

ISLAMIC REPUBLIC OF MAURITANIA

Honor - Brotherhood - Justice



**POVERTY REDUCTION
STRATEGY PAPER**

DECEMBER 13, 2000

LIST OF ABBREVIATIONS

ADER	Rural Electrification Development Agency (<i>Agence de développement de l'électricité rurale</i>)
AMM	Association of Mayors of Mauritania (<i>Association des maires de Mauritanie</i>)
ANEPA	National Safe Drinking Water and Sanitation Agency (<i>Agence nationale de l'eau potable et de l'assainissement</i>)
BCM	Central Bank of Mauritania (<i>Banque centrale de Mauritanie</i>)
BE	Basic education
BHU	Basic health unit
CBD	Convention on Biological Diversity (CBD)
CCD	Convention to Combat Desertification
CDHLCPI	Commission on Human Rights, Poverty Reduction, and Integration (<i>Commissariat aux droits de l'homme, à la lutte contre la pauvreté et à l'insertion</i>)
CFPF	Center for the Training and Advancement of Women (<i>Centre de formation et de promotion féminine</i>)
CGEM	General Body of Mauritanian Employers (<i>Confédération Générale des Employeurs de la Mauritanie</i>)
CNROP	National Center for Oceanographic and Fisheries Research (<i>Centre national de recherche océanique et de pêche</i>)
CSA	Food Security Commission (<i>Commissariat à la sécurité alimentaire</i>)
DFI	Basic importation right (<i>droit foncier à l'importation</i>)
DRASS	Regional health and social action directorate (<i>Direction régionale de l'action sanitaire et sociale</i>)
EDS	Demographic and social survey (<i>enquête démographique et sociale</i>)
EIG	Economic interest group
EPCV	Ongoing living conditions survey (<i>enquête permanente sur les conditions de vie</i>)
FLSH	Faculty of Letters and Social Sciences (<i>Faculté des lettres et sciences humaines</i>)
FSJE	Faculty of Law and Economics (<i>Faculté des sciences juridiques et économiques</i>)
HIPC:	Heavily-Indebted Poor Countries
IMF	Head tax (<i>impôt minimum forfaitaire</i>)
MAED	Ministry of Economic Affairs and Development (<i>Ministère des affaires économiques et du développement</i>)
MDRE	Ministry of Rural Development and Environment (<i>Ministère du développement rural et de l'environnement</i>)
MEMAU	Model of the Mauritanian economy (<i>Modèle de l'économie mauritanienne</i>)
MEN	Ministry of National Education (<i>Ministère de l'éducation nationale</i>)
MET	Ministry of Equipment and Transport (<i>Ministère de l'équipement et des transports</i>)
Moughataa	An administrative subdivision. Mauritania has 58 <i>moughataas</i> distributed among 12 <i>wilayas</i> .
MSAS	Ministry of Health and Social Affairs (<i>Ministère de la santé et des affaires sociales</i>)
NTIC	New technologies of information and communication
OMVS	Organization for the Development of the Senegal River
ONS	National Statistics Office
PANE	National Environmental Action Plan (<i>Plan d'action national sur l'environnement</i>)
PCIME	Integral coverage of childhood diseases (<i>Prise en charge intégrée des maladies de l'enfant</i>)
PDIAIM	Integrated Development Program of Irrigated Agriculture in Mauritania (<i>Programme de Développement Intégré d'Agriculture Irriguée en Mauritanie</i>)
PIP	Public investment program
PNAN	National Nutrition Action Plan (<i>Plan d'action national pour la nutrition</i>)
PRSP	Poverty Reduction Strategy Paper
RAHF	Rate of access to health facilities
RAMSAR	Convention on Wetlands (named after the city where the Convention was signed)
RGPH	General population and habitat census (<i>Recensement général de la population et de l'habitat</i>)
RPHIV	Rate of prevalence of HIV
SECF	Secretariat for the Status of Women (<i>Secrétariat d'Etat à la condition féminine</i>)
SME	Small and medium-size enterprise
SNIM	National Industrial and Mining Company (<i>Société nationale industrielle et minière</i>)
SNS	National security stock (<i>Stock national de sécurité</i>)
SONELEC	National power and water company (<i>Société nationale de l'électricité</i>)
ST	Statistical tax
TDW I	Tetanus, Diphtheria, Whooping Cough
UM	National currency unit (<i>ouguiya</i>)
UNCACEM	National Union of Savings and Loans Organizations (<i>Union Nationale de Crédit Agricole et Caisse d'Epargne de Mauritanie</i>)
VAT	Value Added Tax
Wali	Government's representative to a <i>wilaya</i>
Wilaya	Administrative region. Mauritania has 12 <i>wilayas</i> , plus the district of Nouakchott.

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EXECUTIVE SUMMARY

1. In the context of the poverty reduction initiative for heavily indebted poor countries (HIPC), for which Mauritania was declared eligible in March 1999, the Mauritanian Government has begun the process of preparing a poverty alleviation strategy which has involved, aside from the Administration, local collectivities, representatives of socioprofessional organizations (management, labor unions), organizations belonging to civil society (e.g., NGOs), universities and many other resource persons.
2. In all, 12 working groups contributed to the Poverty Reduction Strategy Paper (PRSP). A consultative committee consisting of representatives of Government and civil society, and a donor committee representing all development partners, have likewise been closely involved in the entire process. In addition the draft PRSP has been discussed with the entire World Bank and IMF country team.
3. While it emanates from the Government, which oversaw its production from beginning to end, the PRSP has been greatly enriched by all of these consultations.
4. The PRSP opens first with an analysis of the poverty situation, and then presents the poverty alleviation strategy for the long term and for the period up to 2004. Parts 3, 4, 5 and 6 are devoted to the various themes of the strategy and of the action plan which will be implemented over this period. Part 7 covers monitoring and the ways in which the document will be updated.

Analysis of the poverty situation

5. The latest survey of household living conditions (1996) showed that poverty, as measured by the percentage of individuals living below the poverty threshold, affected 50 percent of the population. The incidence of poverty has diminished, however, compared to the beginning of the decade (56.6 percent in 1990).
6. The reduction in poverty is even more marked in terms of the differential indicators : extreme poverty diminished by over 12 points over the 1990-1996 period, whereas the depth and severity of poverty dropped by 10 and 9 points, respectively, dropping from 28.3 percent to 18.3 percent, and from 18.1 percent in 1990 to 9.1 percent.
7. Monetary poverty is primarily a rural phenomenon (76.4 percent). It is due to a great extent to the rural arid zone, which is home to over 57 percent of the poor. The most affected regions are the area of Aftout (an arid zone straddling the *wilayas* of Assaba, Brakna and Gorgol), certain areas of the two Hodhs and Guidimakha, which have a rate of poverty of around 80 percent, or even higher.
8. Data on poverty in terms of living conditions show an overall improvement in social indicators. Thus, the gross primary enrollment ratio went from 46 percent in 1989 to nearly 86 percent in 1999. The rate of accessibility of health facilities within a distance of 5 km went from 30 percent in 1990 to 70 percent in 1998, whereas the rate of infant mortality fell from 124 per thousand in 1990 to 105 per thousand in 1998. Access to potable water likewise made great progress in rural as well as urban areas. However, the levels and the quality of these indicators remain below desirable standards and they are still accompanied by very marked disparities within the country.

The long term strategic vision

9. The analysis of the poverty situation in Mauritania has shown the multidimensional nature of the phenomenon and the tangle of causes at its origin. The poverty reduction strategy uses this fact as its point of departure. It integrates the national experience in its entirety and takes into account lessons learned in other countries that have achieved quick results in poverty reduction. The vision upon which the strategy

is based holds that only an integrated policy that tackles all the determinants of poverty simultaneously can have a rapid and sustainable impact on poverty reduction.

10. The strategy's long term objectives (cf. Annex 1) are the following : (i) to reduce the proportion of Mauritians living below the poverty threshold to under 27 percent by the year 2010 and below 17 percent by 2015 ; (ii) to achieve, before 2015, the social development objectives defined on the basis of recommendations emerging from various world summit meetings ; and (iii) reduce social and spatial disparities.

Main themes of the strategy

11. The poverty reduction strategy is built upon four main themes that are mutually supporting and that converge towards the attainment of the desired objectives.
12. The first theme is aimed at accelerating economic growth, which is the basis for any reduction in poverty, to improve the economy's competitiveness and reduce its dependence upon exogenous factors. This theme will contribute to poverty reduction in two ways : (i) through its direct and indirect (i.e., its spillover effects) on job creation and new revenues ; and (ii) through its impact on the Government's budget revenues, which will in turn be able to be used to support sectors that benefit the poor directly. Due to the specialization of the Mauritanian economy, which is concentrated on sectors with few spillover effects, the second effect is likely to be more important in the short term.
13. The second theme is concerned with developing the growth potential and productivity of the poor. The idea is to promote sectors that benefit the poor directly, as well as the zones in which they are concentrated. This theme, which relies upon the implementation of public investment programs, will help reduce inequities and improve the resource base of the poor.
14. The third theme is aimed at developing human resources and access to essential infrastructures. This theme is the one that, over the long term, will have the most perceptible effect on poverty, through its impact on productivity and improved living conditions for the poor. Access to education and health, in particular, reduces the vulnerability of the poor considerably.
15. Finally, the fourth theme aims to promote true institutional development based upon good governance and on full participation of all parties involved in poverty alleviation.

Objectives of the PRSP and areas of priority intervention

16. The objectives of the PRSP (cf. Annex 1) are based on the prospects for economic growth, budget and balance-of-payment issues and on the priorities of the sectoral development programs. The main objectives selected for the period following implementation of the 2001-2004 action plan are: (i) to ensure an average annual rate of growth of 6 percent over the period; and (ii) to bring the incidence of poverty down to 39 percent and that of extreme poverty to under 22 percent.
17. The analysis of poverty in Mauritania has led to the identification of five priority areas under the PRSP for 2001-2004: (i) rural development, for which the objective is to reduce the incidence of poverty to under 53 percent; (ii) urban development of neighborhoods located on the fringes of large cities and the main secondary towns; (iii) education, for which the main goals are to achieve universal schooling (by 2004) and to boost the retention rate to over 65 percent; (iv) health, for which the objectives are to reduce the rate of child mortality to under 160 per thousand and to boost to 80 percent the rate of access to health facilities within a distance of 5 km; and (v) water supply, for which the objectives are to achieve 45 percent of connections to water systems.

Financing the PRSP

18. The cost of the entire action plan (including balance-of-payments support) is estimated at US\$475 million. The cost of the priority measures is estimated at US\$282 million, of which about US\$108 million will be covered by HIPC resources and US\$54 million by budget savings.

Monitoring PRSP implementation

19. Implementation of the PRSP will be monitored systematically – on the basis of a set of meaningful poverty reduction indicators – and will undergo a mid-term assessment to which all participants in the poverty alleviation effort will contribute.

Introduction

Ten years of reform

20. Mauritania has been engaged for a little over a decade in ambitious reform policies that have affected all aspects of the country's political, economic and social life.
21. The decentralization introduced in 1988 has resulted in the creation of 208 autonomously administered communes. In 1991, a pluralist democracy was established with the adoption of a constitution that guarantees basic liberties and the separation of executive, legislative and judicial powers, and that introduced the practice of universal suffrage for the election of the President of the Republic and of the people's representatives at the National Assembly.
22. At the same time, the program of economic reforms begun in 1992 has made it possible to adjust the Government's finances and those of the main public enterprises, to stabilize the macro-economic framework, liberalize markets and prices, improve the legal and judicial environment for business activity, foster private sector development, improve the supply of infrastructures and redirect the Government towards its essential mandate of regulation, resource allocation and development of basic social services.
23. Thanks to these policies and reforms, (cf. Annex 6), Mauritania has achieved a good economic performance. Thus, the average annual growth rate was 4.4 percent between 1992 and 1999, whereas inflation was held to an average annual rate of 6.2 percent over the same period, and the fiscal balance went from a deficit of 9.8 percent of GDP in 1993 to a surplus of 1.5 percent in 1998. At the same time, the current balance of payments deficit, aside from official transfers, was reduced from 28.9 percent of GDP in 1993 to 11.2 percent in 1998.
24. This good performance was accompanied by a perceptible reduction in poverty, the incidence of which went from 56.6 percent in 1990 to 50 percent in 1996, and by a definite improvement in the main indicators of sustainable human development.
25. However, the poverty situation remains worrisome. Nearly half of the population is living on less than one US dollar per day, and access to potable water and to health and education services remains inadequate, and the quality and efficacy of these services is well below acceptable standards. A spatial analysis of poverty demonstrates the extent of the phenomenon in rural areas, where nearly 3 out of four people are living below the poverty threshold. In general, rural areas are lagging considerably behind in terms of infrastructures and access to basic social services. However, poverty in its various manifestations also affects the large cities, which have large areas of precarious housing in which the supply of basic infrastructures is generally poor and underemployment high.
26. Finally, the Mauritanian economy is still laboring under structural handicaps: an undiversified and uncompetitive productive base, inadequate infrastructures, an ineffective training system, inefficient financial intermediation services and limited institutional capacities.

The Poverty Reduction Strategy Paper

27. The ability of the Mauritanian Government, and of the entire society, to confront this set of challenges will depend upon the capacity to design and implement, in a collaborative fashion, a policy that reconciles long term development objectives with the imperative of mobilizing additional resources efficiently for rapid poverty reduction.
28. The Poverty Reduction Strategy Paper (PRSP) prepared in the context of the Debt Reduction Initiative for Highly Indebted Poor Countries (HIPC) takes up this challenge. It has been the objet of broad-

based consultations (see box) within the Administration, as well as with civil society and donors. The current PRSP is the result of these unprecedented exchanges on the countrywide level. The PRSP is based upon an integrated approach that places poverty reduction within the context of a long term economic development strategy. Its objectives are ambitious: (i) economic growth, and reduction of poverty and extreme poverty; (ii) access to basic social services, improvement in their quality and efficacy; and (iii) reduction in regional and gender disparities in access to economic infrastructures.

29. The poverty reduction strategy revolves around four themes: (i) accelerated economic growth; (ii) anchoring growth within the sphere of the poor; (iii) human resource development and expansion of basic social services; and (iv) promotion of institutional development and good governance. These four themes are mutually reinforcing and converge towards the achievement of the desired objectives. However, their contribution to poverty reduction will differ over time. This is why the strategy will work toward two time horizons.
30. Over the long term (i.e., by 2010 and 2015), it is anticipated that a new dynamic within the private sector, resulting from the structural reforms now underway, the redirection of the Government's essential mandates and improvements in the efficacy of its interventions, as well as the development of the supply of good quality infrastructures and human resources, will ensure high rates of growth and help achieve the strategy's essential objectives, which are the following: (i) reduce the incidence of poverty to 17 percent; (ii) ensuring universal access to basic services; (iii) enabling the country to take advantage of the opportunities offered by globalization, while at the same time integrating all citizens and disadvantaged economic zones fully.
31. Over the medium term (i.e., by the year 2005), the PRSP's objectives will be attained through the implementation of a coherent package of macro-economic stabilization, deepening of structural reforms and investment programs geared to areas having a direct impact on poverty reduction (e.g., rural development, urban development, education, health, potable water.) The macroeconomic framework is based upon projected growth of 7 percent by the end of the period, a budget deficit of 3 percent in 2004 and a current balance of payments deficit of 14.7 percent in 2004. The incidence of poverty will be reduced to 38.6 percent and that of extreme poverty to 21.8 percent in 2004.
32. The cost of the entire action plan (including support for the balance of payments) is estimated at US\$475 million. The costs of the priority measures is estimated at US\$282 million, of which about US\$108 million will be covered by HIPC resources and US\$54 million by budget savings.
33. The implementation of the PRSP will be monitored systematically – based on a set of meaningful poverty reduction indicators – and will undergo a mid-term assessment to which all participants in the poverty alleviation effort will contribute.

Preparation of the PRSP : a process involving all participants in development

The process of drawing up the Poverty Reduction Strategy Paper is both iterative and participatory : (i) it is iterative, since the PRSP is progressively enriched as strategic reflection on the best poverty alleviation policies moves forward; and (ii) it is participatory, since it involves the relevant actors (i.e., Administration, civil society, private sector, donors) in a process that goes beyond the mere validation of documents to make a real contribution to the development of policies and programs, to the monitoring of their implementation and to their assessment. The present document thus serves as the framework for a new partnership between the Government, civil society, the private sector and the development partners.

Preparation of the document began during the « Outreach and Consultation Meetings on the National Poverty Reduction Strategy » that took place in Nouakchott from December 7 through 9, 1999.

The mechanism subsequently established to produce the document makes it possible to involve all participants in development. Supervision of the production and validation of the PRSP is the responsibility of an Interministerial Poverty Reduction Committee (*Comité Interministériel de Lutte contre la Pauvreté*, CILP), presided over by the Prime Minister. The Committee's work is coordinated by the Ministry of Economic Affairs and Development (MAED), in consultation with the Commissioner for Human Rights, Poverty Reduction and Social Action (*Commissaire aux Droits de l'Homme, à la Lutte Contre la Pauvreté et à l'Insertion*, CDHLCPI).

A Consultative Committee, presided over by MAED and consisting of the top officials within the main ministries and associated agencies involved in poverty reduction, certain local elected officials and representatives of civil society, monitors the process of producing the PRSP, as far as its technical aspects and promotion of the participatory approach are concerned.

Technical coordination is handled by a committee presided over by the Counselor on Development Policy within MAED. This committee is made up of : (i) a coordinating secretariat ; (ii) representatives of the technical ministries ; and (iii) the presidents of twelve technical working groups created to deal with various themes, including the following : growth potential ; effectiveness of public expenditures ; governance ; private sector promotion; rural development and environment ; urban development; employment and micro-financing ; support to women's activities ; education and training ; health and nutrition, etc. Each group includes representatives of the relevant ministerial departments, civil society and development partners, as well as resource persons selected for their technical expertise and competence.

A Donors' Committee was created, consisting of representatives of all development partners represented in Nouakchott.

Aside from the work accomplished by the actual preparation entities themselves, the intention was also to deepen the national dialogue on development strategies by organizing several events. Thus, the draft PRSP was the subject of two day-long presentation sessions to non-governmental organizations.

In addition, on November 24 and 25, 2000, four inter-regional poverty reduction seminars were organized, for which representatives of the thirteen *wilayas* were grouped at four different sites. These consultations were attended by all elected officials, representatives of NGOs, other organizations of civil society and development partners active in the zone.

Finally, national sessions on poverty reduction were organized in December 2000 for purposes of discussion and final approval of the PRSP. These sessions, which were veritable General Assemblies on Poverty Reduction, gathered together representatives of Parliament, mayors' offices, NGOs, labor unions, development partners, and individuals recognized for their commitment to poverty alleviation.

At the conclusion of the preparation process, the Strategy Paper will be submitted to Parliament for approval in the next few months.

This dialogue will be consolidated throughout the entire PRSP implementation process through efforts to monitor, evaluate and update the national strategy and its corresponding programs, the implementation of which will be based upon allied action on the part of Government, local collectivities, economic operators and civil society.

1. Poverty in Mauritania : An assessment

34. Although fragmentary, the available data on poverty is enough to point up four main facts that have determined the options under the Poverty Reduction Strategy Paper (PRSP):

- *About one household in two is living in poverty.* A proportion of this magnitude requires pro-active public policies geared to quick poverty reduction. It also means that, on a countrywide scale, such an objective represents a considerable challenge. Rigidities of demand, the low level of labor productivity and, in particular, financing constraints, are all part of a constellation of constraints in which massive job creation and improved access to essential services (such as education, health, housing, potable water, etc.) will be difficult.
- *Poverty and inequities have decreased.* The latest poverty profile shows that there was a significant drop in poverty between 1990 and 1996. Growth experienced over the period thus had a significant impact on the incidence, depth and severity of poverty. The data also bear witness to a certain sharing of growth, or at least to a narrowing of the expenditure gap between households. Stronger growth and improvement in the Government's regulatory and redistributive functions should therefore result in more definite impacts.
- *Poverty is mainly a rural phenomenon and calls for targeted responses.* Although the rural population has become a minority in terms of numbers, it should be noted that eight out of ten poor people live in rural areas and that rural areas account for an even higher percentage of extreme poverty. This observation points up the important role that agricultural policies, as well as transversal interventions to diversify rural employment, must play in the future. But, we also need to look beyond this rural/urban dichotomy, since large pockets of poverty exist in underprivileged urban neighborhoods and disparities are also noted at the rural level. Nuanced responses are required, depending on local development dynamics.
- *Poverty is a multidimensional phenomenon.* The various forms of poverty – incomes, living standards, potential – are closely linked. At the level of the individual, a low income level is correlated with low labor productivity, determined among other things by factors associated with health or education. Access to the latter is, by the same token, strongly influenced by a household's monetary situation. At a more general level, the macro-economic framework, public policies, and the institutional and cultural environment are also determinants of poverty. Poverty reduction therefore requires simultaneous intervention in the overall environment, production conditions, living conditions and socio-cultural behaviors.

1.1 The profile of poverty in Mauritania

1.1.1 Definition and measures of poverty

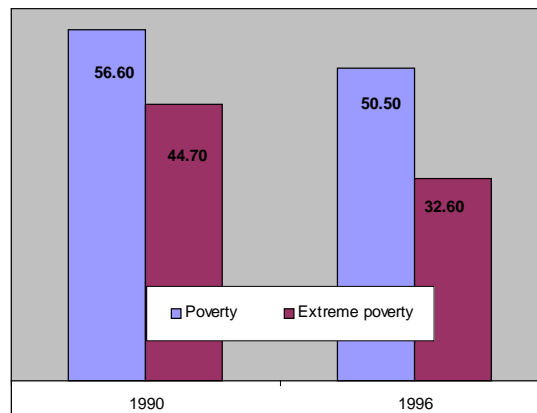
35. Poverty is a multidimensional phenomenon which affects both income (in the form of monetary poverty) and access to such basic services as education and health (poverty in terms of living conditions.) Monetary poverty is measured by means of Foster-Greer-Thorbecke indices which refer in particular to the incidence of poverty (P_0 : proportion of the population with a level of expenditures below the poverty threshold), to the depth of poverty (P_1 : the relative differential between the average expenditure of the poor and the poverty threshold), and to the severity of poverty (P_2 : differential indicator similar to P_1 but which gives more weight to the expenditures of the poorest). A poverty threshold specific to Mauritania has not yet been calculated. The poverty threshold used for the EPCV surveys in 1990 and 1996 was US\$1 per person per day (or UM 53.841 in 1996). The extreme poverty threshold was set at UM 40.701 in 1996.

1.1.2 Monetary poverty

The reduction in poverty

36. According to the latest survey of household living conditions, poverty affected nearly half of the Mauritanian population in 1996, and extreme poverty affected nearly a third of that segment. The extent of poverty has diminished, however, compared with the beginning of the decade (56.6 percent in 1990).

37. The decrease in poverty is even more marked when one looks at differential indicators, which reflect trends in inequality amongst the poor. Thus, extreme poverty has decreased more rapidly than poverty, dropping from 44.7 percent in 1990 to 32.6 percent in 1996, a drop of over 12 points over the period in question.



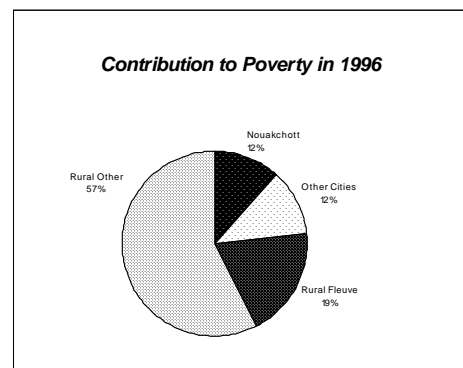
In other words, the decrease in poverty was most marked in the poorest segments of the population. Indicators of the depth and severity of poverty have confirmed this generally positive trend, since they registered decreases of 10 and 9 points, respectively, going from 28.2 percent to 18.3 percent and from 18.1 percent to 9.1 percent between 1990 and 1996. In absolute terms, the decrease in poverty is obviously less pronounced, given the sustained rate of demographic growth.

The spatial differentiation of poverty

38. Analysis of the data yielded by the 1996 EPCV survey shows that 5 wilayas out of 12 have poverty rates above 65 percent (see box).

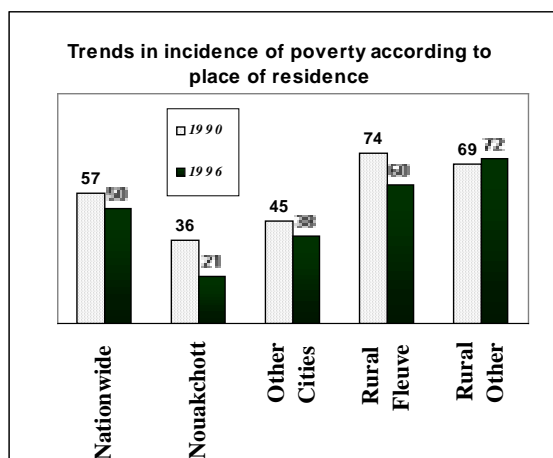
39. Monetary poverty is, however, primarily a rural phenomenon. Thus, the incidence of (individual) poverty in 1996 averaged 68.1 percent in rural areas, as against 26.8 percent in urban areas.

