FOR AGENDA

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November 19, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Mauritania - Staff Report for the 1984 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1984 Article IV consultation with Mauritania. A draft decision appears on page 20.

This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Nsouli (ext. 76542), Mr. Fiator (ext. 73397) or Mr. Marciniak (ext. 76523).

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INTERNATIONAL MONETARY FUND

MAURITANIA

Staff Report for the 1984 Article IV Consultation

Prepared by the Staff Representatives for
the 1984 Consultation with Mauritania

Approved by A.D. Ouattara and E.H. Brau

November 16, 1984

The 1984 Article IV consultation and preliminary discussions on possible use of Fund resources were held with the Mauritanian authorities in Nouakchott during the period August 2-19, 1984. The Mauritanian authorities included Mr. Dieng Boubou Farba, Governor of the Central Bank of Mauritania; Mr. Ahmed Ould Zein, Minister of Planning and Territorial Management; Mr. Ahmed Sidi Ould Deya, Minister of Finance and Commerce; and other officials concerned with economic and financial matters. The staff team consisted of Messrs. M.G.C. Fiator (head-AFR), L. Garamfalvi (FAD), P. Marciniak (AFR), C. Briançon (STAT), M. Zavadjil (EP-AFR), and Ms. C. Nelson (secretary-LEG). Mr. François (AFR) joined the mission toward the end of its stay and met with the Head of State. This report also includes information provided by the authorities during the Annual Meetings.

Mauritania continues to avail itself of the transitional arrangements of Article XIV. On June 1, 1981, the Executive Board approved a stand-by arrangement for Mauritania in the amount of SDR 25.8 million, or 101.2 percent of Mauritania's then quota of SDR 25.5 million. All purchases were made under that stand-by arrangement, which expired on March 31, 1982.

Summaries of Mauritania's relations with the Fund and with the World Bank group are provided in Appendices I and II, respectively. Statistical issues are discussed in Appendix III, and supporting statistical information is provided in Appendices IV and V.

I. Background and Recent Economic Developments

Although Mauritania has substantial resources in iron ore, fishing, and copper, deep structural imbalances exist and the country is facing a major financial crisis. Economic as well as financial conditions in Mauritania have deteriorated rapidly in recent years, partly as a result of depressed demand abroad for iron ore, the country's major export commodity; in addition, the protracted drought which has decimated the livestock population and eroded the agricultural base has intensified, thus compelling the country to import large amounts of emergency food aid. Furthermore, a sizeable cut in official foreign grants, combined with unsustainable fiscal and balance of payments deficits and the deterioration of the public enterprise financial situation, has led to a marked rise in domestic and external payments arrears on public debt; such arrears reached almost 8 percent of GDP by the end of 1983. Mauritania's outstanding external debt obligation has resulted mainly from substantial public investment in infrastructure projects and in unprofitable industries during the last decade.

1. Economic and financial developments, 1980-82

The main features of the Mauritanian economy during the period 1980-82 continued to be unsustainable public finance and balance of payments imbalances, and a rapidly weakening real sector. Due to a combination of factors, notably unfavorable weather conditions and a drop in international demand for iron ore, the growth in real GDP has fallen sharply, from 4 percent in 1980 to a negative rate of about 2 percent in 1982. Rainfed agricultural output and livestock raising, which traditionally have provided livelihood for the bulk of the population, fell sharply as a proportion of GDP. The small industrial base weakened considerably, partially because of sharp declines in purchasing power resulting from the drought and from difficulties in the iron ore mining sector caused by the widespread recession in the steel industry abroad. Gross domestic savings were negative and fluctuated at around 4 percent of GDP whereas gross fixed investment, mainly foreign-financed, rose steadily from 24 percent of GDP in 1980 to 39 percent in 1982. The aggregate export volume, which had risen by 16 percent in 1980 and by 30 percent in 1981, fell by 8 percent in 1982, while the terms of trade became positive in 1981 and 1982 before deteriorating again. Meanwhile, import volume, a large portion of which represented project-related investment financed from abroad, grew continuously, rising by 23 percent in 1981 and by 16 percent in 1982. The resource gap, equivalent to net imports of goods and nonfactor services, rose from 28 percent of GDP in 1980 to 44 percent in 1982.

During the period 1980-82, overall fiscal and monetary policies were expansionary, thus further exacerbating the financial imbalances. Consolidated government deficits on a commitment basis, excluding grants, ranged between 25 percent and 29 percent of GDP, reflecting the accelerated pace of government expenditure, mainly on account of a large volume of extrabudgetary investment. Including grants, these deficits averaged almost 15 percent of GDP and were financed mostly through large external borrowings equivalent to 11-13 percent of GDP. Changes in government domestic and external payments arrears fluctuated sharply and amounted to nearly 4 percent of GDP in 1982, reflecting the Treasury's tight liquidity position during the period.

Table 1. Mauritania: Selected Economic and Financial Indicators, 1979-85

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
	(Annual percentage changes, unless otherwise specified)						
National income and prices							
GDP at constant price	7.7	4.3	3.7	-2.2	6.6	-3.6	3.8
GDP deflator	10.3	7.6	6.9	9.9	4.0	11.2	7.9
Consumer price index 1/	9.1	11.1	11.9	8.4	4.9	12.5	10.0
National minimum wage	--	--	--	24.8	--	--	--
External sector							
Exports, f.o.b. (in SDRs)	20.3	32.4	52.3	-5.7	36.3 2/	-5.9	16.6
Imports, f.o.b. (in SDRs)	3.7	11.6	33.1	17.1	-8.1	4.9	-2.7
Export volume	27.3	15.6	30.2	-8.2	43.0	-7.3	18.0
Import volume	-6.9	-4.9	22.5	16.1	-8.0	0.3	-4.0
Terms of trade 3/	-15.2	-4.2	9.9	1.9	-4.7	-3.0	2.0
Nominal total trade-weighted effective exchange rate (depreciation -)	-6.7	0.3	17.7	9.3	7.0	-0.4	...
Consolidated government operations							
Revenue							
Excluding grants	4.1	-7.1	-29.5	3.6	22.6	14.9	13.2
Including grants	-8.0	-11.6	15.9	-1.3	0.7	20.6	13.9
Total expenditure	-8.5	1.1	8.4	10.1	-0.5	14.6	-1.5
Money and credit							
Domestic credit	8.2	18.0	15.8	21.3	10.0	4.2	7.4
Credit to the Government	(71.0)	(41.9)	(27.5)	(41.5)	(11.6)	(-1.8)	(--)
Credit to the economy	(4.5)	(12.7)	(12.5)	(14.9)	(9.4)	(6.6)	(10.1)
Money and quasi-money (M2)	13.8	20.6	33.2	-2.0	9.1	8.1	8.3
Velocity (GDP relative to M2)	5.0	4.6	3.8	4.2	4.3	4.2	4.4
Interest rate 4/	9.0	9.0	9.0	9.0	9.0	9.0	9.0
	(In percent of GDP)						
Consolidated government deficit 5/							
Excluding grants	30.0	29.0	25.2	27.0	20.3	21.6	16.1
Including grants	10.0	13.7	11.2	15.0	13.2	12.5	6.7
Domestic bank financing (net)	1.5	-1.6	0.4	0.4	-0.3	-0.4	--
Foreign borrowing (net)	6.8	11.1	12.9	10.8	9.5	7.5	-1.9
Payments arrears (change)	1.7	4.2	-2.1	3.8	4.0	--	--
Financing gap	--	--	--	--	--	5.4	8.6
Gross domestic investment	21.8	24.0	26.5	38.7	26.9	24.2	19.4
Gross domestic savings	-4.3	-4.4	-3.0	-5.0	-3.2	-7.8	-3.9
Resource gap	26.1	28.4	29.4	43.8	29.1	32.0	23.3
Current account deficit							
Excluding official transfers	34.6	36.5	34.7	51.3	38.3	41.9	31.8
Including official transfers	16.3	21.8	21.2	39.9	28.2	32.0	21.8
External debt 6/(outstanding)	101.1	108.1	119.6	144.2	160.6	184.6	175.1
Debt service ratio 7/	42.8	36.9	30.9	29.0	30.3	38.8	40.4
	(In millions of SDRs, unless otherwise specified)						
Overall balance of payments before debt relief	-9.0	-52.8	-23.5	-106.1	-82.9	-120.2	-73.8
Gross official reserves (month of imports)	5.3	5.7	5.5	4.1	3.4	2.8	2.4
Net foreign assets	-17.7	-23.4	-13.0	-75.6	-110.4	-146.9	-160.7
External payments arrears	14.8	38.0	20.5	36.5	55.4	74.0	--

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

1/ For low income group with Mauritanian consumption pattern.
2/ The rapid increase in exports is due to the fishing sector reorganization, with all sales by mixed enterprises being treated as exports.
3/ In SDR terms.
4/ Annual maximum deposit rate.
5/ On a commitment basis, including Central Government operations, development expenditures financed directly through external aid, and interest charges to be refinanced or rescheduled.
6/ Inclusive of Fund resources.
7/ As a percentage of exports of goods and services and private transfers (net).

Monetary policy was also notably expansionary, with the largest increase in credit being made available to the Government. While the rate of increase in credit to the private sector was kept relatively constant at 13-15 percent, variations in net claims on the Government fluctuated between 28 percent and 42 percent. As the Treasury's liquidity position remained tight during 1982, the authorities considered the statutory limit for Central Bank advances to the Treasury insufficient to meet the government's budgetary needs. This statutory ceiling, set at 20 percent of the budgetary revenue for the preceding year, was replaced during 1982 by an absolute limit of UM 2.2 billion, equivalent to about 30 percent of budgetary revenue in 1981. The other major component of credit to the Government is the use of the domestic counterpart of Fund drawings, which rose rapidly between 1980 and 1982.

