account. This measure eliminated the particularity of the management of postal services and placed it on a level playing field with other financial operators. This contract contained – which was a novelty – precise and quantified indicators regarding service quality, management and costs, which favored an annual monitoring of the enterprise. The objectives were practically all met. However, the reduction of the legal working week to 35 hours caused disconnect with salary objectives. On the other hand, it gave the enterprise the opportunity to improve its work organization and services to clients locally.

Source: Albert & Buisson (2002).

ANNEX 3: SOES LISTED BY SECTOR AND OWNERSHIP

Enterprise	Industrial Sector	Percentage state ownership
Wholly-owned state-owned enterprises		
CNSS	Social	100%
ENER	Public Works	100%
EPBR	Fishing	100%
FIO	Social	100%
Imprimerie Nationale	Mint	100%
Mauripost	Postal	100%
PAN	Maritime Transport	100%
PANPA	Maritime Transport	100%
SB Rosso	Maritime Transport	100%
SMH	Energy/Petroleum	100%
SNDE	Water	100%
SOMELEC	Electricity	100%
SOMIR	Energy/Petroleum	100%
SONADER	Agriculture/Rural	100%
Mixed-ownership enterprises (d'économies mixtes)		
Majority-owned		
SOCOGIM	Construction	99,14%
SNIM	Mining	78,35%
SAN		70,6%
SONIMEX		65,9%
SAFA	Industry	58,5%
ALMAP		51,0%
Chinguetty Bank	Finance	50,0%
Minority-owned		
Mauritel	Telecommunications	46,0%
Mauritel Mobiles	Telecommunications	46,0%
MPN	Fishing	45,1%
SAMMA	Maintenance	40,9%
SAMIA	Mining	39,17%
SMCP	Fishing	35,0%
NAFTEC	Petroleum Products	34,0%
SOMAGAZ	Energy/Gas	34,0%
SALIMAUREM	Fishing	30,0%
SAM	Air transport/airports	12,0%

Source: MF/DGI/DGE

ANNEX 4: EPAS AND EPICS DECISIONS FOR STATE PRIOR APPROVAL

For EPAs:

- The composition of the market and contract committee;
- The mid-term plan;
- The investment program;
- The financing plan;
- The budget;
- The decision to have recourse to credit;
- Financial participations;
- Levies, royalties or charges and taxes;
- Donations, gifts or subsidies;
- Real estate sales;
- Annual report and accountancy;
- Remuneration scales;
- Staff's terms of employment;
- Opening of new offices or branches; organizational charts;
- EPA's policies;
- Nomination and appointment for leadership and responsibilities positions.

For EPICs:

- The composition of the market and contract committee;
- The mid-term plan and eventually the program contract;
- The investment program;
- The financing plan;
- Financing budgets on public funds;
- Real estate sales;
- Guaranteed loans and credits;
- Royalties or charges for goods and services;
- Financial participations;
- Annual reports and accounts;
- Remuneration scales.

For SCPs:

- The composition of the market and contract committee;
- The mid-term plan and eventually the program contract;
- The investment program.

Source: Ordinance no. 90-09 of April 4, 1990.

ANNEX 5: ORDINANCE NO. 90-09,APRIL 4, 1990

TITRE I
DISPOSITIONS GENERALES

ARTICLE PREMIER : La présente ordonnance a pour objet de définir le statut des établissements publics et des sociétés à capitaux publics, et de régir les relations de ces entités avec l'Etat.

ART.2: Au sens de la présente ordonnance, on entend par :
- **établissements publics** : des personnes morales de droit public, spécialisées, assurant la gestion d'un service public, dotées d'un patrimoine propre et de l'autonomie financière et ne bénéficiant d'aucune participation privée ;
- **sociétés à capitaux publics** : des sociétés anonymes, industrielles ou commerciales, dont l'Etat et / ou les autres personnes publiques détiennent :
-soit la totalité du capital (ci-après désignées « sociétés nationales »);
-soit une partie du capital social, le reste des actions étant détenu par le capital privé (ci-après désignées ''sociétés d'économie mixte'').

ART.3: Sont soumis aux dispositions de la présente ordonnance et des règlements pris pour son application :
1- les établissements publics ;
2- les sociétés nationales ;
3- les sociétés d'économie mixte dont l'Etat, et / ou les autres personnes publiques détiennent plus de cinquante pour cent (50%) du capital social ;
4- sous réserve de l'ordonnance 88-050 du 24 avril 1988 et des textes réglementaires afférents à la profession bancaire, les banques et établissements financiers dont l'Etat et / ou les autres personnes publiques détiennent la majorité du capital social ;
5- mutatis mutandis les établissements publics et les sociétés à capitaux publics rattachées à des personnes publiques mauritaniennes autres que l'Etat, sauf dispositions spéciales prévues à cet effet.
Sont toutefois exclues du champ d'application de la présente ordonnance, la Banque Centrale de Mauritanie (BCM) et la Société Nationale Industrielle et Minière (SNIM).

TITRE II
DISPOSITIONS SPECIALES

SECTION I
Les établissements publics

PARAGRAPHE I
Classification

ART.4: Les établissements publics définis à l'article 2 ci-dessus sont classés en deux catégories:
a. Les établissements publics à caractère administratif (EPA) dont l'activité, le mode de gestion et les relations avec les tiers sont analogues à ceux des services publics administratifs non personnalisés;

b. Les établissements publics à caractère industriel et commercial (EPIC) dont l'activité revêt un caractère industriel ou commercial de par la production ou la vente de biens ou de services et dont l'organisation et le fonctionnement sont analogues à ceux des entreprises privées.

PARAGRAPHE II
Création, dissolution, reclassification et régime juridique

ART.5: Les établissements publics sont créés et dissous par un décret pris en conseil des ministres sur rapport conjoint du ministre chargé de la tutelle et du ministre chargé des finances après avis du ministre chargé du plan et le cas échéant, des collectivités régionales ou locales.
Le décret de création fixe les règles d'organisation et de fonctionnement de l'établissement et précise la catégorie dans laquelle il entre.
Dans le cas de certains établissements publics à caractère administratif ayant un objet scientifique, culturel ou technique, le décret de création peut, par dérogation, prévoir des règles d'assouplissement portant notamment sur la gestion administrative, financière et comptable et sur la possibilité d'exploiter des brevets ou des licences, de produire ou de vendre des biens ou services ou d'adopter des statuts particuliers du personnel.
La reclassification d'un établissement public à caractère administratif en établissement public à caractère industriel et commercial est soumise aux formes prévues à l'alinéa premier du présent article, et à la condition que les recettes propres de l'établissement public à caractère administratif couvrent les trois quarts de ses charges d'exploitation. Le décret de dissolution fixe les modalités de la liquidation.

