

UNITED STATES GOVERNMENT

# Memorandum

TO : See Distribution

DATE: June 15, 1978

FROM : AFR/SEWA Hal Gray

SUBJECT: FY 1980 ABS Review: Mauritania and OMVS (Senegal River Basin  
Development Authority)

You are invited to attend the FY 1980 ABS review for Mauritania and OMVS, Monday, June 19 in Room 6944 at 4:00 p.m. Enclosed for your review and reference is a copy of the Country Development Strategy Paper prepared by OAR/Nouakchott. You will also receive an issues paper and a copy of the Annual Budget Submission for both programs.

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MAURITANIA

COUNTRY DEVELOPMENT STRATEGY STATEMENT

TABLE OF CONTENTS

<u>A. Profile Of The Well-Being Of The Population</u>	1
<u>B. Equity Aspects Of The Population</u>	1
<u>C. Factors Contributing To Poverty And Action Constraints To Improve Welfare</u>	4
Factors Of Uncertainty	5
Weak Linkages Between The Modern and Traditional Sectors	9
Resistance To Change In The Traditional Sector	12
Over Reliance On External Sources To Continually Fuel Technological and Organizational Change	13
Disincentives To Agricultural Production Caused By Inappropriate Agricultural Marketing Policies	14
The Burden Of Recurring Costs	15
Lack Of Sufficient Data For Planning	16
The Adverse Consequences Of Urbanization	17
Limitations Of Donor Involvement In A Development-With-Equity Strategy	17
Shortage Of Trained Manpower and Over Reliance On External Sources For Needed Talent	19
<u>D. Assistance Development Strategy</u>	22
Phased Development Versus Balanced Development	22
Areas Of Concentration	26
Priority Problem Areas	28
The Critical Issue Of Timing	32
The Issue Of AID Leadership	35
<u>E. CILSS AND THE CLUB DES AMIS DU SAHEL</u>	36
Regional Versus National Assistance Strategies	36
Areas Of Congruence	38
Areas Of Non-Congruence	40
<u>F. AID/Peace Corps Collaboration</u>	42

## MAURITANIA

### COUNTRY DEVELOPMENT STRATEGY STATEMENT

This Country Development Strategy Statement (CDSS) has been prepared in accordance with instructions in State 53416, State 88098 and State 63052.

This CDSS must be considered as preliminary. Those sections which require further analysis are identified in parenthetical remarks. When the Research and Development Section of the AID Mission is fully staffed one of its assignments will be to undertake this additional analysis.

### PROFILE OF THE WELL-BEING OF THE POPULATION

The key indicators that show the average well-being of the Mauritanian population are as follows:

1. Infant Mortality -- about 180 deaths per 1,000 live births. Thus, along with Mali and Niger, Mauritania has one of the highest infant mortality rates in the world.

2. Life Expectancy At Birth -- 38 years, which is comparable to expectancy rates for Mali, Upper Volta, Chad, Niger and Ethiopia, and thus in terms of this indicator Mauritania stands as one of the poorest countries in the world.

3. Nutritional Levels -- an average intake of 75 grams of protein per day, which is the highest of the Sahelian countries; an average caloric intake of about 1,993 per day, which is the lowest of the Sahelian countries; and a serious deficiency in vitamins, particularly vitamins A and C, reflecting limited vegetable and fruit intake.

4. Water Potability -- has not been examined scientifically, but it is likely that water is relatively impure, although perhaps less so than in countries where human crowding is more prevalent.

5. Literacy -- approximately 83 percent illiterate, with literacy of the remaining 17 percent (in either the French language or Arabic or both) based on minimal standards. Illiteracy probably is the highest of any Sahelian country.

(Note: future refinements of this Statement should verify and make more precise these indicators and add other indicators as necessary.)

### EQUITY ASPECTS OF THE POPULATION

The foregoing indicators of well-being are skewed in accordance with the distribution of income over the population. At one end of the income scale the foregoing averages are less favorable, at the

other end more favorable.

GNP per capita is relatively high for a Francophone African country, standing at approximately \$310. If income from iron ore mining is ignored per capita GNP is reduced to approximately \$70. The difference between \$310 and \$70 suggests a very pronounced skewness in income distribution, with those persons benefitting from mining operations at the high end of the income scale.

Such a degree of skewness, however, does not appear to accurately reflect the real situation, since mining revenues are used in large measure, currently at least, for reinvestment, while the balance of these revenues is indirectly spread over a significant portion of the population by helping to underwrite the central government budget. Skewness is also tempered by a natural redistribution process within the extended Mauritanian family system.

(Note: future refinements of this Statement should make more precise the usage of revenues from iron ore mining, as well as make more precise the effects that natural redistribution has on income distribution.)

While the actual degree of skewness is not known there are certain groups that can be identified as generally falling near the bottom, in the middle or near the top of the income scale.

At the bottom is that group of herders who over the last few years have lost their herds due to more or less continuous drought and who have migrated to urban areas, where their fate is dependent on the extended family system, charity and donor food aid. While precise figures are not available, and probably not all ex-herders are in the same position, some idea of the size of this group is indicated by the recent population growth in urban centers -- where population currently is at a level of approximately 300,000, which compares with a level of approximately 75,000 in 1961/1962, several years prior to the beginning of the drought years (an increase of about 250,000, or 400 percent.)

Near the bottom of the scale is that group of shepherds and relatively small herders who have managed to survive during years of drought, but who continually live in the shadow of enormous risks, whereby their capital investment in livestock, and therefore their way of life, is subject to permanent loss. As with the size of the ex-herder population, the size of this group cannot be stated with precision, but it probably amounts to a very significant percentage of the approximately 450,000 nomads in Mauritania.

Also near the bottom is that group of sedentary agriculturalists who eke out some sort of living from traditional dryland crops, or else as workers in the several oases in the country. This group is also subject to the risks of weather, but perhaps less so than shepherds and small herders, since their investment in land, and thus

their way of life, is not subject to the risk of total devastation. Again, precise numbers are not available, but some idea of the magnitude of this group can be ascertained by taking the total sedentary population of approximately 900,000 and subtracting from this figure the urban population of approximately 300,000 as well as the sedentary population for Regions 4, 5 and 6 of approximately 340,000 (which can be assumed to be associated with recessional agriculture along the banks of the Senegal River) — leaving approximately 260,000 persons in this group.

The bottom of the scale probably also includes a significant percentage of the petits commercants, who make their living through trade in the urban areas, and small fishermen, collectively numbering perhaps 5,000, taking into account their immediate families.

Finally, somewhere near the bottom of the income scale is that group of sedentary agriculturalists who are associated with recessional agriculture along the Senegal River, numbering as indicated above, about 340,000.

At the middle of the scale fall government functionaires, including officials of para-statal organizations and workers in mining and offshore fishing. Perhaps this group, including their immediate families, comes collectively to about 65,000.

At the top falls the large commercants and owners of large herds and oases, perhaps numbering around 10,000.

In sum, the distribution of income appears to be roughly as follows:

Low End

Urban poor (mostly nomads)	225,000
Shepherds, small herders	450,000
Dryland agriculturalists and Oases workers	260,000
Small traders, small fishermen	5,000
River Valley agriculturalists	340,000

Sub-Total 1,280,000

Middle

Government functionaires etc. 65,000

Upper

Large commercants owners of large  
herds and oases 10,000

Total 1,355,000

(Note: future refinements of this Statement should make more precise these rough estimates.)

Until more is known about the distribution of income in Mauritania, a development-with-equity strategy would be one that led to raising the income levels of these various groups more or less simultaneously. When more is known about the distribution of income it may be desirable to tilt this strategy toward less or more skewness.

In any event, whatever the strategy, it will be constrained by a number of "givens;" notably:

1. An arid climate, with rainfall in normal years averaging between 500-600 millimetres in 4 percent of the land area (Sudanian Zone); between 250-400 millimetres in 10-15 percent of the land area (Sahelian Zone); and between 0-250 millimetres in 70-80 percent of the land area (Saharan Zone.)

2. A natural resource base consisting of limited amounts of subterranean water and water from the Senegal River; some mineral deposits -- notably iron ore and copper; limited ground cover; reasonably rich coastal waters; and one natural harbor.

3. A vast territory of 1,036,000 km<sup>2</sup> .

#### FACTORS CONTRIBUTING TO POVERTY AND

#### ACTION CONSTRAINTS TO IMPROVE WELFARE

Most Mauritanian officials appear to perceive development in terms of isolated and disjointed projects, or else in terms of isolated sectors, notably the industry/mining sector, the offshore fishing sector, the recessional agricultural sector along the Senegal River, and the infrastructure sector.

For a number of reasons Mauritanians have not placed much emphasis on development of the oases, dryland agriculture and herding sectors, which collectively account for, according to the foregoing table, roughly 940,000 people at the low end of the income scale, or roughly 70 percent of the population. Additionally, Mauritanian development plans have been somewhat deficient in the education and health sectors, which collectively impinge in particular on the population in the lower levels of the income scale, which according to the foregoing tabel, comprise about 1,280,000 people, or roughly 93 percent of the population.

