

**SUBJECT : MAURITANIA: RESULTS-BASED COUNTRY STRATEGY  
PAPER (RBCSP) 2011-2015 \***

Please find hereto attached, a copy of the above report.

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## ACRONYMS AND ABBREVIATIONS

ADB	:	African Development Bank
ADF	:	African Development Fund
AGIRE	:	Integrated Water Resource Management Support Project
AWF	:	African Water Facility
BCM	:	Central Bank of Mauritania
BTP	:	Construction and Public Works
CILSS	:	Permanent Inter-State Committee for Drought Control in the Sahel
CPIA	:	Country Policy and Institutional Assessment (CPIA)
CSP	:	Country Strategy Paper
DWS	:	Drinking Water and Sanitation
DWSS	:	Drinking Water Supply and Sanitation
ECF	:	Extended Credit Facility
EITI	:	Extractive Industries Transparency Initiative
EU	:	European Union
GDP	:	Gross Domestic Product
GER	:	Gross Enrolment Rate
HDI	:	Human Development Index
HLSS	:	Households Living Standards Survey
IMF	:	International Monetary Fund
LSS	:	On-going Living Standards Survey
MAFO	:	Morocco Field Office
MDG	:	Millennium Development Goals
MFI	:	Multilateral Finance Institutions
MTEF	:	Medium-Term Expenditure Framework
NEAP	:	National Environmental Action Plan
NSDS	:	National Sustainable Development Strategy
ODA	:	Official Development Assistance
OMVS	:	Senegal River Development Authority
PARPEF	:	Economic and Financial Programming Support Project
PRECAMF	:	Microfinance Capacity Building Project
PRGF	:	Poverty Reduction and Growth Facility
PRSF	:	Poverty Reduction Strategy Framework
RWSSI	:	Rural Water Supply and Sanitation Initiative
SNIM	:	National Mining and Industrial Corporation
TFP	:	Technical and Financial Partners
UA	:	Unit of Account
UM	:	Ouguiya (Mauritanian Currency Unit)
UMA	:	Union of Arab Maghreb
UNDP	:	United Nations Development Programme
WB	:	World Bank

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This report was prepared following a Bank mission in Mauritania from 14 to 27 August 2010. The mission, led by Mr. Isaac LOBE NDOUMBE, Director, ORNB, comprised Messrs. A.A. BA, Economist ORNB; M. DIARRA, OSGE ; M.KANE, OSAN ; B. BEN SASSI, OWAS, Ms. J.NZEYIMANA, OSHD and Ms. S.WAKANA, Economist (Consultant), ORNB.

## EXECUTIVE SUMMARY

1. ***In November 2006, the Boards of Directors approved the Country Strategy Paper (CSP) for Mauritania for 2006-2007.*** In line with Government priorities, the Bank's strategy retained the following two pillars: (i) microfinance development; and (ii) improved access to rural water and sanitation. The key conclusions of the CSP completion report, prepared in April 2008 (ADF/BD/IF/2008/82), underscored the progress recorded in both Bank concentration areas. Furthermore, the completion report drew lessons from the CSP implementation.

2. ***At the political level, after more than two decades of military rule, Mauritania initiated a democratic transition process in 2005, albeit marked by successive political crises.*** The implementation of the Dakar Accord of 4 June 2009 signed between the military junta in power since 2008 and the major opposition parties united under the National Front for the Defence of Democracy (FNDD)", paved the way for the organization of fresh presidential elections in July 2009, on the heels of those held in March 2007. These elections, deemed acceptable by the international community, led to the restoration of constitutional order in Mauritania and the resumption of cooperation with its key development partners.

3. ***At the social level, poverty still affects close to 42% of the Mauritanian population, despite a steady decrease in the level of poverty for more than a decade.*** Rural poverty is aggravated by the acute lack of basic infrastructure such as water, energy and transport. The rather poor performance of the social sectors portends the likelihood that the Millennium Development Goals (MDG) will not be achieved by 2015.

4. ***At the economic level, Mauritania has been hard hit over the past three years by the combined effects of external and internal shocks that have hindered its growth.*** Hence, after registering an average real GDP growth rate of 4% over the 2004-2008 period, the Mauritanian economy slumped to -1.1% in 2009. This poor performance resulted mainly from the suspension of programmes financed with external resources,

and the marked fall in oil production, the commencement of which had led to an 11.4% growth in 2006. The ensuing slowdown in economic activity and the weakening of public finances and the country's external position have respectively incurred deficits of 5.3% and 12.7% of GDP in 2009. Nevertheless, the inflation rate was successfully held at 2.2% in 2009 compared to 7.4% in 2008, thanks to the combination of a prudent monetary policy and the reduction of food and energy prices. The normalization of the political situation and the resumption of cooperation with Mauritania by all development partners open new prospects for economic recovery. According to IMF forecasts, updated in September 2010, economic growth should stand at 4.9% over the entire year, while inflation should be stabilized below 5%, particularly by gradually bringing the budget deficit under control.

5. ***As at 31 October 2010, the Bank's portfolio in Mauritania comprised 14 operations, worth an overall net commitment of UA 192.95 million,*** for which the disbursement rate for public sector operations stands at 56.5%. At the sector level, commitments are broken down by sector as follows: industry and mines (68%), water (17%), finance (8%), social (3%) and agriculture (4%). The share of the industries and mines sector has increased significantly, following the approval of the SNIM GUELB II extension project (USD 175 million) in September 2009.

6. ***The implementation of the recommendations of the portfolio review conducted end 2009 and the consolidation of dialogue with the Mauritanian authorities helped to significantly improve the portfolio performance.*** Progress has been recorded especially as a result of reducing the average age of projects from 4 to 2.6 years, and improving the rate of disbursement through portfolio streamlining efforts.

7. ***Mauritania continues to face huge challenges in laying a solid foundation for speedy and sustainable economic growth in a way that would create jobs, reduce unemployment and sustainably improve the living standards of the people.*** These challenges include the need to strengthen good governance, develop and

rehabilitate infrastructure, consolidate food security and protect the environment. To cope with these challenges, the Government has formulated a Poverty Reduction Strategy Framework (PRSF) for 2001-2015, supported by successive action plans. Phase three of the Framework (PRSF III), which covers the 2011-2015 period, is being finalized. Having as main thrust the achievement of the MDGs, the PRSF is the Government's reference economic and social policy paper. Under PRSF III, the government's strategic thrusts, enshrined in the previous two action plans (PRSF I and II), are as follows: (i) growth acceleration and consolidation of macroeconomic stability; (ii) fostering growth in the economic sphere beneficial to the poor; (iii) human resource development and expansion of basic services; and (iv) improved governance and capacity building. To achieve these objectives, Government intends to embark on macroeconomic and sector reforms, in addition to implementing a comprehensive public investment programme, particularly in the infrastructure sector. Government's commitment to undertake reforms in accordance with the strategic thrusts of PRSF III led it in March 2010 to sign a new three-year programme with the IMF under the Extended Credit Facility (ECF). The main objective of this programme, which marks the first phase of reforms, is to lay the groundwork for sustainable growth, by improving economic and financial governance as well as the business climate, to further promote private investment.

8. *While taking into account the above Government priorities, the recommendations of the Boards during the approval of the previous interim CSP and the lessons drawn from implementing Bank assistance in Mauritania*, it is proposed that over the next five years, the Bank should lay emphasis on the following two pillars: **(i) infrastructure development; and (ii) improved economic and financial governance.** Through these pillars, the Bank will support the Government's strategic objectives aimed at consolidating and speeding up growth for poverty reduction.

9. The Boards of Directors are invited to consider and approve the strategy proposed in this Country Strategy Paper 2011-2015 for Mauritania.



## **INTRODUCTION**

1.1 *In November 2006, the Boards of Directors approved the Interim Country Strategy Paper (CSP) for Mauritania, implemented under ADF-X.* The objective of this interim strategy (Document ADB/BD/WP/2006/98/Rev.1/ADF/BD/WP/2006/102/Rev.1) that covered the 2006-2007 period was to inform the Boards about the evolution of the political situation in the country, in the wake of the August 2005 military coup. In addition, it was intended to define a cooperation framework with Mauritania during the period of political transition that followed the coup. The key conclusions of the CSP completion report, prepared in April 2008 (ADF/BD/IF/2008/82), underscored the progress recorded in the two areas of Bank concentration, namely: (i) microfinance development; and (ii) improved access to rural water and sanitation.

1.2 *During consideration of the Interim CSP, the Boards expressed concern over the high level of rural poverty and inadequate access to basic services.* On the strength of their observation of the then-prevailing trends that most of the MDGs would not be attained by 2015, the Boards urged the Government to strengthen the macroeconomic framework by stepping up efforts at improved economic governance and private sector development. The Boards particularly laid emphasis on the need to improve transparency in public resource management, especially in the use of oil resources. Lastly, they encouraged the Government to take measures necessary for the sustained monitoring/evaluation of operations financed by the Bank in Mauritania.

1.3 The preparation of a complete CSP for Mauritania, initially scheduled for the second half of 2008, could not be carried out due to the resurgence of political crisis following the August 2008 military takeover. Due to the renewed political crisis that lasted almost 12 months, some partners (WB, IMF, EU, bilateral partners) had to suspend or freeze their technical and financial assistance to the country. For its part, the Bank did not suspend its operations throughout the period of political crisis. The ADB maintained dialogue with the Mauritanian authorities and other development

partners, which enabled it to keep abreast of political, economic and social developments in the country and ensure that operations financed were being implemented according to plan. In this connection, an information note was forwarded to the Boards in September 2009 (ADF/BD/IF/2009/225) to brief Board members on the country's economic and political situation, as well as on Bank activities. Special Information Notes (ADF/BD/WP/2008/49/Add.1/ADF/BD/WP/2008/49/Add.3) were also submitted to the Boards during the presentation of proposals for supplemental financing for the Nouakchott City Drinking Water Supply Project - the only operation financed by the Bank under ADF-XI

1.4 The preparation of the CSP under consideration, which covers the 2011-2015 period, follows the normalization of the political situation after the presidential elections of 18 July 2009 and the resumption of cooperation with all development partners. It also coincides with the update of the Poverty Reduction Strategy Framework (PRSF) (2001-2015) and the on-going finalization of its third action plan. The PRSF, which aims at achieving the MDGs by 2015, is the Government's reference development paper.

1.5 This CSP was prepared through a participatory approach that reflects Government orientations, Board recommendations and lessons drawn from implementing Bank operations.

## **II. COUNTRY CONTEXT AND PROPECTS**

### **2.1 Political Context**

2.1.1 *After more than two decades of military rule, Mauritania initiated a democratic transition process in 2005* which culminated, in 2007, in the organization of senate, parliamentary and presidential elections deemed free, fair and transparent by the international community. However, the institutions ushered in by these elections were overthrown by a new military coup in August 2008, following social and political tensions. After a new period of transition during which the country was ruled by a Supreme State Council (HCE) established after the coup, fresh elections were organized on 18 July 2009. These

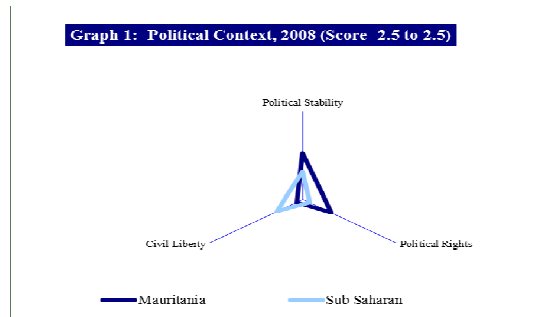
elections were held in the aftermath of the Dakar Accord of 4 June 2009, concluded under the aegis of the international community, between the military junta and the major opposition parties united under the banner of the National Front for the Defence of Democracy (FNDD). At the end of the elections, Mr. Mohamed Ould Abdel Aziz was elected at first round with nearly 53% of the votes cast.

2.1.2 These elections restored constitutional order in Mauritania and brought the political situation back to normalcy. However, Mauritania, like other neighbouring countries of the Sahel-Sahara strip, has been challenged since 2008 by growing insecurity related to the simultaneous incursion of terrorists, drug traffickers and illegal immigrants on its territory. The Government is fighting these phenomena through active cooperation with other countries of the region and the international community.

## 2.2 Economic Context

2.2.1 *Mauritania's economy has been hard hit over the past three years by the combined effect of external and internal shocks that have undermined its performance.* Throughout the 2008-2009 period, the country was rocked by escalating food and oil prices, the consequences of which were compounded by the international financial crisis and the global economic recession. At the same time, at the domestic level, the country was beleaguered by a severe political crisis in the wake of the August 2008 military takeover that caused some key development partners, as stated in paragraph 1.3, to suspend their cooperation with Mauritania. Hence, in October 2008, the IMF suspended the implementation of its programme approved in December 2006, which was initially scheduled to cover a 3-year period. It was finally cancelled in November 2009.

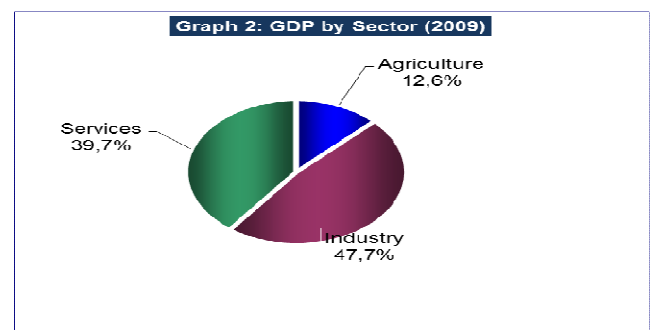
2.2.2 As the political situation returned to



normalcy, partners resumed cooperation with Mauritania. In March 2010, the country concluded a Three-Year Reform Programme (2010-2012) with the IMF under the Extended Credit Facility (ECF). This programme is attended by a USD 118 million financing. These positive changes (normalization of the political situation, resumption of cooperation with all development partners, conclusion of a new programme with the IMF), combined with the renewed global demand for Mauritania's products, are conducive to economic recovery.

### *Growth and Growth Engines*

2.2.3 *The global economic recession and the drop in foreign aid have adversely impacted the mainstay sectors of the overall economy, namely extractive industries, fisheries and Construction/Public Works.* After registering an average real GDP growth rate of 4% over the 2004-2008 period, the Mauritanian economy slumped to -1.1% in 2009. The effects of the global economic crisis are noticeable in the sharp fall in foreign demand and the prices of main export commodities (iron, copper, fishery products). In 2009, Mauritania's exports dropped by 23.6%, compared to 2008. Iron ore exports, which accounted for close to 47% of total exports in 2008, plummeted by almost 40% in 2009.



