

UNCLASSIFIED

**SMALL PROGRAM
STRATEGY STATEMENT**

FY 1990 - 1992

MAURITANIA

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Agency for International Development
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BEST AVAILABLE

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MAURITANIA
SMALL PROGRAM STRATEGY STATEMENT
(PROGRAM RATIONALE REVISION)

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LIST OF ACRONYMS

CSA	Commissariat à la Sécurité Alimentaire (Food Security Commission)
FAAS	Foreign Affairs Administrative Support
FFW	Food For Work
GIRM	Government of the Islamic Republic of Mauritania
JAO	Joint Administrative Office
MRD	Ministry of Rural Development
OAR/M	Office of AID Representative/Mauritania
OE	Operating Expenses
PCR	Programme de Consolidation et de Relance (The GIRM's 1989-1991 Program for Consolidation and Growth)
PREF	Programme de Redressement Economique et Financier (The GIRM's 1985-1988 Economic and Financial Reform Program)
SNIM	Société Nationale Industrielle et Minière (National Industrial and Mining Company)
SONADER	Société Nationale de Développement Rural (National Rural Development Agency)
SONIMEX	Société Nationale d'Importations et d'Exportations (National Import-Export Agency)

EXECUTIVE SUMMARY

At this time no clear investment path has appeared by which Mauritania can advance toward broad-based and sustainable economic growth. Former areas of comparative advantage are no longer as remunerative as they once were, and new opportunities are not yet evident. Earnings from iron ore mining have been undependable due to weak global steel demand and decline in the value of the dollar. The long-term potential of fisheries as a principal export earner is threatened by over-exploitation. Livestock has not fully recovered from the severe climatic changes of the last 25 years, and is no longer yielding in accordance with its earlier potential. The possibilities for developing a comparative advantage in irrigated agriculture in the Senegal River Valley are considered very limited. Because of high production costs and considerably lower border prices, there is not now an economically viable set of technologies for irrigation. Illiquidity in the banking sector and parastatal inefficiencies have even prevented payments to producers of the guaranteed farmgate prices this year.

The current situation leaves the Government of Mauritania (GIRM) and its donor partners with a set of investment dilemmas -- first, how to encourage truly productive investments by both the public and private sectors while at the same time lowering costs and increasing efficiency in government operations; second, how to feed the nation; and third, how to lay the groundwork for longer-term development prospects. This is not an unfamiliar challenge in the Sahel, and the difficulties should not discourage appropriately-tailored efforts.

To have an impact on the quality of Mauritanian lives and livelihoods under existing circumstances, the OAR/Mauritania proposes a three-year program strategy that focuses first on agricultural marketing reform; second, on food security measures; and third, on human resources development. Such a strategy would encourage the Mission to concentrate its efforts in areas where it has already had measurable impact.

To achieve reforms in agricultural marketing, OAR/M proposes a Title II (206) program accompanied by an analytic support unit. By integrating the PL480 commodities, generated counterpart funds and the data analysis into a comprehensive cereals sector strategy, OAR/M will advance policy and institutional changes, assist a World Bank-financed sector program, and strengthen a new multi-donor/GIRM dialogue initiative. Food security objectives are to be achieved through Title II commodities to be provided for both sales and free distribution, better targeting, improved early warning systems under FEWS, and a low-input natural resources project in recessional agriculture. The possibility of supporting an income-generating, micro- or small-business- support activity will be investigated. Longer-term development prospects are to be encouraged through human resource programs that support the private sector, women's opportunities, agricultural productivity, and public-sector efficiency.

To implement the strategy, OAR/M proposes to use program and Trust Funds wherever feasible to finance Personal Service Contracts (PSCs) and to establish a Contract Support Unit to provide the necessary administrative support. Recognizing staff and operating budget (OE) constraints, the proposed management plan minimizes the administrative burdens on direct-hire employees.

OAR/M believes this proposal is realistic, manageable and appropriate for the Mauritanian environment. It is a strategy that requires close collaboration with Mauritians and other donors.

I. BACKGROUND

A. MAURITANIA'S ENVIRONMENT FOR DEVELOPMENT

Mauritania lies in an area of northwest Africa straddled between Arab North Africa and sub-Saharan Black Africa. Three-quarters of the country's 1.1 million square kilometers of territory is Sahara Desert, unsuitable for agriculture. Approximately 240,000 hectares, or 0.2% of the total land area, are arable. Large natural rangelands exist but depend entirely on rainfall. Its population of 1.9 million is made up of Moorish people (Maurs) and sub-Saharan African ethnic groups from the Senegal River Valley. Traditionally the Maurs' principal economic activity has been herding and trading. For the most part, the areas of the country they inhabit constitute a vast rangeland. By contrast, the ethnic groups from the valley, the Wolofs, Peulhs, and Soninkes, are sedentary farmers or fishermen.

While these historic differences based on cultural identity and economic activity are still evident, they have been mitigated by the unifying force of Islam, inter-marriage and the gradual introduction of a modern economy. Years of drought have reduced the number of nomads as they have migrated to towns.

About half the population now lives in towns and urban areas, a dramatic reversal of the demographic pattern just a short generation ago, when 85-90% of the population was nomadic or rural. The 1988 national census estimates that approximately 21 percent of the country's 1.9 million people lives in and around the capital of Nouakchott, a doubling of the population since 1980.

Since Mauritania's independence in 1960, modern economic activity has been developed in the more northern cities of Nouadhibou and Zouerate. With a total population of 90,000, these two enclaves are centers for the principal exports, fisheries and iron ore, respectively. Virtually all the country's cropping activity is found along the Senegal river valley, which contains 300,000 people. Their production of coarse grains (millet and sorghum) supplies about 30% of the country's consumption requirements in a year of average rainfall (200-300mm). The rest of the population is mostly nomadic, living from rangeland animal husbandry and oasis farming (dates, vegetables).