In sum, the sectors receiving primary attention and those which appear to be somewhat deficient in terms of Mauritanian needs are:

Approximate Number of People  
Immediately Affected

Primary Attention

industry/mining )	
offshore fishing)	5,000
recessional agriculture	340,000
infrastructure	small

Appear To Be Deficient  
In Terms Of Needs

oases agriculture )	260,000
dryland agriculture)	
herding	675,000 <u>a/</u>
education/health	1,280,000

a/includes the urban poor

In addition to this apparent imbalance in development the economic and organizational relationships between these two groups noted in the preceding table and among the sectors within each group are imperfectly understood. Additionally, Mauritania has not as yet come to grips with a number of policies and issues that must be resolved before broad-based development can be undertaken. For all of these reasons Mauritania can be considered to be in a pre-development stage.

Accordingly those "factors contributing to poverty" and those "action constraints to improve welfare" become blurred in the Mauritanian context. Therefore, the two sections of the CDSS submission, one calling for a discussion of "factors contributing to poverty" and the second calling for a discussion of "action constraints to improve welfare", have been combined into the present single section.

Below is a discussion of the subjects that would fall under either one or both of these headings.

A. Factors Of Uncertainty

There are four factors in Mauritania that tend to act as real deterrents to establishing a genuine platform for development, and by inference a broad-based development strategy, reflecting the fact that these factors have introduced a high degree of uncertainty into the government's decision-making processes.

1. Drought And The Degradation Of The Environment

The first is the indecision on the part of the government of how best to treat the phenomenon of drought. Drought had been so per-

sistent over the past several years, reflecting not only less-than-normal rainfall but also persistent overgrazing by nomadic herders, that the question has surfaced in the national consciousness as to the wisdom of making major investments in these sections of the economy most susceptible to drought, i.e. oases and dryland agriculture and herding. This indecision pertains to private as well as public investment.

The resulting lack of investment in the interior of the country has several direct negative effects on the development of the country as a whole:

1. continued degradation of the ecological base of the interior, resulting in rural exodus;

2. a loss of confidence in the government's ability to improve the lot of the rural population, further resulting in rural exodus;

3. increased disparities between the rates of development of the various sectors of the country, resulting in increasingly more opportunities for investment in the growing sectors vis-a-vis investments in the interior, thus continually reducing the chances for growth-with-equity over time and postponing indefinitely those hard decisions that must be made with regard, for example, to social organizations and changes in land tenure in the interior;

4. increased social problems resulting from the strains put on social service systems as a result of increased concentrations of population in urban areas, which will also have a negative effect on development as a whole because of the considerable costs involved, without corresponding benefits;

5. encourage investments in health and education to be concentrated in urban areas, thus accelerating rural exodus and further reducing the chances for growth-with-equity.

In sum, continued uncertainty and indecision probably are tending to force an answer to the problem, which may not be that answer that the government would consciously take if it had all the facts at hand to make a conscious decision.

## 2. Changes In The Caste System

The second factor of uncertainty relates to the abolishment in 1960 of the captivity status of the lowest caste in the Moorish and Toucouleur societies. This has had a disrupting effect on oases and sedentary agriculture and herding.

While little if any analysis has been undertaken to date on the economic consequences of the change in the caste system on these forms of agriculture, it can tentatively be assumed that the net effect has been to make marginal herds, oases and farms uneconomical -- quite apart from the effects that persistent drought has had on these economic activities. The extent of "marginality" is similarly unknown, but it may be significant.

Accordingly, in order to preserve incomes of marginal herders, farmers and oases in the interior of the country alternative organizational and technical arrangements probably have to be made with respect to herd, oases and farm management, again quite independent of the possible need for new organizational and technical arrangements stemming from persistent drought. Uncertainties regarding the availability of alternative solutions and their associated risks similarly appear to be plaguing the development process.

These uncertainties compound the uncertainties noted above with regard to the matter of how best to treat the drought.

(Note: future refinements of this Statement should clarify the economic effects of changes in the caste system.)

The other side of the coin is the fact that the full impact of the changes in the caste system probably have not been realized as yet, since it appears that former captives, although now theoretically earning cash wages or wages-in-kind, have been relatively slow to drift away from traditional relationships, except perhaps in the context of migrations caused by drought, owing to the lack of alternative opportunities for employment. How best to meet its obligations to former captives is yet another uncertainty of the Mauritanian government.

### 3. Changing Diets

The third factor leading to uncertainty is the significant change in diets in the country, with respect to staples.

The advent of the drought years has had a striking effect on diets, particularly with the importation of rice, which has increased dramatically from 16,500 metric tons in 1972 to an estimated 55,000 metric tons this year. This rice has tended to serve as a substitute for the basic staple diet of millet and sorghum of the sedentary agriculturalists, both dryland and recessional, and the secondary diet of dates, barley and wheat of the essentially nomadic population.

The consequences of this dietary shift have been enormous. In the first place it has tended to reduce the demand for traditional staple grains, while simultaneously making Mauritania more dependent than ever on imported food. In the second place, it is placing

in jeopardy the livelihood of the some 260,000 dryland agriculturalists. And in the third place, it is favoring the some odd 360,000 River Valley agriculturalists by probably making irrigated perimeter rice production more economical than otherwise would have been the case -- with a view to eliminating dependence on rice imports, if for no other reason.

The interplay of these factors is still to be played out, thus creating another set of uncertainties for investors in the interior, both public and private.

As for the 260,000 odd dryland agriculturalists -- in order to preserve their incomes alternative organizational and technical arrangements probably have to be made with regard to farm management and production. Uncertainties regarding the availability of these alternative arrangements and their associated risks similarly appear to be plaguing the development process. In short, the shift of diets away from the traditional crops of sorghum and millet to rice appears to be compounding the adverse effect on agriculture and herding caused by the change in the caste system.

(Note: future refinements of this Statement should clarify the economic effects of the dietary change to rice.)

The government has not considered the risks and costs of the alternative policy of deliberately discouraging rice imports, with a view to preserving and perhaps increasing the incomes of dryland agriculturalists.

#### 4. Nation-Building

Finally, political independence from France has caused Mauritanian leadership to search for positive national purposes and goals that will be esteemed by the conglomerate ethnic groups that comprise the population. The process of defining these goals has created an atmosphere of uncertainty, which has adversely affected the development process in the short-run.

The major elements that are involved in this definition are: the role of the Islamic religion, the role of "Arabism", and the synthesis of ethnic differences and the idealized version of a "Mauritanian man and Mauritanian way of life." The interplay amongst these elements is in a state of flux, and surfaces in such things as: defining the respective roles and responsibilities of government administrators and tribal leaders, the "Arabization" of education, and the commitment of large investments in roads expressly undertaken to enhance the unification of the country.

When these factors have reached some state of equilibrium in the future Mauritania will no doubt demonstrate a degree of self-

confidence that will benefit the population as a whole, but in the interim it constitutes a destabilizing factor.

#### B. Weak Linkages Between The Modern and Traditional Sectors

There are two dominate influences in Mauritanian society -- the modern and traditional.

These influences reflect alternative institutional arrangements to accomodate to the three major concerns of economic life: the determination and satisfaction of individual wants, the determination and satisfaction of collective wants, and the determination of the parameters of economic welfare.

The traditional sector is characterized by: (1) determining and satisfying individual wants in an institutional arrangement of private enterprise; (2) determining and satisfying collective wants in an institutional arrangement of decentralized tribal and factional units; and (3) the determination of the parameters of economic welfare through the institution of the extended family system.

The following are illustrative examples of the satisfaction of wants in traditional Mauritanian society:

- production, buying, selling and investment in the herding, oases, sedentary farming and small-scale fishing sectors are based on private decisions of individuals;

- borrowing and lending of money is based on the private decisions of individuals;

- provision of medical services is based on private arrangements between traditional healers and patients;

- provision of education is consummated on a private basis between traditional teachers and parents;

- community wants, such as the digging of wells, construction of firebreaks and the construction of earthen dams are consummated in the context of community decisions, within tribal or factional frameworks

The traditional sector comprises the approximately 1,280,000 people at the low end of the income scale.

The modern sector is characterized by extensive state interference in the determination and satisfaction of individual and collective wants, as well as in the determination of the parameters of economic welfare. This state interference reflects a collection of independent but nevertheless mutually supporting forces: (1) an ideological

flirtation with socialistic type state control of economic activity; (2) a French mercantalist colonial legacy that favored centralized direction of economic activity; (3) the establishment of an indigenous bureaucracy that is beginning to have a vested interest in state control; and (4) in some cases the movement of the urbanized upper income class to social orientations that views state control, or at least certain forms of it, as the best means to satisfy their wants, at the exclusion of the wants of the masses of the people (in the fields of health and education, for example.)

In this sector public ownership of the means of production represents the norm. Medical and educational services are both the province of the State. The satisfaction of community wants are determined within the bureaucracy and political party apparatus. And various forms of social security provide the income redistribution role played by the extended family in the traditional sector -- including highly subsidized education and health services.

(Note: future refinements of this Statement should more clearly describe the economic dimensions of these two sectors.)

#### 1. Institutional Linkages

One of the keys to an economic development strategy -- particularly in terms of one with a development-with-equity orientation -- will depend on how these two sectors relate to each other. More specifically, it will depend on how the modern sector -- which has power, organization and money at its disposal -- is going to establish linkages with the traditional sector.

