

# BTI 2008 | Mauritania Country Report

<b>Status Index</b>	1-10	<b>4.41</b>	# 92 of 125
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scale: 1 (lowest) to 10 (highest)    score    rank

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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## Key Indicators

Population	mn.	3.1	HDI	0.49	GDP p.c.	\$	1,988
Pop. growth <sup>1</sup>	% p.a.	2.9	HDI rank of 177	153	Gini Index		39.0
Life expectancy	years	54	UN Education Index	0.49	Poverty <sup>3</sup>	%	63.1
Urban population	%	40.4	Gender equality <sup>2</sup>	-	Aid per capita	\$	64.4

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

## Executive Summary

Deepening political conflict in the first half of 2005 threatened Mauritania's political stability and its hopes of future oil-based wealth. In a military coup on 3 August 2005, rebels led by Colonel Vall overthrew Ould Taya's twenty-year-old clientelist government with the aim of righting Taya's wrongs and democratizing the country. Raising expectations of profound change, the rebels promised to overcome ethnic inequalities, regionalism and the dominance of a few clans. Yet it remains unclear whether these promises are serious or mere propaganda. Following Taya's ousting, the rebels formed a Military Council to act as the executive power and installed a government of so-called "independent" figures, most of whom had in fact resigned from Taya's governing party. They made a point of limiting their time in office to a transitional period from August 2005 to August 2007 and declared that their members would not be available for further political office in the post-transitional phase. Support for the Military Council was, at first, lukewarm at best. However, once its transformation initiatives became more concrete, parties in Mauritania, as well as civil society organizations, international aid organizations and other states began to express their support for the Council and the transformation process, which resulted in events such as the Constitutional Referendum in June 2006, National Assembly elections in November 2006 and Communal Councils elections in December 2006. The Military Council promised "free and fair presidential elections" in March 2007 (these elections were held after the end of the period under review and are not covered by this report). Transformation is progressing at various degrees of speed and intensity. While the election of institutions is moving rapidly, other promised reforms have only partially been implemented. The Military Council attributes lagging reforms to the fact that they did not want to anticipate the decisions of the newly elected president and parliament. Nevertheless, the Military Council and transitional government have determined at the very least the direction government will take by installing a commission to establish

the political, social, and, more specifically, economic status quo. They have also consulted political parties and representatives of civil society to gather proposals for short-, medium- and long-term reforms. In other words, the Military Council is pursuing a policy of concertation. In this way, the council aims to affect the country's political direction beyond its own withdrawal from power in the summer of 2007. The Military Council has set up, for example, a national committee to oversee revenue from resources and its utilization. Among other things, this committee will oversee oil production, which is expected to begin in February 2007.

## History and Characteristics of Transformation

Since independence, Mauritania has been poor and reliant on foreign development and economic aid. Its political rulers have therefore taken a pragmatic view of potential investors and financial backers. Socioeconomic problems resulting from the collapse of iron prices, an enduring drought, and economic policies that were aimed at increasing domestic demand and excessive expansion in the public sector, which in turn resulted in ever-increasing public debt, characterized a period of economic stagnation from 1975 to 1984. In cooperation with the World Bank and the IMF, Mauritania thus introduced a first joint restructuring program. This was followed by a consolidation program from 1988 to 1991. The aims of the program were never achieved. This was due to both domestic factors as well as the negative consequences of political events abroad, such as the confrontation with Senegal (1989-1992) and diminishing financial support from the Arab Gulf States, who were unhappy about Mauritania's siding with Iraq in the Kuwait crisis of 1990/1991. As a result, Mauritania agreed to a third structural adjustment program with the IMF, which then exacerbated the already very tense situation.

These troubling socioeconomic developments, coupled with the conflict with Senegal and pogroms against black Mauritians (black Africans and the Haratine), which exacerbated tensions between the various ethnic groups in Mauritania and caused them to question the conditions of coexistence, prompted the military leadership to end its thirteen-year dominance and to establish instead a civilian, pluralistic system in order to renew the damaged political and social consensus. In July 1991, a new constitution was passed; in January 1992, pluralistic presidential elections were held; and in March/April 1992, pluralistic legislative elections were held. The then Chairman of the Military Council, Ould Taya, was elected to be the new civilian president. The constitution guaranteed him far-reaching prerogatives and, by denying the legislative control over the executive, ensured a continuation of his authoritative leadership style. This was reinforced by the growth of domestic political opposition. As a result, free and fair presidential elections were not held in either 1997 or 2003, and President Ould managed to secure victory and eliminate political opposition in both instances. Social

polarization and growing dissatisfaction within individual tribes and regions concerning the president's policy of unequal distribution in which his own tribe, the Smasside, were massively favored, incited domestic political dissent. This dissent was present even within the military and resulted in several attempted coups. This was further compounded by Ould Taya's foreign policies, which did not have the support of the majority of the Mauritanian people and, in particular, provided the Islamist opposition with arguments for mobilizing against the president. Nevertheless, it was economic and development issues that were decisive in his move to seek close cooperation with the United States and Israel. The president's extensive authority to make decisions, so long as it was upheld by the military and the security services, enabled him to make decisions that were contrary to the wishes of most political and social actors. After an attempted military coup in June 2003, and after both the officially recognized and non-recognized opposition had massively criticized his policies during the run-up to November's presidential elections, the government reacted by clamping down hard on all opposition to the government, especially Islamist opposition.