ART.6: Le personnel des établissements publics à caractère administratif est régi soit par le statut de la fonction publique, soit par le statut des agents auxiliaires de l'Etat.
Toutefois, les personnels accomplissant des tâches temporaires ou subalternes peuvent être recrutés suivant les règles du droit du travail.
A l'exception des fonctionnaires en position de détachement qui sont régis par le statut de la fonction publique et ou des agents soumis à la loi n°74-071 du 2 avril 1974 fixant les conditions de recrutement et d'emploi des agents auxiliaires de l'Etat, des collectivités locales et de certains établissements publics, le personnel des établissements publics à caractère industriel et commercial est régi par le code du travail, et la convention collective.
Les salaires, indemnités et avantages du personnel des établissements publics à caractère administratif sont précisés, à chaque fois, par délibération du conseil d'administration annexée au statut du personnel de l'établissement concerné.

ART.7: Les ressources des établissements publics à caractère administratif peuvent être constituées :

1- de subventions et dotations du budget de l'Etat ou des autres personnes publiques;
2- de subventions d'autres personnes de droit public ou droit privé, nationale internationales;
3- de dons et legs;
4- de recettes para - fiscales dont la perception leur est autorisée;
5- de la contrepartie des travaux et prestations qu'ils fournissent.

La comptabilité des établissements publics à caractère administratif est tenue suivant les règles de la comptabilité publique par un agent comptable public nommé par arrêté du ministre chargé des finances. L'agent comptable est responsable de la régularité et l'exécution des opérations de recettes, d'engagement, d'avance, de recouvrement et de paiement. Il est

régisseur unique de la caisse d'avance et de la caisse de recettes de l'établissement. Il est justiciable de la chambre financière de la cour suprême.
Les établissements publics à caractère administratif ne sont pas tenus de reverser leurs recettes au trésor public, sous réserve d'en fournir la situation mensuelle au trésor public.

ART.8: Les recettes des établissements publics à caractère industriel et commercial proviennent essentiellement de la rémunération des prestations, travaux ou produits qu'ils fournissent.
L'Etat peut participer aux besoins de financement des établissements publics à caractère industriel et commercial conformément aux dispositions des articles 22 et 23 ci-après.
Les établissements publics à caractère industriel et commercial gèrent leur patrimoine et les fonds dont ils disposent en vue de la réalisation de leur objet dans les conditions de rentabilité optimum.
La comptabilité des établissements publics à caractère industriel et commercial est tenue suivant les règles de la comptabilité commerciale par un chef comptable ou un directeur financier nommé par le conseil d'administration sur proposition du directeur général.
Le chef comptable, ou le directeur financier le cas échéant, est responsable conformément à l'ordonnance portant règlement général de la comptabilité publique de la passation des écritures, de la tenue des livres journaux et de la présentation, dans les délais utiles, de tous les documents financiers et comptables de son établissement. Il est justiciable de la chambre financière de la cour suprême.

ART.9: les établissements publics sont tenus de se conformer aux règles prévues par la réglementation des marchés publics, dans la mesure où ces règles leur sont applicables. A cet effet, le conseil d'administration de chaque établissement désigne en son sein une commission des marchés et contrats. Cette commission a compétence pour tout ce qui relève du fonctionnement de l'établissement. Pour les marchés relatifs aux investissements, les commissions départementales (y compris les commissions prévues pour les établissements publics à caractère industriel et commercial (EPIC) et / ou la commission centrale demeure compétente.
Les dispositions de l'alinéa précédent sont sans préjudice de la possibilité pour les établissements publics à caractère industriel et commercial de passer avec des tiers des contrats qui sont soumis au code des obligations et des contrats.

PARAGRAPHE IV
Organisation et fonctionnement

ART.10: Les établissements publics sont administrés par un organe délibérant appelé « conseil d'administration » dont les attributions sont précisées dans le décret fixant l'organisation et le fonctionnement desdits établissements.
Le conseil d'administration est investi de tous les pouvoirs nécessaires pour orienter, impulser et contrôler les activités de l'établissement, sous réserve des pouvoirs reconnus à l'autorité de tutelle et au ministre chargé des finances par la présente ordonnance.
Un décret pris en conseil des ministres sur rapport conjoint des ministres chargés des finances et du plan et applicable à tous les établissements publics fixera les règles d'organisation et de fonctionnement des conseils d'administration des établissements publics ainsi que les indemnités et autres avantages perçus par les administrateurs au titre de leurs fonctions.
Dans sa mission, le conseil d'administration est assisté par un comité restreint dénommé « comité de gestion » désigné en son sein et à qui il délègue les pouvoirs nécessaires pour le contrôle et le suivi permanent de ses directives.

ART.11: L'organe exécutif des établissements publics comprend, pour les établissements publics à caractère administratif un directeur et éventuellement un directeur adjoint; pour les EPIC un directeur général et éventuellement un directeur général adjoint.
Le directeur et le directeur adjoint ainsi que le directeur général et le directeur général adjoint sont nommés par décret en conseil des ministres, pris sur proposition du ministre chargé de la tutelle. Il est mis fin à leurs fonctions dans les mêmes formes.
Les pouvoirs du directeur ou du directeur général sont définis dans le décret précité portant organisation et fonctionnement des organes délibérants des établissements.

SECTION II
Des Sociétés à Capitaux Publics

PARAGRAPHE
Création

ART.12: A moins qu'elle ne résulte d'une nationalisation ou d'une autre forme d'appropriation par la puissance publique, la création des sociétés nationales ou la prise de participation dans une société d'économie mixte est autorisée par décret pris en conseil de ministres sur rapport conjoint du ministre chargé du secteur dont relève l'activité de ladite société et du ministre chargé des finances.
Le décret précise aussi, le cas échéant, le montant et les modalités de la participation de l'Etat au capital social.
Sous réserve des règles spéciales prévues par la présente ordonnance, les sociétés à capitaux publics sont soumises aux règles du droit commercial.
Un statut type des sociétés à capitaux publics sera approuvé par décret pris en conseil des ministres sur rapport des ministres chargés des finances et du plan.

PARAGRAPHE II
Organisation et fonctionnement

ART.13: Les marchés des sociétés nationales sont soumis aux mêmes règles que celles régissant les marchés des établissements publics à caractère industriel et commercial, telles que prévues à l'article 9 ci-dessus.

ART.14: La gestion financière et comptable des sociétés à capitaux publics est tenue suivant les règles de la comptabilité commerciale par un chef comptable ou un directeur financier nommé par le conseil d'administration sur proposition du directeur général. Le chef comptable ou le directeur financier, le cas échéant, des sociétés à capitaux publics est justiciable devant la chambre financière de la cour suprême.