The areas in which institutional linkages must be forged between the modern and traditional sectors are as follows:

- health services
- education
- construction and repair of rural roads, wells, firebreaks and earthen dams
- provision of crop protection, veterinary and agricultural extension services
- provision of agricultural credit

The nature of the modern sector is such that these linkages can only be effective if there is inculcated within those organizations which effectuate the aforementioned linkages, a concept of service -- and along with this concept appropriate budgetary resources, organizational structures and leadership to give this concept real meaning.

Left to its own devices the modern sector -- which has power, the means and access to knowledge -- will probably, by virtue of the incompatibility of state control with the traditional institutions of the society, more and more isolate itself from the traditional sector, as has happened so often in other less developed countries.

In Mauritania the current status of the respective government organizations to effect efficient and meaningful linkages shows wide variation, perhaps with health and veterinary services being the best organized and service-oriented, and with agricultural credit at the other end of the spectrum, being non-existent. The balance of the organizations fall between these extremes, probably tending mostly toward the more inefficient and least service-oriented end of the spectrum.

(Note: future refinements of this Statement should provide a more detailed description of the relevant governmental services, with supporting statistical information.)

Any development strategy must devise ways to improve the institutional capacity of those governmental units that constitute the linkage between the modern and traditional sectors.

## 2. Income Linkages

Additionally, any development strategy must grapple with means to move income generated in the modern sector to the traditional sector -- by making indigenous-type private investments in the traditional sector more attractive than investments in the modern sector. Currently the reverse appears to be true, with indigenous-type investments remaining in the modern sector, particularly in the fields of trucking, real estate and related construction.

Three possibilities might be considered to open up these necessary income flows.

The first is the divestment by the government of certain small enterprises, allowing these to be purchased by private entrepreneurs. Examples would be grain warehouses and abatoirs.

The second is the divestment by the government of certain functions now performed by the government which could be performed by private companies or individuals. Examples could be in the fields of well drilling, veterinary services, medical services and agricultural banking (as noted earlier agricultural banking is non-existent.)

The third is the manipulation of interest rates and pricing policies that would make farming attractive, particularly non-traditional farming (but still within the traditional sector in geographic terms), i.e. truck vegetable farming, small-scale irrigated perimeter crops, and fruit tree cultivation; and within

the bona fide traditional sector, investment, for example, in oases.

Until these two types of linkages are formed -- one institutional and service-oriented, the other private investment oriented -- there probably will be little hope for mounting a development-with-equity effort that would include within its purview the mass of the Mauritanian people.

As between these two major agricultural sectors -- dryland, oases and herding versus recessional -- the institutional linkages for the latter are more developed, reflecting the government decision of about two years ago to establish SONADER, a para-statal organization, which inter alia has the responsibility for establishing certain linkages with Valley agriculture. No such organization exists for oases, dryland and herding sectors.

### C. Resistance To Change In The Traditional Sector

The precarious nature of agricultural life in Mauritania has made herders and sedentary farmers extraordinarily conservative, because the risks involved in abandoning proven methods for unproven ones are too great.

This element of conservatism will be especially important if efforts to develop the herding, dryland and oases sectors are undertaken in a significant way. It will be equally important in the efforts to replace recessional agriculture with irrigated perimeters in the Valley.

While the initial introduction of new techniques would pertain probably to agriculture, new techniques would additionally be called for in health and education as well.

The factor of conservatism suggests that for any development strategy special attention must be paid to those organizations, whether public or private, that were identified above as acting as linkages between the modern and traditional sectors. So long as these linkages pertain to strengthening well-known and well understood practices and techniques the dominating motif must be, as stated earlier, "service orientation." So long, however, that these linkages pertain to the introduction of new techniques and practices the dominating motif must be that the relevant organizations become genuine "agents of change."

As "agents of change" the organizations and individuals acting as links between the modern and traditional sectors must obtain the participation of the affected population, for example, in decision-making when decisions are made that affect the lives of the involved people, working as necessary through known local leaders.

Efforts to effect change through demonstration projects in the usual sense, given the situation in Mauritania, are simply not sufficient. Nor are efforts to effect change through extension agents, teachers and the like, in the usual sense. Indeed, any development strategy in Mauritania must take into account the real need to develop highly motivated and knowledgeable "agents of change" -- who fall outside the generally accepted parameters that define extension agents, teachers, etc. per se.

The requirement for local participation probably also requires, except in unusual circumstances, that foreign technicians take a back seat, working with these agents of change rather than directly with the people themselves.

The ability to introduce change in the Valley is well advanced over the ability to introduce change in other traditional areas, owing to the existence of SONADER. As noted above, no similar organization exists in other traditional areas.

At the same time this particular constraint to broad-based development suggests that aid projects that directly impinge on the lives of herders and agriculturalists should in most cases be undertaken on an experimental basis first, in order to provide adequate time to test the receptivity of the local population to the change called for in whatever intervention is contemplated.

Current development plans for the Valley contemplate "leap-frogging" over this experimental phase and going directly into large-scale perimeter development. This may be a grave error. A more sensible approach may be to concentrate on small-scale village perimeter development, with a view to increasing irrigated sorghum, millet and forage rather than plantation type crops. Such a policy may not only stand a better chance for success it should, if coupled with efforts to reduce rice imports, take economic pressure off dryland agriculturalists, whose livelihood is being undermined by dietary changes associated with rice imports.

D. Over Reliance On External Sources To Continually Fuel Technological and Organizational Change

New practices and techniques in the traditional sector must be introduced -- in the oases, dryland and herding sectors to preserve incomes and hopefully to increase them in the future, and in the recessional agriculture sector to increase incomes. These techniques and practices must be adapted to the agronomic and economic conditions in Mauritania, and accordingly any development scheme for Mauritania must provide an agricultural research element that will feed new ideas to the "agents of change."

On the assumption that development in the Valley continues according to current plans, research for the Valley probably should

be directed to varietal trials of plantation type crops, irrigated forage and fruit tree cultivation.

For dryland agriculture and herding the associated research probably would be more complicated, involving not only varietal trials but the control and use of rainwater, groundcover alternatives, grazing patterns, dune stabilization, wildlife control, intermediate technology, etc.

At the moment research in agriculture related to recessional (and subsequently irrigated farming) is fairly well established. As with the case of other linkages, for dryland agriculture, herding and oases agriculture, research is practically non-existent, and reliance for new ideas and local indigenous adaptation is dependent almost exclusively on external sources.

E. Disincentives To Agricultural Production Caused  
By Inappropriate Agricultural Marketing Policies

In 1975 the government established the Office of Mauritanian Cereals (OMC) which has inter alia the responsibility of buying from farmers the traditional staples of millet and sorghum, warehousing these grains, and selling to consumers. The purchase price has been higher than the selling price and appears to have covered the unit costs of production. Thus, price disparity has not served as a disincentive to traditional agricultural production.

However, the need to subsidize OMC from general budgetary revenues has created an unnecessary drain on limited total budgetary resources, and in addition probably has made OMC less efficient than it should be to perform this important function -- since limited general revenues must cover recurrent costs, as well as cover the full subsidy for that portion of grain that is given away free to the indigent.

For an organization potentially as important as OMC is in providing incentives to agricultural production, it is important that it be financially sound. It is equally important that the purchase price cover costs of production, and that the profit margin to the farmer be sufficiently large to attract investment, while at the same time not so large as to discourage the adoption of new techniques and new systems of farm organization.

One of the reasons why the government has not put OMC on a sound financial footing is because of insistence by donors of drought emergency grain that this grain be distributed free of charge. This insistence has added substantial recurrent costs to those already inherent in OMC's pricing policies, reflecting the need to cover inland transportation costs of emergency grains, estimated to be about 7 UM per kilo on the average. These recurrent costs must also be paid from general revenues.

At the same time free donor grain has tended to act as a disincentive to agricultural production and has encouraged speculation, owing to the erratic deliveries of this grain -- which in turn reflects the absence of a reserve stock and systematic replenishment schemes.

One important element of any development strategy in Mauritania, with regard to grain marketing, must be to try and bring donors around to the point where they recognize that their present policies regarding emergency grains tends to be detrimental to traditional agricultural production; and indeed, is helping in the long-run to put Mauritania on the international food dole for some time to come.

A second important element of any development strategy in Mauritania, with regard to grain marketing, is to strengthen OMC, not only with regard to calculating the buying and selling prices of grain, but to insure that the country has a buffer stock to prevent speculation and associated uncertainties, to assure that there is a systematic replenishment scheme, to assure that OMC has appropriate access to warehousing and transportation facilities, and to improve the government's crop estimation capabilities.

(Note: further refinements of this Statement should include appropriate commentary with regard to other agricultural marketing policies, with respect, for example, to the marketing of meat, sugar and rice.)

#### F. The Burden Of Recurring Costs

As development projects get underway in Mauritania there is bound to arise a serious question as to how the government is going to finance new recurring costs -- particularly in the health and education sectors, but also in the agricultural and transportation sectors as well. Indeed, pressures on the central government budget to accommodate these inevitable increases in budgetary demands will be one of the major factors limiting the pace of development.

Steps to put OMC and possibly related organizations on a financially sound basis should help ease these demands, but it is unlikely that these steps will be sufficient to allow Mauritania to sustain even a moderate pace of growth. Therefore, innovative steps must be taken to further ease these demands.