40. Over three quarters (76.4 percent) of the poor live in rural areas. However, large disparities emerge between the « rural fleuve » areas (incidence of poverty of 60.2 percent) and the « rural other » areas (arid zone) (incidence of poverty of 71.1 percent). In Mauritania, 57 percent of the poor live in the latter zone. It should be noted that some areas have poverty rates approaching 80 percent or even higher. These include the area of Aftout (which straddles the four regions of Assaba, Gorgol, Guidimakha and Brakna), and the Affolé region (Hodh El Gharbi).



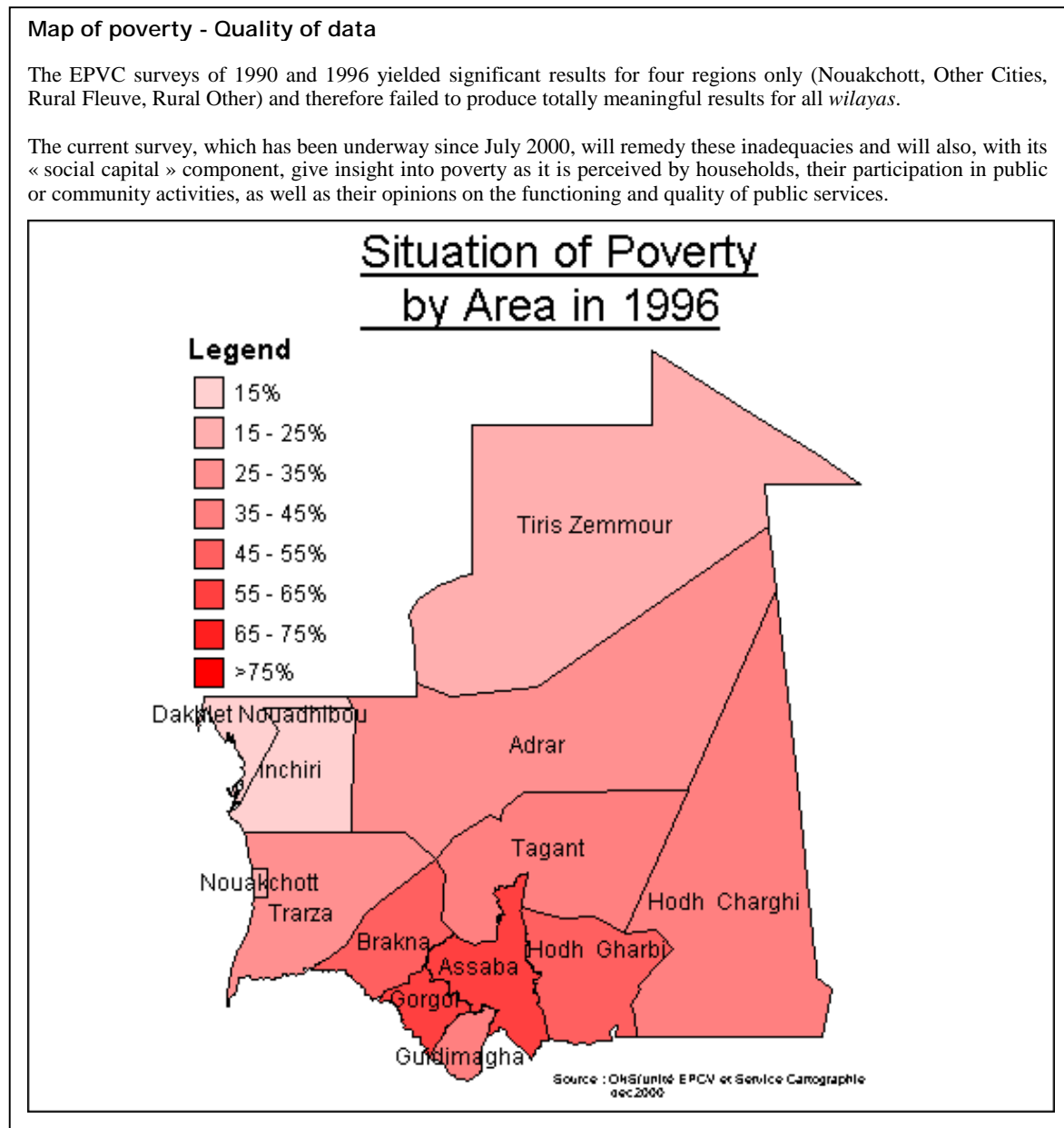
41. An analysis of extreme poverty (less than UM 40.701 per year per capita) shows that 82.7 percent of people living under the extreme poverty line reside in rural areas: 64.8 percent in “rural other” areas and 17.9 percent in “rural fleuve” areas.

42. Large differentials are also observed within the urban population. The incidence of poverty is nearly two times lower in Nouakchott (20.6 percent of the population) than in other cities (where it is 37.8 percent). A 1:4 differential exists between the cities of the Centre-Nord and Nouakchott on the one



hand, and the cities along the river and the South-South-East on the other, where the poverty rate exceeds 43 percent.

43. In terms of dynamics, urban poverty has apparently retreated much more rapidly, but at varying rates between the capital and other cities. In rural areas, the trend is more contrasted: incidence has decreased by 13 points in the Senegal River Valley, whereas the situation has deteriorated in other rural areas (i.e., Centre and Sud) . The reduction in extreme poverty affects all regional strata, although it is more relevant to Rural Fleuve and Nouakchott than to the ‘Other Cities’ and ‘Rural, Other’ categories.



Differentiation according to socio-economic group and gender

44. The insufficient comparability and precision of nomenclatures used for the two profiles does not allow for an in-depth analysis of poverty by socio-economic group. However, the data indicate that, although the incidence of poverty obviously varies according to socioeconomic group, it is spatial differentiation that predominates. The two groups exhibiting poverty rates over 60 percent are farmers – who are most affected by poverty – and non-farm workers in rural areas. Self-employed persons in urban areas are next, especially those living in cities other than Nouakchott (for whom the poverty rate is 42.6 percent).

The socioeconomic groups of Nouakchott and urban salaried workers in all other cities have similar poverty rates, with about one person in five living below the poverty threshold.

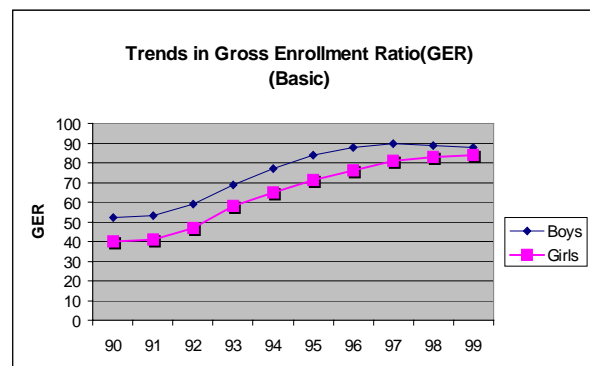
45. It appears that the incidence of poverty has greatly decreased among urban salaried workers (21 percent in 1996, compared to 39.4 percent for salaried civil servants and 56.2 percent for those in the private sector 1990), self-employed persons in Nouakchott, and farmers of the Rural Fleuve region.
46. The incidence of poverty varies depending on the gender of the head of household. Incidence is higher among female-headed households in Nouakchott and in cities of the Centre-Nord, lower in cities in the South and in rural areas. In the case of single-parent families, which are more numerous in urban areas (22 percent of households), the incidence of poverty is three times higher among female-headed households.

1.1.3 Poverty in terms of living conditions

47. Data on the poverty of living conditions, which stands in relation to the degree of accessibility of basic social services, point to an overall improvement in social indicators. However, the levels and the quality of these indicators remain below desirable standards. They also confirm important geographic disparities that overlap to a great degree with those revealed by indicators of monetary poverty.

Education

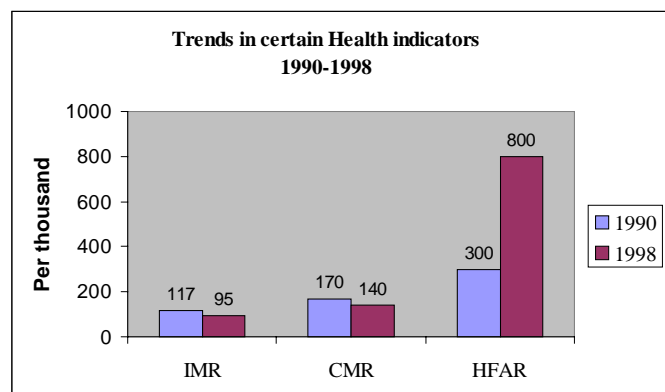
48. Over the past few years, the education sector has experienced a rapid increase in the gross primary enrollment ratio (at the basic education level); this figure went from 45 percent (in 89/90) to 86 percent (in 99/00). The data indicate a spectacular performance in catching up to other countries in the sub-region and underline the fact that the enrollment ratio for girls (81 percent) is falling into line with that of boys (87.6 percent). Gender disparities remain very pronounced, however, at the other academic levels: 50 percent of girls reach the 6th year of basic education, and represent barely 3 percent of technical and vocational training, and 15 percent of higher education.



49. Literacy has made considerable progress: the illiteracy rate among adults dropped from 61.1 percent in 1990 to 42 percent in 1996. Data from the EPCV surveys shows that that part of the population with the smallest expenditures are the most affected by illiteracy. It should be noted, however, that these disparities are less marked among men in urban areas.

Health

50. Despite the inadequate volume of data and the uncertain reliability of data that is available, the various health indicators have improved slightly, and less spectacularly than in education. Thus, between 1990 and 1998, life expectancy at birth (LEB) rose from 47 to 54 years, whereas infant mortality (IM) and child mortality (CM) dropped, respectively, from 117‰ and 170‰ to 90‰ and 140‰. The fertility rate (FR) went from 6.1 to 5.4, whereas the prevalence of HIV/AIDS (RPHIV) remained relatively



stable at around 0.5 percent. Over the same period, the rate of accessibility of health facilities (RAHF) within a distance of 5 km rose from 30 percent to 70 percent.

51. This weak progress is mainly attributable to inadequate vaccination coverage (especially in rural areas, due to the suspension, over the past few years, of the activities of mobile vaccination teams); low rates of contraceptive use, prenatal visits and assisted childbirth; as well as to insufficient access to curative visits for children under the age of 5, and to ineffective prevention and treatment efforts for infectious diseases (such as AIDS, malaria, diarrhea, respiratory infections, etc.) It is also explained by the insufficient availability of essential drugs, especially since 1998, the poor fit between personnel qualifications and assignments, which is linked to problems of training, pay and motivation as well as to the stagnation, in real terms, in public health expenditures.

Access to potable water

52. Regarding access to potable water, the rate of connection has picked up modestly, going from 15.4 percent in 1990 to 19.1 percent in 1998. In eight regions, the rate is below 10 percent and in five it is below 5 percent. The situation is more favorable if one uses the « water points per village » indicator, which reached an average rate of 60 percent in 1998 (aside from Nouakchott). This average conceals important differences among regions, however: rates are relatively satisfactory for Brakna (95 percent) and Trarza (143 percent), but below 50 percent in seven wilayas (two Hodhs, Assaba, Gorgol, Adrar, Tagant and Nouadhibou).
53. In urban areas, water consumed is still mainly purchased from water re-sellers (52 percent en 1996). The rest of the supply is accomplished by means of the potable water supply network (29 percent), public standpipes (7.6 percent) and wells (9.7 percent). Water consumption remains very low for lack of resources : 40 liters/day on average in Nouakchott, but only 13 to 22 liters/day in the underprivileged neighborhoods where half of the city's population lives. In these neighborhoods, water costs around 2 dollars per m³ (depending on the season), or 7 times the price paid by subscribers to the national power and water company (SONELEC) network. Water supply occurs under even more precarious hygienic conditions in rural areas, where over 77 percent of households consume water from wells and 13 percent get their water from the Senegal River, other rivers, lakes or from rainwater.

Housing

54. Over three quarters of households are « owners » of the property they inhabit. Urban areas are characterized by a much higher proportion of renter households and by their great mobility. The issue of housing is central to the problem of poverty alleviation in urban areas. According to the 1998 housing survey, over one quarter of Nouakchott's population lives in a substandard dwelling (such as a tent, shack or hut). This proportion is as high as 35 percent in Kiffa and 44 percent in Aïoun. In these neighborhoods, only 18 percent of dwellings are equipped with electricity and nearly 80 percent use wood and charcoal as fuel. Hygienic conditions are very poor : one third of households lack direct access to potable water, and less than a third have adequate sanitary facilities (such as sewers, septic tanks or latrines.)

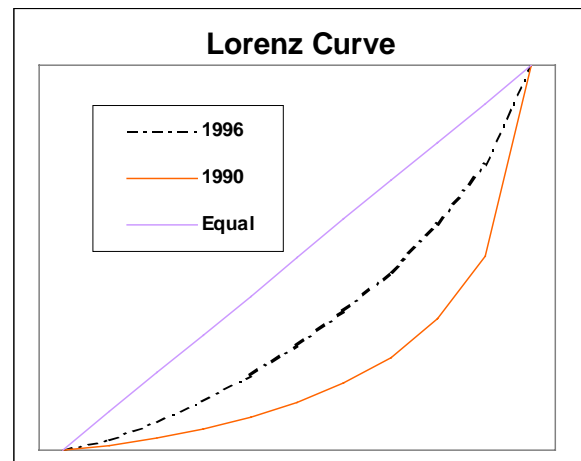
1.2 The determinants of poverty

1.2.1 Macroeconomic policies, growth, inequity and poverty

55. The approximate nature of the statistics makes it difficult to perform a rigorous analysis of the determinants of poverty. General trends suggest, however, that economic growth and its distribution play a central role, as does the level and structure of public investment.
56. The control of inflation (at a level below 5 percent) has undoubtedly helped reduce the incidence of poverty through its double impact on growth and on the purchasing power of the poor. This result was

obtained by pursuing a restrictive monetary policy, by controlling the Government's current expenditures and by pursuing an exchange rate policy that fosters external competitiveness, growth, and the reduction of disparities between urban and rural areas.

57. Real per capita growth is the main determinant of poverty trends. Between 1990 and 1996, GDP grew by an average of 4.8 percent per year, resulting in a cumulative increase in per capita income of nearly 14 percent over the entire period. Data from the 1995/96 survey suggest that an increase of 1 percent in per capita income is accompanied by a 1.6 percent drop in poverty and a 2 percent decrease in extreme poverty, the effect being much more marked in urban areas than in rural areas. Per capita growth remained low due to the economy's vulnerability to external shocks (concentration of exports, little diversification of domestic supply, dependence of the rural sector on rainfall), the low level of domestic savings and access to capital, and inadequate overall factor productivity.
58. Economic growth is all the more helpful in reducing poverty if equity is high. Between 1990 and 1996, inequalities in consumption seem to have diminished greatly. The Gini coefficient based on household expenditures thus seems to have gone from 0.50 in 1990 to 0.38 in 1996. The evolution of coefficients expressing depth and severity of poverty confirm that there has been a reduction in inequalities amongst the poor, which is evident in all regional strata, but more marked in rural areas (particularly in the poorest regions) than in urban areas.
59. The drop in the Gini index (even though it is calculated on the basis of consumption data) makes the acceleration of poverty reduction more plausible (1 percent of GDP growth per capita reduced poverty more significantly in 1996 than in 1990). The average differential between the poor and the threshold line went from 50 percent to 36 percent between 1990 and 1996. This dynamic has been encouraged by public expenditure programs targeting the poor, and by structural reforms and exchange rate policies. On the other hand, taxation is not playing its redistributive role, due to the preponderance of indirect taxation and the weak capacities of the tax administration.



1.2.2 Rural poverty

60. The rural milieu, home to 45 percent of the total population and 53 percent of the working population, remains the primary source of jobs. Rural jobs and incomes are largely dominated by the agricultural and livestock sectors, which account for 78 percent and 8 percent of rural employment, respectively, whereas trade and handicrafts occupy only a marginal position. Rural employment is generally characterized by a high degree of vulnerability: underemployment affects at least half of the working population and salaried employment, although increasing, is still very limited.
61. The disproportion between the weight of agriculture and livestock in terms of employment on the one hand, and in terms of value added on the other (it accounts for barely 1/5 of GDP, of which, on average, 5 percent is attributable to agriculture and 15 percent to livestock) gives an indication of the low overall productivity of these two sectors, and especially of agriculture.
62. Rural poverty is derived largely from the constraints hampering agricultural development, the most important of which are:
- Availability of water : this is the main limiting factor for agricultural production. The arable land potential is scarcely more than 500,000 ha (i.e., less than 1 percent of the national territory) and rainfed crops cannot be grown in the southern part of the country (Guidimaka and the southern fringes of the two Hodhs). Solutions based on collective water resource preservation and

management are required here ;

- Access to land : the size of farms makes it difficult, even with improved input supply, to extract large monetary surpluses. Thus, of nearly 140,000 farms surveyed in 1998, over 9/10ths are under 5 ha and 60 percent are smaller than 1 ha. The lack of secure land tenure (in the form of definitive property titles) is also not conducive to agricultural investment. An expansion of land tenure reform and improvement of the mechanisms whereby land changes hands, based on the actual development of the land, should make it possible to improve the situation of small farmers;
- financing : geographic coverage of agricultural credit (via the National Union of Savings and Loans Organizations, UNCACEM) remains limited and the network of micro-financing institutions is underrepresented in rural areas;
- lack of infrastructures : distance from consumption centers, isolation of rural areas and the current organization of road transport contribute to higher costs for inputs and for the marketing of products. The absence of village-level storage and conservation infrastructures also penalizes small farmers through the mechanism of intra-annual price variation;
- inadequate operationality of research, training and extension services;
- the livestock sector's very low degree of integration into formal economic circuits, even though the sector's potential is high;
- the small size of the domestic market.

63. An obvious correlation exists, in addition, between rural poverty and the environment. Poor populations are obliged to draw down natural resource capital, and this itself has a negative impact on production.

1.2.3 Urban poverty

64. Droughts and the deterioration of rural living conditions have provoked massive migratory flows, mostly consisting of poor people. The proportion of the population that is urban thus went from 4 percent of the total in 1962 (37,000 persons) to over 55 percent in 1999 (1.4 million), and this new population has concentrated itself in Nouakchott and Nouadhibou (which together account for 80 percent of the current urban population) as well as in secondary centers located south of a line connecting Nouakchott and Tidjikja. Faced with a significant decrease in modern sector employment, informal employment has developed considerably; it is thought to represent over 70 percent of urban jobs at present. However, employment opportunities are too few to accommodate the labor supply, and important constraints hamper the development of new income-generating urban activities.

65. In the absence of any urban planning, and due to migrations towards the urban fringes, over 35 percent of the urban population lives in neighborhoods consisting of precarious dwellings and in shantytowns. This rate is as high as 47 percent of urban households if one counts only the country's seven main towns. Although poverty is much less pronounced in urban areas overall, it nonetheless represents nearly a quarter of the poverty in the country and accounts for a considerable fraction of the population living in extreme poverty. Pronounced differences exist also among the various centers. These differences point up the existence of a disadvantaged, marginalized group within the urban population that lives in under-equipped neighborhoods, without skills or jobs, under precarious housing and hygienic conditions.

66. The development of new economic opportunities for poor households requires a supply-side approach centered on the development of their assets. The poor must be able to develop the conditions of their employment themselves. Four major constraints must be overcome to increase labor productivity and create viable jobs in poor urban areas :

- *Secure land tenure* : The precariousness of the settlement of poor people in the **Kebbas** and **Gazras** constitutes a major obstacle to improved housing, better stabilization of populations, ongoing schooling of children and the creation of stable economic activities.

- *Financing* : The absence of accessible financing systems prevents access to the start-up capital needed to initiate activities. It is also a major barrier to the functioning of such activities, given the need for revolving funds, especially for handicrafts. The development of decentralized financing systems may be a solution to this problem. Microfinancing institutions are recent in Mauritania, however : there are barely a dozen approved ones and they are mainly concentrated in Nouakchott and in a few cities of the interior. In addition, some current MFIs insist that their operations generate a financial return, which is difficult to reconcile with support targeted to the poorest segments of the urban population.
- *Inadequate qualification and the weakness of technology transfer* : The vast majority of small urban operators from poor households have no training. Even in the modern handicrafts sector, a minority of employers (30 percent) have professional or technical training and most workers are completely unskilled. From this standpoint, young people are a particularly vulnerable population segment : over 66 percent lack any formal training and 27 percent leave the educational system with no diplomas. Support services and operators are still too scarce to provide appropriate accompanying measures to help disseminate and diversify urban micro- and small enterprises.
- *Access to essential services* : In poor neighborhoods, the development of economic activity is hampered by the lack of infrastructures (such as water, electricity, roads, viable land titles, trash removal) and an important lack of social services (such as education , health, information, etc.). A global approach should be implemented with a view to spatial, economic and social integration. Expansion of highly labor-intensive activities in the context of new urban infrastructure programs should help make these neighborhoods viable while they at the same time create jobs and temporary incomes.

1.3 Other obstacles to poverty reduction

1.3.1 The geophysical environment

67. Mauritania is a huge and generally under-populated country in which communications are difficult, and this has both an economic impact (in the form of factor costs) and a social impact (in the form of high costs to achieve universal access to basic services.)
68. In addition, Mauritania remains the Sahelian country most affected by drought and desertification. Repeated cycles of drought, and natural resource deterioration that they entail, have had a profound structural effect on the population's productive capacities. Vegetation and forest resources are sparse, and water resources, both surface and underground, are either limited or difficult to reach.
69. Finally, with the exception of mining and fisheries resources, the country is relatively under-endowed in directly exploitable natural resources.

1.3.2 Debt

70. Until the Cologne initiative, the external debt burden seemed a constraint difficult to overcome and one therefore likely to compromise the country's development and any process of rapid poverty reduction. Between 1980 and 1998, outstanding external debt went from US\$714 million to US\$1,962 million, corresponding to an increase of 5.5 percent per year and a 2.7 percent increase of per capita indebtedness (in dollar terms). At the end of the period, debt represented 202 percent of GDP value and debt service continued to sap public finances heavily.
71. The HIPC initiative therefore represents high stakes. Mauritania's eligibility for the enhanced debt reduction initiative for Highly Indebted Poor Countries (HIPC) opens up new prospects. Debt reduction would involve the sum of US\$1,120 million, or 40 percent of the country's annual debt obligation. Disbursements will be linked to the continuation of reforms in the context of

implementation of the PRSP. This debt relief makes it possible to ease budgetary constraints and help substantially to limit the external debt burden. The effective use of funds under the HIPC initiative is expected to result in rapid poverty reduction.

1.3.3 Demographic factors

72. Demographic constraints weigh on the country's development at two levels. First, continued high birth rates (i.e., an annual average rate of 45.4 percent and fertility index of 5.4) results in high population growth (2.9 percent per year on average). Given the current age distribution, the Mauritania population should practically double between 1996 and 2020. Between 2000 and 2015, it is expected to grow from 2.6 to 4.1 million. In addition, data from the 1990 and 1996 EPCV surveys indicate a link between household size and the incidence of poverty. Indeed, the incidence of poverty among households has diminished more (i.e., by 10 points) than that for individuals (which has dropped 6 points).
73. The volume of migratory movements is a second essential parameter. The pace of migration towards the capital remains steady, and this results in population growth in Nouakchott on the order of 5 percent per year. These two factors are important constraints, given their impact on per capita income trends and on the growth of demand for social services, particularly in urban areas. This trend has also helped aggravate environmental problems.

1.3.4 The Administration's managerial capacity

74. The weakness of the administrative apparatus has greatly limited the direct and indirect impacts of public policies upon poverty reduction. This interaction between poverty and public administrative capacity can be observed at various levels.
75. The weakness of the capacity to manage economic and sectoral policies, because of its effects on the macro-economic framework and on the environment in which producers operate, results in slow, and sometimes inadequate, implementation of measures intended to ease the constraints affecting the poor (e.g., market organization, prices, etc.).
76. In addition, the current level of capacity for strategic planning and programming/monitoring of public expenditures does not allow for optimal resource allocation. Furthermore, neither the macro-economic impact of development projects, nor their effects on incomes and jobs in the zones concerned, are accurately assessed. As for social programs, the absence of school and health facility maps makes it difficult to make rational allocation choices and to coordinate various external aid programs.
77. Civil servants' salaries and working conditions, as well as the organization of administrative services and the mediocre performance of training programs, result in a civil service of low quality. Diagnostics performed on the education and health sectors in particular have abundantly demonstrated that the public administration, although it has been able to respond partially, in quantitative terms, to the demand for essential social services, has not been able to improve the quality of its services significantly. Shortcomings in human resource management – especially as regards recruitment, assignment and personnel monitoring – have helped perpetuate great regional disparities, usually to the detriment of poorer zones.
78. Weaknesses in the statistical data system influence the efficacy of poverty reduction policies. On the one hand, surveys do not yet yield precise data about poverty, which makes it difficult to target interventions. On the other hand, the way in which information production and processing is organized causes the primary social and administrative data to be unreliable and prevents the effective exploitation of available data (e.g., census figures, poverty surveys, etc.).
79. Finally, the public administration remains insufficiently open to users and to the problems of those they administer. Regionalized services are generally under-equipped with human and material resources. In addition, the decentralization reform undertaken since 1986, although it has caused a local

representative elite to emerge, has not yet led to the establishment of strong local collectivities whose interventions can rely on effective community feedback and support.