2.2.4. Furthermore, oil production has declined steadily, falling below expectations. This was one of the key factors that marked the poor performance of Mauritania's economy. Indeed, after a strong GDP growth in 2006 (+11.4%) triggered by the commencement of oil production, the growth rate fell significantly throughout the 2007-2009 period, to an annual average of 1.1%. The steep slump followed the drastic fall in oil production in the wake of technical difficulties. Production dropped from close to 75,000 barrels/day beginning 2006 to 30,000 barrels/day at the end of that same year. The falling trend persisted in 2009, with a production rate of 10,000 barrels/day, and should not exceed 7,500 barrels/day in 2011. This marked drop in oil production has led to a fundamental review of Mauritania's economic prospects.

### **Macroeconomic Management**

2.2.5 *The implementation of prudent macroeconomic policies starting 2006, under the PRGF concluded with the IMF, enabled Mauritania to register encouraging economic results marked by the gradual consolidation of macroeconomic stability.* However, the unexpected increase in public spending in 2008, following the establishment of the Special Intervention Programme (PSI) initiated by the Government to cope with soaring food prices, weakened public finances which registered a non-oil balance of -7.7% in 2008 against -2.2% of GDP in 2007. Starting 2009, Government embarked on budget reforms aimed at supporting fiscal resource mobilization through on-going spending control efforts that helped to reduce the deficit to 5.3% of GDP at end 2009. The gradual consolidation of public finances should be confirmed in 2010 and 2011, with deficit forecasts of 3.8% and 1.6% of GDP, respectively<sup>1</sup>.

2.2.6. As regards inflation, *the combined effects of prudent monetary policy and falling world food and energy prices have helped to keep the inflation rate low.* The rate dropped from an annual average of 7.4% in 2008 to 2.2% in 2009,

although it rose to 5% at the end of the year, following a renewed hike in world commodity prices. The sustained control of money supply, whose growth rate should increase from 15.2% in 2009 to 13.0% in 2010, will likely reduce inflationary tensions. The US Dollar exchange rate to the Ouguiya remained relatively stable at 262.0 in 2009 compared to 261.5 in 2008, thanks to money supply control efforts by the Central Bank of Mauritania (BCM).

2.2.7. *In contrast, Mauritania's external position remains fragile, as reflected by the high sensitivity of its economy to external shocks.* Over the 2006-2009 period, Mauritania recorded a current account deficit of USD 376 million, accounting for nearly 54% of GDP. The significant surge in exports in 2008 (+27.5%), only had a slight impact on the current account, given the simultaneous hike in food prices and the resulting 21.7% increase in imports. While it is true that the current account deficit improved slightly in 2008 (+15.7% of GDP) compared to 2007 (18.3%), it should also be underscored that it is still high and should settle at around 12% in 2010. This trend towards the gradual strengthening of the country's external position reflects its increased prospects for exports following the recovery of the global economy. According to IMF projections, the current transactions deficit should gradually drop to below 10% by 2014. Gross official reserves in months of imports, which could hardly exceed 2 months in annual average over the 2007-2009 period, should increase to 2.5 and 2.7 months of imports in 2010 and 2011, respectively.

2.2.8 *The pursuit of a prudent debt policy has helped to reduce the country's external debt burden to a sustainable level.* While the external debt is still high compared to GDP, it fell from 88.5% in 2008 to 71.5% in 2010. The domestic debt, composed essentially of treasury bonds, was estimated at close to USD 760 million in 2009, i.e. about 26% of GDP (non-oil), against USD 800 million in 2008.

<sup>1</sup> Mauritanian authorities, ADB/IMF estimates and projections (cf. Annex 1).

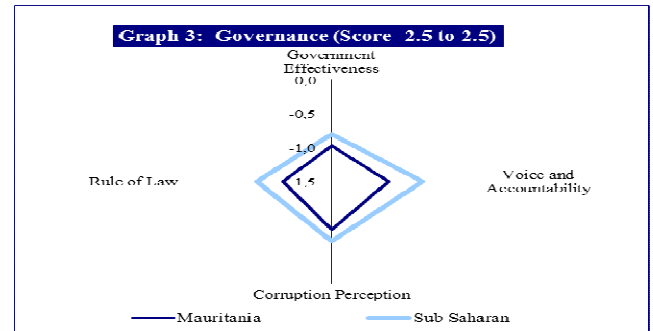
2.2.9. *The normalization of the political situation and the resumption of cooperation with Mauritania by all development partners usher in prospects for growth recovery.* Such prospects were confirmed by the IMF mission which, in September 2010, conducted the first review of the Three-Year Reform Programme concluded in March 2010 (see paragraph 2.2.2). The mission, whose conclusions were approved by the IMF Board of Directors in November 2010, deemed that the implementation of the programme was satisfactory and confirmed the signs of recovery of Mauritania's economy. According to projections, economic growth should stand at 4.9% in 2010, and inflation will stabilize around 4.8%, thanks especially to improved budget deficit control (cf. Annex 1).

### **Governance**

2.2.10 *The Government has embarked on wide-ranging reforms to improve economic and financial governance. However, major weaknesses persist with respect to transparency, the fight against corruption and accountability.* According to Transparency International's Corruption Perception Index published in 2009, Mauritania ranks 130<sup>th</sup> out of 180 countries. This ranking shows that corruption is still rampant in the country. Authorities have taken several measures to prevent and curb the phenomenon. At the international level, Mauritania is party to both the United Nations Convention Against Corruption and the African Union Convention Against Corruption. On the domestic front, the authorities have undertaken reforms aimed at fostering and institutionalizing integrity and accountability in public administration. Since 2008, they have embarked on a wide-scale campaign to moralize public administration. Accordingly, the authorities have adopted a Code of Ethics for civil servants, and several cases of corruption have been punished.

2.2.11 The authorities plan to intensify efforts to fight corruption. In this connection, and with the technical support of the UNDP, they have formulated a National Anti-Corruption Strategy whose validation and adoption are underway. This

strategy lays emphasis on information and sensitization, as well as on preventive measures and sanctions, particularly building the institutional capacity of control organs and the judiciary, coupled with the pursuit of civil service reforms.



2.2.12. To strengthen public finance management, the authorities have undertaken in-depth fiscal and customs reforms, with a view to improving State revenue mobilization. At the same time, efforts were made in 2010 to implement public accounting, expenditure chain and public procurement reforms, in a bid to improve efficiency and transparency in budget implementation.

2.2.13 Long-term budget programming has been improved since the introduction of the Medium-Term Expenditure Framework (MTEF) for 2008-2010. The consolidation of the MTEF should lead to greater visibility and flexibility in the appropriation of budget resources and better control of public spending, ensuring that public finance deficits are sustainable. Furthermore, institution-building efforts have been made for budget control and audit organs, especially with the establishment of a Financial Transparency Commission chaired by the President of the Supreme Court and the monthly publication of public finance statements on the Public Treasury website since June 2007. A National Hydrocarbons Revenue Fund was set up by Order in April 2006 and subsequently strengthened by an edict. The purpose of the Fund is to guarantee transparency in oil revenue management.

2.2.14 Moreover, in 2005, Mauritania gained membership to the Extractive Industries Transparency Initiative (EITI). The related EITI report has been published since 2006, and the

accounts of the National Industrial and Mining Corporation (SNIM) - the country's most important enterprise - are regularly audited.

2.2.15 However, despite efforts to improve economic and financial governance and the progress recorded, the results obtained globally still fall short of expectations. Weaknesses persist in public finance management, the fight against corruption and the functioning of the judicial system. Consequently, Government is committed to undertaking in-depth reforms with a view to ensuring greater transparency in the public resource management system, improving the administration's services and strengthening the judicial system, to create an atmosphere more conducive to economic activity.

### ***Business Climate and Competitiveness***

2.2.16 ***Improving the business climate is one of Government's priorities.*** For close to three decades, Mauritania has been engaged in a process to liberalize the economy and divest the State from the productive market sectors. Several reforms have been undertaken with respect to the pricing policy, taxation and the financial sector, all geared towards improving the economic environment. However, notwithstanding the achievements in recent years (particularly improvement of the macroeconomic environment), the overall business climate is still undermined by significant weaknesses related to the flawed judicial system, an undeveloped financial sector (see paragraph 2.2.18) characterized by limited access to loans by SMEs, restrictive labour regulations, a complex taxation system, lack of infrastructure, high factor (see paragraph 2.2.19) and transaction costs (corruption, lengthy and costly procedures).

2.2.17. The "*Doing Business Report 2010*" ranks Mauritania 166<sup>th</sup> out of 183 countries in terms of "general ease of doing business". Even though the report underscores the progress recorded with respect to business registration timeframe (19 days compared to 45.6 days for Sub-Saharan countries), Mauritania still ranked 140<sup>th</sup> in 2009 (against 169 in 2008). This ranking confirms the persistence of numerous constraints that continue to adversely affect the business climate. In addition, it is worth

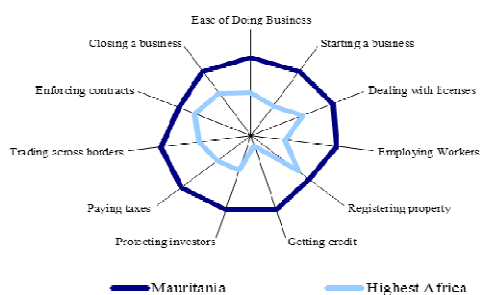
noting that Mauritania is one of the countries with the lengthiest procedures for obtaining a building permit and having a water and electricity connection, i.e. 25 days compared to 17.3 days for Sub-Saharan countries.

2.2.18 Furthermore, the banking and financial sector is still rudimentary and undiversified, and characterized by a manual payment system. The use of electronic payment instruments is only nascent. Consequently, the sector plays a marginal role in the development of the country's economic fabric. Concentrated in a few major cities, sector institutions include 10 commercial banks, two (2) financial institutions, about 50 microfinance units, seven (7) insurance companies, one (1) postal financial service and one (1) social security fund. The sector is highly compartmentalized, lacks stable resources and provides financial services still designed for a small clientele. The rate of use of banking services is barely 4%. The banking sector is highly segmented and characterized by lack of competition, difficult and limited access to loans by businesses, especially SMEs. However, it is worth noting that the system is relatively well capitalized and was only slightly affected by the 2008 world financial crisis, thanks to its low exposure to international capital markets. Financial institutions, which should engender keen competition with banks and foster the access of SMEs to bank loans, are not well developed and their instruments are not diversified. The insurance sector operates below its capacity and is not a source of long-term capital resources for Mauritania's economy. The expanding microfinance sector is still emerging.

2.2.19 With respect to competitiveness, the Mauritanian economy is severely undermined by high costs of production factors, due especially to inadequate supply of basic economic infrastructure (energy production, road networks and water supply) and weak institutional capacity of public administration. According to a World Bank Investment Climate Assessment Report published in 2010, Mauritania's job-market appeal is low, with an index of 3.89 on 7. Concerning the indices for measuring the quality of institutions and infrastructure, Mauritania respectively scored 3.23

and 2.52 on a scale of 7; while Tunisia scored 5.9 and 4.5 in both areas (see Annex 2). This low level of productivity, caused by a restrictive legal and regulatory environment for business development, adversely affects the country's competitiveness, particularly in the exports sectors. This is the main reason behind the low level of exports from Mauritanian enterprises (only 12% of their turnover).

**Graph 4 : Ease of Doing Business (Rank)**



2.2.20 To improve the business climate and lay down conditions conducive to private sector development, several institutional reforms were implemented, particularly with support from the World Bank and the European Union. These measures include the consolidation of dialogue between the State and the Private sector, with the establishment of the Presidential Council for Investment, the revival of the activities of the State/Private Sector Consultative Committee and the creation of an Investment Promotion Commission. A Private Sector Development Strategy is on the drawing board and has as main objectives: (i) the creation of an environment conducive to business development, while reducing constraints to private investment; and (ii) the improvement of business competitiveness, especially in favour of SMEs. In this connection, the Investment Code reform is underway with a view to simplifying procedures and instituting incentives for private investment. Furthermore, in May 2010, the Government adopted a new public procurement code, whose implementation should consolidate transparency and efficiency in public resource management and sustain competition. Moreover, the Government plans to embark on reforms necessary to boost the financial sector's contribution to the development of economic

activity, and promote Public-Private Partnerships, particularly in the infrastructure sector.

## 2.3 Regional Integration and Trade

2.3.1 *Given its geographic location, Mauritania is a transit country. This gives it a comparative advantage in the Sub-region and a huge potential as a trade and integration platform.* With respect to external trade, Mauritania does not impose any restrictions on its exports and the imports regime is subject to very little non-tariff barriers. Customs duty is the key instrument of its trade policy. It gives the Most-Favoured-Nation treatment to all its trading partners. The country is a member of the Arab Maghreb Union (AMU), the Senegal River Development Authority (OMVS) and the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS). Several bilateral trade agreements have been signed with seven (7) African countries (Algeria, Morocco, Tunisia, Egypt, Senegal, Gambia and Mali). In addition, the country is signatory to the Cotonou Agreement and participates, with observer status, in the Economic Partnership Agreement (EPA) negotiations between the European Union (EU) and ACP countries. Hence, its commodities are provided preferential treatment on the European market under the Everything-But-Arms (EBA) initiative meant for Least Developed Countries (LDCs).

2.3.2 In spite of various agreements mentioned above, and Mauritania's membership of the AMU, its level of trade with countries of the region is low. For instance, in 2009, exports to North African countries (except Libya)<sup>2</sup> only accounted for 0.2% of total exports as against 71.6% for the European Union, the country's key trading partner. Generally, given its weak infrastructure and logistics capacity, Mauritania is unable to capitalise on its potential for regional integration.

2.3.3 The Bank maintains sustained dialogue on regional integration with Mauritanian authorities, and several cooperation opportunities

<sup>2</sup> Mauritania: External Trade Statistics, 2009 estimates, National Statistics Agency (ONS),

have been discussed or identified in this area (feasibility study for regional projects, Rosso Bridge Construction Project, etc.). The Bank also provided support to all AMU Member Countries, including Mauritania, with a view to strengthening their capacity and cooperation in the area of statistics. The Bank intends to improve dialogue with Mauritania and all countries of the region, within the purview of the North African Countries Integration Strategy under preparation.