The successful military coup led by Colonel Vall on 3 August 3 2005 aimed to rebuild the domestic consensus in Mauritania, prevent the military from breaking into factions and convince the Mauritanian people that the state's leaders were really interested in a fair distribution of impending oil revenues. In this way, political leaders hoped to prevent domestic conflict between individual groups within the black African Mauritanian and white Mauritanian (Beidane) populations. Since the coup in 2005, positive steps have been taken toward political and economic liberalization, improvement in political participation and strengthening reforms to establish a market economy.

## Transformation Status

### I. Democracy

The military coup in August 2005 ended the rule of Ould Taya, who became chief of state in 1984 as the chairman of the military committee that led Mauritania from 1978 to 1992, and later in 1992, after having initiated a process of political liberalization in 1991, president of Mauritania. Owing to increased repression following attempted military coups in 2003, Ould Taya enjoyed little domestic support. His declaration of plans for structural reforms and democratization only increased widespread public support for the coup in 2005, carried out by rebels under Colonel Vall. In August 2005, the Military Council for Justice and Democracy under Colonel Vall, together with his transitional government, stated plans for a two-year transitional period to lay the foundations of a new political establishment based largely on national, regional and local institutions to be chosen in fair and free elections. It remains unclear whether the newly elected institutions of 2006 and 2007 can truly guarantee political stability in Mauritania by helping the country to overcome ethnic and regional cleavages and the dominance of several tribes. This will depend to some extent on who is elected president in March 2007 and on that person's political skills.

#### 1 | Stateness

In principle, the state's monopoly on the use of force is in place. Repression is used against militant Islamist groups; these groups are therefore under control and do not endanger the state's stability. Former militant opposition groups defending the interests of black African Mauritanian tribes have voiced their willingness to cooperate with public institutions. However, some leading figures are still living in exile and distrust the democratic orientation of current and future rulers. In the areas bordering Mali and Algeria there have been several incidents involving armed Islamist groups involved in organized made up of Algerians, Malians and Mauritians. At the moment, they pose no threat to the internal security of Mauritania.

Monopoly on the use of force

Mauritanian society is divided along racial, ethnic and tribal lines. Although prohibited since 1981, slavery is still practiced. There is an increasingly self-confident movement of black African Mauritanian tribes and the Haratine, who

State identity

are descendants of former slaves of white Mauritians (Mauritians of Arab and Berber/Amazigh descent), demanding rights as equal citizens. Officially, all Mauritanian citizens have the same civic rights, though in practice, equal rights are not guaranteed. The nation-state, however, is widely accepted as a legitimate goal.

Secular and religious norms determine the legal framework of the Mauritanian state. Religious norms have been introduced selectively, for example in criminal law, but generally, (French) positive law dominates. Nevertheless, policymakers are influenced by Mauritanian society's profoundly conservative majority, with its deep-rooted religious orientation (Islam) – especially when it comes to reforming personal status laws and enforcing women's rights and equality. The impact of religion is strengthened further by the influence of traditional Islamic schools on children.

No interference  
of religious  
dogmas

The administrative system is basic, but functions, and public security and order are ensured. The administrative system is partially deficient and subject to clientelist networks. In particular, tribal membership determines administrative decisions in rural areas.

Basic  
administration

## 2 | Political Participation

Having experienced manipulated elections during Ould Taya's presidency, the Military Council pledged to organize free and fair elections on all levels during the transitional period (August 2005 – August 2007). National and international observers of the legislative and communal elections in November/December 2006 declared them – in comparison with former elections – relatively free and fair. However, some former opponents of Ould Taya criticized the admission of "independent" candidates, because this weakened the status of political parties and subjected the election outcome to manipulation by the political elite. At the time of writing, which is before the presidential elections in August 2007, the democratization process is incomplete; until then, rulers are only partially democratically elected.

Free and fair  
elections

There is no civilian control of the military in Mauritania since the military is acting as the executive during transition. As already noted, the current rulers are not democratically elected, but they are preparing the ground for newly elected institutions including parliament, communal councils and the future president. The Military Council signaled it would withdraw from politics as soon as all institutions are in place and their functioning ensured (summer 2007). It can be assumed that in the future, as in the past, the military will act as a veto power whenever its leadership is convinced that the state's stability is threatened by the president's or government's political behavior, and when they are convinced that their own interests are threatened.

Effective power  
to govern

With the exception of Islamist groups, which are not allowed to organize as a political party, the transitional government respects the right to political organization and communication. The majority of Islamist groups in Mauritania are willing to participate in the legal framework, but since they are not allowed to organize politically, they have assimilated themselves into centrist parties or may run again as “independent” candidates. Trade union activity and strikes are allowed. Since assuming power, the transitional government has not exercised its right to dissolve unions when a strike is considered illegal or politically motivated.

Association /  
assembly rights

After the coup in 2005, most of the censorship laws to which the private press had been subject under President Taya’s government were abolished, and in 2006, a press and audio-visual council was established to contribute to the protection of media freedom. Opportunities for the print media to express its opinion have therefore improved greatly since 2005. Mauritanian radio and television broadcasters are still under government control and as a result, continue to follow government directives. In December 2006, the Military Council announced the imminent liberalization of the audio-visual sector.