80. In this sense, the modernization of the Administration, the strengthening of its human resource capacities and the consolidation of decentralization are factors upon which the poverty alleviation strategy's success will depend to a great extent.

1.3.5 The capacities of civil society

81. A stronger civil society is a necessary condition for the success of the poverty alleviation strategy. In Mauritania, the civil society movement is recent and insufficiently structured. The result is that the great majority of non-governmental organizations face various constraints (such as a lack of professionalism, inadequate financial and outreach resources, etc.) that limit their capacity to implement poverty alleviation programs and to fully play their role of outreach to populations.

2. A Strategic Vision of Mauritania to the Year 2015

2.1 *An integrated vision*

82. The analysis of poverty in Mauritania has demonstrated the multidimensional nature of the phenomenon and the tangle of causes at its origin. Indeed, weak economic growth limits the field of job and income opportunities for the poor as well as the possibility of budget revenues. The inadequacy of basic infrastructures and collective facilities limits the scope for trade and marketing, especially of agricultural products, and increases the cost of production factors. The poor geographic coverage of basic social services and their poor quality affect productivity, hamper the accumulation of human capital and limit the options of the poor to take full advantage of economic opportunities.
83. These facts are the point of departure for the poverty alleviation strategy in Mauritania. The strategy fully integrates the country's experience and takes into account the lessons of other countries that have achieved quick results in poverty reduction. It is based on the philosophy that only an integrated policy that tackles all the determinants of poverty simultaneously can have a rapid and sustained impact on poverty reduction.

2.2 *The major themes of the strategy*

84. The poverty alleviation strategy consists of four main themes that support each other and converge towards the realization of the desired objectives.
85. The first theme aims to accelerate economic growth, the basis of any reduction in poverty, in order to improve the economy's competitiveness and reduce its dependency upon exogenous factors. This theme will help reduce poverty in two ways: (i) through direct and indirect means (i.e., spillover effects on the creation of new jobs and incomes); and (ii) through the impact on Government budget revenues, which can in their turn be utilized to support sectors that directly benefit the poor. Due to the specialization of the Mauritanian economy, which is concentrated on sectors with few spillover effects, it is probable that the second effect will be more significant in the short term.
86. The second theme aims to develop the potential for growth and the productivity of the poor. The idea here is to promote sectors that directly benefit the poor and the zones in which they are concentrated. This theme, which relies on the implementation of public investment programs, will help reduce inequalities and improve the resource base of the poor.
87. The third theme has to do with developing human resources and access to essential infrastructures. This theme is the one which, over the long term, will have the most perceptible impact on poverty, through its impact on productivity and the living conditions of the poor. Access to education and health, in particular, considerably reduces the vulnerability of the poor.
88. Finally, the fourth theme aims to promote true institutional development based on good governance and on full participation of all actors involved in poverty alleviation.

2.3 *Objectives of the strategy, priorities, and implementation sequence*

89. The poverty alleviation strategy is to play out over a period of 15 years, a period during which all policies identified will have had their full effect. It goes without saying that the various themes of the strategy cannot all be implemented at the same time and at the same pace. Constraints related to

resources, implementation capacities, and the very relevance of policies and programs make it necessary to set priorities. In addition, the strategy itself is an iterative process that is enriched by implementation experience, better knowledge of poverty and of the national economy, by impact assessments of different programs and by the points of view of the various participants. The strategy will be implemented sequentially. The first phase covers the 2001-2004 period.

2.3.1 Long-term objectives

90. The general long-term objectives (cf. Appendix 1) are the following : (i) to reduce the proportion of Mauritians living below the poverty threshold below 27 percent by the year 2010 and to under 17 percent by the year 2015, and to reduce by half the incidence of poverty in rural areas by 2015; (ii) to achieve, by 2015, the social development objectives defined on the basis of recommendations emerging from the various world summits (e.g., on education, literacy, health coverage, access to potable water, housing, etc.; and (iii) to reduce social and spatial disparities.
91. For education, the objective of universal schooling should be met by 2004. Over the long term, the goal will be to totally eliminate gender and regional disparities. The elimination of illiteracy is also an objective expected to be achieved by 2015. The need for an improved level of knowledge also requires that a progressive increase in the rate of secondary schooling be used as a complementary indicator.
92. In the areas of health and drinking water supply, three essential goals have been set to bring about an improvement in the population's living conditions by 2015: (i) achieve universal access to basic health care; (ii) bring the rate of infant mortality down to 40 per thousand and the child mortality to 55 per thousand; (iii) by 2010, equip all villages of over 500 inhabitants with a drinking water supply system and increase the rate of water connections to 85 percent in urban areas by 2015.

2.3.2 Objectives and priority areas of intervention under the 2001-2004 PRSP

93. The PRSP's objectives are based on prospects for economic growth, budgets and the balance of payments, as well as on priorities for sectoral development programs.
94. The main objectives (cf. Appendix 1) retained for implementation under the 2001-2004 action plan are the following : (i) ensure an average annual growth rate exceeding 6 percent over the period; and (ii) reduce the incidence of poverty to less than 39 percent and that of extreme poverty to under 22 percent.
95. Analysis of the poverty situation in Mauritania has led to the identification of five priority areas for the 2001-2004 PRSP : (i) **rural development**, for which the objective is to reduce the incidence of poverty to less than 53 percent; (ii) **urban development** of neighborhoods at the periphery of large cities and the main secondary towns; (iii) **education**, where the main objectives are to achieve universal schooling (by 2004) and to boost the retention rate to over 65 percent; (iv) **health**, for which the objectives are to reduce the rate of infant and child mortality to less than 90 per thousand and 130 per thousand respectively, and to increase to 80 percent the percentage of the population having access to a health facility within 5km; and (v) **water supply**.

2.4 *The role of the State, the private sector, and civil society*

96. The poverty alleviation strategy has ambitious poverty reduction goals. The successful implementation of the strategy, however, will require a mobilization of all participants in the poverty alleviation effort and a clear definition of their roles.

The role of the State

97. The Government's mandate has evolved considerably in Mauritania, following the profound alteration

of the economic landscape resulting from the incessant structural reforms implemented since 1985 that have reduced the Government's scope for intervention. This evolution has not, however, deprived the Government of its strategic and exclusive role of designing policies and development strategies and of producing the standards, laws and regulations that regulate economic activity. Indeed, its role of arbiter, regulator and promoter of a favorable investment climate even stands to be enhanced.

98. In addition, the Government's reduced field of action should allow it to improve its capacity for intervention in areas more directly under its purview and that have a direct impact on poverty: education, health, infrastructure, etc. Finally, the function of efficient allocation of public resources acquires more importance in the context of an ambitious poverty reduction strategy.

The role of the private sector

99. The structural changes in the Mauritanian economy place the private sector at the center of economic development. Although public investment remains important, private initiative will increasingly drive economic growth. Private foreign investment will be essential in this connection to support investment without external indebtedness, to ensure the transfer of technology and know-how, and to open up new outlets for export.

The role of civil society

100. The existence of a strong civil society is a guarantee of a successful poverty alleviation strategy. Indeed, civil society encourages attention to problems of poverty, due to a generalized raising of consciousness and the population's ownership of poverty alleviation programs. The Government's disengagement has not only created an opening for classic private initiative. It has also been accompanied by a proliferation of initiatives, associations and NGOs which, despite their newness, are already playing a promising role in poverty alleviation. In addition, poverty problems are often problems of accessibility of, and outreach to, the population. At the local level, NGOs have a greater comparative advantage in addressing these problems than administrations do.
101. One of the great challenges in the poverty alleviation strategy therefore consists of developing a partnership between the Government and civil society, in order to have NGOs play a greater role in grassroots development. The idea will be to help NGOs develop their capacities for design and implementation of solutions (in the areas of training, health, micro-credit, organizational support, etc.) aimed at enhancing the social capital of poor populations. To this end, the legal framework governing the interventions of development associations was drawn up with the NGOs' participation. In addition, a program aimed at professionalizing the NGOs is underway, and a cyber-forum for civil society has been created to allow the various organizations belonging to civil society to exploit the new information and communications technologies.

2.5 Risks of the strategy

102. The poverty alleviation strategy has set ambitious goals, given the country's past performance. The strategy must, however, confront three types of risks that will determine its prospects for success to a great extent.
103. The first risk is associated with the economy's extreme sensitivity to exogenous shocks affecting the volume and price of the two main export products, namely iron and fish. The viability of the balance of payments, the equilibrium of the budget over the medium term and, finally, the whole macroeconomic framework will depend to a crucial degree upon the following factors: (i) continued favorable prospects on the world market for iron, which are linked to continued worldwide economic growth; (ii) favorable market trends for fish, especially on the Japanese market, and an improvement in the terms of the agreement with the European Union, which also introduces an element of stability into export and budgetary receipts; and (iii) continuation of an adequate flow of external aid. Finally, the goals of growth and rural poverty reduction remain vulnerable to any prolonged deterioration in climatic

conditions.

104. The second risk is linked to the implementation of such an ambitious program. The simultaneous attainment of all the objectives of the poverty alleviation strategy obviously presupposes the existence, in all departments, of the institutional capacities needed to carry out the selected reforms, to implement projects within a timetable, and to mobilize a satisfactory amount of external aid. However, the capacity for intervention of the State in the broad sense, i.e., the Administration, private sector and civil society, remains limited. The heightened awareness of what is at stake, as well as the general commitment to the PRSP can help mitigate this risk.
105. The third risk has to do with the monitoring and evaluation system, which has yet to be put in place. The system for gathering statistical data on poverty is fragmented, and evaluation is quite a new activity for the Administration. The high priority that the Mauritanian Government has accorded this issue, and the creation of an institutional monitoring mechanism involving the Administration, civil society and donors, should help reduce this risk.

The position of civil society

The position of civil society under the PRSP project was expressed at a workshop that occurred on September 30 and October 1, 2000, for nearly a hundred NGOs that were invited to give their opinions of the draft PRSP. The NGOs' observations and recommendations dealt particularly with the main themes of governance, education, health and nutrition.

In the area of **governance**, NGOs noted in particular : (i) that the diagnostic of the Administration's situation cannot be exhaustive unless it takes into account the human dimension, and especially the administrative ethos and culture, and the management of Government resources, which suffers from an obvious laxism ; (ii) that the diagnostic does not do enough to point up the link between governance and poverty. Poor governance is a fundamental determinant of poverty and this paragraph should have been expanded to analyze the situation of governance in Mauritania in a bit more detail ; (iii) that the hybrid judicial system derived from two sources, Islamic law and secular law, as well as the effects of this system, should be analyzed more clearly, etc.

Measures to be taken in this area must include : (i) the revision and setting of pay scales on the basis of objective indices ; (ii) the promotion of cooperation between the Government and those who intervene in the social sectors; (iii) the creation of a program of education and outreach for agents and civil services on the ethics, principles and duties of citizenship and the changing of behaviors ; (iv) the strengthening and continuation of judicial reform, which must be accompanied by an effective separation of executive, legislative and judicial powers, etc.

Regarding **education**, two major issues emerge : the pre-school period and schooling properly speaking. As for the preschool situation, the diagnostic of the situation reveals: a lack of structures to train educators and those responsible for child care centers and kindergartens; the exclusively commercial nature of these institutions; the lack of knowledge of pedagogical methods; and the absence of monitoring on the part of oversight authorities. Proposed solutions to pre-school problems revolve around the creation of training institutes for educators, the introduction of pedagogical methods, close control and monitoring, and the expansion of pre-school facilities to the entire national territory. It has also proved necessary to sensitize parents to the importance of the preschool years as an essential phase in a child's upbringing and education.

The various levels of education (primary, secondary, professional, university) suffer overall from the same constraints: the lack of resources, especially in terms of technical and pedagogical tools; the lack of a national educational policy with clear objectives; the lack of objectivity in the selection and recruitment of teaching personnel; the bias that puts quantity above quality; the lack of transparency in the management of educational institutions; the precarious situation of teachers; and the low level of involvement of civil society.

Based on the diagnostic of the sector, the NGOs propose the following solutions: reinforcement of human and material resources, including teacher training; teacher selection based on objective criteria of competence and qualification; an effort toward high quality education; improved living conditions for teachers; development of a national education policy; and NGO involvement.

In the area of **health**, the participants recommend : The re-introduction of the former mobile teams in order to ensure optimal health care coverage, especially in rural areas, the motivation of health care personnel, decentralization and regionalization of health services, development of a cost recovery system, and the promotion of traditional medicine.

Regarding **nutrition**, the NGOs felt that the diagnostic should integrate the following elements : the negative impact of poor dietary habits, the lack of rigor in quality control of food products, socio-economic disparities that cause a fringe of the population to remain impoverished and malnourished, etc. In this area, emphasis will need to be on systematic quality control of food products, the promotion and protection of locally-produced food products, the creation within the Ministry of Health and Social Affairs of a directorate responsible for nutrition and the creation of a national institute for food research and technology.

Whether they concerned education, health or nutrition – sectors for which the Government has come to the same conclusions as the NGOs – or the strengthening of the Administration, the various observations and recommendations of civil society were, in general, taken into consideration in the current version of the PRSP.

3. Accelerated and Redistributive Growth

106. Based on economic projections, a growth rate in excess of 5 percent is necessary to reduce significantly the number of persons living below the poverty threshold. The poverty reduction strategy targets a trend growth rate of 7 percent by 2004. The achievement of this rate, which is well above those of the past, is heavily reliant on the following factors: (i) stimulating the private sector, (ii) promoting efforts aimed at the stabilization of the macroeconomic framework while taking advantage of all opportunities available to support growth, and (iii) supporting the foreign sector and the competitiveness of the economy.

3.1 *Stimulating private sector development*

107. The Government's objective is to promote the development of a dynamic private sector and to make the country more competitive and attractive to private foreign investment. Despite significant obstacles linked to: (i) the oligopolistic organization of markets (which drives out small enterprises, for example) ; (ii) the small size of the domestic market and weak effective demand ; (iii) the inappropriate nature of current financial intermediation, (iv) the deficiencies of the judicial system, and (v) a cumbersome and complicated tax system, genuine prospects exist for private sector development. State divestiture and the liberalization of the productive and main infrastructure sectors are offering a considerable range of opportunities to the private sector.
108. The main cross-cutting areas of the action plan for private sector promotion are:
- *Institution of more far-reaching reforms of the legal and judicial framework.* Measures will focus first on the application of the different business law codes adopted in 1999 (i.e., the Commercial Code, Arbitration Code, Code of Commercial, Civil, and Administrative Procedure) and provisions related to business registration, the organization of the judiciary, and rules related to court officers. Training activities for judges will take place within this framework and the Center for Legal Information will begin its operations.
 - *Tax reform (see Box).* The aim of tax reform will be to lower and simplify business taxes. Lower taxes on business profits are already in place and the IMF comprehensive deduction will take effect in 2002. The VAT will be reduced to 14 percent. By the year 2004, a small number of taxes will be levied in Mauritania, the rates of which will take into account the need for the competitiveness of the national private sector.
 - *Amendment of labor laws*, with a view to making them less strict.
 - *Enhancement of competitive conditions* by: (i) expanding the authority of the regulatory entity established for the telecommunications sector; and (ii) the publication of the implementing provisions to the law on competition and the establishment of market regulation mechanisms.

Tax reform

In 1995, the Mauritanian Government developed and implemented an ambitious program of tax reform with the overall goal of improving the economy's competitiveness, eliminating distortions in trade, and making taxation more transparent and accessible to taxpayers. This reform has been introduced in phases :

- 1995 : Elimination of the CAT and introduction of the VAT with two applicable rates (5 percent et 14 percent) and a zero rate for staple foods ;
- 1995 – 1997 : elimination of export taxes for fish, and introduction of a system that incorporates concerns about management of the resource : access rights for deep sea fishing, licensing for pelagic fishing and territorial rights for artisanal fishing ;
- 1997 – 2000 : Implementation, over a three-year period, of tariff and commercial tax reform. Upon completion of this reform, entry-level tax rates had been reduced from 31 to 4 and the highest tax bracket (combining DFI, VAT, ST and IMF) went from 148 percent to 45.1 percent. The maximum DFI rate was reduced to 20 percent ;
- Since January 1, 2000 : Implementation of direct taxation reform. Thus, in 2000, the deductibility of the IMF from the BIC went up to 50 percent, as compared to 25 percent previously. The Law on Finance for 2001 will allow this deductibility to rise to 75 percent and the BIC rate to decrease from 40 percent to 35 percent.

3.2 A stabilized macroeconomic framework

109. Trends in the Mauritanian economy over the past two decades clearly reveal the importance of a stabilized economic framework for growth and poverty reduction.
110. Significant progress has been achieved as a result of the structural adjustment policies implemented since 1992 by the Mauritanian Government. Between 1992 and 1999, the current account balance (excluding public transfers) fell from SDR -139.9 million to SDR -26.8 million. The rate of inflation was brought down to 4 percent. During this period, the public authorities pursued a policy aimed at public finance restructuring, which led to budgetary surpluses amounting to UM 5 billion on average over the past four years, compared to 1993, when the deficit stood at more than UM 12.5 billion.
111. Despite these trends, Mauritania remains vulnerable from a foreign trade standpoint because of the country's specialization in the export of primary products (iron and fish), which are subject to sharp price and quantity fluctuations, and its energy dependence.
112. The vulnerability of the economy to external forces is accompanied by ongoing pressure on exchange rates and the rate of inflation. This has forced the Government to keep in place restrictive monetary and budgetary policies. The restructuring of public finance and foreign debt relief resulting from the HIPC initiative are now making it possible to envision a controlled easing of monetary and budgetary policies, with a view to supporting economic growth without adversely affecting the country's foreign trade position.

Medium-term economic growth

113. Underlying the macroeconomic framework are three groups of hypotheses: (i) a significant increase in the rate of public investment beginning in 2002, resulting from the mobilization of significant HIPC resources and increased foreign resources to finance expenditures related to development and poverty reduction ; (ii) enhanced performance of the main sectoral growth engines, in particular: **iron**, the production of which is projected to increase by 17.5 percent over the period ; **the rural sector**, the performance of which should continue or improve by the end of the period as a result of stepped up investment activity and the impact of the public programs under way ; **the fisheries sector**, where industrial fishing should continue to grow at a rate of approximately 1.7 percent on average, and non-industrial fishing, 10 percent ; **public works**, for which growth will remain at about 9 percent on average, because of projected investments in infrastructures ; and the **services sector**, which should continue to expand because of sustained and significant private investment in tourism, telecommunications, and trade.
114. Per capita GDP will increase by more than 3 percent per year and by nearly 13 percent in total over the 2001-2004 period. The share of private consumption within GDP should rise from 68 percent in 2000 to 77 percent by the end of the period. Thanks to a recovery in consumption and a slight improvement in income distribution, the incidence of monetary poverty should be reduced to 38.6 percent by 2004.

The medium-term budget and fiscal policy

115. The growth and macroeconomic stability policy will be supported by a sound budgetary policy. The primary objective will be to ensure full mobilization of domestic revenue. Budgetary revenue should increase rapidly throughout the period. Tax revenue will increase more rapidly than GDP, reflecting the expansion of the tax base and enhanced revenue linked to the sound performance of the National Industrial and Mining Company (SNIM). Non-tax revenue will increase largely as a result of fishing fees and fines, although at a slower rate than GDP.
116. Reform of direct taxation will continue to be gradually implemented, and should result in attainment of the three-fold objective of simplification of taxes, expansion of the tax base, and greater equity of the system, and will be decisive in ensuring macroeconomic stability. This reform will also be critical to the development and diversification of the private sector (simplified and lower taxes on the profits generated by small- and medium-size enterprises and stepped up revenue collection from big enterprises and the

commercial sector). Lastly, tax reform will contribute to a better distribution of domestic wealth as a result of higher taxes on non-productive assets.

117. An upward trend in the medium-term budget is projected, rising from 1.5 percent of GDP in 2000 to 3 percent in 2004, reflecting largely the increase in public investment expenditure related to the PRSP. If HIPC expenditure is factored out, the budget balance remains slightly positive throughout the period. Public expenditure policy will continue to be characterized by control of current expenditure. Budgetary margins will be allocated, on a priority basis, to social and poverty reduction expenditure.
118. The same attention devoted to prioritization in the allocation of public expenditure will be given to the public investment program. Investment expenditure will be significantly increased over time, because of the additional programming of the priority investments of the 2001-2004 plan of action and the enhanced execution capacity of the public investment program (PIP).

The foreign sector

The medium-term balance of payments

119. The lifting of the balance of payments constraint is one of the major objectives of the Government. The decline in the cost of production factors (e.g., in energy, telecommunications, etc.), the ongoing tax reform, and the new role assigned to the private sector are all positive factors that can help Mauritania overcome the balance of payments constraint.
120. The medium-term viability of the country's balance of payments will be ensured by : (i) the sound performance of the traditional export sectors: the SNIM, where exports should rise from 11.7 million tons to 13.5 million tons beginning in 2003, and fisheries, where exports should increase in volume by 3 percent on average, and (ii) the reduction in the debt service burden, which should fall from US\$79.9 million in 2001 to US\$42.5 million in 2004.
121. Overall, exports should rise from US\$358 million in 2000 to US\$457 million in 2004. Imports should climb from US\$362 million in 2000 to US\$518 million in 2004, as a result of the combined effect of: (i) stepped up investment in basic infrastructure, (ii) increased social expenditure, and (iii) increased investment in the energy, telecommunications, and transportation sectors, following the privatization of these sectors and the need to modernize them in order to reduce the cost of factors of production.
122. The current account deficit excluding official transfers will remain, on average, at approximately 15 percent of GDP and the overall balance of payments, at less than 8 percent of GDP. After the accumulation of reserves that should cover approximately six months of importation of good and non-factor services, additional financing needs will amount to roughly US\$40 million per year on average over the 2001-2004 period.

The export sectors

123. In the long-term, the viability of the balance of payments will involve shifting to a policy that supports the competitiveness of the economy and structural measures aimed at the diversification of export sources and the development of new comparative advantages. Against this backdrop, the main elements of the plan of action are:
124. In the **mining** sector, the objective is to develop all of the potential of Mauritania's mineral resources. The strategy is aimed at increasing foreign direct investment by diversifying products, technologies and partners. In this context, decisive action has already been taken to increase the country's appeal for foreign investors : an investment code that simplifies the procedures for awarding mining titles and introduces tax incentives, has been in effect since 1999, as have application decrees concerning mining titles and mining policy. Since the promulgation of this new legal framework which is deemed competitive, 46 new exploration permits have been awarded. Also, the priority under the sector's action plan will be to consolidate the new legal framework by promulgating new regulations concerning : (i) quarries ; (ii) the tax and customs regimes applicable to mines ; (iii) mining taxes and fees ; (iv) the environment ; and (iv) the adoption of a standard mining convention, after consultation with all operators

in the sector.

125. Regarding **iron**, the action plan for the 2001-2004 period aims to take full advantage of a favorable global economy to improve its export capacity and strengthen its competitive advantage on the European market (i) by substantially increasing its production and export capacities ; and (ii) by strengthening measures aimed at streamlining and boosting productivity in the whole export chain (extraction, crushing, railroads, ports, etc.).
126. As regards **fishing**, the Government's strategy is to optimize the economic rent derived from the sector. In this connection, particular attention will continue to be paid to rational management of fisheries resources, with a view to sustainable development, through increased surveillance and an allocation of fishing activities on the basis of permissible limits set by the National Center for Oceanographic and Fisheries Research (CNROP).
127. In the area of **industrial fishing**, the long-term strategy of the Government is to ensure the local processing of fisheries products by encouraging foreign direct investment in factories and, by so doing, to change the country's specialization by enhancing the value chain position. In this context, there are plans to: (i) build and outfit a pelagic fishing port in Nouadhibou, (ii) expand and refurbish the Nouadhibou autonomous port, (iii) encourage the start of naval repair work in Nouadhibou, and (iv) adopt sector-specific incentives.
128. In light of the possibilities offered by **artisanal and coastal fishing** for job creation and food security, particularly for the poor but also for generating foreign exchange, this activity is a top priority. A ten-year plan for non-industrial fishing will be drawn up and implemented along the lines of the strategy. The following are the priority activities associated with this voluntary program: (i) the implementation in 2001 of an ambitious regular and advanced program to train non-industrial fishermen (professionals and trainees) and young people, particularly women, in simple processing techniques related to fish products, (ii) the development of port facilities suited to non-industrial fishing, (iii) the establishment of focal points for development along the coast, (iv) the review and institution of credit and insurance systems that are suited to the different activities involved in non-industrial fishing (catches, processing, etc.), and (v) the provision of incentives for the development of refrigeration chains and networks for the distribution of fisheries products to the inland areas of the country.
129. Moreover, a general study will be done of the competitiveness of the Mauritanian economy in 2001 in order to: (i) prepare a list of export opportunities available to the country and evaluate its strengths and weaknesses in the context of a globalized economy and (ii) propose a program of action to strengthen the competitiveness of the economy and to make it more attractive to foreign direct investment.
130. In this context, special attention will be paid to **tourism**, the potential of which is not fully realized largely because of the dearth of hotels and poor roads, a lack of professionalism on the part of national operators in the sector, and the unavailability of qualified manpower. Beginning in 2001, these efforts will be reflected in the completion and application of the regulations governing the organization of tourism-related activities and the adoption of the Comprehensive Plan for Tourism Development, which is being completed. The implementation of this Comprehensive Plan should permit the development of the different areas of tourism resulting from measures aimed at increasing national and foreign private investment in the sector, the training of specialized personnel, and the establishment and application of guidelines for the promotion and development of the sector.
131. Priority will be given to: (i) strengthening the development of culture-oriented tourism in the Sahara region, an area in which Mauritania has specific comparative advantages, and (ii) increasing benefits at the local level through greater showcasing of the country's cultural heritage, support for local artisans, and the promotion of new destinations. The complementarity between this kind of tourism and ecological tourism (around Banc d'Arguin and Diawling Park) will also be developed.
132. The systematic search for new areas of external competitiveness will also focus on **agricultural** and **livestock** products. This will require foreign investment promotion, and, in particular, foreign direct investment in fresh product export areas, modernizing the distribution channels for livestock, skins, and

leather, and exploring export possibilities for packaged red meat.

