THE REPORT

Mauritania 2025

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Stable growth

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Posting 4.8% GDP growth in 2023, Mauritania is working to diversify its economy for sustainable growth, while mitigating risks associated with climate change. Despite a contraction in 2020 due to the Covid-19 pandemic, the economy rebounded in 2021 and 2022. This growth is expected to continue in 2024 and 2025, led by sectors like iron ore, gold, agriculture and fisheries. These efforts aim to stimulate economic activity and job creation, alongside broader diversification strategies.

SNAPSHOT

COUNTRY PROFILE

ECONOMY

FINANCIAL SERVICES

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Enhancing access

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The sector is undergoing significant reforms and initiatives to modernise and strengthen the financial system. The sound financial position of the country's largest banks and their combined reserves indicate stability and confidence in the sector. Additionally, ongoing education programmes and initiatives are crucial to increasing financial literacy and promoting inclusion among vulnerable groups.

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Clean sweep

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Mauritania's energy ecosystem has the potential to provide significant benefits to the country and the greater Sahel region. By harnessing its vast natural resources, and developing a diversified energy mix, Mauritania can bolster its energy security, boost its economic growth and create new job opportunities and accelerate the transition to a low-carbon economy.

Yielding results

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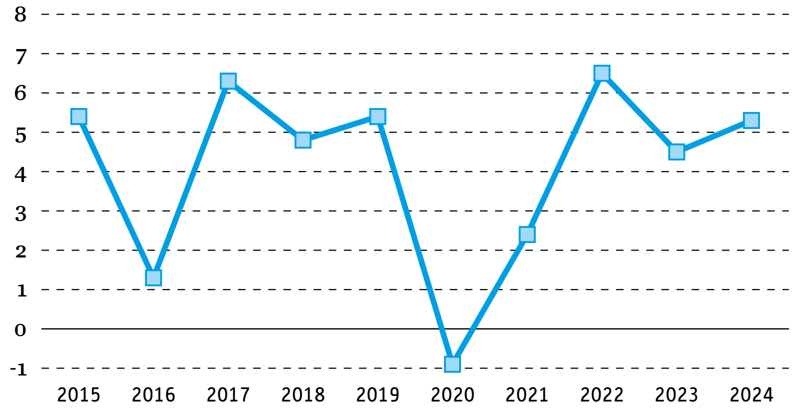
Mauritania is well positioned and has potential to explore new export opportunities beyond the traditional fields of mining and fishing. In addition to unlocking external trade potential, improving the overall productiveness of the sector could help to lower the food import bill. The Sahelian zone and Senegalese River Valley are critical regions for agriculture, with the latter serving as the primary source of agriculture production. Livestock farming has demonstrated strong performance, presenting further growth opportunities, particularly in the transformation of hides and skins.

Mauritania in brief

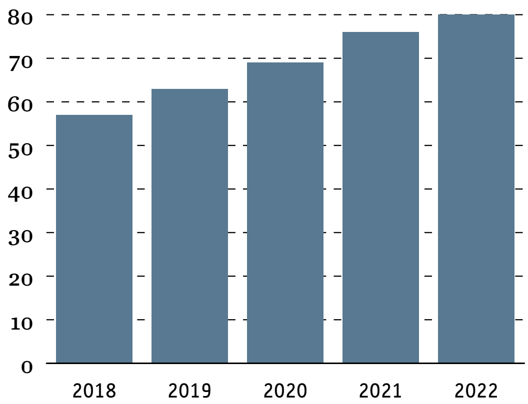
Adding value to traditional sources of revenue is a central tenet of economic development in Mauritania, which recorded 4.8% GDP growth in 2023. Given the effect of fluctuating commodity prices on top exports such as iron ore, gold and other metals, the country is targeting the expansion of high-potential sectors such as renewable energy, agri-business and fisheries. Infrastructure development, industrial expansion and policy reform represent other key steps to building a more conducive business environment. Meanwhile, the agriculture sector, which represented 18% of GDP in 2023, is being supported by efforts to promote sustainable land use, improve irrigation methods and boost output.

GDP growth, 2015-24F (%)



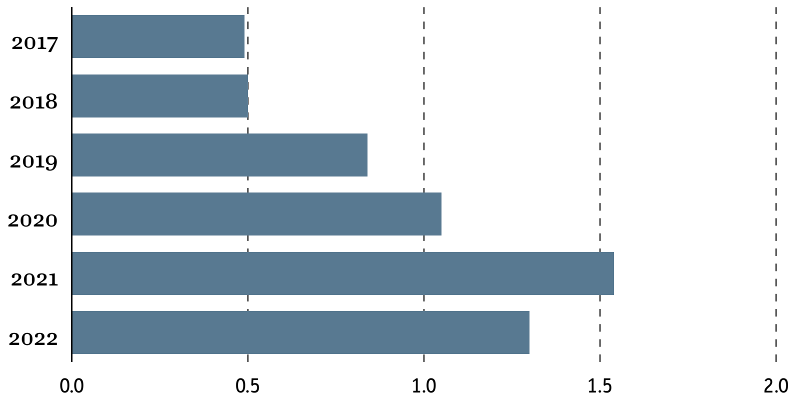
Source: IMF World Economic Outlook October 2023

Internet penetration, 2018-22 (% of population)



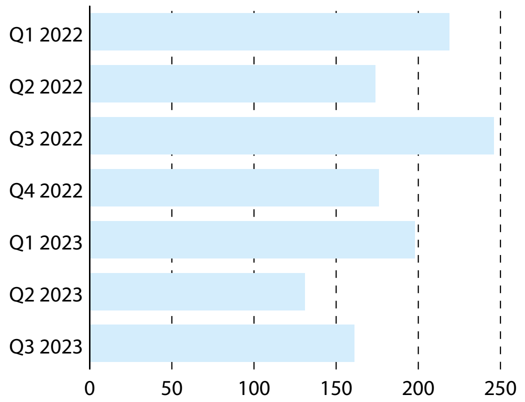
Source: Mauritania Regulatory Authority

Iron ore exports, 2017-22 ($ bn)



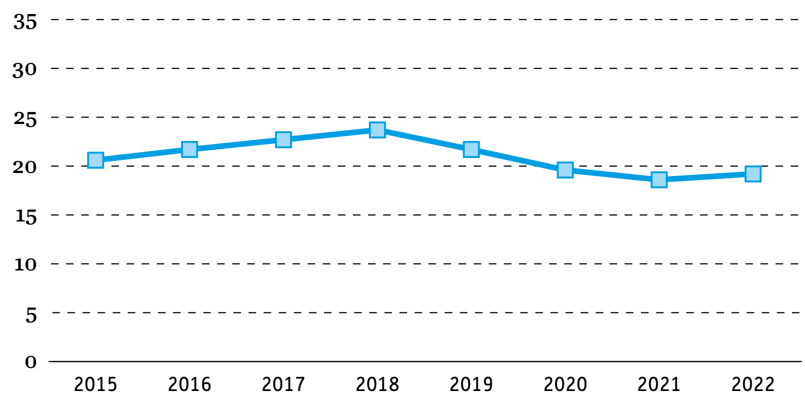
Source: BCM

Fish exports, Q1 2022-Q3 2023 ($ m)



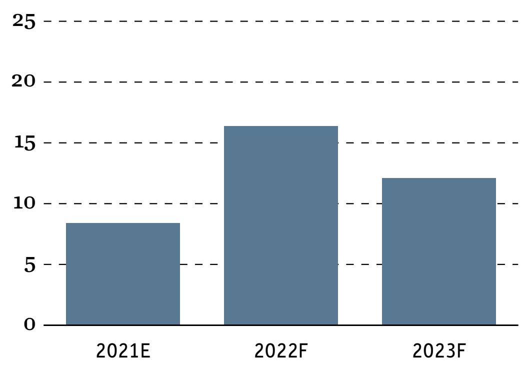
Source: BCM

Agriculture, forestry & fishing value-added, 2015-22 (% of GDP)



Source: World Bank

Domestic credit to private sector, 2021-23 (% of GDP)



Source: World Bank

Mauritania sits at a historic trading crossroads on the African continent

Unlocking potential

The country is adding value to traditional industries and leveraging new revenue sources to create sustainable growth

Adding value to traditional sources of revenue is a central tenet of development in Mauritania, whose economy expanded by 4.8% in 2023. Policy reforms are paving the way for a more sustainable future for the country, which sits at a historic trading crossroads between North Africa and sub-Saharan Africa and is home to an ethnically diverse population. These efforts to both modernise and diversify the economy with a strong focus on investment in high-potential sectors such as renewable energy, agribusiness and fisheries – as well as infrastructure development and establishing a conducive business environment – are necessary in order to reduce a historical reliance on commodities such as iron ore and gold exports.

The government is working to unlock the country's full potential. Along with the emphasis on industrial value addition, the government recognises the challenges posed by drought and desertification. Initiatives related to addressing these risks include improving access to electricity to support agriculture mechanisation, and promoting sustainable irrigation methods to increase agricultural output. Highlighting the sector's importance, as of 2023 agriculture's share of GDP was 18%. That same year, services accounted for the largest share of the total, at 43.8%, while industry comprised 30.6% and manufacturing contributed 8.4%.

CLIMATE & GEOGRAPHY: The country is hot, dry and windy, and receives very little rainfall over the year, factors that contribute to ongoing desertification. The mean monthly temperature is above 25°C year-round, with the hot season occurring from May to October, and peak mean monthly temperatures reaching 33°C in June and July. The country is flanked by the abundant fishing grounds of the Atlantic Ocean, and neighbours the Cape Verde archipelago, located 500 km offshore.

In the temperate south of the country the wet season is controlled by the movement of the Inter-Tropical Convergence Zone, which oscillates between the northern and southern tropics. To the south, the Senegal River serves as a natural border with Senegal. Mali is located to the south-east and east, and Algeria to the north.

Mauritania's interior is divided between the primarily subsistence Sahel region to the south and the Sahara region to the north, where a modern export economy was thriving in the lead-up to the Covid-19 pandemic. The area was affected by depressed global demand for commodities after the start of the health crisis, but saw a strong rebound in 2022 driven primarily by the extractives segment, agriculture and fisheries. While three-quarters of the country's land mass is classified as a desert, dunes are dotted with scarps and oases, as well as copper, gold and iron ore deposits.

RICH HISTORY: Mauritania takes its name from the ancient Berber kingdom of Mauretania, which was recognised by the Romans in the 1st century BCE and was spread across coastal north-west Africa. Roman annexation preceded the spread of Christianity at the time before Muslim Arabs conquered much of West Africa in the 8th century, although Islam had already been introduced to West Africa through trade and other means prior to the Arab conquests.

This influence has endured: both culturally and politically, Mauritania is part of the Arab world, has Arabic as its official language and is a member of the Arab League. The country, which joined the league in 1973, hosted the bloc's summit in 2016 for the first time, raising the country's profile in the region.