Mauritania's private sector has greater control of farming, fisheries, commerce and industry than in other Sahelian nations. It employs 70% of the population. Nouakchott alone is estimated to employ 30,000 people among 12,000 small enterprises in a broad range of service industries, handicrafts, repair shops, small flour mills, wood and metal working and related micro-businesses.

At independence, Mauritania found itself a nation with no infrastructure. It still has less than 2,000 km of paved roads, unreliable communications and poor health care facilities. The average life expectancy is only 45 years and the infant mortality rate is 132 per 1,000. Over the past 25 years, Mauritania has seen its economy shift from rapid and sustained growth of about 8% during the 1960s to stagnation since the mid-1970s.

In addition to the conflict over the Western Sahara, in which Mauritania is no longer involved, four factors were responsible for this economic paralysis:

- The first was the frequent occurrence of droughts. In the past two decades, the 100 mm rainfall isohyet has moved more than 100 kilometers south. The major grain-producing areas that previously enjoyed 400 mm of rainfall, have suddenly had to adjust to 250 to 300 mm in "normal" years. During this period, the Senegal river flood fell to record low levels, which has, in the past two years, returned to previous levels. It remains to be seen whether the recently completed Manantali and Diama dams will stabilize the river flow.
- The second factor was the downturn in export earnings from mining due to the decline in world industrial markets and rapid fall of the dollar in 1985. Iron ore exports went down by 30% in 1975, and by another 20% in 1982. By 1987, mining accounted for only one-third of export earnings, having ceded first place to fishing. To make matters worse, an over-ambitious expansion of the mining operation between 1982 and 1985, partially financed by the World Bank, heavily indebted the GIRM and has not yielded anticipated results.
- The third factor affecting growth has been the Government's inappropriate macro-economic and sectoral policies. Large unproductive public investment programs, bad monetary policies, overstaffing, and poor management of public enterprises have stunted growth, increased debts and incurred heavy financial losses.
- The fourth factor has been the incapacity of Mauritania to lead its development effort due to the pervasive shortage of trained people in all areas except mining. A World Bank analysis in 1985 found that two-thirds of government civil servants had not even completed primary school. Lacking a solid human resource base, Mauritania has been ill-equipped to absorb and adapt donor-driven development initiatives to ensure sustainable growth.

The combination of external shocks, drought, ill-advised economic policies and institutional weaknesses have led to repeated financial crises interspersed with periods of slow growth since 1975. As a result, per capita GNP in 1987 (US\$ 440) was no higher than ten years earlier.

B. RECENT PERFORMANCE OF THE MAURITANIAN ECONOMY

By 1984, the Mauritanian economy was in dire straits. To tackle its deteriorating situation a comprehensive Economic and Financial Reform Program (the PREF) was drawn up and supported by the World Bank and other donors. An AID-financed external assessment of Mauritania's progress under the PREF found its results were at best mixed, and raised considerable concern about progress on certain essential sectoral and institutional reforms.

Performance Indicators 1985-1988

At the macro-economic level the target GDP growth rate of 4% was not met, although 3.5% average growth was reported for the 1985-1988 period. In 1986 good rainfall and higher producer prices resulted in a 5.4% growth rate, while 1987 and 1988 saw the growth rate decline to 2.8% and 2.5%. The current account deficit has shrunk from 26% of GDP in 1985 to 18% in 1988, and inflation has been reduced from over 10% in 1986 to 5% in 1988. Revenues have increased modestly, but have fallen short of targets. Budget deficits have been reduced due to restrictions on expenditures, including a freeze in civil service hiring and a cap on the wage bill.

Investment expenditure by the GIRM has been cut from 35% of GDP in 1984 to 20% in 1988. Financing of investments has become more concessional with grants increasing from 30% of investment in 1985 to 60% in 1988. A restrictive monetary policy has been enforced, excessive credit growth has been clearly slowed, and interest rates have been raised by 2%. The local currency (ouguiya) was devalued by 22% to comply with PREF conditions and a flexible exchange rate was instituted. Both have had positive effects on agricultural production and fish exports. Repeated debt reschedulings have reduced external debt servicing ratio from 40% of exports in 1985 to around 20% in 1988. However, this has increased future obligations which will require substantial external borrowing through 1991. As past returns on investments have rarely grown faster than service payments, reducing total indebtedness remains a matter of serious concern.

The current contribution of fishing to annual budget revenues - 20% in 1987 representing 8.2% of GDP - may not continue. Despite a new fisheries sector strategy, improvements have been limited. Offtake rates may exceed the maximum sustainable level, collection of taxes and royalties have not increased revenues significantly, and few projects to add local value have emerged. These factors may prevent fishing from fueling real economic growth.

In the agriculture sector, tangible evidence of improvement is also limited. On the positive side, the 1983 land tenure law has been partially applied, a new food policy statement has been issued, some CSA marketing centers have been closed, producer prices have been increased, and some market liberalization has taken place. The state-owned 1,000-hectare rice farm, for example, has been sold to private Mauritanian interests. On the negative side, narrow margins remain a disincentive to private agro-processing. The import parastatals (CSA and SONIMEX) continue to be inefficient. Similarly, the major parastatal in charge of irrigated perimeters development (SONADER) continues to lack the administrative and financial capacity to cut costs and increase output. Despite commitments on paper to reduce the role of parastatals in the economy, tangible institutional reform and genuine price liberalization have yet to take hold.

Civil service and banking sector reforms have been slow and complex, thereby perpetuating the liquidity crisis in the financial system, with secondary repercussions spreading throughout the economy. Other parastatals have gone further, such as the mining company (SNIM), which reduced staff by 25% and the electric utility (SONELEC), which raised rates. Despite these reforms, managerial lethargy and burdensome debts in the public sector continue to retard real progress.