## 2.4 Social Context

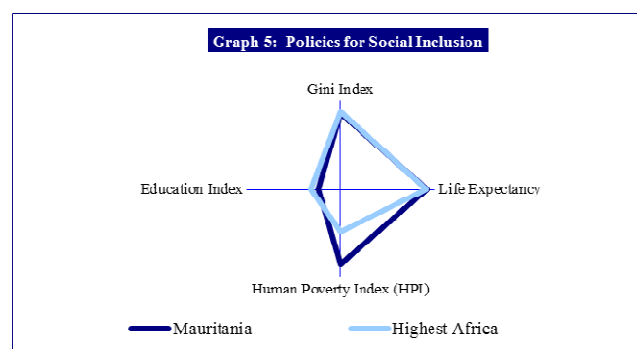
2.4.1 *While it is true that the rate of poverty has steadily decreased for over more than a decade, it should also be acknowledged that it still affects close to 42% of the Mauritanian population.* This poverty level masks the profound disparities between the urban and rural areas (3 out of 4 poor persons live in rural areas) and between men and women (2 out of 3 are women). These figures should be correlated with the aggravated unemployment situation between 2000 and 2009, which increased from 29% to 31.2%. A recent study (April 2010) on job creation potentials in the country reveals that the objective to reduce the unemployment rate to less than 20% by 2010, is not feasible in light of available social indicators.

2.4.2. *However, noticeable progress has been made in education,* given that the primary net enrolment rate stood at more than 73% in 2009. With respect to enrolment, Mauritania succeeded in reducing and then reversing the gap between boys and girls. The gross enrolment rate (GER) for girls at the basic education level exceeds that for boys. In this area, the girls/boys ratio at the primary education level increased from 0.72 in 2000 to 1.02 in 2010.

2.4.3 *In contrast, the situation is very precarious in the health sector, given the country's very low health coverage, poor quality services and inefficient health expenditure.* In 2008, child mortality rate was estimated at 77 per thousand (against an objective of 45 in 2015) and maternal mortality stood at close to 686 deaths per 100 000 live births (2015 target: 232). Major epidemics and diseases (AIDS, tuberculosis and

malaria) are under control, thanks to Government efforts and the support of development partners. HIV/AIDS prevalence is low (estimated at below 1 per cent in 2009). To control the spread of this pandemic, the Government set up a National AIDS Council in 2002, chaired by the Prime Minister, which adopted a Multi-sector AIDS Control Strategy Framework.

2.4.4 *The poor performance of the social sectors portends the likelihood that the Millennium Development Goals (MDG) will not be achieved by 2015.* (See annex 3). The 2010 Human Development Index (HDI) published by the UNDP ranks Mauritania 136<sup>th</sup> out of 169 countries and still classifies it as a low human development country.



2.4.5 With respect to progress made towards the achievement of the MDGs, available indicators confirm that Mauritania has made significant progress as regards access to education, but falls short of attaining the universal education goal, given that a significant segment of the population still does not have access to education. The very high school dropout rate means that one in two children does not complete the basic education cycle. While it is true that significant progress has been achieved in several other areas (poverty and health, in particular), it should also be acknowledged that such progress will not help to attain the MDGs. The incidence of poverty has dropped by 15 percentage points between 1990 and 2008 (56.6% against 42%), but falls far short of the target objective of 28.3%. Progress recorded in the health sector also reveals shortcomings in respect of MDGs set for child and maternal mortality (see paragraph 2.4.3). While significant

progress was achieved in the area of water supply for the population (58.3 % of households had access to improved water supply in 2008 compared to 33% in 1990), the sanitation sector recorded much less progress, given that only 38% of the population had access to an improved sanitation system in 2007.

2.4.6 With regard to gender issues, the Government has always paid special attention to gender mainstreaming and women empowerment through: (i) increased participation of women in economic activities; (ii) improved access to basic social services; and (iii) the promotion of women's rights to participation in political and social activities (establishment of the Gender Monitoring Group, coordination of the management and handling of domestic disputes, monitoring the implementation of the Convention on the Elimination of Discrimination Against Women (CEDAW), institution of the 20% quota for women on electoral lists, etc.). In addition to progress in education, (see paragraph 2.4.2), efforts have been made to increase the presence of women in the country's institutions (19% of women at the National Assembly, 30% in municipal councils and 20% in the current Government). However, despite such progress, instances of discrimination persist in the country. For this issue to be fully addressed, Government intends to pursue its efforts under PRSF III, by furthering the inclusion of social protection measures for women in all national and regional poverty reduction programmes.

### **III. STRATEGIC OPTIONS**

#### **3.1 Country Strategy Framework**

3.1.1 *Mauritania has formulated a Poverty Reduction Strategy Framework (PRSF) for 2001-2015*, adopted by the Poverty Reduction Framework Law No. 050/2001 of 25 July 2001. The PRSF is the Government's reference economic and social policy paper. The implementation of the PRSF is sustained by successive action plans, the first of which covered the 2001-2004 period (PRSF I) and the second the 2006-2010 period (PRSF II). The first action plan helped to obtain encouraging results, thanks to

which Mauritania was able to reach the HIPC completion point in 2002 and benefitted from external debt relief. Overall, however, these results fell below expectations (average growth rate of 4.6% compared to forecasts of 6%, uncontained inflation, budget deficit of 9.9% of GDP, significant fall in reserves, etc.). Although progress had been achieved in some areas, the second action plan also failed to produce the expected results (average GDP growth of 3.8% over the 2006-2009 period, for a target growth rate of 8.4%, contrasting results in the attainment of the MDGs, etc.). This situation is due essentially to: (i) poor results scored at the level of oil production; (ii) upheavals in the international economic environment; and (iii) the political crisis that rocked the country. The implementation of PRSF II also encountered technical difficulties, including inadequacies in the statistics system and weak planning, monitoring and evaluation capacity.

3.1.2 2010 is an important milestone for the PRSF. It is not only the last year of implementation of the action plan for 2006-2010, but also one during which the PRSF itself will be updated and its 3<sup>rd</sup> action plan (PRSF III) formulated for 2011-2015. The strategic thrusts of the latter tie in with those of the previous two phases, which are still relevant, namely: (i) growth acceleration and consolidation of macroeconomic stability; (ii) fostering pro-poor economic growth; (iii) human resource development and expansion of basic services; and (iv) improved governance and capacity building. Through the above strategic thrusts, and in the face of the magnitude of poverty in the country, the Government plans to undertake in-depth economic and sector reforms, with a view to speeding up changes necessary for the emergence of new sources of growth. Such actions aim at anchoring growth in the sphere of the poor by supporting human development and measures that have a direct impact on poverty reduction: promotion of income-generating activities, access to basic economic and social infrastructure, consolidation of food security and economic enhancement of the environment. These actions, which reflect Government's commitment to curbing poverty and improving the living

standards of the Mauritanian people, underpin the strategic priorities of the PRSF.

3.1.3 In a bid to implement the above reforms, the Government concluded a new three-year programme with the IMF in March 2010 (see paragraph 2.2.2). The core objective of the programme, which marks the first phase of reforms execution, is to lay a solid foundation for sustainable growth, especially through the improved management of public finances, the implementation of prudent monetary and trade policies, the pursuit of financial sector reforms, the improvement of the business climate and the consolidation of social protection mechanisms.

## **3.2 Challenges and Constraints**

3.2.1. *Since the commencement of oil production in 2006, Mauritania rightfully aspired to become a Middle-Income Country in the near future.* However, the uncertainties of oil production and the negative impact of the global economic crisis adversely affected the country's economic prospects. To achieve a high and sustained level of growth in a manner that generates employment and sustainably reduces poverty, Mauritania will have to accelerate and deepen macroeconomic and sector reforms in such a way as to build the resilience of the national economy to external shocks. In so doing, the country should meet several key challenges including: (i) improving economic and financial governance; (ii) developing and rehabilitating infrastructure; (iii) consolidating food security; and (iv) environmental protection.

### ***Improving Economic and Financial Governance***

3.2.2 *Improving economic and financial governance is imperative if the Government is to create conditions conducive to economic activity as well as accelerated, diversified and sustainable growth.* As shown in paragraphs 2.2.10 to 2.2.20, the Government has made tremendous efforts. However, the results obtained fall below expectations in several areas, including: (i) the conduct and steering of economic policy (weak capacity for programming, implementing and monitoring reforms, development projects and

programmes); (ii) public finance management (inadequate budget procedures, complex taxation system, weak capacity of control institutions, etc.); (iii) the judicial system (inadequate functioning, lack of training for magistrates, lengthy procedures, etc.); (iv) the financial sector; and (v) the legal and regulatory framework for businesses.

3.2.3 To offset the above shortcomings, Government's efforts will centre essentially on: (i) deepening reforms aimed at modernizing public finance management and fostering efficient public resource management (budget consolidation, modernization and simplification of the taxation system, etc.); (ii) building the capacity of the administration and improving the tools and instruments for the formulation and implementation of economic policies; (iii) pursuing efforts aimed at improving the functioning of the judicial system (training and consolidating the independence of magistrates, upgrading their status, simplifying court procedures, etc.); (iv) improving the legal and regulatory framework for businesses (amending the investment, trade and labour codes, simplifying and awarding tax breaks to businesses, etc.); (v) implementing a new series of financial sector reforms (promoting competition, strengthening control mechanisms, etc.).

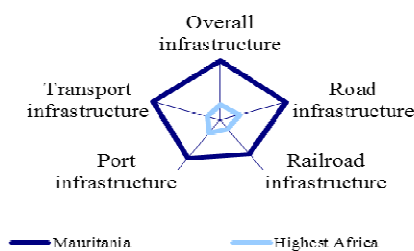
### ***Infrastructure Development and Rehabilitation***

3.2.4 *Infrastructure development is one of the corner stones of Government programme. Inadequate infrastructure undermines the development of economic activity and investment in particular, thereby constituting a major hindrance to economic growth.* Weak infrastructure services (transport, water and sanitation, telecommunication, energy, etc.) increase the cost of production factors, thereby limiting the competitiveness of the economy. The domestic road network is rudimentary and does not link up production areas to consumption centres. Electricity supply, which is of poor quality and prone to untimely power cuts, falls below steadily increasing demand. This results in price hikes that reduce access to electricity, thus affecting the competitiveness of several economic sectors such as industry. The urban electrification

rate is below 50%, while the rural and semi-urban electrification rates stand at 3% and 5%<sup>3</sup>, respectively. Despite the huge progress achieved in supplying drinking water to the population, problems still persist in this area, and access to sanitation is relatively low (see paragraph 2.4.5).

3.2.5 Furthermore, the water sector is short of skilled human resources for its development. The limited capacity of project management units results in inadequate mobilization of financial resources. This is further compounded by the lack of cooperation among various stakeholders in the sector, which accounts for the limitation of information systems and undermines efforts to improve management of the sector.

**Graph 6: Infrastructure 2009**



3.2.6 Over the next five years, the Government plans to implement an important infrastructure modernization and development programme. This programme combines the implementation of key projects in all areas (roads, ports, airports, electricity, water, information and communication technology) and sector reforms, all aimed at improving the legal and institutional framework in the relevant sectors and fostering private sector participation in the management and supply of infrastructure under public-private partnerships.

### **Consolidation of Food Security**

3.2.7 **The consolidation of food security is a priority for Mauritania.** Food insecurity in Mauritania is almost structural due to such factors as drought, “crop pests”, recurrent floods and soaring food prices. Annual average cereal

production over the past ten years stands at close to 160 000 tonnes (50% for rice and 43% for millet/sorghum), i.e. hardly 30% of consumption needs. Household Food Security Surveys in (HFSS) in Mauritania, conducted in May 2009, reveal that half a million persons live in food insecurity in rural areas, against a little over 30 000 in semi-urban areas. The nutritional survey on children aged 6 months to 5 years, conducted in March 2008 with UNICEF support, revealed an acute malnutrition rate of 12%. Some regions (Southeast, Centre and the River) recorded a malnutrition rate of 15%, exceeding by far the WHO critical threshold of 10%.

3.2.8 To mitigate this uncertainty and in response to the food crisis, the Government launched the Special Intervention Programme (PSI) in 2008, to curb the effects of the soaring prices of basic products and cope with food insecurity. The PSI comprised several measures, including: (i) stepping up market supply (procuring stocks of basic commodities, with a Central Bank guarantee to finance imports); (ii) curbing the effects of soaring food prices (ceiling on tax and duty on basic products and a 10% increase in civil service salaries and pensions); and (iii) food assistance and safety nets (national stock, free distribution of foodstuff, Food-for-Work programmes, Food Security Stocks in villages, community stores, community nutrition for women/children, sale of cattle feed at subsidized rates, etc.).

### **Environmental Protection**

3.2.9 **Environmental protection and action to address global warming are the main concerns of the Mauritanian authorities.** For close to four decades now, global warming has caused natural resource degradation in Mauritania. Such degradation, aggravated by inappropriate methods of resource utilization, has triggered a serious imbalance between humans and the environment, resulting in the deterioration of agricultural, forestry and pastoral productive systems and the impoverishment of the rural population. The environment has taken on a new dimension in Mauritania’s development since the beginning of

<sup>3</sup> Ministry of Energy and, Oil, Sector Technical Committee for “Electricity, Refined and Crude Hydrocarbons”, Contribution to PRSF, April 2010

offshore oil production in 2006. In fact, apart from desertification and de-forestation which have had a significant impact on the ecological balance and the people's living conditions, the country may be vulnerable to additional risks related to oil exploitation, such as seabed pollution and the loss of vast expanses of fishing grounds.

3.2.10 The depletion of natural such resources as water, soil or biodiversity is disturbing. Hence, the recent study on the impact of climate change in Mauritania showed a general 30 to 40% drop in rainfall over the 1960-2007 period. According to the study, the decrease in rainfall has led to a 45 to 50% increase in run-offs to the detriment of infiltration, thereby causing a sharp fall in the water table level. This phenomenon, combined with the degradation of the plant cover, aggravates water and wind erosion.

3.2.11 Given the scope of environmental issues and increasing awareness of the magnitude of the stakes, Mauritania enacted an Environmental Code in 2000. The country has ratified almost all international conventions relating to the environment and again restated its commitment to achieve the relevant MDGs as part of its overall development strategy (PRSF). In October 2006, a National Sustainable Development Strategy (NSDS aimed at incorporating various principles of environmental sustainability into the country's public policies up to 2015 was adopted. This strategy allows for an approach that incorporates the social, economic and environmental dimensions.