Monetary policy and the financial sector

133. A rigorous monetary policy will remain in place in order to support the exchange rate policy and maintain inflation rates close to the level observed in partner countries. In this regard, the Central Bank will continue to rely on indirect monetary policy instruments in order to control liquidity.
134. A solid financial sector is critical to economic growth. The structural reforms implemented since 1992 have permitted: (i) restructuring of the banking system, (ii) State divestiture and liberalization of the banking and insurance sectors, and (iii) strengthening of banking oversight and the regulatory function of the Central Bank.
135. Despite these positive developments, the banking sector is still not properly fulfilling its role in terms of financial intermediation. Constraints are generally a consequence of: (i) the inability of banks to attract local savings, (ii) their heavy reliance on short-term resources, (iii) the concentration of financing on a small number of very profitable activities that are generally commercial in nature, and (iv) the persistence of significant gaps between borrowing rates and lending rates (which are, in addition, very high); a situation that is not conducive to the mobilization of savings or investment.
136. The objective of the Government is to promote the establishment of a viable financial system that is capable of responding to the needs of the economy. The main actions outlined in this context are: (i) the formulation and adoption of a strategy for the development of the financial sector, (ii) the promotion of greater savings through the provision of incentives, the introduction of new instruments and the diversification of financial products, the development of banking and non-banking (insurance) collection facilities, and the strengthening and expansion of the credit union network, (iii) the reduction of financial intermediation costs through the stimulation of competition, opening up the sector to new banks, and interest rate cuts whenever macroeconomic developments so permit, (iv) the promotion of new approaches for collecting savings, (v) the strengthening of mechanisms for prudential control and oversight by the Central Bank of Mauritania (BCM), and (vi) the development of guarantee and risk coverage mechanisms for investors.

3.3 Providing basic infrastructure and supporting growth

137. The development of the economic infrastructure is essential to developing trade, reducing production costs, and enhancing the competitiveness of the national economy. The objective sought is the gradual establishment of basic infrastructure in Mauritania (telecommunications, electricity, roads, airports, etc.) and efficient management and maintenance systems, which are essential in order to open the country to international trade, attract foreign capital, and permit nationals to compete on an equal footing in a globalized economy.
138. The strategy is built around two complementary components: the first, which is institutional, is aimed at clarifying the responsibilities of the State and the private sector and seeks a more active role by the latter in infrastructure financing. In that context, emphasis will be placed on completing reforms related to liberalization and privatization in the telecommunications, energy, and air transport sectors. The second component focuses on the implementation of coherent investment programs and on the enhancement, within that framework, of the effectiveness of the public resources allocated to basic infrastructure, in particular in the land transportation, energy, telecommunications, and new information and communication technologies (NICTs) sectors. In that context, emphasis will be placed on designing mechanisms that promote universal access to services, in particular in areas where market mechanisms may not adequately meet the specific needs of the poor sectors of the population, and, consequently, must be supplemented (Cf. 5.5).

Transportation

139. The major objectives of transportation policy are to: (i) ensure lower cost and safe transportation for

individuals and goods, (ii) foster harmonious national planning through the development of multimodal links among the major poles of development of the country ; (iii) promote the openness of the country and its integration into the global economy ; and (iv) involve private capital to a greater degree in financing the sector.

140. In the area of **road transport**, apart from the implementation of programs included under the PIP, there are three priorities, namely : (i) obtain the budget resources needed to strengthen routine maintenance work and the clearing of sand from roads ; (ii) encourage private sector participation in sand removal and periodic maintenance by fostering the development of a network of local SMEs ; and (iii) establish an appropriate financing mechanism for the maintenance of rural roads.
141. At the institutional level, priority interventions deal with : (i) eliminating all obstacles to competition ; (ii) defining safety standards for transporting people ; and (iii) strengthening the transportation administration's capacity for planning and programming.
142. In the area of **air transport**, the strategy to be pursued will rely essentially upon implementation of an ambitious investment program, including the construction in Nouakchott of a world-class airport able to compete with neighboring airports, the expansion and upgrading to acceptable standards of the airport in Nouadhibou. Finally, the continuation of the development program for secondary airfields will increase the equipment levels of under-equipped airports. From the institutional standpoint, the objective is to involve the private sector in the financing of infrastructures.
143. In the area of **maritime transport**, the objective will be to improve the competitiveness of the ports of Nouakchott and Nouadhibou, which handle much of the country's commerce. The priority will be : (i) to improve the quality and level of services ; (ii) to continue investment programs in capacity-building and modernization ; (iii) to strengthen and modernize management ; and (iv) to involve the private sector in the capital and management of each of these institutions.

Energy

144. In the energy sector, the government policy targets greater involvement of the private sector in infrastructure financing, ensuring the supply of oil and natural gas, and developing the electricity infrastructure and quality of services provided to enterprises and users.
145. In the oil and natural gas subsector, the liberalization policy will be pursued with a view to improving supply conditions. The study on the subsector now under way will lead to a revision of prices applicable to the entire chain (importation, transportation, and distribution) and to the issuance of new safety standards. In addition, the investment currently taking place in Nouakchott should result in considerable improvement of supply conditions in the entire southern zone.
146. Two important developments should favor development of the electricity sub-sector: (i) the privatization of the electricity branch of SONELEC in 2001 should lead to the mobilization of private financing and contribute to the reduction of factor costs; (ii) the commencement of the operations of the Manantali power station should improve supply, particularly in the Valley area, and permit interconnection with the Nouakchott network, thereby contributing to securing long-term supply and reducing costs. In addition, the establishment of the Rural Electrification Development Agency (ADER) will allow big rural areas to have access to electricity through renewable and low-cost maintenance energy, among other things.

Telecommunications and NICTs

147. In the area of telecommunications, Mauritania has implemented significant reforms that have led, in particular, to: (i) the introduction of the Internet (1997), (ii) the publication of a law liberalizing the telecommunications sector, (iii) the establishment of an independent regulatory authority, and (iv) the issuance of two licenses for cellular telephones, one of which was granted to a private operator.
148. The objective is to put in place a regulatory framework that is conducive to competition, the mobilization of private investment, the entry into the market of new operators, and the introduction of modern technology. The introduction of the telecommunications law represents an important step in the attainment

of that objective. In addition, the Government is planning to transfer, prior to the end of the first quarter of 2001, 51 percent of the capital in Mauritel to a strategic partner.

149. Lastly, with respect to NICTs, the main objectives of the strategy are: (i) the establishment of a framework for incentives that is suited to new operators involved in NICTs, (ii) the connection of districts (moughataa) and communes to the urban telephone network and the Internet, (iii) the opening of Internet access nodes to competition, (iv) the elimination of import duties and taxes on information technology and related materials, (v) the establishment of certification entities for commercial transactions, and (vi) the establishment of a universal access fund and an agency to promote universal access to services in order to identify, prepare, and promote, among private and community investors, specific projects that are based on the use of NICTs in areas where private sector initiative alone may be insufficient.

4. Growth Anchored in the Economic Environment of the Poor

150. The strategy to support economic competitiveness and mining and industrial fisheries exports will not be fully effective immediately. The sectors on which the strategy depends have only a limited spillover effect and their impact on employment will be felt only in the Nouakchott, Nouadhibou, and Zouerate basins. The impact on poverty reduction will therefore be even more indirect, manifesting itself, for example, in the redistribution of national budget allocations and the impact on foreign exchange earnings.
151. A direct reduction of poverty and extreme poverty will initially occur through the growth of activities in which the poor are engaged and the rehabilitation of depressed areas. This policy of anchoring growth in the economic environment of the poor is a major focus of the national poverty reduction strategy. It is based on an integrated approach combining components focusing on sector development and components targeting specific areas. The policies to be implemented are based on economic incentives, investment in economic and social infrastructure, and strengthening the capacity of participatory structures.
152. The strategy will be implemented on three fronts:
- ***An integrated approach to rural development will be applied.*** The approach will be based on policies to promote the growth of the agriculture and livestock sectors, bearing in mind the most vulnerable populations and regions, and on infrastructure policies and measures to promote local development.
 - ***An urban development policy will be introduced*** to create the necessary conditions – in terms of economic and social infrastructure – for urban centers to serve as focal points for regional development and for promoting the economic integration of the population living in outlying districts.
 - Cross-cutting measures will be adopted both to help micro-operators establish businesses and to provide more general support for job creation and income-generating activities. These measures will focus on promoting micro- and small enterprises, development of micro-financing, improved vocational training facilities, and implementation of programs adapted to the various segments of the labor market.

4.1 *An integrated rural development policy*

153. Rural inhabitants account for 45 percent of Mauritania's total population and for 76.5 percent of its poor. Levels of poverty and extreme poverty have remained high because the agricultural sector is weak and also because economic infrastructure and access to basic social services are extremely inadequate, and the rural milieu is extremely vulnerable to climatic factors and to fluctuations in the prices of local cereals.
154. Given the magnitude of the challenges facing the rural population, it is now imperative to implement a coordinated, global rural poverty reduction strategy. This is the major thrust of the national poverty reduction strategy. The goal will be to reduce rural poverty by half by 2015 and satisfy the basic infrastructure needs of rural areas. The strategy to be pursued will be based on the coordinated and decentralized implementation (within the framework of regional poverty reduction programs) of a set of policies and programs focusing on: (i) revitalization of production in key agricultural subsectors through sectoral measures set within a macroeconomic framework and focusing on diversification and on high-quality agricultural production; this will be achieved by improving access to factors of production and agricultural services; (ii) development of rural infrastructure; (iii) institutional

measures and sectoral organization activities ; and (iv) natural resource conservation policies.

4.1.1 Subsector development policies

Livestock

155. The rural sector is dominated primarily by the livestock subsector, which alone accounts for nearly 80 percent of agricultural production and 15 percent of GDP. The number of cattle is increasing steadily, and represent a total of nearly 3,532,640 TLU, or 1.4 TLU/inhabitant, the highest level for the region. Extensive livestock farming predominates, although sedentary farming is growing rapidly in the Valley and around urban centers. Mauritania produces more meat than it needs but not enough milk.
156. Despite the livestock subsector's very substantial potential for reducing poverty, promotion of a dynamic animal production subsector has not been accorded much priority in development programs. The subsector is therefore poorly integrated in the economy and is inadequately structured. The major constraints it faces are as follows: (i) inadequate overall infrastructure and services (animal health, stock watering, research, and extension services) ; (ii) an absence of effective arrangements for collecting and processing by-products, including milk ; and (iii) a total lack of organization with respect to pasture and range management.
157. The Government, recognizing the importance of the livestock sector for growth and poverty reduction, particularly in arid zones, plans to accord high priority to establishing a dynamic animal production subsector, which will become an integral part of the national economy and will be highly structured. The measures to be implemented will focus on: (i) improving livestock production ; (ii) modernizing collection and marketing channels ; (iii) promoting the integration of livestock and agriculture ; and (iv) introducing more environmentally friendly pasture and range management techniques.
158. Accordingly, priority will be given to the following actions : (i) concerted application – in conjunction with local communities and farmers' organizations – of the Farming Code and measures to open up pasture and range lands in order to facilitate the movement of livestock ; (ii) implementation of a livestock watering program to increase the number of pastoral wells and clean out and protect ponds ; (iii) improvement of animal health through vaccination programs, development of pasturelands along major transhumance routes, incentives to private investment, and provision of veterinary services in pastoral areas ; (iv) promotion of the red meat industry through the orderly development of slaughterhouses, the promotion of conservation systems, and the application of sanitation standards within and around slaughterhouses ; (v) support for the development of the milk collection and processing subsectors and location of sector enterprises closer to supply centers (through incentives to promote regular supplies of animal feed, especially feed made from byproducts of irrigated agriculture) ; (vi) establishment of a research and extension program focusing on the most productive adapted species ; and (vii) economic and environmental studies of the leather and hide industries.

Irrigated agriculture

159. Irrigated agriculture – practiced along the river and its tributaries – is devoted primarily to rice cultivation. Although substantial investments and major reforms have opened up the sector, rice production in Mauritania is hampered by a general competitiveness problem attributable to both technical constraints (poor quality of facilities, absence of a drainage system, failure to master proposed technical packages) and institutional and operational constraints (research and extension arrangements do not function properly, supply problems, marketing problems). At the same time, rice growers face increased competition resulting from the opening up of the industry and from tariff reductions.
160. Developing successful irrigated crop industries is a major challenge for Mauritania's economic development. The development strategy for irrigated agriculture to the year 2015 adopted under the Integrated Development Program of Irrigated Agriculture in Mauritania (PDIAIM) established two key

objectives : (i) to promote diversification to favor more remunerative crops; and (ii) to improve local rice yields. These two objectives will continue to guide policy in the irrigated agriculture sector.

161. The following action will be taken with respect to diversification : (i) promote diversification to encourage the production and export of vegetables and fruits by providing credit and extension services, conducting awareness campaigns, and encouraging private investment; (ii) promote the establishment of facilities for industrial processing and artisanal preservation of garden produce; (iii) support the cultivation of fruit crops by encouraging farmers to grow varieties adapted to local climate conditions; and (iv) promote productive, low-water-use irrigation techniques (such as drip irrigation).
162. The following activities are planned for the rice subsector: (i) rehabilitation of hydroagricultural infrastructure and extension of existing perimeters; (ii) establishment of a rice quality improvement program focusing on extension services and on making high-yield varieties adapted to market requirements available in a timely manner; (iii) cost reduction via incentives relating to inputs and support for the development of adapted rice mills; (iv) marketing support via lines of credit, provision of storage infrastructure near production zones, and support for self-organization efforts of producers (including economic interest groups); (v) support for struggling cooperatives by enabling them to participate in formal credit arrangements; (vi) strengthening the viability of the Agricultural Credit system and extension of coverage to the entire subsector and to new crops resulting from the diversification effort; (vii) consolidation of results achieved regarding land tenure issues and extension of Land Tenure Office coverage to the entire Valley; (viii) support for socioprofessional organizations concerned with management and maintenance issues; and (ix) introduction of a pest control program.

Food crops

163. Traditional food crops – the mainstay of the Sahelian farmer’s livelihood – are affected by a variety of problems besides those that are climate-related, including outdated technology, lack of storage and transport facilities, poor market organization, degradation of environmental resources, and pests. The persistence of these problems explains why poverty and extreme poverty are so prevalent in arid zones.
164. The national poverty reduction strategy will devote special attention to the cereals sector. The principal objective will be to increase yields and promote the creation of activity centers capable of generating stable sources of income for poor farmers.
165. The strategy will focus on three areas: increasing yields, strengthening supply channels, and water control.
166. The following activities are planned in order to increase yields: (i) use of available technology packages (improved seeds, fertilization, management of soil fertility); (ii) more aggressive pest control measures; (iii) onsite training, and extension activities focusing on production and conservation techniques; and (iv) implementation of research and extension programs adapted to arid zones.
167. The following activities are planned in order to strengthen supply and marketing channels: (i) organization of markets through the creation of cereal banks and support for the establishment of marketing enterprises to sell products in the major urban centers; and (ii) support to enable communities to build storage facilities and supply inputs.
168. Finally, water control is crucial in order to ensure a supply of safe water and increase agricultural production. A ten-year dam construction program will be launched in 2002 (the plan is to build 10-15 dams annually), and will be based on technical, soil, and economic studies. The program will also include very large participatory projects (with training provided by NGOs) to build community dikes, bunds, and flow-retarding mechanisms, particularly under the CDHLCPI and CSA programs.

Gum arabic

169. The gum arabic subsector (Mauritania provides a natural biotope for this crop) will receive special attention. The objective will be to both provide farmers with additional sources of income and promote

regeneration of the natural environment. Efforts will therefore focus on: (i) opening up trade and promoting private investment in production and marketing and (ii) providing incentives to farmers' groups and private operators to plant and cultivate gum arabic.

Date cultivation

170. Even though the cultivation of oases does not play a major role in the national economy, it encourages inhabitants to remain on their land, promotes environmental regeneration, and improves food security. The following activities will be given priority in order to develop the subsector: (i) development of social infrastructure and opening up of production areas to stem the rural exodus; (ii) increasing the profitability of date palm and vegetable cultivation via the use of adapted technology packages in extension activities, particularly those focusing on date palm health; (iii) promotion of groundwater recharge and water conservation via programs to build weirs and flow retardation mechanisms; (iv) promotion of efforts to combat desert encroachment in oases; (v) provision of credit opportunities in oases for associations of oases, and (vi) maximizing the tourism potential of oases in order to generate additional income.

Forestry

171. As part of the effort to diversify rural production, field studies and trials will be conducted to ascertain the economic viability of forests as a source of wood for construction and charcoal. Establishing the subsector would have the benefit of increasing incomes while utilizing marginal soils and of relieving pressure on wild-growing species.

4.1.2 Rural infrastructure policies

172. The huge deficits which rural areas face with respect to basic equipment and infrastructure pose a major obstacle to the reduction of rural poverty and the integration of vast areas with significant potential into the national economy. The Government will therefore ensure that the entire strategy to improve access to social services will accord high priority to rural areas (see chapter 5 for further details).
173. The special needs of rural areas with regard to basic infrastructure and social services will be taken into account at three levels: (i) as a component of sectoral policies (including education, health, water, and roads) and corresponding public investment programs, which must clearly articulate the objective of helping rural areas catch up; (ii) as a component of targeted poverty reduction programs implemented by CSA and CDHLCPI; the emphasis here will be on labor-intensive programs to be carried out starting in 2001 with the twofold objective of promoting rural development and building valuable infrastructure; and (iii) within the context of programs implemented by the agency responsible for promoting universal access to basic services, under which some resources will be devoted to fostering integrated solutions for rural areas (access to water, energy, and telecommunications).
174. A separate program will be devoted to opening up rural areas, given how important this step is for the creation of local focal points for integrated activities. To this end, a ten-year program to build rural roads will be developed and implemented. Three roads are already under construction in Trarza and Brakna, and seven additional priority roads have been to open up major rural production zones.

4.1.3 Institutional and organizational measures

175. Subsector development policies will require reforms in the following areas: (i) socioprofessional organizations, through the adaptation of regulations governing farmers' organizations; (ii) the statistical system, through agricultural production and market gardening surveys and livestock and agriculture censuses; (iii) land tenure, through consolidation of the program on procedures for granting land titles, and development of the land market; (iv) credit, by promoting participation by commercial banks, establishing special lines of credit at UNCACEM, and supporting the establishment of microfinance

operations in rural areas; and (v) research, technology transfers, and education, through implementation of the National Agronomic Research Plan and by adapting teaching curricula to meet subsector requirements.

4.1.4 Environmental policies

176. The major objectives of the National Environmental Action Plan (Plan National d'Action pour l'Environnement, PANE), which was developed through a participatory process and in accordance with the relevant international conventions (the Convention to Combat Desertification [CCD], the Convention on Biological Diversity [CBD], and the Convention on Wetlands [Ramsar Convention]), are to: (i) promote extensive consultations at the community and departmental levels regarding environmental problems; (ii) support the implementation of pilot projects to combat various forms of environmental degradation and develop natural resources in the areas of pastoralism, forestry, and protection of marine and inland wetlands; (iii) develop ecotourism as an alternative method for maximizing the potential of the country's natural biodiversity heritage; (iv) implement a massive program to utilize butane gas and alternative energy sources in place of charcoal; and (v) establish arrangements for monitoring and evaluating environmental policies and programs.

4.2 *Integrated urban development*

177. Repeated droughts have led to massive and rapid urbanization in Mauritania, a situation which has created considerable pressure in terms of the demand for jobs, social infrastructure, and social services. Since no serious urban planning has been undertaken, urbanization has spawned the development of large, inadequately equipped shanty towns where the quality of services is generally poor and insufficient space and supply problems undermine economic activity.
178. Mauritania's urban fabric – comprising approximately 20 towns of over 10,000 inhabitants – is very unbalanced. The two major cities are Nouakchott and Nouadhibou, which are home to 80 percent of the country's urban population.
179. Generally speaking, a variety of overlapping constraints impede urban development: (i) an inadequate regulatory structure; (ii) insufficient coordination between the various actors (central Government, local communities, professionals); (iii) a lack of serious urban planning (inadequate capacity and the absence of reliable tools, including a cadastre and SDAU); (iv) the absence of a land use policy; and (v) insufficient resources for the sector.
180. The overall objective of the strategy to combat urban poverty is to ensure harmonious land use planning and balanced regional development. It seeks to promote the gradual emergence of a network of dynamic towns which can support economic development and fully integrate their poor districts.
181. The strategy is threefold: (i) The initial task will be to properly balance the urban framework and correct regional disparities by gradually providing regional capitals and then other urban centers with basic infrastructure meeting appropriate standards. (ii) Secondly, priority will be given to integrating poor districts through specific actions to provide these areas with sanitation facilities and better housing and promote income-generating activities for the inhabitants. (iii) Finally, urban development should proceed on the basis of new local development practices which combine decentralized planning tools and management methods, have been mastered by local communities (thus guaranteeing community participation in all decision-making), and are based on an institutional structure ensuring coordinated integration of state services at the local level.
182. Mauritania's urban development policy objectives for the next five years are as follows: (i) provide regional capitals with a frame of reference for their development; (ii) strengthen national capacities (within the central government, municipalities, etc.) with respect to urban management; (iii) improve access of the population and economic operators to basic equipment and community services;

(iv) combat land speculation and the illegal occupation of urban land; and (v) combat urban unemployment.

183. Action will be taken on five fronts. Firstly, measures focusing on the **institutional framework** will include: (i) adaptation of existing instruments, bearing in mind new urban development actors and the concerns of the poor; (ii) updating and strengthening of urban management tools and implementation of new tools; (iii) preparation, through a participatory process, of a National Land Use Plan (Schéma National d'Aménagement du Territoire, SNAT), and (iv) establishment of a coordination and steering committee to deal with urban development policy issues.
184. Secondly, the development of **urban infrastructure and services** will be encouraged, in particular through: (i) preparation of a clear and exhaustive inventory of urban infrastructure and services, and definition of a minimum standard for three types of infrastructure: economic, social, and urban; (ii) implementation of primary infrastructure programs and programs to identify shanty towns (in Nouakchott, Nouadhibou, and the major regional capitals) in the context of town contracts between the State and municipalities; and (iii) creation of mechanisms to ensure the participation of target populations and users at all levels.
185. Thirdly, steps to be taken to foster the **economic development of towns** include: (i) elaboration of a development strategy for towns covering all regional capitals; (ii) development and establishment of local programs to support the microenterprise sector and income-generating activities targeting particularly vulnerable groups; and (iii) development of vocational training curricula reflecting market needs.
186. On the fourth front, action to **improve housing** will include: (i) preparation (in stages) of urban planning schemes for all towns; (ii) a census of squatter populations and establishment of a program to regularize their status; (iii) continuation of the Housing Bank's (Banque de l'Habitat) construction and loan program targeting the middle class; and (iv) extension of low-cost housing programs to and promotion of self-construction in shanty towns, on the model of the "Twize" experiment.
187. Finally, action will be taken to improve the **urban environment**, including: (i) preparation of a master sanitation plan for each urban area conforming to generally accepted industry standards; (ii) design of appropriate solutions for the collection and treatment of household waste, sewage, and solid waste; (iii) regulation and standardization of private and community septic tank construction; (iv) creation of a national observatory to monitor the Nouakchott barrier beach; and (v) establishment of an environmental education program.