The Next Stage

A new three-year program for 1989-1991, known as the PCR, the Program for Consolidation and Growth, has been outlined for the Consultative Group on Mauritania, scheduled for mid-1989. The World Bank and IMF are convinced that the essential elements of the adjustment program, while difficult for the GIRM to implement, are sound, and that the PCR will fine-tune the performance benchmarks, make adjustments for the experience of the PREF years, and stay the course.

C. PERSPECTIVE ON THE USAID PROGRAM

Earlier USAID/Mauritania programs dispersed their resources over too many sectors and endeavors -- irrigated perimeters, oasis development, vegetable production, some participant training, integrated rural development, health and population, natural resources, agricultural research, the financing of various studies, and the PL 480 program. Of these investments, rural roads, natural resources, specific sector studies, training, and agricultural policy reform have had useful impacts. They appear to be relatively more successful because they removed marketing blockages and identified essential agricultural and natural resource information for investment decision making. The past Title II Section 206 programs are especially noteworthy in their contributions to cereal reforms.

Assessments of USAID/Mauritania's less successful activities have underlined:

- the importance of adjusting efforts to the GIRM's absorptive capacity,
- the difficulties of achieving recurrent cost sustainability,
- the fragility of the natural resource base,
- the intensity of OAR/M project management requirements,
- the lack of adequate numbers of skilled personnel,
- the importance of donor coordination, and
- the need for a policy dialogue process that is genuinely collegial, frank and based on sound data analysis.

II. STRATEGIC PROBLEM ANALYSIS

A. PERSPECTIVES

Public and Private Sector Outlooks: The available macro-economic evidence suggests that Mauritania has not yet been able to stimulate a significantly better environment for private sector investment, public sector efficiency, public financial improvement or economic growth. In comparison with some other countries in the Sahel that have been grappling with reform, Mauritania appears to be only in the early stages of the process.

Agriculture, Natural Resources and Livestock: Undoubtedly, Mauritania possesses the most difficult natural resource base with which to work in the Sahel. Agricultural sector analyses document the chronic food production deficit and the continuing environmental degradation. The vagaries of international markets and Mauritania's ecology limit the contribution of iron ore, fish and livestock to the country's economic growth.

Irrigation: The GIRM is committed to irrigated farming to solve the food problem. In the opinion of some World Bank observers reflected in a recent agricultural sector appraisal, the only area of "potential comparative advantage" to be "tested" in Mauritania is irrigated rice production in the Senegal River Valley. OAR/M has determined that this is not a prudent investment. Reasons include the high costs, questions of salinity, yield maintenance, land tenure and the sustainability of irrigated rice farming without high tariff protection. This decision is supported by AID's earlier OMVS studies, and the more recent Berg/Shapiro study on competitiveness of Sahelian agriculture. The latter concludes that the costs will clearly outweigh benefits. In addition, papers presented at the Sahel Cereals Policy Workshop (October 1988) document the adverse nutritional impacts of high rice prices, and show data indicating that most Sahelian farmers are net buyers of grains rather than sellers. Finally, the University of Arizona Agricultural Research II team found that double cropping of rice decreased farmer returns to labor and occasionally conflicted with labor demands for recessionary agriculture tasks.

Commerce and Industry: The investment climate/private sector surveys and the strategy draft written by AID's consultants document the importance and breadth of private enterprise in Mauritania. This offers the possibility of identifying and supporting income-generating activities for small producers. However, it is clear that there are no "quick fix" solutions to the existing constraints, given the small size of markets, continued presence of parastatals, state margin setting, inadequate transport infrastructure for isolated markets, tight liquidity and little prospect of real growth in consumer purchasing power.

B. OAR/MAURITANIA CONCLUSIONS

Under present circumstances, OAR/M has concluded that there is no clear growth path in Mauritania's economy by which AID could achieve a meaningful impact in a sector and demonstrate those results over a three-year period. There are no clear areas of comparative advantage to support.

In such circumstances, it seems appropriate that U.S. resources should be employed to attack the principal obstacles blocking the move onto a growth path.

III. OAR/MAURITANIA STRATEGY AND PROPOSALS

A. OAR/M OBJECTIVES

The objectives of the AID program in Mauritania over the next three years will, therefore, be:

- to stimulate private-sector development by reducing government constraints to growth, increasing the competitiveness of markets, and improving public sector efficiency;
- to provide increased food security for many lower income people caught in the chronic structural deficit;
- to increase the number of trained Mauritians available for development opportunities.

These objectives concentrate directly on a few well-identified problems and opportunities, capitalize on U.S. food-aid resources, complement the efforts of other donors, and are attainable within staffing and OE limits.

B. OAR/MAURITANIA STRATEGY

The OAR/M strategy is to support:

- Agricultural Marketing Reform in which the PL 480 Section 206 program is used to liberalize prices and markets, alter the roles and performance of government agencies, and improve food policy analysis as well as the quality of GIRM and donor dialogue.
- Food Security through the supply of appropriate commodities, including for food-for-work and emergency-feeding purposes, the funding of a sustainable natural resources project in a recessional agriculture area (Dirol), continued support to famine early warning system and locust control, and examination of possible income-generating activities in the form of micro- or small-business support.
- Human Resources Development that increases the private sector contributions to development, women's opportunities, agricultural productivity and public sector analytical and management capacity.

Further details on these programs and projects are discussed below.

C. PROPOSED SECTOR APPROACHES

1. Agricultural Marketing Reform

- a. Past Progress and Current Opportunities. OAR/M has supported a Section 206 program for the past eight years with considerable success. A recent external evaluation of the current 206 program found the program to be a major instrument in liberalizing the agricultural market. To date, the GIRM has agreed to liberalize the marketing of agricultural inputs, reorganize parastatals and reform cereal pricing policies. The evaluation also found progress in procedural reforms with the creation of mechanisms to permit policy dialogue and improved programming of food aid.