The imbalances shown in the domestic financial sectors were reflected in the overall balance of payments developments. In the absence of a strong performance of the iron ore sector and in light of the rapid pace of imports during the 1980-82 period, the current account deficit (excluding official transfers) rose from 36 percent of GDP in 1980 to 51 percent in 1982; including transfers, it rose from nearly 22 percent to about 40 percent. Notwithstanding substantial amounts of net foreign borrowings, equivalent to 12-24 percent of GDP, the overall balance of payments recorded deficits, before and after debt relief (Table 1 and Appendix Table IV). During this period debt relief was provided by certain Arab countries, Austria, and Spain for principal and interest owed by the Government and certain public enterprises. While gross official reserves were equivalent to about 5 months of imports, net official reserves remained negative and fell sharply during the period 1980-82. Because of these developments, the authorities were unable to meet their scheduled external debt obligations and had to resort to an accumulation of external payments arrears which, by end-1982, reached SDR 36 million (equivalent to 11 percent of exports of goods and services and net private transfers in 1982). By then total outstanding external debt had risen rapidly to 144 percent of GDP, with scheduled debt service at 29 percent of exports of goods and services and net private transfers.

During the period, the nominal as well as the real effective exchange rate of the ouguiya appreciated substantially. In nominal terms, the effective exchange rate appreciated by 13.8 percent between 1980 and 1981, and by 8.7 percent between 1981 and 1982, while the real effective exchange rate appreciated by 13.6 percent in 1981 and by a further 9.4 percent in 1982.

2. Economic and financial developments in 1983

Although the drought's intensification further depressed the agricultural sector, developments in the livestock, fishing, and government sectors more than compensated for the unfavorable agricultural production. As a result, real GDP growth reached 6.6 percent in 1983 as against

-2.2 percent in 1982. Output of cereals amounted to an estimated 20,000 tons, compared with 35,000 tons in 1982 and more than 100,000 tons per year in the 1960s. Although the livestock population was estimated to have declined by one third, herders were able to limit livestock losses through increased offtake. As a result, value added in the livestock sector rose by 8 percent in real terms in 1983. Iron ore mining, the dominant industry in Mauritania, also grew by 8 percent in 1983. The public enterprise sector which contributes about one quarter of GDP and provides more than one-third of wage employment in the modern sector, recorded only moderate growth partly as a result of continuous management problems and also because of lack of liquidity arising from government arrears. Due to substantial food aid provided largely by the EEC countries and the U.S. and because of the ouguiya's continued appreciation in nominal as well as real terms, the rate of inflation measured by the consumer price index moderated to some 5 percent in 1983, compared with rates of 8-12 percent during the period 1980-82.

During 1983 the overall fiscal situation improved moderately although the overall deficit remained unsustainable. Consolidated government operations showed a deficit which, although somewhat smaller than that recorded in 1982, amounted to an unsustainable ratio of 13 percent of GDP on a commitment basis. After account is taken of the subtantial increase in domestic and external payments arrears (UM 1.7 billion, equivalent to 4 percent of GDP), the deficit on a cash basis amounted to about 9 percent of GDP in 1983 and was financed exclusively by net drawings on external loans for projects. Foreign budgetary and extrabudgetary grants declined substantially while extrabudgetary expenditure, mostly financed from abroad, dropped to its 1981 level. Current budgetary revenue performance improved, partially reflecting the higher revenue collection on petroleum products sales and fish exports. Treasury operations, narrowly defined to cover domestic budgetary operations, continued to show a widening deficit reflecting increases in 1983 current expenditure. This deficit was equivalent to 8 percent of GDP on a commitment basis and about 6 percent on a cash basis. At end-1983 outstanding external payments arrears reached a record UM 3.2 billion (SDR 54 million) and were equivalent to 18 percent of total expenditure or 7.4 percent of GDP; total domestic arrears, mainly owed to public enterprises, were provisionally estimated to have increased by UM 900 million (SDR 15 million).

During 1983 domestic credit expansion slowed considerably because of two reasons: the restrictive and selective credit policy adopted by the authorities in order to reduce credit for imported consumer goods in favor of productive activities; and the relatively small increase in credit to the Government because Central Bank claims on the Government were approaching the statutory limits. As a result, total domestic credit rose by 10 percent only during 1983 compared with increases of 21 percent in 1982 and 16-18 percent during the period 1980-81. In 1983, while constraining the growth of credit to the Government, the authorities, in line with past trends, set a 13 percent ceiling on the increase in private sector credit. In the event, the actual credit increase was only 9.4 percent because the Central Bank tightened its restrictive credit stance, with the exception of credit for the import of basic necessities and for the fishing, construction and mining sectors; consequently, broad money increased by 9 percent. However, this tight credit policy was offset by the domestic private importers' recourse to large amounts of trade credit abroad on terms not generally known to the Central Bank, but believed to be mostly uninsured.

Reflecting the effect of tighter financial policies, the resumption of economic growth, and a sharp increase in fish exports, the overall balance of payments position, although still in large deficit, improved somewhat during 1983. The volume of fish exports rose by 84 percent during 1983 because of strict enforcement of a Government policy requiring that all fish caught in Mauritanian waters be landed for verification prior to export. As a result, export proceeds from the fishing sector jumped by nearly 78 percent in local currency terms and overtook iron ore proceeds for the first time ever. Iron ore export receipts rose by only 3 percent as world market prices fell, while the export volume remained well below production capacity. As a result of these developments, total merchandise exports rose by 39 percent in local currency terms, compared with a decrease of about 5 percent in 1982. Imports financed through the external accounts of SNIM (the iron ore company) as well as those financed through the Central Bank, together representing two-thirds of total imports, fell by nearly 10 percent. Meanwhile, the rate of increase in project-related imports directly financed from abroad decelerated to about 6 percent in 1983, compared with rates of increase of 56 percent in 1982 and nearly 30 percent in 1981. This deceleration was caused by a sharp decline in loans for Central Government-sponsored projects. Therefore, aggregate imports fell by 6 percent causing the trade account, although still in deficit, to improve markedly. The resource gap was equivalent to 29 percent of GDP in 1983 as against 44 percent in 1982 and 29 percent in 1981; the current account deficit before grants stood at 38 percent of GDP compared with 51 percent in 1982 and 35 percent in 1981. The current account deficit including grants was equivalent to 28 percent of GDP in 1983 compared with 21 percent in 1981 and 40 percent in 1982.

Compared with an increase of more than 50 percent per year during the period 1981-82, net nonmonetary capital inflow fell by 22 percent in 1983 *as a result of a large decline in direct investment capital* and an increase in amortization payments. After debt relief, the overall balance of payments deficit (8 percent of GDP) was financed in a proportion of 35 percent by accumulation of arrears and 65 percent by a drawdown of reserves, notably those of the Central Bank.

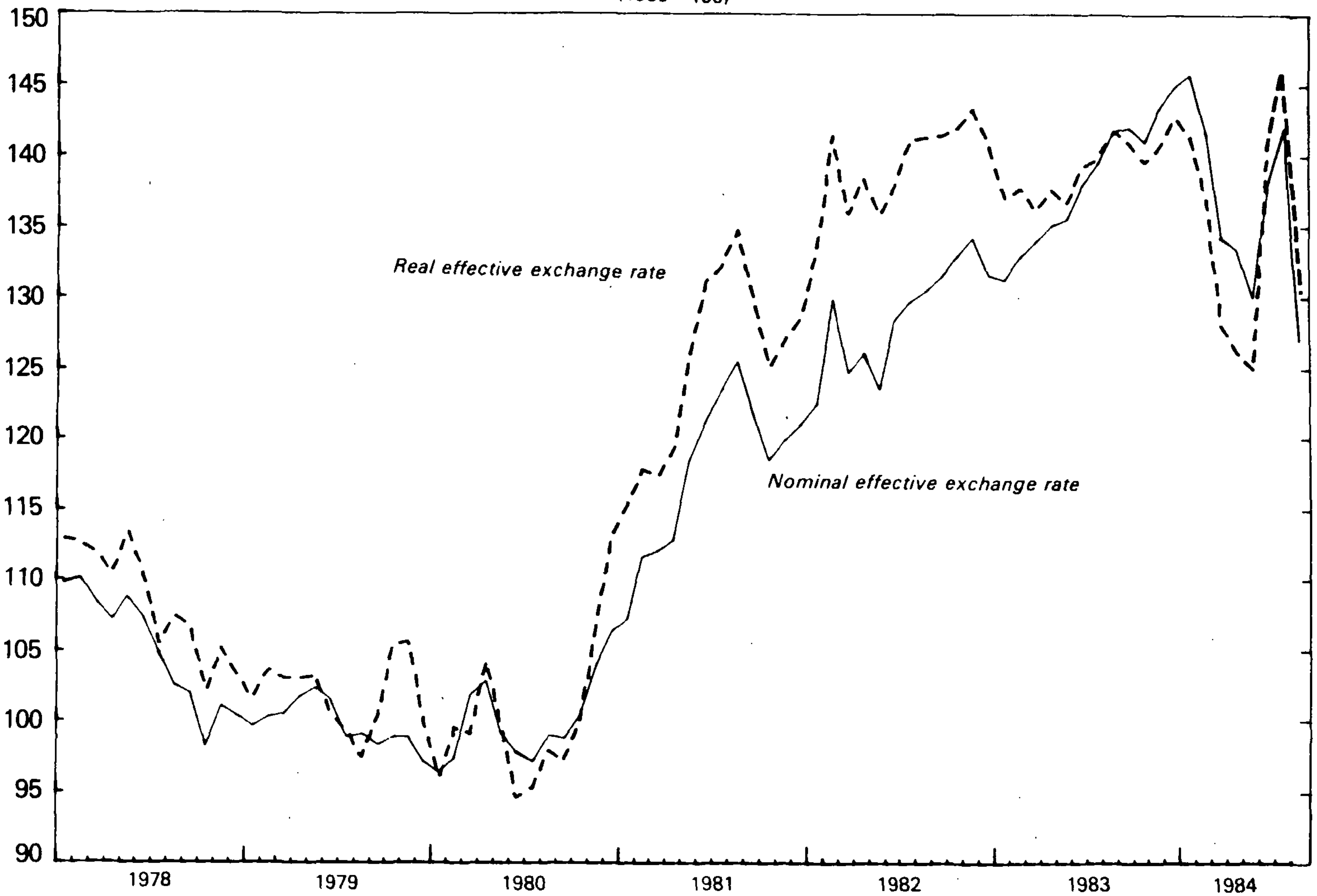
At end-1983, Mauritania's gross international reserves were equivalent to 3.4 months of imports. Actual debt service payment, inclusive of repurchases to the Fund, was equivalent to 17 percent of exports of

CHART

MAURITANIA

NOMINAL AND REAL EFFECTIVE EXCHANGE RATES[1], JAN. 1978 - AUG. 1984

(1980 = 100)



Sources: IMF, *International Financial Statistics*, and staff estimates

[1] Total trade weighted basket of 36 currencies used for surveillance of exchange rate policies.