Present day Mauritania encompasses Koumbi Saleh, the capital of the medieval Ghana empire. The Almoravid dynasty also flourished in the area in the 11th and 12th centuries until it fell to the Almohad Caliphate. The imperial dynasty of Berber Muslims considered present-day Mauritania to be the heart of their empire, which, at its peak in the 11th century, stretched 3000 km from the Iberian Peninsula to southern Sahel and beyond. The ruins of Almoravid trading posts in the Sahara are visible today and attract a steady stream of international visitors. Notably, the Banc d'Arguin

As of 2023 services accounted for the largest share of GDP at 43.8%, while industry comprised 30.6%, agriculture's share was 18% and manufacturing added 8.4%.

The country's monthly temperature exceeds 25°C year-round, with the hot season occurring between May and October, and the mean monthly temperature reaching a peak of 33°C in June and July.

The country's population more than doubled to 4.4m between 1990 and 2023 due largely to urban migration

The government hopes to transform the area around Nouadhibou into a regional centre for petroleum, a goal that would necessitate the rehabilitation and expansion of the area's oil storage capacity.

National Park and the historic cities of Tîchît, Chinguetti, Ouadâne and Oualâta are included on the UNESCO World Heritage list. The dynasty is renowned for the Almoravid movement, a conservative Islamic reform school inspired by Maliki jurisprudence. At the height of their power, the Almoravids were instrumental in preventing Al Andalus – as the Iberian Peninsula was known under Islamic rule – from falling to a Christian coalition of Castilian and Aragonese armies at the Battle of Sagrajas in the year 1086.

The period that followed was characterised by flourishing cultural interchange. This legacy remains visible in Morocco and southern Spain through ornate marble basins and tombstones, fine textiles and ceramics, and exquisite Islamic architecture and calligraphy.

COLONIAL PERIOD: Mauritania's modern history was shaped by the so-called Scramble for Africa, a period which saw Europe's leading powers increasingly involved in the African continent's economic and political sphere. France gained a foothold in the littoral region in 1817 and the European country declared Mauritania a formal protectorate in 1904, having won support in its bid to connect its North and West African possessions. Independence was formally achieved in 1960. The country's motto in French translates to "honour, fraternity and justice" – and the language is still widely spoken, especially within educational and administrative environments.

URBAN GROWTH: Although rural communities and nomadic groups comprise a significant percentage of the country's population, over half of Mauritanians now live in urban areas. In the second-largest city of Nouadhibou, located on the north-west coast, the port serves as a centre for the processing and export of fish and fish products. The city is home to a free trade zone and one of the three international airports. The Nouadhibou Free Zone Authority has plans to attract investment in fishing, tourism and related industrial infrastructure. The government hopes to transform the area into a regional centre for petroleum, a goal that would necessitate the rehabilitation and expansion of the area's oil storage capacity.

To the south lies the capital city of Nouakchott, designated as the seat of government when Mauritania was established as a republic in 1958, two years before official independence from French colonial rule. Nouakchott has experienced strong demographic growth catalysed by migration from those displaced by the drought in the Sahel in the 1970s and, more recently, from migrants on their way to Europe.

Today, the city is a draw for economic migrants from across the region, and its rapid growth is partly responsible for the national population more than doubling between 1990 and 2023, to about 4.4m. The economic migrants are drawn by the city's thriving service trade, much of it informal, as well as government offices and the University of Nouakchott.

Mauritania has become an important transit point especially for irregular migrants, and the government has requested support from the International Organisation for Migration (IOM) particularly around migrant assistance, border management and community stabilisation. In 2007 IOM established a mission in the country, and starting in 2013 responded by developing comprehensive strategies to strengthen the capacity of government institutions responsible for border management, namely immigration and border management in Mauritania. This initiative is part of a larger project to strengthen security in the Sahel region by promoting joint border management capabilities among Burkina Faso, Mali, Mauritania and Niger.

Another important migration source is refugees and asylum seekers fleeing conflict in neighbouring countries, notably Mali, which, according to a March 2023 report by the UN High Commissioner for Refugees counted for 98% of the approximately 102,000 refugees. Some 55% of refugees in the country are under 17 years old, and with the developing education system in Mauritania, this influx of young people has potential to become an opportunity.

Migration increases the pool of labour available in the country, and as a result, it could lead to a demographic dividend in which a large portion of a country's population is in the working age group between 15 and 64 years old. This, in turn, provides an opportunity for a boost in economic growth and development, as these individuals can contribute to the workforce and productivity and could lead to increased economic activity and attract greater investment.

Nouakchott-Oumtounsy International Airport, which opened in 2016, lies 25 km outside of the city. As a regional aviation centre, it operates routes to several destinations across Africa, Europe and Asia. It is adjacent to the Al Mourabitoune Conference Centre, which hosts the Mauritanides Conference & Exhibition – one of the region's most prominent international gatherings for representatives from the mining, hydrocarbons, investment, banking and service sectors, as well as the government. The event is held every two years, with the previous conference taking place in November 2022.

Nouakchott-Oumtounsy International Airport, which opened in 2016, operates routes to several destinations across Africa, Europe and Asia.

SOCIETY & INDICATORS: In terms of its ethnic diversity, Mauritania's population partly comprises Arabic-speaking communities. Additionally, there are some Afro-Mauritanian communities, comprising the Pulaar, Soninke and Wolof. Modern Standard Arabic serves as the official language of Mauritania, though Hassaniya Arabic is also used colloquially.

According to figures from the World Bank, Mauritania's social indicators have improved in recent years. Life expectancy at birth, for example, reached 64 years in 2021, up 19 years, from less than 45 years of age in 1960. Primary school enrolment reached 94% as of 2020, marking a significant jump from 46% in 1990. At the secondary level, enrolment rose from 22 % in 2005 to 38% in 2020. In tertiary education, the percentage doubled from 2.9% to 5.9% over the same period.

Similarly to other countries around the world, the economic pressure resulting from the pandemic had a negative effect on the incidence of poverty in Mauritania. It rose from 5.4% in 2019 to 6.3% in 2020, where it stabilised in 2022 before increasing 4.8% in 2023. Although GDP doubled in the 20 years leading to 2022, over that period Mauritania fell from 135th to 158th out of 195 countries and territories on the UN's Human Development Index, which measures life expectancy, schooling and average income.

POLITICS & RELIGION: In 2019 Mauritania experienced a peaceful transition of power. The former minister of defence, Mohamed Ould Cheikh El Ghazouani, won the presidential election, succeeding the two-term incumbent Mohamed Ould Abdel Aziz, who did not stand for re-election. Under an amendment to the constitution that was passed in 2006, each president is elected for a five-year term, with a two-term limit, allowing the president to be re-elected once. Elections take place 30 to 45 days before an incumbent's term expires. In June 2024 President Ghazouani was then re-elected to a second and final five-year term with 56% of the vote. The president's term will end in 2029.

Gas production and exports are expected to increase in coming years

In terms of ethnic diversity, Mauritania's population comprises Arabic-speaking and Afro-Mauritanian groups

The constitution defines the country as an Islamic republic, and designates Islam is the sole religion for both the citizenry and state. Mauritania's law and legal procedures are derived from a combination of French civil and sharia law. Mauritania's citizens predominantly follow the Sunni branch of Islam.

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Since taking office, President Ghazouani has worked to promote greater transparency in terms of fiscal management and conduct among elected officials. Moreover, he has adopted a conciliatory stance towards opposition groups, addressing a range of essential topics such as electoral reform.

The government has taken steps to revitalise the economy. In March 2021 it established the Investment Promotion Agency of Mauritania (Agence de Promotion des Investissements en Mauritanie, APIM). However, the country's most significant opportunity lies in the country's renewable energy potential and abundant natural gas reserves, which per capita are higher than any other African country except Equatorial Guinea. This is especially true since the conflict in Ukraine prompted European countries to look for alternative sources of liquefied natural gas (LNG).

The most promising gas project is the Greater Tortue Ahmeyim, located offshore on the maritime border between Mauritania and Senegal. Production is set to commence by the end of 2024, potentially generating $14bn in government revenue over the subsequent 30 years. While much of this profit is expected to materialise after operations begin, the government anticipates $150m in annual earnings after recovering investment costs. Natural gas exports are also expected to increase, and gas-fired power stations could provide low-cost electricity to the country.

STABILITY: Political and social stability in Mauritania has broader implications both regionally and further afield. The Ministry of Islamic Affairs and Traditional Education collaborates with independent Muslim religious groups and foreign partners to combat threats

Production on the Greater Tortue Ahmeyim gas project with Senegal is set to begin by the close of 2024, potentially generating $14bn in government revenue over the subsequent 30 years.


The government is pursuing agricultural reform to strengthen the economy and promote inclusive growth

The government aims to increase the share of renewable energy in the electricity mix to

60%

by 2030.

of extremism, radicalisation and terrorism, primarily through workshops across the country.

A 2010 decision to establish a national counterterrorism strategy, which included efforts to equip and train security forces, has served the country well. The Mauritanian response is characterised by an ideological approach that seeks to discredit terrorism in the eyes of the public, as well as encourage prominent Islamic scholars and imams to assist with deradicalisation efforts. As a result of these strategies, Mauritania has been among the most successful in the region at combatting terrorism, and these successes may offer lessons for other countries in the wider Sahel area.

AGRICULTURE: Economic development is another critical plank in the country's counterterrorism strategy. The government has identified agricultural, fisheries and livestock-farming reform as key to strengthening the economy and promoting inclusive growth. As of March 2023 some 77% of the poor live in rural areas, where poverty is intertwined with an underperforming agriculture sector that comprised 18% of GDP as of 2023. Shepherds raise livestock – primarily goats and sheep – while farmers work to derive as much value as possible from the country's arable land, which is roughly 0.5%, according to 2021 World Bank figures.

The government is laying the foundation for more agricultural productivity, especially for family farms, women and smallholders, while also working to minimise the negative impacts of climate change. It is partnering with the International Fund for Agricultural Development to implement climate-adaptation policies, build capacity, improve land management and promote water-saving irrigation techniques.

While GDP dipped to 4.8% as of December 2023 from 6.4% in 2022, it is expected to rebound to 5.3% in 2024 due to the production or iron ore and gold, as well as investment in offshore natural gas fields.

EXTRACTS: The country's mineral deposits are replete with iron ore and gold, two of Mauritania's largest exports, and are clustered mostly in the Tiris Zemmour and Inchiri regions. Deposits of copper, gypsum, uranium and rare earth elements are also abundant. Phosphate is concentrated in the Gorgol region and gas reserves are located along the coast. These reserves include the Greater Tortue Ahmeyim natural gas field, one of West Africa's most significant offshore discoveries in the waters between Mauritania and Senegal.

The LNG project is being jointly developed by the UK's BP, US firm Kosmos Energy, Senegal's Société des Pétroles du Sénégal and local Société Mauritanienne des Hydrocarbures. BP is the operator, with commercial gas production for export and domestic consumption in Mauritania and Senegal expected before the close of 2024 (see Energy chapter). The government aims to nurture the domestic petrochemicals industry, and develop onshore and offshore hydrocarbons resources.