3.2.12 At the same time, a National Environment Action Plan (PANE), combined with a Desertification Control Plan, was adopted in 2006. In 2007, a new Forestry Code was enacted and the 2004 decree that rendered mandatory the prior conduct of environmental impact assessments was enforced. In addition, the Council of Ministers of the Senegal River Development Authority (OMVS), of which Mauritania is a member, in July 2008 adopted a strategic action plan aimed at sustainably preserving the environment in the Senegal River Basin. The plan received considerable financial support of nearly USD 346

million. It supplements a similar initiative already taken under CILSS to address environmental challenges within a supranational framework that pools the efforts of States involved.

3.2.13 Furthermore, as part of its Energy Action Plan (2011-2015) to control global warming, the Government gives priority to the implementation of a policy based on the dissemination of more effective energy choices that combine efficiency and viability for all forms of energy (lighting, electricity production, access to water, gas and ICT, etc.). The action plan envisages the establishment of a specific window for renewable energy sources, the development of which will be supported by the promotion of hybrid electrification systems (solar-wind-biofuel) and appropriate alternative technologies for rural areas with a population between 500 and 1,500 inhabitants.

3.2.14 All the challenges and constraints facing Mauritania are reflected in the outcomes of the Country Policy and Institutional Assessment (CPIA) for the past three years (2008, 2009 and 2010). These outcomes show that the progress achieved in several areas is still inadequate, particularly with respect to economic and financial governance, improving the legal and regulatory framework for businesses, and regional integration. This situation is due partly to the weak institutional capacity of the administration and the political instability that has rocked the country in recent years. In light of the foregoing, Mauritania is ranked in the 2nd quintile, with an average score of 3.6 (See Annex 4).

### **3.3 Strengths and Opportunities**

3.3.1. *Given its geographic location, Mauritania belongs to two major economic and cultural areas, with obvious complementarity.* Mauritania's dual membership to the Maghreb and Sub-Saharan areas bestows on it a huge economic and social development potential. This situation gives it the advantage of possible integration into a larger economic area with respect to the other AMU Member Countries and greater insertion into the global economy. The beneficial use of this potential could generate stronger economic growth

capable of increasing the income of the population and sustainably reducing poverty. In addition, Mauritania is blessed with a wide range of natural resources (iron ore, gold, copper, etc.), which, combined with a huge agro-pastoral and fisheries potential, need to be developed to stimulate industrial activities.

3.3.2. Mauritania has a huge agricultural potential with rain-fed crop-growing areas concentrated in the South, Southeast and Centre of the country, and irrigated areas in the Senegal River Valley. However, less than 50% of the total arable land is currently cultivated yearly. As concerns livestock, the country also has a huge potential, especially with regard to animals on the hoof and meat (over 1.5 million cattle, 1.1 million camels, 15.9 million sheep and goats), that has remained under-exploited, despite huge local needs and the presence of flourishing external proximity markets (Maghreb countries and West African sub-regional countries). The Mauritanian coasts teem with fishery resources that could be rationally tapped to generate niches with high job creation potential. Given the diversity of its landscape, Mauritania could also consolidate its position as a tourist destination, particularly by developing Sahara and seaside tourism.

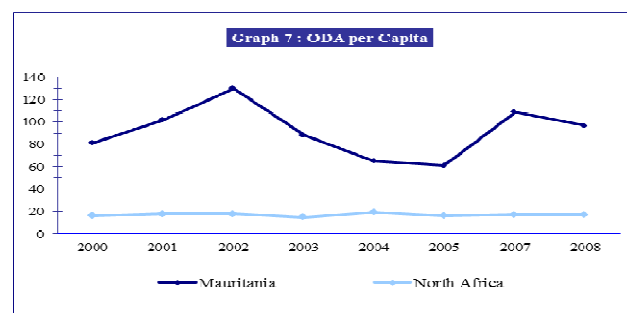
3.3.3 *However, the tapping of all these assets is undermined by weak infrastructure, notably in the water, energy and transport sectors, the low availability and costs of which hamper the flow of economic activities.* As a desert country, Mauritania is prone to recurrent water problems in rural and urban areas, both of which continue to suffer a low water supply coverage rate (see paragraph 2.4.5). Furthermore, the country faces inadequate supply of energy for production and industrial development needs, while transport infrastructure is very rudimentary. It is obvious that meeting the infrastructure needs of such a vast territory as Mauritania's is a great challenge for the authorities if the country is to make the most of its huge potential. In addition, the country's political fragility as observed in recent years, has also undermined the development of its economic potential and slowed down growth. Nevertheless, the dawn of a better political era in Mauritania

following the restoration of constitutional order in the wake of the July 2009 presidential elections should create a calmer atmosphere that is conducive to renewing investor confidence and reviving economic growth.

### 3.4 Recent Developments in Aid Coordination/Harmonization and ADB's Positioning in the Country

#### *Recent Developments in Aid Coordination/Harmonization*

3.4.1 *The political instability that prevailed in recent years has weakened the external aid coordination mechanism in Mauritania.* Aid coordination is the remit of the Ministry of Economic Affairs and Development (MAED) through a State-Donor Committee responsible for monitoring the implementation of the PRSF and the Paris Declaration. However, this coordination mechanism was interrupted following the crisis and the ensuing suspension of programmes by the country's key development partners. With the normalization of the political situation, the Government has established an institutional steering mechanism for the Medium-Term Budget Framework 2011-2013, which will serve as the basis for preparing future Finance Acts. While awaiting Government's revival of the coordination system, the programming and monitoring of operations implementation will be conducted through sector thematic group meetings, bringing together official representatives and donors. The major groups deal with education, the environment, private sector, rural development, decentralization, water resources and health. However, only the thematic group on education currently holds regular meetings. Overall, coordination is weak.



3.4.2 During the political crisis, the Bank maintained coordination efforts with other partners through regular exchange over Mauritania's changing political, economic and social situation, even as it sought to pursue the implementation its projects in the country. After the political situation returned to normalcy, these efforts continued through joint activities, particularly with the WB and the IMF. In June 2010, Mauritania's principal donors participated in a Round Table in Brussels organized by the Government, during which the latter presented the main thrusts of its economic and public investment programme. The Round Table helped to mobilize all partners once more around Mauritania's development goals. Such mobilisation engendered significant financing promises (USD 3.28 billion against USD 2.8 billion in expressed needs).

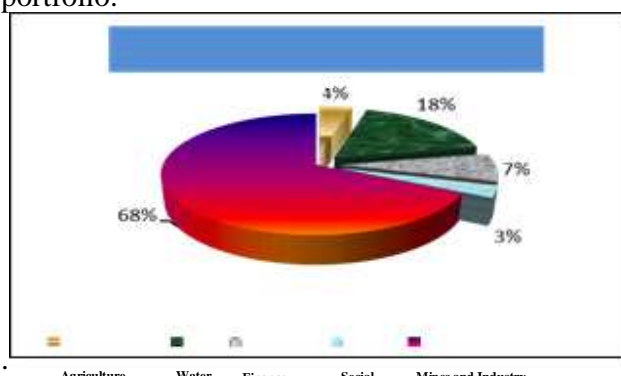
3.4.3 Mauritania's key bilateral partners, namely the Bank, the World Bank, the European Commission and UNDP, have always coordinated their assistance in their respective areas of concentration, to ensure maximum complementarity. In March 2010, the IMF concluded a new economic programme with the Government, supported by an Extended Credit Facility (ECF) of USD 118 million.

3.4.4 Coordination will be strengthened under the next strategy for 2011-2015, particularly in areas and sectors targeted by the Bank. The Bank will ensure smooth coordination with the Bretton Woods Institutions, United Nations agencies and bilateral partners in the following areas: governance and the fight against corruption, private sector development support and infrastructure. In infrastructure, the Bank will seek to create synergies with the other partners, including the Arab Funds, the European Union and bilateral donors. The sustained involvement of the field office should enable the Bank to better monitor its activities and participate more actively in aid coordination activities on a regular basis.

### **Bank Group Positioning**

3.4.5 As at 31 October 2010, **the Bank's active portfolio in Mauritania** comprised 14 operations,

for a total net commitment of UA 192.95 million. The disbursement rate for public sector operations stands at 56.49%. At the sector level, commitments are broken down between industry and mines (68%), water (17%), financial sector (8%), social sector (3%) and agriculture (4%) (see Annex 8). The share of the industry and mines sector has increased since the approval of the SNIM GUELB II Extension Project (USD 175 million) in September 2009. Prior to approving that project, the Bank's share of commitments in the water sector accounted for 42% of the portfolio.



3.4.6 In Mauritania, the Bank has always paid special attention to the public utilities sector, especially water, the shortage of which has a serious impact on the urban and rural population, and undermines the development of industrial and trading activities. To contribute to the development of this crucial sector and to improve the population's access to drinking water, the Bank has devoted the entire ADF XI allocation (UA 13.05 million) to the sector, under the supplementary financing of the Nouakchott City Drinking Water Supply Project ("Aftout Essahili").

### **Portfolio Performance**

3.4.7 In recent years and through regular meetings, the Bank has engaged sustained dialogue with the Mauritanian authorities, with a view to improving the portfolio performance. Several actions were undertaken both by the Government (improving the institutional project monitoring mechanism, speeding up the implementation of certain projects, etc.) and the Bank (strengthening and improving the quality of supervision missions whose rate, for public sector projects, increased

from 1.0 in 2008 to 1.76 in 2009, implementing streamlining measures with the elimination of old projects from the portfolio, etc.). Thanks to these measures, overall portfolio performance improved relatively between the 2007 and 2009 CPPRs, with respective scores of 2.2 and 2.32 (see Annex 9). The most significant improvements concerned the reduction of the average age of projects from 4 to 2.6 years, and the increase of the disbursement rate from 37.8% to 48.8% for public sector projects. The tendency to improve the disbursement rate continued in 2010, given that the average disbursement rate for public sector projects rose to about 56.49% as at 31 October 2010, thereby confirming the speedy implementation of a number of delayed projects.

3.4.8 In addition, the 2009 portfolio review underscored the need to take action to further improve performance. Such action includes the need to build the capacity of project executing agencies and improve public procurement timeframes and procedures, to avoid delays in implementing these operations. With respect to the latter point, Government has undertaken sweeping public procurement code reforms to enhance transparency and speed up public procurement procedures. As regards project executing agencies, the Bank, through EADI, and the Government, organized a training workshop for them in October 2010. The workshop helped to better familiarize the agencies with Bank rules and procedures on procurement, disbursement, account management and project audit, and to build their capacity in that respect. The workshop was combined with a portfolio performance improvement mission, whereby the Bank was able to provide technical support to executing agencies in various areas (disbursement, procurement, etc.), particularly for delayed projects. For each of the projects concerned, an action plan was finalized with the authorities, with a view to speeding up their implementation. The Bank closely monitors the implementation of these action plans.

### ***Impact of Bank Operations***

3.4.9 Under previous strategies, the Bank conducted operations in Mauritania in several

sectors, including the social sector (education, health and microfinance), agriculture and rural development, industry and mines, infrastructure (water, electricity, transport) and reform support. All these interventions have had a positive impact in the respective sectors and have contributed to the country's development effort. However, the water sector has steadily benefited from Bank support in recent years. For several years running, the Bank has focused its assistance in Mauritania on this sector, even under the interim strategy for 2006-2007, specifically: (i) increasing drinking water supply in Nouakchott through the rehabilitation of drinking water supply infrastructure; (ii) building and rehabilitating sewage treatment plants; (iii) building pumping stations and a water tower; and (iv) building water points in rural areas (275). Overall, the Bank's assistance contributed to mitigating water shortages in both the urban and rural areas. Progress in this area is demonstrated by an increase in the servicing rate (see paragraph 2.4.5.) Furthermore, the project (implementation completed) has provided drinking water continually to Nouakchott, i.e. close to one-third of the Mauritanian population, since 12 October 2010. Given the Bank's experience in the water sector, it is suggested that it continues its intervention in the next ADF cycles.

3.4.10 As concerns microfinance, which was one of the priorities of the interim strategy, the Bank's assistance provided fresh impetus to the sector especially by fostering self-employment and income-generating activities. This has had a significant impact by reducing unemployment and poverty for the poorest, particularly women and youths. Propelled by these dynamics, the Government also succeeded in establishing a legal and regulatory framework that helped to gradually improve the organization and supervision of the sector (henceforth carried out by the Central Bank of Mauritania). The establishment of this framework opens new development prospects for the sector. The Bank will continue to support and monitor sector development through the Capacity Building Project for Microfinance Operators (PRECAMF), which is also supported by other partners (the World Bank, Canada, Germany, etc.),

and whose implementation will cover the ADF XII period.

### ***Lessons Drawn from CSP 2006-2007***

3.4.11 The key lessons drawn from the implementation of the interim CSP 2006-2007, which should be taken into account during the implementation of the strategy under consideration, include: (i) the need to avoid an unusually excessive dispersion of Bank interventions and maintain a selective approach, given the relatively low allocation to Mauritania; (ii) the relevance of the priority on the infrastructure sector, especially water, given its impact on other economic activities, health and the living conditions of the population, and its contribution to achieving the MDGs; (iii) the need to align Bank strategy to the PRSF action plan period to better assess its impact and outcomes; (iv) the need to implement an active and dynamic strategy to mobilize resources to attend and support Mauritania's development efforts beyond the ADF allocation; (v) the need to accompany project financing with economic and sector work, in order to improve the quality of dialogue with the Government and have an in-depth knowledge of specific issues affecting Mauritania's development; and (vi) the need to lay emphasis on capacity building operations so as to improve and step up the effectiveness of Bank interventions.

## **IV. BANK GROUP STRATEGY FOR MAURITANIA**

### **4.1 Rationale for Bank Intervention**

4.1.1 *The Bank's assistance strategy for 2011-2015, aims to contribute to achieving Mauritania's priority objectives, based on the improved competitiveness of the economy and poverty reduction.* While taking into account the lessons drawn from implementing the previous CSP and the portfolio review for 2009, as well as the Bank's medium-term strategic thrusts, the CSP under consideration will lay emphasis on the following two pillars; **(i) infrastructure development; and (ii) improved economic and financial governance.** The choice of these pillars was made in a participatory manner. During the

CSP dialogue mission fielded from 7 to 11 November 2010, a workshop bringing together the central administration and civil society was organized. At the end of this workshop, participants confirmed the pillars' compliance with PRSF priorities.

4.1.2 To lay down conditions for diversified, sustainable and job-generating growth, the Bank will endeavour to consolidate the achievements of the previous strategy while remaining selective, given the country's modest allocation. To that end, its interventions in infrastructure will be further enhanced, given its sterling performance in the sector, Mauritania's huge needs in that area and its direct impact on the living conditions of the population.