Freedom of  
expression

### 3 | Rule of Law

Mauritania is institutionally differentiated. However, the Mauritanian Constitution of 1991 at the start of formal civilian rule under President Ould Taya did not introduce a system of checks and balances. The executive/president has a constitutionally recognized power monopoly and is not subject to control by the legislative. The current executive/Military Council functions exactly along these lines. The constitutional amendments of June 2006 did not introduce a system of checks and balances but retained the president’s dominating position.

Separation of  
powers

The judiciary is not autonomous. Some of the judicial reforms announced by the transitional government, including the training of judges, have been implemented only partially. Parliamentary parties and NGOs have been calling for greater judicial independence.

Independent  
judiciary

A large part of the population considered the Ould Taya regime to have been corrupt, leading to several investigations of past cases of corruption and abuse of power after the coup. However, no further legal steps were taken against any of Ould Taya’s former political associates. The transitional government does investigate individual cases of suspected corruption within its own ranks, and in some cases officials have been dismissed. Generally, however, the fight against corruption has been rather tentative.

Prosecution of  
office abuse

The Military Council set out with the aim of improving Mauritania's human rights record and keeping Mauritania out of the headlines of international human rights organizations' published reports. Nevertheless, although political prisoners received an amnesty after the coup in 2005, repression is still widely used in the struggle against the Islamists. Moreover, slavery continues to exist despite having been officially banned in 1981. The chairman of the Military Council, Colonel Vall, has come out vehemently against slavery, but any attempts to enforce the ban are obstructed by the widespread social acceptance of the practice among the Beidane tribes. According to the Mauritanian Constitution, all Mauritians, whether male or female, are equal in the eyes of the law. Nevertheless, racial, ethnic, class and sexual discrimination are still common aspects of society. The transitional government is aware of the problems and contradictions. One of the aims expressed in the discussion concerning good governance was to make access to public authorities available to everyone, and to this end, a step-by-step plan was devised for the following years. Mauritania's NGOs have criticized the state for the absence of adequate protection from violence for women, girls and children, who have no legal means of protection.

Civil rights

#### 4 | Stability of Democratic Institutions

Given the ongoing period of transition in early 2007, the quality of democratic institutions is difficult to assess. The Military Council proceeded in accordance with its post-coup goals of establishing a new representative parliament and communal councils, and reforming public administration and the judicial system. A "dialogue with all national forces" or national concertation, led by the transitional government, was supposed to determine the most important points of a reform program. The reforms agreed to as part of this dialogue were promoted with differing degrees of intensity. They include a constitutional amendment on election procedures; the strengthening of good governance in public administration and local development; economic, environmental and judicial reform; improving human rights protection; and the fight against corruption. Constitutional changes to the electoral system progressed most rapidly. Censorship of the media was modified, and there were hints of audio-visual sector liberalization. Little was done to strengthen good governance. A UNDP-backed program was introduced in May 2006 to fight poverty and encourage environmental protection. The least progress was made in judicial reform; the independence of the judiciary was not reinforced and the demands of the black (African) Mauritanian human rights activists, who demanded that past crimes be subject to public debate, were not met. It is to be expected that any institutional reforms in sensitive areas touching on the interests of key political actors will progress very slowly.

Performance of  
democratic  
institutions



Presently, the majority of political actors accepts the non-elected, post-coup executive Military Council and its transitional government as well as the relatively fairly and freely elected parliament. The representatives of the eleven political parties elected into parliament in 2006 support the transitional reform agenda. The presidential elections in March 2007 will be the acid test for the design and implementation of democratic election procedures and the acceptance of election results by relevant actors in Mauritania.

Commitment to democratic institutions

## 5 | Political and Social Integration

Tribalism and religious conservatism weaken the image of the political parties and NGOs if they pursue extra-national interests that affect the whole country. For that reason, special-interest lobbyists and parties, especially those defending tribal structures, are favored at elections. Each party's leading figure determines that party's power to mobilize support. The legislative elections of November 2006 showed that party loyalty and party alliances are volatile. As the large number of independent candidates in the parliamentary and communal elections in 2006 illustrates (41%), parties do not have a monopoly on channeling and aggregating interests, which is especially true for rural areas.

Party system

As mediators between society and politics, the trade unions in Mauritania are the most important of the organizations found in the relatively weak civil society sector. Only about 25% of the Mauritanian public-sector workforce are regularly paid workers; of these, however, about 90% are members of a trade union. The social interests of other groups remain, for the most part, not represented.

Interest groups

There is no survey data available on the consent to democracy in Mauritania. The majority of Mauritania's political actors make demands regarding democratization and democratic procedures, particularly during elections. However, both terms are used as slogans. No survey has been conducted to determine what individual political and social actors in Mauritania understand under the term democracy.

Consent to democratic norms

Self-organization in civil society is unevenly distributed. There are only a few organizations active nationally, and most of these are in urban areas. Trust among groups is dependent on tribal or family membership and high only within each group.

Associational activities

## II. Market Economy

After the catastrophic effects of the drought in the 1970s, the Mauritanian government carried out an IMF-backed economic reform program for the first time and has since then enjoyed continuous, if not entirely conflict-free, relations with the IMF. After the successful completion of the 1999 - 2002 IMF PRGF program, a new three-year PRGF was agreed upon in July 2003. In September 2004, its implementation was halted, however, and because incorrect figures were delivered to the IMF, the latter demanded that previous payments be reimbursed. In March 2006, after prolonged negotiation following the coup in August 2005, a new agreement was reached between the IMF and the Mauritanian government to install an IMF staff-monitored program worth \$24 million. The aim of this cooperation is to reduce macroeconomic deficits through restructuring programs and to implement budgetary policies that will keep prices low. In addition, the ongoing liberalization and privatization policies, which have existed in principle since 1989, are to be continued on the basis of the Investment Code, as passed in 2002. The Investment Code is aimed at better enabling the influx of needed foreign investment.