ART.15: L'Etat et les personnes publiques actionnaires d'une société à capitaux publics disposent d'un nombre de sièges au moins proportionnel à leur participation au capital de ladite société.
Les représentants de l'Etat au sein du conseil d'administration desdites sociétés sont nommés par décret pris en conseil des ministres sur proposition du ministre chargé du secteur dans lequel l'entreprise exerce son activité.
Sous réserve des dispositions des alinéas précédents, les sociétés à capitaux publics sont administrées par un conseil d'administration régi par les dispositions de l'article 10 ci-dessus relatives à l'organe délibérant des établissements publics.

ART.16: L'organe exécutif des sociétés à capitaux publics comprend un directeur général et éventuellement un directeur général adjoint qui n'ont pas obligatoirement la qualité de fonctionnaire.
Le directeur général et son adjoint sont nommés par le conseil d'administration sur proposition du ministre chargé du suivi de la société. Il est mis fin à leurs fonctions dans les mêmes formes. Les conditions de leur rémunération sont fixées par le conseil d'administration et approuvées par l'assemblée générale.

ART.17: Pour les sociétés à capitaux publics, chaque actionnaire désigne pour le représenter à l'assemblée générale un représentant dont le pouvoir de vote est égal au pourcentage des actions par lui détenues dans le capital.
L'assemblée générale se réunit au moins une fois par an et au plus tard dans un délai de trois mois suivant la clôture de l'exercice et autant de fois qu'elle le juge nécessaire. Elle entend le rapport du commissaire aux comptes et l'approuve le cas échéant, décide de l'affectation des résultats de la société, donne quitus au conseil d'administration pour sa gestion, fait rapport au ministre chargé du suivi de la société et au ministre chargé des finances sur l'exercice clos et sur les perspectives de la société.
Les représentants de l'Etat à l'assemblée générale d'une société à capitaux publics sont nommés par arrêté du ministre des finances.
Lorsque l'Etat se trouve être l'actionnaire unique dans une société nationale, les pouvoirs de l'assemblée générale sont exercés, sous la surveillance du ministre des finances, par le conseil d'administration de ladite société.

ART.18: Les sociétés à capitaux publics dont l'Etat se trouve être le seul actionnaire, sont dissoutes par décret. Pour les autres sociétés à capitaux publics la dissolution est décidée par l'assemblée générale réunie en session extraordinaire.
Dans les deux cas, les modalités de liquidation sont précisées dans l'acte de dissolution.

TITRE III
DISPOSITIONS COMMUNES
SECTION I
Relations de l'Etat avec les entreprises

ART.19: Constituent les entreprises publiques au sens des articles suivants, les établissements publics à caractère industriel et commercial et les sociétés à capitaux publics visées à l'article 3.

ART.20: Le ministre chargé de la tutelle dispose des pouvoirs d'autorisation, d'approbation, de suspension ou d'annulation. Il dispose également, du pouvoir de substitution, après mise en demeure restée infructueuse, pendant quinze (15) jours, en ce qui concerne l'inscription au budget ou compte prévisionnel des dettes exigibles et charges obligatoires.
Les actes de suspension ou d'annulation doivent être expressément motivés.
L'autorité de tutelle exerce ses pouvoirs en ce qui concerne :
a- pour les établissements publics à caractère administratif :
1- composition de la commission des marchés et contrat de l'entreprise;
2- plan à moyen terme;
3- programme d'investissement;
4- plan de financement;
5- budget;

6- prêts et emprunts;
7- participations financières;
8- tarifs, redevances et taxes;
9- dons, legs ou subventions;
10- ventes immobilières ;
11- rapports annuels et comptes ;
12- échelles de rémunération ;
13- statuts du personnel ;
14- ouverture d'agences et de bureaux ;
15- organigramme ;
16- règlement intérieur ;
17- nomination aux postes de responsabilité ainsi que la révocation desdits postes.

b- pour les établissements publics à caractère industriel et commercial :
1- composition de la commission des marchés et contrats de l'entreprise;
2- plan à moyen terme et, le cas échéant, contrat programme;
3- programme d'investissement;
4- plan de financement;
5- budget de financement sur fonds publics;
6- ventes immobilières;
7- emprunts garantis et prêts;
8- redevances;
9- participations financières;
10- rapport annuel et comptes;
11- échelle de rémunération.

Toutefois, les actes ou documents à incidence financière doivent être communiqués au ministre chargé des finances, en sa qualité de gestionnaire de portefeuille de l'Etat, lequel communiquera, le cas échéant, à l'établissement et à l'autorité de tutelle concernés, des avis, décisions ou mesures qu'il a décidé de prendre à ce sujet . En vertu des dispositions de l'alinéa précédent, font l'objet d'une approbation conjointe du ministre de tutelle et du ministre chargé des finances les douze (12) premiers actes ou documents cités au point (a) de l'alinéa 3 du présent article et les dix (10) derniers actes ou documents cités au point (b) du même alinéa.

ART.21: Sont soumis à l'approbation du ministre chargé du secteur dans lequel s'exerce l'activité de la société à capitaux publics les trois (3) premiers actes ou documents prévus au point (b) de l'alinéa 3 de l'article 20 ci-dessus.

ART.22: Les relations entre l'Etat et les entreprises publiques telles que prévues par la présente ordonnance et les règlements pris pour son application, peuvent être précisées par un contrat programme dûment signé par l'Etat et l'entreprise concernée.
Le contrat programme définit, en cohérence avec les orientations du plan national de développement, les objectifs d'ordre économique et social de l'entreprise ainsi que les engagements réciproques entre celles-ci et l'Etat. Il est révisable à chaque fois que l'évolution de la conjoncture l'exige. Le contrat programme est approuvé par ordonnance.

ART.23: L'Etat peut, pour des raisons de service public, imposer à une entreprise publique, des contraintes particulières. Lorsqu'en raison de ces nouvelles obligations, l'entreprise ne peut générer les recettes nécessaires pour couvrir ses charges d'exploitation, l'entreprise ne

sera tenue de respecter la demande de l'Etat que dans la mesure où ce dernier lui accorde une subvention correspondant au déficit engendré par l'intervention de la puissance publique.

SECTION II
Contrôles et sanctions

ART.24: Pour chaque établissement public ou société à capitaux publics, il est désigné un ou plusieurs commissaires aux comptes par arrêté du ministre chargé des finances.
Les commissaires aux comptes ont pour mandat de vérifier les livres, les caisses, le portefeuille et les valeurs de l'établissement ou de la société et de contrôler la sincérité des inventaires, des bilans et des comptes.
A cet effet, ils peuvent opérer à tout moment les vérifications et les contrôles qu'ils jugent opportuns et font rapport à l'assemblée générale ou au conseil d'administration. S'ils le jugent opportun, les commissaires aux comptes peuvent demander la convocation d'une session extraordinaire de l'assemblée générale ou du conseil d'administration.
Les commissaires aux comptes, les inspecteurs des finances et les auditeurs externes sont tenus d'adresser copie de leurs rapports au contrôle général d'Etat.