4.1.3 Through the two pillars proposed, this strategy also takes account of the synergy and the much needed complementarity among the interventions of various development partners. Hence, it lays emphasis on strategic partnership and selectivity so as to have a significant impact on poverty reduction in Mauritania.

4.1.4 The Bank's strategic approach aims to help Mauritania to cope with the key challenges mentioned in Section 3.2, through the focal areas retained. These areas have a potentially significant impact on increased productivity and consolidation of income-generating activities. The projects and reform actions scheduled under the strategy, whose pillars are presented below in detail, will foster accelerated and distributive growth, buttressed by the development of income- and job-generating activities - which is one of the key objectives of PRSF III.

### ***Pillar I: Infrastructure Development***

4.1.5 Pillar I is compliant with PRSF Thrusts 1 and 3 as well as Objective 4 of its action plan (2011-2015). Through this pillar, the Bank will endeavour to contribute to developing basic infrastructure that is crucial for laying the foundations of sustained and diversified growth. Rural water development will be the top priority of its intervention under the National Drinking Water Supply and Sanitation Programme, coupled with

support to improved access to electricity, especially in rural areas. This strategic thrust is justified by the synergetic effect of access to drinking water, sanitation services, electricity and transport services on the living and health conditions of the rural population, and their impact on sustainable development, industrial/commercial activities and poverty reduction.

4.1.6 In this connection, the Bank will strengthen the implementation of the National Drinking Water Supply and Sanitation Programme, with a view to increasing the proportion of the population with access to improved sources of drinking water from about 58.3% in 2008 to around 75% by 2015. The Bank's intervention in this sub-sector will help to increase the impact of other Bank-financed DWS projects, including the Nouakchott "Aftout Essahili" DWS approved in 2003, the Rural Drinking Water Supply and Sanitation Project under the RWSSI initiative approved in 2006, and the Integrated Water Resource Management Support Project (AGIRE) with resources from the African Water Facility (AWF), approved in 2007.

4.1.7 Furthermore, the Bank will support the production and distribution of electricity with a view to improving accessibility. This will contribute not only to enhancing the living conditions of the population, but also to stimulating the development of new income-generating activities, especially in rural areas. Besides water and electricity, both of which will receive Bank priority in implementing the strategy, it will also pursue dialogue with the Government on the transport sector, particularly with respect to regional integration and analytical work on sector knowledge building by the Bank and the authorities.

## ***Pillar II: Improved Economic and Financial Governance***

4.1.8 This pillar ties in with PRSF Thrust 4. Through this pillar, the Bank will lay emphasis on reform support and building the institutional capacity of public administration to improve the management of public resources and the quality of public services. The Bank's objective under this

pillar will be to foster macroeconomic stability and sustain growth by supporting Government's efforts to improve public finance management, modernize the administration and strengthen its capacity, and improve the business climate.

4.1.9 Through the two pillars proposed in this strategy, both of primordial importance for the conduct of economic activity, the Bank will accompany the Government's efforts to improve the business climate. In this context, the Bank will also explore the possibility of direct interventions in private sector operations. This will involve supporting growth-driven and exports sectors whose investments will be boosted by a medium-term bounce-back in global demand. The Bank will promote operations likely to have a significant impact on development.

### ***Indicative Work Schedule (2011-2015)***

4.1.10 The indicative schedule (presented in Annex 5) partly supports the implementation of the proposed strategy which has been discussed with the Government. This schedule takes into account the interventions of other development partners. The Bank will prefer co-financing for operations in areas of joint intervention.

## **4.2 Expected Outcomes and Targets**

4.2.1 Mauritania's key challenges and constraints, the major strategic thrusts of PRSF II, the CSP pillars and expected outcomes are presented in Annexes 6 and 7.

### ***Outcome 1: Increased Access to Drinking Water for the Population***

4.2.2 The Bank's strategy will consist in supporting the implementation of the National Drinking Water Supply and Sanitation Programme (PNAEPA-2015) by developing infrastructure in the sub-sector. The set objective is to significantly increase the rate of connection to the public drinking water network. The Bank will lay emphasis on rural water supply to enable its interventions to be beneficial to a greater number among the poorest. To achieve this outcome and support the country in attaining the MDGs, the Bank plans to back Government effort to mobilize

additional resources by giving preference to co-financed or parallel-financed operations. The Bank's action in the water sub-sector should contribute to achieving the Government's objective regarding access to drinking water and sanitation.

***Outcome 2: Increased Access to Electricity for the Rural Population***

4.2.3 The Bank will support the Government in developing the electricity sub-sector, currently characterized by very low rates of coverage and access in both urban and rural areas. This situation is due essentially to inadequate electricity supply, attributable to the type of housing, lack of energy resource development and exorbitant oil prices. The Bank will support Mauritania's efforts to address these constraints, with a view to stepping up electricity supply and energy control, especially in rural areas in a way that improves the living condition of households. In so doing, the Bank's intervention will contribute to increasing opportunities for the development of rural income-generating and poverty reduction activities.

***Outcome 3: Improved Business Climate***

4.2.4 To achieve this outcome, the Bank's intervention will consist in supporting the development of infrastructure that is central to the conduct of economic activity, and on reforms aimed at consolidating macroeconomic stability, improving the legal and regulatory framework for businesses and promoting private investment. The set objective is to contribute to increasing private sector participation in economic activity. The Bank will intervene in this area in close cooperation with the EU and the WB.

***Outcome 4: Improved Management of Public Finances and Strengthened Capacity of the Administration in Economic and Sector Policy Management***

4.2.5 This component is one of the major thrusts of the Government's reform programme whose set objective is to improve the efficient management of public resources and modernize the institutional and organizational framework of

the administration, with a view to improving its effectiveness in implementing and monitoring economic and social policies. The Bank will lay emphasis on human resource capacity building and mastery of tools for macroeconomic framing, preparing, monitoring/evaluation of public investment programmes and public expenditure programming. Its intervention will take the form of technical assistance and support to reforms co-financed with other development partners.

***Resource-related Issues***

4.2.6 The proposed strategy will be implemented partly with allocations granted to Mauritania under successive ADF cycles. However, to support Mauritania's development effort beyond these allocations, the Bank will implement an active and dynamic resource mobilization policy. In that context, it will intensify the necessary actions geared towards promoting co-financing with the other partners and identifying other resources that will likely contribute to the implementation of the strategy (Trust Funds, African Water Facility, RWSSI 2, IPPF-NEPAD, ADB Window for Non-Sovereign Guaranteed Operations, etc.). It is worth noting that during the ADF XI period, this policy enabled the Bank to mobilize almost USD 200 million, representing about 15 times the country's allocation.

***Non-Lending Activities***

4.2.7 Throughout the CSP period, the Bank will pay special attention to Economic and Sector Work (ESW) to support the achievement of the set objectives. This mainly involves knowledge building by the Bank and Mauritanian authorities on specific issues relating to the country's development and consolidating dialogue with the authorities on economic policies and strategy. Furthermore, the Bank will lay emphasis on technical assistance and capacity building operations, with a view to accompanying the implementation of reform programmes and investment projects.

### ***CSP Monitoring/Evaluation***

4.2.8 ***In close cooperation with the Government and other stakeholders, the monitoring/evaluation system for CSP 2011-2015 will be strengthened and improved, taking into account the constraints identified during the implementation of CSP 2006-2007.*** The indicators of the results-based framework (see Annex 7) of the strategy were selected in such a manner as to ensure that they are measurable and related to the objectives set forth within the context of Bank operations over the CSP period. The reliability of the monitoring/evaluation system will be improved through constant and consolidated dialogue with the Government, on the one hand, and between the Government and development partners, on the other, thanks to better coordination of activities (joint missions, mid-term review, specific meetings, thematic groups, etc.). During the CSP mid-term review scheduled for 2013, the Bank will assess the outcomes achieved and draw lessons for the remaining CSP period.

### ***Government Monitoring/Evaluation***

4.2.9 The mechanism for monitoring/evaluating the PRSF implementation is based on the Table of Resources and the Sector Score Board for the quarterly monitoring of priority action plan activities. This mechanism will be strengthened by the MTEF (2011-2013) under preparation, the Quarterly Summary Note, the Annual Report on the PRSF Impact Assessment and the findings of the continuing Living Standard Survey (LSS). However, weaknesses persist with regard to the monitoring/evaluation mechanisms due to weak ownership of the PRSF by various stakeholders and inadequate coordination of activities. These weaknesses are compounded by the inadequacies of the data collection mechanism and the absence of a reliable national impact assessment system to measure the effect of actions taken, based on the selection of relevant and quantifiable indicators.

## **4.3 Country Dialogue Issues**

4.3.1. Besides the issue of regional integration, (see paragraph 2.3.3) and the areas of

concentration proposed in this strategy, the dialogue between the Bank and the Government throughout the period of implementing the CSP under consideration, will lay special emphasis on areas in which weaknesses were noted during the 2010 assessment of the country's institutional performance (budget discipline, business climate, human resources, etc.), portfolio performance and food security.

4.3.2 The Bank will pursue efforts to improve the performance of operations. It is worth noting that dialogue has been consolidated significantly since the previous portfolio review, and will be further strengthened with the on-going institutional mechanism for project monitoring and coordination by the Government, and closer monitoring by the Bank, through greater involvement of the Field Office.

4.3.3 Lastly, the Bank will pursue dialogue with the authorities on the acute issue of food security in Mauritania. The Government wishes to find a sustainable solution to the country's structural cereal deficit and attain a coverage rate of 50% by 2015, in accordance with the objectives of PRSF III. To that end, the Government plans to improve water retention infrastructure (small-scale dams) with a view to increasing cereal production. Hence, the Bank will maintain constant dialogue with the country to mobilize resources for putting in place agricultural infrastructure in targeted areas.

## **4.4 Potential Risks and Mitigative Measures**

4.4.1 The implementation of the strategy for 2011-2015 may be undermined by three major risks, namely: (i) political instability in the country; (ii) vulnerability of macroeconomic stability to external shocks; and (iii) weak capacity of the administration. These risks may adversely affect the implementation of the Government programme. Nevertheless, they may be mitigated by the combined effect of several favourable factors that will intervene starting 2010.

4.4.2 Having suffered political instability in recent years, such instability may become a risk

for the implementation of the Bank's strategy. However, this risk is mitigated by the calm political climate that has prevailed following the July 2009 presidential elections that led to the return of constitutional order in the country. This positive trend is sustained by the gradual consolidation of dialogue among various political forces in the country and the commitment of the international community to accompany Mauritania in its efforts to consolidate political stability.

4.4.3 Macroeconomic stability should be consolidated by: (i) Government's commitment to undertake reforms and implement the new three-year IMF-supported programme; (ii) the bounce-back in global demand for Mauritania's products; and (iii) the resumption of investments, related to the expected recovery of the global economy and improvement of the country's political situation. All of these factors, the beneficial effects of which combine with the pursuit of a prudent debt policy by the authorities, should contribute to maintaining internal and external balances and consolidating macroeconomic stability in the medium term. In the long run, to mitigate the impact of external shocks, Government plans to pursue the implementation of its strategy to further diversify the economy, by developing the services sector (tourism and ICT, etc.).

4.4.4 With regard to building the capacity of the administration, the key development partners, including the Bank, responded favourably to Government's request to support its efforts in this area. Thus, the priority given to capacity building will help to mobilize resources that will be allocated to the modernization of the administration and development of human resources, thanks to which the country will be better equipped to manage macroeconomic policies and sector strategies.

## V. CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

5.1.1 *For nearly a decade, Mauritania has been involved in a process of economic development and reforms that has produced sustained growth and reduced the incidence of poverty.* However, this momentum slowed in 2008 and 2009 due to the combined effects of an unfavourable international economic situation and the resurgence of political crisis. Despite the recent commencement of oil production and the progress made, the country's socio-economic indicators are still weak.

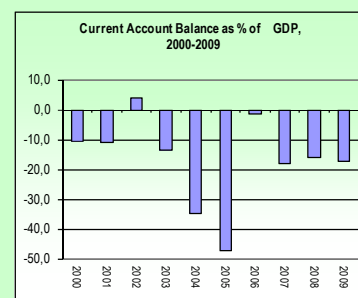
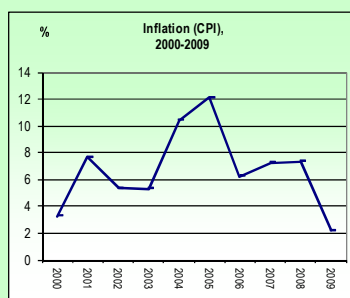
5.1.2. Hence, the Bank Group's intervention strategy for 2011-2015 aims to support Government development efforts to improve access to basic services and foster sustainable and equitable growth. This strategy ties in with Government objectives and priorities set forth under PRSF III. It is hinged on two pillars, namely: (i) **infrastructure development; and (ii) improved economic and social governance.**

### 5.2 Recommendation

The Boards of Directors are requested to consider and approve the strategy proposed in this CSP for Mauritania for the 2011-2015 period.