Upward movements indicate an appreciation of the ouguiya

goods and services and private transfers, whereas scheduled debt service amounted to 30 percent thereof. Total outstanding disbursed external debt, mostly owed to Arab countries and Arab financial institutions, stood at 160 percent of GDP. Between December 1982 and December 1983 the ouguiya appreciated by 10 percent in nominal terms and by 1.5 percent in real terms (Chart).

II. Report on the Discussions

1. Introduction

The discussions with the authorities in Mauritania and during the Annual Meetings focussed on the major areas in which reform is urgently required: public finance; the banking sector; public enterprises; pricing policies; the external sector; and exchange rate policy. In addition, emphasis was placed on the need to accelerate preparation of a medium-term economic rehabilitation program and of a detailed investment program to be reviewed by the World Bank prior to a possible donors' meeting in early 1985. The staff also discussed policy actions to be implemented immediately to revive the economy during the remainder of 1984 and in 1985. The medium-term debt and balance of payments scenarios underscore the urgency with which decisive adjustment measures must be taken in order to attain balance of payments viability in the medium term. Even if this goal is achieved, Mauritania would still require exceptional external financial assistance as well as comprehensive debt rescheduling in order to cover its projected external financing gaps.

The authorities expressed interest in formulating a comprehensive economic adjustment program that could be supported by a stand-by arrangement with the Fund and have already initiated a number of measures recommended by previous Fund missions in the areas of fiscal, monetary, pricing, public enterprise, and exchange rate policies. The authorities have also prepared a preliminary draft of a medium-term economic rehabilitation program for 1984-88 which they plan to finalize by December 1984.

2. Economic development and investment

Mauritania's investment strategy under the Fourth National Development Plan (1981-85) gives priority to laborintensive quick-yielding projects in the traditional sectors such as agriculture, livestock, and artisanal fishing over import substitution projects in the modern sector. In line with this strategy, investment allocation for infrastructure was lowered to about 31 percent of total planned expenditure, while the allocation for rural development and the modern sector was increased to about 63 percent of the total. However, several delays were encountered, in the process of plan implementation, often because of inadequate project preparation, particularly for small-scale projects in the agricultural sector. Consequently, a major portion of available foreign financing was used for large projects undertaken with foreign technical assistance, notably the Port of Nouakchott, the Timbedra-Néma Road, the Guelb Iron Ore Mine, and three large irrigation projects.

By end-November 1983, it was clear to the authorities that the Plan's original objectives were not being met, largely because of insufficient project identification and preparation as well as the drought's impact on the rural sector. The authorities recognized that the economy's deep-rooted structural problems had to be tackled if growth were to resume on a sustainable basis. Although the Fourth National Development Plan had not been abandoned officially, it was no longer being followed in practice. Instead, the authorities drafted a comprehensive medium-term economic rehabilitation program for the period 1984-88 encompassing public enterprise sector rehabilitation and a detailed public investment program. The investment program which is presently at an early stage of preparation with World Bank technical assistance, will include projects currently underway and those projects not yet begun under the Fourth Plan for which foreign financing has been secured, and which are likely to increase output and employment rapidly.

The Mauritanian authorities expressed their firm intention to limit yearly investment to 18 percent of GDP during the period 1984-88, in line with the country's absorptive capacity, instead of 25-30 percent of GDP as in the past and, in line with the availability of external financing. New investment would have to be limited to UM 10.5 billion to supplement the UM 36 billion already committed under the Fourth Development Plan, bringing the total to UM 46.5 billion for 1984-88. The authorities explained that of this amount, UM 28 billion had already been funded, and that negotiations were underway with donors to provide external loans amounting to UM 12 billion. They hoped that the remaining UM 6.5 billion would be made available by donors through external grants. The public investment program would take account of the various projects' contribution to the Government's priorities and objectives, the recurrent costs of these projects, and the medium-term macroeconomic impact of each project on output, debt, and the balance of payments. The autho ities reiterated that a thorough project evaluation would need to be undertaken to ensure that only economically viable small- and medium-scale quick-yielding projects would be selected, mainly in the agricultural and fishing sectors. The authorities stated that their request for donor support would be linked to this investment program. The Fund mission stressed that World Bank endorsement of this program, with a clear assessment of its financiability, would be an essential basis for the formulation of any Fund-supported adjustment program that aims at achieving viability in the balance of payments in the medium term.

In addition to providing technical assistance to Mauritania for the preparation of a medium-term economic rehabilitation program, the World Bank is providing assistance in the formulation of a public investment program. The Bank recommended that the authorities adopt a rolling and modest two-year investment program to be revised annually, and select projects in accordance with clearly defined procedures and strict criteria such as priority rank and profitability, with emphasis on the rehabilitation of existing assets. A Bank mission is scheduled to visit Mauritania in early December 1984 to review the investment program. The Bank staff has stated that it would endorse the investment program once the abovementioned conditions are met.

During the five-year period (FY 1984-88) the World Bank's lending program to Mauritania is scheduled to provide US$86 million comprising US$26 million of disbursements for ongoing projects and US$60 million for new loans. The latter include US$40 million of IDA and US$20 million of IBRD resources, respectively. About 50 percent of new lending will be channeled into irrigation and livestock projects in the rural sector, while 40 percent will be provided for the rehabilitation of the public enterprise sector, and the balance (10 percent) for technical assistance to small- and medium-scale industries.

3. Public enterprises

The Mauritanian authorities are implementiing a major restructuring of the public enterprise sector with technical and financial assistance from the World Bank, the Caisse Centrale de Coopération Economique (CCCE), the Fonds d'Aide et de Coopération (FAC), and the European Investment Bank (EIB). They indicated that the rehabilitation of this sector was of utmost importance because of the large number of public enterprises (70 at present); their contribution of 25 percent of total GDP; their contribution to employment of more than 30 percent in the modern sector; and their large cost to the budget through subsidies, equivalent to 6 percent of budgetary expenditure in 1983. This sector suffers from overemployment, low productivity, inadequate bookkeeping, and managerial problems. In order to redress this situation, the authorities recently adopted a number of general as well as specific measures. The general measures include a clear definition of each public enterprise's legal responsibilities; the adoption of statutes; the deliniation of the responsibilities of each board of directors; the mandatory application of a national accounting plan; the liquidity position improvement through the settlement of government arrears; elimination of losses; better coordination between each technical ministry and the Ministries of Planning and of Finance; the progressive introduction of economic pricing; the streamlining of personnel; and the harmonization of salary and fringe benefit structures. A few public enterprises have already been closed, or streamlined, while the Government's long-term goal is to relinquish most public enterprises to private investors.

Five key public enterprises have been designated for the first phase of the rehabilitation program. Among these, the two most important are the iron ore company, SNIM, for which the World Bank and shareholders are nearing agreement on a comprehensive rehabilitation package, including financial aid, and the rural development company, SONADER, which is being financially restructured and technically strengthened with foreign technical and financial assistance. The electricity supply company (SONELEC), the Postal system (OPT), and the Nouakchott Port Authority (EMN) are at a lesser stage of rehabilitation. A 5 percent price increase for electricity and water has recently been carried out and further increases of 15 percent and 10 percent, respectively, are envisaged. A large reduction in personnel has been effected for EMN and studies on improving Post Office billing and accounting procedures have been completed. Furthermore, the authorities have completed a survey of interlocked cross debts among public enterprises, banks and the Government. While concurring with the authorities on the thrust of their policy, the mission emphasized that the authorities should require that all public and semi-public enterprises prepare regularly financial statements to enable the Government to have a clearer picture of their consolidated financial situation. The mission recommended that the first phase of public enterprise rehabilitation be accelerated. The second phase, is expected to include the rehabilitation of Food Aid Agency (Commissariat à la Sécurité Alimentaire), which centralizes all food aid received by Mauritania, and of SMCPP, which has a virtual monopoly over petroleum product imports. The World Bank fully supports the authorities' rehabilitation policy and is actively involved in its implementation.

The authorities indicated their resolve not to create any new public enterprises unless it were absolutely necessary and not to guarantee any new foreign loans to the public enterprise sector. However, the authorities recently created a new fish marketing company (in which the Central Bank is a major shareholder) not only to ensure efficient marketing of the fish caught by small-scale indigenous fishermen by doing away with middlemen but also to guarantee the repatriation of fish export proceeds. In their view, this company's creation was strategic to the new government fishing policy and, therefore, was not contradictory to the country's development strategy. The staff had advised caution in this area during the discussions with the authorities in Nouakchott. During the Annual Meetings the World Bank stressed to the authorities that, based on experience elsewhere, such ventures often lead to subtantial government losses, and that great prudence should therefore be exercised. In keeping with their resolve, the authorities informed the Fund mission that they are not planning to guarantee the financing of a copper mine which has been closed for a number of years and is due to resume production in 1987 with financing from Arab institutions. In the Bank's view, this copper project is not viable. Hence, should the Government guarantee the financing, the Bank's endorsement of the investment program could be in jeopardy.

4. Pricing Policies

The authorities intend to liberalize their pricing system under the medium-term economic rehabilitation program because the existing pricing system encompasses extensive controls on a large array of locally produced and imported goods.