ART.25: Sous réserve des dispositions suivantes, les commissaires aux comptes doivent être choisis parmi les experts-comptables figurant sur le tableau de l'ordre national des experts-comptables:
a- Pour les établissements publics à caractère administratif, les commissaires peuvent être choisis parmi les administrateurs de régie financière. A cet effet, ils prêtent serment à moins qu'ils ne l'aient déjà fait au titre de leurs fonctions et doivent avoir une expérience des techniques et vérifications comptables.
b- Pour les établissements publics à caractère industriel et commercial, ou sociétés à capitaux publics, dont le chiffre d'affaires le justifie, l'assemblée générale ou le conseil d'administration peut, à titre exceptionnel, désigner des experts comptables parmi les maisons d'audit étrangères.

ART.26: Ne peuvent être choisis comme commissaires aux comptes :
1- Les parents ou alliés jusqu'au quatrième degré inclusivement ou les conjoints de membres de l'organe délibérant et de l'organe exécutif.
2- Les personnes recevant sous une forme quelconque, en raison de fonctions autres que celles de commissaires aux comptes, un salaire ou rémunération des membres de l'organe exécutif.
3- Les personnes à qui la fonction de gérant ou d'administrateur est interdite ou qui sont déchues du droit d'exercer cette fonction.
4- Les conjoints des personnes ci-dessus visées.

ART.27: L'inventaire, le bilan et les comptes de chaque exercice doivent être mis à la disposition du commissaire aux comptes avant la réunion du conseil d'administration ayant pour objet leur adoption avant la fin du délai de trois mois suivant la clôture de l'exercice.
Le commissaire aux comptes établit un rapport dans lequel il rend compte au ministre chargé des finances de l'exécution du mandat qui lui est confié et signale, le cas échéant, les irrégularités et inexactitudes qu'il aura relevées. Ce rapport est transmis à l'assemblée générale ou au conseil d'administration.

ART.28: Les établissements publics et les sociétés à capitaux publics sont assujettis aux contrôles externes prévus par les dispositions législatives et réglementaires régissant le contrôle des finances publiques.

ART.29: Les organes compétents des établissements publics, des sociétés à capitaux publics, doivent instituer des mécanismes de contrôle interne.

ART.30: Les opérations de contrôle, de quelque régime qu'elles procèdent, doivent être conduites de manière à causer un minimum d'interférences et de perturbations aux activités de l'entreprise contrôlée. En particulier, les agents de contrôle limiteront leurs opérations à la recherche et à la constatation des faits et actes en rapport avec leur mission.

ART.31: En cas de carence, d'irrégularité ou de négligence, le conseil d'administration d'un établissement public ou d'une société nationale où l'État se trouve être l'unique actionnaire, ou les membres représentant l'État au conseil d'administration d'une société d'économie mixte peuvent être dissous, suspendus ou relevés de leurs missions par décret sur proposition motivée du ministre chargé de la tutelle ou du ministre chargé du secteur dans lequel s'exerce l'activité de la société. Les représentants de l'Etat à l'assemblée générale d'une société à capitaux publics peuvent aussi être déchargés de leur mission par arrêté du ministre des finances.
Le décret de suspension, de dissolution, ou celui qui relève les administrateurs de leur mission peut désigner un administrateur provisoire. Si les irrégularités, la carence ou la négligence sont imputables à un ou plusieurs membres du conseil d'administration ou de l'assemblée générale, il(s) sera ou seront frappé(s) d'incapacité de l'exercice de sa (leur) fonction pendant une période pouvant aller jusqu'à cinq ans, sans préjudice des sanctions pénales applicables et des actions civiles éventuelles.

ART.32: Au cas où un directeur général est relevé de ses fonctions pour irrégularité ou mauvaise gestion, il est frappé d'incapacité pour l'exercice de cette fonction pendant une période pouvant aller jusqu'à cinq ans, sans préjudice des sanctions disciplinaires et pénales applicables et des actions civiles éventuelles.

ART.33: Tout commissaire aux comptes qui a donné ou confirmé des informations mensongères sur la situation de l'établissement public, ou de la société à capitaux publics, dont il a la charge, ou qui n'a pas révélé à la justice les faits délictueux dont il a eu connaissance dans l'exécution de ses fonctions est puni d'emprisonnement de un à cinq ans et d'une amende de deux cent mille (200.000) à deux millions (2.000.000) d'ouguiya ou une des deux peines seulement, sans préjudice des poursuites civiles ou disciplinaires éventuelles.
L'interdiction d'exercer l'activité pendant une période de cinq (5) ans sera prononcée à l'encontre de tout commissaire aux comptes qui a été sanctionné à la suite du présent article.

TITRE IV
DISPOSITIONS DIVERSES

ART.34: Un décret pris en conseil des ministres sur rapport conjoint des ministres chargés des finances et du plan, procédera à la classification des établissements publics et sociétés à capitaux publics visés à l'article 3 ci-dessus en fonction des diverses catégories d'établissements publics et sociétés à capitaux publics soumis aux dispositions de la présente ordonnance. Cette classification abroge, le cas échéant, les classements antérieurs contraires prévus dans les textes de création.

Les statuts des établissements et des sociétés à capitaux publics concernés doivent être mis en harmonie avec les dispositions de la présente ordonnance.

TITRE V
DISPOSITIONS FINALES

ART.35: Sans préjudice des cas d'habilitation spécialement prévus par la présente ordonnance, des décrets d'application seront adoptés, en tant que de besoin, par le conseil des ministres sur rapport conjoint des ministres chargés des finances et du plan.

ART.36: La présente ordonnance abroge et remplace les dispositions antérieures contraires ou incompatibles et notamment celles de l'ordonnance n° 84-038 du 25 février 1984.

ART.37: La présente ordonnance sera exécutée comme loi de l'Etat.

ANNEX6: DECREE NO. 90-118, AUGUST, 19 1990

ARTICLE PREMIER: Les dispositions du présent décret sont conformes aux dispositions de l'ordonnance 90-09 du 4 avril 1990 portant statut des établissements publics et des sociétés à capitaux publics et régissant les relations de ces entités avec l'Etat et en particulier les termes établissements publics à caractère administratif ou à caractère industriel et commercial, les sociétés à capitaux publics et les sociétés nationales ont ici le même sens que dans ladite ordonnance.
ART.2: L'administration des établissements publics ci-après dénommés (établissements) et des sociétés à capitaux publics ci-après dénommés (sociétés) est assurée par des conseils d'administration.
Le président et les membres de ces conseils d'administration sont nommés par décret sur proposition du ministre chargé de la tutelle. Ils sont choisis pour leur intégrité et leur compétence aux fins d'orienter utilement les activités de l'établissement public ou de la société à capitaux publics dans le sens des objectifs qui lui sont assignés. Leur mandat est de trois (3) ans renouvelables sans limitation. Toutefois, le mandat cesse de plein droit lorsqu'un membre perd la qualité en raison de laquelle il a été désigné. A défaut de renouvellement de son mandat, le conseil d'administration ne peut tenir réunion; s'il passe outre, ses décisions sont considérées comme nulles et non avenues.

