



**FINANCING FOOD
INSECURITY RISK — A
PROACTIVE APPROACH:
THE MAURITANIA
NATIONAL FUND FOR
FOOD AND NUTRITION
CRISIS RESPONSE**

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KEY RECOMMENDATIONS

Mauritania is highly exposed to recurrent and extreme droughts resulting in food security crises. The Government of Mauritania, with support from the World Bank, has introduced a new institutional and operational framework for the coordination and funding of responses to food security crises in the country. Established as part of this reform, as the financial backbone of this framework, The National Fund for Food and Nutrition Crisis Response (FNRCAN) aligns and optimizes the financing for responses to food security crises.

The key outcomes of FNRCAN will be to:

- Enhance ex-ante financial planning for a more efficient and transparent use of resources.
- Optimize the use of public resources through a comprehensive risk financing strategy.
- Secure the national budget from the fiscal impacts of climate-related shocks and contribute to the sustainability of public finances.

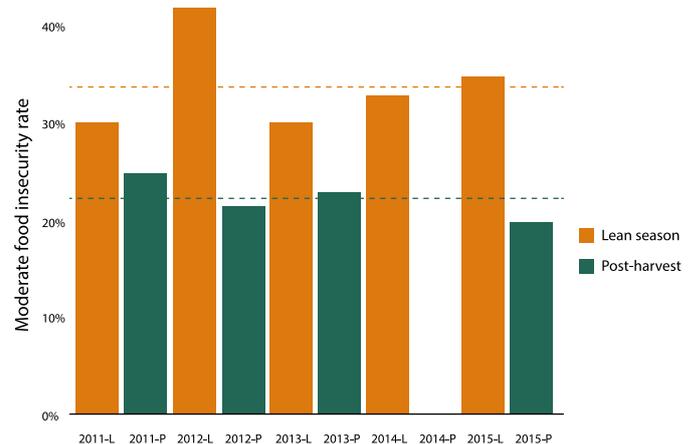
To ensure its continued sustainability, FNRCAN requires consistent support from its partners to:

- Strengthen and expand local technical capacity.
- Secure high-level political support and alignment with regional early warning system.
- Ensure continued financing.

1 Introduction

In Mauritania, recurrent droughts are exacerbating already high levels of food insecurity and threatening poverty reduction efforts. Approximately one in every five Mauritians are permanently food insecure. In a country that has only one rainy season each year, rural food insecurity variations are largely driven by the timing and quality of the rainy season¹ (see Figure 1). For example, significant rainfall deficits during the 2011 rainy season resulted in crop failures, water shortages, lack of pasture and livestock losses. Consequently, during the 2012 lean season, an estimated one million people — nearly 27 percent of Mauritania's total population — experienced food insecurity². A similar pattern was seen with the 2022 food security crisis, which was preceded by rainfall deficits during the 2021 rainy season. Food security crises in Mauritania are expected to worsen as the impacts of climate change further intensify droughts and flood events in the country.

FIGURE 1.
Climate-Driven Rural Food Insecurity Variations in Mauritania



Source: Food Security Monitoring Surveys.

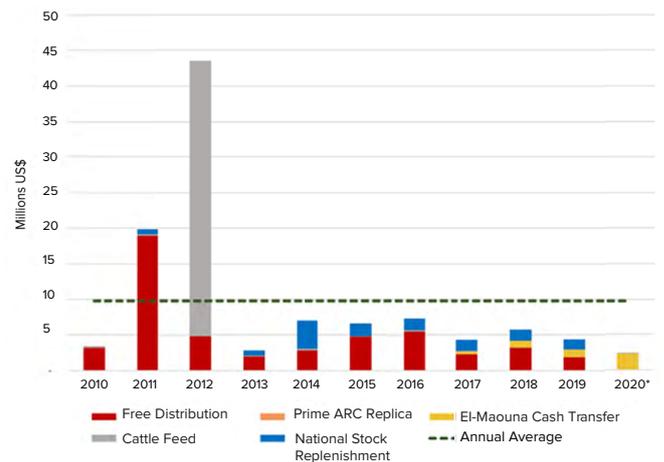
Note: The orange and green dotted lines represented the average food insecurity rates in post-harvest and lean seasons respectively.

2 Impact of pre-FNRCAN responses to food security crises

Mauritania has historically lacked a clear financial architecture for government responses to food security crises, threatening the state budget and public finances.