The evaluation points out future directions for policy and institutional reforms, with emphasis on implementing the agreed-to reforms. The prospects for making further progress have been enhanced by a World Bank Agricultural Sectoral Adjustment Project which is providing \$18 million in balance-of-payments support. The GIRM will undertake to:

- (a) withdraw CSA from the collection and processing of paddy and from the marketing of local cereals, and from sales of commercial food aid in the interior, (b) reduce its distribution centers and truck fleets, and privatize its repair facilities, (c) privatize all state-owned rice mills, and (d) establish parity between the prices of food aid and local cereals. Thus, the policy framework for cereals marketing reform has been set, and certain major steps are already well underway. However, it is for the multi-donor food aid community to work with the GIRM institutions to see that the program is implemented in practice.
- b. OAR/M Approach. The GIRM, OAR/M and other donors have just created a Cereals Sector Support Program which subordinates food aid to a national cereals strategy aimed at integrating all resources and efforts. This program will undertake the following activities: (a) improve programming and targeting of food aid for needy groups in ways that least disrupt private trade, (b) negotiate price and market liberalization policies and processes that markedly improve private-sector incentives for farmers and the business community, (c) reduce GIRM operating costs to raise efficiency, (d) improve the information and analytic capacities of the GIRM to accomplish the aforementioned objectives, and (e) program the use of counterpart funds to reinforce the above objectives. The GIRM is still pursuing a food self-sufficiency objective, which donors do not believe is realistic. However, experience elsewhere with policy dialogues of this nature indicates that over time the fundamental necessity of moving to totally liberalized markets will become clear. The challenge is to move the process forward more rapidly.

To date, the OAR/M has played the principal leadership role in the food policy dialogue. In order to enhance this effort, OAR/M plans to fund a Food Policy Analyst PSC under the African Development Support Project (ADS). This will permit OAR/M to further develop the Cereals Sector Support Program's information base, transfer skills to GIRM personnel, and provide the GIRM and multi-donor community with a reasoned set of analyses from which the dialogue can continue.

- c. Results to be Expected. As the donor supplying half of Mauritania's food aid imports annually, AID is in the strongest position to pursue policy dialogue with GIRM officials and other donors to arrive at more coherent national food policy strategies. With the assistance of the food policy analyst and the private sector adviser proposed below, OAR/M can monitor and evaluate benchmarks for liberalization, cost savings, and private sector responses. Counterpart funds will continue to be channeled toward productive activities consistent with and in support of this strategy.
2. Food Security: Agriculture, Natural Resources, and Early Warning Systems
 - a. Overview of Hunger and Poverty. Even in 1988 when the best rains in 20 years fell in the southern cropping regions, total cereals production could satisfy only 45 percent of the national food need. The inability to produce sufficient quantities to satisfy consumption requirements or to gain revenues from other productive activities has resulted in migration from the rural areas to already-crowded urban areas, lower family incomes and malnutrition in some areas. Results of a nutrition survey conducted in February 1988 in the river valley regions of Brakna, Guidimaka and Gorgol showed that about 35% of the village children are currently undernourished or show growth patterns indicating earlier undernourishment. In addition, the survey found that undernutrition is common among the village mothers, 34% of whom were "dangerously" undernourished and another 27% "in the caution zone." These findings were confirmed by another survey conducted in November 1988. As noted earlier, the Cereals Policy Workshop studies indicated the net-buyer positions of over 50% of rural households. In addition, consumption studies substantiated the very marginal caloric intakes of many people even in a "good" year, and thus their exceptional vulnerability to both weather, pests and policy changes. Data from these studies indicate that food shortage is the principal cause for undernourishment, rather than inappropriate feeding habits.

In this section, sustainable food production will be addressed first, followed by a brief discussion of early warning systems, and, finally, of the need to investigate other income-generating activities.

The lack of food due to low crop production is compounded by the environmental degradation that is occurring at an alarming rate in the river valley. The degradation is attributed to three main factors: (1) drought, (2) deforestation caused by wood cutting and charcoal production by farmers who need supplementary income to compensate for poor agricultural production, and (3) the overgrazing and destruction of land by transhumant herds or livestock owned by villagers. Research by the University of Arizona under the AGRES II project indicates that many farmers have exacerbated the overgrazing by switching from large stock to small ruminants as a way of hedging their risks. All of these factors have led to sand encroachment into productive agricultural lands, soil erosion due to excessive water run-off or strong winds, and ecological damage such that favorable conditions for fish and other wildlife are being eliminated.

- b. Principal Agricultural and Natural Resource Investment Options. Faced with the need to improve food security, the GIRM and some donors have encouraged investments in irrigated perimeters, which involve mainly rice farming. The performance of existing public perimeters in Mauritania has been unsatisfactory with regard to economic rates of return. The Berg/Shapiro review confirms this fact. Per hectare costs incurred by many projects, especially those of the parastatal SONADER, reportedly are among the highest in the world. In the large German-financed Boghe scheme near Kaedi, the figure is reportedly \$25,000. Adding to the concerns, most observers find that past irrigation schemes have led to such environmental problems as soil salinity and pesticide build-up, as well as social problems centered around tenure rights.

Some optimism has been expressed with regard to the recent tripling of irrigated perimeter hectareage in some areas of the river valley, particularly in the Delta area. OAR/M is not convinced that this demonstrates broader growth prospects. The current expansion is attributed by most local observers to: (1) administrative allocation of land free of charge to some large farmers and business people, (2) the setting of a farmgate price of 19 UM/kilo for paddy that is 7 UM/k above the estimated production cost, and 5 UM/k above the border price for Thai rice, (3) a 45 percent tariff on imported rice, and (4) investor access to "easy" bank loans on which they subsequently defaulted without penalty. The lesson appears to be that the private investors will respond enthusiastically, given incentives, rather than that irrigation is a sustainable growth path investment.

