

Table 1. Mauritania: Quantitative Benchmarks and Performance Criteria for June–December 2000

	Actual	Performance criterion	Quantitative benchmark	Performance criterion
	Mar. 2000	June 2000	Sept. 2000	Dec. 2000
(In millions of ouguiyas)				
Ceiling on net domestic assets of the central bank 1/ 2/	7,246	11,411	-4,560	-684
Overall balance of consolidated central government operations 3/ 4/	-4,646	-7,163	1,274	-1,042
(In millions of US\$)				
Arrears on medium- and long-term external public debt 5/	344.5	0.0	0.0	0.0
New nonconcessional external borrowing contracted or guaranteed by the government or the central bank 6/	0.0	0.0	0.0	0.0
Ceiling on the accumulation of new arrears on public or publicly guaranteed external debt 7/	0.0	0.0	0.0	0.0
Floor on net foreign assets of the central bank 8/ 9/	18.1	-10.3	61.6	45.6
<b>Memorandum item :</b>				
(In millions of ouguiyas)				
Reserve Money	11,319	9,086	9,289	9,570

Sources: Mauritanian authorities and Fund staff estimates.

1/ Based on an exchange rate of US\$1 = UM 225 for 2000.

2/ The benchmarks/performance criteria relating to the ceiling on domestic assets of the central bank will be adjusted downwards (upwards) for any shortfall (excess) from the amounts set out in Table 2 on cash debt service payments and upwards (downwards) for any shortfall (excess) of program financing (excluding the Fund). The adjustment for program financing will be up to a maximum of US\$ 20 million. In addition, the ceiling on domestic assets of the central bank will be adjusted for any change in central bank foreign liabilities resulting from a rescheduling granted by official bilateral creditors. Moreover, the benchmarks/performance criteria relating to the ceiling on net domestic assets of the central bank will be adjusted downwards for the equivalent in ouguiyas terms of the payment coming from abroad for the sale of the cellular licence.

3/ Cumulative flows since the beginning of the year.

4/ The benchmarks/performance criteria relating to the overall balance of consolidated general government operations will be increased by any shortfall from the amounts shown in Table 2 concerning interest due on external debt and foreign financed capital expenditure. They will also be adjusted downwards for excess in foreign financed capital expenditure of up to 5 percent above the amount shown in table 2. Finally, the benchmarks/performance criteria on the overall balance of consolidated general government will be adjusted downwards for any shortfall from the amount set out in table 2 on HIPC Initiative debt service relief (excluding interim relief granted by the World Bank).

5/ Observance of this performance criterion would require agreement with non-Paris Club creditors on a rescheduling on terms at least comparable to those offered by the Paris Club in the context of the march 2000 rescheduling, of both the stock of arrears outstanding at the point prior to a new rescheduling and of those maturities falling due over the program period. Excludes amount subject to rescheduling.

6/ Not including short-term import credits. By definition, concessional borrowing includes a grant component of at least 35 percent at a discount rate specific to the currency based on the OECD's commercial interest reference rate.

7/ To be applied on a continuous basis. Excludes amounts subject to rescheduling.

8/ Excluding changes in gold reserves.

9/ The benchmarks/performance criteria relating to the net foreign assets of the central bank of Mauritania will be adjusted upwards (downwards) for any shortfall (excess) from the projections in Table 2 on cash debt service payments. They will also be adjusted downwards (upwards) for any shortfall (excess) in program financing from the projections in table 2; in this case, shortfalls will be adjusted up to a maximum of US\$ 20 million. In addition, benchmarks and performance criteria will be adjusted for any change in central bank foreign liabilities resulting from a rescheduling granted by official bilateral creditors. Finally, the benchmarks/performance criteria related to the floor on the net foreign assets of the central bank will be adjusted upward for the amounts related to the sale of the cellular licence coming from abroad.

Table 2. Mauritania: Adjustment Factors: June–December 2000 1/

	June	Sept.	Dec.
	(In millions of ouguiyas)		
Net domestic assets of the central bank 2/			
Projected cash debt service payments 3/	11,726	15,619	20,455
Program-related financing	0	6,750	6,750
Overall balance of consolidated general government operations			
Interest due on external debt	2,866	4,266	5,862
Foreign financed capital expenditures	3,038	5,297	8,100
HIPC Initiative debts service relief 4/	0	862	1,725
	(In millions of US\$)		
Net foreign assets of the central bank			
Projected cash debt service payments 3/	52.1	69.4	90.9
Program-related financing	0.0	30.0	30.0

Sources: Mauritanian authorities and Fund staff estimates.

1/ Cumulative amounts from the beginning of the year.

2/ Converted into ouguiyas at the program exchange rate of UM225 = US\$1.

3/ These amounts take into consideration the interim relief granted in the frame of the HIPC Initiative.

4/ Excluding interim relief granted by the World Bank which does not affect the overall balance position, but only the distribution between domestic and external financing.