These responses were largely ad-hoc and reactive, including their financing mechanisms. For example, the Government response to the 2012 food security crisis entailed an unplanned expenditure equivalent to 10 percent of its annual budget, negatively impacting the 2012 budget deficit. Funding for this response was mobilized through a combination of donor support and budgetary reallocations made at the expense of other growth-enhancing investments. Furthermore, a historical analysis of national budget expenditure for the period 2010–2020 reveal highly volatile public spending in response to food security crises, channeled through multiple budget lines across different ministries (see Figure 2). The absence of ex-ante financial planning impaired efficient budgetary management and delayed response efforts, compounding the initial impacts of these crises.

FIGURE 2.
High Volatility of Public Expenditure Allocated to Food Insecurity



Source: BOOST database

Note: The green dotted line represents the yearly average amount of public expenditures allocated to respond to food insecurity crisis. Activities displayed here are funded through a mix of government resources and donor support.

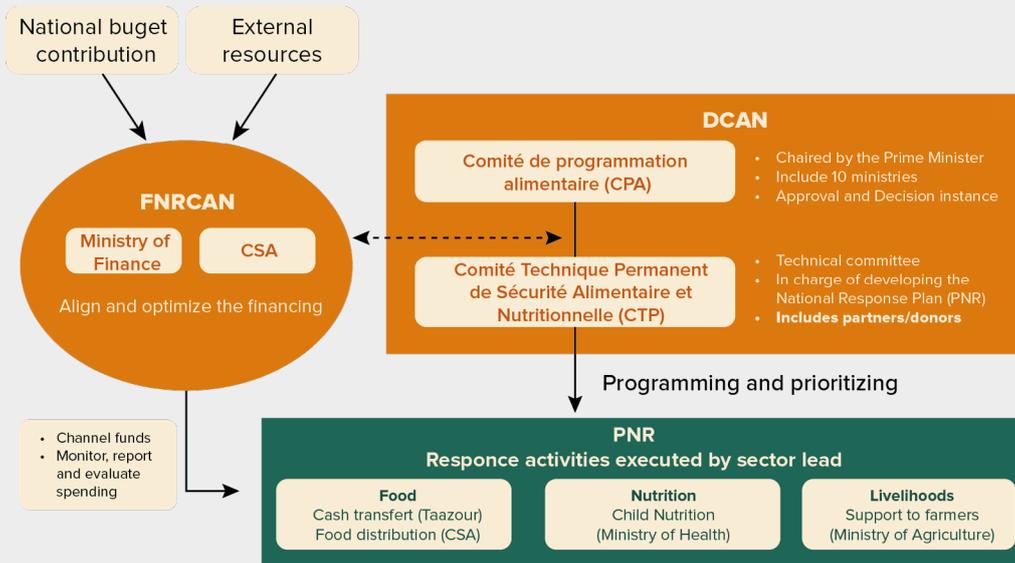
3 The political and strategic context for the FNRCAN

The National Fund for Food and Nutrition Crisis Response (FNRCAN) is part of a broader set of efforts to improve the responsiveness of social protection programs.

In 2019, the Government of Mauritania, with technical and financial support from the World Bank, embarked on an ambitious reform to establish a new overarching institutional framework for the prevention of and response to food security crises. The outcome of this process was a streamlined and unique coordination mechanism to respond to food security crises: the National Mechanism for Prevention and Response to Food and Nutritional Crises (*Dispositif National de Prévention et de Réponse aux Crise Alimentaires et Nutritionnelles, DCAN*). Since 2021, the DCAN produces the annual national response

plan (PNR) which detail intervention procedures to affected households, and budget requirements to finance the response to recurrent food and nutritional security crises. Central to its Decree, DCAN stated the need to establish a “fund aimed at financing [the annual national response plan] PNR” (article 13, Decree 061-2021), thereby establishing the FNRCANs as the financial arm of DCANs. This integrated approach is crucial to the success of the reform: DCAN is a multi-stakeholder framework for programming and prioritizing responses to food and nutritional security crises, while the FNRCAN, the financial arm, would consolidate, channel and optimizes the financing for their response (see Figure 3).