### 6 | Level of Socioeconomic Development

Key indicators show a low level of development in Mauritania. This is most apparent in Mauritania's low ranking on the HDI (rank 153) and the extreme sluggishness of any improvements, which is tied to basic structural problems in Mauritanian society. Despite the evident changes August 2005, society remains divided in two ways. On the one hand, it is divided in ethnic terms between the dominant Arab-speaking white Mauritians (Beidane) and the black African Mauritians, who in turn comprise various ethnic groups. On the other hand, Mauritanian society is divided in social terms between the dominant class of the Beidane, from which the political and economic elite is recruited, and the former slaves (Haratine) and black African groups. The original division of labor and production between nomadic cattle-raising tribes and settled black African land cultivators has been weakened by the disastrous droughts of the last decades and the resulting urbanization. Social exclusion and marginalization on the basis of poverty and education are evident; in particular, this affects the black African ethnic groups in the south, but it also affects white Mauritians uprooted by the droughts and who live in abject poverty on the outskirts of the few cities. The country's portion of nomads has declined from 60% in 1960 to only 5% in 2005; today as much as 30% of the population lives in the greater Nouakchott area alone. Despite the 2001 agreement with the IMF to implement the PRSP from 2002 to 2004 with the aim of reducing the poverty rate to 22%, the actual rate is still estimated to be over 40%. The government has, however, reached some of its other economic goals, such as consolidating economic growth and combating

Socioeconomic  
barriers

inflation, but this has led neither to a regeneration of the labor market nor to an improvement in the social situation. The second PRSP (2006 - 2010) cannot be assessed yet. The private sector, which reaches most of the economic sectors, has, for structural reasons, stagnated at around 30% of GNP. Apart from the regional imbalance (irrigated agriculture is almost entirely concentrated along the Senegal River), the economy also suffers sectoral imbalances; iron ore, fish and oil exports (the latter only beginning in 2006) monopolize currency revenue but interact minimally with the remainder of the economy, thus leading to a dual economy. The highly modern iron ore, oil and foreign fishing industries, in which only a few companies excel (e.g., SNIM, the Bouamatou Group and banks), have little in common with the subsistence economy.

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	1,150	1,285	1,548	<b>1,850</b>
Growth of GDP	%	1.1	5.6	5.2	<b>5.4</b>
Inflation (CPI)	%	3.9	5.2	10.4	<b>12.1</b>
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	10.2	16.7	0.3	<b>6.2</b>
Export growth	%	-6.7	-11.6	9.1	<b>6.2</b>
Import growth	%	2.6	-2.4	42.5	<b>45.3</b>
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	1,916.0	2,054.3	2,059.7	<b>2,043.3</b>
External debt	\$ mn.	2,243.8	2,332.7	2,311.7	<b>2,281.1</b>
External debt service	% of GNI	4.2	4.1	3.5	<b>3.5</b>
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public expnd. on edu.	% of GDP	3.6	3.6	3.0	<b>2.3</b>
Public expnd. on health	% of GDP	2.4	2.2	2.0	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.9	1.6	1.4	<b>3.6</b>

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

## 7 | Organization of the Market and Competition

Although Article 10 of the 1991 Mauritanian Constitution guarantees the freedom of commerce and industry, Article 15 limits the exercise of private property if the exigencies of economic and social development require it. In many areas, therefore, the state is still very active. Nevertheless, progress has been made within the framework of the liberalization and privatization program, which has been running since 1994 and is supervised by the Authority of Regulation, which was founded in 1999. The banking sector has been largely privatized and become more competitive. The government, when passing the Investment Code, explained that no sector is excluded from private financing. The government also lifted most price controls and on 1 January 2006, raised the salaries of government employees and officials to compensate for inflation. Despite formal measures to combat corruption, corrupt practices are widely believed to exist at all levels of government and society. This indicates a general lack of good governance, under which the whole economy suffers.

Market-based  
competition

The issue of state mechanisms designed to prevent the development of economic monopolies is not very relevant at the moment because the state itself is a major shareholder, and it alone decides how and to what extent it will continue to deal in shares. Secondly, the state reserves the right to intervene for political purposes in areas of the economy in which it is not an active participant. The state has retained the right to confiscate private property or to rescind contracts, but according to the Investment Code, it has to pay compensation in such cases (for example, in 2003 it cancelled its contract with a British petroleum company). The private economy in Mauritania has developed so little that the state has not had to resort to anti-cartel legislation. The government's monopoly has been abolished in the banking sector; in January 2006, the first foreign bank (Banque Internationale d'Investissement) began to do business in Mauritania.

Anti-monopoly  
policy

Foreign trade has been extensively deregulated, and there is no fundamental state intervention in free trade. There are no restrictions or controls on payments, transactions or repatriation of profits (free transfer of convertible currencies earned from new investments) for residents; non-resident accounts are subject to some restrictions. On the other hand, customs procedures are extremely complicated and ultimately discouraging for importers not familiar with the Mauritanian system.

