

MAURITANIA COUNTRY REPORT 2008

<p>Background and debt sustainability</p>	<p>Mauritania is classified as a low income country with a per capita GNI of US\$840 and half the population below the poverty line. The country has large deposits of iron which account for 50% of total exports, its coastal waters are amongst the richest fishing areas in the world but overexploitation is threatening this key source of revenue. Drought has been the main vulnerability factor. Mauritania has completed the entire HIPC Initiative process including MDRI, benefiting from more than US\$848 million of debt relief. However, a large part of its debt was classified as “passive” (ie payment was not being requested) by the authorities and the BWIs, and therefore excluded from the completion point analysis. As a result, because creditors are now requesting payment of this debt, Mauritania’s external debt is still highly unsustainable (whether judged by HIPC or DSF indicators) and negotiating efforts are under way to convince creditors to provide HIPC-comparable debt reduction. Domestic debt is low and sustainable. Even if all creditors provide HIPC-comparable debt relief, there may be some risks of continuing debt unsustainability, due to the low current level of grant financing, and the risk of non-concessional borrowing on the basis of recently discovered oil reserves.</p>
<p>CBP support and impact</p>	<p>HIPC CBP support began in December 1997 with a demand assessment mission, which evaluated technical and institutional capacity and Government commitment to improve debt management. Following an initial regional workshop in 1998, a national workshop in January 2000 helped Mauritania participate fully in its decision point analysis, and one in April 2004 updated its debt strategy ahead of completion point. Missions in 2003-04 also provided support to the Mauritanian authorities on how to negotiate their debt relief with various creditors, and to reinforce debt management institutions, before political instability in 2005 delayed further activities. Mauritania also participated in various DRI/Pôle-Dette regional workshops.</p> <p>During Phase 4, CBP support was relatively limited (to two missions and a sensitisation seminar) due to extensive political and institutional reorganisation and instability. Political commitment to debt management improved sharply under the interim government in 2007 and the elected government elected in 2008. As a result, the first institutional mission had considerable impact through the creation of a national debt management committee, and the second assisted officials to update the national debt strategy for presentation to decision-makers, officials and parliamentarians at a sensitisation seminar in February 2008, as well as drafting a new debt management law. However, the latest military coup occurred when the strategy and debt management law were due to be formally approved.</p> <p>Mauritania has also benefited from participation in 3 regional workshops organised by BCEAO-BEAC Pôle-Dette – on Effective Debt Management in 2006, the BWT’s Debt Sustainability Framework in 2007 and the Role of Parliamentarians in Debt Management in 2008.</p> <p>As can be seen from the table below, Mauritania’s capacity has improved considerably in some areas, notably on debt strategy, availability of trained personnel, and capacity-building plans. However, its scores were much higher in 2000-01, and have been eroded since then by political instability, staff turnover in debt management units, and lack of regular training. Recent institutional reinforcements and strategy updating were expected to lead to major improvements in 2008, but the current political situation may make this more problematic.</p>
<p>Objectives and content of proposed country assistance</p>	<p>As defined by national policymakers in the 2008 sensitisation seminar, Mauritania has huge needs for capacity-building in debt management, including on debt recording as well as post-HIPC debt strategy, and new external and domestic borrowing policy, and institutional support to restructured debt management units through procedures manuals, job descriptions, work programming/planning and basic training for new staff. Priorities were agreed for action before the military coup, as being diversifying new external financing and updating the national capacity-building plan, but are currently on hold pending further requests from the new Government.</p>

Country Debt Strategy Progress

Progress and Intended Results	CBP Logical Framework Performance Indicators	Initial Score (Dec 97)	Phase IV Baseline	Phase IV Current	Phase IV Target
	LT 1. Debt sustainability	3	4	4	5
	MT 2a. Debt management strategy updated at least once a year.	2	3	3.4	4
	MT2b. High-quality legal and institutional frameworks for debt strategy	3	2	2.6	3
	ST 3a Availability of trained personnel capable of formulating and executing national debt strategies	1	3	3	5
	ST 3c. High-quality capacity building plans which are implemented and annually updated.	1	1.4	2.8	3.4
	Expenditure and Budget	Overall spending on Mauritania since the start of CBP activity has been US\$224,362. The budget allocated to events to support Mauritania in phase 4 is US\$50,572, which is to be financed from core funds.			