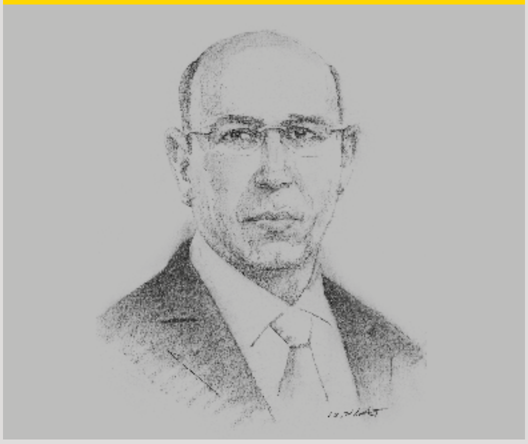
GREEN ENERGY AMBITIONS: Under a plan to achieve universal access to electricity by 2030, the government intends to increase the share of renewable energy in the electricity mix to 60% by that deadline, leveraging Mauritania's substantial renewable energy resources such as solar, wind and hydropower, as well as its conventional natural gas reserves. In July 2021 the African Development Bank's board of directors approved a $6m grant to begin the first phase of the Desert to Power West Africa Regional Energy Programme. This initiative seeks to reshape the Sahel by harnessing the region's vast solar potential to connect 250m people to the grid using 10,000 MW of solar generation capacity.

Another promising energy source is green hydrogen. According to a December 2022 study by the European Investment Bank, Africa could generate €1trn worth of power source annually by 2035. While Egypt is expected to be the largest producer, with an estimated annual output of 20m tonnes, followed by the southern African region at 17.5m tonnes, Morocco and Mauritania combined could produce 12.5m tonnes by 2035.

In March 2023 German project developer Conjuncta announced the signing of a memorandum of understanding with the governments of Mauritania, Egypt's energy provider Infinity and UAE's Masdar to develop a $34bn green hydrogen project in Mauritania. Upon completion, the project is projected to have an annual production capacity of up to 8m tonnes of green hydrogen or other hydrogen-based end products with an electrolyser capacity of up to 10 GW.

ECONOMIC FORECAST: Prime Minister Mohamed Ould Bilal Messoud, who took office in August 2020, has been leading the implementation of the Expanded Priority Programme of the President of the Republic of Mauritania. The programme is expected to integrate the country's pandemic response plan, and focus on resilience and recovery (see Economy chapter).

After the global economic slowdown brought on by the pandemic, GDP contracted by 0.9% in 2020 and then recovered to 6.4% in 2022. GDP growth dipped to 4.8% as of December 2023, due in part to an increase in international commodity prices which has led to inflationary pressures. Prudent monetary and fiscal policies are expected help maintain macroeconomic stability. Additionally, it is anticipated that investment in offshore gas fields, scheduled to begin production by the end of 2024, as well as increased extraction of iron ore and gold, will help GDP recover to 5.3% in 2024.



Mohamed Ould Cheikh El Ghazouani

Food for thought

Mohamed Ould Cheikh El Ghazouani, President of the Islamic Republic of Mauritania, on sustainable development

Mauritania remains resolute in forging a sustainable path towards socio-economic progress amid global and regional headwinds. These challenges underscore the need for more innovative and dynamic solutions underpinned by a robust private sector, as well as stronger regional and international collaboration.

Combatting poverty, vulnerability and exclusion is a central aspect of the government's development strategy, which emphasises the development of opportunities across the value chains of sectors with high employment and added-value potential. Mauritania has built an extensive social safety net and implemented structural reforms to diversify the economy, enhance resilience, and create employment opportunities and value-added production. These efforts have been complemented by the development of productive sectors, such as agriculture, and the optimisation of animal and marine resources to achieve maximal food security.

Governance in economic, financial and monetary areas has improved, alongside the strengthening of democracy, the rule of law and human rights, ensuring peace and security amid regional instability.

Mauritania's sustainable development agenda recognises the need to transition to a green economy, given the vulnerabilities to climate change that the Sahel region faces. With minimal greenhouse gas emissions and significant renewables potential, the country is committed to an energy transformation. This focus underscores the sustainable development vision underpinning Mauritania's economic transformation.

Multiple hydrogen projects have been earmarked for investment, facilitating the country's industrialisation efforts by ensuring the local transformation of Mauritania's iron resources into green steel, and improving access to clean, inexpensive energy. However, similar to other African countries, the potential for green hydrogen development faces financial constraints. In this regard, leveraging regional and international support, such as the Alliance for Green Infrastructure in Africa, can help mobilise capital for green hydrogen projects and support the country in terms of local capacity building. As a cleaner fuel, accelerating our ongoing drive to exploit the nation's significant gas reserves to become a reliable domestic supplier and exporter of LNG power is equally critical to the energy transition and industrialisation agenda.

Enhancing eco-friendly and efficient food systems to combat hunger is a central development challenge. Global hunger, notably in Africa, where 20% suffer from hunger, is twice the global average. Food insecurity has intensified due to factors like rapid urbanisation; security crises linked to violent conflicts, particularly in the Sahel; rising debt levels; climate change impacts; and inadequate resources to cope with supply chain disruptions. Addressing this reality requires a stronger emphasis on building new and adaptable food systems.

Mauritania has tackled this challenge with a multifaceted strategy. It includes building dams, enhancing seed quality, and promoting animal and fisheries resources. Simultaneously, the nation is shifting towards sustainable agriculture practices like ecological farming while diversifying economic sectors and adapting to climate change. These efforts prioritise empowering rural producers, strengthening local institutions and expanding the utilisation of natural resources.

Mauritania's climate action supports an environment-focused transition in other sectors with mitigation potential, such as transport, agriculture and fisheries. Its commitment to enhancing food systems is strengthened by regional and global initiatives, such as the Great Green Wall and the Permanent Interstate Committee for Drought Control in the Sahel. Implementing a multidimensional and collaborative approach that engages all stakeholders – especially the private sector, along with the growing youth and female demographics – is critical to unlocking the technical and financial resources required to accelerate sustainable and inclusive economic development in Mauritania.

Sid Ahmed Ould Bouh

Green vision

Sid Ahmed Ould Bouh, Minister of Economy and Finance, on leveraging digital innovation and enabling sustainable growth

How do you assess the ongoing diversification of the economy and priority sectors for investment?

BOUH: Mauritania's economy is characterised by limited diversification, and is based mainly on extractive activities, in particular iron, gold and copper, which dominate its exports alongside fisheries products. The country's economic transformation efforts are enhanced by its comparative advantages and the active involvement of the private sector.

It is imperative to develop a strategy aimed at promoting and intensifying domestic and foreign investment in areas such as agriculture and livestock breeding, mining, manufacturing, trade and tourism. Growth-supporting infrastructure equally requires robust capital mobilisation to improve transport networks and energy supply – particularly renewable energies, where Mauritania has enormous potential.

Essential to this approach is leveraging digital innovation to improve the country's global competitiveness in the information age and integrate its sizeable youth demographic into the economy. To that end, the National Digital Transformation Agenda 2022-25 aims to transform government administration and processes through digital adoption, affording greater efficiency and transparency for citizens and businesses; mobilise digital tools to enhance competitiveness in priority sectors; and make innovation the driving force behind business development and entrepreneurship, especially for small and medium-sized enterprises. Democratising the use and accessibility of digital technology is a critical pillar of this strategy. Furthermore, investment in awareness programmes and continuous education and training for Mauritania's youth and professionals will be crucial to a successful digitisation agenda.

What are the key projects underpinning green and sustainable growth in Mauritania?

BOUH: There is a pressing need to focus economic development plans on climate-positive growth. This entails the acceleration of the nation's transition to clean energy and the production of renewable energy for industrial and agricultural activities. Within this framework, Mauritania's long-term industrialisation strategy, adopted in 2022, aims to promote a diversified and competitive national industry that is sustainable, climate-conscious and integrated into the economy, driving inclusive growth and job creation.

Recent advancements in project structuring, green hydrogen and the Desert to Power West Africa Regional Energy Programme position the country to achieve its 2030 energy mix goals. In the field of green hydrogen, Mauritania has signed four memoranda of understanding in recent years valued at more than $10bn to develop renewable energy resources with a generation capacity of 85 GW. Key to the success of such critical infrastructure projects will be leveraging the technical and capital mobilisation expertise of the private sector. Accordingly, the government is utilising public-private partnerships to undertake several notable projects underpinned by cleaner fuels, including the financing of a gas-fired power plant on the coast.

Which measures are in place to strengthen trade integration and achieve sustainability goals?

BOUH: Having ratified the African Continental Free Trade Area agreement in 2018, Mauritania continues to strengthen its role in the continent's economic integration and the attainment of the UN Sustainable Development Goals (SDGs). The government has implemented initiatives in order to advance the achievement of the SDGs, including strategic planning, the mobilisation of financial resources, business climate reforms, the promotion of domestic and foreign private investment, and crisis mitigation for vulnerable populations. Underpinning these objectives are the guidelines that were set forth by President Mohamed Ould Cheikh El Ghazouani in the Taahoudaty programme, which ensures executive support for national development goals.


A series of policy changes resulted in fiscal surpluses in 2020 and 2021

Stable growth

The economy looks set to expand in the coming years thanks to recovering commodity prices and offshore gas

Mauritania is working to add value to traditional industries and leverage new sources of revenue to create sustainable and inclusive growth. Like many commodity-focused markets, the economy is subject to fluctuations in global demand and price volatility. Policy reforms aim to strengthen resilience and diversify the economy away from a reliance on commodities such as iron ore, precious stones and metals, which were the country's top exports in 2021. Meanwhile, the government has launched initiatives that are intended to support the growth of the agriculture sector, which accounted for 20% of GDP in 2021. To mitigate the risks associated with drought and desertification, several programmes are under way in order to promote more sustainable land use, improve irrigation methods and increase agriculture output.

The economy rebounded in the years following the Covid-19 pandemic, with the IMF reporting that GDP growth reached 2.4% in 2021 and 4.8% in 2023. In 2023 agriculture's contribution to GDP was 18%. That same year, services accounted for the largest share of the total, with 43.8%. Industry contributed an additional 30.6% and manufacturing accounted for 8.4%.

ECONOMIC PERFORMANCE: Mauritania's public finances are relatively strong, following a series of reforms undertaken after the drop in global commodity prices in 2015. For Mauritania, the drop underscored the risks of vulnerability to trade shocks for products like iron ore and gold. The reforms that Mauritania implemented helped turn a fiscal deficit of 2.6% and 2.4% of GDP in 2014 and 2015, respectively, to an average surplus of 1.6% of GDP between 2016 and 2019 – one of the more robust fiscal positions in sub-Saharan Africa at the time. The World Bank reported surpluses of 2.7% and 2.8% in 2020 and 2021, respectively, and a deficit of 2.4% in 2023, down from 3.7% the previous year. According the Central Bank of Mauritania (Banque Centrale de Mauritanie, BCM), the surplus balance on the financial transactions account, which includes foreign direct investment (FDI) flows, net debt flows and other capital transactions, stood at MR32.1bn at the end of 2023. This represents a decline of 49.6% compared with 2022, which stood at MR63.8bn.