## Macro-economic Indicators 2008-2014

Indicators	Unit	2000	2004	2005	2006	2007	2008	2009
<b>National Accounts</b>								
GNI at Current Prices	Million US \$	1 208	1 532	1 792	2 324	2 636	...	...
GNI per Capita	US\$	470	530	600	760	840	...	...
GDP at Current Prices	Million US \$	1 081,2	1 494,6	1 857,8	2 699,2	2 838,3	3 511,6	3 891,0
GDP at 2000 Constant prices	Million US \$	1 081,2	1 249,1	1 317,1	1 467,9	1 482,9	1 537,7	1 520,1
Real GDP Growth Rate	%	1,8	5,2	5,4	11,4	1,0	3,7	-1,1
Real per Capita GDP Growth Rate	%	-0,9	2,4	2,7	8,7	-1,4	1,3	-3,4
Gross Domestic Investment	% GDP	19,4	51,7	61,5	25,0	24,3	29,4	25,3
Public Investment	% GDP	4,7	8,1	5,6	4,6	8,0	6,5	6,4
Private Investment	% GDP	14,7	43,6	56,0	20,4	16,4	22,9	18,9
Gross National Savings	% GDP	7,5	17,1	14,3	67,7	11,0	5,7	15,6
<b>Prices and Money</b>								
Inflation (CPI)	%	3,3	10,4	12,1	6,2	7,3	7,4	2,2
Exchange Rate (Annual Average)	local currency/US\$	238,9	265,3	265,5	268,6	258,6	243,4	267,1
Monetary Growth (M2)	%	16,1	...	...	...	...	...	...
Money and Quasi Money as % of GDP	%	12,8	...	...	...	...	...	...
<b>Government Finance</b>								
Total Revenue and Grants	% GDP	24,7	32,9	26,6	56,0	25,2	22,1	21,7
Total Expenditure and Net Lending	% GDP	30,7	37,7	33,7	28,4	29,6	29,5	27,2
Overall Deficit (-) / Surplus (+)	% GDP	-6,0	-4,8	-7,1	27,6	-4,4	-7,4	-5,5
<b>External Sector</b>								
Exports Volume Growth (Goods)	%	-1,8	17,3	9,2	36,3	0,5	-5,5	20,9
Imports Volume Growth (Goods)	%	12,1	17,3	14,5	-84,3	899,5	7,9	-3,6
Terms of Trade Growth	%	-4,0	-19,0	-3,6	-69,2	646,3	19,6	-28,0
Current Account Balance	Million US \$	-115,9	-517,1	-877,0	-35,6	-515,1	-557,3	-671,4
Current Account Balance	% GDP	-10,7	-34,6	-47,2	-1,3	-18,1	-15,9	-17,3
External Reserves	months of imports	0,7	0,2	0,3	3,5	0,8	0,6	...
<b>Debt and Financial Flows</b>								
Debt Service	% exports	13,5	5,1	4,3	57,8	0,8	8,8	3,5
External Debt	% GDP	249,8	210,8	132,9	94,1	95,4	53,9	49,7
Net Total Financial Flows	Million US \$	210,6	224,9	189,0	185,9	215,8	309,5	...
Net Official Development Assistance	Million US \$	211,4	188,6	182,3	202,9	341,9	310,7	...
Net Foreign Direct Investment	Million US \$	40,1	391,6	814,1	154,6	152,9	103,2	...



Source : ADB Statistics Department; IMF: World Economic Outlook, September 2009 and International Financial Statistics, February 2010; ADB Statistics Department: Development Data Platform Database, March 2010. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available

Last Update: May 2010

## Global Competitiveness Index 2010-2011

Analysis on (12) pillars	Mauritania Score (1-7)	Tunisia Score (1-7)	Libya Score (1-7)
<b>Global Competitiveness Index (Rank out of 139)</b>	<b>3.14</b>	<b>4.65</b>	<b>3.74</b>
BASELINE REQUIREMENTS	3.39	5.25	3.34
Pillar 1: Institutions	3.23	5.19	3.34
Pillar 2: Infrastructure	2.52	4.5	3.22
Pillar 3: Macroeconomic Stability	3.7	5.09	5.72
Pillar 4: Health and Primary Education	4.11	6.23	4.53
<b>Factors of Efficiency</b>	<b>2.79</b>	<b>4.28</b>	<b>3.19</b>
Pillar 5: Higher Education	2.15	4.89	3.63
Pillar 6: Attractiveness of commodities markets	3.45	4.68	3.2
Pillar 7: Attractiveness of the labour market	3.89	4.26	2.81
Pillar 8: Complexity of financial markets	2.66	4.27	2.99
Pillar 9: Technological level	2.55	3.86	2.87
Pillar 10: Market size	2.04	3.72	3.64
<b>Factors of Innovation</b>	<b>2.63</b>	<b>4.09</b>	<b>2.62</b>
Pillar 11: Complexity of business world	2.9	4.34	2.86
Pillar 12: Innovation	2.36	3.85	2.38

Millennium Development Goals Status

Goals	Targets	Target Indicators	Initial Level	Actual Level	MDG Objective in 2015	Achievement Likelihood
1. <i>Eradicate extreme poverty and hunger</i>	Target 1.A : Halve between 1990 and 2015 the proportion of people whose income is less than USD 1/day	1. Proportion of the population living below the poverty line	56.6%	42%	28.3%	Unlikely
		2. Poverty gap ratio (Incidence x Depth of Poverty)	15.9%	6.1%	-	
		3. Share of the poorest quintile of the population in national consumption	4.6%	6.3%	9.2%	
	Target 1.B : Ensure full-time employment and the possibility for all, including women and youths, to find decent and productive jobs	4. Employment/population proportion	NA	27%	100%	
		5. Proportion of self-employed workers and family workers in full-time employ	NA	69.6%		
		6. Unemployment rate	NA	31.2%	<20%	
	Target 1.C : Halve between 1990 and 2015 the proportion of people suffering from hunger	7. Proportion of underweight children under 5 years old	47%	39.4%	23.5%	
2. <i>Achieve universal primary education</i>	Target 2 : Ensure that by 2015, all children will be able to complete a full course of primary schooling	8. Primary school enrolment, (% net)	49%	73%	100%	Likely
		9. Primary completion rate	73.8%	49.3%	100%	
		10. Literacy rate, youth total (% of men and women ages 15-24)	45.8%	77.5%	100%	
3. <i>Promote gender equality and women empowerment</i>	Target 3 : Eliminate gender disparity in primary and secondary education by 2005 if possible, and at all levels of education latest 2015	11. Ratio of girls to boys in primary education	0.72%	1.02%	1.0%	Likely
		12. Proportion of seats held by women in national parliament (National Assembly + Senate)	NA	19%	50%	
4. <i>Reduce child mortality</i>	Target 4 : Reduce by two thirds, between 1990 and 2015, the child mortality rate	13. Infant-Child mortality rate at national level (per 1000)	137	122	45	Unlikely
5. <i>Improve maternal health</i>	Target 5A : Reduce by three fourths, between 1990 and 2015, the maternal mortality rate	14. Maternal mortality ratio (per 100 000 live births)	930	686	232	Unlikely
	Target 5.B : Universal access to reproductive health by 2015	15. Proportion of married women (15-49) using a contraceptive method	5%	9%	100%	
6. <i>Combat HIV/AIDS, malaria,</i>	Target 6 : Halt the spread of malaria and other major diseases, and begin to reverse	16. Prevalence of HIV /AIDS among people aged 15-49 years		0,6%		Likely

<i>Goals</i>	<i>Targets</i>	<i>Target Indicators</i>	<i>Initial Level</i>	<i>Actual Level</i>	<i>MDG Objective in 2015</i>	<i>Achievement Likelihood</i>
<i>and other diseases</i>	the current trend by 2015	17. Number of child (under-five) deaths from malaria (% of total)		6%		<b>Likely</b>
<b>7. Ensure environmental sustainability</b>	Target 7.A : Incorporate the principle of sustainable development into country policies and reverse the on-going loss of environmental resources	18. Proportion of forest-covered land area	0.4%	0.2%		<b>Likely</b>
		19. Total CO2 emissions (in Mt)	2.6	2.6		
	Target 7.B : Reduce the loss of biological diversity by significantly scaling down the rate by 2010	20. Proportion of protected land and marine areas	NA	0.6%		
	Target 7.C : Halve by 2015 the proportion of people without sustainable access to drinking water and sanitation	21. Proportion of the population using an improved source of drinking water	37%	62%	82%	
		22. Proportion of the population using improved sanitation facilities	NA	21.8%		

Source: Mauritania Authorities, PRSF, August 2010 NA= Not Available



## Country Policy and Institutional Assessment (CPIA) 2008-2010

Year	A. Economic Management			B. Structural Policies			C. Policies for Social Inclusion / Equity					D. Public Sector Management and Institutions					Overall Rating
	1 Macro	2 Fiscal	3 Debt	4 Regional Int./Trade	5 Fin. Sec.	6 Business Reg. Frame	7 Gender Equality	8 Equity Pub. Resource	9 Human Resources	10 Social Protection	11 Environ. mt.	12 Property Rights	13 Budget Manage mt.	14 Revenue Mobiliz ation	15 Public Admin.	16 Corrupt ion Pub. Sector	
2008	4,0	3,5	4,0	3,5	3,5	3,5	4,0	4,0	4,0	4,0	3,5	2,5	3,0	4,0	3,0	2,5	3,55
2009	3,5	3,5	4,0	3,5	3,5	3,0	4,0	4,0	3,5	4,0	3,5	2,5	3,0	4,0	3,0	2,5	3,60
2010	4,0	3,5	4,0	3,5	3,5	3,0	4,0	4,0	3,5	4,0	3,5	2,5	3,5	4,0	3,0	2,5	3,66

## Indicative Work Schedule

Operations	Expected Approval	Indicative Amount in UA M	Region covered
<b>PILLAR I: Infrastructure Development</b>			
DWSS Project (RWSSI 2)	2-S 2012	To be determined	To be determined
Rural Electrification Project	1-S 2014	To be determined	To be determined
<b>PILLAR II : Improved Economic and Financial Governance</b>			
Good Governance Support Programme (PABG)	1S- 2011	To be determined	Entire country

## CSP Expected Outcomes and Targets

				DSP 2011-2015	Strategic Approach : Improve the country's competitiveness		
Challenges and Constraints		Government Strategy		Pillars	CSP Expected Outcomes	Operations	
1. Weak and inefficient administrative governance and undeveloped private sector 2. Weak public expenditure and programming capacity 3. Lack of qualitative and quantitative infrastructure (transport, energy, water) 4. Prohibitive costs of production factors 5. Food insecurity 6. Significant environmental issues		Growth acceleration and stabilization of the macro-economic framework	<ul style="list-style-type: none"> <li>- Sector policies</li> <li>- Infrastructure Dev.</li> <li>- Modernization of the production apparatus</li> <li>- Regional Integration</li> <li>- Macro-economic Reforms</li> <li>- Fostering private investment</li> </ul>		<b>Infrastructure Development</b>	Outcome 1: rural water development is sustained	DWSS Project (RWSSI 2)
						Outcome 2: access to electricity in rural areas is improves	Rural Electrification Project
		Anchoring growth in the sphere of the poor	<ul style="list-style-type: none"> <li>- Rural Development</li> <li>- Urban Development</li> <li>- Micro-finance Promotion</li> <li>- Employment Support</li> <li>- Food Security</li> <li>- Targeted poverty reduction programmes</li> </ul>				
		Improve governance and capacity building	<ul style="list-style-type: none"> <li>- Consolidation of the rule of law</li> <li>- Improved environmental governance</li> <li>- Institutional capacity building</li> <li>- Transparency in public resource management</li> <li>- Decentralization</li> </ul>		<b>Improved Economic and Financial Governance</b>	Outcome 3: private sector development is supported  Outcome 4: economic and sector policy management capacity is strengthened	Good Governance Support Programme (PAGB)

Bank Group Results-Based Country Strategy Framework 2011-2015

Country Development Objectives (PRSF)	Constraints undermining development objectives	FINAL OUTCOMES (Expected in 2015)	FINAL OUTPUTS (Expected in 2015)	MID-TERM OUTCOMES (Expected in 2013)	MID-TERM OUTPUTS (Expected by 2013)	ADB operations in CSP under consideration and previous CSPs
<b>PILLAR I – Infrastructure Development</b>						
<b>Water Sector</b>						
Increase the national rate of access to drinking water from 50.4% in 2007 to 60% in 2015 and the rate of connection to sanitation network in poor neighbourhoods from 15% in 2008 to 36% in 2015	Poor access of urban and rural population to drinking water and sanitation, which has an impact on the spread of water-borne diseases	<p><b>Key Outcome: Improved access to water</b></p> <p>Proportion of the population (urban + rural) that has access to water is increased from 58.4% in 2008 to 60% in 2013 and to 75% in 2015</p>	<p>Secure domestic supply of electricity</p> <p>Over 400 management structures of DWSS facilities have been created with women represented therein</p>	<p>Improved access to drinking water and sanitation facilities for about (200 000) persons</p> <p>Reduced incidence of water-borne diseases (malaria, infant diarrhoea) in project areas</p>	<p>Establishment of (number) of DWSS facilities</p> <p>Sector MTEF used in the sector's budget programming</p> <p>Completion of the legal mechanism of the Water Code</p> <p>A SIREM is installed and activated</p> <p>Establishment of Regional Water and Sanitation Directorates</p>	<p>Aftout Essahili Project, underway</p> <p>Rural DWSS Project, Southern zone, underway</p> <p>Nouakchott City DWSS Project Phase 1 (approved in 2008) , underway</p> <p>DWSS Project (RWSSI 2)</p>
<b>Energy Sector</b>						
<p>Improve the energy mix through massive and gradual production of national (renewable and hydrocarbon) and regional (hydroelectricity) resources</p> <p>Create distribution networks and delegate them to private operators</p>	<p>Low coverage and access to energy</p> <p>Huge shortage of human and financial resources</p>	<p>Increased electricity supply and access by the population to electricity</p> <p>Rural electrification and renewable energy development</p> <p>Strengthening the capacity of the sub-sector</p> <p>Formulation of a National Energy Control Programme by 2013</p>	<p>Electricity supplied to over 5 500 households and 7 coastal villages</p> <p>50 MW of electric power is available in urban centres as clean energy</p> <p>Over 60% of engineers, lawyers, economists, auditors, working in the Ministry have been trained</p>	<p>Extension and densification of networks in urban and semi-urban centres</p> <p>National Energy Data Base is put in place and monitored</p>	<p>Establishment of planning tool for energy needs</p> <p>Available infrastructure are built in accordance with international standards</p> <p>Energy distribution and transportation networks within the country are improved</p>	<p>Rural Electrification Project</p>