One such step could be to rely on traditional techniques and practices as much as possible in all areas of activity, since the introduction of modern techniques and practices inevitably carries with it burgeoning recurrent costs requirements -- in supplies, materials, equipment, salaries and training. In some instances the introduction of modern techniques probably cannot be avoided, since the only economic solution to a particular problem will be to intro-

duce modern techniques. In other instances, however, uses of certain forms of intermediate technologies may work out. And in still others, notably probably in the field of health, which is one of the major demanders for recurrent costs in any society, it may be desirable to provide a major place in development schemes for the employment of traditional techniques, with minimal modifications to modern technology.

A second step would be to provide services, ordinarily viewed as responsibilities of the society as a whole, i.e. the government, on a pay-as-you-go basis, with rates sufficiently high to cover recurrent costs and depreciation of equipment and facilities. Possible candidates could be the provision of medical services and education. Questions of equity in these two areas may be solved, or partially so, by relying on the normal redistribution of income provided through the extended family system, although as with the case of food distribution special arrangements would have to be made for the truly destitute.

Still other areas where recurrent costs could be covered through fee-charging could be in well drilling and the provision of veterinary services -- also, turning over all trucking, grain warehousing and abattoir operations to private firms and individuals -- and keeping agricultural credit under as much private control as possible when agricultural banking gets started.

Many of these efforts would tie in with improving income linkages between the modern and traditional sectors discussed earlier.

Given the structure of traditional values in Mauritania it appears that this solution to the recurrent cost problem may be acceptable, perhaps more so than in other societies with dissimilar value orientations. A development strategy in Mauritania should test this hypothesis by attempting to include appropriate elements in project interventions.

#### G. Lack Of Sufficient Data For Planning

For the government to come to grips with its many pressing developmental problems it is essential that it have certain facts at its disposal in order that rational decisions be made. This is a particularly acute shortcoming with regard to the major problem facing the government, discussed above, of how to cope with drought in its planning processes; but also with regard to the development of health and employment strategies, and with regard to the establishment of appropriate strategies in the Valley and associated rice policies.

Especially important are nationally compiled data with regard to (1) groundwater, (2) vegetation and soils, and (3) population. While some data are available for the first two categories, these data are incomplete, and for deep groundwater no data are available. A recently completed national population census, however, has been undertaken.

In the modern sector more information is needed on mineral resources.

Any development strategy for Mauritania must make provisions for the collection of these badly needed data, excluding perhaps census data.

#### H. The Adverse Economic Consequences Of Urbanization

Increased urbanization has had an adverse effect on economic development in three ways: an increased demand for social services with no corresponding increase in production; an increase in unemployment with corresponding social disruption; and a loss of agricultural production. The global effect of these factors has not been calculated, but it is thought to be considerable.

While the government is aware of the possible costs of this urbanization they have necessarily been concerned with the satisfaction of the immediate needs of these displaced people rather than the long-term problem of establishing the necessary policies to promote reverse migration.

As long as the conditions for investment in the interior remain less attractive it is only reasonable to expect the government to pursue its present policies to meet the immediate needs of displaced people -- through such things as land grants, free food distribution, etc.

Should the government elect to make investment in the interior more attractive it probably should simultaneously consider adopting policies to reverse migration, by minimizing the provision of social services, land grants, free food, etc. in urban areas.

#### I. Limitations Of Donor Involvement In A Development-With-Equity Strategy

Donors have paid very little attention to the non-River Valley elements of the traditional sector, which accounts for 70 percent of the population (including ex-herders in urban areas), who also are probably the poorest of the poor.

The major donors in Mauritania, along with estimates of their contribution to date, are noted in the following table. It should be noted that the dollar figures are approximations only, reflecting the fact that for some donor projects dollar figures are not

available, and in some cases data are incomplete.

<u>Traditional Sector</u>				
	<u>Oases, Herding, Dryland</u>	<u>River Valley</u>	<u>Modern Sector</u>	<u>Total</u>
(terms: million dollars)				
China	.3	2.2	4.6	7.1
Arab States	.1	0	112.0	112.1
IBRD/IDA	11.7	4.6	12.3	28.7
UNDP	<del>1.8</del> 1.8	0	3.8	5.6
FRG	4.0	0	16.1	20.1
FED	5.3	8.0	9.0	22.3
France	<u>.4</u>	<u>1.2</u>	<u>15.9</u>	<u>17.5</u>
Total	23.6	16.0	174.7	213.4
Percentage	11%	8%	81%	

(Note: future refinements of this Statement should make more precise these data.)

This table does not include donor assistance channeled directly through OMVS; nor does it include substantial new credits granted by the IBRD and Arab States for mining and infrastructure development. Should these data be included, as they should, then the percentage for the River Valley would rise considerably, while the percentage for the modern sector might decrease somewhat, although it would still remain at a high level. It would not be surprising that in the final counting the percentage of donor assistance provided the traditional sectors of herding, oases and dryland agriculture would drop to 5 percent or below.

It is quite possible that lack of donor attention to this critical sector reflects an unwillingness to cope with those issues that while being highly critical to real development (and most certainly critical to development-with-equity) simply do not fit in with the general parameters of their respective aid regulations and programs.

The advent of CILSS, the Club des Amis du Sahel and the inauguration by the United States of a development effort in Mauritania may

serve to offset this tendency, since the focus of CILSS and the Club lends itself to the support of the traditional sectors, while the New Directions of the American assistance effort leans in the same direction.

J. Shortage Of Trained Manpower and Over Reliance  
On External Sources For Needed Talent

While there is a number of very talented people in the bureaucracy, both at the ministerial and directorate level and sometimes below, as well as in para-statal organizations, this talent is extraordinarily thin.

1. Short-Term Issues

Mauritania does not have sufficient trained manpower to:

- come to grips with the array of uncertainties related to drought, changing diets and the abolition of the caste system in order to decide an appropriate policy with regard to the development of the interior of the country;

- come to grips with the subsidiary uncertainties related to providing alternative employment opportunities for freed captives;

- come to grips with the additional related uncertainties regarding appropriate health strategies;

- come to grips with alternative paths of development in the Valley, and associated rice strategies;

- think through, organize and put into motion the various linkages that are required to move talent, money, ideas, techniques and practices from the modern to the traditional sector;

- come to grips with the trade-offs between private and public linkages between the modern and traditional sectors, in order to decide on the most efficient linkage policy;

- come to grips with the many intricacies associated with a grain system, e.g., pricing, distribution, storage, replenishment, crop estimation, etc.;

- come to grips with the extraordinarily complex issue of recurring costs;

- think through the various trade-offs with regard to coming to grips with the complex issue of reverse migration;

- lay out plans for organized and systematic collection of the necessary national data for decision-making.

Any development strategy for Mauritania must give top priority to the resolution of these many interrelated and complex issues. The blunt truth regarding the present developmental situation in Mauritania is not that Mauritanian planners do not care, nor that they are unaware of most if not all of these issues, but that they do not have sufficient trained manpower to cope -- with the result that the government simply does not know what to do.

The supreme irony is that Mauritania does not have even sufficient trained manpower to figure out how much trained manpower it needs.

Furthermore, even if Mauritania was able to lay out appropriate strategies and plans for broad-based development, it would not have the trained manpower on hand to, for example, manage the institutions that provide the necessary linkages between the modern and traditional sectors, or the trained technical manpower to act as the conduit through which techniques and processes would flow, or the trained manpower to continue with the planning processes to meet new exigencies as they arise. Nor would it have the trained manpower to keep the development process moving at an appropriate pace by keeping needed checks on recurrent cost demands.

Any development strategy for Mauritania must devise ways to:

- provide rather massive in-country training quickly, using non-formal education techniques;
- increase OPEX type personnel;
- encourage short-term specialized overseas training when specialties cannot be made available to Mauritania; and
- encourage the Mauritanian government to modify its policies with regard to overseas long-term training.

With regard to this latter item, of the 753 Mauritanians trained abroad through 1976 (for either the license or the baccalaureate) less than 35 percent were trained in disciplines related to agriculture, education or health, or related planning. The balance of approximately 65 percent were trained in disciplines related to the modern sector.

Furthermore, of the approximately 35 percent trained in disciplines that could be related to agriculture, education and health,

approximately 54 percent were trained in Arab countries, approximately 17 percent in Bloc countries, another 17 percent in Francophone African countries, and the remaining 12 percent in western countries.

One asset Mauritania does seem to have, however, is a rather plentiful supply of entrepreneurial talent -- possibly, not well trained in a western sense, but imbued, however, with correct entrepreneurial instincts. In order to reduce the extraordinary needs for quick training, ways must be devised to take advantage of this talent whenever feasible -- which in turn would support earlier suggestions that the establishment of linkages between the modern and traditional sectors take full account of private sector possibilities; and further that the resolution of the recurrent cost issue similarly take appropriate account of using the private sector.

## 2. Long-Term Issues

In the long-run Mauritania must seek ways to institutionalize some of its own training capabilities, in order to continually feed skilled talent into the economy, without having to resort to "crash" programs -- and with a view to reducing its dependence on external OPEX type personnel, which currently is significant.