In October 2023 Mauritania reached an agreement with the IMF under the organisation's Resilience and Sustainability Facility for a $253.1m loan to support various government initiatives, including accelerating the country's clean energy transition. The ECF follows a previous loan from December 2017 through to March 2021. Mauritania requested another arrangement to support its national economic plan, increase spending on social and infrastructure projects, and improve the business environment. The IMF's approval of the new loan suggests that international financial institutions are confident about Mauritania's economic potential.

In October 2023 Mauritania reached an agreement with the IMF for a $253.1m loan to support various government initiatives, including accelerating the clean energy transition.

The planned increases in social investment should be further supported by the Greater Tortue Ahmeyim gas field project. Discovered in 2015, the project is expected to commence operations by the close of 2024. Revenue from the gas field, which is estimated to contain 15trn cu feet of recoverable gas, is set to be distributed equally between Mauritania and neighbouring Senegal. Production is expected to reach 2.5m-3m tonnes of liquefied natural gas (LNG) per year once phase two is completed. This in turn is expected to lead to an additional $14bn in government revenue for Mauritania through to 2053 (see Energy chapter).

In March 2023 German project developer Conjuncta announced a memorandum of understanding with the government of Mauritania, Egyptian energy provider Infinity and Abu Dhabi-based renewable energy company Masdar to develop a $34bn green hydrogen project in Mauritania. The first phase of the project outside the capital, Nouakchott, is expected to be completed by 2028 and have a capacity of 400 MW.

DEBT & GDP: According to the International Development Association (IDA), Mauritania's total external debt stock in 2021 was more than 59% of its GNI. In its

Revenue from the Greater Tortue Ahmeyim gas field project is expected to lead to an additional $14bn in government revenue through to 2053.

Mauritania's public sector debt as a percentage of its GDP should improve from 87.9% in 2023 to 83.7% in 2024

The Central Bank of Mauritania's 2021 annual report listed 18 different banks in operation, including seven Islamic banks and five banks with predominantly foreign capital, as well as 30 microfinance institutions and 17 insurance entities.

February 2023 report on the new loan and the results of its Article IV consultation on the country, the IMF put the estimated ratio of external public debt to GDP at 48.1% and 43.3% in 2020 and 2021, respectively, with these figures projected at 41.8% for 2022 and 43.4% for 2023. Based on IMF projections, Mauritania's public sector debt as a percentage of its GDP should improve from 87.9% in 2023 to 83.7% in 2024 provided that several reforms, including the mobilisation of domestic and external resources, are implemented.

At the end of 2021 Mauritania's two largest creditors were the Kuwait-based Arab Fund for Economic and Social Development, with nearly 30% of publicly guaranteed external debt, and Saudi Arabia, with a share of just over 16%. Mauritania reached deals with Kuwait and Saudi Arabia in August 2021 and April 2022, respectively, to renegotiate the outstanding loan terms. In its January 2023 announcement of the new loan, the IMF stated that the country's risk of external debt distress was moderate, an improvement from a joint IDA-IMF analysis in September 2020.

Fiscal balance is an important component of the government's ongoing efforts to address obstacles to development and achieve broad-based economic growth. Prime Minister Mohamed Ould Bilal Messoud, who took office in August 2020, is responsible for the implementation of the Expanded Priority Programme of the President of the Republic of Mauritania, which focuses on the country's post-pandemic economic recovery. The outlook for the country is relatively bright, with the IMF reporting that GDP growth recovered to 6.4% in 2022 and is set to reach 6.9% in 2025.

MONETARY POLICY: Established in 1973, the BCM issues the national currency, the ouguiya. It is responsible for setting benchmark interest rates as well as ensuring price stability. The World Bank estimated that headline inflation in the country reached 4.8% in 2023, down from 9.5% in 2022. According to the IMF's April 2024 "World Economic Outlook", headline inflation peaked in 2022 at a slightly higher rate of 9.6% before dropping to 4.9% in 2023. The organisation sees it continuing to shrink to 2.8% in 2024.

According to the BCM's annual report for 2023, the most recent year available, there were 17 different banks in operation, including seven Islamic banks and five banks with mostly foreign capital, as well as 34 microfinance institutions, 19 insurance entities, three payment service providers and three welfare schemes.

EXTERNAL SUPPORT: Mauritania benefits from foreign aid from both bilateral partners and multilateral agencies to help balance the national budget and undertake projects, as well as bolster food security. Financial aid has taken on an increasingly important role in recent years, with the World Bank estimating that Mauritania's net official development assistance expanded from just over $236m in 1990 to nearly $425m as of 2021. Key development partners include the IMF, the Islamic Development Bank, the African Development Bank (AfDB), the International Fund for Agricultural Development and the EU.

Mauritania benefits from foreign aid from bilateral partners and multilateral agencies to help balance the national budget and develop projects, as well as bolster food security.

The World Bank's commitments to Mauritania reached $80m in 2023, with this figure anticipated to rise to $166m in 2024. An example of the organisation's recent work is the Mauritania Agriculture Development and Innovation Support Project, which was approved in November 2022 and is scheduled to run through to June 2028. With an estimated cost of $50m, the stated objective of the project is to improve the management of land resources and develop sustainable agriculture practices in designated areas (see Agriculture chapter).

KEY INDICATORS: Mauritania ranked 157th out of 174 countries in the World Bank's 2020 Human Capital Index, which highlighted access to services as an area for improvement. As part of the country's socio-economic development plans, interventions aim to address food security concerns and improve living standards, with a view to addressing both gender gaps and regional inequality. Recurrent droughts and land degradation are two key challenges, given their impact on food production capacity. Cadre Harmonisé reported that as of November 2023 some 365,000 people were expected to face food insecurity in 2024, a substantial decrease in the number of acutely food insecure people compared to 2023, when that figure stood at 695,000.

Poverty and inequality statistics are reported by the National Agency for Statistics, Demographic and Economic Analysis (ANSADE) using data from the national household survey. The data is used to guide policy interventions across ministries. According to the Mauritania Multidimensional Poverty Index (MPI-M), 56.9% of the population live in multidimensional poverty as of 2023. Formulated through a collaboration between ANSADE, UNICEF and the Oxford Poverty & Human Development Initiative, the MPI-M enhances poverty elimination efforts by appraising a range of socio-economic challenges faced by people beyond income, thereby offering a more robust understanding of poverty in the country. Closing discrepancies across urban and rural areas remains one of the primary goals of Mauritania's ongoing poverty-reduction initiatives.

The Human Development Index (HDI) for 2021-22, which is produced by the UN Development Programme and is based on metrics such as life expectancy, schooling and average income, put Mauritania's value for 2022 at 0.54 out of a range of zero to 1, with 1 being the highest and zero the lowest based on the average of normalised indices within three dimensions. Mauritania ranked 158th out of 191 countries in 2020, between Papua New Guinea and Côte d'Ivoire, with its overall HDI having risen by 40.1% since 1990.

There were notable changes in several key indicators during the same 30-year span. Life expectancy at birth increased by 4.6 years to 64.4, while the mean years of schooling increased by 2.7 years to 4.9 years. GNI per capita – based on the 2017 purchasing power parity in US dollars – was $5344 as of 2022. Meanwhile, GDP per capita has tripled since 1990, rising from just over $751 that year to $2166 as of 2021, suggesting that there has been positive development and economic growth over the past three decades.

EXTRACTIVE INDUSTRIES: Mining remains the leading engine of economic growth in Mauritania. In 2023 the sector accounted for 75.7% of the country's total exports. Iron exports represented 8.5% of GDP that year, with gold and copper together accounted for 8.6%, according to August 2024 figures from ANSADE. In terms of the labour force, the Extractive Industries Transparency Initiative estimated that mining companies accounted for the employment of approximately 1% of the economically active population as of 2022.

Iron ore and gold extraction activities are predominantly centred in the north of the country, while copper is primarily found around the western city of Akjoujt. Iron ore and gold are two of the country's largest exports, with the latter bringing in MR53bn ($1.5bn) in 2023, including the sales from the Central Bank of Mauritania (BCM), while the former generated MR51bn ($1.4bn) in 2023. Gold became Mauritania's leading export that year with 39.5%, followed by iron with 38.3% and fishery products with 16%.

The government is committed to diversifying the mining sector and is placing an emphasis on non-metal commodities, such as limestone, clay for construction, phosphate and industrial minerals (see Mining chapter). In July 2018 the National Industrial Mining Company (Société Nationale Industrielle et Minière, SNIM), which is Africa's second-largest iron ore producer, concluded $109m in 12-year contracts with the AfDB and the European Investment Bank to increase the berthing capacity for ships at the Port of Nouadhibou, from which SNIM transports its export cargo.

Despite initial obstacles, gas activities are anticipated to increase from late 2024 onwards. The Chinguetti offshore field started producing oil in 2006, with the initial target set at 75,000 barrels per day. However, technical issues resulted in a decline in production, and output from the field halted in 2021. The Greater Tortue Ahmeyim offshore LNG project, which was originally projected by BP to produce as much as 10m tonnes of LNG per annum once in full operation, is scheduled to commence production before the close of 2024.

The US International Trade Administration identified the fisheries segment as a best prospect for investment

AGRICULTURE & FISHING: In the northern part of the country where precipitation is scarce, farmers tend to grow millet and dates, along with sorghum and beans. Flooding along the riverbanks of the Sahelian zone, a transitional region located between the Sahara Desert and the tropical savannas of West Africa, allows rice to be cultivated, along with other grains and watermelon.

The government has been undertaking irrigation projects in oasis zones to implement the drip technique, a form of micro-irrigation that saves water by slowly feeding moisture directly into the roots of plants. The World Resources Institute's Water Risk Atlas describes Mauritania as facing extremely high overall water risk, and a February 2023 IMF report estimated that a 10-percentage-point increase in a drought's intensity could lead per capita growth to fall by as much as one percentage point in the medium term.

Mauritania relies on imports to meet its food requirements, as domestic cereal production was meeting about one-third of the country's requirements as of August 2022. In 2022 the livestock industry contributed 14.1% of GDP, up slightly from 14.4% in 2021. According to the African Development Bank, between 60 and 70% of the country's population rely on livestock-rearing for the majority of their income.

Mauritania is home to some of the world's richest fishing grounds. The US International Trade Administration identified the fisheries segment as one of the best prospects for investment. Indeed, in 2022 the industry accounted for 4.8% of GDP, and 20.9% of total exports. The segment also employs an estimated 65,000 people directly and 226,000 indirectly. Since 1980 the government has required that foreign fleets form a joint venture and establish a processing terminal in Nouadhibou to fish in Mauritanian waters.

