INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

ISLAMIC REPUBLIC OF MAURITANIA

Completion Point Document Under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

Prepared by the Staffs of the International Monetary Fund and the International Development Association[1]

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I. INTRODUCTION

1. In February 2000, the Executive Boards of the IMF and the IDA agreed that Mauritania had met the requirements for a decision point under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). The debt relief agreed was US$622 million in Net Present Value (NPV) terms, calculated to bring the NPV of Mauritania's external debt to a sustainable level of 250 percent of fiscal revenue as of end-December 1998.[2] This relief represents a reduction of about 50 percent of the NPV of debt disbursed as of end 1998. It also amounts to a reduction of US$812 million or about 45 percent in the nominal value of the debt service over time. At the same time, the Boards of the Fund and the IDA agreed to deliver interim debt relief in the ratios of 58 and 65 percent of debt service due, respectively, from 2000 until the completion point. This amounted to SDR 13.4 million for the Fund and US$13.1 million for the IDA.[3]

2. In early 2001, the Boards considered that Mauritania's Poverty Reduction Strategy Paper (PRSP) provided a sound basis for Bank and IDA concessional assistance. The Boards will consider the first annual PRSP progress report along with the Joint Staff Assessment (JSA) at the same time as this document. The Board of the IMF will also discuss the staff report for the 2002 Article IV consultation and the fifth review under the PRGF arrangement, while the Board of the IDA will consider Mauritania's Country Assistance Strategy (CAS) along with the above documents.

3. This paper recommends that the Boards approve the completion point for Mauritania under the enhanced HIPC Initiative. The Boards had agreed that this completion point could be reached on the basis of implementation of some key measures and satisfactory performance with respect to the implementation of the full PRSP and the objectives set in the decision point document. These measures and objectives relate to macroeconomic, structural, and social sectors. In the opinion of the staffs, Mauritania has implemented successfully most of the key measures while ensuring satisfactory progress with respect to the objectives, as it maintained a strong performance under its current (and previous) PRGF-supported programs.

4. This paper is organized as follows: Section II assesses Mauritania's performance toward meeting the conditions for reaching the completion point as set out in the decision point document. Section III reviews the status of creditor participation and the delivery of debt relief to Mauritania under the enhanced HIPC Initiative and presents the results of the updated Debt Sustainability Analysis (DSA). Sections IV and V present the conclusions and issues for discussion.

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[2]See decision point document (EBS/00/5, 1/14/00, and IDA/R-2000-8).

[3]The Fund delivered interim debt relief to Mauritania in the amount of SDR 3.76 million in 2000, SDR 6.16 million in 2001, and SDR 3.48 million from January to June 2002. IDA's interim relief to Mauritania amounted to US$4.6 million in 2000, US$5.5 million in 2001, and US$2.9 million from January to June 2002.

II. Assessment of Requirements for Reaching the Completion Point

5. As set out in the decision point decision, the conditions for reaching the completion point are (i) preparing a broad-based, fully participatory PRSP with at least one year of successful implementation; (ii) maintaining stable macroeconomic conditions while keeping on track with the Fund-supported program; (iii) implementing satisfactorily the policy and social reforms described in the decision point document, including completing the privatization program encompassing major utility companies, making significant progress toward commercial banks' full compliance with prudential regulations (including targets for credit concentration ratios), and improving economic and social conditions of the poor and their access to education and health care, with specified quantitative targets.

6. After reaching the decision point under the enhanced HIPC Initiative, the Mauritanian authorities focused their efforts on reaching the completion point. For the most part, they have been successful. All the macroeconomic and structural conditions have been met, except for commercial banks credit concentration ratios and the privatization of SOMELEC (see below). Good progress has been made on the social front, although not all the quantitative social targets, mainly in education, have been strictly met despite the authorities' best efforts. The staffs consider that sufficient progress has been made toward reaching these targets to warrant the Boards determining that Mauritania has reached its completion point under the enhanced HIPC Initiative (Box 1).[4]

[4]The decision point document (Box 7) indicates that full implementation of the measures (macroeconomic and structural) and satisfactory performance with respect to the objectives (relating to social sectors and poverty reduction) would allow Mauritania to reach completion point under the enhanced HIPC Initiative.

Box 1. Mauritania: Measures and Objectives to Reach the Floating Completion Point

Full implementation of the measures and satisfactory performance with respect to the objectives reported below would allow Mauritania to reach the completion point under the HIPC Initiative:

A. Macroeconomic and Structural	
1. Stable **macroeconomic conditions** characterized by consistent and sustainable internal and external balances, allowing for an increase in expenditures on well-targeted social and poverty reduction programs, subject to the availability of external financing and adequate domestic absorptive capacity.	Implemented
2. An exchange rate policy that encourages export diversification and external competitiveness, in which the official exchange rate is fully determined by the actual rate used in the transactions of the interbank market, with the participation of exchange bureaus. This policy is to be supported by a **foreign exchange system** that is free of restrictions on payments and transfers for current international transactions, and where the spread between the interbank and the parallel market rate for cash transactions is maintained below 10 percent.	Implemented
3. The implementation of tax **reform and good governance** measures, including the elimination of tax exemptions, the unification of VAT rates, the creation of the Large Tax Payers Unit, and the adoption of standard bidding documents for public procurement contracts.	Implemented
4. The **privatization** of *Air Mauritanie* and of parts of the major utility companies (OPT and SOMELEC), according to the terms agreed with Bank and Fund staffs.	Substantially implemented. Some technical delays for SOMELEC.
5. Significant progress toward commercial banks' full compliance with the general **prudential regulations,** as established in the 1995 Banking Law, and in particular the respect by each bank of the following ratio of risk exposure to capital: 20 percent for a single borrower and 40 percent for a group of connected borrowers.	Satisfactory progress. Compliance with all prudential ratios except for risk exposure ratios, which are set in context of *contrats programmes.*
B. Social Sector and Poverty Reduction	
1. Preparation of a **broad-based fully participatory PRSP** as part of an effectively coordinated poverty reduction strategy, Bank and Fund Boards' endorsement of the PRSP and track record of successful implementation for at least one year.	Implemented
2. Enhancement of **economic and social conditions of the poor** in order to reduce the share of the population below the poverty line to 40 percent.	Satisfactory progress. Share reduced to 46 percent in 2000.
3. Improvement of access and survival rate in primary and secondary education so as to:	Satisfactory progress *School Year 2000–01:*
• Raise gross enrollment rate of primary education to 99 percent.	88 percent
• Increase the share of girls in total primary enrollment to 49 percent.	49 percent
• Augment the gross enrollment rate of lower secondary education to 29 percent.	20 percent
• Improve the survival rate at the entrance of 5th grade in primary education to 67 percent.	55 percent
4. Improvement of health status and enlarged access to quality health care and nutrition:	Significant progress.
• Set up a central procurement facility for essential drugs and contraceptives.	Implemented
• Increase child vaccination rate to 70 percent.	67 percent (02/2002)
• Maintain the HIV prevalence rate at the level of 1998 (less than 1.2 percent HIV positive among blood donors).	0.52 percent (2001)

A. Poverty Reduction Strategy Implementation

7. Mauritania completed its full PRSP in a broad participatory process in early 2001. This homegrown strategy was well received within Mauritania and by the international community and donors. It identifies the right priorities and draws a clear road map toward reaching ambitious poverty reduction targets. The PRSP is based on four main pillars: (i) accelerating growth; (ii) anchoring growth in the sphere of the poor; (iii) promoting human resources; and (iv) promoting institutional development based on good governance. The PRSP has become the principal framework for policy discussions within the government and with donors and development partners, including with the IDA and the Fund.[5]

8. In their joint assessment of the PRSP, the staffs found that it presented a credible strategy, although the targets were very ambitious (especially with regards to social and poverty indicators).[6] The staffs noted the need to spell out clearly the links between policies and poverty reduction; revise the poverty profile on the basis of a new household survey; upgrade monitoring systems; strengthen public expenditure tracking; and diversify the export base to enhance the competitiveness of the economy and reduce its vulnerability to external shocks. The staffs also warned about the significant risks associated with the strategy, including those arising from the above concerns as well as from possible resistance from certain groups with vested interests, and a shortfall in external financing.

9. **The implementation of the PRSP strategy has been successful during its first year, as documented in the first annual PRSP progress report and discussed in the associated (JSA).**[7] In 2001, important progress was made in the macroeconomic, structural, and social areas, including: (i) continued sound macroeconomic policies and tax reforms to improve the environment for private sector-led growth; (ii) preparation of medium-term expenditure frameworks for the priority sectors (health and education), used for spending allocations in the context of the 2002 budget; and (iii) the launching of the ten-year urban development plan and of the implementation of a ten-year education development program. The progress report also revised the poverty reduction strategy targets in light of the 2000 household survey. The participatory process used in the preparation of the progress report was extensive, involving representatives from the private sector, NGOs, elected officials, civil society, and Mauritania's development partners.

10. **Notwithstanding these efforts, weaknesses remain at the level of project implementation, monitoring of public expenditures, and evaluation of their impact on**

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[5]The most recent data available at that time was based on a survey of household living conditions, dating back to 1996.

[6]The lack of recent data at the time made it more difficult to make a more accurate judgment.

[7] See EBD/02/73, 4/30/02, and IDA/SecM2002-0259.

the poor. As stated in the JSA of the progress report, improvements are needed in the areas of implementation capacity, tracking of poverty reducing expenditures, and the efficiency of public spending on education and health services. In addition, the staffs considered that further work is needed to analyze the outcomes of the recent household survey, so that policy lessons could be drawn for the future, and to make poverty and social impact analysis an integral part of future progress reports and updated PRSPs.

B. Macroeconomic Performance and Structural Reforms

Macroeconomic Performance

11. **In 2000–01, performance under the PRGF-supported program has been strong, with all reviews completed on time.** Real GDP growth averaged 4.8 percent (compared to 4.2 percent over 1995–99), despite the adverse impact of the global economic slowdown in the second half of 2001 on Mauritania's export of iron ore.[8] Inflation remained in check with the average inflation rate at below 5 percent in both years, and the current account deficit (excluding official transfers) remained under control, at 2 percent of GDP in 2001 when corrected for the delayed fishing license fee payment by the EU. Official gross reserves increased to about 7 months of imports by end-2001 (Table 1). All reviews under the PRGF arrangement were completed on time with most of the performance criteria and benchmarks being observed, and a few slippages resulted from technical difficulties and factors beyond the authorities' control (Table 2).

12. **Macroeconomic stability in the last few years owes much to the pursuit of prudent fiscal and monetary policies.** The overall budget position has been generally cautious, with expenditures being reoriented toward the social sector and poverty reduction (Table 3).[9] Tax collection efforts continued to improve with better tax administration. The budget deficits were financed entirely through external concessional loans and grants, and the government has been accumulating deposits in the banking system. In the context of low inflation, the central bank undertook steps to ease monetary conditions with a view to encouraging private sector investment.[10]

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[8]Growth was led by the nontraditional sectors of construction and public works and telecommunications. Privatization of the telecom company and the sale of two cellular licenses in these two years helped boost private sector and foreign direct investment. However, adverse exogenous shocks to agriculture and mining sectors affected growth in 2000 and 2001. Like in most HIPCs, movements in international commodity prices have also affected Mauritania, since two commodities, fish and iron ore, account for most exports.

[9]Excluding the impact of the shareholder advance to Mauritel, which the government granted in 2000, and the delay in the EU fish license fee payment in 2001, the overall budget balance was in deficit of 0.6 percent of GDP in 2000 and in surplus of about 2.7 percent of GDP in 2001.

[10]The reverse repo-rate (discount rate) declined from 18 percent in early 2000 to 11 percent in 2001, prompting a reduction in lending rates applied by commercial banks.

13. **The exchange rate has become more responsive to market forces over the last two years, and external competitiveness has been maintained.** The central bank adopted several measures aimed at deepening the foreign exchange market, as well as unifying the expanded exchange market rate (MCE) and the cash rate offered mostly by exchange bureaus.[11] All surrender requirements of export proceeds, including those of the state mining company, SNIM, have been eliminated. While there has not been an exchange rate target, the authorities closely monitored developments in the exchange market with a view to maintaining competitiveness and helping to diversify the export base. The real effective exchange rate remained virtually unchanged in 2000–01. However, one area where action is needed is for the central bank to improve its foreign exchange cash management including by ensuring a sufficient supply of foreign bank notes (mainly U.S. dollar) to meet any seasonal rise in demand and thus reduce the gap between the interbank rate (transfer rate) and the parallel rate for cash transactions (cash rate). In the last two years, this gap has remained below 10 percent. There are no restrictions on the making of foreign exchange payments and transfers for current international transactions.[12]

Structural reforms

14. **Important tax and public expenditure management reform measures were implemented in 2000-01.** Structural fiscal measures aimed at improving tax collection included: (i) strengthening tax administration, in particular, by creating the large tax payers unit; (ii) simplifying the taxation system through the unification of VAT rates and elimination of VAT exemptions except for those that protect the poor; and (iii) reducing the tax burden by gradually lowering the corporate income tax rate from 40 percent in 2000 to 25 percent in 2002. In the area of public expenditure management, a new procurement code was adopted in late 2001.[13] This is expected to expedite the procurement process, increase transparency of government operations, and improve implementation capacity. A budget execution law (*loi de règlement*) will be introduced with the 2003 budget, and a set of measures will be adopted in 2002 to improve budget execution and tracking.

15. **On prudential regulations and banking sector reform,** the central bank argued that given the small size of the Mauritanian economy and the limited number of creditworthy borrowers, respecting the established concentration ratios within a short time span could lead, in the absence of a large increase in bank capital, to lower quality assets in banks and a reduction in private sector credit that could adversely affect economic growth. After

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[11]The average daily volume of transactions in the MCE increased from about US$120,000 in January 2000 to about US$400,000 in December 2001.

[12]Mauritania accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement in July 1999.

[13]The related implementing regulations were signed by the authorities in March 2002.

consultation with the Fund, an alternative approach was adopted to enforce credit concentration limits, while maintaining compliance with other prudential regulations (EBS/01/59, 4/24/01, ¶26). This approach consists of setting new credit limits on a bank-by-bank basis (maintaining the targets set at the decision point), in the context of the *contrats programmes* signed between the central bank and commercial banks, taking into account each bank's situation.[14] Since the signing of these *programmes* in June 2001, banks have been working toward meeting their obligations and are expected to reach the concentration limits according to their respective (agreed) calendars (Box 2).

Box 2. Mauritania: Banking System's Concentration Ratios[1]

	Group Borrowers					
	Target for End-2001	Status at End-2001[2]	No. of Groups > Target	Target for End-June 2002	Status at End-March 2002[2]	No. of Groups > Target
Bank 1	62.5%	103.2%	2	60.0%	77.40%	1
Bank 2	62.5%	63.7%	1	60.0%	61.80%	1
Bank 3	62.5%	76.5%	1	60.0%	61.40%	1
Bank 4	47.5%	2.10%	0	40.0%	17.6%	0
Bank 5	47.5%	13.1%	0	40.0%	11.2%	0
Bank 6	47.5%	23.9%	0	40.0%	24.1%	0
Bank 7	47.5%	55.8%	1	40.0%	49.40%	1

	Individual Borrowers					
	Target for End-2001	Status at End-2001[2]	No. of Indiv. > Target	Target for End-June 2002	Status at End-March 2002[2]	No. of Indiv. > Target
Bank 1	35%	57.4%	2	32.5%	33.0%	1
Bank 2	35%	34.0%	0	32.5%	34.0%	1
Bank 3	35%	62.1%	3	32.5%	observed	0
Bank 4	25%	observed[3]	0	20%	observed[3]	0
Bank 5	25%	observed[3]	0	20%	observed[3]	0
Bank 6	25%	observed[3]	0	20%	observed[3]	0
Bank 7	25%	23.8%	0	20%	21.3%	1

1/ These ratios are set in the *contrats programmes* and require all banks to reduce concentration limits to 40 percent for a group of borrowers and to 20 percent for individual borrowers. Three banks are scheduled to meet these targets by end-2003.
2/ The highest concentration ratio registered.
3/ Details unavailable.

[14]This approach was discussed and supported by IMF Executive Directors at the time of the third PRGF review and the 2001 Article IV consultations in May 2001.

16. **The privatization program is complete except for SOMELEC, which has experienced some technical delays that are beyond the authorities' control.** The privatization of *Air Mauritanie* was completed in July 2000 and that of the telecom company OPT in April 2001; the latter was a notable success by regional and international standards.[15] Also, important steps have been taken in the last two years to bring SOMELEC to the point of sale, including the adoption of the electricity code, the law on privatization, and the law on multisectoral regulation. The bidding documents were completed by September 2001 and the prequalification for bids by end-November 2001. The privatization was scheduled for end-April 2002. However, because of unfavorable market conditions related to difficulties in the international energy sector and the reticence of strategic partners to start new investment ventures (following the September 11 events, the Argentina crisis, and the collapse of Enron), three out of the five companies that had prequalified for the bid withdrew. The two remaining companies requested extensions for further technical evaluations.[16] At end-April, one of the two companies also withdrew from the operation, and the sole remaining bidder has until May 9, 2002, to make an offer. The Bank and Fund staffs are of the view that allowing appropriate time for completing the privatization operation is preferable to selling the company at below market price. The authorities have requested the IDA to provide a partial risk guarantee to assist with the privatization.