Since December 1979 the authorities have differentiated among basic foodstuffs whose prices are determined by a technical committee (Comité Central des Prix); imported goods for which the Government sets the profit margins; locally manufactured goods whose prices are reviewed at the request of the producers; and luxury goods which are priced freely. Whereas rice, sugar, and tea prices have been raised frequently, cereals prices have changed relatively little in recent years because of the abundant supply of food aid. However, on the advice of some donors, the authorities plan to raise food grain prices to levels which would provide an incentive for domestic production, with sales proceeds to be used for financing agricultural development projects. The sales prices of locally produced industrial goods are determined through a system of "homologation," which consists of a formal review of all the cost components by an inter-ministerial technical committee. The Mauritanian representatives acknowledged that largely because of difficulties in obtaining information on all the international price components in the production process, the review process had been protracted and cumbersome. These delays have resulted in significant losses to several public enterprises. According to the authorities, the lack of reliable information on imported goods was caused, to some extent, by overpricing agreements between suppliers and domestic importers. Effective price control was also made difficult by widespread border trade with Senegal and Mali, on account of both commodity price and exchange rate differentials in the parallel market, and by the existence of illicit imports from Las Palmas made with non-repatriated fish export proceeds.

In October 1983, in order to limit the outflow of goods toward neighboring countries, official prices for tea, sugar, and broken rice were substantially increased and set in line with prices prevailing in Senegal and Mali and petroleum products prices were raised in December 1983 and July 1984. In order to better identify importers of specific products and safeguard against speculation, the Council of Ministers, discussed at its August 6, 1984 meeting the possibility of making it mandatory for traders of imported goods to specialize in specific commodities rather than importing a wide range of products. Under this option, the authorities were considering issuing import licenses for each commodity group, depending on the stock available domestically and the appropriate supply strategy. While the authorities felt that this proposal would improve resource allocation, the mission pointed out that it would generate additional price distortions and further tamper with the market mechanism.

5. Fiscal policy

In view of the difficult fiscal situation, the initial policy thrust during 1984 was to contain budgetary expenditure and net lending below actual 1983 levels and to significantly improve revenue performance through enforced tax administration, a broadening of the tax base, and rate increases. The projected revenue increase was broad-based, with the sharpest rise expected in taxes on income, profits, and international trade and in mining and fishing royalties. On the expenditure side, no salary increase was budgeted; domestic counterpart funds for foreign-financed investment were contained; and appropriations for extrabudgetary expenditure and net lending were severely cut. The only notable expenditure category for which a substantial rise was projected was the appropriation for equipment, maintenance, and supplies.

During the first three months of budget implementation, it was clear that budgetary grants from abroad, if any, would be much smaller than in the past; furthermore, prospects for revenue increasing were not as good as forecast partially because of the fishing sector's disappointing performance. Nonetheless, the Government had to meet its expenditure commitments. Faced with these unfavorable budgetary prospects, the authorities implemented a number of expenditure-reduction measures in April 1984, including a 20 percent cut in budgetary appropriations with the exception of wages and salaries.

Based on the outcome of the first six months, the mission recommended that additional revenue measures be taken in line with the proposals contained in the technical assistance report submitted to the authorities at the end of 1983 by the Fiscal Affairs Department. These measures included the need to revise the overly generous exemption system which, in the past, had resulted in substantial budgetary revenue losses. While the authorities agreed with the mission in this area and agreed to adopt most of the recommended measures, they pointed out that in many cases donors required tax exemption on project-related imports as a condition for their aid. The mission noted that the adjustment measures taken in April 1984 by the authorities might so severely reduce expenditures for maintenance, materials and supplies that they could critically affect the functioning of the Government apparatus. Therefore, the staff urged the authorities to explore other categories in which the necessary expenditure cuts could be effected, including for example, scholarships and transfers, and the public sector wage bill. The authorities indicated that their major aims in the fiscal area were to stabilize current expenditure in view of resource constraints and to eliminate the current budget deficit in 1985. However, they cautioned that this would materialize only if exceptional debt relief were obtained.

The staff estimated that the overall 1984 deficit on government consolidated operations, on a commitment basis, would reach UM 5.8 billion (12.5 percent of GDP), assuming no debt relief and no increases in payments arrears (Appendix Table II). The authorities gave strong assurances that no bank credit would be made available to finance the deficit because advances to the Treasury had reached the statutory limit. Under these circumstances, 60 percent of the consolidated deficit would be financed from abroad and a financing gap equivalent to 5 percent of GDP would emerge. The estimated budgetary outcome for 1984 shows total revenues, including grants, of UM 10.6 billion, i.e., an increase of 14 percent in spite of the virtual disappearance of budgetary grants.

With estimated expenditure and net lending at about the same level as actual expenditure for 1983, Treasury operations estimates show a deficit, on a commitment basis, of UM 2.2 billion (4.8 percent of GDP), compared with a deficit of UM 3.3 billion (7.6 percent of GDP) in 1983.

Projections for 1985 took into account the authorities' decision to stabilize current expenditure and to vigourously raise revenue through the intensification of revenue collection procedures and through enforced tax administration for which they received long-term technical assistance from the Fund starting in mid-1984. The projected increased activity in the fishing sector is also expected to boost revenue performance in 1985. Almost half of the projected increase in revenue would come from the export tax on fish and from fishing royalties. The authorities are confident that collection would be enhanced by the new fish marketing arrangement. Projected consolidated government operations for 1985 showed an overall deficit falling from 12.5 percent of GDP to about 7 percent, mainly on account of improved revenue performance and a small drop in total expenditure and net lending. Current expenditure is projected to rise by 5 percent only, while total investments are projected to fall by 10 percent on account of lower extrabudgetary spending, resulting in a 1 percent decline in total expenditure and net lending. On the other hand, total revenue and grants are projected to increase by 14 percent. As in 1984, no new domestic bank financing is expected, and about 70 percent of the deficit will be financed from abroad, leaving a financing gap of about 2 percent of GDP. The scenario assumes no debt relief and no accumulation of arrears.

6. Monetary policy

The Mauritanian authorities stressed that their 1984 monetary policy objectives were to pursue the restrictive credit policy already implemented in 1983 and to continue to rehabilitate the banking sector. Accordingly, no additional credit would be provided to the Government and increases in credit to the private sector would be limited to 7 percent, compared with the 1983 target ceiling rate of 13 percent. The authorities stated that their purpose in further tightening credit during 1984 was to give priority to the financing of worthwhile productive economic activities, namely small-scale industry and fishing, while intensifying efforts to collect the large overhang of private sector arrears to banks. Apart from import financing of essential goods (except for sugar, for which existing stocks would cover the country's need for 1984), credit for general imports would be tightened further.

According to available monetary data for the first half of 1984, claims on the private sector have remained practically unchanged from their December 1983 level. During the twelve-month period ending in June 1984, private sector credit increased by only 5 percent, with a marked increase in the relative shares for fishing and commerce. In absolute terms, credit increases were registered for industry, fishing, and construction in line with the authorities' stated policy. However, the domestic private sector continued to increase its access to short-term foreign financing, thereby nullifying the Central Bank's strict credit stance. In the monetary survey for end-June 1984, the increase in the banking system's net external liabilities partly reflected some bank customers' inability to repay their foreign credits. As a result of these developments, the banking system's total net foreign liabilities rose by 31 percent between December 1983 and June 1984 while the money supply rose by 12 percent during that period, partly due to seasonal factors. Between June 1983 and June 1984, total net foreign liabilities increased by 50 percent, with serious implications for the balance of payments. Staff projections for end-1984 pointed to an increase in private sector credit of only 6.6 percent, somewhat below target, and to a continuing downward trend in the banking system's net foreign liabilities to a record negative amount of UM 9.2 billion (SDR 148 million).

In view of the rapid deterioration in the foreign reserve situation, the mission urged the authorities to review the procedure through which the domestic private sector borrows directly from abroad and to improve the statistical recording of such transactions so that their impact on monetary and balance of payments developments can be better assessed. The authorities replied that changes have been made recently in the authorization procedures for foreign credits. While prior authorization used to be provided solely by the Central Bank foreign exchange department, henceforth this responsibility would also require the Central Bank credit department's approval.

In other areas of monetary policy, the mission noted the progress being made in collecting private sector arrears to banks and urged the authorities to accelerate rehabilitation of the commercial banks. The authorities said that as a first step in the rehabilitation process, they had increased the banks' capital subscription and had helped the largest bank negotiate moratoria with foreign creditors. Additional measures to strengthen the banking sector would be based on the findings of a study soon to be financed by the Arab Monetary Fund, which the authorities would communicate to the Fund staff in due course. In addition, the authorities intended to initiate before the end of 1984 a study on the appropriate basic discount rate and the interest rate levels, which have remained unchanged since 1980. The mission recommended that these studies be undertaken speedily in order to bolster the banking sector and pointed out that the interest rate levels in Mauritania were much lower than in neighboring countries, resulting in a misallocation of resources and capital flight.

On the statistical front, the mission strongly recommended that recording and classification improvements be made, particularly for certain elements of foreign assets and liabilities as well as credit to the Government. In light of these recommendations, the authorities requested technical assistance from the Fund. A short-term technical assistance mission to Nouakchott is planned for November 1984.

The mission also recommended that, instead of informal agreements, formal agreements be reached between the Central Bank and the Ministry of Finance on the modalities of effecting repurchases and payments of charges to the Fund. The authorities said that an informal understanding had been reached in principle to block domestic counterparts of any future Fund drawings in order to facilitate timely repurchases. At present, in view of the Treasury's liquidity constraints, the Central Bank has taken over the responsibility of these transactions.

7. External sector prospects and policies

Balance of payments estimates for 1984 show a sharp overall deterioration, following the slight improvement recorded in 1983 (Table 1 and Appendix Table IV). A 28 percent rise in the volume of iron ore exports (to 9.5 million tons) is expected, which would result in a 32.6 percent rise in projected receipts. The better performance of the iron ore sector is a result of the recent improvement in the steel industry abroad and the increased market share for Mauritanian ore. By contrast, the financial performance of the fishing sector in 1984 is expected to weaken because disputes between foreign fishing companies and the Government have led to a lower level of activity during the first half of 1984. Hence, it is estimated that the total fish catch for the year as a whole would decline by about 30 percent, to 226,000 tons, compared with an 84 percent increase in volume in 1983. Total export receipts, in SDR terms, are estimated to decline by 6 percent to SDR 277.6 million, while total imports are expected to increase by 5 percent. The current account deficit, before grants, would be equivalent to 42 percent of GDP; including grants it would stand at 32 percent. After account is taken of debt relief received in the past, the overall balance of payments deficit is projected to widen further from SDR 57 million in 1983 to SDR 91 million in 1984 and is expected to be financed in part by further accumulation of arrears.