While private-sector investment is to be encouraged, there are apparently some undesirable aspects of the current surge in production. These include the arbitrary allocation of land without adequate tenure rights and without concern about traditional rights and equity. There are frequent reports about inequity and corruption in the competition for land near the river that is suitable for irrigation. Apparently 35,000 hectares, many in 20- to 200-hectare plot sizes, have already been distributed in the Delta and the lower Senegal Valley. Furthermore, the costs and prices of rice are financially unsustainable; the price protection does not give producers and investors an incentive to reduce production costs. Finally, the propagation of an incentive structure to mine the land and further degrade its productive potential is implicit in the present mode of operations. (Such matters will be studied in greater depth by an upcoming AID consultancy; note also that the World Bank-financed structural adjustment credit specifically calls for major reforms in the application of the land tenure law which respond to the concerns of the donor community.)

Traditional farming systems consisting mainly of rainfed and recessional agriculture offer some potential to reduce the food deficit to what agriculturalists from the University of Arizona indicate is economically, socially and environmentally sustainable. Rainfed and flood-recession crops accounted for 74% of the national grain production in the 1988 campaign. In the relatively good rainfall year of 1988, the GIRM reportedly attracted up to 8,000 farmers back to their fields from Nouakchott to cultivate crops. Moreover, a social study conducted by Development Alternatives, Inc. (DAI) in 1987 showed that in a good recessional crop year, a significant number of farmers who had left their villages in the Dirol Plain to seek work in cities returned to cultivate the land. Since recessional crops require few inputs, their current average yields of 0.8 metric tons/hectare could be increased considerably with better practices of soil moisture conservation and pest management. The impressive yield for recessional sorghum in the Lac R'Kiz region of 2 tons/hectares, compared with the national average yield of 0.8 tons, was achieved principally through better soil moisture management and more appropriate planting densities.

- c. Mission Approach. Given the available data on options, OAR/M is proposing to support a natural-resources project in recessional agriculture. The Dirol Plain Improvement Project is based on the following rationales: (1) it represents a sound way of expanding sustainable agriculture over 3,000 hectares by retaining water and rich silt deposits in the fields longer than is usually possible; (2) it contributes directly to the food security and nutritional well being of 3,269 families and 15,000 individuals, who presently figure in the malnutrition statistics; (3) the analyses indicate higher productivity and higher incomes for many rural poor; (4) marketed surpluses would contribute to a degree of drought-proofing in the area surrounding the plain; (5) the project takes advantage of the past coarse grains market reforms; (6) the investment employs low-cost, low-input, traditional farming systems that are well-known by people in the area; and (7) government intervention will be minimal, as farmers will participate in the construction, operation and maintenance of the flood-plain system.

To ensure that there is proper monitoring of this project, as well as to contribute to OAR/M's general understanding of the agricultural situation in the country, OAR/M intends to secure the services of an Agricultural Sector Analyst, probably an economist through the ADS project.

OAR/M will seek an adviser to examine the feasibility of designing an income-generating project as a small, pilot effort in small business and micro-enterprise support, probably in association with a PVO. This adviser will assess agricultural producer and agro-business needs to determine what type of assistance could support production, marketing, transportation and processing improvements. The possibility of supporting other, non-agricultural income-generating activities will also be examined.

- d. Results to be Expected. The Dirol Plain Improvement Project has its risks and will involve careful management. Nonetheless, OAR/M believes that the measurable returns noted above justify the attempt. The project will enhance the natural-resource base of the Plain, increase productivity and improve the lives and well-being of many Mauritians. It presents a model of a community-based sustainable agriculture system that contrasts favorably with the high-cost, high-technology irrigation now being advocated.
- e. Early Warning Systems. OAR/M will continue to use the FEWS project to further improve needs assessments and food-aid programming capabilities. Given Mauritania's drought-prone environment and food dependence, OAR/M sees this project as a fundamental contribution to the country's food security. An FY 1989 buy-in will continue locust surveillance by a PSC entomologist. Further buy-ins or requests for supplemental assistance will be made in relation to other donor contributions and continued monitoring of the locust threat.
- f. Food Aid: Food for Work and Free Distributions. A multi-donor committee will encourage FFW programs which increase income through targeted welfare programs to those most in need. Emergency call-forwards will be made when necessary.

3. Human Resources Development

a. Problem: Shortage of Skilled Persons and Institutional Fragility.

Shortage of skilled human resources in both the public and private sectors is one of the major constraints to Mauritania's economic development. Data gathered by the World Bank in preparation for its large education restructuring project found that 67 percent of employees on the government's civil service roster had not completed primary school and only 6 percent had a high school education. In contrast, the top echelon includes highly-trained and capable cadres, especially in the state-controlled mining sector, which is nearly 100 percent Mauritanian-operated.

The private sector fares no better, with severe gaps in managerial and technical human resources to support new technologies and growth. Lacking a skilled local labor force, modern companies must import technicians either from Dakar, Las Palmas, or Europe to resolve technical problems or maintain equipment.

Employment opportunities for women have been particularly limited although the labor market is changing rapidly as it adjusts to pioneer professional women in banking, management, civil service, communications and education. With women making up 40 percent of primary school enrollment, 29 percent of secondary enrollment, and 23 percent of university places in the 1986-87 academic year, generating employment for these women with vastly improved skills is an acute problem.

b. Progress To Date. The GIRM spends proportionately more on education (33 percent of its annual budget) than many African, and most Asian countries. The costs of meeting national education needs over a huge land area with a low population density are considerable. After years of ill-advised investments in general university education, the GIRM has agreed to World Bank conditions to shift radically its target to basic education with a stronger technically-oriented secondary system geared more closely to the job market. Its overall primary school enrollment ratio, now at 55 percent, will receive increased attention as the GIRM focuses on literacy and numeracy, with a heavy cap on access to the secondary cycle.