In 2015 the country adopted a new national fisheries strategy in order to ensure transparency and sustainable practices in the industry. In June 2022 the EU Parliament voted to renew an agreement that

Mining remained the leading engine of economic growth as of 2023, with the sector accounting for 75.7% of total exports, with iron exports representing 8.5% of GDP that year, and gold and copper together accounting for 8.6%.

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The government is actively amending laws and regulations to improve the business registration process

China was Mauritania's largest export market in 2022, followed by Canada and Spain, while the UAE, Spain and Japan were the top-three importers.

granted 86 EU vessels access to Mauritanian waters, where they are allowed to catch 290,000 tonnes per year in return for €3.3m in support per year and an annual contribution of €57.5m to the government of Mauritania (see Fisheries chapter).

TRADE & INVESTMENT: In 2023 Mauritania's top import categories by product type were petroleum products with 36.1% of the total, followed by food products (24.6%), capital goods (12%), construction material (7.8%) and transport material (7.1%). The current account balance fell from a deficit of 6.7% of GDP in 2020 to 14.6% at the end of 2022, before recovering reach a deficit of 10% of GDP in 2023. The IMF estimates that the current account balance will continue to improve to reach a deficit of 7.9% in 2024.

According to the World Investment Report 2023 by UNCTAD, FDI inflows to Mauritania were $1.1bn in 2022, up significantly from the $22m inflow registered in 2021. This rise is attributed to the recovery of the global economy and the demand for minerals, especially iron ore, as well as large-scale greenfield projects in the mining and energy sectors, such as the Tasiast gold mine expansion and the Banda gas-to-power project.

In March 2021 the government of Mauritania established the Investment Promotion Agency of Mauritania (Agence de Promotion des Investissements en Mauritanie, APIM) in order to encourage international investment and boost economic development. The agency aims to attract greater FDI and improve Mauritania's business environment, positioning it as a new investment frontier for the Sahel region.

Alongside the APIM, the African Development Bank's Economic Governance and Investment Management Support Project, approved in May 2021 and set to run until December 2024, prioritises the optimisation of public investment and promotes private investment in strategic sectors to support national policy objectives.

Policymakers are set to enact a green hydrogen code to catalyse investments for the development of several hydrogen projects capable of generating 80 GW of electrolyser capacity

Announced in February 2020 and chaired by President Mohamed Ould Cheikh El Ghazouani, the High Investment Council of Mauritania is an integral component of the investment development and promotion strategy. Among the tactics underpinning this strategy are fostering a diversified and private-sector-led economy, enhancing the business climate to accelerate to improve global competitiveness, developing a framework for public-private consultation and determining the appropriate incentive measures for investment

The investment code is currently being revised as part of Mauritania's investment policy reform agenda with the aim of enhancing investor-friendly measures while safeguarding the country's sustainable economic interests. A Public-Private Technical Committee, comprising public and private sector stakeholders, is overseeing the revision exercise with support from the International Finance Corporation. Additionally, enhancing the regulatory climate extends to the energy space where policymakers are set to enact a green hydrogen code to catalyse investments for the development of several hydrogen projects capable of generating an estimated 80 GW of electrolyser capacity.

Furthermore, the government is actively amending laws and regulations to improve the process for registering businesses. For example, the Public-Private Partnership (PPP) Unit, which falls under the purview of the Ministry of Economy, provides technical support and expertise to the inter-ministerial committee during the identification, preparation, development and execution of various PPP projects. The members of the inter-ministerial committee, which was established in February 2020, include the prime minister, the minister of commerce, the minister of economy and finance, as well as the private sector association.

In terms of foreign trade, Mauritania is actively involved in regional trade agreements and initiatives. In March 2018 the country was among the first to sign and ratify the African Continental Free Trade Area agreement, which aims to create a single market for goods and services in Africa to boost intra-African trade and economic growth. Additionally, in May 2017 Mauritania and other ECOWAS members signed a cooperation agreement to strengthen their relationship and improve economic and security conditions throughout the region. This agreement promotes the free flow of goods and services, and it is expected to help consolidate economic integration among member states.

OUTLOOK: Mauritania saw a strong recovery in 2021 and 2022 after GDP contracted 0.9% in 2020 as a result of the pandemic. It then increased by 2.4% in 2021 and 4.8% in 2023, due in part to the strong performance of private consumption and investment. GDP growth is projected to remain positive through 2024 and 2025, reaching 5.1% and 6.5% in those years, respectively.

This upward trend is expected to be driven by growth in multiple sectors, led by iron ore and gold production, as well as by ongoing project execution activities at the Greater Tortue Ahmeyim offshore gas field. It is estimated that the project will generate $14bn in government revenue through 2053. Alongside diversification efforts, these developments are likely to further stimulate economic activity and drive job creation.

Aïssata Lam

Utilising resources

Investment Promotion Agency of Mauritania (Agence de Promotion des Investissements en Mauritanie, APIM), on attracting funding amid local development

What are the primary factors supporting Mauritania's investment attractiveness?

LAM: Mauritania's investment attractiveness is underpinned by a blend of elements, including its strategic location, favourable business climate and vast natural resources. With direct access to Europe, the Middle East and North Africa, and sub-Saharan Africa, Mauritania stands at a crossroads of global trade routes. This strategic position facilitates efficient movement within the emerging African Continental Free Trade Area and offers access to diverse markets, amplifying the potential for profitable business ventures.

Underlining Mauritania's commitment to fostering a conducive business environment are initiatives such as the High Investment Council and our agency. These entities work to streamline administrative processes, reduce bureaucracy, facilitate public-private sector partnerships (PPPs) and provide support to investors, helping create a business-friendly ecosystem.

Mauritania is primed to be a regional and global player in the renewable energy space. Recent estimates place its annual solar energy potential between 2000 and 2300 KWh per sq metre, and a development potential for photovoltaic projects of nearly 458 GW, while green hydrogen production capacity has been projected to reach 12.5m tonnes annually by 2035. This has led to agreements with global energy players, the realisation of which could increase job creation by 23% by 2035 and provide affordable electricity. Further contributing to Mauritania's investment appeal is its potential of 11.4bn cu metres of water resources per year, boosting its agro-industrial potential.

Which economic sectors have the most potential to further boost foreign investment?

LAM: With approximately 513,000 ha of potentially cultivable land, agriculture is among the sectors offering a significant investment value proposition. This potential remains relatively untapped, with only 70,000 ha for irrigated agriculture and 180,000 ha for rainfed agriculture, necessitating investment to satisfy strong demand from markets in the sub-region. The fisheries and livestock segments are equally compelling, with the latter constituting 10.1% of GDP in 2020 and employing 10% of the active workforce. Annual production has steadily increased amid rising demand and dietary diversification. Marine fishing is supported by the long coastline, contributing 25% to the country's total exports, creating more than 220,000 jobs and possessing an annual catching capacity of nearly 1.9m tonnes of various species. Mobilising investment in processing the yearly catch and enhancing private sector participation are key to maximising sector potential.

Additional investment opportunities abound in Mauritania's renewable energy sector, with the success of a 30 MW wind power plant in Nouakchott exemplifying the country's capacity for electricity production. The mining sector is a robust investment proposition, with over 60 national and foreign companies producing 13m tonnes of iron, 29m tonnes of copper and 11.5m tonnes of gold annually, deepening the nation's industrialisation and economic resilience, and underscoring the importance of PPPs in increasing investment flows.

Furthermore, the Taoudenni and coastal basins contain extensive oil and gas resources, affirming the sector's substantial investment potential. Seismic surveys conducted during the two decades preceding 2024 have led to the discovery of numerous oil and gas deposits, notably the Greater Tortue Ahmeyim field, a joint venture between Mauritania and Senegal set to be operational in 2024. Likewise, the BirAllah offshore gas deposit amplifies the nation's abundant natural reserves, which are estimated at 65trn cu feet. These developments position the country to become a key player in the global energy landscape, consolidating its profile as a destination for strategic and long-term investment, especially amid the widespread transition to the utilisation of clean sources of energy generation.

Mining and fishing are engines of economic growth and employment

Blueprint for growth

Changes to fiscal management and an ongoing diversification drive aim to promote economic stability

A more flexible framework for the ouguiya, Mauritania's currency, should help alleviate exchange rate pressures as capital inflows increase, boosting export competitiveness and helping control the deficit.

The 2015 discovery and subsequent development of the Greater Tortue Ahmeyim offshore gas field on the maritime border with Senegal has brought Mauritania's economy to an important turning point. With the first gas in the $4.8bn project – backed by BP and Kosmos Energy – expected to be produced before the close of 2024, the government is set to receive a significant new injection of tax revenue that could help make the country's long-term goal of economic diversification a reality.

FISCAL RESPONSIBILITY: Mauritania's economy has historically been reliant on mining and fishing, as well as petroleum to a lesser extent, reflected by the drop in GDP growth after 2015 as the global commodities supercycle came to an end. More recently, according to the IMF, GDP averaged annual growth of 3% between 2019 and 2023, primarily due to increased demand for iron ore and gold. Improving financial management and the formalisation of the economy will play important roles in ensuring sustainable future growth and economic structures can be adapted to leverage new revenue from offshore natural gas resources. For instance, a more flexible framework for the ouguiya, Mauritania's currency, should help alleviate exchange rate pressures as capital inflows increase, boosting export competitiveness and helping to control the budget deficit.

To this end, the IMF has supported the country in the aftermath of the commodities supercycle by providing two different credit arrangements: an extended credit facility (ECF) from December 2017 through to March 2021, and a 42-month, $86.9m ECF and extended fund facility approved in January 2023. When the previous agreement ended, Mauritania requested continued assistance from the IMF to support the accelerated implementation of its national development agenda to increase spending on social and infrastructure projects, as well as improve governance and the business environment.

The central bank has been implementing policies to give the country more control over the exchange rate as part of the most recent extended credit facility and extended fund facility that was approved in January 2023.

A vital component of the most recent ECF is strengthening control over the exchange rate, and the Central Bank of Mauritania (Banque Centrale de Mauritanie, BCM) has been implementing policies to this end. As of December 2019 the BCM no longer required customers to route their transactions through the official foreign exchange (forex) market, giving them more independence to order forex. In May 2022 the BCM stopped limiting forex interventions for current account transactions while simultaneously stepping up its oversight of forex operations. In November 2022 the Mauritanian Corporation for Fish Marketing was no longer obligated to surrender receipts from fish exports to BCM accounts. This is a particularly important step since fishing accounts for an estimated 35% to 50% of exports (see Fisheries chapter).

The World Bank has highlighted the importance of initiating and implementing institutional reforms, such as a sustainable fiscal framework and greater transparency, beginning with the inclusion of gas resource accounting in the national budget. Additionally, the organisation recommends channelling revenue into a sovereign wealth fund for better fiscal management in the long term.

DEVELOPMENT PLAN: New revenue from natural gas should support the country's sustainable and inclusive growth targets via the government's current national development plan, the Strategy for Accelerated Growth and Shared Prosperity for 2016-30. A key component of the plan is to increase productivity in agriculture by developing a competitive livestock subsector and boosting value-added industries, such as leather production. Developing fisheries while preserving the country's marine and coastal diversity is another goal of the plan. The aim is to further integrate fisheries into the national economy and increase its contribution to GDP to above the current level of between 4% and 10%.