4.3 Support for small enterprises, job promotion, and integration

188. Job promotion and the development of small and medium-size enterprises are major components of the strategy to anchor economic growth in the environment of the poor. The key objectives are to (i) reduce unemployment, especially among women and young people; (ii) foster the development of a microenterprise network integrated with the modern sector; (iii) support self-employment and private or collective initiatives of the poor; and (iv) develop vocational training programs at all levels.
189. The strategy envisages the ultimate emergence of a radically new environment based on the following elements: (i) a completely overhauled vocational training system, with changes discernible in the curricula offered, the quality of instruction, and the system's methods of operation; (ii) the emergence of a labor market organized and supported by institutional arrangements ensuring the integration of young people; (iii) consolidation of a micro- and small enterprise network which contributes significantly to growth and to the country's internal and external balances, is integrated into the modern economy, and is a major source of jobs; and (iv) support programs targeting different sectors or population segments and financed primarily by self-financing and the national budget.
190. The program of action includes a number of priority **job promotion** activities: (i) development of labor-intensive programs in both urban and rural areas; for example, an intensive program to develop

microenterprises will be launched in rural areas starting in 2001, and an agency specializing in rural works will be set up for this purpose; (ii) revision of employment regulations to offer more incentives; (iii) intensification of programs to incorporate young people in the private sector; and (iv) strengthening of job information services and monitoring arrangements.

191. Measures to assist **microenterprises** include the following: (i) establishment of a support unit for microenterprises and craftsmen and provision of an initial assistance package (comprising advice, training, information, and financing) to priority subsectors; (ii) encouragement of trades groups to become more proactive and establishment of a network to foster the growth of crafts, bringing together institutional actors and training centers; (iii) development and implementation of a national microfinance strategy; and (iv) strengthening of microfinance institutions (through training, lines of credit, etc.).
192. Action to promote **vocational training** will include: (i) development of national vocational training capabilities and improvement of the quality of training, in order to establish a system responsive to the country's requirements; (ii) extension of existing training centers and establishment of new programs in the fields of construction, electronics, refrigeration, and tourism; (iii) establishment of vocational training centers in wilayas which currently have none; (iv) intensification of training programs in the moughataa and large rural districts; (v) improvement of instructor training; and (vi) establishment of a permanent mechanism for financing vocational training and integration.
193. Measures specifically targeting **women and young people** include: (i) support for economic interest groups (EIGs), especially the establishment of women's EIGs; (ii) strengthening of the Center for the Training and Advancement of Women (Centre de Formation et de Promotion Féminine, CFPF); (iii) establishment of lines of credit specifically for women; (iv) continuation of programs to integrate young people into the work force, in keeping with the program evaluation currently under way in CDHLCPI; (v) establishment of a partnership between the State, the private sector, and local communities to integrate young people; and (vi) establishment of a fund to finance the training and integration of young people.

4.4 Protection and safety nets

194. Given how widespread poverty is in Mauritania, fluctuations in income, and the heavy dependence of income on climate-related factors, the implementation of policies and programs to protect the most vulnerable segments of the population will be justified for a long time to come. The Government's strategy in this regard has two components, the first with an overall focus on food security and the second focusing specifically on combating exclusion in urban areas.
195. The policy to promote **food security** is part of a global strategy which aims, over the medium term, to bring about significant improvement on an ongoing basis with respect to: (i) the supply of basic food products, ensuring that it increases in keeping with the country's needs; (ii) the ability of the population to access these products; and (iii) the physical availability of food products, by ensuring appropriate logistical and transport infrastructure.
196. Over the short term, emphasis will be placed on preventing and mitigating food crises, with a focus on two priorities: (i) production of reliable information and its ongoing dissemination to decision-makers as part of an early warning system; and (ii) establishment of secure rapid response mechanisms.
197. The plan of action calls for the following: (i) development of the activities of the Food Security Observatory; and (ii) establishment of transparent procedures for managing the National Reserve Stock (Stock National de Sécurité, SNS) in 2001. The stock will have two components: (a) a physical reserve of food products located in Nouakchott and three sites in isolated regions; and (b) a financial reserve enabling its managers to respond to crises when and where required.
198. The **campaign against exclusion**: The fact that the poorest members of society require safety nets is first and foremost a function of their exclusion and their vulnerability, both products of urban

development. These marginalized groups, who live mainly in the outlying districts of large towns, consist of single-parent families, particularly households headed by women, disadvantaged children, physically and mentally handicapped persons, and beggars.

199. Programs targeting these groups will be implemented, mainly in urban areas, and will cover (i) provision of basic services (health, safe water, nutrition, literacy) to marginalized groups; (ii) integration of these groups into the social and economic fabric of society; and (iii) studies to create a clearer understanding of the various forms of exclusion.

5. Developing human resources and ensuring universal access to basic infrastructure and services

200. Concomitantly with strategies aimed at quickening the pace of growth and ensuring that it is more firmly anchored in economic spheres that reach the poor, the Government will seek to implement ambitious strategies for human resource development and universal access to basic services (education, health care, safe drinking water, sanitation, energy, etc.). Such services are indeed indispensable for sustainable human development and any barriers to access to them may make it harder for the population to perform income-generating activities, thereby increasing the likelihood of poverty.

5.1 Education

201. Quantitatively, Mauritania's educational sector has expanded considerably in the past decade in response to the increasing demand for enrollment resulting from population growth. The expansion has affected, to varying degrees, both the sector as a whole and most of the key operational parameters. The priority the State attaches to this sector has translated into major increases in investment for operations, although the education budget's share in GDP has dropped, mainly as a reflection of the freeze on salary expenditures.

202. Nevertheless, marked inefficiencies and shortcomings continue to impair the performance of the sector. The main **central management** problems are: (i) the lack of rigorously established and tightly controlled sectoral objectives, (ii) a lack of transparency in personnel management, (iii) an inadequate statistical information system, and (iv) weak annual budget preparation procedures, etc.

203. In the **pre-school** segment, the chief problems stem from the combination of a rapid increase in demand and limited absorption capacity. The public sector's regulatory and operating controls are inadequate, as is the training provided for supervisory staff.

204. In **basic** education, the rapid increase in enrollment has led the State to increase its investment in order to absorb the influx of pupils. Nevertheless, the supply of school places has not been equal for all regions and disparities persist, whether it be with respect to new classrooms or school canteens. Particularly noticeable is the existence of a very high proportion of schools offering only a partial academic cycle (82.4 percent). Thus, it is often a case of the school system abandoning pupils rather than pupils dropping out of school.

205. Along with the quantitative growth problems, there is also a quality of education problem, particularly with regard to the design, production, and distribution of schoolbooks for children and teachers' guides.

206. Combined, these factors have led to poor quality education and weak results in terms of the effectiveness of the system. The drop out rate accelerated between 1990 and 1999 and the number of children completing their schooling fell from 74 percent to 56.2 percent.

207. The hasty growth of **secondary** schools meant that individual schools were unable to maintain consistent educational standards. The lack of a functional blueprint for distributing state schools in a given area meant that some were built without any educational justification. For the same reasons, the supply of school equipment and furnishings was unable to keep up with the expansion and the ratio of pupils to school desks is approximately 3.5 pupils per two-pupil desk.

208. End-of-cycle exam passes at the first certificate (Brevet) level were average (61 percent for boys and 54.7 percent for girls) but particularly weak at the school-leaving baccalaureate level (21 percent for boys and 10 percent for girls). There are also marked disparities among regions and courses of study.

As in basic education, the completion rate remains low: of every 1,000 pupils leaving school only 560 reach the last grade and, of them, 210 pass the baccalaureate. This wastage, as marked as that in basic education, raises the unit cost of a pupil graduating from secondary school to four times the requisite minimum.

209. For lack of an established national policy, the development of **higher** education has been haphazard. The non-existence of mechanisms to limit flows has led to an overpopulation of students, compared to countries with socio-economic indicators similar to those of Mauritania. Moreover, the dearth of information regarding the country's quantitative and qualitative needs for persons with a higher education has led to a large number of unemployed graduates. With respect to the quality and relevance of the curricula, there is also a noticeable predominance of theoretical lectures and little vocational training. The internal efficiency of the education imparted in centers of higher education is, likewise, low. Only 12 percent of the students at the FLSH and FSJE obtain a master's degree after four years.
210. Although progress has been made, **literacy** campaigns have been hampered in particular by the sheer size of the national territory (with a dispersed, partly nomad population, etc.) and by the inadequacy of budget allocations.
211. The Government's education strategy aims to ensure for each Mauritanian child ten years of basic schooling (elementary plus the first level of secondary school), adapted to the cultural milieu and accessible to all, followed by training opportunities tailored to current and future labor market demand.
212. Within the framework of this strategy, the objectives for the sector as a whole are: (i) to increase the internal and external efficiency of the education system, (ii) enhance the quality of education, and (iii) strengthen management, operational, and planning capabilities.
213. Particular attention will be paid to **pre-school** education, with a view to ensuring the quality and coverage needed to prepare children for basic education.
214. Likewise, the development of **private** education will be encouraged by implementation of appropriate incentives and by fostering greater private investor involvement in this type of education.
215. In **basic education**, the policy to be implemented is geared to: (i) universal access by 2004; (ii) improving the retention rate (from 55 percent to 78 percent by 2010) by increasing the general availability of schools offering a complete academic cycle; (iii) evening out the disparities among genders, zones, and regions; (iv) enhancing the quality and relevance of the system, particularly by progressively reducing the student/teacher ratio (from 48:1 to 40:1 by 2010) and by improving the average graduation rate from one grade to another to 95 percent in the same period.
216. The actions planned envisage building classrooms and training more teachers in order to lower the number of pupils to 40 per classroom by 2010. The universal schooling objective will be tackled by creating a network of schools covering all grades, by making school education compulsory, and by setting up school canteens primarily in the least privileged districts and villages. The disparities among zones and regions will be overcome by introducing both financial and non-monetary incentives for school staff in the less attractive zones and regions. More efficient management of teaching staff is to be achieved by implementing more effective mechanisms for gathering information, monitoring postings, and career management.
217. Teaching standards will be raised by: (i) improving initial training courses for teachers and school inspectors, (ii) introducing continuous education courses for teachers and inspectors, and (iii) providing each pupil and teacher with schoolbooks and teacher's guides in the main subjects (Arabic, French, and mathematics).
218. With respect to **secondary** education, the targets are to: (i) expand access to the first four years of secondary school (premier cycle) by increasing the number of children admitted to the final phase of high school (1^{ère} AS) to about 35,000 and by reducing the pupil/teacher ratio in the premier cycle to 26:1 and to 16:1 for the last three years (second cycle); (ii) upgrading science and foreign language

courses; (iii) improving the conditions for studying (e.g., libraries, computer labs, laboratories, etc.); and (iv) evening out gender and regional/zone disparities (e.g., by expanding the school canteen system).

219. This will involve: (i) completing application of the school distribution plan, (ii) reorganizing teaching programs and practices in such a way as to raise retention rates for the first four years (streaming in the first year combined with intensive remedial courses), (iii) restructuring the initial training and continuous education courses for teachers and school inspectors, and (iv) distributing schoolbooks. Specific steps will be taken to increase the motivation of school staff (teachers and inspectors), above all by better management of postings and career opportunities.
220. At the **higher education** level, the objectives are geared to restructuring the sector by containing costs while enhancing quality and relevance through a better match between the education provided and socio-economic development needs. A key factor here will be greater emphasis on science and technology.
221. Actions to be carried out will deal with improving and reorganizing this level of education through : (i) more in-depth knowledge of national needs for higher education, (ii) tailoring of supply to demand, and (iii) optimal use of allocated funds.
222. The required actions are: (i) the development of the national capacity for professional training; (ii) improvement of the quality of training, in order to create a system able to respond to the country's needs; (iii) expansion of existing training centers and the opening of new areas of specialization appropriate to the economy's needs; (iv) strengthening of the mechanisms whereby trainers are trained; and (v) creation of a sustainable financial mechanism for professional training and job placement.
223. With respect to literacy campaigns, the long-term objective is to eradicate illiteracy and contribute to the advent of a country of well-read citizens. In the medium term, the goal is to rein in the illiteracy rate to 20 percent by 2004. To that end, the four pillars of the literacy strategy will be: (i) strengthening the financial and logistical resource base, (ii) boosting the skills of the literacy campaign staff and of those responsible for designing, planning, monitoring, and evaluation of the literacy programs, (iii) improving programs and curricula, and (iv) achieving greater participation of the mahadra in the literacy effort, through extension, training, and logistical support. In addition, this strategy will aim to elicit more extensive involvement of civil society organizations in the design, execution, and monitoring of literacy programs.
224. The actions contemplated in this area are: (i) the building and equipping of ten functional literacy centers and the equipping of 1,000 literacy classrooms per year, (ii) the establishment of an incentives fund for literacy promoters, (iii) training of literacy campaign teachers and management staff, (iv) preparation of a functional literacy program, (v) a study aimed at defining a national strategy for the promotion of the teaching of mahadras; and (vi) computerization of monitoring and planning functions, etc.

5.2 Health

225. Over the past decade, the health sector has attracted considerable attention from the authorities and from partners. Throughout the period, there have been major investments and extensive assistance. At the same time, the share of expenditure on equipment in the health sector budget rose from 29 percent in 1990 to almost 45 percent in 1996. The policies implemented led to a substantial expansion of health care coverage in Mauritania, from 30 percent in 1990 to 70 percent in 1998.
226. Despite the progress made, the health system has a great number of shortcomings that limit its ability to tackle public health problems, especially the huge AIDS epidemic, malaria, diarrheal diseases, acute respiratory infections, and the diseases addressed by the expanded vaccination program.
227. At the primary level, the quality of health care is still poor, while the second tier is not yet able to assume its role of taking referrals due, among other things, to the lack of personnel in certain essential

specialties. The result is overcrowding at the National Hospital Center, whose facilities are vastly over-extended.

228. Despite efforts over the past few years at training and at achieving a significant increase in the numbers of medical personnel, this personnel remains too few in number and poorly distributed. In addition, health staff is insufficiently motivated.
229. While it is true that the introduction of cost recovery mechanisms at the health post and health center levels has increased the availability of essential medicines, the current procurement and distribution system for these drugs fails to prevent disruptions in supplies and contains no safeguards for the poorest strata.
230. The current system for gathering and analyzing data is still inadequate for lack of an appropriate, well thought-out general conceptual framework, because of a failure to organize the data gathering system, and because the technical instruments at its disposal are obsolete.
231. The way the health department is managed and organized also suffers from several types of dysfunction. Indeed, central services are handicapped by quantitatively and qualitatively inadequate human resources and the lack of logistical resources. For the same reasons, the regional health and social action directorates (DRASS) fail to function properly.
232. This set of constraints emerges very clearly from comparative analysis of Mauritania's health system performance indicators, which shows that even though health care performance is slightly superior to the African average, the cost to citizens is far higher (cf. Annex 8).
233. A re-examination of health sector policy, programs, and costs is now indispensable. The public health policy described in the Strategy Paper aims to guarantee all citizens access to preventive medicine and high quality health care. Its overall objectives include providing each village of over 1,500 inhabitants with a health post, each district (*arrondissement*) of over 10,000 inhabitants with a category B health center, each moughataa of over 20,000 inhabitants with a category A health center, and each moughataa of over 40,000 inhabitants with a moughataa hospital, by 2015. Each of these health facilities is supposed to be in a position to provide a minimum health package corresponding to the level of services it provides and high quality basic health care.
234. Specific targets are: (i) to lower the infant mortality rate to 50 per thousand by 2010 and to 40 per thousand by 2015, the child mortality rate to 103 per thousand by 2010 and 55 per thousand by 2015, and the maternal mortality rate to 450 per hundred thousand by 2010 and to 250 per hundred thousand by 2015; and (ii) to stabilize the HIV/AIDS seropositivity rate at 1 percent by 2015.
235. To achieve those targets, the health sector's strategy for the poorest strata is structured around three main operational axes: (i) improving the health of the population, especially that of the poor, and reducing the morbidity and mortality rates associated with the principal diseases, (ii) enhancing equity, quality, efficiency, and sustainable access to essential health care, and (iii) developing a health-friendly environment.
236. Activities designed to improve the health of the population, and especially of the poor, will focus on boosting the coverage and quality of health care and the utilization of health facilities by taking steps to:
- Expand provision of a health care package designed to improve maternal and child health and address transmissible diseases and malnutrition, especially AIDS, malaria, tuberculosis, diarrheal diseases, acute respiratory infections, schistosomiasis, guinea worm (*Dracunculus medinensis*), the prevention of micro-nutrient deficiencies (iron, vitamin A, and iodine), breastfeeding, and raising the assisted birth rate;
 - Ensure that underprivileged rural and urban groups have access to this package: (i) through properly functioning health posts and health centers (whether newly built or equipped, or rehabilitated), (ii) by developing outreach, so that 90 percent of the population has access to preventive medicine and health care within five kilometers of where they live, and (iii) by ensuring

they have access to referral level facilities;

- Increase the availability of human resources in rural areas by training and redeploying qualified staff and creating incentives (decentralization of recruitment, providing contracts and financial and nonfinancial incentives to health personnel in rural areas and ensuring the availability of doctors trained in basic surgical techniques in the *moughataa* covered by hospitals),
- Strengthen technical installations and improve the way second and third-tier health facilities are run in order eventually to create a hierarchical and structured referral system;
- Ensure that there are facilities at the secondary level for handling obstetrical and surgical emergencies;
- Ensure 100 percent access by the most vulnerable groups to AIDS prevention activities and treatment of sexually transmitted diseases;
- Develop supervisory mechanisms and local monitoring of performance with respect to key objectives (vaccination, integrated management of children's illnesses [IMCI], malaria, sexually transmitted diseases and HIV/AIDS, maternal health, nutrition, etc.);
- Establish a health information system capable of combining data from multiple sources and an appropriately adapted data gathering and analysis system, encompassing the whole field covered by the health sector, in order to achieve at every level tools useful for decision-making.
- Boost inter-sector coordination of all health-related activities, in particular those to do with the provision of safe drinking water and nutrition-related activities;

237. As regards enhancing equity, quality, efficiency, and sustainable access to essential health care by limiting the impact of health care costs on the income of the least privileged households, the idea is to:

- Strive for optimum allocation of budget funds for the *moughataa* and their distribution among health facilities;
- Ensure continuous availability of essential medicines and vaccines for health posts and health centers, the availability of blood and HIV testing in each of the hospitals, with the *wilayas*, health centers, and health posts monitoring that availability;
- Lower the cost to users of preventive health interventions, especially prenatal consultations, childbirth, mosquito net impregnation, and the costs of IMCI services for children aged 0-5, by introducing flexible rates and subsidies;
- Ensure free vaccination against the diseases listed in the expanded vaccination program, against tuberculosis, dracunculosis, and leprosy;
- Introduce a sustainable primary health cost recovery system based on efficient sharing of costs among the community, the local governments, and the State;
- Introduce the cost and fee recovery system at the secondary and tertiary level;
- Develop mechanisms for providing health care coverage for the destitute;
- Develop solidarity mechanisms by creating the legal framework for risk-sharing systems adapted to the social and cultural milieu (sickness insurance, mutual insurance...).

238. The creation of a health-friendly environment will be achieved above all through participation by users and local communities in the management and development of health activities. The idea, within this framework, is to:

- Formalize the partnership between the State and the Communities through agreements specifying each party's responsibilities;
- Upgrade the powers of the management committees in the sphere of participatory micro-planning and monitoring of priority health activities;
- Strengthen the representativeness of the management committees by encouraging participation by users groups and representatives of least privileged groups (women's groups, young people,

persons suffering from chronic diseases, etc.);

- Develop community surveillance and health interventions, particularly to combat malaria, children's diseases, and malnutrition.

239. This whole set of strategies will translate into an Action Plan, backed by a long-term program-budget. The Action Plan and the program-budget will be based on the study of the health sector currently under way and will be presented to partners in June 2001.

5.3 Nutrition

240. Malnutrition, in its various guises (protein-energy malnutrition in children, micronutrient deficiency), is a major cause of death and disease above all among women and children. Studies conducted by various institutions reveal an overall child malnutrition rate of 40 percent, while 8 percent of children are severely undernourished. The incidence of iodine deficiency diseases is 30.9 percent. Statistics also show that between five and 12 percent of newborn children weigh less than 2,500 grams at birth and 60 percent of pregnant women suffer from anemia.

241. The absence of a multi-sector approach to solving the problem of malnutrition has meant that there is no clearly defined national nutrition policy and no clear set of priorities or assignment of institutional responsibilities for implementing a concerted plan of action capable of having a real impact on the population's nutritional problems.

242. The Government has begun updating the national nutrition action plan (PNAN), adopted in 1995, focusing in particular on regionalization of efforts to improve nutrition and implementation of a PNAN operational monitoring system, together with a coherent institutional framework, which takes into account the multiplicity of agents involved in the nutrition sector.

243. The principal objectives are geared to: (i) improving the nutritional status of the population as a whole and vulnerable groups in particular (children aged 0-3, women in the last three months of pregnancy, women breastfeeding babies of 0-6 months), (ii) achieving and maintaining satisfactory nutrition standards for the population of Mauritania.

244. Efforts in the area of nutrition will focus on: (i) the development of national nutrition evaluation and surveillance capabilities through incidence surveys and monitoring of children's growth, with a view to refining epidemiological and sociological data on nutritional deficiencies and undernourishment in children, (ii) prevention and adequate coverage for people who are socially and economically disadvantaged and vulnerable to malnutrition, especially undernourished children, and (iii) the training of nutrition personnel at all levels and intensification of information, education, and communication efforts geared to helping the population by promoting adequate diets, especially through breastfeeding and the consumption of local dietary supplements that are rich in micronutrients.

5.4 Safe drinking water

245. One might expect Mauritania, as a Saharan and Sahelian country, to suffer from severe surface and underground water supply problems. However, even taking into consideration only the potential of the permanent waterway it shares with riverside countries, the ratio of water available to consumption makes Mauritania one of the most water-rich countries.

246. Nevertheless, the difficulty of accessing and managing these resources hampers effective utilization of them. Moreover, competition over the different uses of water (for agriculture, livestock, drinking, etc.) will become increasingly sharp. The availability of good quality water in adequate amounts requires a water resource management policy imbued with a sustainable development perspective and conscious of the concerns of all parties involved.

247. Investments in the water supply sector over the past decade have achieved above all: (i) improved

supply and services for the towns of Nouakchott and Nouadhibou, thanks to water supply works on the outskirts and an increase in output at the Idini pumping station from 24,000 m³/day to 35,000 m³/day, and at the Boulanouar station, from 3,500 to 6,500 m³/day, (ii) construction of a new catchment area at Atar with a capacity of 960 m³/day, which will cover the town's needs through 2005, (iii) provision of potable water for the town of Aïoun, and (iv) coverage of 67 percent of water needs in rural areas.

248. The strategy for this sector is geared to rapidly increasing access to safe drinking water for the whole of the population, while attaching priority to the least privileged segments. The long-term objective will be to provide all villages of over 500 inhabitants with safe water supply networks and raise the share of urban dwellings with potable water connections to 85 percent.
249. In urban areas, the medium-term (2004) objectives follow: (i) to increase output from 35,000 to 50,000 m³/day for Nouakchott and from 6,500 to 18,000 m³/day for Nouadhibou and increase the servicing rate to 60 percent for these two towns, (ii) to provide all settlements of over 5,000 inhabitants with running water supply connections, (iii) ensure coverage of projected consumer demand over the medium term at costs users can afford, and (iv) achieve the subsector's financial independence from State subsidies.
250. The strategy is geared to the following two priorities: (i) reform of the water sector. In this connection, the following priority actions will be undertaken: revision of the regulatory framework governing the sector, with a view to encouraging greater private sector involvement in the provision of services and in the financing of investments; revision of the fee scale for potable water so that it better reflects its economic cost while at the same time affording access to the poorest strata. Finally, an overall strategy for water resource management will be defined (by January 2001) and new regulations will be issued in 2001; and (ii) increasing production capacity and the construction of water distribution networks. The main operations involve strengthening and extending the safe water supply system from Nouadhibou to Nouakchott (phase 2), and for nine secondary centers. Studies will also be conducted on a safe water supply system for Rosso and on supplying Nouakchott with water from the Senegal River under the Aftout-Es-Saheli project, which will be financed under a BOT arrangement.
251. In rural and semi-urban areas, the objective is to increase the supply of safe drinking water based on the following guidelines: (i) rational allocation of credit (consistent with town and country planning and taking into account real needs and users' organizational and financial capabilities), (ii) overall (underground and surface) water resource management, (iii) local government management of equipment and supplies operations and promotion of local initiatives aimed at achieving complete financial independence for the subsector.
252. With respect to rural water systems, in addition to studies and maintenance operations involving existing infrastructure, scheduled activities will focus on drilling 40 tubewells a year, five village wells in the wilayas of Guidimakha, Assaba, and the two Hodhs, 40 livestock wells, and five mini drinking water supply networks. Studies now underway (concerning the resource, the ten-year plan for rural water supply and universal access) are expected, among other things, to identify the institutional mechanisms required to implement the water supply policy in rural and peri-urban areas.