The OAR/M has been devoting between 30 and 50 percent of its OYB each year since FY 1985 to human resources development, either through the bilateral projects (HRDP, Rural Health Services, AGRES II) or through the Africa regionals (SHRD III, AFGRAD, and HRDA). Rather than offering assistance to the GIRM's new basic education strategy, the Mission has focused on upgrading the skills of mid-level public-sector employees in key ministries linked to food security, such as Rural Development, Fisheries, Economy and Finance, and Civil Service. Some training assistance has nonetheless been provided for statistics, planning and management in the Ministry of Education.

When the USAID's project-funded HRD division became operational in 1986, the Mission was able to increase dramatically the number of training opportunities for Mauritians, both in the public and private sectors. Combined with regional projects, the OAR/M by the end of CY1988 was funding over 220 Mauritanian participants in long-term training programs in the U.S. (54), Tunisia (125), Morocco, Senegal and Mali. Short-term technical opportunities also saw considerable increases. This compares to approximately 26 long-term participants under AID funding in 1984.

This major investment in human resources development directly supports key objectives of OAR/M's strategy. The HRD activities are woven through all mission projects and serve to enhance the achievement of sectoral objectives in a critical way. Although other donors annually offer scholarships for their universities, no other has embarked on a targeted human resources development strategy designed to alleviate development constraints specifically related to food security. And no other donor earmarks 30 to 50 percent of its training slots for employees of private sector firms or women.

The appropriateness of the HRD strategy was strongly re-affirmed in March 1989 by the mid-term evaluation of the HRD bilateral project (682-0233).

- c. Results to be expected. Appropriate training keyed to upgrading technical and managerial skills of public- and private-sector personnel will continue to be the principal focus of OAR/M's HRD approach. Increased attention will be placed on short-term technical training targeted to specific labor market needs of the private sector. New training assessments will be conducted in sectors critical to food production, such as agriculture, to identify shortages and to propose training plans.

New in-country training programs specifically for women will be designed, and quotas will be established for women candidates for long-term training slots in neighboring African countries and in the U.S. Already significant progress has been made in placing Mauritanian women in long-term academic programs outside Mauritania. These efforts will be reinforced.

Due to the migration of men from the rural areas to the cities or to other countries, women in the Senegal River Valley have become more actively involved in agricultural production and many women's vegetable-producing cooperatives have been formed. A study will be made by the Agricultural Research II project to provide more information about women's role and needs in agricultural production and related activities. The findings of the study will help donors design relevant assistance programs, such as agricultural credit and training.

As new training initiatives evolve, the HRD Division will devote more attention to ensuring a smooth integration of returning participants into productive employment.

IV. RESOURCES

A. BUDGET PROGRAMMING

DFA PROJECT TITLES AND NUMBERS	FY89 (Rev.)	FY90 (Est.)	FY91 (Est.)	FY92 (Est.)
1. Small Proj. Assist. (698-0232)	40	40	40	40
2. Dirol Plain Improvement (682-0237)*	890	1,310	800	-
3. Small Bus. Support (682-0241)*	-	150	160	690
4. Prm. Dev. & Support (682-0510)	170	300	300	300
5. Ag. Research II (682-0957)*	575	-	-	-
6. HRDA (698-0436)	700	-	200	300
7. HRDP (682-0233)	-	700	800	1,070
8. FEWS (698-0466)	200	100	200	200
9. AELGA (698-0517)	115	-	-	-
10. ADS (698-0464)*	-	300	400	400
11. SRFMP (625-0974)*	310	100	100	-
TOTAL	3,000	3,000	3,000	3,000

* Projects with additional counterpart fund contributions from CSA:
Dirol Plain Improvement Project - \$2 million equivalent
Small Business Support Project - \$2.5 million
Agricultural Research II Project - \$0.2 million
The other projects may receive counterpart funds for in-country training activities.

B. OAR/MAURITANIA MANAGEMENT

OAR/M's proposed strategy recognizes staff and operating budget constraints. To administer the strategy, OAR/M will use program and trust funds whenever feasible. The management plan minimizes administrative burdens on direct-hire employees and OAR/M's administrative costs for project activities.

The objectives of the management strategy are to:

1. Provide adequate administrative support to Mission and Project Personnel.
2. Minimize management and project officer involvement in administrative details.
3. Reduce project demands on OE budget and staff.
4. Assure mission control over the implementation process.
5. Minimize administrative overhead for project activities.

Mauritania's difficult environment and lack of infrastructure and dependable services result in high administrative costs. Over the past year OAR/M has undertaken significant cost-reduction measures. Two USDH positions were eliminated and the OE budget has been trimmed from \$1.5 to \$1.1 million. OAR/M management has negotiated with the JAO to lower service costs. Recently OAR/M announced its plan to withdraw from personnel services at considerable savings. Currently JAO staff is committed to reducing operating costs to a more acceptable level. In addition, AID project support provided through JAO is now directly billed to the projects, allowing OAR/M to provide project support without additional burdening of EXO staff.

To handle the ongoing implementation responsibilities and intensified participation of top management in development policy dialogue, OAR/M will establish a Contract Support Unit. This unit, under the Executive Office, will include an experienced logistician with knowledge of the local business and physical environments as well as AID project implementation; a records management person in charge of administrative detail, billings, etc. and a technical specialist to coordinate maintenance and repair. The cost of this unit will be shared among the projects. The unit will operate in coordination with the existing EXO staff including the Supply Management Office which currently devotes more than 75% of the time to project procurements.