Five institutions, outside of primary and secondary levels, are now in existence to provide specialized training: the Kaedi School of Agriculture, the School of Public Administration, a midwifery and nursing school, Teacher Training College, and the Technical School in Nouadibou. These schools will need considerable strengthening to meet Mauritania's long-term needs.

(Note: further refinements of this Statement should contain a discussion of the weaknesses of these establishments, including related statistical information.)

### K. Addendum

There are two exogenous factors that must be taken into account in formulating any development strategy for Mauritania: the Polisario War and potential discontent arising from both the war and disparities in income. For the moment neither of these factors are impinging to any significant degree on the development process, the one exception being that perhaps there is less top level attention to developmental matters than otherwise might be the case.

(Note: further refinements to this Statement should update this evaluation as circumstances change.)

(Note: further refinements to this Statement should include an assessment of the rate structure of public utilities -- transportation, electricity, water, etc. -- to ascertain if corrective steps might not be taken in these areas with a view to further accommodating the problem of additional recurrent costs.)

(Note: further refinements to this Statement should include a discussion of the rate of growth in population and its potential effects on economic development; and also a discussion on the status of women and the role that they might play in development.)

### ASSISTANCE DEVELOPMENT STRATEGY

The AID bilateral strategy must take into account:

- The current state of social and economic conditions in Mauritania as these bear on its development;
- The legislative guidance of the Foreign Assistance Act, namely the so-called New Directions;
- The sectoral strategies as developed by the CILSS;
- The bilateral assistance plans and activities of other donors; and
- The assistance plans and activities of AID as well as other donors which impinge on Mauritania's development in the context of OMVS.

#### A. Phased Development Versus Balanced Development

AID could encourage Mauritania to proceed with the development of the Modern Sector and with the irrigated perimeter development in the Senegal River Valley, with a view to proceeding with the development of the Interior and the rural health and rural education sectors at a later date, i.e., after sufficient revenues have been obtained from these investments to finance the development of the Interior.

Alternatively, AID could encourage Mauritania to proceed now with a balanced development effort, that would include the development of the Interior simultaneously with the development of the Modern Sector and the Valley.

##### 1. Arguments for Phased Development

There are four arguments for encouraging Mauritania to proceed along the path offered by the first alternative.

(i) Ease Of Financing

With the exception of perhaps AID, IBRD/IDA, UNDP and a few minor national donors, the assistance objectives of traditional donors to Mauritania (e.g., the Arab states, Germany, France, China, and the FED) are best met by providing assistance to the Modern Sector and to the development of the Valley -- the objectives of these donors being heavily influenced by short-term political and commercial considerations. Assistance to the Modern Sector (industry/mining, offshore fishing, infrastructure) and to the development of the Valley (infrastructure and large-scale irrigated perimeters) provides for maximum visibility and for maximum employment of commercial firms of metropolitan countries, while assistance to education in the Modern Sector provides for maximum opportunities to sustain cultural ties. In short, because of political and commercial opportunities, financing by traditional donors for the development of the Modern Sector and the Valley is much more readily available than financing for investments in the Interior, where there is less opportunity for visibility, use of metropolitan commercial firms and the propagation of cultural ties.

(ii) Quicker Pay-Off

The problems associated with the development of the Modern Sector and the Valley are infinitely less complex than the problems associated with the development of the Interior. Investments in the Modern Sector and in the Valley, for example, generally call for fewer ancilliary investments in institution-building and fewer investments in the training of Mauritians; and generally the organizational requirements are less formidable. Thus, for investments in the Modern Sector and the Valley there is assured a higher probability of a quicker pay-off, providing, of course, these investments are well planned and economically sound in the first place.

(iii) Improved Chances For Economic Security

The economic survival of Mauritania is currently dependent on iron ore exports, thereby making it vulnerable to swings in the international price of metals. At the same time, Mauritania must import all manufactured products, making it equally vulnerable to world inflation.

The diversification of exports arising from investments in the Valley (e.g., rice, sugar cane) and in the Modern Sector (e.g., fish, processed iron ore, etc.) and the substitution of indigenous manufactures for imported manufactures (e.g., refined sugar, textiles, etc.) should provide Mauritania with much needed economic security.

(iv) Avoidance Of Unnecessary Diversion Of Resources

Finally, should Mauritania elect to go the other route, i.e., opt for balanced development, the diversion of indigenous resources away from the Modern Sector and the Valley would delay the prospects for obtaining economic security, would lengthen the pay-off period, and might even make investments by traditional donors in the Modern Sector and the Valley less attractive.

In sum, financing for Modern Sector and Valley investments is relatively easy to obtain, the prospects for a quicker pay-off in these sectors are greater, and investment in these sectors will assure some semblance of economic security.

2. Arguments For Balanced Development

There are also four arguments for encouraging Mauritania to proceed along the development path offered by the second alternative.

(i) Avoidance Of Alienation Of Parts Of The Traditional Sector

The time required to obtain pay-offs from investments in the Modern Sector and in the Valley, even though these pay-offs may be quicker than corresponding investments in the Interior, is still long. While one cannot say for certain, it is likely that revenues from these investments in a magnitude sufficient for Mauritania to seriously turn its attention to the Interior probably will not occur for another 10-15 years.

While it also cannot be stated with certainty, the neglect of the Interior for such a long period is liable to set in motion trends that will serve to progressively alienate a major population component of the Traditional Sector of the economy from the Modern Sector. In this event, the revenues obtained from investments in the Modern Sector and the Valley will never find their way into the neglected Traditional Sector, or else will only trickle to this sector on a token basis. The net result is a situation where neglect of a major component of the Traditional Sector becomes a permanent and accepted feature of the society -- as has happened so often in other less-developed countries who have chosen the path of phased development.

Furthermore, should the government by chance still desire to develop the Interior at some future date, the establishment of the platform needed to achieve this objective -- that is, the establishment of appropriate institutional and private sector linkages between the Modern and Traditional Sectors -- will postpone real result for perhaps another 5-10 years, thus further increasing the chances of alienation.

A decision to go into phased development, therefore, risks the permanent alienation of approximately 70 percent of the rural poor (and perhaps more if one counts the urban poor). While one can only speculate on the final outcome of such a chain of events, it would appear that inherent in a phased development policy are serious long-term political risks.

(ii) Avoidance of Loss Of a Major Economic Resource and Other Destabilizing Factors

Given the rapid degradation of the ecological system in the Interior, the economic destabilization caused by the abolishment of the caste system and rapidly changing diets, and the accompanying rural exodus, there is a real danger over the next 10 to 20 years, and perhaps much earlier, that the Interior, or major parts of it, will be voluntarily abandoned as an economic resource. The resulting influx of people into the urban centers is not only a socially destabilizing force, it must inevitably cause a shift of indigenous resources from the development of the Modern Sector and the Valley to the support of this unproductive population, thus having a negative effect on development. It is possible that this negative effect will be permanently damaging, because of the enormous costs required to accommodate this burgeoning population, without any corresponding off-setting benefits in the way of production.

In short, while an exact calculation cannot be made it is quite possible that a phased approach to economic development will be self-defeating, leaving Mauritania not only with a large alienated poor population, but with little prospects for growth in any real sense -- unless, of course, Mauritania can manage to convince donors to provide considerable relief assistance over an extended period. Unfortunately, this in turn probably would create still another destabilizing force, by pushing Mauritians, normally a proud race, into the mold of a mendicant personality -- which also has been the case in other less developed countries who have chosen the path of phased development.

(iii) Desire Of Mauritanians To Avoid Destablizing Factors

The Mauritanians, whether in public or private life, vaguely sense these impending influences, and are anxious to seek ways to avoid them. They sense that the answer lies in the development of the Interior, and are willing to listen to solutions to the extraordinarily complex and seemingly insurmountable problems facing them in this part of their economy.

(iv) Political Rewards To Donors

From the Mauritanian point of view, what is at stake in the warp and woof of their current history is the preservation of a way of life and an identity that is precious to them. Any donor that seeks constructive ways to assist them in the face of this threat, and seeks to help them give direction to their future, will, other things being equal, probably stand to gain warm friendship, lasting much longer than those short-term political gains associated with visibility and the propagation of cultural ties.

Strategy Point #1: Consistent with the New Directions of the Foreign Assistance Act, and mindful of the long-standing friendship that is likely to emerge between our countries, AID will encourage Mauritania to adopt a balanced developmental policy.

B. Areas of Concentration

1. Broad-Based AID Support Versus Selective Support

There is no persuasive reason why AID should provide equal support to Mauritanian development efforts across the board, i.e., in both the Modern and Traditional Sectors, owing to:

- the apparent willingness of other donors to support the development of the Modern Sector, in conjunction with their apparent unwillingness to support at least part of the Traditional Sector; and

- the fact that the immediate beneficiaries of interventions in the Modern Sector tend not to be the poor, and thus interventions in this sector would be inconsistent with the New Directions of the Foreign Assistance Act.

This does not mean that AID need totally ignore the Modern Sector, only that this sector has a considerably lower priority for AID's attention than the Traditional Sector. AID should, for example, continue to support the Modern Sector by encouraging Export-Import Bank loans when opportunities arise. And AID may, through its Housing Investment Guarantee Program, encourage the construction of urban housing. Such interventions, however, should be carefully programmed and evaluated, since Modern Sector interventions could use up indigenous resources that should more appropriately be used in the Traditional Sector. In the case of urban housing, care must be taken not to encourage rural exodus, by making urban life more attractive. Nevertheless, of the 225,000 odd persons who have migrated to urban areas over the past decade or so, some probably will not move

back into the Interior regardless of the relative improvement of the rural life compared with urban life. If these persons can be identified AID should seek to assist them.