ART.3: En plus des représentants de l'Etat, chaque conseil d'administration peut comprendre des représentants des usagers et du personnel. Pour les établissements publics à caractère administratif, les établissements publics à caractère industriel et commercial et les sociétés nationales, le conseil comprend obligatoirement un représentant du ministère chargé de la tutelle, un représentant du ministère chargé des finances et un représentant du ministère chargé du plan.

ART.4: Le conseil d'administration est présidé par une personne dont l'expérience professionnelle, l'intégrité morale, la compétence et les qualités en matière d'administration et de gestion sont prouvées. En particulier, pour les établissements publics à caractère administratif, le président du conseil d'administration est un haut fonctionnaire de l'Etat. En vue d'assurer la préparation des sessions et la communication en temps utile des documents aux administrateurs, le président du conseil d'administration est assisté par un secrétariat au niveau de la direction générale de l'établissement ou de la société le cas échéant.

ART.5: Le conseil d'administration délibère, d'une manière générale, sur toute question utile pour orienter l'activité de l'établissement ou de la société ou sa gestion.
Il a notamment attribution pour délibérer sur les questions suivantes:
- l'approbation des comptes de l'exercice passé et du rapport annuel de l'activité;
- les plans de l'établissement;
- l'approbation des budgets;
- l'autorisation des emprunts, avals et garanties;
- l'autorisation des ventes immobilières;
- la fixation des conditions de rémunération y compris celles des directeurs, des directeurs généraux et leur adjoint ;
- l'approbation des tarifs et révisions y afférentes;
- l'autorisation des prises de participations financières;
- l'adoption des règlements intérieurs des commissions des marchés et des contrats.

ART.6: Le conseil d'administration se réunit en session ordinaire trois (3) fois par an sur convocation de son président et autant de fois que le nécessitent la gestion et l'administration de l'établissement ou de la société en session extraordinaire.
En cas de réunion en session extraordinaire, le ministre chargé de la tutelle est chaque fois informé au préalable. La présence aux sessions ordinaires est obligatoire.
Trois (3) absences consécutives non justifiées d'un administrateur entraînent de plein droit la cessation du mandat de celui-ci. A cet effet, le président du conseil d'administration en informe le ministre de tutelle qui prend les dispositions nécessaires pour le remplacement dudit administrateur.

ART.7: Le conseil d'administration désigne en son sein un comité de gestion tel que prévu à l'article 10 de l'ordonnance 90-09, chargé d'assurer le contrôle et le suivi permanent de l'exécution des délibérations et directives de celui-ci.
Ce comité est composé de quatre membres dont obligatoirement le président du conseil d'administration. Il se réunit une fois au moins tous les deux mois et autant de fois que nécessaire.

ART.8: Le conseil d'administration ne peut délibérer valablement que si la moitié de ses membres assistent à la réunion. Les décisions sont prises à la majorité simple des membres présents; en cas de partage des voix, celle du président est prépondérante.
Le directeur ou le directeur adjoint selon le cas assiste aux sessions du conseil d'administration avec voix consultative.
La direction ou la direction générale de l'établissement ou de la société assure le secrétariat et prépare le procès-verbal qui est signé par le président et deux membres au moins du conseil d'administration.
Le procès-verbal d'une session du conseil d'administration est inscrit sur un registre spécial ouvert à cet effet numéroté et paraphé par le président du conseil d'administration. Ce procès-verbal est transmis dans les huit (8) jours qui suivent la dernière séance.

ART.9: Les délibérations du conseil d'administration sur les questions énumérées à l'article 20 de l'ordonnance 90-09 en date du 4 avril 1990 portant statut des établissements publics, et des sociétés à capitaux publics, et régissant les relations de ces entités avec l'Etat sont soumises au pouvoir d'approbation, de suspension, d'annulation et de substitution prévus par le même article.
Les délibérations frappées d'opposition ou de suspension sont soumises de nouveau au conseil d'administration. Si celui-ci maintient la précédente délibération, le ministre chargé de la tutelle prend les dispositions nécessaires en vue d'aboutir à une solution appropriée.
Toutes les délibérations susceptibles d'opposition, de suspension, d'annulation et de substitution deviennent exécutoires à l'expiration d'un délai de quinze (15) jours à partir de la date de réception des procès-verbaux si le ministre chargé de la tutelle n'a pas notifié une opposition motivée avant l'expiration de ce délai.

ART.10: Le conseil d'administration délibère sur la base des documents de travail énumérés ci-dessous qui doivent être distribués ainsi qu'un ordre du jour de la session huit (8) jours au moins avant la tenue de la session :
- un rapport d'activité sur la période écoulée précisant les progrès réalisés depuis la cession précédente, le degré de réalisation des objectifs assignés et, éventuellement, les écarts entre les activités projetées et celles effectivement réalisées;
- les balances pour la même période ainsi qu'un tableau des ressources;

- tout autre document prescrit par le conseil d'administration et notamment le plan d'action à moyen terme et les plans d'activité annuels qui devront être élaborés et présentés en même temps que le budget.

ART.11: Le conseil d'administration est tenu de transmettre au ministre chargé de la tutelle, au plus tard le 30 juin et le 31 décembre de chaque année un rapport circonstancié et confidentiel sur l'appréciation de la gestion des directeurs des directeurs généraux et de leur adjoint.
Ce rapport portera sur l'assiduité, la discipline, la conduite des hommes, la réalisation des objectifs assignés à l'établissement ou à la société et les résultats attendus. Il servira notamment à noter la direction ou la direction générale selon le cas et à impulser son activité.

ART.12: Les membres du conseil d'administration des établissements publics à caractère administratif, reçoivent au titre de leur participation aux réunions dudit conseil les indemnités suivantes :
Président : cinq mille (5.000) ouguiya par session;
Membres : trois mille (3.000) ouguiya par session.
Pour les établissements publics à caractère industriel et commercial et les sociétés à capitaux publics le conseil d'administration fixe le montant de ces indemnités. Lorsque l'entreprise publique qu'ils administrent réalise des bénéfices, les administrateurs pourraient après délibération du conseil d'administration, et accord de l'autorité chargée de la tutelle bénéficier d'une prime dite d'intéressement.
Cette prime n'est accordée qu'à la condition que les bénéfices et améliorations soient significatifs et dûment constatés. Elle ne doit dépasser (2%) du bénéfice net de l'exercice. Les montants accordés aux administrateurs au titre de prime d'intéressement ne peuvent être supérieurs à 300.000 UM pour le président et 200.000 UM par membre et par exercice. Les membres du conseil d'administration ne peuvent bénéficier d'un quelconque avantage autres que ceux prévus par le présent article. Il en est de même des présidents de conseil, sauf demande expresse du ministre de tutelle. Toutefois, les administrateurs peuvent être remboursés pour les frais qu'ils ont pu supporter dans l'exercice de leur fonction en tant qu'administrateurs lorsque lesdits frais sont justifiés.