The USDH Controller position was eliminated in 1988. In October 1989 the Executive Officer assumed responsibility for daily supervision of the Controller operation while the actual controller function was shifted to WAAC. The unit, which includes a chief accountant, two voucher examiners, a financial analyst and a secretary, have had a full workload during the adjustment period following transfer of controller responsibilities to WAAC in Abidjan. As routines are reestablished, the staff will be capable of handling the increased workload implied in the management plan without increased staffing. With WAAC's technical assistance, vulnerability controls will be maintained.

The proposed management plan provides the management support to achieve the strategy objectives in an efficient manner.

ANNEX 1

WOMEN IN DEVELOPMENT STRATEGY

Current Policy Environment

Integration of women into all aspects of the economic and social life of the nation received high government priority during the past year. A new Ministry of Women's Affairs was established, headed by a female Minister (the former Minister of Mines and Industry). In the private sector, women created two new non-governmental organizations, the Office of Assistance and Coordination for the Promotion of Mauritanian Women and the Mauritanian Association for the Promotion of the Family, the latter affiliated with the International Planned Parenthood Federation. Within the past 18 months, women's producer cooperatives and entrepreneurial associations have staged two national fairs in Nouakchott to highlight the contribution of women to the nation's economic development. Most recently, over one thousand Nouakchott market women organized to create an independent privately-owned multi-purpose commercial center. One of the new NGOs also plans to launch its own financial institution to lend credit to small entrepreneurs of either sex.

OAR/M WID Activities

OAR/Mauritania, through its Human Resources Development projects, has trained significant numbers of women to take an active role in the development of a vibrant private sector in Mauritania. In 1988, HRD sent 13 women for long-term degree programs in the following fields: computers, business systems, executive secretarial skills, library science, business accounting, fisheries and sociology. They also provided nine short-term, non-degree program opportunities in business, banking, fisheries and population management. Eleven new training slots are targeted for women participants under the Human Resources Development Assistance project. This project includes a 35% target for women participants which OAR/M expects to reach in 1989.

OAR/M's health and population projects have focused on women both as recipients of services and as health workers. A significant component of the Rural Health Services Project was devoted to training nurses, Community Health Workers (CHWs) and Traditional Birth Attendants (TBAs). While many of the 25 nurses and 66 CHWs trained (as of June 1988) under this project are men, all of the 128 TBAs trained have been women. Two professional women statisticians have received training in computer applications and program management for health information systems. This project has also financed two women participants in short-term training.

Under the Sahel Population Initiatives (SPI) Project, two women received training in the management and administration of family planning programs and two participated in a family planning observation tour to Morocco and Tunisia. The major focus of SPI project activities has been on women -- analyzing World Fertility Survey data, training and observation tours in family health and child spacing, program support for a rural maternal child health center, and support to the Family Health Referral Center in Nouakchott.

The Family Health Initiatives Project, a recent OAR/M buy-in, foresees the following activities: (1) promoting family planning through the women's cooperative and through private employers, (2) developing family planning clinical skills and curriculum development for nurses training, (3) supporting programs in natural family planning and (4) financing professional meetings and conferences for family planning administrators.

The PRITECH (diarrheal disease control), World Vision (nutrition and Vitamin A) and Doulos Community (nutrition) projects primarily target women. Doulos will begin to develop income-generating activities for women, in addition to its nutrition activities for women and children under five. OAR/M will request that these groups provide disaggregated data on the numbers of women being served.

In the agriculture sector, under the Agricultural Research II (AGRES II) project, two comprehensive studies of family nutritional status along the Senegal River were undertaken in 1988 by four U.S.-based women researchers. Women were interviewed in four villages in the Brakna, Guidimaka and Gorgol Regions. One of these researchers, an anthropologist, will return to Mauritania in 1989 to undertake an in-depth study of women in agriculture in 12-16 villages. She plans to lecture on the role of women in agriculture at the National Center for Agricultural Research and Development (CNRADA) at Kaedi, as well as the University of Nouakchott. She will also evaluate the curriculum at the National Agriculture Extension School in Kaedi in order to make it more relevant to women students. Currently, approximately 20 of 150 students are women. In addition, AGRES II plans to finance an observation tour to the Gambia for the only female researcher at CNRADA.