The mission pointed out that the recent balance of payments developments were clearly unsustainable and that in the face of such unfavorable prospects, the authorities should immediately adopt measures to reduce public and private consumption, to cut back investments to sustainable levels, and to seek debt relief from donor countries and institutions. The authorities were of the view that they could obtain such debt relief only if their adjustment program were supported by the Fund. The staff prepared a scenario for the period 1985-90 (Appendix Tables IV and V), which assumed continued growth in the fishing and iron sectors, the implementation of the copper project, and a virtual stagnation in nonproject-related imports at current prices for most of the period. The adjustment policies required to achieve these objectives have yet to be adopted by the authorities. The mission pointed out that even under these assumptions, this exercise still pointed to substantial financing gaps for the entire period. Even the most generous assumptions for debt relief would not be sufficient to cover these financing gaps, underscoring the urgency of adopting decisive fundamental reform measures.

Between December 1980 and December 1983, the trade-weighted nominal effective exchange rate appreciated by 36 percent in foreign currency terms and by 26 percent in real terms. As a result of discussions with previous Fund missions for a possible stand-by arrangement, the authorities had gradually depreciated the ouguiya and had managed to lower its rate in foreign currency terms by about 10 percent between December 1983 and June 1984, occasionally through the use of broken cross-rates; the depreciation in real terms was 12.5 percent. However, in May-June and in June-July 1984, the ouguiya again appreciated by 6 percent and 3 percent in nominal terms, respectively, following the strengthening of the dollar in international currency markets. The authorities reacted by temporarily disregarding the currency basket and by returning to the practice of broken cross-rates. 1/ As a result, both the nominal and real effective exchange rates depreciated by 11 percent between July and August 1984 (see Chart). The mission noted that the present exchange rate level was still inappropriate in view of the large external sector imbalances, the industrial sector's lack of competitiveness, and the need to stimulate domestic agricultural production. The mission urged the authorities to eliminate the existing broken cross-rates. The Mauritanian authorities replied that the successive depreciations during the first half of 1984 had been carried out at great social cost. However, they added that since they expected to adopt a new currency basket by end-December 1984, they would stop the practice of broken cross-rates by December 31, 1984 at the latest.

Mauritania continues to maintain discretionary controls on imports. There are limits on the sale of foreign exchange for invisibles, including travel expenses and remittances abroad by foreigners working in Mauritania, but exceptions are granted to the limits in bona fide cases. In general, the administration of the exchange and trade system has been tightened because of the balance of payments position. The authorities have cancelled licenses which have not been used, but licenses continue to be granted upon request. At the same time, public and private debtors have accumulated subtantial arrears on imports and on debt service payments. The determination of the precise amounts of commercial bank arrears to suppliers abroad will be part of the banking sector rehabilitation program.

8. Statistical issues

The authorities are fully aware of the limitations imposed by the statistical base on economic analysis. The national income accounts are inadequate; data on public investment can only be estimated from the flow of foreign financing; the price indices relate only to part of the economy; the budget data prepared by the authorities are not comprehensive as they relate only to Central Government current operations; balance of payments

1/ See description in RED.

data are largely estimated from balance of settlements accounts because customs records on imports and exports are incomplete and other current transactions cannot be fully identified; further improvements need to be made in the debt area, particularly in estimating and recording disbursements and arrears. Appendix III provides details on outstanding statistical issues in connection with the Fund's statistical publications. The authorities stressed that they were making efforts to improve the data base: an expert from the UN is currently working on improving national income accounts and price statistics are being reviewed by the authorities. Short-term technical assistance on debt and banking statistics will be provided by the World Bank and the Fund, respectively, in November 1984. During the Annual Meetings the authorities requested assistance to strengthen debt recording and monitoring, and the Central Banking Department agreed to provide an expert for one year in this field.

III. Staff Appraisal

Mauritania is facing an extremely difficult economic and financial situation which has resulted largely from inadequate domestic policies, slackening worldwide demand for iron ore, unfavorable terms of trade, and, more recently, the impact of a protracted drought. Financial policies in recent years have been overly expansionary, leading to unsustainable fiscal and balance of payments deficits and to a substantial accumulation of external and domestic payments arrears. Moreover, past investments were oriented toward projects which required long gestation periods. At the same time, a large public and semi-public enterprise sector has emerged, whose operations have been seriously hampered by financial, management, and productivity problems which are only now starting to be addressed.

Despite the persistence of unsustainable financial imbalances underscoring the deep financial crisis being faced by Mauritania, the overall economic performance in 1983 improved slightly because the further weakening of the agricultural sector was more than offset by the fishing sector's strong performance and a sharp increase in livestock offtake. However, Mauritania increased its dependence on food aid from abroad as drought conditions intensified. The overall financial outcome also improved slightly in 1983 as monetary and fiscal policies were tightened and the balance of payments performance was aided by a strong recovery in the export sector.

Against this background, the staff and the authorities shared the view that a fundamental policy reorientation was needed to address the present deep-seated domestic and external imbalances, and to achieve medium-term balance of payments viability. This would require decisive adjustment measures in the areas of fiscal, public enterprise, monetary, investment, pricing and exchange rate policies.

The authorities are at the initial stage of formulating a comprehensive medium-term economic rehabilitation program for 1984-88 which would establish the Government's major objectives as well as sectoral priorities and appropriate conditions for sound financial management. The economic rehabilitation program will encompass: (a) a major restructuring of the public enterprise sector, the first phase of which is currently underway with foreign financial and technical assistance; and (b) the elaboration of a detailed public investment program which would take account of the Government's priorities and objectives, various projects' contribution to a sustainable economic development, their recurrent costs, and their medium-term macroeconomic impact on growth, employment, and the external payments position. The staff welcomes the reorientation of the Government's investment policy and urges the authorities to accelerate implementation of the first phase of the public enterprise sector rehabilitation so that other large public entities can be restructured without delay, thus maximizing their contribution to economic growth. In addition, it is essential that the detailed investment program be finalized quickly to ensure that the development effort is placed within the context of a sound macroeconomic framework. The World Bank is providing technical assistance in this area, and the Fund staff believes that it is essential for the authorities to seek the Bank's financial support for the investment program.

The staff welcomes the authorities' intention to introduce a market-related pricing policy with a view to eliminating producer and consumer subsidies. Recent price increases for electricy, water, petroleum products, and certain food items are a step in the right direction, and the additional increases needed should be implemented without delay. Efforts need to be made to eliminate cross subsidies for rice and to raise the sale price of food aid to levels which will encourage domestic production.

With regard to fiscal policy, the staff took note of the measures included in the Financial Law for 1984 and of the additional measures taken in April 1984 aimed at reducing current expenditure and raising revenues. The staff urges the authorities to achieve current budget equilibrium in 1985. Nonetheless, in view of the rather unfavorable financial prospects, the staff believes that additional revenue-enhancing measures need to be implemented in 1985 as previously recommended, and that investment expenditure should be limited to external financing obtainable at highly favorable terms and in amounts compatible with Mauritania's absorptive capacity. Furthermore, there is a clear need to review public sector employment and wage policies, and to reexamine subsidy and transfer expenditures, improve expenditure control, and enforce tax administration. The staff urges that the policies be sufficiently strong to promptly eliminate outstanding domestic and external payments arrears.

With regard to monetary policy, the staff shares the authorities' views that the banking sector's financial situation is critical and requires urgent and comprehensive rehabilitation. Hence, the staff welcomes the authorities' determination to pursue a tight monetary policy while vigorously encouraging banks to collect arrears owed to them. However, a strict limit should be placed on the domestic private sector's access to foreign short-term trade and suppliers' credits. The proposed study on the banking sector to be financed by the Arab Monetary Fund, which would form a basis for considering additional measures to reinforce the banking system, should be undertaken promptly. Furthermore, the staff urges the authorities to expeditiously carry out a review of the interest rate structure.

The staff views with deep concern the difficult prospects for the balance of payments in the medium-term and welcomes the authorities' efforts to promote exports, especially of fish and iron ore, to limit nonproject imports through appropriate fiscal and monetary policies, and to reduce foreign borrowing. Even if debt rescheduling on favorable terms were assumed, the balance of payments scenarios point to financing gaps not covered by debt relief. As a result, stringent adjustment measures are needed.

Exchange rate policy has been inappropriate, and therefore a large adjustment of the ouguiya's exchange rate is now urgently required in order to promote the Mauritanian economy's competitiveness. The staff believes it is essential that the authorities' exchange rate policy be flexible in the future.

The staff urges the authorities to adopt an effective program to eliminate the external payments arrears and the broken cross-rates and to liberalize the exchange and trade system as soon as possible. The staff does not recommend approval of the broken cross-rates or of the external payments arrears, which are subject to approval under Article VIII, Sections 2(a) and 3.

Economic analysis in Mauritania continues to be constrained by data problems in many areas. The authorities are striving to improve the data base and intend to continue their efforts with foreign technical assistance.

The Article IV consultation discussions with Mauritania are on a 12-month cycle.

IV. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision relating to Mauritania's exchange measures subject to Article VIII, Sections 2 and 3, in concluding the 1984 Article XIV consultation with Mauritania, in light of the 1984 Article IV consultation with Mauritania conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. Mauritania's exchange system involves broken cross-rates and external payments arrears as described in SM/84/257. The Fund urges the authorities to adopt effective policies that will enable them to eliminate the broken cross-rates and external payments arrears and to liberalize the exchange system as soon as possible.

MAURITANIA - Fund Relations

(As of September 30, 1984, amounts in SDRs, unless otherwise indicated)

I. Membership status

(a) Date of membership: September 10, 1963
(b) Status: Article XIV.