Strategy Point #2: Consistent with the New Directions of the Foreign Assistance Act, and cognizant of other donor efforts in the Modern Sector, AID will give primary consideration to providing assistance to the Traditional Sector; although in those areas where AID has a special competence it may consider carefully planned interventions in the Modern Sector, providing that these interventions do not conflict with AID's primary concern.

2. Bilateral AID Support of the Traditional Sector in the Senegal River Valley Versus Bilateral AID Support of the Traditional Sector in the Interior

There is also no persuasive reason for the bilateral AID program in Mauritania to provide equal support to the two major traditional sectors: the Valley and the Interior, owing to:

- the apparent willingness of other donors, as well as AID through regional OMVS efforts, to support the development of the Valley, but without any corresponding willingness on the part of other donors to support the development of the Interior; and

- the fact that the immediate poor beneficiaries of interventions in the Valley are numerically fewer than the immediate poor beneficiaries of interventions in the Interior (approximately 340,000 for the former, compared with about 710,000 for the latter plus a significant portion of the urban poor who under certain circumstances would return to the Interior if investment opportunities there were improved.)

As with the case of the Modern Sector, however, this does not mean that the bilateral AID effort need totally ignore the Valley, only that in a bilateral AID context, the Valley has a considerably lower priority. The bilateral AID program should, for example, support modest interventions in the Valley in innovative ways not likely to be financed by other donors, such as in small village irrigated perimeter development and possibly the rehabilitation of non-village but relatively small perimeters. Such interventions, for example, could provide a bridge between the recessionary sedentary agriculture that exists now in the Valley and the planned large-scale perimeter development, thus filling what appears to be a major gap in plans for the Valley.

Strategy Point #3: Consistent with the New Directions of the Foreign Assistance Act, and cognizant of AID regional efforts as well as the efforts of other donors to assist in the development of the Valley, the bilateral AID program to Mauritania will give primary consideration to support the development of the Interior; although in those areas where the bilateral AID program can provide modest innovative interventions in the Valley it will do so.

C. Priority Problem Areas

1. Priority Problems In Moving From Phased to Broad-Based Development

The (1) policy and (2) institutional problems that stand in the way of moving from phased to broad-based development makes assistance to the solution of these two sets of problems prime candidates for AID assistance. There is, however, a hierarchical order to these two sets of problems in terms of the development process.

First Priority -- to assist the government in establishing appropriate policies that will assure the most efficient balance between the three major developmental areas (Modern, Valley and Interior); and which will assure the most economical use of Mauritania's scarce resources.

Policies that should be examined with these objectives in mind might include:

- grain marketing (millet and sorghum, and possibly rice, sugar and tea);
- alternative opportunities for employment;
- minimization of recurrent cost requirements;
- infrastructure rate structures;
- alternative ways of irrigation in the Valley (small village versus large plantation type) in conjunction with the employment/income trade-offs between rice and traditional crops in Valley agriculture;
- internal interest rates in terms of the relative investment returns in the Modern and Traditional Sectors; and

- alternative institutional arrangements to move income in desired directions (e.g., centralized versus decentralized, private sector institutions versus public sector institutions).

Related to the examination of these policy issues should be assistance to provide the necessary benchmark data that will permit rational policy choices.

The determination of appropriate policies in each one of the foregoing areas is not possible to ascertain in isolation, because of the interrelatedness amongst them. Accordingly, AID interventions to assist the government in making these determinations can only be prioritized with the greatest difficulty and on the basis of numerous assumptions that have neither been identified or agreed to by the government. Accordingly, AID assistance in the important policy area must be viewed conceptually as a single intervention, with a number of interrelated parts.

The policy area is given first priority since the flow of resources from the Modern Sector to the Traditional Sector can neither be assured, or proceed in the desired way, unless appropriate policies are first established. The establishment of these policies is the first priority in any assistance strategy to Mauritania. It is the fundamental building block.

Strategy Point #4: In recognition of the pre-development condition of Mauritania AID bilateral assistance will give first priority to assisting Mauritania in establishing policies that will set the stage for broad-based development.

Second Priority -- to assist the government in institutionalizing the linkages that will assure an efficient transfer of resources from the Modern Sector to the Traditional Sector, and which will assure a pace of development within the limitations of Mauritania's resources.

Institutions that possibly could be assisted -- through training, the provision of technical assistance and related commodity support -- might include:

- strengthening those governmental departments that form the necessary linkages between the Modern and Interior Sectors -- in, for example, the Ministries of Plan, Rural Development, Health and Education;

- creating new governmental linkages; and

- strengthening private sector linkages.

It is not possible to define these interventions with specificity, nor is it possible to assign them priorities at this time -- this must await the identification and agreement by the Mauritanian government of its goals and objectives, within the context of the first priority intervention discussed above.

Strategy Point #5: In recognition of the need of the Mauritanian government to first precisely determine its developmental goals and objectives, AID bilateral assistance will give second priority to assisting Mauritania in institution-building with respect to linking the Modern Sector to the Traditional Sector.

The foregoing interventions are ones which have direct bearing on AID's ability to provide meaningful assistance to the Traditional Sector -- whether in the Interior on a bilateral basis or in the Valley on essentially a regional basis. However, these interventions are removed from the kind of direct relationships between AID assistance and the rural poor envisioned in the New Directions of the Foreign Assistance Act. It is important, therefore, that AID/W policy-makers make appropriate allowances for these aspects of the Mauritanian assistance program.

Strategy Point #6: In recognition of the pre-development condition of Mauritania, AID/W policy-makers will allow certain AID interventions that, while giving the appearance of deviating from the New Directions of the Foreign Assistance Act, are nevertheless pre-conditions for mounting interventions that more closely adhere to the New Directions.

## 2. Priority Problems In Developing The Interior

While the problems of the continued degradation of the environment, economic destabilizing influences caused by the abolition of the caste system and changing diets, rural exodus, diminished agricultural production and less than desirable levels of health care and education all exist in the Interior -- and thus are all prime candidates for AID bilateral assistance -- there is also a hierarchical order to these problems in terms of the development process.

To the extent that these problems can be isolated in separate interventions their respective priorities would be as follows:

First Priority -- the re-establishment of the eco-system in the Interior that would arrest continued environmental degradation and in time reverse this process. This objective is given first priority because without arresting environmental degradation no other problems that exist in the Interior can possibly be addressed.

Second Priority -- the stabilization of the population in the Interior (which would include the continuation of transhumance, if for technical and economic reasons this is thought to be desirable) and over time corresponding urban exodus. This objective is given second priority because without an adequate population in the Interior it can no longer be used as a viable resource base; and without corresponding urban exodus the economic and social pressures in urban areas will threaten to jeopardize economic development across the board.

Third Priority -- the improvement of social organizations and techniques in herding, oases agriculture and dryland agriculture. This objective is given third priority because without appropriate changes in social organizations and techniques in these sectors -- given the consequences of the abolition of the caste system and changing diets -- there can be little prospect for arresting the continued decrease in agricultural production, not to mention the ultimate increase in agricultural production in the Interior.

Fourth Priority -- the increase in agricultural production in the Interior. This objective is given fourth priority because without the corresponding increase in incomes that would accompany increased agricultural production there would be little prospect for increasing the general welfare of the population of the Interior, in such areas as improved health and education.

Fifth Priority -- the increase in general welfare in health and education.

This hierarchical arrangement is essentially an intellectual construct. In point of fact, there are few interventions that could pertain exclusively to any one single objective. Indeed, the inter-relationships among these priorities is so pervasive and complex that attempts to establish isolated interventions directed exclusively to meet a single objective, even if possible, probably have a high prospect for failure -- in terms of making any lasting impact on the economic development problems of the Interior.

A more realistic intellectual construct is to devise AID bilateral interventions that address the single problem of "The Development Of The Interior". In such an intellectual construct AID might imagine one single large intervention that covers all

problem areas in a systematic and rational manner. An alternative would be for AID to construct a series of smaller interventions, which collectively cover all problem areas -- and thus in a sense collectively constitute one large intervention. There is no inherent advantage of one of these constructs over the other; but as a matter of practicality, given AID's complex design process, the latter is probably more feasible -- although the intellectual construct of one single intervention with many parts should govern.

Strategy Point #7: AID bilateral assistance in the Interior will consist of a series of interlocking interventions, each addressed specifically to one or more of five priority problems and collectively addressed to the objective of making the Interior an economically viable resource base, with ultimately a corresponding increase in welfare of the poor population.

A related issue has to do with the design of each of these interlocking interventions, taking into account the general un-receptivity to change of the local population in the Interior. Since the types of interventions will vary with respect to the kind of change called for, and since the target populations will consist of a variety of ethnic and tribal groups, there cannot be any single formula to design all interventions. Receptivity of the population must be treated on a case-by-case basis, and accordingly the only governing criteria in the design process is that each intervention be viewed as "experimental". This in turn dictates that each initial intervention be relatively modest in scope, -- with respect to geographic coverage and the size of the population affected. Successful "experimental" interventions would then be expanded to "large-scale" interventions.