C. Poverty Reduction and Social Sector

17. **Good progress has been made toward reaching the poverty and social objectives set in the decision point document, although meeting some of the quantitative targets proved to be more difficult than originally envisaged.** With the benefit of hindsight, these targets, which exceeded the Millennium Development Goals (MDGs), proved to be overly ambitious. The unrealistic nature of some targets has become clear in light of the targets set in the PRSP (and later in the PRSP progress report)—targets based on a more in-depth analysis and a broad-based participatory process—and the outcomes of the 2000 household survey.[17] During the IDA Board discussion of the decision point, Executive Directors stated that some indicators and policy actions would need to be revised in the context of the PRSP. In the same context, the Fund Board also called for flexibility in interpreting social indicators. At the time of the decision point discussion by the Fund Board on February 8, 2000, some Executive Directors expressed concern that the achievement of some

[15]The privatization of the national telecom company Mauritel was a major success, yielding the equivalent of US$4,065 per access line (the highest result of any strategic sale of a state telecom operator recorded in Africa). This operation concludes the first phase in the reform of the telecom sector, which included, in addition to the privatization operation, the launching of cellular services with the sale of one license to Mauritel and a second one to an international operator, and the opening of international telephone services to competition.

[16]Some of the technical delays that occurred at the start of this operation were also partly the responsibility of the advisor (a reputable investment bank) that the government hired to be in charge of this operation.

[17]See JSA of the PRSP (EBD/02/73, 4/30/02 and IDA/SecM2002-0259).

of the social indicators is not completely under the control of the authorities, and agreed that the completion point conditions in the social area should be interpreted flexibly. This call for flexibility was reiterated during the discussion of the fourth review under the PRGF arrangement on November 26, 2001, as Directors hoped that Mauritania would reach the completion point expeditiously and before mid-2002, and expected Fund staff to show flexibility in this matter.[18]

Poverty

18. **According to the recent household survey, the poverty situation has been improving, but not to the extent envisaged at the time of the decision point.** The decision point document expected that improving economic and social conditions of the poor would reduce the share of population below the poverty line to 40 percent at the completion point. This proved to be an unrealistic target if the completion point is to be reached this year or even in the next two years, as was demonstrated by the 2000 household survey, the results of which became available in late 2001. This survey showed a steady decline in the national poverty rate to 46.3 percent in 2000, from 50.6 percent in 1996 and 56.6 percent in 1990, although this was not uniform across regions. In 2000, poverty increased in Nouakchott, where the poor migrated from the rest of the country and in the Senegal river region, which suffered from floods during the 1999–2000 agricultural season (Box 3). On the basis of this outcome, and in view of the slower growth rates resulting from weaker external demand for Mauritania's iron ore exports, the PRSP progress report revised the poverty targets for 2004 to 42.3 percent (from 38.6 percent under the PRSP) and the extreme poverty target to 26 percent (from 21 percent under the PRSP). The revised targets, with poverty targeted to decline to less than 20 percent and extreme poverty to below 3 percent in 2015, remain relatively ambitious but attainable if growth is as strong as projected. To this end, the PRSP outlines steps, underway or planned, to enhance competitiveness and to diversify the export base in order to reduce external vulnerability and the associated downside risks on poverty (Box 4).

[18]BUFF/00/18, 2/8/00, and BUFF/01/79, 11/26/01.

Box 3. Mauritania: Poverty Diagnostics

(In percent)

		1996	2000		1996	2000
Below the poverty line				**Geographic distribution**		
	Total population	51	46	Nouakchott	21	25
	Urban households	30	25	River-based rural	60	72
	Rural households	66	61	Nonriver-based rural	72	55
				Other towns	39	26
Extreme poverty						
	Total population	33	31	**Inequality**		
	Nouakchott	08	12	Gini coefficient	38	39
	River-based rural	37	54			
	Nonriver-based rural	53	39			
	Other towns	22	13			

Source: The 2000 household survey and PRSP.

Box 4. Mauritania: Actions Oriented Toward Poverty Reduction

Key elements of Mauritania's recent PRSP efforts include: (i) maintenance of a stable macroeconomic environment; (ii) measures to improve the efficiency and poverty-reducing impact of public expenditure; (iii) promotion of private investment; (iv) rural development and rural employment creation; and (v) strengthening of basic infrastructure.

Specific measures underway and planned to support these key areas include:

- Efforts to simplify the tax system and to improve mobilization of domestic revenues;
- Reform of the investment code, the regulatory framework, and the procurement code;
- Refocused strategy for developing basic infrastructure (notably roads, water supply and energy);
- Ten-year plan for urban development;
- Ten-year education development plan;
- Medium-Term Expenditure Framework (MTEF) for priority sectors: education, health, rural, and urban development, and infrastructure; and
- Wide recognition that these actions need to be complemented by strengthened implementation capacity, enhanced public expenditure tracking, and further improvements in monitoring systems.

Education

19. **Satisfactory progress has been made toward meeting the objective of improving access and retention rates in primary and secondary education.** The authorities, in collaboration with stakeholders and donors, have made significant efforts toward making the education system more efficient and more equitable. While falling short of the ambitious targets set in the decision point document, the gross primary education enrollment rate of 88 percent reached in 2000–01 (against a target of 99 percent) and the retention rate at the entrance of the 5th grade in primary education (55 percent against a target of 67 percent) represent major achievements (Box 5). However, some of the targets set in the decision point document did not adequately take into account the time needed to achieve some of these quantitative targets, as they were set prior to the preparation of a comprehensive education sector study. This culminated in a ten-year education sector development plan that started with the 2001–02 school year, articulating new strategies to serve the needs of the poor.

Box 5. Mauritania: Developments in Education Indicators

(In percent)

	1990	1996	2001	Target
Education				
Gross enrollment rate of primary education	46	82	88	99
Share of girls in total primary enrollment	42	46	49	49
Gross enrollment rate of lower secondary	15	18	20	29
Survival rate at the entrance of the 5th grade in primary education	-	-	55	67

Sources: National Statistical Office (2001 Household survey); Health and Social Affairs Ministry; and the World Bank.

20. **Efforts have been made to improve the quality of education services.** All government actions currently underway aim at improving education indicators and making the education system more efficient and more equitable. In 2000–01, a large number (about 2,000) of teachers were recruited, and more classrooms were constructed in rural areas to improve enrollment and limit dropouts. Regional action plans with outcome indicators are currently being finalized. In addition, in-service teacher training courses were organized on multigrade teaching and the teaching of large pedagogic groups. In accordance with the bilingual education reforms, current teachers were provided additional training in French and Arabic. During the last two years, 980,000 additional textbooks were made available to children at primary schools. Management of regional administrative budgets has been decentralized to improve service delivery. However, a great deal still needs to be done in the training of teaching staff to better link the utilization of these resources to sector objectives.

Health

21. **Most of the objectives in the health sector have been met** (Box 6). The setting-up of a central procurement facility for essential drugs and contraceptives was completed in 2001, and an aggressive HIV/AIDS information campaign (with specific activities such as condom distribution and health education) was launched to prevent and reduce the incidence of HIV/AIDS—not an endemic problem in Mauritania. In February 2002, the rate of vaccination (tuberculosis, polio, measles, mumps, diphtheria, and tetanus) reached 67 percent (as compared to the target of 70 percent) as a result of the aggressive immunization program that the government has been carrying out since June 2001. A health and social protection MTEF was developed with six key programs aimed at both moving towards the MDGs and protecting the health of the poor. The results of the MTEF translated into an increase in budgetary allocations in the context of the 2002 budget.

22. **Despite this progress and the authorities' determination, considerable risks remain,** as noted in the JSA of the PRSP progress report. These relate to (i) limited institutional and managerial capacity at the ministry of health; (ii) vested interests that in the past had resulted in a disproportionately smaller share of public spending on health received by the poor; and (iii) the still untested and underdeveloped decentralized planning and budgeting system required to serve poor groups in remote areas.

Box 6: Mauritania: Developments in Health Indicators

(In percent)

	1996	2002	Target
Health			
Child vaccination rate	30	67	70
HIV prevalence rate among blood donors	0.5	0.52	≤ 1.2
Setting-up of a central procurement facility for essential drugs and contraceptives	Done		

Sources: National Statistical Office (2001 Household survey); Health and Social Affairs Ministry; and the World Bank.

III. Delivery of Debt Relief and Medium-term Debt sustainability

A. Status of Creditor Participation

Multilateral Creditors

23. As agreed at the decision point, the enhanced HIPC Initiative assistance required from multilateral creditors amounts to US$361 million in NPV terms. The IDA, IMF, African Development Bank (AfDB) Group, European Investment Bank (EIB), and the Arab Fund for Economic and Social Development (AFESD) have granted interim relief. Other multilateral creditors have committed to provide the debt relief required under the enhanced HIPC Initiative as soon as Mauritania reaches its completion point. Nevertheless, the total amount of assistance calculated at the decision point has not been secured yet, as the Islamic Development Bank (IsDB) has only committed to 42 percent of its share of relief, and the Arab Monetary Fund (AMF) has not yet committed to deliver its share of assistance.

The details of the debt relief by multilateral creditors are as follows (Table 4 and Figure 1):[19]

- Debt relief from the **IDA** amounts to US$100 million in NPV terms (US$173 million in nominal terms) to be delivered from 2000 through 2019. Interim assistance over the period January 2000 to June 2002 amounts to US$13.1 million in nominal terms. The enhanced HIPC Initiative assistance from IDA is being delivered through a 65.2 percent reduction in debt service on IDA credits disbursed and outstanding as of end-December 1998 (Table 5).

- Debt relief from the **IMF** amounts to SDR 34.8 million in NPV terms (approximately US$47 million in nominal terms). The value of interim assistance in nominal terms is SDR 13.4 million from 2000 to June 2002. The share of debt service to the IMF covered by HIPC Initiative relief amounts to 55 percent on average from 2000 to 2007. This is being delivered through debt-service reduction grants provided from the PRGF-HIPC Trust Fund (Table 6).

- The enhanced HIPC Initiative assistance required from the **AfDB** amounts to US$73 million in NPV terms. The AfDB is providing interim relief retroactively to the decision point. The debt service reduction amounts to 80 percent starting from the decision point to 2011. The cumulative savings on debt service to the AfDB would amount to US$91 million in nominal terms.

[19]These details have been confirmed at the recent Multilateral Development Banks' meeting with Bank and Fund staffs (March 14–15, 2002).

- The **AFESD** has agreed to provide its share of relief, amounting to US$64 million in NPV terms, as required at the decision point, through a concessional restructuring of existing loans.

- Total assistance required from the **European Commission/European Union (EC/EU)** is US$30 million in NPV terms. Interim debt relief was provided in 2001 by the **EIB** through the repayment of debt service on identified loans for an amount of US$1.9 million. The EC/EU will deliver its assistance under the HIPC Initiative by providing grants at the completion point to pay off outstanding loans.

- The required assistance from the **International Fund for Agricultural Development (IFAD)**, as calculated at the decision point, amounts to US$11 million in NPV terms. IFAD's relief will be fully front-loaded, starting at the completion point, with a relief of up to 100 percent of debt service falling due until the required NPV relief is fully delivered. It is estimated that IFAD's relief could be delivered over 12 years.

- The **Organization of Petroleum Exporting Countries Fund for International Development (OPEC Fund)** has agreed in principle to provide its share of relief amounting to US$9 million of assistance in NPV terms. It will be delivered through a concessional loan that will refinance part of the existing debt as well as by restructuring the remaining debt at the completion point.

- The enhanced HIPC Initiative assistance required at the decision point from the **Islamic Development Bank (IsDB)** amounts to US$15 million in NPV terms. Due to internal financial constraints, the IsDB has only committed to deliver US$6.5 million, i.e. 42 percent of the required assistance. This would be provided through a concessional restructuring of existing loans.

- The enhanced HIPC Initiative assistance required at the decision point from the **AMF** is US$12 million in NPV terms. The AMF has not yet indicated whether it will participate in the enhanced HIPC Initiative.

Bilateral Creditors[20]

24. Paris Club creditors agreed in principle to provide assistance amounting to US$137 million in NPV terms, as calculated at the decision point. Mauritania and the Paris Club concluded a new debt rescheduling agreement on Cologne terms (a debt reduction of 90 percent in NPV terms) in March 2000. The agreement included a goodwill clause in which participating countries declared their readiness in principle to meet at the completion point to

[20]Paris Club and non-Paris Club creditors are listed in Table 8. The Mauritanian authorities have neither contracted nor guaranteed any commercial debt.

examine Mauritania's debt stock and make the necessary effort to reach debt sustainability in the context of equitable burden sharing, provided Mauritania maintained satisfactory relations with the participating creditor countries. A number of Paris Club creditors have indicated that they would provide debt relief beyond that required under the terms of the enhanced HIPC Initiative (Table 7).

25. **Non-Paris Club bilateral creditors** are expected to provide comparable treatment to that of Paris Club creditors with total assistance amounting to US$124 million in NPV terms at the decision point. The NPV of debt outstanding to non-Paris Club creditors is US$245 million (Table 8). China, the Kuwait Fund for Economic Development, and Saudi Arabia account for about 50 percent of the NPV of debt outstanding to these creditors, and have provided assistance in the interim period. The Mauritanian authorities are continuing their efforts to obtain full debt relief under the Initiative from all non-Paris Club official bilateral creditors.

26. The bulk of creditors have issued satisfactory assurances of participation in debt relief for Mauritania under the enhanced HIPC Initiative (about 76 percent). The authorities and the staffs are in contact with a number of creditors to ensure a sufficient level of participation that would allow disbursement of the Fund's completion point assistance.

B. Data Reconciliation and Assistance

27. **Multilateral Creditors:** In order to update the DSA, the staff and the authorities requested updated creditor statements. The reconciliation of the debt owed to multilateral creditors as of end-2001 has been completed, and no major discrepancy has been found. The overall debt stock outstanding at end-December 1998 used for the decision point DSA was confirmed. Since end-1998, disbursements have been made from existing loans and from new loans and the NPV of debt disbursed amounts to US$171 million in 2001.

28. **Bilateral Creditors:** The Mauritanian authorities requested updated statements from Paris Club and other official bilateral creditors. Reconciliation with Paris Club creditors is underway, while the debt is fully reconciled with China, Saudi Arabia, Kuwait and the Abu Dhabi Fund for Development. During 2000–01, Spain disbursed an additional US$37 million in new loans.

29. **Most of the debt outstanding at end-2001 was reconciled.** [21] As regards non-reconciled debt, the data provided by the Mauritanian authorities have been checked for consistency, and the results seem reliable enough to provide a firm basis for the updated DSA. The NPV of debt outstanding at end-1998 used at the decision point was confirmed. The staffs, therefore, have not changed their assessment of the required debt relief from that

[21]The stock of debt at the decision point has been fully reconciled for all creditors, while at the completion point 74 percent of the debt stock has been reconciled.

agreed at the time of the decision point under the enhanced HIPC Initiative.[22] The exchange rates used to convert the value of debt as of end-2001 from their original currencies into U.S. dollars and the discount rates used in the calculation of the NPV of debt are reported in Table 9.

C. Updated Debt Sustainability Analysis

30. The Mauritanian authorities along with the staffs of the IMF and IDA have jointly updated the DSA included in the decision point document. The revised long-term macroeconomic framework used in this analysis extends the one presented in the PRSP progress report (Table 10).[23] The new framework assumes low inflation and an average growth rate of real GDP of about 6 percent through 2022. The average growth assumption has been revised upward by about 0.5 percentage point compared to the decision point. The new projections assume that Mauritania reaps the full benefits of its perseverance in maintaining macroeconomic stability, reducing poverty, promoting the growth environment, and developing new comparative advantages in a number of "niche" sectors to diversify the economic base. Nominal exports of goods and services are projected to grow on average by 7 percent a year.[24] Import values are projected to grow annually by 7 percent on average to both sustain investment and support growth. The current account deficit is expected to decline over the projection period and to disappear by 2022. Reserves will remain at a comfortable level of about 6 months of imports on average, somewhat higher than at the decision point, a prudent policy in view of Mauritania's continuing vulnerability to exogenous shocks (Box 7).

31. **Debt indicators show that the stock of Mauritania's public and publicly guaranteed external debt declines to a sustainable level at the completion point (Figure 2).**

- The NPV of Mauritania's external debt was US$1.4 billion at end-December 2001, as a result of the assistance provided during the interim period (Table 8).[25] It is projected to fall in 2002 to US$652 million (US$685 million if new loans are included) after Mauritania

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[22]Using end-1998 parameters, the overall NPV of debt after traditional relief increases by 9.8 percent (US$117 million), including new borrowing from multilateral and bilateral creditors for the period 1998 to 2001

[23]EBD/02/71, 4/30/02.

[24]Exports in 2001 were substantially lower than projected due to lower world demand for iron ore but are expected to grow in the future as production and exports of the state mining company (SNIM) reach their capacity in the medium run and as exports of nontraditional goods and tourism receipts grow in significance.

[25]The NPV of Mauritania's official debt after traditional debt relief would be US$1.2 billion at end-2001 (Tables 8 and 11).

reaches its completion point and assuming that full assistance would be provided under the enhanced HIPC Initiative (Table 11).