5.5 The policy of universal access to basic services

253. The Government's electric power policy will focus on consolidating and extending urban grids and developing rural electrification systems. Increasing the electric power supply will depend, especially, on the current reorganization of SONELEC (the national electricity company), OMVS (Organization for the Development of the Senegal River) projects, and the creation of a Rural Electrification Development Agency (ADER). As for sanitation, priority attention will be paid to insalubrious districts in the major towns.
254. To complete the establishment of unrestricted market mechanisms and ensure widespread access to basic services, the Government intends to create an agency to promote universal access to basic services with an integrated approach (telecommunications, electricity, water, sanitation, post office)

designed to extract the maximum benefit from the convergence of technology and infrastructure services and from innovative mechanisms going beyond traditional networks. This agency will be responsible for managing a universal access to services fund, fed by contributions from operators and possible funds allocated to this component of the poverty reduction program. The agency will introduce an appropriate mechanism, conduct studies, and carry out promotional activities designed to encourage private investment in areas that, at first sight, might not appear to be profitable. One such mechanism in the agency's program could be a series of tenders, added to a negative bids system.

6. Strengthening institutional capacities and governance

255. Poverty reduction strategy is a long-term policy, addressing a challenge that transcends the State and affects the whole of society. How successful it will be will therefore depend to a large extent on whether it is espoused by all the actors involved: the State, local governments, NGOs, etc. Implementation of its various components will amount to an ambitious program for Mauritania, and one that requires good governance with the backing of solid institutions and management skills at every level.
256. Aware of how much is at stake, the Government has made good governance its top priority. The declaration of good governance adopted by the Government in 1999 revolves around five main themes: (i) consolidation of the rule of law, (ii) strengthening of civil service capabilities, (iii) support for decentralization, (iv) effective management of public resources, and (v) involvement of the poor and strengthening of civil society capabilities, particularly those of NGOs.

6.1 *Consolidation of the Rule of Law*

257. Consolidation of the rule of law will revolve around three major axes: strengthening of parliamentary institutions, continued judicial reform and promotion of human rights.
258. Parliamentary bodies will benefit from a program of support which will: (i) upgrade human resources by providing members of parliament with training in financial and budget controls and preparation of legislation, by organizing exchanges with parliamentary bodies in other countries, and by ensuring that Parliament has access to the experts it needs and (ii) enhance the exercise of parliamentary functions by improving management in both Chambers and providing better working conditions.
- The judicial system is to be strengthened by implementing judicial reform aimed at making the judiciary more accessible to ordinary citizens by means of decentralization, support to regional and departmental tribunals, the elimination of certain court costs and the creation of a system of legal aid for the poor. Also envisaged is a vast program geared to providing justice system personnel with general and specialized training and improving the judicial infrastructure.
259. Promotion of human rights will be pursued by: (i) preparing an Action Plan designed to foster a culture of respect for human rights in Mauritania, (ii) keeping the population informed and disseminating information on human rights agreements, and (iii) incorporating international standards in domestic law.

6.2 *Strengthening of civil service capabilities*

260. The chief measures designed to strengthen skills in public administration focus on tailoring it to the State's new roles, introducing the corresponding adjustments to positions and job profiles in ministry departments, creating an autonomous communications network for the public administration, and devising and implementing a training and forward-looking management policy for civil servants aimed at improving economic analysis, investment planning, and project cycle oversight skills.
261. The civil service salary system will be revised in such a way as to provide genuine incentives, take individual merit into account, and attract and retain staff who are essential for carrying out the State's new functions.

6.3 Decentralization

262. Decentralization will be consolidated by pursuing six main courses of action: (i) strengthening of institutional mechanisms by consolidating the legal and regulatory framework, clarification of the jurisdiction of the Communes, enhancing the efficiency of central administration supervision, advancing decentralization of State utilities, etc.; (ii) strengthening of urban management tools, by expanding the powers of local governments with respect to urban and real estate management, setting up an addressing system and simplified cadaster, preparation of master plans for city planning that can be enforced vis-à-vis third parties; (iii) fundraising by implementing local tax reform, greater involvement of local representatives, and monitoring of local taxes; (iv) strengthening local government management skills by improving the training received by local representatives and local government personnel, the introduction of statutes governing local government personnel, and the rehabilitation and upgrading of the equipment and tools used in local government, especially by adopting new information and communication technology (NICT); (v) involving civil society in the local development effort, especially by supporting the Association of Mayors of Mauritania (AMM) and projects initiated or encouraged by NGOs, women's networks,...; and (vi) drawing up integrated development plans for rural municipalities and urban development strategies for municipalities in urban areas.

6.4 Effective and transparent management of public property

263. The main priority of the strategy in the area of economic governance is to ensure efficient and transparent allocation and use of public resources. The action plan in this area includes a set of measures that will be rigorously monitored during their implementation (including half-yearly progress reports). These measures intervene on two fronts, namely: (i) transparency and the adherence to timetables; and (ii) programming and evaluation of the impact of public expenditures. The following actions, deemed necessary to lay the groundwork for a budget closure law, will be completed by the end of 2001: (i) the re-computerization of the current accounts balance; (ii) computerization of pensions; (iii) establishment of a nomenclature for documentary evidence of expenditures; (iv) creation of a commission charged with developing the budget closure law; and (v) standardization of rules for ex ante monitoring by introducing, for investment expenditures financed with external aid, audit procedures similar to those used for financial audits. The first budget closure law, which will concern the Law of Finance of 2001, will be promulgated in 2002, and all fiscal years covered by the PRSP will be subject to the budget closure laws, so as to allow the Parliament to fully exercise its function of budget monitoring.

264. Other measures have to do with strengthening the monitoring of the Audit Office (Cour des Comptes) and of public expenditure audits by the following means: (i) support to the structures of the Audit Office and wider distribution of its reports; and (ii) expansion of the practice of annual audits to all programs and planned investments.

265. As regards monitoring the impact of public expenditures, the following measures will be carried out:

- In 2001: (i) development of a medium-term budgetary framework which will serve as a frame of reference for public expenditure trends that are in keeping with the PRSP's strategies and programs; (ii) establishment of program budget for priority sectors: rural development, urban development, education, health and water supply;
- In 2002: establishment of program budgets for other development sectors;
- In 2003: assessment of the impact (in cost-effectiveness terms) of public expenditure in the priority sectors; and
- In 2004: assessment of the overall impact of HIPC and PRSP resources on poverty reduction.

6.5 Participatory approach and strengthening of civil society capabilities

266. The PRSP provides an opportunity for a new partnership between civil society and the State, and one that reflects a view of development shared by all the stakeholders. Implementation of it presupposes the following: (i) preparation of a participatory approach to be used as a benchmark and systematically applied at the local community level, (ii) preparation of a communication strategy to accompany the poverty reduction strategy, (iii) strengthening of the technical capabilities of government officials in participatory approaches and promotion of a culture of participation, and (iv) strengthening of the technical and organizational capabilities of civil society organizations.

7. Monitoring and evaluation of the strategy

267. Implementation of a system for monitoring and evaluating the PRSP is a prerequisite for the success of the poverty reduction programs. The action plan in this area will focus on three aspects: the institutional set-up, the information system and the periodic updating of the PRSP.

Institutional arrangements

268. The institutional arrangements made for preparation of the PRSP, which envisage close ties between Government Administration, civil society, and partners in development shall also be used to monitor implementation of the strategy. The various bodies involved (the Inter-Ministerial Committee for Poverty Reduction, the Negotiating Committee, and the Donors Committee) will examine the periodic progress reports on the programs, and will pronounce on the annual report and the mid-term evaluation report. In addition, the participatory evaluation of the PRSP as a whole will be conducted within the framework of the national parameters governing poverty reduction. Targeted poverty reduction programs will for their part be systematically subjected to participatory evaluation as of 2002. Finally, the PRSP will be widely publicized in the media as of 2001.

The information system

269. The current information system on poverty is inadequate and patchy. In fact, the closer monitoring of poverty and the evaluation of the impact of programs use the entire capacity of the statistical apparatus. The Action Plan under way or envisaged will make it possible to address essential information needs. The Plan comprises: (i) an attempt to implement a program for gathering quantitative and qualitative data, including RGPH, an ongoing living conditions survey (EPCV) and the EDS currently underway, which will strengthen the PRSP as of end-2001, (ii) systematic monitoring of poverty and standard of living indicators, (iii) strengthening of the capacities of the National Statistics Office, to enable it fully to play its part as a coordinating factor, capable of tailoring statistical data compilation activities to the demand for such statistics, and (iv) strengthening of the technical and operational capabilities of other statistical facilities.

Periodic updating of the PRSP

270. The PRSP will be updated every year, particularly with respect to taking into account program budgets that will be set up, as of 2002, for all priority sectors: rural development, urban development in poorer districts, education, health, and water supply (cf. Annex 7).

ANNEXES

Annex 1 : Poverty Reduction Target Figures

PRIORITY OBJECTIVES AND PERFORMANCE INDICATORS	REFERENCE SITUATION		TARGET FIGURES		
	Date	Value	2004	2010	2015
Reduce Poverty					
Number of poor (in thousands)	1996	1,175	1,202	850	478
Incidence of poverty	1996	50.0%	38.6%	26.6%	16.9%
Incidence of extreme poverty	1996	32.6%	21.8%	11.7%	4.6%
Depth of poverty	1996	18.3%	11.2%	4.8%	1.0%
Severity of poverty	1996	9.1%	4.7%	1.8%	1.0%
Gini coefficient ¹	1996	38.0%	35.3%	33.3%	32.4%
Cf. indicators below					
Accelerate economic growth					
Annual GDP growth rate	1999	4.1%	7%	7%	7.3%
Per capita annual GDP growth rate	1999	1.2%	4%	4.4%	4.7%
Investment rate (as a % of GDP)	1998	15.4%	25%	23%	22%
Preserve macroeconomic stability					
Rate of inflation (as a %)	1999	4.1%	2.4%	2.6%	2.,6%
Current accounts balance (as a % of GDP)	1999	2,2%	-3%		
Current balance of payments deficit excluding official transfers (as a % of GDP)	1998	11.4%	14.7%	10%	10.5%
Gross reserves (in month of importation)	1998	5.9	6.0	6.0	6.0
Debt/GDP ratio (as a %)	1998	215			
Improve overall level of education					
Gross rate of primary enrollment	1999	86%	100%	100%	100%
Gross rate of enrollment for girls	1999	81%	97%	100%	100%
Percentage of children who complete the basic cycle	1999	55%	67%	78%	100%
Percentage of girls who reach the 6th year of basic education	1999	50%	60%	78%	100%
New enrollees in the 1 st year of secondary education	1999	18,344	28,666	34,878	50,000
Pupil/teacher ratio in the first three years of secondary school	1999	36	30.6	26	26
Adult illiteracy rate	1996	42%	20%	13%	1%
Education expenses as a percentage of GDP	1999	3.7%	4.23%	5%	5.4%
Improve the overall health situation					
Life expectancy at birth (years)	1998	54	56	59	62
Overall fertility rate	1998	5.4	5	4	3
Infant mortality rate (‰)	1998	105	90	50	40
Child mortality rate (‰)	1998	140	130	103	55
Maternal mortality rate (100,000)	1998	930	700	450	250
Rate of HIV prevalence among pregnant women	1998	1%	2%	1%	1%
Rate of coverage (by a US) within a 5 km radius	1998	70%	80%	90%	100%
Rate of malnutrition (weight-for-age) among children < 5 years	1999	23%	18%	14%	10%
Increase access to drinking water					
Rate of connection to water system	1998	35%	45%	54%	60%
Price per m ³ of water (in US dollars)	1997	1.03	1.03	1.07	1.10

¹ The Gini coefficient, which is measured for expenses, should not experience significant evolution, as the consumption patterns of Mauritians do not change very much from one income level to the next.

PRIORITY OBJECTIVES AND PERFORMANCE INDICATORS	REFERENCE SITUATION		TARGET FIGURES		
	Date	Value	2004	2010	2015
Increase incomes and improve living conditions in rural setting					
Incidence of rural poverty	1996	68.1%	52.7%	44.0%	34.0%
Incidence of extreme rural poverty	1996	56.2%	40.8%	33.8%	24.0%
Gini coefficient in rural setting	1996	33.0%	31.7%	30.8%	30.0%
Agricultural GDP growth rate	1998	6.2%	10%	10%	10%
Yield from irrigated rice (tons/hectare/year, with out-of-season growing)	1998	4	9	10	12
Livestock health coverage rate (compulsory vaccines)	1999	60%	70%	77%	85%
Yield from arid food crops	1999	0.4	0.8	1.0	1.0
Increase incomes and improve living conditions in the shanty towns of large and secondary cities					
Target population (in thousands)	2000	540	266	540	700
Working population with access to micro-credit (in thousands)			20	40	80
Cumulative volume of micro-credits (in UM millions)	2000	200	2,500	5,000	6,000
Number of regularized land titles in poor districts	2000	800	16,000	30,000	40,000
Number of new lands developed			8,000	20,000	35,000
Access to subsidized housing in poor districts (families)	2000	300	10,000	20,000	35,000
Drinking water consumption (l/d) per inhab. in poor districts	1997	10-20	20-30	40	50
Rate of access to drinking water in poor districts	1997	35%	40%	50%	60%
Price per m ³ of water (in \$US) in poor districts	1997	2-3	<1	<0.5	<0.50
Price per m ³ of water in poor districts as compared to other districts	1997	5 times	1 time	0.8 times	0.8 times
Rate of access to sanitation in poor districts (*)	2000	10%	15%	26%	36%

(*) This involves operations financed in the context of public urban programs.

Annex 2 : Matrix of Measurements

The main objective of the national strategy to combat poverty is to reduce the various forms of poverty (monetary, living conditions, opportunities) by implementing measures aimed at: (i) accelerated and redistributive growth, (ii) growth anchored in the economic environment of the poor, (iii) development of human resources and access to basic services by all citizens and (iv) real institutional development, supported by good governance and the full participation of all those involved in combating poverty.

The matrix below indicates the objectives, priority actions and performance schedule for each of the lines.

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
	- Reduce poverty in all its forms	• Implementation of priority actions of the strategic framework for combating poverty	2001-2004
LINE 1 : ACCELERATED AND REDISTRIBUTIVE GROWTH			
Growth	- Accelerate growth and achieve an underlying rate of 7%	• Cf. Macro policies, foreign sectors, etc.	2001-2004
Macroeconomic context	- Maintain an inflation rate of < 3%	• Maintenance of revenues and expenses consistent with the objectives of the PRSP and reflecting average levels of 25.7% and 27.8% of GDP	2001-2004
	- Maintain a deficit in the consolidated State account of < 3%	• Establishment of domestic tax system reform	2001-2004
	- Maintain a deficit from current operations (excluding official transfers) of < 15.5% of GDP and a 6-month level of foreign reserves	• Strengthening of the DGI	2001-2004
		• Continuation of a monetary policy based on market forces, through utilization of direct liquidity management instruments and development of the Treasury Bond market	2001-2004
		• Implementation of policies and programs for development of export sectors (SNIM, agricultural diversification, tourism, etc.)	2001-2004
		• Maintenance of the real effective rate of exchange at a level consistent with the current account target	2001-2004
		- Reduce the spread between debtor and creditor rates	• Respect by the banks of coverage and risk sharing ratios, in accordance with the program agreed to with the IMF and the WB
	- Develop competition in the financial sector	• Opening of financial sector to other banks	2001-2004
	- Stimulate savings	• Completion of financial sector development study	2001
		• Access to appropriate savings collection instruments with the TA from the IMF and the WB	2001-2004
Private sector development	- Create an environment favorable to private sector development	• Application of revised codes regarding business laws	2001-2004
		• Reduction and simplification of direct and indirect (VAT) tax system applicable to companies	2001-2004
		• Suppression of obstacles to competition (in transport) and progressive expansion of the jurisdiction of the regulatory authority	2001-2004
		• Continuation of privatization programs (electricity, telecommunications)	2001-2002
	- Improve the economy's attractiveness to foreign investment	• Promotion of export sectors: mines, tourism, fishing, agriculture	2001

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Development of export sectors : Fishing	- Ensure rational management of fishery resources with a view to sustainable development	<ul style="list-style-type: none"> • Continuation of CNROP five-year research plan and annual publication of results • Allocation of fishing activities based on permissible level defined by the CNROP for each fishing ground • Introduction of new surveillance methods and strengthening of cooperation with all partners for surveillance 	2001-2004 2001-2004 2001
	- Strengthen the sector's integration into the national economy	<ul style="list-style-type: none"> • Progressive strengthening of the offloading of fisheries products in Mauritania • Encourage external investment in local fish processing 	2001-2004 2001-2004
	- Encourage local processing of fisheries products - Increase the share of artisanal fishing in value added and employment	<ul style="list-style-type: none"> • Implement infrastructure programs (pelagic port, fishing port, coastal infrastructures) and encourage private sector participation in their financing 	2001-2004
Mines	- Promote diversification of the mining sector and increase its contribution to the economy	<ul style="list-style-type: none"> • Dissemination of mining code and continuation of foreign investor awareness campaigns • Continuation of research programs in progress (petroleum,...) • Implementation of SNIM investment program 	2001 2001-2004 2001-2002
Tourism	- Develop the country's tourism potential	<ul style="list-style-type: none"> • Organization of national meetings on tourism strategy in consultation with the tourism Federation and the foreign private sector • Establishment of a regulatory framework for tourist activity that favors private investment • Promotion abroad and development of Mauritania's tourist image in collaboration with the national tourism Federation • Development of training for tourist trades 	2001 2001 2001 2001-2004
Basic infrastructures: Transport	- Reduce factor costs and strengthen integration with national economy	<ul style="list-style-type: none"> • Implementation of the priority basic infrastructures program (NKC-NDB, Rosso-Boghé roads, etc.) • Encouragement of private sector participation in financing transportation infrastructures • Liberalization of road transport 	2001-2004 2001-2004 2001
Electricity and telecommunications	- Reduce factor costs - Improve supply and access to electricity and telecommunications infrastructures and reduce the overall burden for the State	<ul style="list-style-type: none"> • Splitting of SONELEC into two branches: water and electricity • Privatization of SONELEC's electricity branch • Continuation of investment program in electricity • Privatization of MAURITEL at a 51% level • Continuation of investment programs, particularly in cellular • Continued implementation of the telecommunications sector law • Strengthening of the regulatory authority 	2001 2001 2001-2004 2001 2001-2004 2001-2004 2001-2004

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
LINE 2: GROWTH ANCHORED IN THE ECONOMIC ENVIRONMENT OF THE POOR			
Rural development:	- Increase incomes and reduce poverty in rural areas	<ul style="list-style-type: none"> • Implementation of policies and priority investment program for the sector 	2001-2004
Livestock	- Develop livestock potential	<ul style="list-style-type: none"> • Implementation of Farming Code 	2001-2004
	- Increase productivity of livestock subsector (milk and meat)	<ul style="list-style-type: none"> • Implementation of priority investment program for the sub-sector (more vaccination stations, veterinary stations and pastoral wells, construction of slaughterhouses, slaughter areas and hygiene control, and promotion of private veterinary services in disadvantaged areas) 	2001-2004
	- Promote exports of meat, hides and leathers	<ul style="list-style-type: none"> • Development and implementation, after a study of the export sector, of a support program for small facilities to develop livestock by-products for export • Study on selection of adapted productive breeds 	2001
Agriculture	- Diversify agricultural production and improve the productivity of small farmers	<ul style="list-style-type: none"> • Consolidation of opening up of agricultural production • Rehabilitation/extension of irrigated areas (global PDIAIM) • Support for diversification for domestic and international markets (global PDIAIM) • Support for groups involved in the production/processing of agricultural products and continuation of PACAD • Training for small farmers in agricultural diversification 	2001-2002
	- Strengthen water control	<ul style="list-style-type: none"> • Implementation of a program to support the marketing of domestic agricultural production • Selection and dissemination of improved seeds, adapted to different climates • Implementation of a program of construction/refurbishment of dams, dikes, etc. 	2000-2004
			2000-2004
			2001-2004
			2001-2004
			2001-2004
Land and financial capital	- Improve the poor's access to land and financial capital	<ul style="list-style-type: none"> • Transparent dissemination and implementation of decree enforcing the land and ownership Law and extension of the reform to new areas • Consolidation and extension of agricultural credit network (UNCACEM) • Support for the emergence of savings and credit funds in rural areas (IMF) 	2001-2004
			2001-2004
Training, research, extension services	- Foster technology transfer and promote applied research and adapted training	<ul style="list-style-type: none"> • Implementation of the national agronomics research plan 	2001-2004
Rural infrastructures	- Increase the supply, quality and accessibility of basic infrastructures in rural areas	<ul style="list-style-type: none"> • Implementation of rural infrastructure program (construction of roads and works to open up arid areas) 	2001-2004
Targeted programs to combat poverty in rural areas	- Promote development of areas of extreme poverty	<ul style="list-style-type: none"> • Continuation of regional and local programs to combat poverty involving local groups and NGOs 	2001-2004
	- Involve local communities and local groups in preparing and implementing grass-roots development programs		

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Urban development	- Ensure urban development that is planned and involves consultation among all participants	<ul style="list-style-type: none"> • Revision of land instruments to facilitate access to real property, particularly for the poor • Revision and updating of urban management tools (registry and SDAU) • Preparation and implementation of city strategies for NKC and NDB (2001) and for the other regional capitals (2004) • Establishment of a development agency linking all participants in urban development • Strengthening of the capabilities of administrations responsible for urban planning and towns 	03/2000 03/2000 2001-2004 2001 2001-2004
	- Provide principal regional capitals with basic infrastructure for economic development	<ul style="list-style-type: none"> • Implementation of the PDU priority investment program for regional capitals 	2001-2004
	- Restructure and service shanty towns of NKC and NDB and make basic infrastructures (water, sanitation, electricity, housing, etc.) accessible to 500,000 people	<ul style="list-style-type: none"> • Implementation of program to restructure and service shanty towns • Extension of program providing access to low-cost housing following the self-construction (Twize) model linking communities and towns 	2001-2004 2001-2004
	- Improve the urban environment	<ul style="list-style-type: none"> • Implementation of priority urban environment investment (garbage collection, solid waste collection, environmental education, etc.) 	2001-2004
Employment, micro-finance, micro- and small business	- Promote access to micro-credit among the poor, particularly women	<ul style="list-style-type: none"> • Consolidation and extension of micro-credit and IMF support programs • Creation of Maturation Fund to strengthen the IMFs in rural and outlying urban areas • Continuation of programs to support women's cooperatives and NISSA banks 	2001-2004 2001 2001-2004
	- Combat unemployment among young people	<ul style="list-style-type: none"> • Continuation and implementation of program to incorporate young graduates, in collaboration with the private sector 	2001-2004
	- Develop vocational training for unskilled young people	<ul style="list-style-type: none"> • Opening of 3 regional vocational training centers (Kiffa, Néma, Atar) 	03/2001
	- Promote women's access to vocational training	<ul style="list-style-type: none"> • Extension of mobile training units program • Implementation of training and employment programs in the trades (building, small-scale processing of agriculture and livestock products, etc.) for all training centers • Strengthening of CFPPFs and establishment of a trainers' incentive system 	2001-2004 09/2002 2001-2004
	- Promote the craft industry and micro-enterprise	<ul style="list-style-type: none"> • Development and implementation of the craft industry code • Creation of a Chamber of Manual Trades 	2002-2004 2002
Food security	- Improve accessibility of basic food products (supply, price, transport)	<ul style="list-style-type: none"> • Implementation of transparent management procedures for the national reserve stock (SNS) 	03/2001
	- Prevent and mitigate the effects of food crises	<ul style="list-style-type: none"> • Implementation of the food security observatory (OSA) • Strengthening of coordination between actions to prevent and mitigate crises and actions aimed at sustained improvement of food security • Implementation of the program (HIMO) of the Rural Works Agency (<i>Agence des travaux ruraux</i>) 	06/2001 2001-2004 2001-2004