Mauritania's fishing waters remain attractive, though the BCM recorded a drop in 2023, with total fishing production figures for that year amounting to 845,000 tonnes, down 16.1% on 1.01m tonnes in 2022. The World Bank identifies frozen, chilled and fresh fish as products in which Mauritania holds an advantage in global markets and can therefore derive the greatest benefit. Other products of interest under the development plan are fish oil, sheep skin and leather, malt, Arabic gum, gypsum and quartz.

ENERGY PROSPECTS: The launch of the Greater Tortue Ahmeyim gas field project is expected to take place by the close of 2024. The timing for Mauritania to begin exporting liquefied natural gas (LNG) is advantageous, as Russia's ongoing invasion of Ukraine prompted European countries to source LNG from other producers. The new gas deal should add to Mauritania's development prospects, which have largely centred around mining and fishing. The former industry accounted for 63% of merchandise exports in 2021. With a population of 4.4m as of October 2023, according to the IMF, the combined effect of increased iron ore production and revenue from the natural gas field is expected to provide the country with an additional fiscal space of 0.5% of GDP starting in 2024. Structural reforms are also likely to accelerate growth with the support of the IMF and other international financial institutions.

In December 2022 a study by the European Investment Bank in collaboration with the African Union found that three regions in Africa – South Africa and Namibia in the south, Mauritania and Morocco to the north-east, and Egypt to the north-west – could produce as much as €1trn in green hydrogen. This is a potential venture with much promise for Mauritania, as the analysis highlighted its potential to be a major centre of production on the continent.

The Africa Green Hydrogen Alliance officially launched at the UN COP26 Climate Change Conference in December 2021, with the goal of accelerating the development of green hydrogen projects on the continent. By working together, these countries aim to unlock green hydrogen's potential as a sustainable energy source. Green hydrogen in Africa could bring numerous benefits, including improved access to affordable and clean energy, job creation, better public health outcomes and new industries.

In March 2023 German project developer Conjuncta announced the signing of a memorandum of understanding with the government of Mauritania, Egyptian energy provider Infinity and Abu Dhabi-based renewable energy company Masdar to develop a $34bn green hydrogen project in Mauritania. Production capacity is expected to reach 8m tonnes of green hydrogen or other hydrogen-based products per year once in operation, with an electrolyser capacity of up to 10 GW upon completion, according to a statement that was issued by the involved parties and the Mauritanian government.

NOUADHIBOU FREE ZONE: Established in 2013, the Nouadhibou Free Zone, located in the north-east corner of the country on the Ras Nouadhibou peninsula, had granted authorisations for 1050 companies as of December 2023. This was an increase of 12.9% from 2022. The free zone accounts for approximately 80% of the value of fish caught in Mauritanian waters and, prior to the Covid-19 pandemic, it was exporting 750,000 tonnes of fresh fish annually.


The Greater Tortue Ahmeyim gas field should have a positive impact on the country's development prospects

The fisheries segment is an essential source of socio-economic benefits and job opportunities in the country, providing more than 65,000 direct and 226,000 indirect jobs in various roles, from fishermen to food processors. The artisanal fisheries subsegment alone accounts for 70% of these jobs. Further gains are expected following the construction of a refrigerated warehouse for fresh fish exports at Nouadhibou International Airport.

Fisheries have significant potential to create local value-added processing of fish products. While most of the catch is currently exported directly without being processed in Mauritania, with foreign firms turning an increasing amount of the catch into fishmeal for export, the government's fishery strategy for 2020 to 2024 aims to promote joint ventures between local companies and foreign investors to increase domestic fish processing.

Efforts are under way to attract private investment in the Nouadhibou Free Zone for fish processing and other industrial activities, which should yield knock-on benefits for job creation, public revenue, forex, the trade balance and food security. Other strategic objectives include attracting more private sector participation in the economy, including through the establishment of public-private partnerships; creating a more inclusive financial sector; and facilitating the development of small businesses. Building more resilient infrastructure to support growth – particularly renewable energy facilities and transport networks – is also a vital component to improving the country's export competitiveness.

Products such as frozen, chilled and fresh fish have been identified as products in which the country holds an advantage, alongside fish oil, sheep skin and leather, malt, Arabic gum, gypsum and quartz.

Established in 2013, the Nouadhibou Free Zone had granted authorisations to 1050 entities as of December 2023, a rise of 12.9% from 2022.

Since 2009 interest rates have remained stable between 10% and 17%

Enhancing access

Government initiatives drive inclusion and modernisation

The combined reserves of Mauritania's five-largest banks are estimated to be around

$100m

Mauritania's banking sector is subject to regulation and supervision by the Central Bank of Mauritania (Banque Centrale de Mauritanie, BCM), which was established in 1973. The BCM's primary objectives are maintaining price stability, safeguarding the integrity of the financial system and supporting the implementation of the government's economic policy. In pursuit of these goals, the BCM actively engages in the development and implementation of economic policies, plays a role in determining the exchange rate and assumes responsibility for organising, monitoring and regulating the foreign exchange market. Additionally, the BCM is tasked with ensuring the stability, security and efficiency of the country's payment system, as well as regulating banks and financial institutions.

Mauritania's economy is largely informal with cash-based transactions serving as the primary mode of payment for day-to-day transactions. Recent estimates from the US Department of State indicate that approximately 75% of the workforce is engaged in the informal sector, leading to a banking penetration rate of only 23% and a significant lack of financial inclusion. This situation can be attributed to two main factors: limited access to formal banking services, particularly in rural areas, and low levels of financial literacy among the population. Consequently, these circumstances impede economic growth and development.

MODERNISATION: Efforts are being made to modernise the banking system and overhaul the financial system in order to promote overall economic progress. As of February 2023, 17 banks were operating in Mauritania, up from 10 in 2006; five are Islamic, and another five have predominantly foreign capital. The combined reserves of Mauritania's five largest banks are estimated to be around $100m and are deemed to be in sound financial position. The growing presence of banks has intensified competition within the sector, resulting in a decline in interest rates over the years. Starting at 30% in 2000, interest rates have gradually decreased and hovered around 10% by 2018. Since 2009, interest rates have remained stable, ranging from 10% to 17%. More recently, according to the BCM data, the central bank key rate, which governs lending to commercial banks, remained 8% from the fourth quarter of 2022 through to the fourth quarter of 2023. Concurrently, the average lending rate to borrowers has fluctuated between 11.5% and 10.7% during the same period. Despite this increase in competition, further financial reforms could be beneficial.

FINANCIAL INCLUSION: The primary indicator of financial inclusion, the percentage of adults who own a bank account, reached 38% in September 2023 compared to 23% in 2022. However, this figure still falls short of the sub-Saharan average of 42.6%. Key to closing this gap is enhancing the mobile money market, which emerged in 2019 when banks began to capitalise on the widespread availability of mobile phones by releasing mobile and digital banking apps. Launched in January 2020 by Banque Populaire de Mauritanie, Bankily is Mauritania's leading mobile banking service with over 100,000 customers conducting millions of transactions within a few months of its launch. Several other banks have followed suit with competing products and with telecommunications providers poised for market entry, the adoption of mobile money services is well positioned for steady growth.

Furthermore, the use of modern methods of payment is primarily concentrated in major urban centres such as the capital Nouakchott and other prominent cities. These areas benefit from higher economic activity and improved access to formal financial services, including credit cards and other electronic payment options. According to World Bank estimates, the number of commercial bank branches and ATMs per 100,000 people increased from 5 in 2012 to about 11 in 2021. In the same period, the number of borrowers from commercial banks per 1000 adults experienced an increase from 37 to 96, marking a 159% rise over nine

A key indicator of financial inclusion, the percentage of adults who own a bank account, reached 38% in September 2023 compared to 23% in 2022.

years. Similarly, the number of depositors rose from 88 to 223, reflecting a 153% increase.

Nonetheless, the Mauritanian authorities have implemented significant financial sector reforms based on the recommendations of the Financial Sector Assessment Programme established in 2014 in collaboration with the IMF. These reforms have included revisions to the legal framework governing the status of the central bank and banking activity, adopting new regulations aligned with the Basel III principles in 2018, and establishing an emergency refinancing mechanism to provide liquidity to banks facing cash-flow pressures based on eligible collateral. Recognising the importance of safeguarding depositors and maintaining trust in the banking system, Mauritania has also implemented a deposit guarantee fund.

Furthermore, Mauritania has taken steps to promote digital finance and e-payment services. In June 2021 the Parliament adopted a draft law related to e-payment services, creating an enabling regulatory environment for the uptake of digital finance.

Another such reform, implemented by the central bank in January 2018, entailed the alternation of the unit base of Mauritania's currency. The previous currency, known as the Ouguiya (MRO), was substituted with a new currency, Ouguiya (MRU), at an exchange rate of MRO10 for MRU1. These reforms reflect the country's commitment to improving its financial sector and aligning with international best practices to foster a robust and secure banking system.

DOMESTIC CREDIT: Credit to the private sector as a share of GDP dropped from 13.0% in 2022 to 5.2% in 2023, and is projected to increase to 7.3% in 2024. Foreign direct investment (FDI) has experienced fluctuations in recent years. In 2000 FDI accounted for 2% of GDP, reaching a peak of 20% in 2012 before dipping to approximately 11% in 2021. FDI inflows to Mauritania declined by 21% in 2023, having reached $1.1bn in 2022 due to a development delay on the GTA gas project. Additionally, the sector's financial strength has improved, evident in the declining ratio of non-performing loans (NPLs). The NPL ratio fell from 45.3% in 2010 to 20.5% in 2022, representing a decrease of 54.8 percentage points. By December 2023 this ratio had further improved to 19%. This improvement can be attributed to the adoption of a more stringent credit policy, which has helped banks manage their loan portfolios more effectively and reduce the proportion of loans that are classified as non-performing.

INSURANCE SECTOR: The banking sector holds a dominant position in the country's financial system. The non-bank financial system consists of 17 insurance companies, two social insurance funds and approximately 29 microfinance institutions.

The insurance sector in Mauritania is relatively small, with 17 insurance companies operating in the market and an estimated total turnover of $23m in 2014. The sector is heavily reliant on automotive insurance, representing around 70% of the overall turnover. The insurance market has a low penetration rate, standing at 0.3% in 2018, a decrease from 0.6% in 2014.

In 2021 the Parliament adopted a draft law for e-payment services, increasing the uptake of digital finance

Insurance density increased from $7 in 2014 to $13 in 2018.However, the penetration rate is significantly lower compared to Africa, which recorded a rate of 3% in 2020, according to a 2021 research in the *Journal of Risk and Financial Management.*

There are two potential explanations for the penetration rate. First, insurers may face challenges in meeting customer standards and expectations. Second, West African countries have faced economic difficulties since 2014, including the sharp decline in commodity prices and disease outbreaks. Due to financial constraints, individuals and businesses have prioritised other expenses over insurance coverage.