Liberalization of  
foreign trade

Since 1989, the banking and financial sector has undergone a process of privatization and deregulation, yet it remains underdeveloped. Its continued poor performance led to worse results in 2006 than in 2005. There is still no stock market or any other public trading of shares in Mauritanian companies. Banks have been restructured (introduction of computers, new banking management

Banking system

etc.), but many problems remain, including a weak economy, the banks' low capital assets, high interest rates, and relatively restrictive lending policies that reserve loans for persons with special relations to bank owners and officials. Deficiencies persist in the enforcement of laws and regulations.

## 8 | Currency and Price Stability

There is a central bank in Mauritania, however, its activities are closely tied to the dictates of the government. Despite its problems with the IMF, the Mauritanian government has more or less continued to implement the IMF's restrictive money and currency policies. The exchange rate has remained largely stable (1\$=240 Ougouiya/2000; 265.5/2006). Currency reserves grew to 1.2 import months by the end of 2006 (2005: 0.2). The budget deficit remained steady, and the inflation rate of 9% was comparable to that of the previous year. Due to the increased share of imported oil, however, some of the increase in prices had to be passed on to the consumer (11%).

Anti-inflation /  
forex policy

In spite of structural difficulties, the government's economic good governance policies implemented in the fall of 2005 helped to lower the chronic budget deficit even further. The tax reforms introduced under President Taya (unification of VAT; elimination of VAT exemptions, etc.) meant that government revenues were boosted by stronger tax collection. The foreign debt burden also fell due to the increase in export revenue (2001: 234% of GNP; 2004: 161%, 2005: 131%, 2006: 81%) (In 2006, debt services were at 3% of exports). As a result of the fluctuation in imports, especially foodstuffs, the trade surplus and currency reserve continued to be volatile. The government maintains a prudent fiscal and monetary policy and is engaged in further structural reforms, notably in the areas of public finance management and foreign exchange market liberalization. Nevertheless, fiscal policy is always dependent on political conditions; the transition government has decided to raise public servants' salaries significantly on several occasions, probably to gain more political support. The IMF is satisfied with current economic performance.

Macrostability

## 9 | Private Property

In principle, the right to private property in Mauritania is guaranteed by the constitution. Article 19 of the 1991 constitution states that every citizen should respect public and private property. Private entities may freely establish and own business enterprises, and engage in all forms of remunerative activity. The state can restrict the claim to private property if this is deemed necessary for the purposes of social and economic development. Public iron ore mining companies (SNIM) and public service companies (Somelec) are, with a few exceptions,

Property rights

running at a loss (deficit 4% of the GNP). Foreign-owned private property (investments) are also protected or, if the government intervenes in their affairs, compensated. According to the Heritage Foundation, however, private property is poorly protected due to a deficient judiciary.

There is a legal framework for a functional private sector in Mauritania. The SNIM remains the biggest enterprise in the country, but private enterprises are present across the country, and private banks and some private groups (Bouamatou or Nouegeid) are the backbones of the private sector. Hydrocarbon is one emergent sector dominated by foreign capital.

Private  
enterprise

## 10 | Welfare Regime

The Mauritanian population faces a dilemma. According to public records, about 46% of the population lives in poverty. This can be attributed to the country's difficult topographic conditions, periodic droughts and locust swarms, the last one in 2006. Yet the Mauritanian state does not have sufficient means to provide the social services needed to effectively combat poverty, such as direct transfers and subsidies. Many hope that the oil industry, for which production began in February 2006, will be able to provide durable economic growth. According to a statement by the prime minister in December 2006, the government's development strategy assumes an annual growth rate of at least 10% until 2010, which would bring the poverty rate under 35%. This would be accompanied by a fall in the unemployment rate, which at the moment lies over 20%. The government's lack of financial clout has hindered any efficient support for the unemployed or an active labor market policy; the same is true for health care, which is restricted to basic services in practice. In May 2006, the government decided to improve health care for employees. The supplementary budget of July 2006 concentrated on the social services.

Social safety nets

Poor people in Mauritania live both in rural areas and in the shantytowns that surround the few larger cities, especially Nouakchott and Nouadhibou. Apart from a small class of white Mauritians, who also form the political and economic elite and belong to a few specific tribes, the majority of Mauritians are poverty-stricken. The extended family or the tribe is therefore an essential form of social security. Equal opportunity and equal access to public services do not exist. Both racial and sexual discrimination are apparent in business. There are hardly any mechanisms to effectively promote the advancement of women, persons with disabilities or the socially disadvantaged.

Equal opportunity

## 11 | Economic Performance

Mauritania's change of government in 2005 had no negative impact on its economic performance (high GNP growth in 2006). On the contrary, rising iron ore prices and the first oil exports tripled exports within a year, and for the first time in years, the trade deficit was turned into a trade surplus. At the same time, the current account balance (as a percentage of GNP) improved from -19.6% in 2005 to +10.3% in 2006, and foreign debt as a percentage of GNP has improved significantly. This consolidation of macroeconomic stability, however, stands in contrast to numerous negative trends, including the continuing lack of diversification of export goods (98% of export revenue is earned in iron ore, fish, and, as of 2006, petroleum), high public sector domestic debt, the impact of desertification on agricultural, meat and food production, the inefficient tax system, endemic corruption, and the lack of proper implementation of laws and decrees. However, in October 2005, the transitional government carried out an economic assessment within its national concertation and is currently implementing a hotly debated, long-term economic strategy. Given the steadily increasing oil revenues, the National Fund of Hydrocarbon Revenues set up in 2006 has taken on the important task of directing long-term investment expenditure.