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Fight against exclusion	<ul style="list-style-type: none"> - Promote the social inclusion of marginalized and excluded groups and foster their integration into the economic process - Reduce the exclusion phenomenon in urban areas 	<ul style="list-style-type: none"> • Continuation of program for inclusion of vulnerable populations: the handicapped, the indigent, etc. 	2001-2004
		<ul style="list-style-type: none"> • Implementation, in collaboration with NGOs, of programs for protection of youth and children in difficult circumstances 	2001-2004
		<ul style="list-style-type: none"> • Development of systems for targeting, diagnosing, collecting and analyzing data on vulnerable groups 	2001
Environment	<ul style="list-style-type: none"> - Preserve natural resources 	<ul style="list-style-type: none"> • Implementation of international conventions on the environment and PANE 	2001-2004
		<ul style="list-style-type: none"> • Implementation of a butane fuel program in rural areas 	2001-2004
		<ul style="list-style-type: none"> • Implementation of forestry programs 	2001-2004
		<ul style="list-style-type: none"> • Integration of the environment as a dimension in all rural development projects 	2001-2004
LINE 3 : DEVELOPMENT OF HUMAN RESOURCES AND EXPANSION OF BASIC SERVICES			
Education, literacy: Basic education (BE)	<ul style="list-style-type: none"> - Bring the rate of schooling in BE to 100% in 2004 and reduce disparities in access among regions and genders - Improve quality and fight against disparities in results, particularly in disadvantaged rural areas - Improve caliber of teachers 	<ul style="list-style-type: none"> • Systematization of full cycle schools through construction of 1,533 classes and rehabilitation of another 564 classes • Hiring of 409 instructors • Institution of bonuses for teachers in disadvantaged areas 	2001-2004
		<ul style="list-style-type: none"> • Provision of all schools with pedagogical materials • Equipping of all schools with desks 	2001-2004
		<ul style="list-style-type: none"> • Ongoing training of teachers 	2001-2004
Secondary education	<ul style="list-style-type: none"> - Develop first cycle secondary education in order to encourage expansion of basic education - Ensure an adequate supply to allow for continued schooling, particularly for girls in disadvantaged areas - Improve teaching quality and conditions, particularly in rural areas - Improve quality of teaching in the second cycle and examination results 	<ul style="list-style-type: none"> • Construction and rehabilitation of classrooms • Hiring of 600 first cycle professors 	2001-2004
		<ul style="list-style-type: none"> • Equipping of all facilities with desks • Purchase of computer equipment and teaching material kits 	2001-2004
		<ul style="list-style-type: none"> • Ongoing training of teachers 	2001-2004
Technical and vocational education	<ul style="list-style-type: none"> - Improve the qualifications of the labor force and ensure better inclusion of rural populations in the economic fabric 	<ul style="list-style-type: none"> • Construction and rehabilitation of training centers 	2001-2004
		<ul style="list-style-type: none"> • Purchase of specialized equipment • Training of trainers for technical and vocational education 	2002-2004 2001-2004
Higher education	<ul style="list-style-type: none"> - Ensure better fit between training and employment 	<ul style="list-style-type: none"> • Purchase of pedagogical material 	2001-2004
		<ul style="list-style-type: none"> • Study of supply, quality and relevance of higher education available 	2001
		<ul style="list-style-type: none"> • Introduction of measures aimed at improving quality of higher education 	2002

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Central management	- Improve system guidance and strengthen planning, management and coordination	<ul style="list-style-type: none"> • Introduction of a school distribution map • Creation of an appropriate and well functioning staff management system • Modernization and decentralization of administration • Strengthening of institutional capacities of central and regional administrations 	<p>2002 2001-2002</p> <p>2001-2004 2001-2004</p>
Literacy	- Develop adapted literacy program	<ul style="list-style-type: none"> • Development and production of literacy manuals • Establishment of an incentives system for literacy personnel • Strengthening of the contribution of the “mahadras” to the literacy effort 	<p>2001 2002</p> <p>2002</p>
Health, nutrition	<p>- Improve health services provided to population groups, particularly the most poor, and reduce morbidity and mortality associated with major diseases</p> <p>- Strengthen the equity, quality, efficiency of and sustainable access to essential care</p> <p>- Improve HIV/AIDS prevention</p> <p>- Improve sectoral guidance, planning and management</p> <p>- Improve the nutritional status of population groups</p>	<ul style="list-style-type: none"> • Development of provision of a minimum package of health care services geared to ensuring maternal and child health and responding to major health problems, at all levels of the health pyramid, through: <ul style="list-style-type: none"> □ Continued and expanded implementation of program to construct and equip health posts and centers □ Hiring of medical and paramedical personnel □ Establishment of a specific payment system for health post personnel in disadvantaged areas; and □ Establishment of a sustainable system of supplying good quality drugs based on recommendations emerging from studies in progress and on consultation with donors • Solidification and extension of cost recovery at all levels within the system • Study and establishment of a system to care for the indigent in collaboration with the departments concerned • Involvement of the poorest users and communities in health decisions • Strengthening of equipment for outlying healthcare facilities so that they can ensure prevention and care of opportunistic infections, and development of AIDS detection [and] counseling in category A health centers • Psychological-medical-social services for people living with HIV/AIDS • Completion of study on health sector costs and performance and implementation of its recommendations • Establishment of the budget-program and a system to monitor its performance • Implementation of the TAGHDIYA community nutrition program • Extension of recovery centers for malnourished children 	<p>2001-2004</p> <p>2001-2004 2001</p> <p>06/2001</p> <p>06/2001</p> <p>2001</p> <p>2001-2004 2001-2004</p> <p>2001-2004</p> <p>06/2001</p> <p>09/2001</p> <p>2001-2004</p> <p>06/2001</p>
Drinking water	- Promote coordinated management of water resources from a sustainable human development perspective	<ul style="list-style-type: none"> • Completion of the study on water management and the study on economic rate-setting and presentation of recommendations to a workshop including all those involved in water management (the State, towns, private sector, consumers, farmers, cattle-breeders) • Study on water resources, particularly in disadvantaged areas (performance of drilling and mapping reconnaissance, etc.) 	<p>06/2001</p> <p>2001-2002</p>

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Drinking water (cont'd)	- Improve supply of and access to quality drinking water in sufficient quantities	<ul style="list-style-type: none"> • Solicitation of financing for Aftout-Es-Saheli project, in accordance with BOT • Continuation of public investment programs in the sector • Involvement of the private sector in financing, management and maintenance of infrastructures • Strengthening of the capacities of new operators (municipalities, private concessionaires, etc.) 	2002 2001-2004 2001-2004 2001
Sanitation	<ul style="list-style-type: none"> - Develop urban networks for elimination of waste water - Develop viable solutions for waste management 	<ul style="list-style-type: none"> • Revision of framework for the intervention of towns • Promotion of community solutions for waste collection • Implementation of programs to promote individual sanitation (latrines, septic tanks, cesspools) 	2001 2001-2004 2001-2004
Access to universal services:	- Promote access to universal services among population groups in disadvantaged areas	• Establishment of an agency to promote integrated universal services solutions and implementation of its infrastructure development program	2001-2004
Electricity	<ul style="list-style-type: none"> - Develop integrated infrastructures - Increase access to electricity - Promote alternative energies 	<ul style="list-style-type: none"> • Rate study on the costs of electricity • Implementation of the ADER and user cooperatives 	2001 2001-2002
Mail	<ul style="list-style-type: none"> - Develop postal network - Develop postal micro-financing services 	• Implement postal reform	2001-2002
NTIC	- Develop infrastructures coverage, particularly in disadvantaged areas, and promote new technologies	<ul style="list-style-type: none"> • Establishment of a transparent legal framework to provide incentives for NTIC operators • Support for the creation of urban and rural telecommunications centers in the context of programs to combat poverty 	2001-2004 2001-2004
LINE 4 : STRENGTHENED INSTITUTIONAL CAPACITIES FOR GREATER EFFECTIVENESS IN COMBATING POVERTY			
Judicial system	<ul style="list-style-type: none"> - Strengthen judicial system - Make the judicial system more accessible to citizens 	<ul style="list-style-type: none"> • Continuation of judicial reform • Implementation of a program to strengthen judicial capacities and infrastructures • Decentralization and support to regional and departmental courts • Greater ease of access to the courts for the poor (e.g., by eliminating certain fees) 	2001-2002 2001-2004 2001-2004 2001-2004
Public administration	<ul style="list-style-type: none"> - Develop programming and monitoring capacities in the priority sectors - Improve statistical information and develop analytical capabilities regarding issues of poverty and development 	<ul style="list-style-type: none"> • Strengthening of public spending programming and monitoring functions (MAED, MEN, MSAS, MDRE, CDHLCPI) • Presentation of an annual monitoring report on priority public spending and its impact • Performance of priority surveys program (EPCV, EDS, 1-2-3, annual agricultural survey) and improvement in the information and forecasting systems of MEN, MSAS, MDRE and CDHLCPI • Implementation of the program to analyze the EPCV and RGPH results • Establishment of MEMAU poverty module • Training and hiring of qualified personnel and equipping of structures in charge of analysis, monitoring and evaluation of the impact of poverty reduction policies and programs 	2001-2002 2001-2004 2001-2004 2001-2002 2001-2002 2001-2004

AREA	OBJECTIVES/STRATEGIES	PRIORITY ACTIONS	PERIOD
Local groups	- Strengthen the capacities of local groups and give them the necessary means to properly manage areas within their competence	<ul style="list-style-type: none"> • Implementation of local tax reform • Continuation of programs to support communities (<i>communes</i>) • Strengthening of their capacities to manage and maintain community infrastructures 	2001-2002 2001-2004 2001-2004
Civil society	<ul style="list-style-type: none"> - Strengthen the capabilities of civil society and increase its involvement in the economic development process - Develop exchanges on the best practices for combating poverty 	<ul style="list-style-type: none"> • Support for programs to strengthen the capabilities of civil society • Support for the establishment and professionalization of national NGOs in project management functions for local development programs • Strengthening of the capabilities of grass-roots community organizations (micro-planning, evaluation, micro-finance, etc.) • Extension of the civil society Cyber-forum 	2001-2004 2001-2004 2001-2004 2001-2002
Management of public resources	<ul style="list-style-type: none"> - Ensure effective and transparent management of public assets - Ensure rigorous monitoring of impact of public expenditures upon poverty 	<ul style="list-style-type: none"> • Computerization of expenditures • Establishment of a nomenclature for supporting documentation • Submission of draft budget closure law to Parliament • Support to the government Audit Office for audits and preparation of its annual report • Develop framework for medium term expenditures • Set up program budgets for education, health, water supply urban development and rural development sectors • Establish program budgets for other development sectors • Assess impact of public expenditures upon priority sectors • Evaluate overall impact of HIPC and PRSP resources on poverty 	2001 2001 2002 2001-2004 06/2001 06/2001 06/2002 03/2003 12/2004
Periodic updating of the PRSP (Cf. Annex 7)	- Regularly improve the strategy for combating poverty and ensure strengthened monitoring of the PRSP	<ul style="list-style-type: none"> • Renewal of institutional apparatus for directing the PRSP • Annual monitoring of the PRSP • Mid-course evaluation of the PRSP linking civil society and donors 	2001 2001-2004 01/2003

Annex 3 : Program of Priority Actions and Additional Costs

PRIORITY AREAS	PRIORITY ACTIONS	2001	2002	2003	2004
LINE 1 : ACCELERATED AND REDISTRIBUTIVE GROWTH		(Costs in millions of UM)			
		945	3,981	5,529	
Stabilized macroeconomic framework		PM	PM	PM	
Deepening of reforms in the framework for legal and judicial promotion of business		100	200	300	
Promotion of mining activities			280	435	
Strengthening of fishing sector integration with national economy	Pelagic port		206	724	
	Autonomous port of NDB		200	300	
	Optimal realization of potential growth in small-scale fishing: employment, added value, induced effects	PM	PM	PM	
	Ensure rational management of resources	50	60	100	
	Program for training and retraining in small-scale fishing trades	150	200	200	
Basic infrastructures	NKC-NDB road	300	900	1,070	
	Nouakchott airport	200	1,035	1,500	
	Rosso-Boghé road	145	900	900	
LINE 2 : GROWTH ANCHORED IN THE ECONOMIC ENVIRONMENT OF THE POOR					
Rural development		3,671	5,174	6,197	
Improvement in production, productivity and diversification	Hydroagricultural development in the river valley		74	717	
	Diversification of agricultural production	PM	PM	PM	
	Consolidation and extension of land reform program	100	100	100	
	Research program and dissemination of improved seeds	100	150	200	
Environment	Promotion of forestry subsectors	77	250	270	
	Butane program	300	450	450	
	Consolidation of oasis development actions	150	250	250	
Development of livestock subsector	Development of milk production	80	100	180	
	Application of Farming Code	PM	PM	PM	
	Improvement of livestock for export		100	100	
	More vaccination centers and veterinary posts	50	100	100	
	More pastoral wells	120	150	150	
	Selection and popularization of adapted breeds	100	200	250	
Targeted programs to combat poverty in rural areas		1,400	1,600	1,600	
Rural infrastructures (roads, dams, etc.)		1,200	1,700	1,800	
Urban development		4,500	6,650	6,350	
	Program to equip and service shanty towns in Nouakchott and Nouadhibou	1,500	1,500	1,500	
	Improvement of new urban areas	500	1,500	1,500	
	Priority investment program for other regional capitals	1,000	1,500	1,500	
	Development infrastructures	500	1,000	1,000	
	Micro-credit for housing and AGRs	500	500	200	
	Program for training and inclusion of youth	300	450	450	
	Strengthening of the capacities of administrations and towns	200	200	200	

PRIORITY AREAS	PRIORITY ACTIONS	2001	2002	2003	2004
LINE 3 : DEVELOPMENT OF HUMAN RESOURCES AND BASIC SOCIAL SERVICES					
Education			5,604	5,469	5,131
<i>Program to expand education</i>					
Basic	Hiring of instructors		131	130	148
	Compensation for teachers posted to disadvantaged areas		163	174	186
	Other expenses (school supplies, manuals, etc.)		958	1.081	1.212
	Construction of class rooms in basic education		495	472	463
First cycle of secondary education	Construction of secondary schools		241	308	193
	Hiring of professors		82	107	69
	Equipping of schools with desks		100	80	60
Technical and vocational education	Construction and rehabilitation		50	100	150
	Specialized equipment		70	120	120
Private education	Support funds		50	100	100
<i>Program to improve quality</i>					
Basic	Rehabilitation and reconstruction of 564 class rooms		280	280	
	Equipping schools with desks		200		
	Purchase of book bags		50	11	5
	Continuing education for teachers		272	293	314
First cycle of secondary education	Rehabilitation of secondary schools		100	100	100
	Other expenses (school supplies, manuals, etc.)		620	717	783
Second cycle of secondary education	Computer science		147	142	140
	Laboratories		572	553	544
	Libraries		60	30	30
	Continuing education		71	69	72
Higher education	Specialized equipment		150	200	200
	Construction and rehabilitation		600	150	100
	Procurement of documentary collection		32	60	10
	Training the trainers			32	32
Technical and vocational education	Training the trainers		20	40	40
Modernization of educational administration	Institutional support		90	120	60
Health			2,697	3,128	3,171
Expanded health coverage and strengthening of poor populations' access to health service	Construction program (health posts and centers)		750	810	720
	Equipment program		150	162	144
	Rolling stock		85	89	133
Reduction of morbidity associated with major diseases	MST		493	611	793
	Expanded vaccination program		251	281	321
	Malaria		133	160	133
	Tuberculosis		52	101	93
Protection of maternal and infant health	Reproductive health		204	225	254
Availability of medications	PCIME		35	35	35
	CAMEC		56	68	56
	Control laboratory		22	27	22
Strengthening of the capacities of central and regional administration			289	347	289
Training Centers			127	152	127
Information system			50	60	51
Drinking water and sanitation			1,482	2,125	2,939
Improved access to drinking water in rural areas	50 drilling operations and 10 mini-networks per year		802	923	1.610
Improved access to drinking water in urban areas	Urban networks, fire hydrants		550	1.050	1.179

PRIORITY AREAS	PRIORITY ACTIONS	2001	2002	2003	2004
Drinking water and sanitation (cont'd)					
Water resources	Study on improved management of water resources		PM	PM	PM
	Study on water resources		130	152	150
Other services	Establishment of an agency responsible for promoting universal access to basic services		PM	PM	PM
LINE 4 : STRENGTHENED GOVERNANCE AND INSTITUTIONS					
			140	220	220
	Strengthening of the capacities of NGOs and grass-roots community organizations and their involvement in the conception and implementation of programs		PM	PM	PM
	Organization of budget programs and monitoring of public spending in priority sectors (education, health, water power, etc.)		90	120	120
	Support to government accounting office		50	100	100
Information system and updating of PRSP	Cf. Annex 6		250	250	250
TOTAL			19,289	26,997	29,787

Annex 4 : Financing the PRSP, 2001-2004

The strategy to combat poverty focuses on ambitious growth and poverty reduction objectives that necessitate the mobilization of substantial resources to support sectoral action programs as well as to sustain balance of payment objectives.

The financing requirements associated solely with priority investments, i.e., those investments that will have a direct impact on the attainment of objectives, are estimated at UM 73 billion, or 282 million dollars (cf. Table 1 below).

Of these requirements, UM 28 billion are covered by HIPC resources and UM 14 billion by budgetary savings. The residual financing requirements for priority investments amount to UM 31 billion, or 121 million dollars.

However, the overall financing requirement of the PIP (including priority investments) amounts over the period to UM 92 billion, or 354 million dollars, and requirements for balance of payments support amount to 121 million dollars, for a total financing requirement of 475 million dollars. After taking HIPC resources and budgetary resources during the period into account, this amounts to a net financing requirement of 314 million dollars.

**Table 1 : Additional Investment Requirements for Priority Sectors
(millions of UM)**

	2001	2002	2003	2004	TOTAL
Private sector environment		100	480	735	1,315
Basic infrastructures		845	3,501	4,794	9,140
Rural development		3,671	5,174	6,197	15,042
Urban development		4,500	6,650	6,350	17,500
Education (1)		4,825	4,504	4,210	13,539
Health (1)		2,697	3,128	3,171	8,996
Drinking water and sanitation		1,482	2,125	2,939	6,546
Governance		140	220	220	580
Updating of PRSP		250	250	250	750
TOTAL		18,510	26,032	28,866	73,408
HIPC resources		8,045	10,141	9,966	28,152
Self-financing (2)		3,300	4,700	5,700	13,700
Total additional requirements		7,165	11,191	13,200	31,556
Total additional requirements (millions of US\$)		28	43	51	121

(1) Excluding operating expenses, which are found under recurring costs (cf. Table 2)

(2) This means self-financing available after taking into account counterparts associated with projects under way

**Table 2: Medium-term Recurring Costs for Basic Social Services
(millions of UM)**

	2002	2003	2004
Wages and Salaries	13,490	14,887	16,430
Education	7,106	7,557	8,111
Teacher compensation	163	174	186
Teacher hires	131	130	148
Professor hires	82	107	69
Other	6,730	7,146	7,708
Health	1,720	1,850	2,011
Hires	90	100	120
Other	1,630	1,750	1,891
Goods and Services	16,295	17,924	20,165
Education	1,500	2,300	3,140
Expansion of education	50	100	100
Quality improvement	353	454	418
Other	1,097	1,746	2,622
Health	1,200	1,500	1,900
Additional medications	600	800	1,000
Materials maintenance (additional) and Other	600	700	900

Table 3: Trend in Social Expenditure, 1996-2004

SECTORS/YEARS	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ESTIMATED	2001 PROJECTED	2002 PROJECTED	2003 PROJECTED	2004 PROJECTED
	<i>(in millions of UM)</i>								
Education	7,341	8,321	9,142	9,831	10,804	11,323	15,446	16,551	18,104
Investment	845	1,113	1,090	1,522	1,954	1,903	5,160	4,924	4,973
Current	6,496	7,208	8,052	8,309	8,850	9,420	10,286	11,627	13,131
<i>of which: Subsidies to establishments</i>	910	1,010	1,250	1,340	1,500	1,590	1,680	1,770	1,880
Health	2,638	2,799	3,287	3,348	3,290	5,159	7,169	8,138	8,823
Investment	988	808	1,029	967	744	2,431	4,249	4,788	4,912
Current	1,650	1,991	2,258	2,381	2,546	2,728	2,920	3,350	3,911
Poverty reduction programs	997	832	1,130	1,212	2,413	4,783	5,316	6,245	6,810
Investment	997	832	980	941	2,142	4,411	4,907	5,795	6,315
Current	0	0	150	271	271	372	409	450	495
Overall Total	10,976	11,952	13,559	14,391	16,507	21,264	27,931	30,934	33,737
	<i>(as percentage of GDP)</i>								
Education	4.8	5.0	4.8	4.9	4.8	4.7	5.8	5.7	5.7
Investment	0.6	0.7	0.6	0.8	0.9	0.8	1.9	1.7	1.6
Current	4.2	4.3	4.3	4.1	4.0	3.9	3.9	4.0	4.1
Health	1.7	1.7	1.7	1.7	1.5	2.1	2.7	2.8	2.8
Investment	0.6	0.5	0.5	0.5	0.3	1.0	1.6	1.6	1.5
Current	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.2	1.2
Poverty reduction programs	0.7	0.5	0.6	0.6	1.1	2.0	2.0	2.2	2.2
Investment	0.7	0.5	0.5	0.5	1.0	1.8	1.8	2.0	2.0
Current	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Overall Total	7.2	7.2	7.2	7.2	7.4	8.8	10.5	10.7	10.7
Memorandum item									
GDP at market prices (in millions of UM)	153,112	166,484	189,086	200,866	223,380	242,601	266,077	290,358	318,981

Annex 5 : Medium-term Macroeconomic Framework

Table 1 : Medium-term Trends in GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Primary Sector GDP (at 1985 prices)	15,761	16,567	17,254	18,211	18,707	19,575	20,361	21,302	22,373
GDP, Agriculture (at 1985 prices)	3,833	4,294	4,570	4,972	4,957	5,255	5,570	5,932	6,347
GDP, Livestock (at 1985 prices)	11,127	11,632	12,036	12,557	13,047	13,582	13,997	14,487	14,994
GDP, Small-Scale Fishing (at 1985 prices)	801	641	648	682	703	738	794	883	1,032
Secondary Sector GDP (at 1985 prices)	22,157	21,023	20,684	20,536	21,926	22,672	24,033	25,595	27,415
GDP, Mines (at 1985 prices)	10,898	11,028	10,717	9,801	10,742	10,796	11,336	11,903	12,498
GDP, Manufacturing Industries (at 1985 prices)	6,592	5,148	5,008	5,627	5,811	6,043	6,338	6,704	7,134
GDP, Industrial Fisheries (at 1985 prices) (ONS)	4,007	2,232	2,162	2,636	2,660	2,686	2,727	2,781	2,851
GDP, Other Industries and Handcrafts (at 1985 prices)	2,585	2,916	2,846	2,991	3,152	3,356	3,612	3,923	4,283
GDP, Public works (BTP) (at 1985 prices)	4,667	4,847	4,959	5,108	5,373	5,834	6,359	6,988	7,783
Tertiary Sector GDP (at 1985 prices)	30,364	33,882	36,271	38,730	41,118	44,330	47,182	50,538	54,039
GDP, Private Services (at 1985 prices)	19,494	22,462	23,771	25,576	27,064	29,408	31,259	33,548	35,910
GDP, Transportation, Telecommunications (at 1985 prices)	4,962	5,886	6,526	7,254	7,645	8,584	9,222	10,017	10,692
GDP, Trade, Restaur., Hotels (at 1985 prices)	10,827	12,820	13,546	14,367	15,256	16,418	17,385	18,584	19,949
GDP, Other Private Services (at 1985 prices)	3,705	3,756	3,699	3,955	4,163	4,406	4,652	4,946	5,269
GDP, APU (at 1985 prices)	10,870	11,420	12,500	13,154	14,054	14,922	15,923	16,990	18,129
GDP, Commodities (at 1985 prices)	57,412	60,052	61,709	64,323	67,697	71,655	75,652	80,444	85,698
GDP at Factor Cost (at 1985 prices)	68,282	71,472	74,209	77,477	81,751	86,577	91,575	97,434	103,827
Indirect Taxes Net of Subsidies (at 1985 prices)	8,101	7,328	7,496	7,570	7,738	7,836	8,499	9,137	10,241
GDP at Market Prices (at 1985 prices)	76,383	78,800	81,705	85,047	89,489	94,413	100,074	106,571	114,068
Rate of Growth in GDP at Market Prices (at 1985 prices)	3.2%	3.2%	3.7%	4.1%	5.2%	5.5%	6.0%	6.5%	7.0%

**Table 2: Medium-Term Budget
(in billions of UM)**

	2001 Estimates	2002 Programming	2003 Programming	2004 Programming
Total revenues	62.61	67.74	72.94	78.57
Tax Revenues	36.43	39.88	43.96	49.57
Tax on income and profits	11.21	11.87	13.11	14.47
Taxes on goods and services	18.59	20.91	23.07	25.64
Taxes on International Trade	5.72	6.34	6.96	7.95
Other	0.91	0.76	0.82	1.51
Non-Tax Revenues	26.18	27.86	28.98	29.00
Fishing Fees and Fines	16.55	17.58	18.04	18.40
Transfers from Public Agencies	4.82	5.97	6.62	6.21
<i>of which: BCM (HIPC Initiative: IMF)</i>	2.16	2.57	2.97	2.34
Other	4.81	4.31	4.32	4.39
<i>of which: Transfers from Public Agencies of benefits of HIPC Initiative</i>	1.07	0.50	0.50	0.50
Total Expenses and Net Loans	66.26	74.58	81.54	87.73
Operating Expenses	43.65	47.59	50.82	54.93
Goods and Services	14.68	16.29	17.92	20.16
Subsidies and Transfers	3.96	4.03	4.34	4.71
Wages and Salaries	12.22	13.49	14.89	16.43
Military Expenses	4.42	4.64	4.93	5.22
Interest on the Debt	8.36	9.14	8.73	8.40
<i>of which: Foreign debt</i>	6.53	7.54	7.08	6.70
Other	0.01	0.01	0.01	0.01
Investment Expenses	22.27	26.65	30.37	32.44
Other Expenses	0.35	0.35	0.36	0.37
Budgetary Balance	-3.65	-6.84	-8.60	-9.16
in percentage of GDP	-1.5	-2.6	-3.0	-3.0
GDP	242.60	266.08	290.36	318.99