Box 7. Macroeconomic Assumptions Underlying the Debt Sustainability Analysis

The baseline assumptions are the following:

- **Real GDP** grows at an average 6.2 percent a year between 2002 and 2022. This represents a marked increase of about 2 percent over the past decade performance. Growth would benefit from an improved environment for private investment in a number of sectors where Mauritania has a strong potential. These include minerals extraction, the food-processing industry, upstream and downstream activities in the fishery sector, and tourism. In addition, in the next five to ten years, growth will also receive a boost from increased public spending on growth-supporting infrastructures and in the poverty-reducing and social sectors.
- **Inflation** remains subdued at 3 percent on average, reflecting the authorities' commitment to macroeconomic stability.
- **Government revenue** (excluding grants) averages 26 percent of GDP, in line with the recent past and assuming further efforts to mobilize revenues coupled with the elimination of fiscal disincentives.
- **Fiscal deficit** averages 3.5 percent of GDP, rising to about 5 percent of GDP in the medium term in line with improved implementation capacity, then declining to 2 percent of GDP.
- **External current account deficit (after grants)** averages 4.5 percent of GDP over the period.
- **Exports of goods and nonfactor services** show average growth in values of 7 percent a year, with volumes averaging 5 percent and prices averaging 1.75 percent.
- **Imports of goods and nonfactor services** show average value growth of 7 percent, volume growth of 5.5 percent, and prices rising by 1.5 percent.
- **External borrowing** averages US$90 million, rising over the period from about US$70 million in the first decade, to about US$110 million in the second decade. Loans from official creditors decrease from 6.7 percent of GDP in 2002 to 4.2 percent in 2022. Yearly FDI inflows average US$35 million, rising from US$25 million in the first decade, to about US$46 million a year in the second decade.
- **Gross international reserves** average six months of imports over the period, with coverage declining over the period from about 7.25 months in the first decade to 5 months in the second decade.

- **According to the debt-to-revenue criterion, which was used at the decision point to determine the debt relief to be provided under the enhanced HIPC Initiative, Mauritania's debt remains sustainable at the completion point.** The NPV of debt-to-revenue ratio remains below the enhanced HIPC Initiative sustainability target of 250 percent throughout the projection horizon (Table 12). After full delivery of the enhanced HIPC Initiative assistance, this ratio falls from 247 percent in 2002 to 137 percent by 2022. When additional assistance committed on a bilateral basis by some Paris Club creditors is taken into account, this ratio falls from 206 percent in 2002 to 135 percent by 2022.

- **As regards the NPV of the debt-to-export, after full delivery of enhanced HIPC Initiative assistance in 2002, this ratio is projected to remain higher than the**

sustainability threshold of 150 percent until 2007 (Table 12). At end-2001, exports were much lower than projected at the decision point (39 percent of GDP), reflecting essentially overestimated exports at the decision point and the decline in exports in 2001 owing to dampened demand for iron ore triggered by the global economic slowdown.[26] Thus, the peak of the NPV of debt to exports from 2002 to 2005 is due to the low exports in 2001–02, which has a negative impact on the three year average exports used to compute the ratios.[27] In addition, the NPV of debt also turned out to be higher than the level projected at the decision point, mainly due to higher-than-expected new borrowing from multilateral and bilateral creditors.

- **However, after additional assistance committed on a bilateral basis by some Paris Club creditors, the ratio of NPV of debt to exports will decrease to 149 percent in 2002 (Table 7 and 12).** But this ratio would rise again slightly above the sustainability threshold of 150 percent in 2003–05 because of the projected increase in new borrowing during the period, and it would stay below 150 percent from 2006 onwards.[28]

- Given that the global economic slowdown had a limited impact on Mauritania's fiscal revenues, the debt-to-revenue criterion remains sustainable at the completion point and beyond. In addition, the impact of this slowdown on exports, while significant in 2001, does not require any topping up of relief above the amount determined at the decision point.

D. Comparison of Revised Debt Sustainability Analysis with the Decision Point DSA

32. The NPV of debt-to-exports ratio after the enhanced HIPC Initiative relief for end-2001 is estimated at 174 percent in the revised DSA against 141 percent in the decision point projections (Table 14). The revision reflects new information on the debt stock at end-2001 including larger-than-expected borrowing during the interim period, revisions to exports, and changes in discount rates and exchange rates (Table 9 and 10). These elements are discussed below.

33. Based on the same exchange and discount rates used for the decision point, the debt stock (in NPV terms) at end-2001 before debt relief under the enhanced HIPC Initiative would have been US$1.3 billion, US$117 million higher than projected at the time of the decision point, mainly because of higher-than-projected new borrowing (Table 14). This latter change accounts for 33 percentage points of the increase in the NPV of debt-to-exports

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[26]At the decision point, exports were at 43 percent of GDP.

[27] Exports recovery and growth in the medium to long run are assumed to come from a rebound in mining activity, as well as from the development of nontraditional exports, including in other minerals, food-processed products, and tourism.

[28]After relief under the enhanced HIPC Initiative assistance, the NPV of official debt as a proportion of GDP is projected to decline sharply from 144 percent in 2001 to 70 percent in 2002 (Table 12).

ratio after assistance under the enhanced HIPC Initiative. When the lower exports (compared to projections of the decision point) are also taken into account, the NPV of debt-to-exports ratio increases to 196 percent at end-2001, compared with 141 percent projected at the time of the decision point. Including updated exchange rates and discount rates at end-2001, the NPV of debt after enhanced HIPC Initiative assistance would be US$662 million, and the NPV of debt-to-export ratio falls to 174 percent.

34. For 2001, the three-year average of exports of goods and services was lower than projected at the time of the decision point by about US$50 million (Table 14), partly as a result of overestimated exports at the decision point and partly due to lower exports of iron ore in 2001 due to weaker external demand. However, growth projections for exports of goods and services have been revised upward for the period 2002–22 to reflect the authorities' macroeconomic framework included in the PRSP progress report (see Table 12, Section C, and Box 7).

35. As a result of these revisions, official debt service would be higher than projected at the decision point but would remain below the sustainability thresholds as defined under the enhanced HIPC Initiative (Table 12).[29] After debt relief under the enhanced HIPC Initiative, debt service as a percentage of exports is estimated to be 12.3 percent in 2002, in line with the projection at the time of the decision point, and it is projected to remain slightly higher than previously projected throughout the period due to higher borrowing (Table 10).[30] By 2022, debt service after relief is projected to be 5.5 percent of exports.

36. With regard to the fiscal debt sustainability indicator, government revenue in 2002 in U.S. dollar terms is expected to be US$37 million (or about 12 percent of the total) lower than projected at the time of the decision point (Table 10).[31] Revenues are expected to grow over the period at a lower rate compared to the decision point document, reaching about US$660 million in 2017, compared to US$1 billion projected at the time of the decision point, and reaching about US$850 million in 2022. However, the NPV of debt-to-revenue ratio is expected to remain within the threshold limit of 250 percent throughout the period (Tables 10 and 12). The debt service-to-revenue ratio after enhanced HIPC Initiative assistance is forecast to average 13 percent in 2002–11 and fall further to average 9.7 percent over the following 10 years (Table 12).

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[29]Under the enhanced HIPC Initiative, it was expected that the debt service-to-export ratio would fall within a range of 15–20 percent or below (IDA/SecM99-475 and EBS/00/5, 01/14/00).

[30]After Paris Club bilateral debt relief beyond the enhanced HIPC Initiative, the debt service ratio would be further reduced on average by 1 percentage point throughout the projection period (Table 12).

[31]In 2002, fiscal revenue excludes US$76.8 million of fishing royalties pertaining to 2001 but paid in early 2002.

E. Sensitivity Analysis

37. This section assesses the implications for debt sustainability of using more pessimistic assumptions than those underlying the baseline scenario. Three specific scenarios are analyzed below and compared with the baseline case (Table 16). The first scenario considers the likely impact of lower export earnings, and the second scenario considers the impact of a lower growth and the third, a lower level of concessionality in expected new borrowing.

Alternative Scenario 1: lower export earnings

38. Mauritania remains vulnerable to exogenous shocks because of its narrow export base concentrated on iron ore and fish. A weakening in the prices or volumes of one of its major exports, compared to the baseline assumption, could have major adverse implications on its external debt sustainability. To examine sensitivity, it was assumed that world iron ore prices would be on average 20 percent lower each year than assumed under the baseline case.[32] Under this scenario, it is expected that imports would be reduced somewhat, but the resulting larger financing shortfalls are expected to be met by additional borrowing.[33] Only the direct impact of this adverse shock on the balance of payments is taken into account, with GDP growth assumed unchanged and the impact on fiscal revenue relatively small.

39. Under this scenario, additional new official borrowing will be higher by about 74 percent per year (approaching US$2.7 billion over the whole period compared to US$1.9 billion in the baseline scenario). New resources are expected to be provided mainly by multilateral development banks and have a level of concessionality in line with the assumption in the baseline scenario (Table 16). The NPV of debt-to-revenue ratio in 2002 (after unconditional relief and after assistance beyond the enhanced HIPC Initiative) rises to 209 percent, reaches a peak of 221 percent by 2007, compared with a peak of 205 percent in 2004 under the baseline scenario, and decreases to 177 percent by 2022 (compared with 135 percent in the baseline scenario). Because of the limited impact of lower iron ore export prices on fiscal revenue, debt sustainability with regard to the fiscal criterion is maintained over the period, and the debt service-to-export and to-revenue ratios remain below 15 percent for virtually the whole period. The lower price level reduces export values on average by 5.5 percent compared to the baseline scenario. The NPV of debt-to-export ratio would be 155 percent in 2002 (after unconditional relief and after assistance beyond the enhanced

[32] A parallel scenario on export earnings was tested, assuming 15 percent lower iron prices and 10 percent lower fish volume. This indicated that Mauritania's debt would remain sustainable under the fiscal criterion for the whole period (although reaching 250 percent in 2006–07), after unconditional relief, and be more comfortably so after the additional relief beyond the enhanced HIPC Initiative. By contrast, under the export criterion, debt would be above the 150 percent threshold for almost the whole period after unconditional relief, and this situation would be improved slightly after the additional relief beyond the enhanced HIPC Initiative falls below the threshold in 2015.

[33] It is assumed that on average SNIM imports would reflect 30 percent of the fall in its exports.

HIPC Initiative), would increase to 184 percent in 2004 and decline thereafter, but would not be below 150 percent until 2010, as compared to 2006 under the baseline scenario. This analysis clearly shows the importance of both maintaining the value of exports (and reducing the vulnerability created by the narrow export base) and containing additional borrowing, in order to achieve continued external sustainability.

Alternative Scenario 2: lower growth

40. This scenario assesses the impact of reducing significantly real GDP growth on the balance of payment and the sustainability of the external sector in the long run. The real GDP growth rate drops to 3.5 percent in 2007 and remains unchanged through 2022.[34] As a result, the average annual growth rates of export and import volumes drop to 1 percent and 3.5 percent, respectively, with export and import values dropping by about 33 percent and 7 percent on average compared to the baseline scenario, respectively. The net effect on the external current account is expected to be met by additional borrowing on IDA terms. Fiscal revenues are expected to be 20 percent lower on average than in the baseline case.

41. Under this scenario, additional new borrowing will be substantially higher approaching US$6.4 billion over the whole period, compared to US$1.9 billion in the baseline scenario. The NPV of debt-to-revenue ratio is at 206 percent in 2002 (after assistance beyond the enhanced HIPC Initiative). It exceeds the fiscal criterion sustainability threshold of 250 percent starting from 2013 to reach over 500 percent by the end of the projection period. The debt service-to-revenue ratios are above 15 percent in 2002 and after 2017, but remain below this level during the intervening period (Table 16).

42. After assistance beyond the enhanced HIPC Initiative, the NPV of debt-to-export ratio moves around the export criterion sustainability threshold of 150 percent between 2002 and 2008. Starting from 2009, this ratio starts increasing from 157 percent to rise well above the threshold level reaching about 400 percent by the end of the projection period. The debt service-to-export ratios remain below 15 percent during 2002–19 and exceed that level thereafter.

43. This scenario illustrates clearly that sustained strong growth (especially in the key export sectors) and the broadening of the economic base are very important to the maintenance of Mauritania's debt sustainability.

Alternative Scenario 3: lower concessionality of new external debt

44. Mauritania has been receiving substantial foreign assistance, including grants and new loans in recent years. New loans have been provided mainly by multilateral institutions on highly concessional terms. In 2001, the overall level of concessionality was about 40 percent.

[34]The average growth rate of real GDP is assumed to be about 4 percent over the period 2002–22.

In the baseline scenario, new official borrowing is projected to increase from US$80 million in 2002 to US$140 million in 2022, averaging about 5 percent of GDP. New official borrowing is expected to have a level of concessionality of 57 percent over the period. Under this alternative scenario, the level of concessionality of new borrowing is assumed to be 35 percent, compared to 57 percent in the baseline scenario. Additional new borrowing will be required to cover the higher debt service costs, with debt service after enhanced HIPC assistance in 2022 being US$116 million (compared to US$89 million in the baseline scenario (Table 15)); after assistance beyond the enhanced HIPC Initiative, debt service in 2022 would be US$93 million (compared to US$84 million in the baseline case).

45. Under the lower concessionality scenario, both NPV of debt-to revenue and NPV of debt-to-export ratios increase beyond those in the baseline scenario. While sustainability would be maintained throughout the period (after unconditional relief and after assistance beyond the enhanced HIPC Initiative) according to the fiscal criterion, higher debt service will raise the NPV of debt-to-export ratio beyond the sustainability threshold of 150 percent from 2002 to 2007, after which it becomes sustainable. This sensitivity analysis underlines the importance of following prudent debt management policies and avoiding a build-up in new nonconcessional official external debt. Mauritania would need to continue to rely on grants and highly concessional loans in order to keep its debt within sustainable limits.

IV. Conclusions

46. **The staffs of the Fund and the IDA consider that Mauritania has made satisfactory progress toward meeting the conditions established in January 2001 for reaching the completion point.**[35] In the view of the staffs, the first year of implementation of the PRSP strategy has been successful, and Mauritania's adjustment and reform efforts have been very strong. Mauritania has established an excellent track record under Fund- and IDA-supported programs. Performance under the IDA lending program has been robust, and all PRGF reviews were completed on time. The nonobservance of three end-December quantitative performance criteria under the PRGF-supported program was due to factors beyond the authorities' control—the delayed payment of a few days in the 2001 fishing license fees by the EU. Mauritania has successfully implemented most of the key macroeconomic and structural measures identified in the decision point document. The delay in the privatization of SOMELEC is the result of exogenous factors outside the authorities' control, and an alternative approach was adopted in consultation with the Fund to reach the credit concentration ratios indicated in the decision point, since it had become economically undesirable to meet these targets in the time frame envisaged at the decision point. As for poverty and social targets, the staffs consider that the overall progress made so far is sufficiently satisfactory to justify Mauritania reaching the completion point at this time.

47. **The interim debt relief provided under the HIPC Initiative has allowed Mauritania to increase its budgetary allocations to social and poverty-reducing spending.** Important steps have been taken in the last two years to improve public expenditure management and improve monitoring of HIPC-financed expenditures. However, more needs to be done to improve tracking of expenditures in all priority sectors. Measures have already been adopted in the context of the 2002 Fund-supported program to improve budget execution systems at the treasury and to adopt a functional (and poverty-related) classification of expenditures. In view of the additional work needed in this area, technical assistance from the Fund and the Bank and from donors will be crucial.

48. **The staffs consider that with the assistance expected to be provided under the enhanced HIPC Initiative, Mauritania will achieve a sustainable external debt position.** After full delivery of the enhanced HIPC Initiative assistance, the NPV of external debt would remain under 250 percent of fiscal revenue through 2022. However, the NPV of debt-to-export ratio is higher than projected at the decision point reflecting higher-than-expected new borrowing and a downward revision in the exports data series. Only after additional assistance committed on a bilateral basis by some Paris Club creditors will the NPV of debt fall slightly below 150 percent of exports in 2002, to increase to over 150 percent through 2005, before it declines to below the sustainable threshold thereafter. However, the decline in exports in 2001 owing to an exogenous shock has a limited medium-term impact

[35] So far, five other countries have reached their completion points (Table 17).

on this ratio, and thus there is no need for topping-up. Mauritania's economy remains vulnerable to external shocks, and the NPV of debt-to-export ratio and the sensitivity analysis suggest that vigilance is required to pursue a prudent external debt policy. In view of these risks, Mauritania should continue to rely on grants or highly concessional borrowing to keep its external debt sustainable in the medium term. In addition, the authorities should continue with institutional reforms that facilitate the development of a broader economic base and thus help to reduce its vulnerability to exogenous shocks and achieve the debt sustainability projected in the baseline scenario.

49. **While some progress has been made in debt management, much more needs to be done.** Since the decision point, the Mauritanian staff involved in debt management have benefited from additional training, which improved their technical skills. The coverage of public debt and its reliability have also improved. Despite this progress, some weaknesses remain including insufficient coordination between the departments concerned, absence of a unified database, and continued shortage of trained staff. The authorities are aware of these weaknesses and committed to address them in the near future.[36]

50. **In light of the above, the staffs of the IMF and IDA recommend that the Executive Directors determine that Mauritania has made sufficient progress to justify reaching the completion point at this time.**

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[36]See the attached data management appendix.