Strategy Point #8: Initial discrete AID interventions in the Interior will be "experimental" and relatively small in scope, with a view to moving into "large-scale" interventions when receptivity of the local population to the changes called for is reasonably well assured.

#### D. The Critical Issue of Timing

The continual degradation of the environment in the Interior, accompanied by the destabilizing factors caused by the abolition of the caste system and changing diets, as indicated earlier, could lead eventually to the voluntary abandonment of the Interior as a major

economic resource. The precise date when this might happen, and the precise combination of circumstances that might trigger its occurrence, cannot, of course, be predicted. However, the strains put on Mauritanian society by almost ten years of drought, along with accompanying destabilizing factors, cannot help but give to the entire economic development process in Mauritania an extraordinary sense of urgency.

There are three possible approaches to this critical issue, each predicated on various assumptions as to when these destabilizing events might create a situation of "no return".

1. The "Long-Term" Approach

First, it might be assumed that this date is in the distant future, say in 15 or 20 years. Under this assumption a carefully programmed assistance strategy would be desirable. The foregoing discussion implied such a strategy, where the sequence of events over time could be construed to be as follows:

<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Phase IV</u>
Assist in establishing appropriate policies.	Assist in establishing appropriate linkages.	Assist in discrete "experimental" interventions.	Assist in discrete "large-scale" interventions.
Economy-As-A-Whole.	Traditional Sector.		Interior Part Of The Traditional Sector.

2. The "Medium-Term" Approach

Second, it might be assumed that this date is in the near-future, say in 5 years. Under this assumption the programming of an assistance strategy becomes more complex. Phase II would have to overlap Phase I, Phase III would have to overlap Phase II, and Phase IV would have to overlap Phase III.

An "overlap" strategy of this type raises questions as to proper timing, i.e., when precisely to begin Phases II, III, and IV. There is no "ideal" answer to this problem, and accordingly the unfolding of such a strategy will inevitably lead to problems of interpretation between the AID Mission and AID/W, between the AID Mission and the Mauritanian government, and among the various specialized interest groups whose optic is confined to a small area and not to the larger picture.

### 3. The "Short-Term" Approach

Thirdly, it might be assumed that this date is imminent. Under this assumption an appropriate strategy would be one that compresses all four Phases into a single Phase. Such a strategy would be one that attempts to do "everything at once", on the grounds that it is necessary to treat the problem of the Interior as a permanent emergency -- at least until such time as the tide of deterioration begins to show signs of reversal.

In order to implement such a strategy it probably would be necessary to employ an altogether different kit of AID tools than are called for in the first two alternatives, probably, for example, using Supporting Assistance funds in place of Development Assistance funds.

The degree of urgency should be kept under continual surveillance, and future refinements of this Statement should elaborate on the total situation in Mauritania in sufficient detail to allow a more confident choice of strategy than can be made now. In the meantime, for lack of any good benchmarks on which to make a judgment the "medium-term" approach has been selected. This selection ties in AID's bilateral assistance strategy more closely with the New Directions of the Foreign Assistance Act than the more reasoned, careful "long-term" approach would dictate; and the selection also ties in AID's bilateral assistance strategy with the a-political intentions of the Foreign Assistance Act that is implied in the "short-term" approach -- but these factors are only coincidences and should not be viewed as governing criteria.

Strategy Point #9: AID bilateral assistance will consist at any one time of a series of overlapping interventions -- related to policy, institution-building, discrete "experimental" interventions, and discrete "large-scale" interventions.

Because the implementation of a "medium-term" approach to strategy is the least precise of the three options, it is necessary that a further Strategy Point be identified, as follows:

Strategy Point #10: In recognition of the inherent imprecision of the chosen bilateral AID strategy with respect to timing, AID/W policy-makers will provide the bilateral AID Mission in Mauritania with strong enough leadership to mediate the inevitable differences of interpretation that will arise, while simultaneously keeping the strategy intact.

E. The Issue of AID Leadership

Since other donor interest in the development of the Modern Sector and the Valley (including in the latter case AID as well, working through the OMVS mechanism) is fairly well established, the question arises as to the appropriate mix of donors that can be expected to tackle the extraordinarily complex problems of the Interior.

Ideally, those traditional donors who for reasons of their own are committed to Modern Sector and Valley development should either (a) transfer some of their planned resources from the Modern Sector and the Valley to the Interior, or (b) alternatively increase overall assistance resources in order to participate in the development of all sectors. Given the paucity of Mauritanian resources to match donor contributions, the first of these two alternatives seems the most feasible.

The willingness, however, of the Arab states, the Chinese, the French, the FED and the Germans to make this transition does not appear for the moment to be likely, except in a token way (with perhaps some "show case" exceptions).

The prospects for other donors, such as the Canadians, the Dutch and the Scandinavians to channel resources to the Interior are similarly remote, but perhaps for different reasons -- none of these donors have permanent missions or embassies in Mauritania.

The likely donors to grope with the Interior, from a realistic point of view, therefore, are AID, the United Nations family and to some extent IDA.

It would seem, therefore, that the realities of donor assistance in Mauritania, along with the special relationship that the United States has with IDA and the United Nations family, that leadership in the development of the Interior inevitably must rest in American hands, unpalatable as this may be in terms of any ideal intellectual construct.

Strategy Point #11: In recognition of historical donor concerns, the limited number of donors in Mauritania, and the need for broad-based development, AID will take the lead in formulating and implementing an assistance strategy for the development of the Interior, until at such time the interest of other donors is sufficiently piqued to relinquish this leadership role.

However, in order to accelerate other donor participation in the development of the Interior, AID will attempt to engage other donors in joint interventions and design efforts.

There appear to be two possibilities. One pertains to those interventions that have discrete components that can be independently designed and implemented. In these instances, joint design and implementation efforts can be undertaken, with a view to assuring appropriate timing and harmonization of the parts, while simultaneously maintaining the integrity of each donor's internal regulations.

The second pertains to those projects that do not have discrete parts. These can be designed by multi-donor missions in accordance with the format required by the donor who has indicated willingness to finance the intervention and implement it.

Strategy Point #12: In recognition of the need for multi-donor support of AID objectives, AID will seek to identify the foregoing two types of interventions, with a view to maximizing multi-donor jointness to the extent possible, in order to increase other donor participation in the development of the Interior.

#### CILSS AND THE CLUB DES AMIS DU SAHEL

The relationship of the CILSS and the Club des Amis du Sahel to the AID assistance strategy for Mauritania deserves special attention because of the importance that the United States puts on these organizations, and because of the special opportunities these regional mechanisms offer Mauritanian development.

#### A. Regional Versus National Assistance Strategies

Mauritania is not only a country, it is also a geographic segment of the larger region of the Sahel, encompassing in addition to Mauritania: Senegal, Mali, Upper Volta, Niger, Chad, The Gambia and Cape Verde.

These countries share certain common features. Their populations are characterized by very low standards of welfare, as measured by literacy, water pollution, longevity, deaths at birth and nutritional intake. Each has a fragile resource base, with large parts of each country subject to scanty annual rainfall. And each is almost entirely agricultural in orientation, characterized by traditional husbandry practices.

Additionally, the problems facing each country with regard to development have common features: the institutional linkages between the Modern and Traditional Sectors are universally weak; increasing urbanization with accompanying unemployment and a corresponding drain on indigenous resources appears to be endemic; economic policies generally are not conducive to broad-based growth; the lack of skilled manpower to manage and man the institutions required for development is universal; national benchmark data are poor; and traditional donors have historically tended to force a phased development path, with all of the accompanying pitfalls that such a development scheme implies.

On the other hand, each country has its unique characteristics. While these characteristics can in one sense be viewed as common to all Sahelian countries, the degree of variation among them is so pronounced that for some countries they must be treated as qualitatively different -- and thus they fall outside the pale of commonality.

For Mauritania these unique characteristics are: its strong traditional private enterprise and capitalistic orientation, and the extraordinary combination of destabilizing factors caused by continued ecological degradation in the Interior, the abolition of the caste system and rapidly changing diets.

The question arises, therefore, whether an assistance strategy for Mauritania should first address itself to these unique characteristics -- in which case a bilateral approach would be the most appropriate (plus a regional approach where there exists shared resources such as in the Senegal River Basin). Or, alternatively, whether an assistance strategy for Mauritania should first address itself to the common characteristics that it shares with the other Sahelian states -- in which case a regional approach, such as provided by CILSS and the Club des Amis du Sahel, would be the most appropriate.

A bilateral approach would build up strategy objectives and associated interventions from within Mauritania. It would then match these objectives and interventions against regional objectives and associated interventions for congruence -- accepting those regional objectives and interventions that coincide with objectives and interventions built up on a national basis, while rejecting those that do not coincide.

A regional approach would build up strategy objectives and associated interventions from within the Sahelian region per se. These in turn would be modified as necessary to fit the peculiar circumstances of Mauritania, while still retaining their regional character.

The answer to this choice of optic lies in how Mauritania assesses the importance of its unique problems. The answer is clear -- the unique problems of Mauritania, at least at this stage of its history, are so pervasive and so overwhelming that it would be folly if AID did not adopt the first approach in establishing its assistance strategy.