Table 3. Mauritania - Structural Benchmarks other than Prior Actions  
included in the PRGF-supported program for 2000

Structural Benchmarks	Date
<b>A. External sector</b>	
1. Increase the percentage of proceeds from non-mineral exports remaining at the disposal of exporters to:	
80 percent <sup>1/</sup>	June 2000
100 percent <sup>1/</sup>	December 2000
2. Increase the period during which exporters may retain the proceeds from nonmineral exports to:	
12 months <sup>1/</sup>	June 2000
Unlimited <sup>1/</sup>	December 2000
3. Reduce the surrender requirement (to the central bank) on SNIM's repatriated export proceeds as follows:	
from 40 percent to 30 percent <sup>1/</sup>	June 2000
from 30 percent to 20 percent <sup>1/</sup>	December 2000
4. Allow residents to open foreign currency deposit accounts with commercial banks <sup>1/</sup>	December 2000
5. Eliminate the "Statistical Visa" for exports while introducing a system to monitor exports and corresponding repatriations of foreign exchange.	December 2000
<b>B. Pricing policy</b>	
1. Set up and maintain a mechanism for petroleum product prices that adjusts domestic retail prices automatically every two months and in addition, every time international oil price changes exceed +/-5 percent. <sup>2/</sup>	May-onwards 2000
2. Complete the study on pricing and reorganize distribution of petroleum products to landlocked areas	September 2000
3. Adapt the decree organizing distribution of petroleum products and ensure free entry to the sector <sup>1/</sup>	December 2000
4. Abolish price controls on land transport. <sup>1/</sup>	December 2000
5. Evaluate the need for budget subsidies for transport to remote areas within the 2001 budget law (LdF 2001) in the context of a comprehensive transport sector reform	July 2000
<b>C. Fiscal and public sector reforms</b>	
1. Eliminate the FSD and establish an excise tax system for petroleum products (May 2000 supplementary budget)	July 2000
2. Strengthen the Customs Inspection Unit and install a database linking it to the pre-shipment inspection company.	July 2000
3. Reconcile monthly SGS import verification data and custom duties collected on inspected imports. <sup>3/</sup>	July–December 2000
4. Re-examine the municipal import surcharge in light of the conclusions of the municipal taxation study, with a view to abolish it while identifying equivalent resources.	September 2000
5. Eliminate tax exemptions granted to public enterprises, excluding those for SNIM's activities relating directly to iron ore extraction (Budget Law 2001) <sup>1/</sup>	September 2000
6. Eliminate all special VAT exemptions (Budget Law 2001) <sup>1/</sup>	September 2000
7. Unify the two VAT rates and define the domain for VAT exemptions particularly on essential goods according to the results of the VAT study (Budget Law 2001)	September 2000
8. Reform the organization of the tax directorate and its collection and inspection operations in line with FAD recommendations	April/September 2000

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9. Draw-up a medium term expenditure framework for priority sectors, in particular health and education (Budget Law 2001)	September 2000
10. Revise the public procurement code in order to streamline procedures pertaining to contract award, supervision, and payment	December 2000
11. Implement municipal tax reform (Budget Law 2001)	2000
<b>D. Private sector development</b>	
1. Implement an action plan to remove administrative barriers constraining private sector development on the basis of the FIAS report recommendations.	2000
2. Put into effect implementing instruments relating to Decree 98/48 and Order R075 on liberalization of the transport sector.	December 2000
<b>E. Public enterprise reform</b>	
1. Award a private company the concession for operating the société d'abattoir de Nouakchott (SAN) .	December 2000
2. Open up to the private sector the capital and management of: PANPA, PAN, Baie du Repos, and Société des Bacs de Rosso	December 2000
3. Restructure the Food Security Committee (CSA) in consultation with the European Union	December 2000
<b>F. Privatization</b>	
1. Adopt the new legal and regulatory structure for the reorganization of SONELEC	June 2000
2. Complete the evaluation phase of pre-qualification bidding documents for the privatization <sup>1/</sup> of SONELEC	December 2000
3. Sign contract completing the sale of the telecommunications component of OPT to a strategic partner.	December 2000
<b>G. Monetary policy instruments and reform of the financial sector</b>	
1. Extend effective central bank supervision to non-bank financial institutions and new banks such as Banque de l'Habitat, Banque pour le Commerce et l'Industrie, and Mauritanie Leasing	December 2000
2. Issue implementing regulations for internal audit and control of banks	December 2000
3. Introduce regulations on supervision of savings cooperatives, review regulations governing micro-credit agencies, and amend the rules applied to micro-credit intermediated by NGOs.	December 2000
4. Complete BAMIS repayment of the central bank advance <sup>1/</sup>	June 2000
5. Issue anonymous treasury bills of small denomination by the BCM	December 2000
6. Ensure strict observance by banks of credit concentration ratio at: 40 % for individual borrowers, and 70 % for groups of connected borrowers <sup>1/</sup>	June 2000
35 % for individual borrowers, and 62.5 % for groups of connected borrowers <sup>1/</sup>	December 2000
7. Bear and record in Central Bank accounts the financial loss related to the sale of Banque de l'Habitat's participation over a period of 3 years starting from 2000.	2000

<sup>1/</sup> Structural performance criteria.

<sup>2/</sup> Continuous structural performance criterion.

<sup>3/</sup> Performance criterion for December 2000.