V. Issues for Discussion

Executive Directors may wish to focus on the following issues and questions:

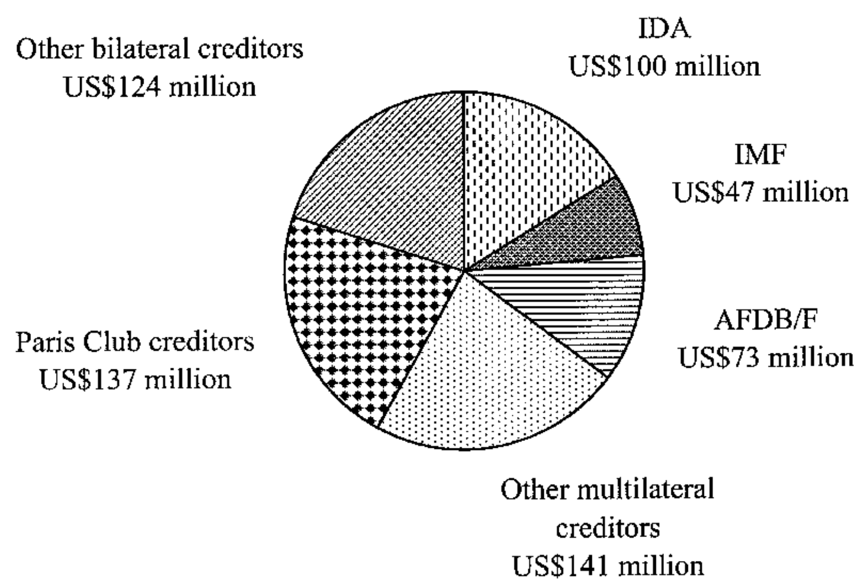
- Do Directors agree that Mauritania should reach the completion point at this time?

- Do Directors agree that assistance agreed at the decision point will provide Mauritania with a solid basis for debt sustainability over the medium term, within the framework of the HIPC Initiative, as discussed in Section III?

- Do Directors agree that Mauritania should continue to seek debt relief from its non-Paris Club creditors within the framework of the HIPC Initiative and that the staffs should continue to monitor the delivery of debt relief from all creditors?

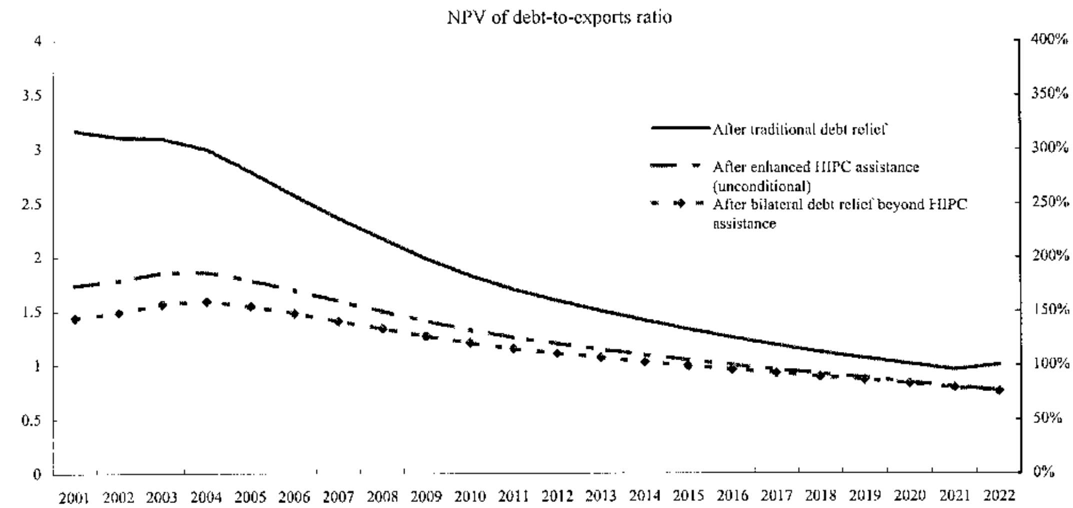
Figure 1. Mauritania: Structure of Enhanced HIPC Assistance, End-1998 NPV Terms
(In millions of U.S. dollars)

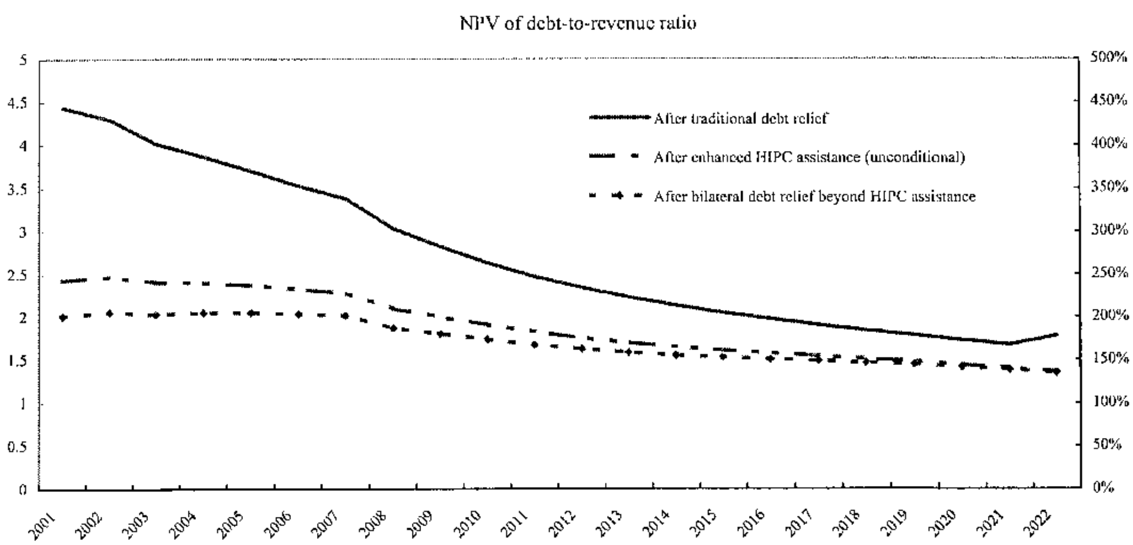
As of decision point



Source: Bank-Fund staff estimates.

Figure 2. Mauritania: Debt Ratios, 2001–22





Sources: Mauritanian authorities; and Bank-Fund staff estimates.

Table 1. Mauritania: Selected Economic and Financial Indicators, 1999–2003

	1999	2000	2001 Rev. Prog.	2001 Actual	2002 Prog.	2003 Proj.
	(Period percentage changes; unless otherwise noted)					
National income and prices						
GDP at constant prices	4.1	5.0	5.2	4.6	5.1	5.5
GDP deflator	2.1	6.1	6.2	5.0	3.6	3.7
Consumer price index (period average)	4.1	3.3	5.0	4.7	4.0	3.8
Consumer price index (12 months, end of period)	1.9	5.6	2.6	1.7	5.6	3.5
External sector						
Exports, f.o.b. (in U.S. dollars)	-7.4	7.8	3.3	-3.9	-4.6	5.6
Imports, f.o.b. (in U.S. dollars)	-14.9	12.7	18.4	3.9	7.2	4.8
Export volume	5.6	-0.4	-0.6	-6.3	4.4	3.9
Import volume	-11.3	-2.5	24.7	10.7	9.0	3.2
Terms of trade	-10.7	-6.3	7.8	9.2	-7.2	0.0
Nominal effective exchange rate	1.0	-3.7	...	...	...	...
Real effective exchange rate	1.1	-0.9	...	...	...	...
Money and credit						
Money and quasi-money 1/	5.1	12.8	12.4	17.3	9.1	...
Net foreign assets 1/	24.1	58.1	49.5	2.2	66.6	...
Net domestic assets 1/	-19.0	-45.3	-37.1	15.1	-57.5	...
Domestic credit 1/	-10.1	-26.0	-32.6	21.9	-54.2	...
Credit to the government 1/	-39.5	-62.5	-67.3	-8.8	-93.1	...
Credit to the economy 1/	29.4	36.5	34.7	30.8	38.9	...
Velocity of money	6.9	6.8	6.8	6.3	6.3	...
Interest rate 2/	10–11	8–9	...	8.0	...	...
	(In percent of GDP)					
Investment and savings						
Investment 3/	17.5	30.3	28.7	26.7	24.7	26.9
National savings	21.7	31.1	27.5	21.0	28.5	21.2
Consolidated government operations						
Revenue, excluding grants	27.9	25.9	28.8	21.1	37.1	28.8
Expenditure and net lending	25.7	30.3	26.9	26.7	30.8	31.0
Overall surplus or deficit (-), excluding grants 4/	2.2	-4.5	1.9	-5.6	6.3	-2.2
Primary balance, excluding grants (deficit -) 4/	5.7	-1.2	5.0	-2.7	9.1	0.4
External sector						
Current account balance						
Excluding official transfers	-4.3	-6.0	-8.5	-10.0	0.0	-9.4
Including official transfers	4.2	0.8	-1.2	-5.7	3.8	-5.7
Debt outstanding	212.0	189.5	...	...	...	...
Debt service ratio before rescheduling 5/	36.4	36.3	33.1	31.4	27.0	24.6
Debt service ratio after rescheduling 5/	22.4	24.0	19.0	15.5	12.3	11.4
Gross official reserves (in months of imports of GNFS)	5.8	7.0	7.5	6.9	8.0	7.6
Memorandum items:						
Ouguiya/US$ exchange rate (period average)	209.5	240.0	...	254.3	...	...
Current account balance, excluding official transfers (in millions of U.S. dollars)	-41.4	-58.1	-82.6	-96.9	0.2	-97.3
Nominal GDP (in billions of ouguiyas)	200.9	223.7	250.0	245.6	267.3	292.5

Sources: Data provided by the Mauritanian authorities; and Fund staff estimates and projections.

1/ In percent of broad money at the beginning of the period, adjusted starting from 2000 to include two additional banks.
2/ Interest rates on 12 months passbook savings.
3/ The sharp increase in 2000 reflects mainly new investments in the telecom sector, an increase in poverty reduction investments financed by debt relief under the HIPC, and a rebound in SNIM investment.
4/ The increase in the deficit in 2000 is due mainly to the cash advance granted by the government to the telecom company Mauritel (for details see Box 1 in EBS/00/287, 12/28/00).
5/ Until 1999, these ratios include Paris Club rescheduled debt on Naples terms. For the years 2000, 2001, and 2002, it includes rescheduling under Cologne terms by Paris Club creditors, comparable treatment by non-Paris Club bilaterals, and HIPC interim assistance, as reported in Mauritania's decision point document. For 2003, it reflects assumed debt relief under Cologne terms after the completion point.

Table 2. Mauritania: Observance of Quantitative and Structural Performance Criteria, 1999–2001

	Test dates				
	Dec. 99	Jun. 00	Dec. 00	Jun. 01	Dec. 01
Quantitative					
1. Net domestic assets of the central bank	Met	Met	Met	Met	Not met 1/
2. Overall balance of consolidated government operations 2/	Not met	Not met	Not met	...	...
3. Net domestic financing of the budget	...	...	...	Met	Not met 1/
4. Arrears on medium- and long-term external public debt	Met	Met	Met	...	...
5. Contracting or guaranteeing of new nonconcessionnal external debt by the government or the central bank	Met	Met	Not met	Met	Met
6. Accumulation of new arrears on public or publicly-guaranteed external debt	Met	Met	Met	Met	Met
7. Net international reserves of the central bank	Met	Met	Met	Met	Not met 1/

Structural	Test date	Status
1. Reduction of nonmineral export proceeds surrender requirements 3/	Dec. 99 to Dec. 00	Met
2. Extension of period during which exporters may retain foreign exchange 4/	Dec. 99 to Dec. 00	Met
3. Reduction of SNIM's export proceeds to BCM 5/	Dec. 99 to Jun. 01	Met
4. Implementation of BAMIS restructuration	Dec. 99	Met
5. Provisional decision on the privatization of Air Mauritanie	Dec. 99	Not met 6/
6. BAMIS repayment of central bank advance	Jun. 00	Met
7. Observance of concentration ratios by banks	Jun. 00 to Dec. 00	Not met 7/
8. Elimination of tax exemptions to public enterprises (except SNIM)	Sep. 00	Met
9. Elimination of all special VAT exemptions	Sep. 00	Met
10. Allow residents to open foreign currency deposits with banks	Dec. 00	Met
11. Law organizing the distribution of petroleum products and ensuring free entry into the sector	Dec. 00	Not met 8/
12. Abolishment of price controls on land transport	Dec. 00	Not met
13. Mechanism for the adjustment of petroleum prices	May 00	Met 9/
14. Evaluation phase of prequalification bidding documents for the privatization of SOMELEC	Dec. 00	Not met 10/
15. Medium-term expenditure frameworks for health and education	Jun. 01	Met
16. Draft law on clearing public expenditures prior to 2001	Sep. 01	Met
17. Amendment of Investment Code and elimination of tax incentives in the Code	Nov. 01	Met
18. Expeditious VAT refund system	Dec. 01	Met
19. Privatization of SOMELEC	Apr. 02	Not met 10/

1/ The nonobservance of these three criteria is due to the late payment (by eight days) of fishing royalties by the EU.

2/ This criterion was missed twice (Dec. 99 and Jun. 00) by very small margins, reflecting monitoring difficulties and lack of coordination between the budget directorate and the central bank. In December 2000, it was missed because of a shareholder advance to the privatized telecom company Mauritel.

3/ To 30 percent (Dec. 99), then 20 percent (Jun. 00), and then 0 percent (Dec. 00).

4/ To 9 months (Dec. 99), then 12 months (Jun. 00), and then unlimited (Dec. 00).

5/ To 40 percent (Dec. 99), then 30 percent (Jun. 00), then 20 percent (Dec. 00), and then 0 percent (Jun. 01).

6/ The authorities were strongly committed to proceeding with the privatization, which was completed in July 2000. The process was delayed by technical difficulties in preparing the bidding documents and negotiations involving the authorities, the World Bank and Air Afrique, the only company to submit a bid.

7/ For individual borrowers: 40 percent (Jun. 00) and 35 percent (Dec. 00); for groups: 70 percent (Jun. 00) and 62.5 percent (Dec. 00). Exposure ratios are now set within the context of the *contrats programmes*.

8/ This was eventually adopted in March 2002.

9/ The mechanism has been applied on a continuous basis since May 2000. A one-month delay occurred in August 2000.

10/ The authorities committed to finalize the privatization of SOMELEC as soon as market conditions permit it.

Table 3. Mauritania: Social Sectors and Poverty Reducing Expenditures, 1999–2004

(In billions of ouguiyas)

				Projections 1/		
	1999	2000	2001	2002	2003	2004
Education	8.8	10.1	11.2	15.5	17.1	18.9
Current	6.9	8.0	9.1	10.3	11.6	13.0
Capital	1.9	2.1	2.1	5.2	5.5	5.9
Health	3.4	3.6	4.9	9.0	9.9	11.0
Current	2.4	2.5	2.6	4.6	5.5	6.3
Capital	1.0	1.1	2.3	4.4	4.5	4.7
Poverty-related spending (CDHLCPI and CSA)	...	3.0	4.2	5.9	...	...
Total social and poverty-related spending in the budget	...	16.7	20.2	30.4	...	...
Spending financed by HIPC interim assistance	...	2.6	4.2	8.0	...	...
Total HIPC assistance	...	11.9	17.0	19.5	...	...

1/ For education and health, figures for 2003 and 2004 are drawn from the sectoral medium-term frameworks.

Table 4. Mauritania: Status of Creditor Participation Under the Enhanced HIPC Initiative

	Debt Relief in NPV Terms (End-1998) (In millions of US$) 2/	Percentage of Multilateral Assistance	Satisfactory Reply	Modalities To Deliver Debt Relief
AfDB Group	73	20.2	Yes	Interim debt relief is being provided with effect from June 2000. Interim relief will not exceed 40 percent of the total NPV debt relief. Assistance would cover approximately 80 percent of the debt service falling due through end-2011. At the completion point, AfDB will enter into an irrevocable debt relief commitment.
IDA/IBRD	100	27.7	Yes	Coverage of 70 percent of the IDA debt service falling due for the next 20 years. Interim relief started as of February 2000.
IMF	47	13.0	Yes	Assistance to be delivered through partial payment of debt service falling due to the IMF by the PRGF-HIPC Trust. Share of debt service to IMF covered by IMF assistance averages 52 percent over 2000–07.
IsDB	15	4.2	Yes Partial participation	Rescheduling over 25 years (technical modalities to be determined). An estimated US$6.46 million in NPV has been approved.
IFAD	11	3.0	Yes Agreement to provide assistance as from the completion point	Up to 100 percent debt service relief until NPV target is achieved. Preliminary results show that 100 percent of debt service cancellation through 12 years would be needed.
EIB/EEC	30	8.3	Yes	Debt service relief on identified EU loans during the interim, supplemented with grants to pay off EU loans at the completion point. Modalities for assistance as from completion point to be determined.
OPEC Fund	9	2.5	Yes	An agreement was signed in January 2002, providing a new loan to repay existing debt. Further restructuring will be negotiated later.
FADES	64	17.7	Yes	An agreement was signed providing a new loan to repay part of the existing debt, as well as concessionnal restructuring for other loans.
AMF	12	3.3	No	AMF has not yet decided to participate in the Initiative.
Total multilateral	361	100		

Sources: MDB Meeting (March 14 and 15, 2002); and information from the World Bank February mission.