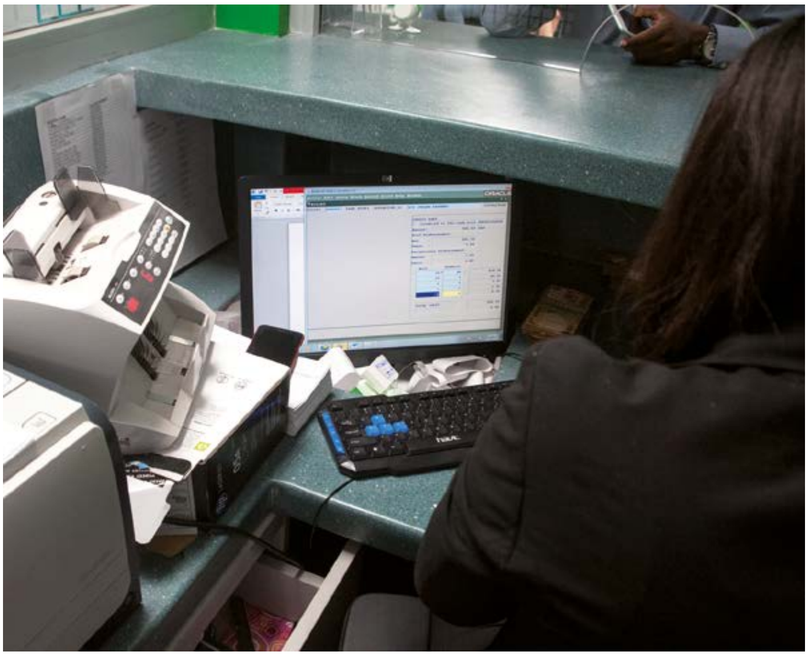
In terms of regulatory oversight, the insurance sector is supervised by the Directorate for Insurance Control and governed by Law No. 93-40 of 20 July 1993. The law was revised in 2007. However, there are concerns about the capital adequacy and financial stability of some insurers given their non-compliance with the prudential standard for minimum share capital.

CAPITAL MARKETS: The capital markets are largely underdeveloped, with a limited money market that comprises a treasury bill market and an interbank market. As of June 2023 there was no bond or stock market in the country. In 2009 Mauritania introduced treasury bills with maturities of 26 and 50 weeks, and the issuance volume of treasury bills has witnessed growth over the years. The country's performance in the African Bond Market Development Index, published by the African Financial Markets Initiative, has deteriorated. In 2017 the country ranked 42 out of 54 economies.

Some of the constraints faced by the insurance and capital market sectors are low penetration of the capital market, limited specialisation of insurers with potential capital adequacy issues and an underdeveloped bond market infrastructure. Another aspect of economic development and poverty reduction is financial inclusion. However, various obstacles hinder greater inclusion rates, such as limited access to credit,

The non-performing loans ratio dropped from 45.3% in 2010 to 20.5% in 2022, representing a decrease of 54.8 percentage points. By late 2022 this ratio had further improved to 20.5%.

In 2009 Mauritania introduced treasury bills with maturities of 26 and 50 weeks, and the issuance volume has witnessed growth over the years.



The Mauritanian government established the Small and Medium-sized Enterprises Guarantee Fund in late 2020

Financial education programmes can be integrated into educational institutions, communities and workplaces, covering aspects such as budgeting, saving, investing and responsible borrowing.

inadequate infrastructure in rural areas and low levels of financial literacy. Addressing these challenges through comprehensive reforms can boost confidence in the sector and incentivise individuals and businesses to increase deposits, fostering credit creation.

FINANCIAL LITERACY & INCLUSION: According to the World Bank's Global Financial Inclusion Index in 2022, the bank account ownership rate among adults stood at 23%. There is a significant gender disparity, with males being twice as likely as females to have a bank account – 32% for males compared to 16% for females. While 58% of adults borrowed money from financial institutions, the utilisation of financial institutions or mobile money accounts is at 12%. Furthermore, individuals with primary education or less exhibit lower bank account ownership rates, with 17% compared to 41% among those with secondary education or higher.

Implementing financial education initiatives can play a crucial role in increasing financial inclusion. These programmes can be integrated into educational institutions, communities and workplaces, covering essential aspects such as budgeting, saving, investing and responsible borrowing. To enhance the effectiveness of these programmes, it is important to provide clear and accessible financial literacy materials in local languages, and to incorporate culturally tailored approaches.

The modest levels of financial literacy are particularly acute among the most vulnerable, such as women and rural communities. Moreover, increasing the supply of credit would contribute to the government's efforts to enhance financial inclusion.

FOREIGN EXCHANGE REFORM: Mauritania's economy is dependent on a limited range of export products, primarily iron ore, gold and fish. The reliance on a few commodities makes the country vulnerable to changes in the terms of trade. Adverse shocks, such as fluctuations in global commodity prices, can have significant implications for the trade balance and current account output. A decline in the terms of trade can pose challenges in financing current account deficits and lead to a substantial external debt. Moreover, it is considered a significant factor contributing to business cycle fluctuations in emerging economies.

Given Mauritania's telecommunications penetration rate of 119%, embracing financial technology presents a cost-effective solution for reaching rural communities.

A key characteristic of a flexible exchange rate is that it acts as a buffer mechanism that reduces the economy's vulnerability to external shocks and helps safeguard international reserves. Countries heavily dependent on certain commodities need greater exchange rate flexibility to effectively respond to changes in global commodity prices. Enabling an interbank foreign exchange market, which BCM launched in December 2023, will also be critical to optimising foreign exchange allocation to market stakeholders.

CREDIT ACCESS: Access to credit is limited, especially for low-income households and small and medium-sized enterprises (SMEs). Although there are 29 microfinance institutions in the country, these institutions collectively provide 1% of net loans. Internal funds and reinvested earnings are the primary sources of business financing. Only 12% of companies with five to 10 employees are able to obtain bank loans, in contrast to 50% of firms with over 50 employees. To address this issue, the government, in collaboration with the IMF and other international institutions, established the SME Guarantee Fund in late 2020. The fund aims to provide partial guarantees for bank loans to SMEs.

Given Mauritania's telecommunications penetration rate of 119%, embracing financial technology (fintech) presents a cost-effective solution for reaching rural communities. In 2021 the Parliament passed a law on digital payments, and the BCM is developing a regulatory framework for electronic payments. Promoting digital payments and expanding financial inclusion through fintech has gained further impetus through the IMF's extended credit arrangement approved in January 2023, which emphasises the development of a robust digital payment system. In addition, the BCM is developing a project encompassing a large-value payment system, a central securities depository and a clearing house. These components are expected to be operational by the latter-half of 2023.

OUTLOOK: The sector is undergoing significant reforms and initiatives to modernise and strengthen the financial system. The sound financial position of the country's largest banks and their combined reserves indicate stability and confidence in the sector. However, despite these positive developments, further financial reforms could help to address remaining challenges and promote inclusive economic growth. For example, efforts focused on improving financial infrastructure, particularly in rural areas, could ensure broader access to basic financial services.

Additionally, ongoing education programmes and initiatives are crucial to increasing financial literacy and promoting inclusion among vulnerable groups. By continuing to implement reforms, promote digital finance and strengthen regulatory frameworks, Mauritania can create a robust and secure banking system that supports economic development and benefits all segments of society.

Waleed Addas

Inclusive outcomes

Waleed Addas, Regional Head, Regional Hub Rabat, Islamic Development Bank (IsDB), on bolstering the local workforce and the growing demand for Islamic banking

How would you assess the role of private sector partnerships in sustaining and expanding domestic infrastructure projects?

ADDAS: The uptick in private sector participation in Mauritania's infrastructure development portends growing optimism for a more robust role in the short term. This potential is underpinned by the government's vision to leverage public-private partnerships (PPPs) to maximise public resources for the well-being of all its citizens, especially those in rural communities with limited access to infrastructure. Accordingly, the investment and regulatory framework is being strengthened to attract foreign direct investment across all sectors, especially in the energy and extractive industries, given the export potential, the capacity to generate foreign exchange and the multiplier effects on the entire economy.

Development finance institutions play a crucial role in fostering the growth of PPPs through the deployment of financial service products. These include providing equity participation, insurance coverage and affordable lines of financing to small and medium-sized enterprises, which remain central to the economy. Harnessing the advisory and capital mobilisation expertise of private firms will help to effectively leverage PPPs for further infrastructure development, attracting additional private sector participation.

To what extent can enhancing human capacity development boost economic growth?

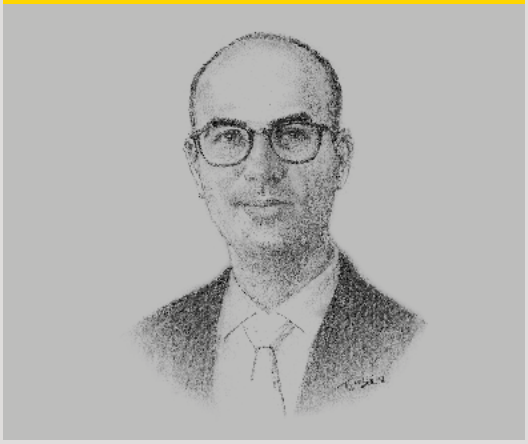
ADDAS: Boosting human capacity development stands to accelerate economic growth, particularly considering Mauritania's substantial youth demographic. The sustainable development of the country's infrastructure hinges on the empowerment of its people. Augmenting access to continuous education and training is critical to human capacity development, particularly as it relates to technical vocational training, and aligns with the vision of government and industry leaders to achieve effective and inclusive development outcomes in the information age.

Key to bolstering human capacity development in priority sectors like agriculture is mobilising public and private investment in education and training, as well as leveraging technology and innovation to enhance the productivity and income of smallholder farmers. By embedding capacity-building initiatives in IsDB-financed projects, the local workforce is increasingly equipped with the skills to drive growth in these vital sectors. These strategies also dovetail with the economic growth agenda of the Maghreb region, contributing to the establishment of a robust human capital foundation necessary for sustained development and economic prosperity across the region.

What must be done to deepen the penetration of Islamic banking and finance?

ADDAS: Mauritania's growing appetite for sharia-compliant banking was underscored in August 2023 when the Central Bank of Mauritania (Banque Centrale de Mauritanie, BCM) requested technical assistance in implementing Islamic financing, resulting in IsDB's scoping mission to the country. The project comprises initiatives such as a regulatory framework gap analysis, drafting regulations for Islamic banking, proposing sharia-compliant instruments and staff training. These efforts align with BCM objectives to develop regulatory, supervisory and governance frameworks to foster an enabling environment for the integration of Islamic banking and finance, deepening the local pool of asset classes and widening access to credit for companies and individuals.