ART.13: En attendant la mise en place du statut type des sociétés à capitaux publics prévu à l'article 12 de l'ordonnance 90-09 en date du 4 avril 1990 portant statut des établissements publics, et des sociétés à capitaux publics, et régissant les relations de ces entités avec l'Etat, le fonctionnement des conseils d'administration des sociétés à capitaux publics telles que prévues à l'article 3 de ladite ordonnance, est régi par les dispositions du présent décret.

ART.14: En cas de carence, négligence ou irrégularité dûment constatée par l'autorité de tutelle ou l'un des organes de contrôle prévus par la législation en vigueur les administrateurs sont soumis aux dispositions de l'article 31 de l'ordonnance n° 90-09 du 4 avril 1990 portant statut des établissements publics et des sociétés à capitaux publics, et régissant les relations entre ces entités et l'Etat.

ART.15: Sont abrogées toutes dispositions antérieures contraires au présent décret et notamment celles du décret n° 84-117 du 28 juin 1984.

ANNEX 7: EXTRACTS OF EXISTING LAWS ON OVERSIGHT

Ordonnance No. 90-009 du 4 avril 1990 portant statut des établissements publics et les societés à capitaux publics et régissant les relations de ces entités avec l'Etat.

ART.20: Le ministre chargé de la tutelle dispose des pouvoirs d'autorisation, d'approbation, de suspension ou d'annulation. Il dispose également, du pouvoir de substitution, après mise en demeure restée infructueuse, pendant quinze (15) jours, en ce qui concerne l'inscription au budget ou compte prévisionnel des dettes exigibles et charges obligatoires.
Les actes de suspension ou d'annulation doivent être expressément motivés.
L'autorité de tutelle exerce ses pouvoirs en ce qui concerne :
a- pour les établissements publics à caractère administratif :
1- composition de la commission des marchés et contrat de l'entreprise;
2- plan à moyen terme;
3- programme d'investissement;
4- plan de financement;
5- budget;
6- prêts et emprunts;
7- participations financières;
8- tarifs, redevances et taxes;
9- dons, legs ou subventions;
10- ventes immobilières ;
11- rapports annuels et comptes ;
12- échelles de rémunération ;
13- statuts du personnel ;
14- ouverture d'agences et de bureaux ;
15- organigramme ;
16- règlement intérieur ;
17- nomination aux postes de responsabilité ainsi que la révocation desdits postes.

b- pour les établissements publics à caractère industriel et commercial :
1- composition de la commission des marchés et contrats de l'entreprise;
2- plan à moyen terme et, le cas échéant, contrat programme;
3- programme d'investissement;
4- plan de financement;
5- budget de financement sur fonds publics;
6- ventes immobilières;
7- emprunts garantis et prêts ;
8- redevances;
9- participations financières;
10- rapport annuel et comptes;
11- échelle de rémunération.

Toutefois, les actes ou documents à incidence financière doivent être communiqués au ministre chargé des finances, en sa qualité de gestionnaire de portefeuille de l'Etat, lequel communiquera, le cas échéant, à l'établissement et à l'autorité de tutelle concernés, des avis, décisions ou mesures qu'il a décidé de prendre à ce sujet . En vertu des dispositions de l'alinéa précédent, font l'objet d'une approbation conjointe du ministre de tutelle et du ministre chargé des finances les douze (12) premiers actes ou documents cités au point (a) de

l'alinéa 3 du présent article et les dix (10) derniers actes ou documents cités au point (b) du même alinéa.

ART.21: Sont soumis à l'approbation du ministre chargé du secteur dans lequel s'exerce l'activité de la société à capitaux publics les trois (3) premiers actes ou documents prévus au point (b) de l'alinéa 3 de l'article 20 ci-dessus.

ART.22: Les relations entre l'Etat et les entreprises publiques telles que prévues par la présente ordonnance et les règlements pris pour son application, peuvent être précisées par un contrat programme dûment signé par l'Etat et l'entreprise concernée.
Le contrat programme définit, en cohérence avec les orientations du plan national de développement, les objectifs d'ordre économique et social de l'entreprise ainsi que les engagements réciproques entre celles-ci et l'Etat. Il est révisable à chaque fois que l'évolution de la conjoncture l'exige. Le contrat programme est approuvé par ordonnance.

ART.23: L'Etat peut, pour des raisons de service public, imposer à une entreprise publique, des contraintes particulières. Lorsqu'en raison de ces nouvelles obligations, l'entreprise ne peut générer les recettes nécessaires pour couvrir ses charges d'exploitation, l'entreprise ne sera tenue de respecter la demande de l'Etat que dans la mesure où ce dernier lui accorde une subvention correspondant au déficit engendré par l'intervention de la puissance publique.

Décret No. 179-2008 /PM, relatif aux attributions du Ministre des Finances et à l'organisation de l'administration centrale de son département

. **ART. 3** : Le Ministre des Finances exerce, la tutelle financière sur les établissements publics et sur toutes les collectivités territoriales et autres organismes nationaux dans lesquels l'Etat détient une participation ; il est représenté dans toutes les commissions des marchés et dans tous les établissements publics où l'Etat détient une participation.
.
III.5.3 La Direction de la Tutelle Financière

ART. 98 : La Direction de la Tutelle Financière assure le suivi financier des établissements publics, des sociétés à capitaux publics et autres organismes dans lesquels l'Etat détient une participation. Elle conduit le processus de la normalisation comptable et financière et assure le Secrétariat permanent du Conseil national de la Comptabilité.
La Direction de la Tutelle Financière comprend trois services :
- le Service de la Tutelle financière ;
- le Service des Etudes et Bases de Données ;
- le Service de la Comptabilité.

ART. 99 : Le Service de la Tutelle Financière est chargé du suivi financier des établissements publics, des sociétés à capitaux publics et autres organismes dans lesquels l'Etat détient une participation. Il comprend quatre divisions :
- la Division des Etablissements publics à caractère administratif ;
- la Division des Etablissements publics à caractère industriel et commercial ;
- la Division des Sociétés à capitaux publics ;
- la Division du Portefeuille et de la Restructuration.

ART. 100 : Le Service des Etudes et Bases de Données est chargé de réaliser ou coordonner les études liées à la mission de la Direction. Il comprend deux divisions :

- la Division des Etudes ;
- la Division des Bases de Données.