Output strength

## 12 | Sustainability

Desertification, deforestation, the decline in water resources and the growing risk of coastal pollution as a result of off-shore oil exploitation are primary environmental problems. Environmental awareness has grown in recent years in society at large and among lawmakers, but it is still low. Public debate on environmental problems and the adoption of environmental programs have intensified in 2005 and 2006.

Environmental policy

Education and training facilities are available in certain, mainly urban areas, but their quality is deficient, as recent university student protests in the capital showed. Training in new technologies was incorporated into the National Development Program for Education in 2001. The reform agenda of the transitional government has not made any explicit commitments on education. Ongoing joint programs with international organizations to combat illiteracy and to build training programs continue. State expenditure on education is estimated at 3.4% of GDP (2003).

Education policy / R&D

## Transformation Management

### I. Level of Difficulty

Mauritania's structural problems, including ethnic heterogeneity, some groups' sense of marginalization, major socioeconomic inequalities, political actors' lack of awareness for the need to act for the general good, and a pronounced concentration on familial, tribal and regional interests, make political and economic transformation more difficult and restrict the ability of the state's leaders to govern. The existing political consensus is precarious. It is possible that this consensus will fall apart after the end of the transitional phase in 2007 if expectations inspired by the coup are not fulfilled, including a fairer distribution of public resources, improved political participation and awareness of the interests of various lobbies.

Structural constraints

Civil society traditions remain weak and confined to an increase in the number of NGOs and NGO activity after the adoption of the new constitution in 1991, which guaranteed freedom of association and heralded the beginning of an era of political liberalization and civil rule. Most NGOs are active at the local level only. The human rights organization Association Marocaine des Droits Humains (AMDH), individual women's organizations and the anti-slavery NGO "SOS Esclaves" are active at the national level. The transitional government has raised the standing of trade unions and NGOs by including them in the consultations as part of a "roadmap to democracy," and it is trying hard to secure the broadest possible social basis for its own agenda.

Civil society traditions

Mauritanian society is split into ethnic (tribal) communities and social classes. This has led to a divided political scene and to periodic violent conflict. The military coup of August 2005 was an attempt to stop society from breaking up and mobilizing along solely ethnic/tribal and class lines. Diverse groups, including the military, have mobilized against the existing system and/or president in recent years, becoming stronger as their feeling of deprivation steadily grows. Since the 2005 coup, the Military Council's transitional government has appeased the disparate groups and raised expectations for a profound change. The divisions within society and the trend toward politicization of the various groups have yet to be overcome. Should the leadership fail to respond positively to the groups' grievances, future conflict is inevitable.

Conflict intensity



## II. Management Performance

The lack of equal opportunity laws protecting all population groups and regions and the continuing protection of privileges for certain tribes were the main causes for internal conflict in Mauritania and the military coup of August 2005. The transitional government set up after the coup now seeks to eliminate these inequalities and to introduce good governance criteria. The planned transitional phase of two years (August 2005 - August 2007) would seem to be too short, however, to change the attitudes of elites and others who have profited from the system so far, a prerequisite for ensuring that new political realities and new social structures can emerge.

### 14 | Steering Capability

The Military Council sees itself as a two-year transitional executive whose task it is to manage the democratic election of political institutions. During this transitional period, the Military Council aims to create the conditions for social cohesion and to head off threats to political stability within the country. Therefore, the government has decided to limit and control the influence of Islamists by suppressing violent tendencies within the Islamist movement and by banning the formation of Islamist parties. The government has also decided to integrate as many political and social groups as possible in the political process by improving their ability to participate and by acting to create social equality. In so doing, the government aims to distance itself from the existing practice of favoring a few tribes. The government also aims to improve local groups' ability to articulate their concerns by raising the standing of local institutions. Only after the presidential election in March 2007, when Mauritania elects its future "strong man," will it become clear whether this policy will endure. As a consequence, the outcome of the reform process set in motion by the coup is still uncertain. It should be noted, however, that the political and economic might of the most influential Beidane tribal factions will not permit a radical break with the existing system of favoritism and distribution. Only minor political economic and social adjustments and concessions to black Africans and the Haratine are to be expected.

Prioritization

The Military Council and the transitional government have declared their commitment to democracy and a social market economy that respects Mauritanian national interests. After the coup, this commitment was documented in a program, and in the fall of 2005, found support by the participating parties and NGOs as part of the national concertation. Reforms have been implemented

Implementation

with varying speed and intensity depending on the area. The election schedule (constitutional referendum, legislative elections, district elections) has been carried out, but other areas are incomplete (see 4.1, Democracy performs). In some reform areas, the Military Council did not want to anticipate decisions of the parliament or the president, who is to be elected in March 2007. The willingness to reform in Mauritania, however, was never higher than in 2005/06.

The military coup was a direct response to a deteriorating internal situation. As a result, the current political leadership has tried to remedy past mistakes and put policies into effect that will help overcome the political and social antagonisms that have threatened the country's stability. The Military Council and the transitional government have therefore sought to assure social and political activists, some of whom have resorted to violence, that more just distribution of resources and developmental policies for certain regions are on the way, and should be felt before the expected inflow of oil revenues begins. Most have interpreted this positively and therefore support the Military Council's reform agenda. The transitional government's roadmap is purely and strictly designed for the two-year transition period. The members of the Military Council and the transitional government have vowed to guarantee free and fair elections and not to stand for the presidency. The presidential elections in March 2007 are therefore a crucial test of the reform agenda's progress. Should the Military Council interfere with the elections in order to protect its own reforms, it risks destroying the political and social consensus reached since the coup as well as damaging the country's political stability.