(A) Financial Relations

II. General Department (General Resources Account)

(a) Quota: 33.9 million
(b) Total Fund's currency holdings: 67.44 million (198.92 percent of quota)
(c) Fund credit: 33.52 million, 98.89 percent of quota as of September 30, 1984
(d) Reserve tranche position: None
(e) Current operation budget (maximum use of currency): None
(f) Lending to the Fund: None

III. Current Stand-By and Special Facilities

(a) Current arrangement: None
(b) Previous arrangements:

Type	Date of Approval	Duration	Amount	Utilization
SBA	July 23, 1980	11 months 1/	29.7 million	8.9 million
SBA	June 1, 1981	10 months	25.8 million	25.8 million

(c) Special facilities:

Type	Date of Approval	Amount
CFF	December 1979	10.5 million

1/ Arrangement became inoperative and was replaced by a new stand-by arrangement in June 1981.

IV. SDR Department

(a) Net cumulative allocation: 9.72 million
(b) Holdings: 0.01 million (0.14 percent)
(c) Current designation Plan (amount of maximum designation): None

MAURITANIA - Fund Relations (continued)

V. Administered Accounts

(a) Trust Fund loan:
   (i) Disbursed: 12.70 million
   (ii) Outstanding: 11.10 million
(b) SFF Subsidy Account: 1.47 million

VI. Overdue Obligations to the Fund: None

(B) Nonfinancial Relations

VII. Exchange Rate Arrangement

Since January 22, 1974, the exchange rate of the ouguiya has been determined on the base of a basket of currencies.

VIII. Last Article IV Consultation

1982 Article IV consultation (SM/82/246 and SM/83/10) discussed by the Executive Board on February 23, 1983. The following decision was taken.

1. The Fund takes this decision relating to Mauritania's exchange measures subject to Article VIII, Sections 2 and 3, and in concluding the 1982 Article XIV consultation with Mauritania, in light of the Article IV consultation with Mauritania conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes that, despite pressures on the balance of payments, Mauritania's exchange system has remained relatively free of restrictions. In view of the circumstances of Mauritania, the Fund approves the restrictions on the sale of foreign exchange for travel and salary remittances, until March 31, 1984 or the next Article IV consultation, whichever comes first. The Fund would urge Mauritania to eliminate its external arrears as soon as possible.

IX. Technical Assistance (since 1980)

(a) CBD

Technical assistance mission on study of the banking system, April 1-11, 1980.
Bank supervision advisor: Mr. Hidoussi, February 1981-June 1983
Mr. Beyl, September 1983-October 1984

MAURITANIA - Fund Relations (concluded)

Foreign exchange advisor: Mr. Fillingham, November 1980-May 1983
Mr. Vandecan, May 1983 to date
Research department advisor: Mr. Aissi, February 1981 to date
External debt consultant: Mr. Djebali, May-October 1983

(b) Fiscal

Technical assistance mission on tax administration and policy, budget administration, and expenditure policies, September 20-October 18, 1983
Tax advisor: Mr. Ben Jaballah, end-July 1984-todate.

X. Resident Representative: None

Financial Relations of the World Bank Group with Mauritania

(As of September 30, 1984)

1. Date of Membership, IBRD/IDA: September 10, 1983

2. Capital Subscription, IBRD: SDR 10 million 1/
   IDA: US$577 thousand 1/

3. Status of Disbursements:

	Amount (less cancellations) (In millions of U.S. dollars)			
	Committed		Disbursed	
	IBRD	IDA	IBRD	IDA
One loan and ten credits fully disbursed	66.0	38.2	66.0	38.2
Agriculture, livestock and rural development		23.1		7.4
Transportation		4.0		0.8
Education		5.7		1.5
Industry	60.0	8.0	60.0	6.2
Energy		3.0		1.1
Total	126.0	82.0	126.0	55.2
Repayments	66.0	1.8	66.0	1.8
Debt Outstanding	60.0	80.2	60.0	53.4

4. IFC: There are no IFC investments in Mauritania.

5. Resident Representative: The Bank does not maintain a Resident Representative in Mauritania.

Source: World Bank.

1/ Per the World Bank 1983 Annual Report.

MAURITANIA - Statistical Issues

1. Coverage, Correctness, and Reporting of Data in IFS

	Latest data in October 1984 IFS	New official data obtained by the Article IV Consultation Mission
Real Sector		
National Accounts	1980	1982
Consumer prices	March 1984 1/	July 1984 2/
Production	n.a	1982 3/
Employment	n.a	n.a
Earnings	n.a	1984
Government Finance		
Deficit/Surplus	n.a	1982-83
Financing	n.a	--
Debt	n.a	1983
Monetary Accounts		
Central bank	March 1984	June 1984
Deposit money banks	March 1984	June 1984
Other financial institutions	n.a	June 1984
External Sector		
Merchandise trade: values 3/	March 1984	---
Merchandise trade: prices	n.a	---
Balance of payments	1983 (partial)	1983
International reserves	August 1984	June 1984
Exchange rates	July 1984	July 1984

During the past year, the reporting data for inclusion in IFS has been fairly regular. Data on reserves have been reported regularly but with a two-month lag. To the extent that the new data obtained by the Mission can be used, they are being processed and will be included in IFS as soon as possible.

1/ For European households.
2/ For European and Mauritanian households.
3/ Incomplete coverage.

2. Outstanding Statistical Issues

(a) Real Sector

(i) National Accounts Statistics

Official GDP data compiled by the Directorate of Statistics were available only through 1982. More recently, tentative GDP data have been prepared jointly by the Directorate of Planning and the Central Bank, but the figures were conflicting with GDP estimates from the Directorate of Statistics, particularly for the value-added of the agricultural and livestock sectors. The staff has prepared its own GDP estimates in the context of the 1984 Article IV consultation report. At the time of the mission, an EEC/UN-financed expert was preparing national accounts estimates for 1983 as well as a detailed methodology to be used by the Directorate of Statistics for future GDP estimates. The 1983 GDP estimates were expected to be available by end-1984, but the Directorate of Statistics still would have to compile national accounts for preceding years on a comparable basis.

(ii) Consumer Price Statistics

The Directorate of Statistics compiles consumer price indices based on European and Mauritanian consumption patterns and results are published with a one-month delay. Following a request made during the April 1984 staff visit, the authorities undertook a comprehensive review of both indices, and, in the process, some inconsistencies were uncovered, especially in methods used in estimating quality changes, and in evaluating replacement of items which were no longer marketed. The resulting price corrections could not be assigned to specific past months and it had been agreed that they would be reflected in the June 1984 CPIs. A consumption survey of Mauritanian households was expected to start in the coming months. Surveys were also underway at the Ministry of Agriculture to improve agricultural price and production estimates.

(b) Government Finance

With regard to government finance statistics, data on Treasury operations were collected for 1983 and the first half of 1984. The Fund mission was able to prepare data on consolidated government operations on the basis of staff estimates as data pertaining to extrabudgetary spending and external borrowings were not readily available at the Ministry of Finance. Since the staff intends to refine these estimates, they are not available for publication at the present time. In fact, no data are published in IFS at present and no data are available in the GFS Yearbook after 1979.

c. External Sector

(i) Trade and Balance of Payments Statistics

Work was underway at the Directorate of Statistics and the Customs Directorate to improve external trade data, although results would not be noticeable for some time. The staff had to rely on estimates based on foreign exchange records maintained by the Central Bank.

Balance of payments data were fairly comprehensive. A major problem was coverage of the fishing sector, where there was a large discrepancy between exports recorded by the Central Bank and actual receipts. Import data were also incomplete because imports financed through short-term trade credit appeared to have been omitted. No import data on a transaction basis was available. Except for some classification problems, balance of payments data seemed satisfactory and a detailed methodology was being prepared by the Central Bank.

(ii) External Debt Statistics

External debt data appeared to be basically satisfactory as a result of considerable work by a Central Banking Department technical assistance expert and, more recently, a World Bank staff member. The repayment schedule, however, was projected on the basis of rather rough estimates of disbursements. In view of the authorities strong wish to obtain extensive debt relief, it is imperative that a more accurate picture of their debt servicing obligation be known.

d. Money and Banking

A review of monetary statistics showed that methods used for valuing the Central Bank's assets were different from those used for the banking sector. An examination of the items included under "other assets and liabilities in the banking sector" needs to be undertaken. Technical assistance from the Bureau of Statistics has already been scheduled for November 1984 as requested by the authorities.

e. Technical Assistance in Statistics (since 1980)

Money and banking: None
Government finance: Mrs. Devaux, February 16-24, 1981
Balance of Payments: Miss Leroy, February 20-March 22, 1981
General Statistics: Mr. Irausquin, March 4-17, 1983

Table I. Mauritania: Supply and Use of Resources, 1979-85

(In millions of ouguiyas)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
Supply of resources							
Gross domestic product	29,558	32,555	36,125	38,838	43,061	46,151	51,687
Imports of goods and nonfactor services	17,672	21,400	27,180	32,791	32,574	35,836	37,143
Total	47,230	53,955	63,305	71,629	75,635	81,987	88,830
Use of resources							
Consumption 1/	30,828	34,001	37,191	40,770	44,012	49,767	53,690
Private 1/	(21,842)	(25,466)	(27,496)	(30,696)	(32,696)	(38,247)	(41,605)
Public 2/	(8,986)	(8,535)	(9,695)	(10,074)	(11,316)	(11,520)	(12,085)
Gross fixed investment	6,457	7,800	9,572	15,045	11,585	11,168	10,018
Exports of goods and nonfactor services	9,945	12,154	16,542	15,814	20,038	21,052	25,122
Total	47,230	53,955	63,305	71,629	75,635	81,987	88,830
Resource gap (deficit -)	-7,727	-9,247	-10,638	-16,977	-12,536	-14,784	-12,021
Domestic savings	-1,270	-1,447	-1,066	-1,932	-951	-3,616	-2,003
Net factor income from abroad	-2,490	-2,626	-1,883	-2,887	-3,966	-4,574	-4,363
Net factor services	(-838)	(-1,158)	(-890)	(-1,284)	(-2,308)	(-2,981)	(-2,990)
Net private transfers	(-1,652)	(-1,468)	(-993)	(-1,603)	(-1,658)	(-1,593)	(-1,433)
Gross national savings	-3,760	-4,073	-2,949	-4,819	-4,917	-8,190	-6,366

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

1/ Residual
2/ Equal to Government current expenditures (see Table II).