ART. 101: Le Service de la Comptabilité est chargé de la normalisation comptable et financière et assure le Secrétariat permanent du Conseil national de la Comptabilité. Il comprend deux divisions :
- la Division du Secrétariat permanent du CNC ;
- la Division de la Normalisation comptable.

ANNEX 8: INVENTORY OF SOES AND PUBLIC AGENCIES IN MAURITANIA

Name	Status	SECTOR
Agence de Développement Urbain	EPA	URBANISME AMENAGEMENT DU TERRITOIRE
Agence Mauritanienne de Promotion de l'Emploi des Jeunes	EPIC	EDUCATION
Agence Mauritanienne d'Information	EPA	COMMUNICATION
Agence Nationale d'Appui et d'Insertion des Refugiés	EPA	AUTRE
Agence Nationale de l'Aviation Civile	EPIC	EQUIPEMENT TRANSPORTS
Agence nationale des Terrains	EPIC	URBANISME AMENAGEMENT DU TERRITOIRE
Agence Nationale du Registre des Populations et des Titres Sécurisés	EPA	AUTRE
Agence Nationale Pour les Études et le Suivi des Projets	EPA	AUTRE
Agence pour l'Accès Universels aux Services	EPIC	AFFAIRES ECONOMIQUES
Agence pour le Développement de l'Électrification Rurale	EPIC	ENERGIE
ANADER voir loi de finance 2013 page 90		ENERGIE
Autorité Nationale de Radioprotection de Sûreté et de Sécurité Nucléaire	EPA	AUTRE
Bibliothèque Nationale	EPA	CULTURE, JEUNESSE, SPORTS
Caisse Nationale d'Assurance Maladie	EPIC	SANTE
Caisse Nationale de Sécurité Sociale	EPIC	AUTRE
Centrale d'Achat de Medic. Essentiels, Matériels et Consom. Med.	SN	SANTE
Centrale d'Achat des Intrants d'Elevage		DEVELOPPEMENT RURAL
Centre d'Acceuil et de Réinsertion Sociale des Enfants en conflit avec la loi	EPA	JUSTICE
Centre d'Animation Sociale et d'Apprentissage aux Métiers de la Pêche Artisanale et Continentale	EPA	PECHE
Centre de Formation de Perfectionnement et Professionnelle de NKTT	EPA	EDUCATION
Centre de formation des mahadra d'ATAR	EPA	EDUCATION
Centre de formation des mahadra de NEMA		EDUCATION
Centre de Formation et de Perfectionnement de NEMA	EPA	EDUCATION
Centre de Formation Perfectionnement Professionnelle d' AIOUN	EPA	EDUCATION
Centre de Formation Perfectionnement Professionnelle du BRAKNA	EPA	EDUCATION
Centre de Formation Professionnelle d'ATAR		EDUCATION
Centre de Formation Professionnelle de ROSSO	EPA	EDUCATION
Centre de Formation Professionnelle de SÉLIBABY	EPA	EDUCATION
Centre de Formation Professionnelle de TIDJIKJA	EPA	EDUCATION
Centre de Formation Professionnelle de KIFFA	EPA	EDUCATION
Centre de Formation Professionnelle des Mahadras	EPA	EDUCATION
Centre de Formation Professionnelle du GORGOL	EPA	EDUCATION
Centre de Formation Professionnelle Féminine	EPA	AFFAIRES SOCIALES
Centre de Formation Professionnelle pour l'Enfance	EPA	AFFAIRES SOCIALES
Centre de Protection et d'Intégration Sociales des Enfants	EPA	AFFAIRES SOCIALES
Centre Hospitalier d'ALEG	EPA	SANTE
Centre Hospitalier de KAÉDI	EPA	SANTE
Centre Hospitalier de KIFFA	EPA	SANTE
Centre Hospitalier de NEMA	EPA	SANTE
Centre Hospitalier de Nouadhibou	EPA	SANTE
Centre Hospitalier de ROSSO	EPA	SANTE
Centre Hospitalier de Sélibaby	EPA	SANTE
Centre Hospitalier de TIDJIKJA	EPA	SANTE
Centre Hospitalier Cheikh Zayed	EPA	SANTE
Centre Hospitalier d'AIOUN	EPA	SANTE
Centre Hospitalier d'ATAR	EPA	SANTE
Centre Hospitalier Mère Enfant	EPA	SANTE
Centre Hospitalier National	EPA	SANTE
Centre International de Conférence	EPA	AUTRE
Centre National de Cardiologie	EPA	SANTE
Centre National de Formation des Cadres de la Jeunesse et des Sports	EPA	CULTURE, JEUNESSE, SPORTS
Centre National de Lutte Anti Acridien	EPA	DEVELOPPEMENT RURAL
Centre National de Recherches Agronomiques et de Développement Agricole	EPA	DEVELOPPEMENT RURAL
Centre National d'Élevage et de Recherches Vétérinaires	EPA	DEVELOPPEMENT RURAL
Centre National des Œuvres Universitaires	EPA	EDUCATION
Centre National des Ressources en Eau	EPA	EAU ASSINISSEMENT
Centre National d'Oncologie	EPA	SANTE
Centre National d'Orthopédie et de Réadaptation Fonctionnelle	EPA	SANTE
Centre National Transfusion Sanguine	EPA	SANTE
Centre Neuro Psychiatrique	EPA	SANTE
Centre Supérieur d'Enseignement Technique	EPA	EDUCATION
Chambre de Commerce d'Industrie et d'Agriculture de Mauritanie	EPA	COMMERCE INDUSTRIE ARTISANAT TOURISME
Chambre Nationale de l'Artisanat et des Métiers	EPA	COMMERCE INDUSTRIE ARTISANAT TOURISME
Chinguetti Bank	SEM	
COMMISSION NATIONALE DE LA TOPONYMIE	EPA	
COMMISSION NATIONALE DE L'UNESCO	EPA	CULTURE, JEUNESSE, SPORTS