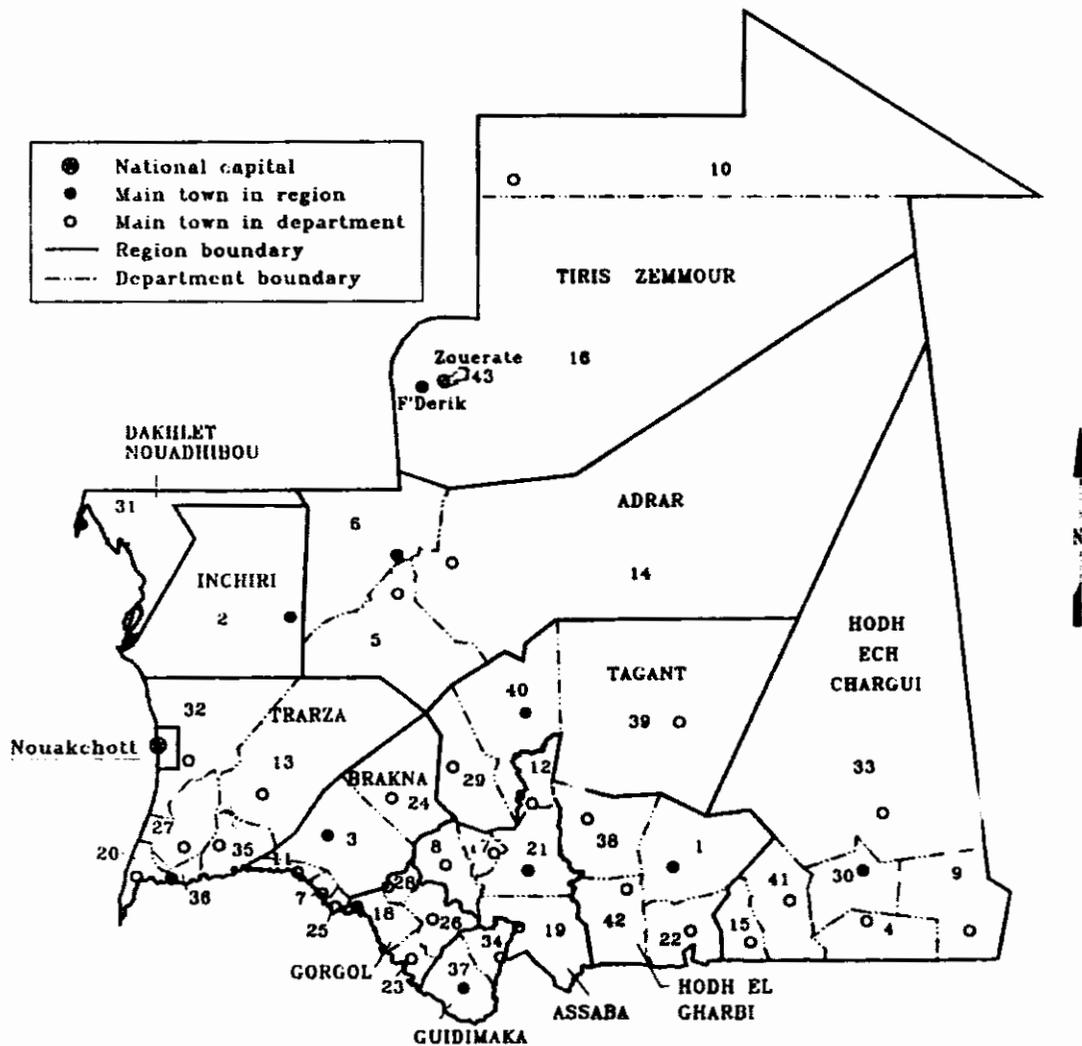
OAR/M's Food for Peace Office has few female-specific programs in that they focus on the family unit rather than on individuals. The emergency distribution program, a holdover from the drought, focusses on needy families. The 206 sales program, which generates currency for Food for Work, agricultural and food security projects, is geared towards provision of basic needs. Although there are some women involved in Food for Work, sex-disaggregated data is currently not available. An agro-forestry project, funded under the 206 program and implemented by Peace Corps, plans to develop energy-efficient stoves, which will directly benefit women. Quantitative data of this activity on the impact on women's lives will be generated.

With UNFPA, OAR/Mauritania spearheaded the creation of a Women in Development Donor Network, which has met regularly since June 1988. It was envisioned as a forum among donors for the exchange of information and coordination of activities in the critical area of women's participation in and benefit from development activities. While perhaps not as yet a "force" in the community, the informal network has now been formalized under the UNDP umbrella. In addition, women leaders in the Mauritanian community have been invited to participate on a regular basis. Programs envisioned for the coming year include panels on the legal rights of women in Mauritania and international conventions; female education in Mauritania; female access to employment opportunities - private, public and informal sectors; access to credit for women's enterprises; and access to social services by Mauritanian women.

Future Activities/WID Action Plan

1. Policy dialogue with the GIRM on the importance of involving more women in all aspects of the development process will be pursued.
2. Sex-disaggregated data will be reflected in forthcoming program and project documents when available. All new programs/projects will include data collection mechanisms by gender.
3. OAR/M's Human Resources Development division will continue to target women for training programs and seminars, as will the other technical offices in their projects.
4. The Health, Nutrition and Population division will determine the level of sex-disaggregated data available from the 1988 Mauritania National Census, and will make that data available to other OAR/M technical offices for use in project design.
5. OAR/M will explore the possibility of co-financing or buy-in funding of some activities of the new Ministry of Women's Affairs, new women's NGOs and/or the nationwide women's crafts and agricultural cooperatives. This could be on a matching basis with PPC/WID.
6. OAR/M will continue to support, encourage and participate in the Women in Development Donor Network.

Administrative Units (Regions and Departments)



Department	RGN Code	Department	RGN Code	Department	RGN Code
1. Atoun el Atrous	HC 021	16. F'Derik	TZ 112	30. Nema	HC 014
2. Akjoujt	IN 121	17. Guerou	AS 033	31. Nouadhibou	DN 031
3. Aleg	HR 051	18. Kaedi	GO 041	32. Oualata	TR 064
4. Amourj	HC 011	19. Kankossa	AS 034	33. Oualata	HC 015
5. Aoujelt	AD 071	20. Keur Massene	TR 062	34. Ould Yenge	GU 101
6. Alar	AD 072	21. Kiffa	AS 035	35. R'Kiz	TR 065
7. Bababe	BR 052	22. Kobenni	HC 022	36. Rosso	TR 066
8. Barkewol el Abiod	AS 031	23. Maghama	GO 042	37. Selibaby	GU 102
9. Bassikounou	HC 012	24. Magta Lahjar	BR 054	38. Tamchekket	HC 023
10. Dir Mogrein	TZ 111	25. M'Bagne	BR 055	39. Tichit	TA 092
11. Doghe	BR 053	26. M'Bout	GO 043	40. Tidjtkja	TA 093
12. Boumdeid	AS 032	27. Mederdra	TR 063	41. Timbedra	HC 016
13. Boutilmit	TR 061	28. Monguel	GO 044	42. Tintane	HC 024
14. Chinguetti	AD 073	29. Moudjeria	TA 091	43. Zouerate	TZ 113
15. Djigueni	HC 013				

Source: GIRM/MEF/CEDS 1987 draft
FEWS/PWA, December 1988