Table II. Mauritania: Consolidated Government Operations, 1979-85 1/

(In millions of ouguiyas)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
Total revenue	11,727	10,364	12,016	11,862	11,944	14,409	16,413
Budgetary	5,804	5,392	6,981	7,235	8,873	10,199	11,550
Grants	5,923	4,972	5,035	4,627	3,071	4,210	4,863
Budgetary	(3,636)	(1,402)	(1,370)	(325)	(160)	(25)	(160)
In kind	(...)	(1,180)	(1,146)	(1,181)	(1,294)	(1,982)	(2,130)
Project	(...)	(1,192)	(1,465)	(1,671)	(1,026)	(1,253)	(1,573)
Other 2/	(...)	(1,198)	(1,054)	(1,450)	(591)	(950)	(1,000)
Total expenditure and net lending	14,669	14,831	16,074	17,703	17,609	20,185	19,881
Operating expenditure	8,986	8,535	9,695	10,074	11,316	11,520	12,085
Investment expenditure	5,295	5,291	5,536	7,345	5,658	7,967	7,146
Budgetary	(446)	(535)	(475)	(612)	(648)	(550)	(558)
Extrabudgetary	(4,849)	(4,756)	(5,061)	(6,733)	(5,010)	(7,417)	(6,588)
Special accounts	276	968	455	236	475	512	500
Net lending	112	37	388	48	160	186	150
Surplus or deficit (-) on a commitment basis	-2,942	-4,467	-4,058	-5,841	-5,665	-5,776	-3,468
Change in payment arrears (increase +)	494	1,373	-777	1,475	1,707	--	--
External	494	1,363	-1,213	976	806	--	--
Domestic	--	10	436	499	901	--	--
Surplus or deficit (-) on a cash basis	-2,448	-3,094	-4,835	-4,366	-3,958	-5,776	-3,468
Financing	2,448	3,094	4,835	4,366	3,958	5,776	3,468
Foreign (net)	1,993	3,616	4,675	4,208	4,084	3,484	2,500
Drawings 4/	(3,565)	(3,878)	(4,933)	(4,623)	(4,849)	(4,355)	(3,500)
Amortization	(-1,572)	(-262)	(-258)	(-415)	(-765)	(-871)3/	(-1,000)3/
Domestic (net)	455	-522	160	158	-126	-200	--
Banking system	(363)	(754)	(703)	(681)	(557)	(-200)	(--)
Nonbanking sector	(92)	(-1,276)	(-543)	(-523)	(-683)	(--)	(--)
Financing gap	--	--	--	--	--	2,492	968
				(In percent of GDP)			
Memorandum items:							
Total revenue	39.7	31.8	33.3	30.5	27.7	31.2	31.8
Total expenditure and net lending	49.6	45.6	44.5	45.6	40.9	43.7	38.5
Current	(30.4)	(26.2)	(26.8)	(25.9)	(26.3)	(25.0)	(23.4)
Investment	(17.9)	(16.3)	(15.3)	(18.9)	(13.1)	(17.3)	(13.8)
Deficit on a commitment basis	10.0	13.7	11.2	15.0	13.2	12.5	6.7
Deficit on a cash basis	8.3	9.5	13.4	11.2	9.2	12.5	6.7
Change in payment arrears	1.7	4.2	-2.2	3.8	4.0	--	--
Financing gap	--	--	--	--	--	5.4	1.9

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

1/ On a calendar year basis.
2/ Includes extrabudgetary grants for technical assistance and scholarships abroad.
3/ Estimates based on BOP figures.
4/ Computed as a residual financing item because no reliable information is available on foreign loans.

Table III. Mauritania: Monetary Survey, 1979-85

(In millions of ouguiyas)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
Net foreign assets	-1,067	-1,556	-737	-4,373	-6,598	-9,200	-10,000
Domestic credit	9,922	11,709	13,557	16,441	18,085	18,850	20,250
Claims on the Government (net)	(1,800)	(2,554)	(3,257)	(4,609)	(5,142)	(5,050)	(5,050)
Claims on the private sector	(8,122)	(9,155)	(10,300)	(11,832)	(12,943)	(13,800)	(15,200)
Money and quasi-money	5,874	7,080	9,431	9,245	10,085	10,900	11,800
Other items (net)	2,981	3,073	3,389	2,821	1,402	-1,250	-1,550

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

Table IV. Mauritania: Balance of Payments, 1979-85

(In millions of SDRs)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
Merchandise trade, f.o.b.	-107.4	-96.0	-99.0	-168.3	-58.8	-93.5	-37.3
Exports	113.9	150.8	229.7	216.5	295.0	277.6	323.6
Imports	-221.3	-246.9	-328.6	-384.8	-353.8	-371.1	-360.9
Services (net)	-37.0	-78.1	-104.1	-151.2	-194.5	-176.6	-183.1
Nonfactor	-22.8	-58.7	-88.5	-127.6	-155.1	-131.3	-139.2
Factor 1/	-14.1	-19.4	-15.7	-23.7	-39.4	-45.3	-43.9
Goods and nonfactor services	-130.3	-154.7	-187.4	-295.8	-214.0	-224.8	-176.4
Exports	167.7	203.4	291.4	275.6	342.0	320.2	368.7
Imports	-298.0	-358.2	-478.9	-571.4	-556.0	-545.0	-545.2
Financed through aid	-57.4	-69.6	-70.4	-136.2	-152.3	-163.3	-140.1
Other	-240.5	-288.6	-408.4	-435.2	-403.7	-381.7	-405.0
Transfers	63.2	55.4	68.0	49.7	45.7	46.1	55.2
Private	-27.9	-24.6	-17.5	-27.9	-28.3	-24.2	-21.0
Public	91.1	80.0	85.5	77.6	74.0	70.3	76.2
Current account deficit							
Including public transfers	-81.2	-118.7	-135.1	-269.8	-207.6	-224.1	-165.2
Excluding public transfers	-172.3	-198.7	-220.6	-347.4	-281.6	-294.4	-241.4
Nonmonetary capital (net)	72.2	65.9	111.6	163.7	124.7	103.9	91.4
Disbursements	63.5	97.0	114.3	171.7	163.3	166.6	147.4
Principal repayment 1/	-55.3	-44.9	-58.5	-43.4	-54.6	-67.5	-74.9
Other capital 2/	64.1	13.8	55.8	35.4	16.1	4.8	18.9
Overall balance (before debt relief)	-9.0	-52.8	-23.5	-106.1	-82.9	-120.2	-73.8
Debt relief	28.1	24.6	54.2	25.8	26.1	29.2	--
Overall balance (after debt relief)	19.1	-28.2	30.7	-80.3	-56.8	-91.0	-73.8
Accumulation of arrears (+ indicates an increase)	-8.3	23.3	-19.4	16.2	19.7	37.8	--
Interest	-0.4	8.0	-5.1	6.7	7.7	13.1	--
Principal	-7.9	15.3	-14.3	9.5	11.9	24.7	--
Reserve changes (- indicates an increase)	-10.8	4.9	-11.3	64.2	37.1	53.1	--
Central banks	-24.0	-0.1	-2.0	28.0	27.1	16.6	--
Deposit money banks	13.2	5.0	-9.2	36.2	10.0	36.5	--
Memorandum items:							
External arrears (cumulative)	14.8	38.0	20.5	36.5	55.4	74.0	--
Scheduled Public debt service	76.5	76.4	90.2	83.0	102.0	120.9	127.1
Interest	21.2	31.5	31.7	39.6	47.4	53.4	52.2
Principal	55.3	44.9	58.5	43.4	54.6	67.5	74.9
				(In percent of GDP)			
Resource gap	26.1	28.4	29.4	43.7	29.1	32.0	23.3
Current account deficit							
Including public transfers	16.3	21.8	21.2	39.9	28.3	31.9	21.8
Excluding public transfers	34.6	36.5	34.7	51.3	38.3	41.9	31.8
Overall balance before debt relief	-1.8	-9.7	-3.7	-15.7	-11.3	-15.1	-9.7

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

1/ Includes actual and scheduled debt service and the accumulation of arrears.
2/ Including direct investment, private and short-term capital, valuation adjustments and errors and omissions.

Table V. Mauritania: Balance of Payments, 1984-90

(In millions of SDRs)

	1984 Est.	1985 Proj.	1986 Proj.	1987 Proj.	1988 Proj.	1989 Proj.	1990 Proj.
Merchandise trade f.o.b.	-93.5	-37.3	-2.6	10.4	51.9	62.3	74.6
Exports	277.6	323.6	352.2	400.7	468.6	509.2	544.7
Imports	-371.1	-360.9	-354.8	-390.3	-416.8	-446.8	-470.1
Services (net)	-176.6	-183.1	-200.3	-213.7	-227.5	-234.9	-242.3
Nonfactor	-131.3	-139.2	-153.3	-163.5	-172.7	-180.2	-185.0
Factor 1/	-45.3	-43.9	-47.0	-50.2	-54.8	-54.8	-57.3
Goods and nonfactor services	-224.8	-176.4	-156.0	-153.1	-120.9	-117.8	-110.4
Exports	320.2	368.7	400.8	453.2	525.3	570.4	610.9
Imports	-545.0	-545.2	-556.8	-606.3	-646.2	-688.2	-721.3
Financed through aid	-163.3	-140.1	-138.4	-150.9	-158.7	-163.0	-159.5
Other	-381.7	-405.0	-418.4	-455.4	-487.4	-525.2	-561.7
Transfers	46.1	55.2	51.0	51.6	52.1	52.5	53.0
Private	-24.2	-21.0	-21.5	-22.1	-23.1	-24.1	[illegible]
Public	70.3	76.2	72.5	73.8	75.2	76.6	76.1
Current account deficit							
Including public transfers	-224.1	-165.2	-151.9	-151.7	-123.6	-120.1	-114.7
Excluding public transfers	-294.4	-241.4	-224.4	-225.5	-198.8	-196.7	-192.8
Nonmonetary capital (net)	103.9	91.4	43.1	65.1	63.2	95.0	92.0
Disbursements	166.6	147.4	151.7	155.8	170.2	172.9	169.6
Principal repayment 1/	-67.5	-74.9	-118.8	-99.9	-115.9	-86.3	-85.7
Other capital 2/	4.8	18.9	10.2	9.1	8.8	8.4	8.3
Overall balance	-120.2	-73.8	-108.8	-86.6	-60.4	-25.0	-22.7
Maturing Central Bank liabilities 3/	-9.2	-30.4	-19.5	-29.0	-25.4	-24.1	--
Debt relief	29.2	--	--	--	--	--	--
Financing gap	-100.2	-104.2	-128.3	-115.6	-85.8	-49.1	-22.7

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

1/ Including debt service on debt contracted after December 31, 1983.
2/ Including direct investment, private and short-term capital, valuation adjustments and errors and omissions.
3/ Repurchases in respect of purchases from IMF and deposits from friendly countries. Minus indicates payments of liabilities.