Policy learning

## 15 | Resource Efficiency

All in all, the government uses only some of its available resources efficiently. As part of its 2005 good governance scheme, the Mauritanian government, supported by international development agencies such as the Deutsche Gesellschaft fuer Technische Zusammenarbeit (GTZ), which is working on increasing the efficiency of the central auditing authority, is striving to utilize scarce resources more efficiently. To this end, the government began to reorganize the National Statistics Office in February 2006 to improve the compiling of information. Further reorganization of public authorities followed. Also, the Mauritanian Center for Political Studies made a first attempt to assess the current situation and to compile proposals for development strategies. The building of modern communication structures and the deployment of computers were also accelerated. Attempts to reduce bureaucracy and thus improve efficiency have been handicapped or delayed by the lack of funds and the fact that decision-making is often tribally influenced. On the other hand, progress has been made in tax reform.

Efficient use of assets

The Military Council and transitional government coordinate the reform agenda. At the end of the transition period, both are concentrating on elections and the institutionalization of a representative democratically elected system, but their policies actually avoid tackling many issues that are capable of undermining the national consensus and the relatively cooperative attitude of most political and social actors. To what extent the political and economic elites are willing to accept the need to pursue policies that ensure greater equality, and to what extent these policies will have a durable effect on political action will become clear only after the transitional period ends and the new president takes over.

Policy coordination

After the coup, the Military Council quickly set up three inter-ministerial commissions, one for democratic transition, another for judiciary reform, and a third for good governance in the economic, finance and administrative sectors. By October 2005, the commissions had presented their reports and recommendations. The commission for good governance recommended that international standards be adopted to support the struggle against corruption and other economic crime and to increase Mauritania's attractiveness for foreign investors. Also discussed were the approval and ratification of appropriate international agreements, short- and medium-term institutional measures (control facilities, new anti-corruption laws), a campaign to increase awareness, and a behavioral code for senior officials. Measures already implemented have included a draft paper for a national committee whose task it will be to guarantee transparency in the petroleum industry (ITIE). This committee would encourage political and social actors to show their trust in the country's leadership as well as their own commitment to good governance and a more fair distribution of resources. The general public in Mauritania associates former President Taya's rule with widespread corruption on all levels. There was no transparency regarding the government's income, expenditures or its allocation formula, and so a great deal is expected of the new leadership as the transitional period comes to a close. Clientelist and tribal interests still dominate politics, economics and society. They have a symbiotic relationship with corruption. The lines dividing corrupt and honest practices are extremely blurred, making anti-corruption measures difficult to implement. During the transition period, a few individual cases were used to set an example for a crackdown on corruption.

Anti-corruption policy

## 16 | Consensus-Building

In contrast to the broadly positive atmosphere after the presentation of the Military Council's reform agenda in August 2005, the legislative and communal elections of 2006, and the preparations for the presidential elections of 2007 have raised doubts among some political parties about the Military Council's neutrality. The post of president is closely tied to the issue of power and resource

Consensus on goals

allocation. As a result, all political and societal attention is directed at this election. Nevertheless, there is little debate among the legally recognized political and economic actors about the country's basic political and economic orientation. None of the official protagonists expressly rejects the move toward democratization or objects to the market economy, so long as social components are taken into account. The main subject of debate concerns which national figure will become the next president. Only after the presidential election will it become clear whether the new president will have learned from the failings of the past, and whether he can pursue popular and just distribution policies, or whether he is willing to risk society's cohesion to pacify tribal and regional interests and electoral clientele. The current transitional period is an exceptional situation that has managed to create a fragile consensus based on promises and announcements about the future. There is basic support for a democracy founded on the social market economy among the most important political and social actors. Most of these actors have a very vague concept of what democracy means. There is consensus, however, on the desire for free and fair elections. Future consensus-building and the new government's legitimacy will depend heavily on issues of social justice and the just distribution of resources and public services. These issues will determine the behavior of key political and social actors as well as their relationship to the country's leadership.

Since the coup in 2005, no anti-democratic organizations or groups have formed openly. The Military Council's reform intentions have raised hopes and a willingness to cooperate among the exile opposition, so much so that some exiled opponents have decided to return and cooperate with the existing regime. This commitment to cooperation is fragile and dependent on the election of the new president. The radical Islamists are under control and represent no threat to the country's stability. Whether the military will become an anti-democratic veto actor once the civil government has been established cannot be assessed at this point of time.

Anti-democratic veto actors

The political management of social, regional and ethnic divides was deficient in the past and put internal security at risk. The successful coup of 2005 therefore set out to improve national, regional and local political representation and participation by holding elections. In addition, they hoped to bring an end to cleavages by improving the system of distribution. Structural conditions, centuries-old traditions and the differing social perceptions dominating the individual population groups' views of one another all make it difficult to overcome the cleavages that have often been instrumentalized in the past. The Military Council promised greater representation and greater attention to the specific needs of the regions, whose support will be vital for the shaping of a peaceful post-Military Council era. Of equal importance will be the fair treatment of black Africans and the Haratine. Cleavage-based conflicts have

Cleavage / conflict management

calmed over the transitional period in anticipation of reforms and positive policies that are expected to follow the presidential election.