Table 3 : Balance of Payments
(in millions of US\$)

	2001	2002	2003	2004
	11/00 Proj.	11/00 Proj.	11/00 Proj.	11/00 Proj.
Trade Balance	-35.1	-26.4	-40.3	-60.5
Exports	360.6	392.2	428.7	456.7
Iron	198.9	217.1	236.9	242.9
Fish	158.0	167.8	177.9	188.7
Imports, FOB	-395.7	-418.6	-469.0	-517.2
Petroleum products	92.1	92.0	93.3	97.0
Services (net)	-172.0	-172.0	-173.5	-177.6
Non-Factor Services	-148.0	-156.8	-162.8	-170.3
Factor Services	-24.0	-15.1	-10.7	-7.4
Payments on Interest Due	-40.4	-34.2	-31.0	-29.2
Private Transfers (net)	53.2	55.7	59.5	63.6
Current Account (excl. official transfers)	-153.9	-142.7	-154.2	-174.5
Official Transfers	96.5	88.6	82.0	89.7
Program Draw	0.0	0.0	0.0	0.0
Other (net)	96.5	88.6	82.0	89.7
Current Account (incl. official transfers)	-57.4	-54.1	-72.2	-84.8
Capital Account	-26.3	-19.9	-8.4	12.4
Direct Investment	13.2	20.0	21.4	23.0
Mid- and Long-Term Public Loans	-23.7	-50.5	-40.5	-24.0
Disbursements	64.2	26.3	28.6	33.3
Project Loans	64.2	26.3	28.6	33.3
Program Loans	0.0	0.0	0.0	0.0
Principal Due	-87.9	-76.8	-69.1	-57.4
Other Capital and Errors and Omissions	-15.9	10.6	10.7	13.5
Balance	-83.7	-74.0	-80.6	-72.4
Financing	36.2	-4.3	-47.2	-33.9
Net Foreign Assets (excl. arrears)	-11.8	-10.9	-47.2	-33.9
Central Bank	-6.5	-21.5	-47.2	-33.9
Utilization of IMF Resources (net)	2.4	-0.5	-18.2	-14.9
Commercial Banks	-5.3	10.6	0.0	0.0
Special Financing	48.0	6.6	0.0	0.0
Cancellation and Rescheduling of the Debt	36.1	11.6	0.0	0.0
Financing Requirements	47.5	78.3	127.8	106.3
Debt Reduction Including HIPC	17.6	55.2	76.6	59.8
Aid Program (grants and loans)	29.9	0.0	0.0	0.0
IMF	0.0	0.0	0.0	0.0
Other	29.9	0.0	0.0	0.0
Surplus (+) / deficit (-) from financing	0.0	-23.0	-51.2	-46.5

Table 4: Employment-Resource Equilibrium
(as % of GDP)

	1999	2000	2001	2002	2003	2004
	Est	Proj		Proj		
Economic Growth and Prices						
	(Annual variation in percent)					
Real GDP growth	4.1	5.2	5.5	6.0	6.5	7.0
Nominal rate of GDP growth	6.4	11.2	8.6	9.7	9.1	9.9
GDP inflation rate	1.8	5.7	2.8	3.4	2.4	2.6
Consumer price inflation rate	4.1	5.5	2.2	2.5	2.6	2.4
	(in percent of GDP)					
Domestic demand	111.3	115.1	119.6	118.9	119.3	120.1
Consumption	93.7	85.0	90.7	92.4	93.2	93.4
Public	15.2	17.3	15.6	16.0	16.2	16.2
Private (including public enterprises and SNIM)	78.6	67.7	75.1	76.4	77.1	77.2
Investment (FBCF)	17.5	30.1	28.9	26.5	26.1	26.7
Public	5.8	8.0	8.4	9.7	10.4	10.1
Private (including public enterprises and SNIM)	11.8	22.1	20.5	16.8	15.7	16.6
Public enterprises including SNIM	6.1	11.9	10.2	7.3	4.8	4.4
Private	5.6	10.2	10.3	9.4	10.9	12.2
Exports net of goods and services (resource balance)	-11.3	-15.1	-19.6	-18.9	-19.3	-20.1
Exports of goods and services	37.9	41.4	42.3	43.7	45.0	43.3
Imports of goods and services	49.1	56.5	61.9	62.6	64.4	63.4
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0	100.0
Revenue net of inputs	-3.5	-2.7	-2.6	-1.5	-1.0	-0.6
Gross National Income	96.5	97.3	97.4	98.5	99.0	99.4
Net transfers	18.4	15.6	16.0	14.8	13.4	13.2
Gross Disposable Income	114.9	112.8	113.5	113.2	112.3	112.6
For information						
Gross national savings	21.2	27.8	22.7	20.8	19.1	19.2
Public	10.1	6.7	7.4	5.7	5.8	6.1
Private (incl. Public enterprises and SNIM)	11.1	21.1	15.4	15.1	13.3	13.1
Public revenues exclusive of grants	27.9	26.9	25.8	26.0	25.8	25.4
Public expenditures	25.7	30.6	27.3	28.6	28.8	28.4
Fiscal balance	2.2	-3.7	-1.5	-2.6	-3.0	-3.0
	(in billions of UM)					
Nominal GDP	200.9	223.4	242.6	266.1	290.4	319.0
Exports of goods and services	76.1	92.5	102.5	116.4	130.7	138.0
Imports of goods and services	98.7	126.2	150.1	166.6	186.9	202.3
Resource balance	-22.6	-33.7	-47.6	-50.3	-56.1	-64.3
Total consumption	188.3	189.8	220.1	245.9	270.7	297.9
Public	30.5	38.7	38.0	42.6	46.9	51.7
Private	157.8	151.1	182.2	203.3	223.8	246.2
Investments	44.6	61.1	68.5	70.4	75.8	85.3

Annex 6 : Main Macroeconomic and Structural Reforms

1. Budget policy

- Hiring freeze in the civil service, with the exception of health and education (1992-1999)
- Reduction in current accounts transfers and subsidies to public enterprises (1993)
- Redirection of public expenditures towards social sectors and basic infrastructures (1994)
- Introduction of value added tax (1995) and adoption of accompanying measures aimed at improving VAT management (e.g., creation of monitoring teams, establishment of a timetable for recovery of arrears, etc.)
- Annual allocation of budget credits to cover, at least for an amount equivalent to the sum of the previous fiscal year's invoices, the cost of public services provided to the State by SONELEC, OPT and Air Mauritania (1994-1997)
- Establishment of a system of tax credits for projects financed with external resources (1996)
- Reintroduction of the CATSNIM (1996) and introduction of lesser taxes, such as the tax on cement and the airport tax
- Introduction of a taxpayer ID number (1996)
- Implementation of new tariff reform (1997-2000)
- Transfer of responsibility for collecting VAT to the Tax Directorate (*Direction Générale des Impôts*)
- Adoption of new budget nomenclature (1998)
- Study of reform of direct taxation (1998-1999)
- Establishment of a new system for programming public investments (1999)

2. Exchange and trade systems

- Monetary adjustments (1992 and 1998)
- Establishment of currency exchange offices
- Unification of exchange rates
- Abolition of the requirement to cede export revenues to the Central Bank of Mauritania (1995-1998)
- Elimination of restrictions applicable to foreign transactions (1998)
- Elimination of import licenses (1987)
- Elimination of the Government monopoly over cereals imports (1989)
- Elimination of price controls (1992)
- Establishment of a system of import surveillance (1992)
- Adjustment of public service fees to reflect costs of production (1992-1997)
- Liberalization of payments for services rendered on the open market (1993)
- Liberalization of foreign trade (1996)
- Complete elimination of exit fees (1997)

3. Monetary policy and financial sector reform

- Emergence of two (2) commercial banks with private capital (1992-1994)
- Extension of Central Bank of Mauritania's control to units charged with credit to agriculture, artisanal fishing and the Housing Bank (*Banque de l'Habitat*)
- Creation of a market for Treasury notes and use of indirect instruments of monetary policy (1994)
- Debt collection by the agency charged with recovery of bank loans (*Agence pour le recouvrement des crédits bancaires*) (1994-1997)
- Privatization of the national insurance company (1996) and liberalization of the sector (1998)
- Promulgation of a regulation concerning savings and loan associations (1997)
- Development of a legal framework for microfinance (1998)

4. Public enterprises and private sector development

- Development of an Investment Code (1989)
- Ratification of the New York Convention on international arbitration (1998)
- Simplification of procedures for creating businesses through the establishment of a Directorate for the Promotion of Private Investment (1998)
- Adoption of a law authorizing ratification of the Vienna Convention on business law (1998)
- Promulgation of a regulation concerning the autonomy of the Chamber of Commerce
- Development, now underway, of a new Investment Code (1999-2000)
- Establishment of a recovery plan for ALMAP and limitation of the State's stock holdings to 22 percent
- Divestiture of all stock held by the State in MASHREF and SPPAM
- Privatization of NASR (1999)
- Limitation to 55 percent of the State's share in SONIMEX capital

5. Rural development and the environment

- Restructuring of the Ministry of Rural Development and of the national rural development agency (*Société nationale pour le développement rural*) (1993)
- Elimination of reference prices for rice (1995)
- Implementation of land tenure regulation operation in Trarza and in the entire Middle and Upper Senegal River Valley (1993-1999)
- Limitation of the role of the Food Security Commission (*Commissariat à la sécurité alimentaire*) to food distribution in the event of a national disaster (1996)
- Privatization of certain livestock services (1996)
- Adoption of a general strategy for rural sector development (1998)
- Development of Sector Policy Statements for irrigated agriculture and extension (1999)
- Development of a livestock code (1999)
- Development, now underway, of a National Environmental Action Program (1999-2000)

6. Energy, water and sanitation sectors

- Liberalization of imports of petroleum products (1994)
- Introduction of a method for adjusting water and electricity fees (1992-1997)
- Development of a Development Policy Letter for the water and energy sectors (1998)
- Studies, now underway, on reform in the water, sanitation and energy sectors (2000)
- Development, now underway, of the legal framework (Water and Electricity Codes and Law on Multisectoral Activity) (2000)

7. Mining, transportation and telecommunications

- Adoption of a statement on mining policy (1997)
- Decentralization of management of regional and local infrastructures (1994-1999)
- Preparation of a ten-year plan for development of the transportation sector (1997)
- Adoption of decrees concerning liberalization of air and land transport (1998)
- Adoption of a Development Policy Letter on the telecommunications sector (1998)
- Adoption of a new Mining Code (1999)
- Adoption of a draft law on telecommunications (1999)
- Adoption of a law on postal services (1999)
- Separation of postal and telecommunications activities (1999)
- Establishment of the regulatory authority for the telecommunications sector (1999)
- Privatization of the national airline Air Mauritania (2000)
- Completion of the pre-qualification process for potential strategic partners for the telecommunications company (2000)

8. Fisheries sector

- Limitation to 35 percent of State's stock holdings in SMCP (1994)
- Regulation of ships chandlery activities (1994)
- Reorganization of the department responsible for the fisheries sector at the Central Bank of Mauritania (1994)
- Adoption of a resource management program (1994)
- Liberalization of fish marketing (1995)
- Guarantee of financial and administrative autonomy for the fisheries surveillance unit (1995)
- Opening of deep sea fishing activities to foreign operators (1995)
- Introduction of a system of territorial rights for artisanal fishing (1995)
- Privatization/liquidation of MAUSOV and SIMAR (1995)
- Replacement of export taxes with a system of licenses and access rights (1995-1997)
- Promulgation of a regulation pertaining to Economic Interest Groups (EIGs) (1996)
- Strengthening of monitoring of fish exports with the help of consultants (1996)
- Complete operationalization of the Bureau for Fish Export Monitoring (1997)
- Strengthening of surveillance within the fisheries sector (1998-2000)
- Adoption of a development and equipment strategy for the fisheries sector (1998)

9. Education sector

- Development of a program of education reform (1992-1995)
- Strengthening technical training centers (CFPM and CFPP) and adjustment of technical training to the needs of the labor market (1993-1996)
- Strengthening of measures to achieve an enrollment rate of 70percent by 1996 (1993-1996)
- Recruitment of 3,000 additional teachers (annual numbers: 600, 700, 662 and 550) (1994-1997)
- Construction of 2,000 new classrooms (1995-1997)
- Construction of 60 high schools (1995-1997)
- Increase in girls' enrollment rate to 50 percent
- Development of a medium term literacy program (1997)
- Development of an action plan for the development of basic education in rural areas and for increasing the enrolment rate of girls (1998)
- Study of the restructuring of technical training (1998)
- Development of a new reform program for the educational system (1999)

10. Health sector

- Improvement in system efficiency through the establishment of: (i) a master plan for the health sector; (ii) a cost recovery system; (iii) a system for the supply of essential drugs; and (iv) the redeployment of health personnel (1992-1997)
- Development of a population policy (1995)
- Annual increase of 0.5 percent in the share of the operating budget allocated by the State to the Ministry of Health and Social Services in order to bring it up to 5.5 percent by 1992 and to 7.5 percent (of current expenditures not including interest) by 1996
- Strengthening of primary health programs (family planning, maternal and infant health, infectious disease surveillance, nutrition, etc.)

11. Poverty reduction

- Survey of household living conditions (1996)
- Implementation of a master program for poverty alleviation and grassroots development, presented to the 2nd Consultative Group for Mauritania (1995-1997)
- Promotion of highly labor-intensive works, microfinancing and the creation of small and medium enterprises (1993-1997)
- Development of a National Poverty Alleviation Program (PNLCP) presented to the 3rd Consultative Group for Mauritania (1998-2001)
- Creation of a Commission on Human Rights, Poverty Alleviation and Social Integration (1998)
- Preparation of the Poverty Reduction Strategy Paper (1999-2000)

12. Governance

- Adoption of a new constitution (1992)
- Legalization of political parties (1992)
- Organization of free presidential, legislative and municipal elections (1992, 1996, 1997, 1998)
- Adoption of new regulations for the legal profession: judges, judicial aides and magistrates (1997)
- Adoption of decrees for the auditing professions (1997)
- Strengthening and modernization of the judicial system (1999)
- Improvement of the legal and regulatory framework necessary to develop private sector activity (1999-2000)
- Restructuring of the main economic and financial administrations: Ministries of Finance (MF), Economic Affairs and Development (MAED), Fisheries and Maritime Economy (MPEM), Mining and Industry (MMI), Trade, Crafts and Tourism (MCAT), and the Central Bank of Mauritania (BCM) (1998-2000)

Annex 7 : Updating of the PRSP

OBJECTIVES	ACTIVITIES	RESPONSIBLE PARTY(IES)	PARTNERS	RESULTS/PRODUCTS	COST (US\$)	CALENDAR/OBSERVATIONS
1. Better understanding of poverty and its determinants	1.1 Completion of EPCV III and Performance of EPCV IV	ONS, CDHLCPI	Users, Civil Society, Donors	EPCV Reports Poverty Profiles Indicators Basic Data	750,000	EPCV III : 2000-2001 EPCV IV : 2003-2004 Profiles : 2001 and 2004
	1.2 Continued implementation of a multi-year survey plan: EDS, agriculture, qualitative, etc.	ONS, Sectors, CDHLCPI	Users, Civil Society, Donors	Survey Reports Indicators Basic Data		EDS : 2000 Agricultural: yearly Qualitative: yearly
	1.3 Development of a poverty map and updating	CDHLCPI, ONS	Producers of Statistics, Donors	Poverty Map	50,000	2001
	1.4 Modeling of household behaviors (health, education, housing, employment)	MAED, CDHLCPI	Sectors concerned, Civil Society, Donors	Results of Models Action Proposals	100,000	2001-2004
	1.5 Identification and performance of topical studies on poverty and vulnerability	CDHLCPI	Social Sectors, Civil Society, Donors	Reports	120,000	2000-2004
2. In-depth and systematic participation of civil society and establishment of a permanent consultation mechanism	2.1 Identification of field participants and evaluation of their capabilities and training and organizational needs	MAED, CDHLCPI	Communities, NGOs, Donors	Better qualification and organization of civil society	30,000	2000-2001
	2.2 Establishment of a permanent consultation process	MAED, CDHLCPI	Communities, Civil Society, Donors	Permanent consultation mechanisms	50,000	2000-2001
	2.3 Annual consultations: national meetings, seminars, inter-regional meetings, etc.	MAED, CDHLCPI	Communities, Civil Society, Donors	Effective involvement of population groups in development	200,000	2000-2004
	2.4 Implementation of beneficiary surveys	CDHLCPI	Service Providers	Opinion of beneficiaries on services provided	120,000	2001-2004

OBJECTIVES	ACTIVITIES	RESPONSIBLE PARTY(IES)	PARTNERS	RESULTS/PRODUCTS	COST (US\$)	CALENDAR/OBSERVATIONS
3. Macroeconomic and sectoral strategies continuously adapted to the needs of the country	3.1 Updating of macroeconomic strategies with poverty reduction perspective	MAED, MF, CDHLCPI, BCM	Civil society, IMF, World Bank, Other donors	Projection of macroeconomic and financial indicators	50,000	2001
	3.2 Updating of education strategy	MEN, Other sectors	Civil society, Donors	Reports	50,000	2001
	3.3 Updating of gender strategy	SECF, Other sectors	Civil society, Donors	Reports	50,000	2001
	3.4 Updating of health strategy	MSAS, Other sectors	Civil society, Donors	Reports	50,000	2001
	3.5 Updating of infrastructures strategy	MET, Other sectors	Civil society, Donors	Reports	50,000	2002
	3.6 Updating of other sectors strategy	Sectors, Other sectors	Civil society, Donors	Reports	200,000	2002
4. Better knowledge of the impact of public spending	4.1 Review of public spending in health, education, rural development sectors, etc.	MF, MAED, Sectors, CDHLCPI	Other partners in the sector, Civil society, Donors	Review of spending, Recommendations	300,000	Health: 2001 Education: 2001 Rural Dev: 2001 Others: 2002-2003
	4.2 Analysis of the impact of public spending	MF, MAED, Sectors	Civil society, Donors	Report on impact analysis	50,000	2001-2004
5. Negotiation between the objectives within each sector and the objectives of different sectors, consistency with the macro context and budgetary resources	5.1 Evaluation and prioritization of objectives between sectors and within the same sector and analysis of their consistency with respect to the macroeconomic context and budgetary resources	MAED, MF, Sectors, CDHLCPI	Civil society, Donors	Basis for realistic and relevant programming	30,000	2001

OBJECTIVES	ACTIVITIES	RESPONSIBLE PARTY(IES)	PARTNERS	RESULTS/PRODUCTS	COST (US\$)	CALENDAR/OBSERVATIONS
6. Establishment of a system to monitor poverty and evaluate the impact of policies, programs and strategies as a whole	6.1 Determination of indicators and establishment of mechanisms for monitoring and evaluation of actions by beneficiaries	CDHLCPI	ONS, Sectors, Civil society, Donors	Tools for monitoring of actions by beneficiaries	40,000	1999-2001
	6.2 Creation of a poverty observatory and monitoring of the performance indicators of projects and programs	CDHLCPI	ONS, Sectors, Civil society, Donors	Social instrument panel, monitoring of indicators	200,000	2001-2002
	6.3 Updating of MEMAU macroeconomic and financial model (incl. a “poverty” model)	MAED, CDHLCPI, ONS	Sectors, WB, IMF, Other donors	Operational MEMAU poverty model	50,000	2001-2002
7- Coordinate PRSP preparation activities	Production of PRSP, holding of meetings, workshops, monitoring of works, preparation of reports, etc.	CILP, MAED, CDHLCPI, CTLP	All sectors, Civil society, Donors	PRSP	400,000	Annual updating during period 2001-2004
Total					2,940,000	

Annex 8 : Comparative Tables of Health Indicators

Table 1 : Comparison of Principal Indicators of Health Status (*)

COUNTRY	LIFE EXPECTANCY AT BIRTH	IMR	CMR	MMR	FERT. RATE	HIV PREVALENCE	MALNUTRITION IN CHILDREN UNDER AGE 5
Mauritania	54	90	140	930	5.5	0.5%	23
Africa	52	91	151	822	5.6	8%	
Burkina Faso	54	105	219	484	6.8	7%	32
Guinea	46	122	220	880	5.7		24
Madagascar	58	96	162	600	6.0	0.5%	36
Mali	50	120	192	580	6.7		31
Côte d'Ivoire	55	88	138	600	5.5	14%	24
Ghana	40	71	110	740	5.0		27
Uganda	60	99	141	550	6.7		26

(*) Source : WHO Report 2000, 1997 figures

Table 2 : Comparison of Major Health Spending Indicators (*)

COUNTRY	HEALTH SPENDING AS A % OF GDP	PUBLIC SPENDING IN HEALTH AS A % OF TOTAL HEALTH SPENDING	PUBLIC SPENDING IN HEALTH AS A % OF PUBLIC SPENDING	PER CAPITA SPENDING IN INTERNAT. DOLLAR
Mauritania	5.6	30.3	6.6	73
Burkina Faso	4.2	30.9	5.3	37
Guinea	3.5	57.2	9.7	52
Madagascar	2.1	53.8	6.6	18
Mali	4.2	45.8	7.9	34
Côte d'Ivoire	3.2	38.4	3.3	57
Ghana	3.1	47.0	6.9	45
Uganda	4.1	35.1	9.9	44

(*) Source : WHO Report 2000, 1997 figures

Annex 9 : Principal Stages of the Participatory Process

PRINCIPAL STAGES OF THE PARTICIPATORY PROCESS IN THE PREPARATION OF THE STRATEGIC FRAMEWORK OF POVERTY REDUCTION

CONSULTATIONS	DATES	ADMINISTRATION	NATIONAL ELECTED BODIES	LOCAL ELECTED BODIES	NGO	OTHER REPRESENTATIVES OF CIVIL SOCIETY	DEVELOPMENT PARTNERS	OBSERVATIONS
National Sessions on poverty reduction	07-09 Dec 99	All ministerial departments	Representatives of the National Assembly and the Senate	Representatives of the Association of Mayors of Mauritania (AMM)	Over 100 NGOs	CGEM, unions and professional groups, independent press, etc.	All partners represented in Nouakchott	Examination and approval of the principal orientations of the national strategy of poverty reduction
Technical thematic groups	Mar-Jul 00	Departments and institutions concerned with themes discussed		Representatives of the AMM	Specialized NGOs	CGEM, unions and professional groups, independent press, etc.	All partners represented in Nouakchott	Preparation of the thematic reports used as basis of the drafting of the PRSP
Dialogue committee	08 April 00 04 May 00 14 May 00 18 June 00 22 Nov 00	MAED, MF MIPT, MDRE, MHE, MEN, MSAS, SECF, CSA, CDHLCPI		4 representatives of the AMM	The 6 presidents of the NGO network	President of CGEM		Follow-up of progress in the preparation of the PRSP, examination of thematic reports, groups' reports and the draft PRSP
Donors' committee	15 May 00 19 June 00 12 July 00 21 Nov 00	MAED CDHLCPI					United Nations, France, Germany, Japan, United States, Spain, World Bank, European Commission	Follow-up of progress in the preparation of the PRSP, examination of thematic reports, groups' reports and the draft PRSP
Inter-administration workshops	17-18 Sep 00	Ministries and public institutions concerned with the themes covered in the PRSP						Examination of the draft PRSP

CONSULTATIONS	DATES	ADMINISTRATION	NATIONAL ELECTED BODIES	LOCAL ELECTED BODIES	NGO	OTHER REPRESENTATIVES OF CIVIL SOCIETY	DEVELOPMENT PARTNERS	OBSERVATIONS
Inter-NGO workshops	30 Sep - 01 Oct 00				Almost 100 NGOs, including several which took part in the work of thematic groups			Examination and discussions on the draft PRSP
Inter-regional Aïoun seminary	24-25 Nov 00	Representatives of the territory administration and decentralized services of the state		All mayors of communes of the <i>wilayas</i> of Hodh Charghi, Hodh Gharbi and Assaba	All NGOs intervening in the 3 <i>wilayas</i>	All representatives of local civil society structures, independent presse		Examination and discussions on the draft PRSP
Inter-regional Kaédi seminary	24-25 Nov 00	Representatives of the territory administration and decentralized services		All mayors of communes of the <i>wilayas</i> of Gorgol, Brakna and Guidimagha	All NGOs intervening in the 3 <i>wilayas</i>	All representatives of local civil society structures, independent presse		Examination and discussions on the draft PRSP
Inter-regional Rosso seminary	24-25 Nov 00	Representatives of the territory administration and decentralized services		All mayors of communes of the <i>wilayas</i> of Trarza, Tagant and the District of Nouakchott	All NGOs intervening in the 3 <i>wilayas</i>	All representatives of local civil society structures, independent presse		Examination and discussions on the draft PRSP
Inter-regional Atar seminary	24-25 Nov 00	Representatives of the territory administration and decentralized services		All mayors of communes of the <i>wilayas</i> of Adrar, the District of Nouadhibou, Tiris Zemmour, and Inchiri	All NGOs intervening in the 4 <i>wilayas</i>	All representatives of local civil society structures, independent presse		Examination and discussions on the draft PRSP