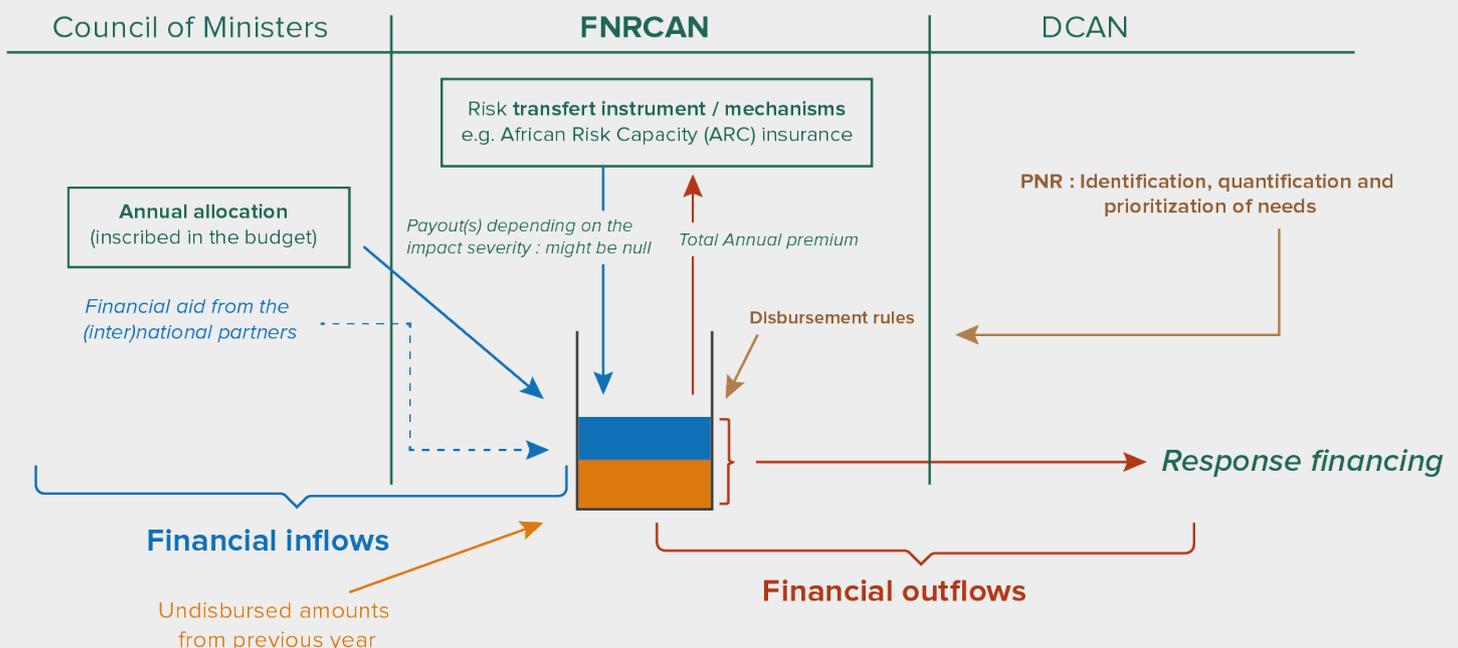
FIGURE 3.
Institutional Arrangements of the DCAN and the FNRCAN



The FNRCAN was formally created on May 11, 2022 (Decree 068-2022), as a Specially Allocated Budget (BAS). All FNRCAN disbursements must be aligned with the PNR and comply with the fund’s operational manual currently under development. The Government of Mauritania has allocated funds to the FNRCAN under the 2023 budget law⁴, and development partners such as the French Development Agency (AFD) and the World Bank have already committed to actively contribute to the FNRCAN. The legal and

institutional structure and key operating principles of the FNRCAN were defined under a restrained working group led by the Food Security Commission (CSA), and comprised of the Ministry of Finance, the Ministry of Economic Affairs, the World Bank, the World Food Programme, and the AFD. Operating principles and governance arrangements were further detailed by the joint Ministry of Finance-CSA bylaw 1312 of December 12, 2022 (see Figure 4).

FIGURE 4.
Schematic Outline of the FNRCAN



4 Key advantages of the FNRCAN

The FNRCAN is a consolidated budget account to optimize and channel financing for responses to food security and nutritional crises. Major sources of funding will include donors contributions, national budget allocations, pay-outs from risk transfer instruments, and undisbursed balances from previous years. The three expected key benefits of having a dedicated financial instrument as the FNRCAN are as follows:

- **Enhances ex-ante financial planning for a more efficient and transparent use of resources.** By bringing all resources under a unique dedicated fund with its own operational manual, the FNRCAN provides a clear, rule-based mechanism for allocating, disbursing, monitoring, and auditing funds. Pre-arranged access to immediate liquidity in the event of food security crises is key to enable early and efficient humanitarian response efforts. As a unique platform for financing food insecurity crises, the FNRCAN also ensures a coordinated and harmonized approach among Government entities and (inter)national humanitarian and development partners, further reducing transactional costs and improving efficiency. This harmonized approach will also help promoting a greater complementarity of donors' contributions with other financing sources.
- **Optimizes the use of public resources through the elaboration of a comprehensive risk financing strategy.** The FNRCAN is providing the foundation to develop a more comprehensive risk financing strategy in the upcoming years. Its financial architecture allows

capitalizing resources beyond the annual budget cycle, as well as the ability to finance insurance premiums or the costs related to other risk transfer instruments. The potential savings made during 'non-crisis years' could for example be used to increase reserves and/or leverage additional resources through a risk-layered strategy. In this setting, the choice of the main parameters of the African Risk Capacity (ARC) insurance product currently used by the country (i.e. attachment and exhaustion points, premium amounts) could be articulated with the level of reserves hold by the FNRCAN, thereby optimizing the use of scarce public resources and ensuring a higher level of coverage in the event of severe crises.