Name	Status	SECTOR
Commission Nationale des Droits de l'Homme	EPA	
Commission Nationale des Hydrocarbures	EPIC	ENERGIE
Conseil National de Comptabilité		FINANCES
Crédit de l'Elevage		DEVELOPPEMENT RURAL
École de Santé Publique de Kiffa	EPA	SANTE
École de Santé Publique de Néma	EPA	SANTE
École de Santé Publique de Rosso	EPA	SANTE
École de Santé Publique de Sélibaby	EPA	SANTE
École des Mines de Mauritanie	EPA	
École Nationale d'Administration, de Journalisme et de Magistrature	EPA	EDUCATION
École Nationale de Formation et de Vulgarisation Agricoles	EPA	DEVELOPPEMENT RURAL
École Nationale de Santé Publique	EPA	SANTE
École Nationale d'Enseignement Maritime et des Pêches	EPA	PECHE
École Nationale des Instituteurs d'AIOUN	EPA	EDUCATION
École Nationale des Instituteurs de NKTT	EPA	EDUCATION
École Normale Supérieure	EPA	EDUCATION
Etablissement National des Awqaf EPIC décret N° 57/97 Du 280697	EPIC	EDUCATION
Établissement National pour l'Entretien Routier	EPIC	EQUIPEMENT TRANSPORTS
Établissement Portuaire de la Baie de repos	EPIC	PECHE
Établissement pour la Réhabilitation et la Rénovation de la Ville de Tintane	EPA	URBANISME AMENAGEMENT DU TERRITOIRE
Ferme de M'Pourié	SEM	DEVELOPPEMENT RURAL
Fondation Nationale pour la Sauvegarde des Villes Anciennes	EPA	CULTURE, JEUNESSE, SPORTS
Haute Autorité de la Presse et de l'Audiovisuel	EPA	AUTRE
Hôpital de l'Amitié	EPA	SANTE
Imprimerie Nationale	EPIC	COMMUNICATION
Institut de Formation des Mahadras de BOUTILIMIT	EPA	EDUCATION
Institut de Formation des Mahadras DE KAÉDI	EPA	EDUCATION
Institut de Formation des Mahadras DE KIFFA	EPA	EDUCATION
Institut de Formation des Mahadras DE NOUADHIBOU	EPA	EDUCATION
Institut d'Enseignement Professionnel IQRAA	EPA	EDUCATION
Institut Mauritanien de Musique	EPIC	CULTURE, JEUNESSE, SPORTS
Institut Mauritanien de Recherches Océanographiques et des Pêches	EPA	PECHE
Institut Mauritanien de Recherches Scientifiques	EPA	CULTURE, JEUNESSE, SPORTS
Institut National de Promotion de la Formation Technique et Professionnelle	EPA	EDUCATION
Institut National de Recherches en Santé Publique	EPA	SANTE
Institut Pédagogique National	EPA	EDUCATION
Institut Supérieur de Commerce et d'Administration des Entreprises	EPA	EDUCATION
Institut Supérieur d'Enseignement Technologique	EPA	EDUCATION
Institut Supérieur d'Études et de Recherches Islamiques	EPA	EDUCATION
INSTITUT UNIVERSITAIRE PROFESSIONNEL	EPA	
INTERNATIONAL MAURITANIA TELECOM		EDUCATION
l'Établissement d'Exécution des Travaux Réalisés en Matériaux Locaux	EPIC	
Laboratoire National de Contrôle de Qualité des Médicaments	EPA	SANTE
Laboratoire National des Travaux Publics	EPIC	EQUIPEMENT TRANSPORTS
Lycée de Formation Professionnelle de BOGHE	EPA	EDUCATION
Lycée de formation Professionnels Polyvalent D'Atar	EPA	EDUCATION
Lycée de Formation Technique et Professionnelle de NDB	EPA	EDUCATION
Lycée de Formation Technique Professionnelle Industrielle de Nouakchott	EPA	EDUCATION
Lycée de Formation Technique Professionnelle Polyvalent de Néma	EPA	EDUCATION
Lycée de Formation Technique Professionnelle et Commerciale	EPA	EDUCATION
Marche au Poisson de Nouakchott	SEM	PECHE
MAURITANIE AIR LINE	SN	
Office du Complexe Olympique	EPA	CULTURE, JEUNESSE, SPORTS
Office Mauritanien de Recherches Géologiques	EPA	ENERGIE
Office National d'Assainissement	EPA	EAU ASSINISSEMENT
Office National de la Médecine du Travail	EPA	AUTRE
Office National de la Météorologie	EPA	EQUIPEMENT TRANSPORTS
Office National de la Statistique	EPA	AFFAIRES ECONOMIQUES
Office National des MUSÉES	EPA	CULTURE, JEUNESSE, SPORTS
Office National des Anciens Combattants et Victimes de Guerre	EPA	DEFENSE NATIONALE
Office National des Services d'Eau en Milieu Rural	EPA	EAU ASSINISSEMENT
Office National d'Inspection Sanitaire des Produits de la Pêche et d'Aquaculture	EPA	PECHE
Office National du Tourisme	EPA	COMMERCE INDUSTRIE ARTISANAT TOURISME
Ordre National des Experts Comptables RIM	EPA	FINANCES
Parc National de Diawling	EPA	DEVELOPPEMENT DURABLE
Parc National du Banc d'Arguin	EPA	DEVELOPPEMENT DURABLE
Port Autonome de Nouadhibou	EPIC	PECHE

Name	Status	SECTOR
Port Autonome de Nouakchott dit « Port de l'Amitié »	EPIC	EQUIPEMENT TRANSPORTS
Radio Mauritanie	SN	COMMUNICATION
Société Arabe de Fer et d'Acier	SEM	
Société De Transport Public	SEM	EQUIPEMENT TRANSPORTS
Société des Abattoirs de Nouakchott	SEM	DEVELOPPEMENT RURAL
SOCIETE DES AEROPORTS DE MAURITANIE	SEM	
Société des Bacs de Mauritanie	SN	EQUIPEMENT TRANSPORTS
Société Mauritanienne d'Élevage et de Commercialisation du Bétail	EPIC	
Société Mauritanienne de Commercialisation de Poisson	SN	PECHE
Société Mauritanienne de Gaz	SEM	ENERGIE
Société Mauritanienne de Télécommunications	SEM	EDUCATION
Société Mauritanienne d'Électricité	SN	ENERGIE
Société Mauritanienne des Hydrocarbures	SEM	ENERGIE
Société Mauritanienne des Industries de Raffinage	EPIC	ENERGIE
Société Mauritanienne des Postes	SN	EDUCATION
Société Nationale d'Importation et d'Exportation	SEM	COMMERCE INDUSTRIE ARTISANAT TOURISME
Société Nationale d'Aménagement Agricole et des Travaux	SN	
Société Nationale de Développement Rural	EPIC	DEVELOPPEMENT RURAL
Société Nationale des Eaux	SN	EAU ASSINISSEMENT
Société Nationale ISKAN	EPIC	URBANISME AMENAGEMENT DU TERRITOIRE
Société Nationales des Puits et Forages	SN	EAU ASSINISSEMENT
Société Sucres de Mauritanie	SN	
Télédiffusion de Mauritanie		COMMUNICATION
Télévision de Mauritanie	SN	COMMUNICATION
UNCECEL (Crédit de l'élevage)	SN	
Université de Nouakchott	EPA	EDUCATION
Université des Sciences Islamiques d' Aïoun	EPA	EDUCATION
UNIVERSITE DES SCIENCES, DE TECHNOLOGIE ET DE MEDECINE	EPA	EDUCATION

Source: DTF