Country Development Objectives (PRSF)	Constraints undermining development objectives	FINAL OUTCOMES (Expected in 2015)	FINAL OUTPUTS (Expected in 2015)	MID-TERM OUTCOMES (Expected in 2013)	MID-TERM OUTPUTS (Expected by 2013)	ADB operations in CSP under consideration and previous CSPs
<b>PILLAR II: Support to Economic and Financial Governance</b>						
<p>Reduce poverty through private sector development, with special emphasis on the development of SMEs</p> <p>Accelerate economic growth through investment in the mining sector</p>	<p>Inadequate infrastructure and high costs of production factors</p> <p>Low access by SMEs to income- and job-generating loans</p> <p>Much investment needed to modernize and strengthen the production capacity of the exports mining sector</p>	<p>Increase in the number of private sector loans with respect to GDP by 2015</p> <p>Increase in the share of SME contribution to GDP by 2015</p> <p>Capacity of MFIs is strengthened</p> <p>The legal and regulatory environment is streamlined and conducive to microfinance development</p> <p>Increase in exports revenue from the mining sector</p>	<p>Institution building of commercial courts (training, information, computerization,)</p> <p>Creation of a Single Electronic Window</p> <p>Study on the establishment of mechanisms adapted to grant loans to businesses</p>	<p>Increase in the number of private sector loans with respect to GDP by 2011</p> <p>Increase in the share of SME contribution to GDP by 2011</p>	<p>Increased SME access to bank loans</p> <p>Overall private sector investment increased throughout 2011-2015.</p>	<p>Good Governance Support Programme (PABG) Phase I and II</p> <p>Capacity Building Project for Microfinance Operators (PRECAMF)</p> <p>Economic and sector studies Etudes (to be determined)</p>
<b>Private Sector Development</b>						
<p>Reduce poverty through private sector development, with special emphasis on the development of SMEs</p> <p>Accelerate economic growth through investment in the mining sector</p>	<p>Inadequate infrastructure and high costs of production factors</p> <p>Low access by SMEs to income- and job-generating loans</p> <p>Much investment needed to modernize and strengthen the production capacity of the exports mining sector</p>	<p>Increase in the number of private sector loans with respect to GDP by 2015</p> <p>Increase in the share of SME contribution to GDP by 2015</p> <p>Capacity of MFIs is strengthened</p> <p>The legal and regulatory environment is streamlined and conducive to microfinance development</p> <p>Increase in exports revenue from the mining sector</p>	<p>Institution building of commercial courts (training, information, computerization,)</p> <p>Creation of a Single Electronic Window</p> <p>Study on the establishment of mechanisms adapted to grant loans to businesses</p>	<p>Increase in the number of private sector loans with respect to GDP by 2011</p> <p>Increase in the share of SME contribution to GDP by 2011</p>	<p>Increased SME access to bank loans</p> <p>Overall private sector investment increased throughout 2011-2015.</p>	<p>Line of credit to Mauritania Leasing (2009) underway</p> <p>Line of credit to Mauritania Leasing (2009) underway</p> <p>Capacity Building Project for Microfinance Operators (PRECAMF)</p> <p>Guelb II SNIM Project (2009) underway</p> <p>Economic and sector studies (to be determined)</p>



## Portfolio Status as at 31 October 2010

Project Name	Approval Date	Signature Date	Effectiveness	Amount Approved (UA)	Source	Amount Disbursed	% Disbursed	Closing Date
<b>OPERATIONS DU SECTEUR PUBLIC</b>								
Invasive Aquatic Weed Control	22-Sep-04	7- Dec-2004	3- Feb-2006	810 000.00	ADF	408 240.00	50.40%	31- Dec.-2011
Emergency Flood Assistance for the City of Rosso	11-Dec-09	12-Feb.-2010	12- Feb-2010	621 050.00	FSS	621 050.00	100.00%	31- Dec.-2010
Hydro-agricultural Development for Brakna -West	17-Nov-04	3-Jun-2005	10-Aug.-2005	2 670 000.00	ADF	1 641 516.00	61.48%	31- Dec.-2011
				4 300 000.00	NTF	1 776 760.00	41.32%	31- Dec.-2011
<b>AGRICULTURE</b>				<b>8 401 050.00</b>	<b>4.35%</b>	<b>4 447 566.00</b>	<b>52.94%</b>	
Nouakchott City "Aftout Essahili" DWS Project	24-Sep-03	16- Dec.-2003	22-nov.-2005	10 000 000.00	ADF	9 417 000.00	94.17%	31- Dec.-2009
Nouakchott City DWS Project (Supplemental Loan – 1st tranche)	28-May-08	12-Nov-08	7-mai-2009	9 460 000.00	ADF	9 431 620.00	99.70%	31- Dec.-2010
Nouakchott City DWS Project (Supplemental Loan – 2nd tranche)	14-May-10	27-May-10	27-mai-2010	3 358 800.00	ADF	3 201 272.28	95.31%	31- Dec.-2010
Rural DWSS Project , Southern zone	15-Nov-06	12-Jan.-2007	3-oct.-2007	9 700 000.00	ADF	1 041 780.00	10.74%	31- Dec.-2010
Integrated Water Resource Management Project (AGIRE)	7-Nov-07	8-May-2008	15-janv.-2009	459 617.97	AWF	398 902.44	86.79%	31- Dec.-2012
<b>WATER AND SANITATION</b>				<b>32 978 417.97</b>	<b>17.09%</b>	<b>20 289 302.44</b>	<b>61.52%</b>	
Microfinance Capacity Building Project (PRECAMF)	2-Mar-07	21-Mar-2007	2-avr.-2008	5 980 000.00	ADF	2 014 662.00	33.69%	31- Dec -2012
<b>FINANCE</b>				<b>5 980 000.00</b>	<b>3.10%</b>	<b>2 014 662.00</b>	<b>33.69%</b>	
<b>TOTAL PUBLIC SECTOR</b>				<b>47 359 467.97</b>	<b>24.54%</b>	<b>26 751 530.44</b>	<b>56.49%</b>	
<b>PRIVATE SECTOR OPERATIONS</b>								
Mauritania Leasing	17-Jul-08	15-Mar-2009	NA	3 060 687.00	ADB	3 060 687.00	100.00%	31- Dec.-2011
Mauritania BCI	17-Jul-08	15-Mar-2009	NA	4 897 100.00	ADB	4 897 100.00	100.00%	31- Dec.-2011
Line of credit to GBM	12-Dec-02	22-Apr-03	24-Jun-03	6 457 153.56	ADB	6 457 153.56	100.00%	22-Apr-05
<b>FINANCE</b>				<b>14 414 940.56</b>	<b>7.47%</b>	<b>14 414 940.56</b>	<b>100.00%</b>	
Institution Building Project for the SNIM	18-May-01	8-Jun-01	27-Feb-02	18 812 664.82	ADB	18 812 664.82	100.00%	30-Jun-05
Technical Assistance to the SNIM	01 Dec 09	01 Dec -09		614 217.00	FAPA	0.00	0.00%	
SNIM Extension Project (GUELBI II)	16-Sep-09	1-Dec-09	NA	111 750 000.00	ADB	0.00	0.00%	31-Dec-13
<b>MINES</b>				<b>131 176 881.82</b>	<b>67.98%</b>	<b>18 812 664.82</b>	<b>14.34%</b>	
<b>TOTAL PRIVATE SECTOR</b>				<b>145 591 822.38</b>	<b>75.46%</b>	<b>33 227 605.38</b>	<b>22.82%</b>	
<b>OVERALL TOTAL</b>				<b>192 951 290.35</b>		<b>59 979 135.82</b>	<b>31.09%</b>	

## Portfolio Performance Indicators by Sector

Projects	Financial Information			Duration		Score *				
	Net Amount Approved (UA)	Total Disbursed (UA)	Disbursement Rate (%)	Number of Extensions	Age	Fulfilment of Conditions	Procurement of BS	Financial Performance	Activities and Works	Impact on Development
Small-scale Fisheries Development, Phase II	5,000,000.00	4,541,604.44	86.4	3	9.4	2.7	2.5	2.6	2.3	2.2
Pastoral Development and Course Management Project	5,000,000.00	3,823,500.00	76.5	2	8.1	2.3	1.5	1.8	1.8	2.7
Invasive Aquatic Weed Control	810,000.00	246,726.00	30.5	0	4.6	1.5	1.5	2.5	1.5	2.0
Hydro-agricultural Development Project for Brakna –West	2,670,000.00	1,115,793.00	41.8	0	4.5	2.5	2.5	2.1	2.6	2.8
Hydro-agricultural Development Project for Brakna -West	4,300,000.00	125,869.66	2.9	0						
<b>Total Agriculture</b>	<b>17,780,000.00</b>	<b>9,853,493.10</b>			<b>6.7</b>	<b>2.2</b>	<b>2.0</b>	<b>2.3</b>	<b>2.0</b>	<b>2.4</b>
Rosso-Boghé Road Construction	500,000.00	292,545.00	58.51	2	5.9	2.5	3.0	1.9	2.5	2.7
Rosso-Boghé Road Construction	8,120,000.00	6,026,441.00	74.2	2						
Rosso-Boghé Road Construction	6,000,000.00	4,541,604.44	75.7	2						
<b>Total Transport</b>	<b>14,620,000.00</b>	<b>10,860,590.44</b>			<b>5.9</b>	<b>2.5</b>	<b>3.0</b>	<b>1.9</b>	<b>2.5</b>	<b>2.7</b>
Nouakchott City “Aftout Essahili” DWS Project	10,000,000.00	8,448,000.00	84.5	0	5.6	2.3	3.0	2.0	2.2	3.0
Nouakchott City DWS Project (Supplemental Loan – 1st tranche)	9,460,000.00	4,335,518.00	45.8	0	--	--	--	--	--	--
Rural DWSS Project , Southern zone	9,700,000.00	269,660.00	2.8	0	2.5	1.4	2.0	1.0	1.7	2.0
Integrated Water Resource Management Project (AGIRE)	459,617.97	210,000.00	45.7	0	1.6	1.5	1.7	2.0	2.3	2.0
<b>Total Water and Sanitation</b>	<b>29,619,617.97</b>	<b>13,263,178.00</b>			<b>3.2</b>	<b>1.7</b>	<b>2.2</b>	<b>1.6</b>	<b>2.0</b>	<b>2.3</b>
Ten-Year Education System Development Programme Support.	8,293,000.00	4,568,613.70	55.1	1	7.5	2.7	2.3	2.0	2.5	2.2
Microfinance Capacity Building Project (PRECAMF)	5,980,000.00	643,448.00	10.8	0	2.2	3.0	1.0	1.5	1.3	2.0
<b>Total Social Sector</b>	<b>14,273,000.00</b>	<b>5,212,061.70</b>			<b>4.8</b>	<b>2.8</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>2.1</b>
Economic and Financial Programming Support Project (PARPEF)	487,457.57	348,085.12	71.4	1	2.3	2.0	3.0	2.0	2.5	3.0
<b>TOTAL</b>	<b>76,780,075.54</b>	<b>39,317,803.92</b>	<b>51.2</b>		<b>4.6</b>	<b>2.2</b>	<b>2.4</b>	<b>1.9</b>	<b>2.2</b>	<b>2.5</b>

\* NPP= Non Potentially Problematic Project; PPP= Potentially Problematic Project; PP= Problem Project

## Development Indicators

Mauritanie - Indicateurs de développement				
Indicateurs sociaux	Mauritanie		Afrique	Pays en développement
	1990	2009 *		
Superficie ( 000 Km <sup>2</sup> )	1 026		30 323	80 976
Population totale (millions)	2,0	3,3	1 008,4	5 628,5
Croissance annuelle de la population (%)	2,6	2,3	2,3	1,3
Espérance de vie à la naissance -Total (années)	55,7	57,0	55,7	66,9
Taux de mortalité infantile (pour 1000)	74,4	71,7	80,0	49,9
Nombre de médecins (pour 100000 habitants)	6,5	10,9	42,9	78,0
Naissances assistées par un personnel de santé qualifié (%)	...	...	50,5	63,4
Taux de vac. contre rougeole (% d'enfants de 12-23 mois)	38,0	65,0	74,0	81,7
Taux de scolarisation au primaire (% brut)	48,8	104,4	100,2	106,8
Ratio Filles/Garçons au primaire (%)	73,9	107,7	90,9	100,0
Taux d'alphabétisation (% de la population >15 ans)	...	56,8	64,8	81,0
Accès à l'eau salubre (% de la population)	37,0	49,0	64,0	84,0
Accès aux services sanitaires (% de la population)	20,0	26,0	38,5	54,6
Valeur de l'IDH (Rang sur 169 pays)	...	136,0	n.a	n.a
Indice de pauvreté humaine (IPH-1) (% de la Population)	...	36,2	34,7	...
Mauritanie				
Indicateurs macroéconomiques	2000	2007	2008	2009**
RNB par habitant, méthode Atlas (\$ courant)	460	840	980	960
PIB (Million de dollars courant)	1 081	2 838	3 512	3 891
Croissance du PIB réel (% annuel)	1,8	1,0	3,7	-1,1
Croissance du PIB réel par habitant (% annuel)	-0,9	-1,4	1,3	-3,4
Investissement intérieur brut (% du PIB)	19,4	24,3	29,4	25,3
Inflation (% annuel)	3,3	7,3	7,4	2,2
Solde budgétaire (% du PIB)	-6,0	-4,4	-7,4	-5,5
Commerce, Dette extérieure & Flux financiers	2000	2007	2008	2009
Variation en volume des exportations (%)	-1,8	0,5	-5,5	20,9
Variation en volume des importations (%)	12,1	899,5	7,9	-3,6
Variation des termes de l'échange	-4,0	646,3	19,6	-28,0
Balance commerciale ( Million de dollars E.U.)	-99,6	-193,7	-153,6	-299,2
Balance commerciale (% du PIB)	-9,2	-6,8	-4,4	-7,7
Solde des comptes courants ( Million de dollars E.U.)	-115,9	-515,1	-557,3	-671,4
Solde des comptes courants (% du PIB)	-10,7	-18,1	-15,9	-17,3
Service de la dette (% des exportations)	13,5	0,8	8,8	3,5
Dette extérieure totale (% du PIB)	249,8	95,4	53,9	49,7
Flux financiers nets totaux ( Million de dollars E.U.)	210,6	215,8	309,5	...
Aide publique au développement nette ( Mn de dollars E.U.)	211,4	341,9	310,7	...
Investissements nets directs ( Million de dollars E.U.)	40,1	138,3	338,4	-38,3
Réserves internationales (mois d'importations)	0,7	0,8	0,6	...
Développement du secteur privé et infrastructures	2000	2005	2009	2010
Temps requis pour démarrer une affaire (jours)	...	82	19	19
Indice de protection des investisseurs (0-10)	...	3,7	3,7	3,7
Abonnés aux téléphones fixes (pour 1000 hab.)	7,3	13,7	23,8	23,8
Utilisateurs d'internet (pour 1000 hab.)	5,9	249,8	650,7	650,7
Routes asphaltées (% du total des routes)	57,3	53,2	...	...
Ferroviaire, Marchandises transportées (million ton-km)	...	...	...	...

Source: Département de la statistique de la BAD, à partir de sources nationales et internationales.

\* Année la plus récente.