- **Secures the national budget from the fiscal impacts of climate-related shocks and contributes to the sustainability of public finances.** As a separate financing vehicle to absorb the costs associated with food insecurity crises, FNRCAN mitigates climate risks within the broader fiscal risk management strategy of the Government. By acting as a buffer for government expenditure, it helps to safeguard programmed investments in social or growth-enhancing sectors from emergency budgetary reallocations. This limits disruptions to budget execution, strengthens budget credibility and accountability mechanisms and improves overall public financial management practices in the country.

5 Full operationalization and sustainability of the FNRCAN

The FNRCAN is expected to begin operation during the 2023 lean season. The FNRCAN operational manual, currently being finalized with the support of development partners, features financial, budgetary, and accounting processes, as well as guidance on procurement, internal and external control, and monitoring and evaluation. The FNRCAN manual will be a living document, with key learnings from audits and other reviews incorporated regularly. In 2023, the FNRCAN will initially fund cash-transfers activities, with the objective that as the FNRCAN refines its financing and operational capacity, funding will progressively allow to cover other components of the PNR, including food distribution, support to farmers, and child malnutrition. This phased approach will enable key actors involved in the implementation of the PNR to become familiar with processes and requirements of the FNRCAN, ensuring an efficient transition to this new financing approach for food and nutritional insecurity risk.

To ensure sustainability of the FNRCANs, consistent donor engagement will be required to strengthen local technical capacity, secure high-level political support, and ensure continued financing:

- **Strengthen local technical and operational capacity:** The CSA, as authorizing officer of the FNRCAN, will require capacity and training support in financial management, accounting, and procurement to ensure the efficient functioning of the FNRCAN.
- **Secure high-level political support:** An active coalition of donors aligned with the aims of the FNRCAN will help to garner support for this new finance mechanism among key stakeholders. Key ministerial and intermediary stakeholders may be reluctant to relinquish their discretionary powers and influence through the consolidation of all public resources under the FNRCAN.

- Ensure continued financing:** Prior to the FNRCAN, the response to food insecurity crises was largely financed through ad-hoc donor support, with the risk of potential overlaps or redundancies in donors support. The financial credibility of the FNRCAN relies on its ability to efficiently and transparently channel funds with a measurable impact. Although its financial sustainability will continue to require donors' support. In fact, both direct financial contributions to accelerate initial capitalization and extraordinary contributions in the event of a severe food security crisis are likely to be required⁵. To accommodate various requirements, these contributions can either provide fungible support to the FNRCAN or target a specific component of the PNR (e.g. temporary cash transfers, child and mother nutrition interventions...). Likewise, contributions can be disbursed in single tranches or be programmed as multi-year contributions spanning various lean seasons.

6 CONCLUSION

The government of Mauritania has established the FNRCAN as a key financial mechanism for government response to food security crises in the country. FNRCAN will allow the rapid, coordinated, and optimized deployment of public resources where and when they are needed most in times of food security crisis. With full operationalization beginning in the 2023, consistent development partner engagement is needed to strengthen and expand the FNRCAN capacity.



(c) Photographer Annie Spratt, 2020



ENDNOTES

¹ Mauritania has only one rainy season running from June to October. The main harvest takes place between September and November. Following this main harvest, food stocks gradually decline until the lean season (May–August of the next year), typically characterized by lower food reserves and rising food insecurity.

² Authors calculations based on the 2012 Food Security Monitoring Survey.

³ Mauritanie - Revue des Dépenses Publiques : Pistes pour Maintenir la Viabilité Budgétaire et Soutenir Une Reprise Economique Plus Inclusive Apres la COVID-19 -: World Bank Group

⁴ Under title 34 of the 2023 budget law, an amount of US\$16.9 million has been allocated to the FNRCAN.

⁵ The risk of recurrent drought-induced food insecurity can be quantified and, to some extent, financially managed. However, risks linked to other external shocks (e.g., shock on international food prices, public health-related emergencies) or future climate change can significantly increase pressure on food security and are likely to require additional external support in case of occurrence.

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