Table 5. Mauritania: Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2000–19

(In million of U.S. dollars, unless otherwise indicated)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Projected debt service to IDA before HIPC Initiative assistance 1/		7.42	8.5	9.6	10.1	10.5	11.7	12.6	13.4	14.2	14.7	16.4	17.1	17.4	17.7	17.9	18.3	18.9	19.2	19.2	19.4
IDA debt service reduction		4.6	5.5	5.9	6.2	6.5	7.2	7.7	8.1	8.7	8.7	9.3	9.8	10.0	10.2	10.3	10.5	10.8	10.9	10.8	10.7
Projected remaining debt service to IDA 1/		2.83	2.96	3.65	3.85	3.99	4.48	4.86	5.29	5.57	5.99	7.13	7.30	7.33	7.51	7.56	7.80	8.06	8.33	8.37	8.67
											(In percent)										
Memorandum items:																					
Reduction of IDA debt service 1/ 2/		61.9	65.2	61.8	61.9	62.1	61.6	61.4	60.6	60.9	59.4	56.6	57.4	57.8	57.6	57.8	57.4	57.3	56.6	56.4	55.3
Reduction on total debt service		4.0	5.0	5.5	6.0	7.0	7.8	8.5	9.1	10.2	10.0	10.5	11.7	12.5	12.9	13.2	12.9	13.4	12.8	12.5	12.0
HIPC Initiative assistance in NPV terms	100																				
HIPC Initiative assistance in nominal terms	172.8																				

Source: World Bank staff estimates and projections.

1/ Before new borrowing, i.e., on disbursed and outstanding debt as of end-December 2001 (except for years 2000 and 2001, based on disbursed and outstanding as of end-December 1998; decision point document).

2/ The percentage reduction is not 65.20 percent in all years because this line shows the percentage reduction of IDA debt service at end-December 2001 after receiving relief, as agreed at the decision point (i.e., 65.20 percent of debt service due to IDA at end 1998).

Table 6. Mauritania: Delivery of IMF Assistance Under the HIPC Initiative, 2000–10 1/

(In millions of SDRs; unless otherwise indicated)

	Actual 2000 Jul.–Dec.	Actual 2001 Jan.–Dec.	2002 Jan.–Jun.	2002 Jul.–Dec.	2003	2004	2005	2006	2007	2008	2009	2010
Delivery schedule of IMF assistance (in percent of total assistance)	10.8	17.7	10.0	10.0	17.8	12.2	9.1	9.3	3.1	...	...	...
Debt service due on current IMF obligations 2/	4.5	11.1	6.5	6.6	14.2	11.6	9.5	6.6	4.5	1.6	1.6	1.6
Principal	4.1	10.3	6.2	6.2	13.6	11.1	9.1	6.2	4.1	1.2	1.2	1.2
Interest	0.4	0.8	0.3	0.3	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
IMF assistance—deposits into Mauritania's account												
Interim assistance	3.8	13.1										
Completion point assistance 3/			17.9									
IMF assistance—drawdown schedule 4/	3.8	6.2	4.6	3.5	8.1	6.1	3.6	3.5	1.2	...	...	...
IMF assistance without interest	3.8	6.2	3.5	3.5	6.2	4.2	3.2	3.2	1.1	...	...	...
Estimated interest earnings	...	0.0	1.1	0.0	1.9	1.9	0.5	0.3	0.2	...	...	...
Debt service due on current IMF obligations after IMF assistance 4/	0.7	4.9	1.9	3.1	6.1	5.5	5.9	3.1	3.2	1.6	1.6	1.6
Share of debt service due on current IMF obligations covered by IMF assistance (in percent) 4/	83.5	55.6	70.9	53.1	56.8	52.7	38.2	53.2	28.0	...	...	...
Proportion (in percent) of each principal repayment obligation falling due during the period to be paid by IMF assistance from the principal deposited in member's account	91.7	77.6 5/	55.8 6/	55.8	45.4	38.1	35.0	52.2	26.9	...	...	...
Memorandum items: 7/												
Total debt service due (millions of U.S. dollars) 8/	114.5	111.0		108.3	103.4	94.1	92.6	90.7	89.1	85.2	87.6	87.6
Of which: debt service due on IMF obligations (in millions of U.S. dollars)	7.3	13.8		16.2	17.5	14.3	12.4	11.0	11.4	7.7	7.7	7.7
Debt service due on current IMF obligations after IMF assistance 4/												
In millions of U.S. dollars	2.3	6.0		6.0	7.4	6.6	7.8	6.6	9.8	7.7	7.7	7.7
In percent of exports	0.6	1.5		1.6	1.9	1.6	1.7	1.4	1.8	1.3	1.2	1.2
Share of total debt service covered by IMF assistance (in percent) 4/	4.3	7.1		4.0	9.8	8.2	4.9	4.9	1.8	...	...	...

Sources: Mauritanian authorities; and Fund staff estimates.

1/ Total IMF assistance under the HIPC Initiative is SDR 34.8 million calculated on the basis of data available at the decision point, excluding interest earned on member's account and on committed but undisbursed amounts as described in footnotes 3 and 4.

2/ Forthcoming obligations estimated based on rates and principal schedules in effect at the time of Board approval of Mauritania's enhanced HIPC decision point in February 2000.

3/ A final disbursement of SDR 17,918,000 (plus accumulated interest during the interim period) assumed to be disbursed into Mauritania' s account at the completion point in June 2002.

4/ Includes estimated interest earnings on: (1) amounts held in member's account; and (2) amounts committed but not yet disbursed up to the completion point. It is assumed that these amounts earn a rate of return of 5 percent in SDR terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

5/ The proportion was applied to principal repayment obligations falling due between February 1, 2001 and December 31, 2001.

6/ According to the IMF Executive Board decision on November 21, 2001, HIPC assistance covers 55.77 percent of each repayment obligation falling due during 2002.

7/ In memorandum items, figures for 2000, 2001, and 2002 refer to the calendar year.

8/ After traditional debt relief mechanisms.

Table 7. Mauritania: Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the Enhanced HIPC Initiative

Creditors (countries in bold are creditors to Mauritania)	Countries Covered (1)	ODA (In Percent) Pre-cutoff Date (2)	ODA (In Percent) Post-cutoff Date (3)	Non-ODA (In Percent) Pre-cutoff Date (4)	Non-ODA (In Percent) Post-cutoff Date (5)	Provision of Relief: Decision Point (In Percent) (6)	Provision of Relief: Completion Point (7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (Case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	...	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (up to 100)	Case-by-case	flow	Stock
Canada	HIPCs 2/	... 3/	... 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case	...	...	...	Stock
France	HIPCs	100	100	100	...	100 flow 4/	Stock
Finland	HIPCs	95	98	...	...	...	...
Germany	HIPCs	100	100	100	...	100 flow	Stock
Ireland	...	...	...	...	...	...	...
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	...	...	Stock
Netherlands	HIPCs	100	100	100	...	90–100 flow 6/	Stock 6/
Norway	HIPCs	... 3/	... 3/	100	100 7/	100 flow	Stock
Russia	Case-by-case	...	...	...	...	...	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	...	Stock
Sweden	Case-by-case	... 3/	... 3/	Case-by-case (100)	...	...	Stock
Switzerland	HIPCs	... 3/	... 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Australia: (a) post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; (b) timing details for both flow and stock relief are to be finalized.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ France: cancellation of 100 percent of debt service on pre-cutoff-date commercial claims as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims will go to a special account and will be used for specific development projects.

5/ Italy: cancellation of 100 percent of all debts (pre- and post-COD, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point cancellation of the related amounts falling due in the interim period. At completion point cancellation of the stock of remaining debt.

6/ The Netherlands: (a) ODA: 100 percent ODA pre- and post-cutoff date debt will be cancelled at decision point; (b) non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.

7/ On debt assumed before December 31, 1997.

8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points and reimbursement at the decision point of any debt service paid before the decision point.

9/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne summit).

Notes: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC Initiative process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

Table 8. Mauritania: Nominal and Net Present Value of External Debt Outstanding, end-December 2001

	Legal situation at the end of 2001 1/						NPV of debt after traditional debt relief mechanisms 2/		
	Nominal debt			NPV of debt					
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/	Percent of group
Total	2,047.8	100.0	...	1,407.3	100.0	...	1,208.3	100.0	...
Multilateral institutions	1,137.9	55.6	100.0	719.9	51.2	100.0	719.9	59.6	100.0
IMF	104.6	5.1	9.2	86.5	6.1	12.0	86.5	7.2	12.0
IDA	475.8	23.2	41.8	242.8	17.3	33.7	242.8	20.1	33.7
AfDB	37.8	1.8	3.3	45.0	3.2	6.3	45.0	3.7	6.3
AfDF	175.3	8.6	15.4	86.7	6.2	12.0	86.7	7.2	12.0
FADES	170.1	8.3	14.9	124.6	8.9	17.3	124.6	10.3	17.3
EIB/EC	60.0	2.9	5.3	47.3	3.4	6.6	47.3	3.9	6.6
IsDB	38.6	1.9	3.4	31.0	2.2	4.3	31.0	2.6	4.3
IFAD	40.1	2.0	3.5	22.1	1.6	3.1	22.1	1.8	3.1
AMF	20.4	1.0	1.8	20.3	1.4	2.8	20.3	1.7	2.8
OPEC	15.2	0.7	1.3	13.6	1.0	1.9	13.6	1.1	1.9
Official bilateral creditors	910.0	44.4	...	687.4	48.8	...	488.5	40.4	...
Paris Club	370.8	18.1	100.0	305.0	21.7	100.0	243.8	20.2	100.0
Post-cutoff date	157.9	7.7	42.6	123.7	8.8	40.6	123.7	10.2	50.7
Pre-cutoff date	212.9	10.4	57.4	181.3	12.9	59.4	120.1	9.9	49.3
Of which: ODA	48.9	2.4	13.2	31.9	2.3	10.5	26.0	2.2	10.7
Non-ODA	164.0	8.0	44.2	149.4	10.6	49.0	94.0	7.8	38.6
Of which:									
Austria	57.7	2.8	15.6	37.3	2.7	12.2	31.6	2.6	13.0
Brazil	35.1	1.7	9.5	36.6	2.6	12.0	14.7	1.2	6.0
France	95.5	4.7	25.8	80.0	5.7	26.2	71.2	5.9	29.2
Germany	2.4	0.1	0.6	2.5	0.2	0.8	2.2	0.2	0.9
Italy	0.4	0.0	0.1	0.4	0.0	0.1	0.3	0.0	0.1
Japan	61.9	3.0	16.7	59.1	4.2	19.4	57.2	4.7	23.5
Netherlands	25.7	1.3	6.9	28.7	2.0	9.4	14.7	1.2	6.0
Spain	78.2	3.8	21.1	48.4	3.4	15.9	44.3	3.7	18.2
United Kingdom	7.3	0.4	2.0	5.5	0.4	1.8	5.3	0.4	2.2
United States	6.6	0.3	1.8	6.3	0.5	2.1	2.2	0.2	0.9
Non-Paris Club Official Bilateral	539.2	26.3	100.0	382.4	27.2	100.0	244.7	20.2	100.0
Post-cutoff date	36.5	1.8	6.8	27.7	2.0	7.2	33.2	2.7	13.6
Pre-cutoff date	502.6	24.5	93.2	354.7	25.2	92.8	211.5	17.5	86.4
Of which: ODA	387.3	18.9	71.8	239.4	17.0	62.6	176.9	14.6	72.3
Non-ODA	115.3	5.6	21.4	115.3	8.2	30.2	34.6	2.9	14.1
Of which:									
Abu Dhabi	11.5	0.6	2.1	11.5	0.8	3.0	8.0	0.7	3.3
Algeria	80.1	3.9	14.9	64.6	4.6	16.9	40.6	3.4	16.6
China	48.3	2.4	9.0	34.4	2.4	9.0	37.0	3.1	15.1
Irak	73.4	3.6	13.6	70.0	5.0	18.3	37.9	3.1	15.5
Kuwait	126.3	6.2	23.4	92.5	6.6	24.2	50.4	4.2	20.6
Libya	56.9	2.8	10.6	56.9	4.0	14.9	17.3	1.4	7.1
Saudi Arabia	142.7	7.0	26.5	52.6	3.7	13.8	53.4	4.4	21.8

Sources: Mauritanian authorities; and staff estimates.

1/ Reflects the external debt situation at end-2001, including the March 2000 Paris Club flow rescheduling under Cologne terms and interim assistance provided by multilateral creditors, except for FADES for which the situation is shown before the debt restructuring.

2/ Assuming a hypothetical stock-of-debt operation under Naples terms.

Table 9. Mauritania: Comparison of Discount Rate and Exchange Rate Assumptions at End-1998 and End-2001

	Discount Rates 1/ 2/ (In Percent per Annum)		Exchange Rates 3/ (Currency per U.S. Dollar)	
	At Completion Point	At Decision Point	At Completion Point	At Decision Point
Currency				
Algerian dinar	5.16	5.25	77.78	60.35
Arab dinar	5.16	5.25	0.27	3.67
Austrian shilling	5.67	5.28	15.61	11.75
Belgian franc	5.67	5.59	45.77	34.57
Canadian dollar	6.40	6.25	1.59	1.53
CFA franc	5.67	5.36	744.31	562.21
Chinese yuan	5.16	5.25	8.28	8.28
Danish kroner	5.16	5.64	8.41	6.39
Deutsche mark	5.67	5.16	2.22	1.67
European Currency Unit	5.67	5.00	1.13	0.86
Finnish markaa	5.67	5.35	6.75	5.10
French franc	5.67	5.36	7.44	5.62
British sterling	6.04	6.81	0.69	0.60
Indian rupee	5.16	5.25	48.18	42.48
Iraqi dinar	5.16	5.25	0.31	0.31
Italian lira	5.67	5.58	2,197.06	1,653.10
Japanese yen	1.43	2.22	131.80	115.60
Kuwaiti dinar	5.16	5.25	0.31	0.30
Lybian dinar	5.16	5.25	0.65	0.38
Dutch guilder	5.67	5.78	2.50	1.89
Norwegian kroner	7.86	6.54	9.01	7.60
Portuguese escudo	5.67	5.25	227.48	171.83
Saudi Arabian riyal	5.16	5.25	3.75	3.75
Spanish peseta	5.67	5.31	188.80	142.61
Special Drawing Rights	5.16	5.25	0.80	0.71
Swedish kroner	5.76	5.66	10.67	8.06
Swiss franc	3.97	4.05	1.68	1.38
UAE dirhams	5.16	5.25	3.67	3.67
United States dollar	5.85	6.23	1.00	1.00
Memorandum item: Paris Club cutoff date is December 31, 1984				

Sources: IMF, International Financial Statistics; OECD; and staff estimates.

1/ The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ended in December 2001 for the completion point and December 1998 for the decision point.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used as a proxy.

3/ End-of-period exchange rates as of end-December 2001 for the completion point and end-December 1998 for the decision point.

Table 10. Mauritania: Main Assumptions used for DSA at Decision Point and Completion Point, 1998–2022

(In millions of U. S. dollars; unless otherwise indicated)

	1998	1999 1/	2000 1/	2001 1/	2002	2003	2004	2005	2006	2007	2008	2013	2017	2022	1998–2007	2008–17	2018–22
	Actual														Average		
At Decision Point: 2/																	
Economic growth																	
Real GDP (percentage change)	4.6	4.9	4.5	4.9	5.1	5.3	5.7	5.7	5.7	5.7	5.7	5.8	5.8	...	5.2	5.8	...
Export growth (percentage change) 3/	-7.3	0.8	5.0	3.8	3.5	5.0	2.6	5.0	5.2	5.4	5.7	6.4	6.6	...	2.9	6.3	...
Exports of goods and services 3/	408.5	411.9	432.3	448.8	464.6	487.8	500.3	525.3	552.6	582.5	615.4	835.2	1,070.2	...	481.5	822.5	...
Terms of trade (percentage change)	-6	-7.7	2.3	-0.4	-1.5	-0.9	0.8	1.1	1.2	1.2	1.3	1.5	1.7	...	-1.0	1.5	...
Government revenue (percentage change)	-8.4	12.4	1.4	4.6	6.3	7.1	8.1	6.2	7.2	7.8	8.1	9.3	7.3	...	5.3	8.4	...
Government revenue, excluding grants 4/	248.5	279.4	283.2	296.1	314.7	337.0	364.3	387.0	414.8	447.0	483.4	730.2	1,004.1	...	337.2	718.5	...
After enhanced HIPC Initiative assistance																	
NPV of total debt 5/	621.1	604.9	603.6	605.9	612.1	618.1	628.7	642.9	655.8	668.0	679.2	823.5	1,018.9	...	626.1	821.7	...
NPV of new debt 5/	0.0	20.3	55.4	89.1	126.9	155.7	184.3	215.7	245.5	273.2	298.0	501.0	741.7	...	136.6	493.5	...
NPV of debt to exports ratio (in percent) 3/ 5/	137.1	144.5	144.5	140.6	136.4	132.3	129.8	127.4	124.7	120.7	116.4	104.7	101.3	...	133.8	106.8	...
NPV of debt to revenue ratio (in percent) 3/ 5/	250.0	216.5	213.1	204.6	194.5	183.4	172.6	166.1	158.1	149.4	140.5	112.8	101.5	...	190.8	117.2	...
Debt service ratio (in percent)	20.2	32.5	20.2	17.8	12.6	9.9	8.5	8.2	8.4	8.4	8.4	4.8	4.8	...	14.7	6.0	...
At Completion Point:																	
Economic growth																	
Real GDP (percentage change)	3.7	4.1	5.0	4.6	5.1	5.5	6.1	6.4	6.7	7.0	7.0	6.4	5.8	5.3	5.4	6.5	5.5
Export growth (percentage change)	-7.3	-9.0	8.7	-2.2	-4.0	5.5	7.9	7.3	8.2	9.5	8.8	8.1	7.4	6.3	2.5	7.9	7.0
Exports of goods and services	398.9	363.2	394.8	385.9	370.5	390.9	421.6	452.5	489.4	535.9	583.3	852.6	1,145.8	1,604.0	420.4	840.7	1,413.4
Terms of trade (percentage change)	-1.4	-10.0	4.8	4.9	-7.2	0.0	0.9	1.3	0.6	0.7	0.7	0.4	0.2	0.3	-0.5	0.5	0.2
Government revenue (percentage change)	-6.7	0.2	-3.8	13.6	2.0	6.2	3.7	4.0	4.1	3.9	11.5	6.3	5.3	4.8	2.7	6.8	5.0
Government revenue, excluding grants 4/	248.5	249.0	239.4	271.9	277.3	294.6	305.6	317.7	330.7	343.7	383.1	534.0	664.5	847.6	287.8	520.2	772.2
After enhanced HIPC Initiative assistance																	
NPV of total debt 5/	...	...	...	661.9	685.3	709.9	734.0	752.8	769.2	784.6	803.7	906.1	1,024.4	1,157.3	728.2	902.8	1,110.1
NPV of new debt 5/	...	...	...	0.0	32.9	67.1	101.4	132.3	159.8	189.4	218.1	363.6	539.6	819.0	97.6	360.8	701.9
NPV of debt to exports ratio (in percent) 3/ 6/	...	...	...	173.6	178.6	185.6	186.1	178.5	169.2	159.3	149.9	114.3	95.9	76.8	175.9	119.2	84.5
NPV of debt to revenue ratio (in percent) 3/ 6/	...	...	...	243.4	247.1	241.0	240.2	237.0	232.6	228.3	209.8	169.7	154.2	136.5	238.5	176.6	144.1
Debt service ratio (in percent)	...	...	...	...	12.3	11.0	10.3	10.0	9.1	8.9	7.8	6.3	5.3	5.5	10.3	6.5	5.4

Sources: Mauritanian authorities; and staff estimates and projections.