In order to secure their legitimacy after the coup, the Military Council opened a broad social debate on economic, social and political reform issues that involved civil society actors. Mauritania's civil society is largely urban and poorly organized. The trade unions are an exception due to their superior organization.

Civil society participation

After the coup, the Military Council released political prisoners and announced an amnesty for political opponents living in exile (many opponents began to return in September 2005). About twenty alleged Islamists are still in jail. Although the Military Council recognized the need to investigate human rights abuses, especially riots perpetrated against black Africans and the Haratine in 1989, it has not answered the demands of human rights organizations to introduce concrete measures to investigate such cases, to punish those responsible and compensate the victims. The Military Council has explained that this will be the responsibility of the new leadership. In doing so, the Military Council is attempting to prolong the period of consensus and to protect it against controversial issues. Nevertheless, to encourage cooperation between the various groups in society, it will be important to investigate human rights abuses. The Beidane tribe will have to consciously alter its thinking and behavior if the constitutionally guaranteed equality for all Mauritians is to be achieved, and, for example, to ensure that slavery, which was officially banned in 1981, is finally and truly abolished. The fact that black Africans and the Haratine constitute the numerical majority while the politically and economically dominant Beidane tribes are in the minority will make this development, essential for peace in the country, more difficult.

Reconciliation

## 17 | International Cooperation

The military coup of August 2005 was initially criticized and rejected by the African Union, the European Union and the United States. The Military Council's reform intentions, the setting of a two-year limit to the council's term of office, and the declared intention of members of the council not to stand for political office after the transition period all won the widespread support of the Mauritanian public and silenced international protests. The government has been offered assistance with their intended reforms and elections. The Mauritanian transitional government has been recognized internationally, and it is actively building relations with international donor organizations and developing bilateral contacts. The Military Council, as the new Mauritanian executive after the coup, undertook diplomatic efforts to convince the international community and donor organizations of its intention to develop and democratize. It emphasized its desire to reform according to IMF expectations. Since the coup, there has been

Effective use of support

no obvious deviation from existing attitudes to international donors. The Military Council and the transitional government's willingness to cooperate has not abated. External actors have no influence on the transformation process that has been instituted. The coup was an inner-Mauritanian affair. The Military Council and the transitional government have continued to use international assistance, but there has been no direct influence by these international actors on the transformation process.

The Military Council and its transitional government continue to be a credible and reliable partner for the international community. They reinforce this by actively supporting the international war on terrorism and initiatives to combat illegal migration, and by making efforts to improve or expand the diversification of bilateral relations.

Credibility

The Military Council has pursued policies of cooperation with its neighbors (Morocco, Algeria and Mali) and conflict prevention or resolution (an agreement was signed in April 2006 with Senegal to regulate the transhumance in the border area). In addition, cooperation, especially in economic and security matters, has been intensified. The Military Council guaranteed the Moroccan leadership that it would remain neutral concerning the Western Sahara and would back Morocco's proposed autonomy regulations so long as these were agreed to by all involved in the conflict. As the Military Council's mandate is for a limited period, it has avoided making decisions concerning concrete problems, such as on the return of 25,000 black African Mauritians who fled to Senegal during the 1989 pogroms.

Regional cooperation

## Strategic Outlook

Due to a relatively high degree of willingness among key political and social actors to accept reform, as well as the imminent revenue from oil production, which will improve the ability of Mauritania's leadership to act, the prospects for a "new start" and the reinforcement of social cohesion and peace, all of which are key challenges for the new president, are now good. The most important prerequisite for the implementation of reforms designed to strengthen pluralistic participatory structures is a strong assertive president who has been elected in free and fair elections. Only a president with these qualities will be able to reinforce the principle of fair participation and the distribution of public resources and services, which will in turn contribute to overcoming tribalism, regionalism and ethnic discrimination. The most important task for domestic and international actors, therefore, is to install efficient mechanisms for supervising the new government after the presidential elections in March 2007. Moreover, international actors should keep in mind that a strong executive is needed to tackle the agenda of multiple reforms, especially the urgently needed change in perceptions regarding ethnic groups and the practice of slavery. However, this obvious advantage for the implementation of reform policies may be difficult to reconcile with a system of checks and balances designed to control the executive. In any case, Mauritanian society's hierarchical structure may not yet permit a weakening of the executive. In addition to ongoing economic and development cooperation, international actors should focus on: The rule of law and the judiciary, since it is in these areas that the least number of reforms have been introduced. Improvements in these areas, however, would contribute to political stability. Education and training. Although some educational standards, such as literacy, have been improved upon, Mauritania's educational and training system is insufficient and unprepared for the future. This is an obstacle to social and economic development, and hinders the development of civic norms to overcome tribalism and tribal/ethnic-based discrimination. Domestic actors should increase efforts to promote a change in attitudes, and accordingly, school curricula should be modified, teachers trained and influential religious figures integrated into long-term programs to this end. In the long term, the success of fair policies that incorporate all citizens, provide for a fair and equal distribution of resources and a reduction in political conflict potential are contingent upon a change in perceptions. Past human rights violations and the problem of slavery. Domestic actors should address these sensitive subjects in a public debate, as was done in Morocco. This would send an important message, especially to black Africans and the Haratine, and it would strengthen Mauritanian citizenship.