Table VI. Mauritania: External Debt and Debt Service, 1984-90

(In millions of SDRs)

	1984	1985	1986	1987	1988	1989	1990
1. External debt outstanding end of period	1,281.3	1,339.7	1,340.1	1,358.9	1,382.2	1,439.8	1,521.6
Medium and long term	1,251.5	1,321.4	1,331.7	1,355.5	1,381.1	1,439.8	1,521.6
Use of Fund resources	29.7	18.3	8.4	3.4	1.1	--	--
2. Debt service 1/	125.2	146.2	187.4	187.5	208.9	180.7	158.9
Interest	55.3	51.0	55.7	60.5	66.6	67.6	71.2
Principal	69.9	95.2	131.7	127.0	142.3	113.1	87.8
3. IMF	13.0	14.7	11.4	6.0	2.7	1.2	--
Charges	3.6	2.6	1.6	0.9	0.3	0.1	--
Repurchases	9.4	12.1	9.7	5.0	2.3	1.1	--
4. Total	138.2	160.9	198.8	193.4	211.6	181.9	158.9
Interest	58.9	53.6	57.4	61.4	66.9	67.7	71.2
Principal	79.3	107.3	141.4	132.0	144.6	114.2	87.8
Exports of goods and services and private transfers							
5. Balance of payments	343.5	397.2	422.4	478.0	533.4	780.7	603.0
6. Balance of settlements 2/	239.2	255.8	256.7	291.9	345.2	375.9	401.7
4/5	40.2	40.5	47.1	41.3	39.7	31.9	26.4
4/6	57.8	62.8	77.4	66.3	61.3	48.4	39.6

1/ Including Central Bank deposits.
2/ Exports minus earnings from exports of fish that are not repatriated and iron ore receipts that are channeled to SNIM's external accounts.

Mauritania--Basic Data

Area, population, and GDP per capita

Area:		1.1 million square kilometers
Resident population:	Total (1983):	1.7 million
	Growth rate:	2.5 percent
GDP per capita (1983):		SDR 432

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
Gross domestic product (at current prices)				(In percent of GDP)			
Primary sector	26.4	28.5	29.4	30.0	30.3	26.5	27.9
Secondary sector	26.8	24.4	24.1	21.2	19.0	22.9	21.2
Tertiary sector	39.7	41.0	38.6	39.4	40.3	37.8	38.0
Consumption	104.3	104.4	103.0	105.0	102.2	107.8	103.9
Investment	21.8	24.0	26.5	38.8	26.9	24.2	19.4
Resource gap	26.1	28.4	29.5	43.8	29.1	32.0	23.3
National savings	-12.7	-12.5	-8.2	-12.5	-12.4	-17.8	-12.3
Total (in millions of ouguiyas)	29,558	32,555	36,125	38,838	43,061	46,151	51,687
Annual growth rate (in percent)							
Nominal	19.0	10.1	11.0	7.5	10.9	7.2	12.0
Real	7.7	4.3	3.7	-2.2	6.6	-3.6	3.8
Prices				(Annual change in percent)			
Implicit GDP deflator	10.3	7.6	6.9	9.9	4.0	11.2	7.9
Consumer price index	9.1	11.1	11.5	8.4	4.9	12.5	10.0
Export prices (in ouguiya terms)	-3.1	15.5	11.1	3.9	-2.7	13.9	2.4
Import prices (in ouguiya terms)	14.4	20.6	1.1	1.9	2.1	17.4	5.0
Terms of trade (in ouguiya terms)	-15.3	-4.1	9.9	1.9	-4.7	-3.0	-2.5

Mauritania--Basic Data (continued)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
				(In millions of ouguiyas)			
Central government finance							
Revenue and grants	11,727	10,364	12,016	11,862	11,944	14,409	16,413
Revenue	(5,804)	(5,392)	(6,981)	(7,235)	(8,873)	(10,199)	(11,552)
Grants	(5,923)	(4,972)	(5,035)	(4,627)	(3,071)	(4,210)	(4,863)
Expenditure	14,669	14,831	16,074	17,703	17,609	20,185	19,881
Recurrent	(8,986)	(8,535)	(9,695)	(10,074)	(11,316)	(11,520)	(12,085)
Investment	(5,295)	(5,291)	(5,536)	(7,345)	(5,658)	(7,967)	(7,146)
Miscellaneous 1/	(388)	(1,005)	(843)	(284)	(635)	(698)	(650)
Overall deficit (commitment basis)							
Including grants	-2,942	-4,467	-4,058	-5,841	-5,665	-5,776	-3,468
Excluding grants	-8,865	-9,439	-9,093	-10,468	-8,736	-9,986	-8,331
Changes in arrears (decrease (-))	494	1,373	-777	1,475	1,707	--	--
Overall deficit (cash basis)	-2,448	-3,094	-4,835	-4,366	-3,958	-5,776	-3,468
External financing	1,993	3,616	4,675	4,208	4,084	3,484	2,500
Gross disbursement	(3,565)	(3,878)	(4,933)	(4,623)	(4,849)	(4,255)	(3,500)
Amortization	(-1,572)	(-262)	(-258)	(-415)	(-765)	(-871)	(-1,000)
Domestic financing (net)	455	-522	160	158	-126	-200	--
Financing gap	--	--	--	--	--	2,492	968
				(In percent of GDP)			
Overall deficit (commitment basis)							
Including grants	10.0	13.7	11.2	15.0	13.2	12.5	6.7
Excluding grants	30.0	29.0	25.2	27.0	20.3	21.6	16.1
				(In millions of ouguiyas)			
Money and credit (end of period)							
Net foreign assets	-1,067	-1,556	-737	-4,375	-6,598	-9,200	-10,000
Domestic credit	9,922	11,709	13,557	16,441	18,085	18,850	20,250
Net claims on the Government	(1,800)	(2,554)	(3,257)	(4,609)	(5,142)	(5,050)	(5,050)
Credit to the economy	(8,122)	(9,155)	(10,300)	(11,832)	(12,943)	(13,800)	(15,200)
Money and quasi-money	5,874	7,080	9,431	9,245	10,085	(10,900)	(11,800)

Mauritania--Basic Data (continued)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
			(In percent of GDP)				
Money and quasi-money	19.9	21.8	26.1	23.8	23.4	23,6	22.8
			(In millions of SDRs)				
Public external debt							
Disbursed and outstanding							
In millions of SDRs (end of period)	494.7	599.6	758.2	958.4	1,157.9	1,281.3	1,357.0
In percent of GDP	101.1	108.1	119.6	144.2	160.6	184.6	175.1
Amortization	-55.3	-44.9	-58.5	-43.4	-54.6	-67.5	-74.9
Debt service ratio in percent 2/	42.8	36.9	30.9	29.0	30.3	38.8	40.4
			(In millions of SDRs)				
Balance of payments							
Merchandise trade	-107.4	-96.0	-99.0	-168.3	-58.8	-93.5	-37.3
Exports, f.o.b.	(113.9)	(150.8)	(229.7)	(216.5)	(295.0)	(277.6)	(323.6)
Imports, f.o.b.	(-221.3)	(-246.9)	(-328.6)	(-384.8)	(-353.8)	(-371.1)	(-360.9)
Services (net)	-37.0	-78.1	-104.1	-151.2	-194.5	-176.6	-183.1
Transfers (net)	63.2	55.4	68.0	49.7	45.7	46.1	55.2
Current account balance							
Including public transfers	-81.2	-118.7	-135.1	-269.8	-207.6	-224.1	-165.2
Excluding public transfers	-172.3	-198.7	-220.6	-347.4	-281.6	-294.4	-241.4
Capital account	72.2	65.9	111.6	163.7	124.7	103.6	91.4
Disbursements	63.5	97.0	114.3	171.7	163.3	166.6	147.4
Amortization	-55.3	-44.9	-58.5	-43.4	-54.6	-67.5	-74.9
Other capital	64.1	13.8	55.8	35.4	16.1	4.8	18.9
Overall balance (deficit -)	-9.0	-52.8	-23.5	-106.1	-82.9	-120.2	-73.9
			(In percent of GDP)				
Merchandise trade	-21.5	-17.6	-15.6	-24.8	-8.0	-12.6	-4.9
Exports, f.o.b.	(22.9)	(27.7)	(36.2)	(31.8)	(40.1)	(37.3)	(42.7)
Imports, f.o.b.	(-44.4)	(-45.3)	(-51.8)	(-56.6)	(-48.1)	(-49.9)	(-47.6)
Current account balance							
Including public transfers	-16.3	-21.8	-21.3	-39.7	-28.2	-30.2	-21.8
Excluding public transfers	-34.6	-36.5	-34.8	-51.1	-38.3	-39.6	-31.8
Overall balance	-1.8	-9.7	-3.7	-15.6	-12.8	-16.2	-9.[illegible]

Mauritania--Basic Data (concluded)

	1979	1980	1981	1982	1983	1984 Est.	1985 Proj.
			(In millions of SDRs)				
Gross official reserves (end of period)	87.6	116.9	142.9	129.8	105.4	82.0	...

	1979	1980	1981	1982	1983	1984 Sept.	1985 Proj.
			(Ouguiya per SDR)				
Exchange rates							
End of period	60.393	58.707	56.964	58.421	59.708	67.150	...
Period average	59.294	59.758	59.949	57.153	58.594	64.410	...

1/ Includes net lending and extrabudgetary expenditures other than investment.
2/ In percent of exports of goods and services and private transfers (net).