Strategy Point #13: In recognition of Mauritania's unique developmental problems -- persistent degradation of the environment, the destabilizing effects arising from

the abolition of the caste system and changing diets -- the AID assistance strategy will give primary consideration to establishing strategic objectives and associated interventions on a national, i.e. bilateral, or shared-resource basis, rather than on a regional basis.

B. Areas of Congruence

The objectives encompassed in the bilateral AID strategy are coincident with the objectives of the CILSS/Club des Amis in a number of important ways.

1. Broad-Based Development

The CILSS/Club overall objectives of (a) attaining food self-sufficiency on a continuous basis, (b) increasing production of cash crops for export, and (c) assuring continuing economic growth, all strongly support the bilateral AID strategy of encouraging Mauritania to move from a phased development orientation to a broad-based development orientation. The importance of the CILSS and Club mechanisms cannot be underestimated in this regard -- and indeed it probably would be impossible that the key strategic element of the AID bilateral assistance strategy -- to encourage Mauritania to seriously undertake broad-based development -- could stand any chance for success without the continual articulation of the aforementioned objectives in an international context that directly includes Mauritanian participation.

2. Policy Issues

The policy issues addressed in the context of CILSS and the Club - particularly as regards the problem of grain warehousing and storage and recurrent costs (including the use of intermediate technology) -- are supportive of key aspects of AID's bilateral strategy.

3. Institutional Development

The CILSS/Club objectives in the general area of institutional development conform with almost all of those set forth in the foregoing AID bilateral strategy -- as regards, for example, the CILSS/Club objectives to develop the national capability of national agricultural institutions to plan and manage the agricultural sector; the CILSS/Club objectives to emphasize the training of rural producers, the retraining of farm services personnel, the high level training of managers and technicians and the reform of formal and non-formal education in the medium-term; and the CILSS/Club objectives to improve the number and quality of auxiliary health care personnel as well as those involved with health management and policy.

#### 4. Development of the Traditional Sector

The several sector strategies of the CILSS/Club are supportive of AID's bilateral strategy to assist in the development of the Interior, as well as AID's corresponding regional strategy to assist in the development of the Valley.

The following list of CILSS/Club sectoral objectives is illustrative of this congruence of purpose:

- to increase animal production to meet growing demand for meat, milk and work animals;
- to maintain the position of Sahelian livestock in export markets;
- to improve the quality of life and income of livestock producers while avoiding overstocking and range deterioration;
- to make basic health services available throughout rural areas;
- to meet needs for timber and firewood by managing existing woodlands for sustained production;
- to stabilize pasture output with integrated rangeland and forest management;
- to arrest soil deterioration with improved agricultural production practices and soil conservation measures;
- to manage Sahelian wildlife; and
- to improve rural transportation links.

These areas of congruence are not confined only to objectives, but also to associated project interventions. Thus, in terms of First Generation project listing prepared by Mauritania for the CILSS, following is the number of proposed AID bilateral interventions that relate to this listing. "Relate" means that the project is proposed to be taken up in its entirety by the bilateral AID program or else a portion of the project is proposed to be taken up by the bilateral AID program.

#### Number of Projects

<u>Area</u>	<u>First Generation List</u>	<u>AID</u>
Dryland Agriculture	12	7
Irrigated Agriculture--River Basin	16	1

<u>Area</u>	<u>First Generation List</u>	<u>AID</u>
Irrigated Agriculture-Interior	8	5
Livestock	15	2
Crop Protection	1	1
Ecology/Environment	7	5
Price/Storage	1	1
Human Resources	<u>7</u> 67	<u>1</u> 23

This comparison must be used with some caution, since in several instances (notably in the livestock sector) the dossiers for the First Generation projects have not yet been prepared. In others the government has not yet sufficiently examined the sector to reflect CILSS objectives (notably in human resources). And in still others, AID has proposed support in a regional context of else there is heavy other-donor interest (notably irrigated agriculture-river basin). Additionally, in some cases a single proposed AID bilateral intervention cuts across several items in the First Generation list.

Strategy Point #14: In recognition of the congruence in many places of nationally-oriented objectives with region-wide CILSS/Club objectives AID will utilize CILSS prepared project design and analysis as a helping vehicle in its own project design to the extent that these are consistent with AID bilateral strategy.

C. Areas of Non-Congruence

The fundamental underpinning of the CILSS/Club approach is the commonality of the development problems facing the Sahelian states. Given the variety of unique situations facing each of these countries -- in some perhaps not important, in others, like Mauritania, of overwhelming importance -- it has not been possible for CILSS/Club objectives to be moulded into a total strategy that takes into account, except in a limited way, such things as policy issues, timing and prioritization of interventions.

The mechanism to fit CILSS/Club objectives into a strategic mould has not yet been developed. This process may begin, on the one hand, when the CILSS National Committee is activated in Mauritania; and

on the other hand, when Sahel-wide planning, now done in AID/W with regard to the United States, is devolved to the several Sahel field missions.

For the moment, however, there are at least three critical areas of non-congruence between the AID bilateral strategy and region-wide Sahelian objectives.

1. Economic Policy and Private Enterprise. The AID bilateral strategy places considerable emphasis on the establishment of appropriate economic policies and the use of the private sector as a vehicle for development. Except in certain selected aspects of the policy area (e.g. grain marketing and possible recurrent cost issues) CILSS/Club objectives pay little or no attention to these critical areas.

Strategy Point #15: Using the CILSS National Committee as a vehicle, and the possible establishment of an AID Planning Office in the Sahel as another vehicle, AID will attempt to recast CILSS/Club objectives into interventions that address policy and private enterprise issues.

2. "Experimental Interventions"

The concept of "experimental" interventions is not a part of the CILSS/Club lexicon, while being central to the bilateral AID strategy. Indeed, by necessity CILSS/Club objectives, not being cast in a strategic mold, infer the necessity to mount "leap frogging" interventions that require the movement of traditional economies into a more or less modern construct without going through the painful intermediate stage of changing traditional attitudes of the involved populations.

Strategy Point #16: Using the CILSS National Committee and a Sahel-based AID regional planning office as vehicles AID will attempt to recast CILSS/Club objectives into interventions that test the receptivity of local populations before large-scale interventions are undertaken.

3. Timing

Furthermore, the concept of timing -- for example, the possibility of choosing options between "long-term", "medium-term" and "short-term" combinations of policy, institutional, discrete experimental and discrete large-scale interventions is similarly not included in the CILSS/Club lexicon. On the contrary, because CILSS/Club objectives are not cast in a strategic mold, there exists only one option in the CILSS/Club lexicon with respect to timing, namely that "everything is to be done at once" -- not on an emergency basis as suggested in the "short-term" option discussed

earlier but as an imperative. The only limiting factor in the implementation of this sole option appears to be the speed with which projects can be designed.

Strategy Point #17: Using the CILSS National Committee and a Sahel based AID regional planning office as vehicles, AID will attempt to prioritize CILSS/Club objectives, and therefore proposed CILSS/Club interventions, in a rational way.

These areas of non-congruence must be resolved if AID is not to lose the valuable support it can get from the CILSS/Club in realizing its development objectives in Mauritania.

An effort to move too rapidly in Mauritania, for example, as is now inferred by the CILSS/Club approach could conceivably force the Mauritians to transfer excessive resources from the Modern to the Traditional Sector, thus tilting development into another phased path -- this time with the development of the Modern Sector becoming the neglected sector. Such a reversal would risk being just as self-defeating as the present phased approach could be -- although the resulting scenario probably would be quite different.

An effort to rapidly mount large-scale interventions that do not make appropriate preparation for changing traditional attitudes, as is now also inferred in the CILSS/Club approach, could conceivably encourage "forced" change, requiring the use of repressive measures.

And an effort to mount a sizable assistance effort without taking into account the many underlying policy issues, as is now also inferred in the CILSS/Club approach, reduces the chances for successful interventions.

Strategy Points #15, #16, and #17 are designed to avoid to the extent possible these undesirable consequences, while at the same time retaining the very significant contribution that the CILSS/Club can make to helping Mauritania solve its developmental problems -- and inferentially the very significant contribution that the CILSS/Club can make to supporting the AID bilateral assistance strategy described in this CDSS -- which includes the relinquishment over time of AID leadership in developing the Interior.

#### AID/Peace Corps Collaboration

In the AID bilateral strategy described above there are three general areas where AID/Peace Corps collaboration can be particularly useful.

First, in meeting the objective to mount a substantial training effort, for those Mauritians sent abroad for training it will be necessary to replace them temporarily with OPEX-type personnel. It may

be possible for the Peace Corps to provide such OPEX-type personnel.

Secondly, in meeting the objective to effectuate change through "agents of change" it may be possible for the Peace Corps to provide that special kind of expertise which would work with the "agent of change", to carry out his important function.

Thirdly, for some projects Peace Corps personnel may be used as actual "doers" in the traditional Peace Corps sense.

In terms of the overall AID bilateral strategy the first two of these three possibilities probably have the highest priority. Taking advantage of these possibilities may require some changes in the present Peace Corps orientation.

Strategy Point #18: In recognition of the valuable role that the Peace Corps can play in helping meet overall AID objectives, AID will seek to work out with the Peace Corps appropriate collaborative programs, taking into account the three aforementioned possibilities.