Dernière mise à jour : novembre 2010

Compliance with Paris Declaration

Paris Declaration Monitoring Indicators	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
<b>OWNERSHIP: The partner country has full mastery of its development policies and ensures the coordination of actions</b>							
<i>Indicator 1: Partners have operational development strategies</i>	<b>The Government avails itself with reformed organs that will enable it to effectively assume leadership in aid coordination and the conduct of the harmonization/alignment process</b>	Broadening the terms of reference of and restructuring the State-Donors Committee (SDC) so as to make it a forum for consultation and guidance in the harmonization/alignment process, serving as a permanent interface between the Government and TFPs	MAED, TFPs		The committee convened in July 2008. It is not fully operational. It does not convene as frequently as needed; (ii) Formalization not done (no new TORs)	Formalize the conduct of TFP meetings (draw up TORs) and extend them to Government, if possible	Yes
		Reviving the unit responsible for monitoring the implementation and appraisal of the PRSF, development indicators and the Paris Declaration	MAED/DESD		New organization chart of MAED put in place in November 2008. It beefs up the unit to which is attached the ODHD/P. Revival of the unit is scheduled by the CSP (MAED) with staff increase ("new blood")		Yes
		Establishing a permanent secretariat comprising TFPs to support the functioning of the SDC and to ensure the monitoring of actions to be undertaken by TFPs (Harmonization and Alignment)	MAED, TFPs		Not done. Action depended on the implementation of the previous two actions: revival of State-Donors Committee and PRSF Unit	Formalize secretariat at the level of TFPs only, extend it to Government if possible	Yes
		Setting up sector and thematic steering committees to ensure consultation and synergy between the interventions of TFPs in the various sectors	Gvt, TFPs		The coordination mechanism in the Education Sector is operational and seems to be satisfactory to the various stakeholders. A de facto coordination exists in the Health Sector, even though less formalized. Recent example- child survival strategy	Identify sectors in which the coordination mechanism works and determine the keys to its success	Yes
	<b>Mauritania is equipped with a multi-year development framework (2006-2010), that serves as a reference for aligning aid on national priorities, and as a poverty monitoring/evaluation system</b>	Enactment of a law/ordinance to adopt the PRSF and organize its monitoring/evaluation system	MAED		MDG-Based PRSF adopted and owned by all national stakeholders and presented to the GC in December 2007. PRSF incorporates the M&E system, even though not formally enacted		

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
		Ownership of PRSF decentralization by conferring on PRLPs normative force through decree or decision of the Council of Ministers formally approving them so that they become State-recognized programming frameworks governed by a guidance law, as in the case of the PRSF itself.	MAED		Half of the PRLPs were effective. The process is still undermined by a major constraint: PRLPs are not used at all, neither for programming of actions nor for budget arbitration. An action aimed at updating and consolidating 3 PRLPs (Assaba, Gorgol, and Brakna) is being launched (AO.)		
		Implementation of a harmonization/Normalization plan for the computing concepts and methods used (compliance with international standards and unification of national sources of information)	MAED	2007-2010	Several important actions have been undertaken: adherence to peers review mechanism, launching of a Meta-Evaluation Study, redefining PRSF indicators (much more MDGs), harmonization/Normalization of 48 MDG indicators, data transfer protocols, Mauritinfo data base (DEVINFO), establishment of a Directorate of Programming and Monitoring/Evaluation in ministries in 2007, etc.		
<b>ALIGNMENT: Use of national procedures and institutions, alignment on national strategies</b>							
<i>Indicator 2a: Weak national public finance management systems</i>	<b>Sustained monitoring/evaluation of public expenditure</b>	Modernization of the Organic Law relating to Finance Laws (LOLF) on the basis of the overall MTEF	MF/MAED		A draft amendment to the law is available, prepared by the IMF mission in July 2008		Yes
		Preparation and adoption of final audited accounts relating to budget implementation	MF/Court of Audit		Final audited accounts are not regular, the last one being that of 2005		Yes
		Formulation, adoption and implementation of an integrated national anti-corruption strategy	MAED/MF/MJ		Draft strategy, bill and action plan are available		Yes

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
		Implementation of public accounting reforms	MAED/MF		Promises to adopt accrual-based accounting, but nothing concrete has been done		Yes
		Conduct of public expenditure traceability surveys in priority sectors	MAED/MF		The health expenditure traceability survey was completed in 2006 under the PRECASP, but the education and poverty reduction surveys were not conducted		Yes
		Budget unity through the merger between the general budget and the BCI and the extension of areas covered by budget procedures to CDHLCPI and CSA	MF / MAED		Not done. The BCI, with external financing, is still not tabled before Parliament		Yes
		Creation and institution building of administrative and technical support services to parliament and training of their staff	MC/MF/MAED		UNDP and GTZ supports to Parliament are on-going, but the duration of parliamentary sessions undermine its capacity		Yes
		Formulation of a common framework between the Government and TFPs to assess the quality of national public finance systems	MAED/MF/PT Fs	2007-2008	PEFA Assessment available mid-2008, as well United Nations HACT assessment		
	<b>Improving budget management</b>	Adoption of the 2006 functional classification of the budget and strengthening of programme-based classification	MAED/MF		The introduction functional classification began in 2001, but remains purely indicative and has never been used in presenting the Finance Law		Yes
		Preparation of instruments organizing the deconcentration of budget implementation on pilot regions	MAED/MF		Under the PRECASP, two pilot regions were retained, namely: Nouadhibou and Trarza		
		Wide-scale deconcentration of payment authorization and implementation of the Rachad system	MAED/MF		Deconcentration of payment authorization is effective. RACHAD covers all ministries and all phases of public expenditure		
		Complete computerization of public accounting at the central and deconcentrated levels	MAED/MF		Computerization only at the central level		Yes
		Consolidation of institutional guarantees relating to the independence of the Court of Audit and the publication of annual reports of the Court of Audit	MAED/MF/CC		The president has a fixed mandate which consolidates his/her independence. The 2006 report is available		Yes
<i>Indicator 2b: reliable public procurement systems</i>	<b>Revision of the Public Procurement Code</b>	Adoption of the new Public Procurement Code	MAED/MF		The Code is available. Its formal validation by an international committee is awaited		Yes
		Verification of compliance with public procurement procedures and of the effectiveness of the approval process through an annual audit conducted by an independent consultancy	MAED/MF	2008-2009	Measure projected, subject to the validation of the new Public Procurement Code		Yes
		Wide-scale establishment of a permanent	MAED/MF	2007-2008	Measure provided for, subject to the		Yes

Paris Declaration Monitoring Indicators	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
		public procurement unit in all ministries and other State institutions			validation of the new public procurement code		
<i>Indicator 3: Aid is aligned on national priorities</i>	<b>Revive MTEF-Budget links</b>	Preparation and wide-scale establishment of sector MTEFs and consolidation of the global MTEF and their regular updates	MAED/MF	2007-2010	Only the MTEFs for health, water and rural development are available. The MTEF for health had been updated upon preparation		Yes
		Design a data base on unit costs with a view to computerizing and standardizing their calculation, while aligning them on MDG implementation costs	MF/MAED	2007-2008	Draft exists. Study conducted by WB in view of GC 2007.		
	<b>Align aid inflows with national priorities</b>	The Government and TFPs adopt Mauritania's Partnership Strategy Results Matrix as one of the alignment monitoring tools	Gvt, TFPs	2007-2010	Not done		
		The programming instruments of each TFP are based on the national priorities mentioned in PRSF II and indicate, for every given year, the activities that are eligible for its financing as well as the relevant implementation procedures	Gvt, TFPs	2006-2010	To be verified with TFPs		
<i>Indicator 4: Strengthen capacity building through coordinated support</i>		The Government and TFPs adopt the capacity building policy letter, prepared under the PRECASP, as basis for capacity building support	Gvt, TFPs	2006-2010  Phases : - Finalization of capacity building policy letter: May 2007 - Transmission of letter of intent June 2007 - Formulation of a National Capacity Building Programme: December 2007 - Programme effectiveness: 2008	A National Capacity Building Programme was not formulated. The PRECASP mid-term review, scheduled for August 2008, should revive the file	Resume discussion on common principles for capacity building	
		In conjunction with the Government, TFPs adopt a code of conduct for the identification of Technical Assistance needs, the recruitment of international technical assistants (TA), and establish	Gvt, TFPs		Code of good conduct not drawn up	Draft a code of good conduct	

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
<i>Indicator 5: Use of national systems — Percentage of donors using the public procurement and/or public finance management systems of partner countries</i>		monitoring mechanisms					
		The Government and TFPs jointly appoint, on a consensus basis, the leader of each programme coordinated in accordance with each party's comparative advantages	MAED, PTFs		Work on comparative advantages carried out by the Advisory Group, but not implemented. Another issue is the formulation of coordinated programmes	Draw up a list of coordinated programmes	
	<b>Regular, complete and reliable monitoring of external aid inflows</b>	Establishment of an ODA monitoring mechanism and an integrated system of external aid management: Setting up an integrated data base on ODA and publication of an annual report on external aid	MAED, MF,BCM		The aid management system is underway thanks to the AFD initiative. *Another ADB initiative in underway (consultant scheduled for end November 2008.)  *A computerized debt management system has been put in place through an Ivorian partner with State resources. *A complementary project is under formulation by UNCTAD August 2008)		Yes
		Creation of an office responsible for monitoring and registering other forms of aid: emergency aid, intellectual services, aid in kind	MAED/ Ministries				
		Dissemination of a monthly trend chart on external aid (monthly and cumulative disbursement statements, signed agreements)	MAED/MF		MAED is putting in place a project performance monitoring system (based on WB portfolio review )		Yes
<i>Indicator 6: Strengthen capacity by avoiding parallel implementation structures</i>	<b>Avoid establishing parallel project units</b>	Preparation of an inventory of parallel project units	MAED		Inventory updated during the 2008 survey, but with different criteria	Prepare definition and criteria for parallel management unit and draw up list	
		The Government and TFPs agree to avoid the setting-up of new parallel project units	MAED/TFPs		Not done		
		The Government and TFPs agree to define a schedule for the gradual phasing out of parallel units with the objective of attaining zero PU in 2010.	MAED/TFPs		Not done		
<i>Indicator 7: Aid is increasingly foreseeable</i>	<b>Aid is increasingly foreseeable</b>	TFPs prepare a multi-year programme on the basis of the PRSF	TFPs	2006-2010	Action undertaken by most TFPs (CAS WB, Partnership Agreement for Development (France), UNDAF SNU, CPD UNDP, etc.)		
		TFPs are committed to complying with	PTFs		Not done		

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
		the disbursement schedules mentioned in the multi-year programming documents and to presenting a balance sheet of aid inflows at the close of each year					
		The Government undertakes to systematically incorporate external resources into the national budget	MAED/MF	2009-2010	Partly done (2009 Budget, 2008 budget, MTBF)		Yes
		The Government and TFPs formulate a permanent framework that allows for the monitoring of funds appropriated to projects and an expenditure monitoring format	MAED, TFPs		Project performance monitoring system under formulation by MAED		Yes
<i>Indicator 8: Untied aid</i>	Less tied aid	The Government undertakes to prepare an annual report on tied aid , in partnership with the EOCED, and TFPs who are not DAC members	MAED		Action underway with AFD		
		The Government and TFPs develop a programme to gradually untie aid, with realistic targets	TFPs		International Commitment for LDCs such as Mauritania. The rate of untied aid is particularly high for Mauritania, in accordance with the 2008 EOCED survey (figures estimated by EOCED at 67% for 2007). Nevertheless local action should be undertaken to ensure the monitoring and implementation of this commitment		
<b>HARMONIZATION: The actions of TFPs are better harmonized, thus allowing for greater collective effectiveness</b>							
<i>Indicator 9: Use of common procedures or mechanisms</i>	Use of common procedures or mechanisms: increase in programme approach	The Government and TFPs undertake to draw up a schedule for the introduction of the SWAP (Sector Wide Approach) in key sectors	Gvt, TFPs		Not done (Health SWAP is envisaged in the child survival strategy 2008.)		Yes
<i>Indicator 10a: Encourage joint analyses — Field Missions</i>	Increase in joint missions and studies	TFPs are committed to further undertaking joint actions	TFPs		To be verified with TFPs		
		The Government and TFPs undertake to formulate a framework laying down the conditions for preparing joint missions and studies	Gvt, TFPs		Not done	Prepare missions schedule	
		The Government and TFPs undertake to not schedule missions at the peak of Government activity (quiet period)	Gvt, TFPs		Not done		

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
<i>Indicator 10b: Fostering joint analyses — analytical works by country,</i>		The Government and TFPs undertake to share, on a yearly basis, the list of analytical documents to be prepared and invite each partner to participate therein, based on their interests	Gvt, TFPs	2007-2010	Not done	Reflection on a framework that allows these information to be shared	
		TFPs undertake to meet with the relevant sector stakeholders and to share information within sector groups	TFPs	2007-2010	To be verified with TFPs on a sector by sector basis		
		TFPs create a website on the findings of missions and studies, and agree on its quarterly update, with a view to facilitating the coordination of the Paris Declaration implementation monitoring	TFPs		The Website: "Mauritanian Development Portal" is in place, a monitoring/evaluation, sharing forum of the United Nations website. Ready	Agree on an information-sharing forum or website	
		TFPs apply the PRSF performance indicators to projects, if possible	TFPs	2007-2010	To be verified with TFPs		
<b>RESULTS-BASED MANAGEMENT: Results-Driven Framework</b>							
<i>Indicator 11: Results-driven frameworks</i>	<b>Fostering a results-based management culture</b>	Incorporation of a Results-Based Management (RBM) component into national capacity building strategies	MAED		The Capacity Building (CB) policy letter was the first step towards the formulation of the CB strategy under PRECASP. A CAPSCAN was conducted in July 2008 with a multi-sector action plan		
		Implementation of training actions on Results-Based Management (RBM) for the administrations	MAED, MFE	2007-2010	Actions provided for under the CAPSCAN action plan. Besides, isolated actions (e.g. United Nations carried out some actions during the formulation of the UNDAF)		
		Implementation by each structure of a programme scheme designed to ensure linkage between resources, activities and results.	Gvt, TFPs	2007-2010	To be verified		
<b>MUTUAL RESPONSIBILITY: Donors and partner countries are responsible for development-related results</b>							
<i>Indicator 12: Mutual Responsibility</i>	<b>The Government formulates a communication strategy with TFPs</b>	The Government and TFPs jointly formulate an evaluation mechanism by independent evaluators for monitoring the performance of commitments	MAED, TFPs		Mauritania adhered to the AU Peers review mechanism in 2008		Yes
		Strengthen the capacity of the Ministry in charge of the sector and systematization of communication within each ministry	MAED		To be verified		
		Design and filling-in of a DAC/OECD-type national questionnaire (every 2 years) to monitor progress made in	MAED, TFPs		OECD survey conducted in 2006 and 2008		

<i>Paris Declaration Monitoring Indicators</i>	Objectives	Activities	Responsible Parties	Schedule	Current Status (prior to rupture of State-TFPs dialogue)	Possible Actions in absence of dialogue with Government	Action for negotiation with authorities
	the implementation of the Paris Declaration.						