1/ 1999, 2000, and 2001 figures are estimated for decision point, actual for completion point.
2/ Projection period from 1999 to 2017.
3/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.
4/ Central government revenue excluding grants, converted to U.S. dollars using end-of-period exchange rates.
5/ Assumed committed unconditionally at end-1998.
6/ Assumed committed unconditionally at end-2001.

Table 11. Mauritania: Net Present Value of External Debt After Rescheduling, 2001–22

(In millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2001–11	2012–22
	Actual										Projected												Average	
After traditional debt relief 1/																								
NPV of total debt 2/	1,208.3	1,192.3	1,182.5	1,180.5	1,175.4	1,167.5	1,162.2	1,161.8	1,160.9	1,160.2	1,165.0	1,175.6	1,189.9	1,207.5	1,225.1	1,246.1	1,265.9	1,287.4	1,309.9	1,332.1	1,356.1	1,510.8	1,174.1	1,282.4
NPV of old debt	1,208.3	1,159.4	1,115.4	1,079.1	1,043.0	1,007.7	972.8	943.7	914.7	887.2	864.8	845.7	826.3	805.7	780.4	755.0	726.4	697.1	666.5	633.0	598.6	691.9	1,017.7	729.7
Official bilateral and commercial	488.5	481.4	476.7	473.7	469.9	465.6	461.3	456.7	451.9	446.9	442.2	437.4	433.3	428.6	418.4	407.5	394.4	380.9	366.5	350.5	333.1	366.5	465.0	392.5
Paris Club	243.8	240.1	234.0	229.2	224.0	218.2	212.6	206.6	200.5	194.4	188.0	181.0	173.4	165.2	155.8	145.6	133.9	122.6	111.4	99.6	87.7	111.4	217.4	135.2
Other official bilateral	244.7	241.3	242.7	244.5	245.9	247.4	248.8	250.1	251.4	252.6	254.2	256.4	259.9	263.4	262.6	261.9	260.5	258.3	255.1	250.9	245.4	255.1	247.6	257.2
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	719.9	678.0	638.8	605.5	573.1	542.1	511.5	487.1	462.8	440.3	422.6	408.3	393.0	377.1	362.0	347.5	331.9	316.1	300.0	282.5	265.5	248.2	552.7	330.2
Of which: IMF	86.5	74.8	61.1	50.0	40.2	31.2	21.4	14.8	7.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.5	0.0
Of which: World Bank	242.8	245.8	248.5	250.9	252.3	252.9	252.6	251.5	249.8	246.4	242.0	237.2	231.8	225.9	219.3	211.8	203.6	194.9	185.6	175.1	164.2	153.0	248.7	200.2
Of which: AfDB/AfDF	131.7	124.9	119.9	115.2	110.6	106.2	101.8	97.3	92.4	87.2	83.9	82.4	80.6	78.8	76.9	74.9	72.6	70.1	67.6	64.9	62.0	59.1	106.3	71.8
Others	259.0	232.5	209.2	189.4	170.0	151.8	135.7	123.5	112.7	103.9	96.7	88.7	80.5	72.4	65.8	60.7	55.8	51.1	46.8	42.5	39.2	36.2	162.2	58.2
NPV of new debt	0.0	32.9	67.1	101.4	132.3	159.8	189.4	218.1	246.2	272.9	300.3	329.9	363.6	401.7	444.7	491.1	539.6	590.3	643.4	699.1	757.5	819.0	156.4	552.7
After enhanced HIPC assistance 3/																								
NPV of total debt 2/	1391.5	685.3	709.9	734.0	752.8	769.2	784.6	803.7	822.5	841.4	860.3	881.9	906.1	932.3	962.0	993.4	1,024.4	1,056.8	1,089.8	1,111.9	1,134.8	1,157.3	832.3	1,022.8
NPV of old debt	1391.5	652.4	642.8	632.6	620.5	609.4	595.2	585.6	576.3	568.5	560.1	551.9	542.5	530.6	517.3	502.3	484.9	466.5	446.4	412.8	377.2	338.3	675.9	470.1
Official bilateral and commercial	687.4	257.5	254.3	250.4	246.0	241.4	237.1	232.5	227.7	222.5	216.8	210.2	202.6	193.9	184.0	172.5	159.2	145.0	129.5	112.2	93.4	71.8	279.4	152.2
Paris Club	305.0	138.6	134.2	128.9	123.1	116.9	111.0	104.9	99.0	93.3	87.7	81.8	75.8	69.5	63.0	56.2	48.9	42.3	36.1	30.1	24.8	19.2	131.2	49.8
Other official bilateral	382.4	118.9	120.1	121.5	122.9	124.5	126.1	127.6	128.6	129.2	129.1	128.4	126.9	124.4	120.9	116.3	110.3	102.7	93.4	82.2	68.7	52.6	148.3	102.4
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	704.1	394.9	388.5	382.2	374.4	368.0	358.1	353.1	348.6	346.0	343.3	341.7	339.8	336.7	333.3	329.8	325.7	321.5	316.9	300.6	283.8	266.5	396.5	317.8
Of which: IMF	81.6	49.4	44.6	40.3	34.5	29.7	21.4	14.8	7.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7	0.0
Of which: World Bank	240.0	147.6	151.5	155.3	158.9	162.3	165.5	168.5	171.2	173.0	174.6	176.4	178.0	179.6	181.2	182.5	183.6	184.7	185.6	175.1	164.2	153.0	169.9	176.7
Of which: AfDB/AfDF	125.8	69.0	70.3	71.8	73.6	75.4	77.4	79.5	81.8	84.3	83.9	82.4	80.6	78.8	76.9	74.9	72.6	70.1	67.6	64.9	62.0	59.1	81.2	71.8
Others	256.7	128.9	122.2	114.7	107.4	100.6	93.8	90.3	87.7	85.8	84.7	83.0	81.2	78.2	75.3	72.4	69.5	66.6	63.7	60.7	57.6	54.4	115.7	69.3
NPV of new debt	0.0	32.9	67.1	101.4	132.3	159.8	189.4	218.1	246.2	272.9	300.3	329.9	363.6	401.7	444.7	491.1	539.6	590.3	643.4	699.1	757.5	819.0	156.4	552.7
After unconditional delivery of enhanced HIPC assistance 4/																								
NPV of total debt 2/	661.9	685.3	709.9	734.0	752.8	769.2	784.6	803.7	822.5	841.4	860.3	881.9	906.1	932.3	962.0	993.4	1,024.4	1,056.8	1,089.8	1,111.9	1,134.8	1,157.3	766.0	1,022.8
NPV of old debt	661.9	652.4	642.8	632.6	620.5	609.4	595.2	585.6	576.3	568.5	560.1	551.9	542.5	530.6	517.3	502.3	484.9	466.5	446.4	412.8	377.2	338.3	609.6	470.1
Official bilateral and commercial	258.8	257.5	254.3	250.4	246.0	241.4	237.1	232.5	227.7	222.5	216.8	210.2	202.6	193.9	184.0	172.5	159.2	145.0	129.5	112.2	93.4	71.8	240.5	152.2
Paris Club	139.3	138.6	134.2	128.9	123.1	116.9	111.0	104.9	99.0	93.3	87.7	81.8	75.8	69.5	63.0	56.2	48.9	42.3	36.1	30.1	24.8	19.2	116.1	49.8
Other official bilateral	119.5	118.9	120.1	121.5	122.9	124.5	126.1	127.6	128.6	129.2	129.1	128.4	126.9	124.4	120.9	116.3	110.3	102.7	93.4	82.2	68.7	52.6	124.4	102.4
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	403.1	394.9	388.5	382.2	374.4	368.0	358.1	353.1	348.6	346.0	343.3	341.7	339.8	336.7	333.3	329.8	325.7	321.5	316.9	300.6	283.8	266.5	369.1	317.8
Of which: IMF	52.7	49.4	44.6	40.3	34.5	29.7	21.4	14.8	7.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.1	0.0
Of which: World Bank	143.8	147.6	151.5	155.3	158.9	162.3	165.5	168.5	171.2	173.0	174.6	176.4	178.0	179.6	181.2	182.5	183.6	184.7	185.6	175.1	164.2	153.0	161.1	176.7
Of which: AfDB/AfDF	67.7	69.0	70.3	71.8	73.6	75.4	77.4	79.5	81.8	84.3	83.9	82.4	80.6	78.8	76.9	74.9	72.6	70.1	67.6	64.9	62.0	59.1	75.9	71.8
Others	138.9	128.9	122.2	114.7	107.4	100.6	93.8	90.3	87.7	85.8	84.7	83.0	81.2	78.2	75.3	72.4	69.5	66.6	63.7	60.7	57.6	54.4	105.0	69.3
NPV of new debt	0.0	32.9	67.1	101.4	132.3	159.8	189.4	218.1	246.2	272.9	300.3	329.9	363.6	401.7	444.7	491.1	539.6	590.3	643.4	699.1	757.5	819.0	156.4	552.7
After bilateral debt relief beyond HIPC assistance 4/ 5/																								
NPV of total debt 2/	547.3	570.3	598.4	626.9	650.7	672.5	693.0	717.4	741.1	764.9	789.0	815.8	845.5	877.5	913.0	950.5	988.2	1,026.5	1,065.0	1,092.4	1,119.7	1,147.0	670.1	985.6
NPV of old debt	547.3	537.4	531.3	525.5	518.4	512.7	503.6	499.3	494.8	492.0	488.7	485.9	481.9	475.7	468.3	459.5	448.7	436.2	421.6	393.3	362.2	328.0	513.7	432.8
Official bilateral and commercial	144.2	142.5	142.8	143.3	143.9	144.7	145.5	146.2	146.3	146.0	145.5	144.2	142.1	139.1	135.0	129.7	123.0	114.7	104.7	92.7	78.3	61.5	144.6	115.0
Paris Club	24.7	23.6	22.7	21.9	21.0	20.2	19.4	18.6	17.6	16.9	16.3	15.8	15.2	14.6	14.0	13.4	12.7	12.0	11.3	10.5	9.7	8.8	20.3	12.6
Other official bilateral	119.5	118.9	120.1	121.5	122.9	124.5	126.1	127.6	128.6	129.2	129.1	128.4	126.9	124.4	120.9	116.3	110.3	102.7	93.4	82.2	68.7	52.6	124.4	102.4
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	403.1	394.9	388.5	382.2	374.4	368.0	358.1	353.1	348.6	346.0	343.3	341.7	339.8	336.7	333.3	329.8	325.7	321.5	316.9	300.6	283.8	266.5	369.1	317.8
Of which: IMF	52.7	49.4	44.6	40.3	34.5	29.7	21.4	14.8	7.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.1	0.0
Of which: World Bank	143.8	147.6	151.5	155.3	158.9	162.3	165.5	168.5	171.2	173.0	174.6	176.4	178.0	179.6	181.2	182.5	183.6	184.7	185.6	175.1	164.2	153.0	161.1	176.7
Of which: AfDB/AfDF	67.7	69.0	70.3	71.8	73.6	75.4	77.4	79.5	81.8	84.3	83.9	82.4	80.6	78.8	76.9	74.9	72.6	70.1	67.6	64.9	62.0	59.1	75.9	71.8
Others	138.9	128.9	122.2	114.7	107.4	100.6	93.8	90.3	87.7	85.8	84.7	83.0	81.2	78.2	75.3	72.4	69.5	66.6	63.7	60.7	57.6	54.4	105.0	69.3
NPV of new debt	0.0	32.9	67.1	101.4	132.3	159.8	189.4	218.1	246.2	272.9	300.3	329.9	363.6	401.7	444.7	491.1	539.6	590.3	643.4	699.1	757.5	819.0	156.4	552.7

Sources: Mauritanian authorities; and staff estimates and projections.

1/ Assumes a stock-of-debt operation on Naples terms at end-1999 with comparable treatment from non-Paris Club bilateral creditors.
2/ Discounted on the basis of a six-month average of Commercial Interest Reference Rate (CIRR) for July–December 2001. The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate (end-December 2001).
3/ The NPV of debt for 2001 shows only the effect of interim assistance. The resulting NPV is therefore higher than that for traditional debt relief, which assumes a stock-of-debt operation on Naples terms.
4/ Entire assistance assumed to be delivered unconditionally at end-December 2001.
5/ Reflects assistance committed beyond enhanced HIPC by some Paris Club creditors on a bilateral basis.

Table 12. Mauritania: External Debt Indicators, 2001–22

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2001–11	2012–22
	Actual	Projected																					Average	
	(In percent; unless otherwise indicated)																							
After traditional debt relief 1/																								
NPV of debt to GDP ratio	125.1	121.6	114.4	106.0	97.8	89.6	82.6	76.9	71.6	66.7	62.7	59.3	56.5	54.1	51.9	50.1	48.3	46.7	45.2	43.8	42.5	45.2	92.3	49.4
NPV of debt to exports ratio 2/	316.9	310.7	309.2	299.4	278.7	256.9	235.9	216.7	198.6	182.8	169.9	159.5	150.1	141.4	132.9	125.5	118.5	112.2	106.5	101.1	96.1	100.2	252.3	122.2
NPV of debt to revenue ratio	444.4	429.9	401.4	386.3	370.0	353.0	338.2	303.2	282.4	263.2	247.2	234.0	222.8	213.3	204.8	197.4	190.5	184.2	178.3	172.7	167.7	178.2	347.1	194.9
Debt service ratio	...	29.2	26.4	22.3	20.5	18.5	16.6	14.6	13.8	12.9	11.5	10.2	9.3	8.5	8.2	7.6	7.4	7.1	6.8	6.6	6.3	6.1	18.6	7.6
Debt service to revenue ratio	...	37.3	35.1	30.8	29.2	27.4	25.9	22.2	21.3	20.1	17.9	16.0	14.8	13.9	13.6	12.8	12.8	12.4	12.2	12.1	11.8	11.5	26.7	13.1
After enhanced HIPC assistance 3/																								
NPV of debt to GDP ratio	144.1	69.9	68.7	65.9	62.6	59.1	55.8	53.2	50.7	48.4	46.3	44.5	43.0	41.8	40.8	39.9	39.1	38.3	37.6	36.6	35.6	34.6	65.9	39.3
NPV of debt to exports ratio 2/	364.9	178.6	185.6	186.1	178.5	169.2	159.3	149.9	140.7	132.5	125.5	119.6	114.3	109.2	104.3	100.0	95.9	92.1	88.6	84.4	80.4	76.8	179.2	96.9
NPV of debt to revenue ratio	511.7	247.1	241.0	240.2	237.0	232.6	228.3	209.8	200.0	190.9	182.6	175.5	169.7	164.7	160.8	157.4	154.2	151.2	148.4	144.2	140.3	136.5	247.4	154.8
Debt service ratio	...	12.3	11.0	10.3	10.0	9.1	8.9	7.8	7.7	7.4	7.2	6.7	6.3	5.9	5.5	5.3	5.3	5.1	5.0	5.8	5.6	5.5	9.2	5.6
Debt service to revenue ratio	...	16.5	14.5	14.2	14.3	13.4	13.8	11.9	11.9	11.5	11.3	10.6	10.0	9.6	9.1	8.9	9.1	9.0	9.0	10.6	10.5	10.5	13.3	9.7
After unconditional delivery of enhanced HIPC assistance 4/																								
NPV of debt to GDP ratio	68.5	69.9	68.7	65.9	62.6	59.1	55.8	53.2	50.7	48.4	46.3	44.5	43.0	41.8	40.8	39.9	39.1	38.3	37.6	36.6	35.6	34.6	59.0	39.3
NPV of debt to exports ratio 2/	173.6	178.6	185.6	186.1	178.5	169.2	159.3	149.9	140.7	132.5	125.5	119.6	114.3	109.2	104.3	100.0	95.9	92.1	88.6	84.4	80.4	76.8	161.8	96.9
NPV of debt to revenue ratio	243.4	247.1	241.0	240.2	237.0	232.6	228.3	209.8	200.0	190.9	182.6	175.5	169.7	164.7	160.8	157.4	154.2	151.2	148.4	144.2	140.3	136.5	223.0	154.8
Debt service ratio	...	12.3	11.0	10.3	10.0	9.1	8.9	7.8	7.7	7.4	7.2	6.7	6.3	5.9	5.5	5.3	5.3	5.1	5.0	5.8	5.6	5.5	9.2	5.6
Debt service to revenue ratio	...	16.5	14.5	14.2	14.3	13.4	13.8	11.9	11.9	11.5	11.3	10.6	10.0	9.6	9.1	8.9	9.1	9.0	9.0	10.6	10.5	10.5	13.3	9.7
After bilateral debt relief beyond HIPC assistance 4/ 5/																								
NPV of debt to GDP ratio	56.7	58.2	57.9	56.3	54.1	51.6	49.3	47.5	45.7	44.0	42.5	41.2	40.2	39.3	38.7	38.2	37.7	37.2	36.8	35.9	35.1	34.3	51.2	37.7
NPV of debt to exports ratio 2/	143.5	148.6	156.5	159.0	154.3	148.0	140.7	133.8	126.8	120.5	115.1	110.7	106.7	102.8	99.0	95.7	92.5	89.5	86.6	82.9	79.4	76.1	140.6	92.9
NPV of debt to revenue ratio	201.3	205.6	203.1	205.2	204.8	203.3	201.7	187.2	180.2	173.5	167.4	162.4	158.3	155.0	152.6	150.6	148.7	146.9	145.0	141.7	138.4	135.3	193.9	148.6
Debt service ratio	...	10.6	9.0	8.3	8.1	7.2	7.2	6.4	6.4	6.2	6.2	5.7	5.3	5.1	4.7	4.5	4.5	4.5	4.5	5.3	5.3	5.2	7.6	5.0
Debt service to revenue ratio	...	14.1	11.9	11.4	11.5	10.7	11.3	9.7	9.9	9.7	9.6	9.0	8.5	8.2	7.8	7.6	7.8	8.0	8.1	9.8	9.8	9.9	11.0	8.6
	(In millions of U.S. dollars)																							
Memorandum items:																								
NPV of debt:																								
After traditional debt relief 6/	1,206.7	1,192.3	1,182.5	1,180.5	1,175.4	1,167.5	1,162.2	1,161.8	1,160.9	1,160.2	1,165.0	1,175.6	1,189.9	1,207.5	1,225.1	1,246.1	1,265.9	1,287.4	1,309.9	1,332.1	1,356.1	1,510.8	1,174.1	1,282.4
After enhanced HIPC assistance 6/	1,391.5	685.3	709.9	734.0	752.8	769.2	784.6	803.7	822.5	841.4	860.3	881.9	906.1	932.3	962.0	993.4	1,024.4	1,056.8	1,089.8	1,111.9	1,134.8	1,157.3	832.3	1,022.8
After unconditionnal delivery of enhanced HIPC assistance 6/	661.9	685.3	709.9	734.0	752.8	769.2	784.6	803.7	822.5	841.4	860.3	881.9	906.1	932.3	962.0	993.4	1,024.4	1,056.8	1,089.8	1,111.9	1,134.8	1,157.3	766.0	1,022.8
After bilateral debt relief beyond enhanced HIPC assistance 5/	547.3	570.3	598.4	626.9	650.7	672.5	693.0	717.4	741.1	764.9	789.0	815.8	845.5	877.5	913.0	950.5	988.2	1,026.5	1,065.0	1,092.4	1,119.7	1,147.0	670.1	985.6
Debt service:																								
After traditional debt relief	...	108.3	103.4	94.1	92.6	90.7	89.1	85.2	87.6	88.4	84.3	80.6	79.1	78.4	81.1	80.8	85.1	86.9	89.3	93.4	95.4	97.7	92.4	86.2
After enhanced HIPC assistance	...	45.7	42.8	43.5	45.4	44.3	47.5	45.8	48.9	50.7	53.2	53.2	53.3	54.4	54.3	56.0	60.3	62.8	66.2	81.4	84.6	89.0	46.8	65.1
After bilateral debt relief beyond enhanced HIPC assistance	...	39.2	35.1	35.0	36.5	35.2	38.8	37.2	40.9	42.8	45.3	45.3	45.4	46.5	46.4	48.1	52.0	55.6	59.7	75.3	79.4	83.7	38.6	58.0
GDP	965.8	980.1	1,033.7	1,113.6	1,202.2	1,302.4	1,406.7	1,511.0	1,621.5	1,738.4	1,858.5	1,981.1	2,105.9	2,232.2	2,359.3	2,488.8	2,620.4	2,756.4	2,896.7	3,041.2	3,189.9	3,342.8	1,339.4	2,637.7
Exports of goods and services 7/	385.9	370.5	390.9	421.6	452.5	489.4	535.9	583.3	634.4	686.7	736.0	789.0	852.6	920.2	992.8	1,066.6	1,145.8	1,229.8	1,315.1	1,408.1	1,509.7	1,604.0	517.0	1,166.7
Three-year export average 8/	381.3	383.7	382.4	394.3	421.7	454.5	492.6	536.2	584.5	634.8	685.7	737.2	792.5	853.9	921.9	993.2	1,068.4	1,147.4	1,230.2	1,317.7	1,411.0	1,507.3	486.5	1,089.2
Central government revenue 9/	271.9	277.3	294.6	305.6	317.7	330.7	343.7	383.1	411.2	440.8	471.2	502.4	534.0	566.0	598.2	631.1	664.5	698.9	734.5	771.2	808.9	847.6	349.8	668.8

Sources: Mauritanian authorities; and staff estimates and projections.

1/ Assumes a stock-of-debt operation on Naples terms at end-1999 with comparable treatment from non-Paris Club bilateral creditors.
2/ NPV of debt in percent of three-year average of exports of goods and services.
3/ The NPV of debt for 2001 shows only the effect of interim assistance. The resulting NPV is therefore higher than that for traditional debt relief, which assumes a stock-of-debt operation on Naples terms.
4/ Entire assistance assumed to be delivered unconditionally at end-December 2001.
5/ Reflects assistance committed beyond enhanced HIPC by some Paris Club creditors on a bilateral basis.
6/ Dicounted on the basis of a six-month average of Commercial Interest Reference Rate (CIRR) for July–December 2001. The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate (end-December 2001).
7/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.
8/ Backward-looking average (e.g., average over 1999–2001 for exports in 2001).
9/ 2001 fishing royalties of UM 20.4 billion, which came in January 2002 (due to delay of payment), are entered for accounting purposes in the 2002 budget. However for more accurate DSA calculations, an adjustment to budget figures is done to reincorporate them in 2001 and out of 2002.

Table 13. Mauritania: HIPC Initiative—Alternative Assistance Levels Under a Proportional Burden-Sharing Approach 1/

(In millions of U.S. dollars in end-December 1998 NPV terms; unless otherwise indicated) 2/

Assuming a Decision Point in 2000 3/

NPV of Debt-to-Exports-Target (In percent)	Total Assistance Under the NPV of Debt-to-Exports Criteria			NPV of Debt-to-Revenue-Target (In percent)	Total Assistance Under the NPV of Debt-to-Revenue Criteria			Memorandum Item: Required NPV Debt Reduction on Comparable Treatment on Bilateral Debt Based on Overall Exposure 5/ (In percent)
	Total	Bilateral 4/	Multilateral		Total	Bilateral 4/	Multilateral	
150				**250**				
Debt relief under baseline scenario	563	236	327		622	261	361	
Common Reduction Factor at the decision point 6/			45.3				50.0	
Memorandum items:				Memorandum items:				
NPV of debt 7/	1,243	522	721	NPV of debt 7/	1,243	522	721	
Three-year export average	453			Centr. govt. revenues	248			
Current-year exports	409			NPV of debt-to-revenues	500			
NPV of debt-to-export ratio (in percent) 8/	274			Exports-to-GDP ratio 8/	43			
				Revenues-to-GDP ratio 8/	28			
				Average GDP	1,061			
				Paris Club Creditors:		274		83%
				Of which: pre-cod non-ODA		119		105%
				Non-Paris Club Creditors:		248		83%
				Of which: pre-cod non-ODA		40		170%

Sources: Mauritanian authorities; and staff estimates.

1/ Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127; 7/7/97, and IDA/SEC M97-306; 7/7/97), that is, after full application of traditional debt relief mechanisms.
2/ Using six-month backward-looking discount rates at end-December 1998 and end-1998 exchange rates.
3/ Applies a hypothetical stock-of-debt operation on Naples terms and appropriate comparable treatment by other official bilateral creditors at end-December 1998.
4/ Includes only official bilateral creditors as no commercial debt remains.
5/ Includes traditional debt relief; a hypothetical stock-of-debt on Naples terms with comparable treatment from non-Paris Club creditors.
6/ Each creditor's NPV reduction in percent of its exposure at the decision point (after hypothetical Naples stock at the end of the base year).
7/ Based on latest data available at the decision point after full application of traditional debt-relief mechanisms.
8/ Based on the three-year backward looking average of exports of goods and nonfactor services (e.g., 1996–98); GDP and central government revenues, all centered on the previous year.

Table 14. Mauritania: Comparison of NPV of External Public Debt Between Decision and Completion Point

(In millions of U.S. dollars; unless otherwise indicated; stock at end-2001)

	Decision Point DSA Projections 1/		Completion Point DSA Projections 2/		
	After Traditional Debt Relief	After Enhanced HIPC Relief	After Traditional Debt Relief	After Enhanced HIPC Relief	After Additional Bilateral Relief 3/
NPV of debt using end-1998 parameters	1,207.5	605.9	1,327.7	746.5	601.8
Multilateral	690.6	334.8	792.6	450.8	450.8
Official Bilateral	516.8	271.0	535.1	295.7	151.0
NPV of debt using end-2001 parameters	...	...	1,208.3	661.9	547.3
Multilateral	...	...	719.9	403.1	403.1
Official Bilateral	...	...	488.5	258.8	144.2
NPV of debt-to-export ratio (in percent) 4/					
Using end-1998 parameters	280.2	140.6	348.2	195.8	157.8
Using end-2001 parameters	...	...	316.9	173.6	143.5
NPV of debt-to-revenue ratio (in percent) 5/					
Using end-1998 parameters	407.8	204.6	488.2	274.5	221.3
Using end-2001 parameters	...	...	444.4	243.4	201.3
Memorandum items:					
NPV of enhanced HIPC assistance 6/					
Using end-1998 parameters 7/	...	601.6	...	579.3	...
Using end-2001 parameters	...	...	...	544.8	...
Exports of goods and services 8/					
Decision point	431.0	431.0	...	...	...
Completion point	...	...	381.3	381.3	381.3
Central government revenue 9/					
Decision point	296.1	296.1	...	...	...
Completion point	...	...	271.9	271.9	271.9

Sources: Mauritanian authorities; and Bank-Fund staff calculations.

1/ Debt Sustainability Analysis (DSA) based on stock of debt reconciled at end-1998, assuming full hypothetical delivery of enhanced HIPC Initiative assistance.

2/ Based on stock of debt reconciled at end-2001, assuming full hypothetical delivery of enhanced HIPC Initiative assistance.

3/ After debt relief beyond enhanced HIPC assistance offered by some of the Paris Club creditors.

4/ Based on the average of three consecutive years of exports of goods and services ending in the current year.

5/ Based on central government revenue, excluding grants.

6/ The value of assistance under the enhanced HIPC Initiative framework was determined at its March 2000 decision point, namely US$622 million in NPV terms, using end-1998 parameters (exchange rates and discount factors). The corresponding values for enhanced HIPC Initiative relief expressed as of end-2001 namely US$622 million in NPV terms, are provided for information only.

7/ The estimate of US$534.2 million expresses the value of the agreed assistance (US$622 million in NPV terms of February 2000) in NPV terms of end-2001.

8/ Average of three consecutive years of exports of goods and services ending in 2001. Projections at the time of the decision point and actual data at the completion point under the enhanced HIPC Initiative framework.

9/ Central government revenue, excluding grants, in 2001. Projections at the time of the decision point and actual data at the completion point.

Table 15. Mauritania: Debt Service Payments on Public and Publicly-Guaranteed External Debt, 2002–22

(In millions of U.S. dollars; unless otherwise indicated)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2016	2022	Average 2002–2011	Average 2012–2022
Before debt relief														
Debt service on outstanding debt	123.4	120.8	104.6	102.2	100.6	99.1	93.4	99.0	99.5	95.8	83.6	73.7	103.8	77.6
Principal	93.1	92.4	78.0	76.8	76.5	76.1	68.4	71.4	70.0	65.7	61.4	36.5	76.8	50.3
Multilateral	59.9	58.5	52.1	50.8	49.0	48.3	41.6	40.9	38.9	33.8	28.7	28.2	47.4	29.4
Of which: IMF	15.7	17.1	13.9	12.1	10.8	11.2	7.6	7.6	5.3	3.1	0.0	0.0	10.5	0.0
Of which: World Bank	5.6	6.3	6.7	7.9	8.9	9.8	10.7	11.3	13.1	13.9	16.3	18.1	9.4	16.5
Of which: AfDB/AfDF	6.6	6.5	6.6	6.6	6.6	6.8	7.1	7.7	8.1	6.3	4.9	5.4	6.9	5.1
Others	32.0	28.5	24.8	24.1	22.7	20.4	16.1	14.3	12.4	10.5	7.5	4.7	20.6	7.8
Official bilateral	33.2	34.0	26.0	26.1	27.4	27.8	26.8	30.6	31.0	31.9	32.7	7.8	29.5	20.8
Paris Club	19.0	19.1	14.4	13.9	14.1	14.3	14.7	18.3	18.5	19.4	21.5	6.1	16.6	14.3
Other official bilateral	14.1	14.9	11.5	12.2	13.3	13.6	12.1	12.3	12.5	12.5	11.2	1.7	12.9	6.5
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.6	1.1	1.6	2.2	2.6	3.2	6.7	10.5	14.2	16.4	14.9	30.7	5.9	20.0
After traditional debt relief mechanisms 1/	108.3	103.4	94.1	92.6	90.7	89.1	85.2	87.6	88.4	84.3	80.8	97.7	92.4	86.2
Principal	75.2	71.6	63.6	63.1	62.1	61.4	58.2	61.0	62.6	59.0	56.2	69.3	63.8	61.4
Multilateral	59.9	58.5	52.1	50.8	49.0	48.3	41.6	40.9	38.9	33.8	28.7	27.1	47.4	29.3
Official bilateral	15.3	13.2	11.5	12.4	13.0	13.1	13.6	13.9	14.2	14.1	21.2	17.0	13.4	20.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.0	0.0	0.0	0.0	0.0	0.0	3.1	6.3	9.5	11.1	6.3	17.1	3.0	10.6
Interest	33.1	31.7	30.5	29.5	28.6	27.7	26.9	26.6	25.8	25.3	24.5	28.4	28.6	24.7
Multilateral	16.6	14.9	13.5	12.2	11.0	9.9	8.9	8.3	7.2	6.5	4.5	5.4	10.9	4.5
Official bilateral	15.9	15.7	15.3	15.1	14.9	14.6	14.4	14.1	13.8	13.5	11.5	7.3	14.7	10.6
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.6	1.1	1.6	2.2	2.6	3.2	3.7	4.2	4.8	5.3	8.6	13.6	2.9	9.5
After enhanced HIPC assistance 3/	45.7	42.8	43.5	45.4	44.3	47.5	45.8	48.9	50.7	53.2	56.0	89.0	46.8	65.1
Total debt service														
Principal	32.9	28.4	29.0	31.1	30.1	33.3	31.7	34.6	36.3	38.1	39.2	70.2	32.5	47.8
Multilateral	22.8	21.6	21.6	23.2	21.9	25.3	20.4	19.7	17.9	17.4	17.9	29.1	21.2	20.8
Of which: IMF	5.5	7.0	6.3	7.6	6.4	9.6	7.6	7.6	5.3	3.1	0.0	0.0	6.6	0.0
Of which: World Bank	2.1	2.4	2.6	3.0	3.4	3.9	4.2	4.6	5.7	5.9	7.0	18.1	3.8	9.9
Of which: AfDB/AfDF	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.3	1.3	3.7	4.9	5.4	1.4	5.1
Others	14.0	11.1	11.7	11.4	10.9	10.7	7.4	6.2	5.6	4.8	6.1	5.7	9.4	5.8
Official bilateral	10.1	6.8	7.4	8.0	8.3	7.9	8.2	8.6	9.0	9.5	15.0	23.9	8.4	16.4
Of which: Paris Club	5.4	6.6	7.4	8.0	8.3	7.9	8.0	7.8	7.6	7.5	8.0	6.2	7.5	7.4
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.0	0.0	0.0	0.0	0.0	0.0	3.1	6.3	9.5	11.1	6.3	17.1	3.0	10.6
Interest	12.8	14.5	14.4	14.3	14.2	14.2	14.1	14.4	14.4	15.1	16.8	18.8	14.2	17.2
Multilateral	5.9	4.9	4.5	4.1	3.7	3.3	2.9	2.8	2.5	3.0	2.7	2.8	3.8	2.8
Of which: IMF	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.0
Of which: World Bank	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.1	1.6	1.4	1.3
Of which: AfDB/AfDF	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3	0.2	0.8	0.9	0.7	0.5	0.9
Others	3.3	2.4	2.2	1.9	1.6	1.3	1.0	1.1	0.8	0.7	0.7	0.5	1.6	0.7
Official bilateral	6.3	8.5	8.3	8.1	7.9	7.7	7.5	7.3	7.1	6.9	5.6	2.5	7.5	4.9
Of which: Paris Club	3.4	3.4	3.2	3.1	2.9	2.7	2.5	2.3	2.1	2.0	1.3	0.5	2.8	1.2
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.6	1.1	1.6	2.2	2.6	3.2	3.7	4.2	4.8	5.3	8.6	13.6	2.9	9.5
After assistance beyond enhanced HIPC Initiative 4/	39.2	35.1	35.0	36.5	35.2	38.8	37.2	40.9	42.8	45.3	48.1	83.7	38.6	58.0
Multilateral	28.7	26.5	26.1	27.2	25.5	28.7	23.3	22.5	20.4	20.4	20.6	31.9	24.9	23.6
Official bilateral	9.9	7.5	7.2	7.2	7.1	7.0	7.2	7.9	8.1	8.5	12.6	21.1	7.7	14.3
Of which: Paris Club	2.3	2.3	2.2	2.1	2.1	2.0	1.9	2.1	1.8	1.5	1.5	1.4	2.0	1.5
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.6	1.1	1.6	2.2	2.6	3.2	6.7	10.5	14.2	16.4	14.9	30.7	5.9	20.0

Sources: Mauritanian authorities; and Fund staff estimates and projections.

1/ A stock-of-debt operation under Naples terms is simulated at end-December 1998.
2/ Completion point is assumed to be reached in June 2002. Debt service relief is assumed to be in proportion of principal and interest due.
3/ Reflects assistance committed beyond enhanced HIPC by some Paris Club creditors on a bilateral basis.

Table 16. Mauritania: External Debt Indicators and Sensitivity Analysis, 2001–22 1/

(In millions of U.S. dollars; unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average 2001–2011	Average 2012–2022
Baseline scenario, after unconditional delivery of enhanced HIPC assistance 2/																								
NPV of debt-to-revenue ratio 3/	243.4	247.1	241.0	240.2	237.0	232.6	228.3	209.8	200.0	190.9	182.6	175.5	169.7	164.7	160.8	157.4	154.2	151.2	148.4	144.2	140.3	136.5	223.0	154.8
NPV of debt-to-revenue ratio after assistance beyond enhanced HIPC Initiative 4/	201.3	205.6	203.1	205.2	204.8	203.3	201.7	187.2	180.2	173.5	167.4	162.4	158.3	155.0	152.6	150.6	148.7	146.9	145.0	141.7	138.4	135.3	193.9	148.6
Debt service-to-revenue ratio 3/	...	16.5	14.5	14.2	14.3	13.4	13.8	11.9	11.9	11.5	11.3	10.6	10.0	9.6	9.1	8.9	9.1	9.0	9.0	10.6	10.5	10.5	13.3	9.7
NPV of debt-to-export ratio 5/	173.6	178.6	185.6	186.1	178.5	169.2	159.3	149.9	140.7	132.5	125.5	119.6	114.3	109.2	104.3	100.0	95.9	92.1	88.6	84.4	80.4	76.8	161.8	96.9
NPV of debt-to-export ratio after assistance beyond enhanced HIPC Initiative 4/	143.5	148.6	156.5	159.0	154.3	148.0	140.7	133.8	126.8	120.5	115.1	110.7	106.7	102.8	99.0	95.7	92.5	89.5	86.6	82.9	79.4	76.1	140.6	92.9
Debt service-to-export ratio	...	12.3	11.0	10.3	10.0	9.1	8.9	7.8	7.7	7.4	7.2	6.7	6.3	5.9	5.5	5.3	5.3	5.1	5.0	5.8	5.6	5.5	9.2	5.6
Grant element in total debt 6/	37.9	38.8	39.6	40.1	40.5	41.0	41.5	41.9	42.3	42.8	43.2	43.4	43.7	43.9	44.2	44.4	44.7	44.9	45.2	45.6	45.9	46.1	40.9	44.7
Grant element in new debt	...	59.2	58.1	57.0	56.8	56.9	56.9	57.0	57.3	57.6	57.9	58.1	58.0	57.8	57.3	56.9	56.4	56.0	55.6	55.2	54.9	54.5	57.5	56.4
Alternative scenario - lower exports 7/																								
NPV of debt-to-revenue ratio 3/	243.4	250.6	247.4	249.9	250.1	249.1	248.1	231.2	223.7	216.5	210.0	204.7	200.5	197.0	194.6	192.5	190.6	188.8	187.0	183.9	180.9	178.1	238.2	190.8
NPV of debt-to-revenue ratio after assistance beyond enhanced HIPC Initiative 4/	201.3	209.1	209.5	214.8	217.9	219.8	221.4	208.6	203.8	199.1	194.8	191.5	189.1	187.3	186.4	185.7	185.1	184.4	183.7	181.3	179.1	176.9	209.1	184.6
Debt service-to-revenue ratio 3/	...	16.6	14.7	14.5	14.6	13.8	14.2	12.4	12.4	12.0	11.8	11.2	10.7	10.4	10.0	9.9	10.2	10.2	10.3	11.9	11.9	12.0	13.7	10.8
NPV of debt-to-export ratio 5/	173.6	186.3	202.9	213.8	208.4	200.5	190.8	181.0	171.2	162.5	155.1	149.2	143.8	138.5	133.3	128.7	124.3	120.2	116.4	111.9	107.6	103.6	186.0	125.2
NPV of debt-to-export ratio after assistance beyond enhanced HIPC Initiative 4/	143.5	155.4	171.8	183.7	181.6	176.9	170.3	163.3	156.0	149.4	143.9	139.6	135.7	131.7	127.7	124.1	120.7	117.4	114.3	110.3	106.5	102.9	163.3	121.0
Debt service-to-export ratio	...	13.7	12.2	11.6	11.4	10.3	10.0	8.9	8.7	8.3	8.1	7.6	7.1	6.8	6.3	6.1	6.2	6.0	6.0	6.8	6.6	6.5	10.3	6.5
Grant element in total debt 6/	37.9	39.2	40.3	41.1	41.9	42.7	43.4	44.0	44.6	45.2	45.7	46.0	46.3	46.5	46.7	46.9	47.1	47.3	47.5	47.8	48.0	48.0	42.3	47.1
Grant element in new debt	...	61.0	60.1	59.3	59.1	59.1	59.0	58.9	58.9	59.0	59.0	58.8	58.6	58.2	57.7	57.2	56.7	56.2	55.7	55.3	54.9	54.5	59.3	56.7
Alternative scenario - lower growth 8/																								
NPV of debt-to-revenue ratio 3/	243.4	247.1	241.0	240.2	237.0	232.6	231.0	225.5	230.3	237.4	246.2	257.6	272.0	289.4	310.1	333.8	360.0	388.9	420.1	451.6	485.9	522.1	237.4	372.0
NPV of debt-to-revenue ratio after assistance beyond enhanced HIPC Initiative 4/	201.3	205.6	203.1	205.2	204.8	203.3	204.4	202.1	209.1	218.2	229.0	242.1	258.3	277.4	299.7	324.9	352.7	383.0	415.4	448.0	483.3	520.3	207.8	364.1
Debt service-to-revenue ratio 3/	...	16.5	14.5	14.2	14.3	13.4	13.9	12.6	13.1	13.3	13.7	13.5	13.5	13.7	13.7	14.2	15.2	15.9	17.0	20.4	21.6	23.0	13.9	16.5
NPV of debt-to-export ratio 5/	173.6	178.6	185.6	186.1	178.5	169.2	164.3	166.6	173.3	182.3	190.8	201.0	213.3	227.7	244.3	262.7	282.5	304.0	326.9	349.6	373.9	398.8	177.2	289.5
NPV of debt-to-export ratio after assistance beyond enhanced HIPC Initiative 4/	143.5	148.6	156.5	159.0	154.3	148.0	145.4	149.3	157.3	167.5	177.4	188.9	202.6	218.2	236.1	255.7	276.8	299.4	323.2	346.8	371.9	397.4	155.2	283.4
Debt service-to-export ratio	...	12.3	11.0	10.3	10.0	9.1	9.4	9.2	9.7	10.0	10.3	10.3	10.3	10.5	10.5	10.8	11.5	12.0	12.8	15.3	16.0	17.0	10.1	12.4
Grant element in total debt 6/	37.9	38.8	39.6	40.1	40.5	41.0	41.8	43.0	44.3	45.8	47.1	48.4	49.5	50.6	51.6	52.4	53.2	53.9	54.4	54.9	55.3	55.5	41.8	52.7
Grant element in new debt	...	59.2	58.1	57.0	56.8	56.9	57.5	58.5	59.4	60.2	60.8	61.1	61.1	61.0	60.8	60.6	60.3	60.0	59.7	59.5	59.2	58.9	58.4	60.2
Alternative scenario - less concessional new borrowing 9/																								
NPV of debt-to-revenue ratio 3/	243.4	249.5	244.9	245.0	244.3	244.0	243.6	228.2	222.6	217.8	213.7	210.5	207.5	204.6	202.1	199.6	197.2	195.0	192.8	189.2	185.8	182.4	236.1	197.0
NPV of debt-to-revenue ratio after assistance beyond enhanced HIPC Initiative 4/	201.3	208.1	207.1	210.0	212.2	214.7	216.9	205.7	202.8	200.4	198.5	197.4	196.2	194.9	193.9	192.8	191.8	190.7	189.4	186.6	183.9	181.2	207.0	190.8
Debt service-to-revenue ratio 3/	...	16.8	15.2	15.1	15.4	14.8	15.4	12.9	12.3	11.4	11.1	10.7	11.0	11.5	11.7	11.9	12.3	12.3	12.5	14.2	14.2	14.4	14.0	12.4
NPV of debt-to-export ratio 5/	173.6	180.4	188.7	189.9	184.0	177.5	169.9	163.1	156.6	151.2	146.8	143.5	139.8	135.6	131.1	126.8	122.7	118.8	115.1	110.7	106.5	102.6	171.1	123.0
NPV of debt-to-export ratio after assistance beyond enhanced HIPC Initiative 4/	143.5	150.4	159.5	162.7	159.8	156.2	151.3	147.0	142.6	139.2	136.4	134.5	132.2	129.2	125.8	122.5	119.3	116.1	113.1	109.2	105.4	101.9	149.9	119.0
Debt service-to-export ratio	...	12.6	11.4	10.9	10.8	10.0	9.9	8.5	8.0	7.3	7.1	6.8	6.9	7.1	7.1	7.1	7.1	7.0	7.0	7.8	7.6	7.6	9.6	7.2
Grant element in total debt 6/	37.9	38.0	38.0	37.8	37.6	37.4	37.1	36.7	36.3	35.8	35.2	34.5	33.9	33.3	32.8	32.3	31.9	31.5	31.2	30.9	30.6	30.2	37.1	32.1
Grant element in new debt	...	39.3	38.8	38.4	37.9	37.5	37.0	36.5	36.1	35.6	35.1	34.6	34.1	33.8	33.4	33.1	32.9	32.6	32.4	32.2	32.0	31.8	37.2	33.0

Sources: Mauritanian authorities; and staff estimates.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Entire assistance assumed to be delivered unconditionally at end-December 2001.
3/ Revenues are defined as central government revenues, excluding grants.
4/ Reflects assistance committed beyond Enhanced HIPC by some Paris Club creditors on a bilateral basis.
5/ As defined in IMF Balance of Payments Manual, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g., export average over 1998–2000 for NPV of debt-to-exports ratio in 2000).
6/ Assumes a stock of debt operation on Naples terms in end-1998 with comparable treatment from non-Paris Club bilateral creditors.
7/ Assumes 20% lower export prices for iron over the period 2002-2022.
8/ Real GDP assumed to grow at 3.5 percent per year from 2008 to 2022.
9/ Average interest rate on new borrowing at 2.3 percent, corresponding to a grant element of 35 percent.

Table 17. Mauritania: HIPC Initiative—Status of Country Cases Considered Under the Initiative, April 11, 2002

Country	Decision Point	Completion Point	Target NPV of Debt-to- Gov. Export Revenue (In percent)		Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Bolivia					1,302	425	876	84	194		2,060
Original framework	*Sep. 97*	*Sep. 98*	*225*		448	157	291	29	54	14	760
Enhanced framework	*Feb. 00*	*Jun. 01*	*150*		854	268	585	55	140	30	1,300
Burkina Faso					553	83	469	57	231		930
Original framework	*Sep. 97*	*Jul. 00*	*205*		229	32	196	22	91	27	400
Enhanced framework	*Jul. 00*	*Apr. 02*	*150*		195	35	161	22	79	30	300
Topping-up	...	*Apr. 02*	*150*		129	16	112	14	61	24	230
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	*Apr. 98*	*Jun. 99*	*200*		1,717	1,076	641	125	381	63	3,700
Enhanced framework	*Apr. 00*	*Sep. 01*	*150*		306	194	112	18	62	27	600
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
Original framework	*Apr. 97*	*Apr. 98*	*202*		347	73	274	69	160	20	650
Enhanced framework	*Feb. 00*	*May 00*	*150*		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May 01	Floating	150		170	35	134	18	68	30	260
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,030
Original framework	*Dec. 97*	*May 99*	*107*	*280*	256	91	165	35	27	24	440
Enhanced framework	*Nov. 00*	*Floating*	*150*	*250*	329	129	200	40	41	40	590
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Mali					523	162	361	58	182		870
Original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*44*	*9*	*220*
Enhanced framework	*Sep. 00*	*Floating*	*150*		*401*	*124*	*277*	*44*	*138*	*28*	*650*
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	0	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC document issued											
Côte d'Ivoire	Mar. 98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					**25,101**	**11,612**	**13,318**	**2,043 5/**	**6,394**		**41,520**
Preliminary HIPC document issued											
Côte d'Ivoire 6/	Sep. 02	...	91	250	2,569	1,027	918	166	438	37	3,900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.
4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.
5/ Equivalent to SDR 1,633 million at an SDR/US$ exchange rate of 0.7994, of April 10, 2002.
6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

DEBT MANAGEMENT ISSUES

In Mauritania, debt management is currently undertaken by three official entities: the *Banque Centrale de Mauritanie* (BCM), the Ministry of Finance (MoF), and the Ministry of Economic Affairs and Development (MoEAD). Legally, debt management is the responsibility of the MoEAD as it is the ministry in charge of defining the country's external debt policies (and of negotiating the terms and conditions of debt agreements). The MoEAD is also responsible for the preparation of development plans, which includes project evaluation in collaboration with the technical ministries concerned and devising investment strategies. The BCM monitors debt flows and is the agent through which external debt is serviced. However, there is a need for a law governing public debt management that provides for clear assignment of responsibility and specific guidelines on establishing and implementing debt management policy.

External debt data are maintained at the BCM and at the External Debt Division (EDD) of the MoF. The database of the BCM covers all public and publicly guaranteed debt, including its own liabilities, while the EDD records the debt of the central government only. Data coverage needs to be expanded to include debt contracted directly by public enterprises. The EDD uses the Debt Management and Financial Analysis System (DMFAS), a computerized debt system developed by UNCTAD and installed at the MoF in 1996. At the end of 2001, a grant from the Islamic Development Bank enabled the EDD to obtain the latest version, DMFAS 5.2, and UNCTAD recently provided training in the use of this new version of DMFAS. Nevertheless, the resulting portfolio analysis is still partial and is not published. At the request of the BCM, the "Debt Pro" software was bought by Debt Relief International (DRI) and installed at both the BCM and the EDD, but this software is not used to update the debt database, and the BCM uses mostly Excel spreadsheets.

The current debt management system has strong points: debt service projections are accurate, payments are generally on time, the existing database is quite comprehensive, results of debt renegotiations are satisfactory, and the borrowing strategy gives priority to investments financed by concessional loans. Nevertheless, some debt managements functions could be strengthened—notably the link between debt management and macroeconomic framework as well as the evaluation of the impact of new borrowing on the loan portfolio. Furthermore, the responsibilities of the three official institutions tend to overlap, and coordination remains insufficient. For this purpose, the government established in May 1998 a debt-monitoring committee under the chairmanship of the director of the EDD. The committee comprises members of BCM, EDD, and MoEAD. Its objectives include designing a debt management strategy for the medium and long term and strengthening the country's analytical and monitoring functions as well as its capabilities for renegotiating debts with external creditors, including the Paris Club. There is also a project to build a network system between all entities involved in debt management and based on the DMFAS software already installed at the EDD of the MoF. This could be implemented technically within a year; nevertheless, the financing of this operation has not been secured yet.

Staff **recommendations for improving the debt management capacity** include: (i) streamlining the coverage of, and responsibilities for, maintaining the debt databases at the BCM and the EDD, preferably with a view toward creating one unified database; (ii) switching from a spreadsheet approach to a computerized debt management system at the BCM; (iii) better covering the entire public enterprise debt portfolio at the BCM (the EDD's database does not cover all public debt); and (iv) training staff in the most up-to-date methodologies as regards debt analysis and risks management in debt strategy.