A member country partnership strategy will be launched by IsDB in 2024, which will bolster President Ghazouani's diversification agenda. The initiative will mobilise interventions to set up sharia-compliant banking products, enhancing the catalytic effect of Islamic banking and finance across various sectors.



Nicolas Roca

Risk management

Nicolas Roca, General Manager, Société Générale Mauritanie, on the development of digital financial services, and government reforms to strengthen the sector and attract investors

How do you evaluate the measures being taken by the central bank to strengthen the sector?

ROCA: The Central Bank of Mauritania (Banque Centrale de Mauritanie, BCM) is fully committed to the broad supervision of the banking ecosystem and the economy through its monetary policy. The BCM's decision to raise interest rates is, among other things, one of the measures taken to curb inflation in the medium term, mainly in the current context of high inflation. The BCM has enacted a series of reforms to ensure the proper application of monetary policy to the economy and strengthen the financial sector. As part of these efforts, Mauritania recently renewed its program with the IMF.

The inflation rate witnessed in Mauritania is mainly the result of imports, as they have affected commodity prices and may have triggered some tension in local supply chains. As for the solidity of the country's banking sector, in early 2022 the BCM adopted regulations guaranteeing greater independence for boards of directors; digitising processes; facilitating and streamlining payments; and supporting financial inclusion.

In what ways does the structure of the banking sector affect overall liquidity?

ROCA: The majority of banks in Mauritania are owned by local funds, which conduct activities in addition to banking operations. Broadly speaking, legislation is much more stringent when it comes to limiting risk exposure and avoiding a higher concentration of risk. The challenge is not to have a large concentration of a particular sector in a single bank, but to move towards a system of risk diversification that is applicable to all operators. The strategy of the BCM is to move in the direction of more independence, more control and fewer concentrated risks to reassure both the market and investors on the strength and stability of the banking sector.

To what extent could bolstering public-private partnerships support micro-, small and medium-sized enterprises (MSMEs)?

ROCA: Access to financing for MSMEs is a challenge in Mauritania. Having initiatives to formalise their economic structures and help informal businesses move towards this goal is essential. Among the actions that can be taken in this regard are not only training programmes, but also tax incentives to facilitate access and provide credit for such businesses. Additionally, solvency is an important aspect for lenders because the mutualisation of resources and skills is an important lever that can reassure banking partners over the long term.

What is your assessment of digital financial services and the main challenges facing them?

ROCA: Digital financial services are developing rapidly, given the high rate of mobile phone usage in the country. Therefore, digital banking has significant potential for expansion. The instruction and supervision guide published by the BCM – which includes sections on the regulation of digital banking activities and the use of mobile money – has played an important role in reassuring operators. Mauritania is quickly moving beyond the electronic payment stage of basic tools like bank cards and transitioning directly from cash to mobile payment methods.

One of the most significant challenges related to the expansion of digital financial services is the number of players in a medium-sized market, as can be seen in the banking sector. Interoperability between lenders is essential to facilitate the use of services and provide the best possible customer experience, paying through any wallet. The consideration of how this can be used in rural areas is especially important. There is also constrained cash supply in remote areas of the country because mobile money technology does not enable easy access to cash.

Transport infrastructure is centred in the capital city of Nouakchott

Essential connectivity

Improvements in road infrastructure remain key to actualising existing economic potential and diversification plans

Thanks to its location in the centre of North-west Africa, Mauritania boasts considerable transport potential. The Cairo-Dakar Trans-African highway traverses the country, with further indirect links to the Dakar-Ndjamena and the Algiers-Lagos Trans-African highways. These corridors effectively connect Mauritania with the rest of West, Central and North Africa, making the transport and logistics sector a central area of activity for economic development and strategic diversification efforts.

Approximately 90% of goods and 80% of passengers are transported via roads. Although pack animals are still used in rural areas, roads are increasingly crucial for distribution. However, the construction of roads faces topographic and climatic challenges, including rough terrain and flash floods.

Transport infrastructure is centred in the capital city of Nouakchott, home to a deepwater port that serves as the primary gateway for exports. The Nouakchott–Oumtounsy International Airport acts as the country's air transport centre. Around one-third of roadways are paved, and two major highways link the major cities of Nouakchott and Nouadhibou on the coast to Kiffa and Kaédi in the south of the country. In addition, rail links connect the mining centres to the port at Nouadhibou. With a population of 4.4m as of October 2023, Mauritania aims to improve connectivity within and between its urban areas to actualise the potential of its economic and human capital and enhance diversification efforts.

STRUCTURE & OVERSIGHT: The Ministry of Equipment and Transport is responsible for implementing government policy concerning all forms of transport. Administrative changes over the last two decades reflect the importance of road transport: the Directorate of Materials and Road Maintenance handled road maintenance until the National Road Maintenance Institution (L'Établissement des Travaux d'Entretien Routier, ETER) was created in 2000. The government later proposed the integration of ETER into the Works, Transport and Maintenance Sanitation Company to reduce costs. The Road Maintenance Establishment was created by the government in 2020 and began operations in 2021.

PERFORMANCE & SIZE: From 2012 to 2018 the transport sector represented between 3% and 4% of GDP. The sector grew by 11% and 12% in 2016 and 2017, respectively, but contracted by 0.3% in 2019 and 14% in 2020. The next year saw a growth of 14.4%, offsetting the losses of the two previous years. These changes represent a larger pattern, showing the importance of diversification in improving stability. The transport, information and communications sectors accounted for MR23.9bn ($658m) in 2022, or 14% of the tertiary sector's nominal GDP and 6.2% of total nominal GDP for the year.

KEY CHALLENGES: Despite recent efforts to improve logistics and road services, there is still room for the development of new trade and transport infrastructure. In 2023 the World Bank's Logistics Performance Index overall indicator for the country was 2.3 out of 5, compared to 2.6 in neighbouring Mali and the regional average of 2.45 for sub-Saharan Africa. The index is calculated based on the efficiency of Customs and border management clearance, trade and transport infrastructure quality, and the ease of arranging competitively priced shipments. An improvement to overall trade policy could boost imports and exports, thereby supporting investment in transport and logistics infrastructure.

Mauritania imposes high import tariffs on inbound goods, seeking to protect its domestic industries from foreign competition and limiting access to low-cost imported goods. The country's average tariff rate for final products in 2017 was 12%, well above the global average of 2.6% and almost unchanged from the 2010 average of 12.1%. Some domestic sectors enjoy even higher protection levels – 2017

The prevalence of ground transport emphasises the importance of investment in roadways, with 90% of goods and 80% of goods travelling by roads.

The transport, information and communications sectors accounted for

$573m

in 2022

The construction of key routes in the south of the country aims to connect agricultural production centres

Transport policy focuses on integrating infrastructure with agriculture, mining and fishery sites as part of the country's central economic mix.

The country's maritime trade is supported by three ports, including the deepwater port at Nouakchott, with a capacity of 950,000 tonnes, and the port at Nouadhibou, with a capacity of 150,000 tonnes.

tariffs for animal, dairy, fish and clothing products measured at 18.4%, 14.5%, 19.8% and 20%, respectively. High tariffs limit the range of available inputs, increase production costs and disincentivise trade.

The country's road infrastructure and desert terrain remain obstacles to trade. During the wet season transport disruptions to and from agricultural production centres can result in products not reaching airport facilities in Nouakchott in time for shipping and export. Although Mauritania's aggregate trade costs remain the highest among peer countries in the sub-Saharan region, rates have decreased over time, dropping by more than 30% in the 2004-15 period.

OPPORTUNITIES: One clear opportunity to spur economic activity in the transport and logistics sector is reducing tariffs to incentivise trade. Domestic tariffs on intermediate inputs are 9.7%, almost three times higher than the global average of 3.5%. In addition, non-tariff measures and the absence of clear procedures hinder cross-border trade. With Mauritania's negotiation with ECOWAS to promote the movement of people, goods and investment under way as of May 2023, a preferential agreement could help to reduce tariffs on final and intermediate goods, which in turn would boost trade, leading to more transport activity between key economic centres across the country.

POLICIES: Sector policy aims to develop transport as a cornerstone of sustainable growth and economic diversification. Key to this policy is integrating transport and logistics infrastructure with agriculture, mining and fishery sites as part of the country's central economic mix. The 2018 government investor guide published in collaboration with the UN Conference on Trade and Development outlines the national transport strategy. According to the guide, government policy centres on the development and maintenance of road, aviation and port infrastructure to facilitate trade, encourage institutional reforms for public services and support the operational development of professional organisations. Further opportunities for development include removing barriers to competition, defining safety standards for passenger transport and strengthening the capacities of public entities involved in the sector.

ROADS & RAIL: Mauritania possesses a road network of 12,300 km, about half of which comprises national roads. Some 10% are classified as local roads while the rest are regional roads. The country's rail infrastructure, meanwhile, consists of a single railway of about 700 km that is mainly used for transporting iron ore from Zouérat to the port of Nouadhibou. Due in part to its large territory and comparatively small population, the country has the lowest road density and perceived road quality in sub-Saharan Africa, according to figures from the World Bank.

However, some notable improvements have taken place in recent years. Approximately 21.4% of the rural population had access to all-weather roads in 2020, up from 6.4% in 2009. However, the lack of quality roads continues to affect agricultural production areas in the south, which are isolated from major export centres. To support sustainable medium and long-term growth, the investment programme for road infrastructure includes several key routes such as the Diama-Rosso Link. Enhanced transport networks – including the €87m Rosso Bridge between Senegal and Mauritania, which is set to be completed by December 2024 – aim to improve connectivity, enabling further investment in agriculture development and economic diversification.

PORTS: The country has three main centres for maritime trade, as well as two fishing ports at Nouadhibou and Tanit. The maritime port at Nouadhibou can accommodate up to 150,000 tonnes, while the deepwater port at Nouakchott can handle up to 950,000 tonnes. The usefulness of the third waterway, the Senegal River, is limited by its irregular flow. The port at Kaédi can be accessed by ships with a draught of about two metres during the high-water season from August to October. Improving the competitiveness of the country's ports, through private-sector-led quality and service enhancement remains a sector priority. Accordingly, the Nouadhibou deepwater port project was the subject of a call for public-private partnership tenders as of late 2023.

AIRPORTS: There are 10 airports in Mauritania, two of which handle international flights. The largest is the capital's Nouakchott–Oumtounsy International Airport, which serves seven airlines and offers flights to several destinations across Africa, Europe and Asia. In addition, Nouadhibou International Airport has two airlines and flights to four destinations: Casablanca, Gran Canaria, Zouérat and Nouakchott. The government's aviation strategy focuses on consolidating Nouakchott–Oumtounsy International Airport as a national and regional transport node, and upgrading the infrastructure and connectivity of the airport in Nouadhibou. Moreover, it seeks to develop secondary airports by inviting the private sector to finance aviation infrastructure projects.

Abdellahi Yaha

Regional centre

Abdellahi Yaha, CEO, Maurilog, on the importance of having a well-trained labour force and the potential of free zones

What is your assessment of the performance of the economy, and the transport and logistics sector?

YAHA: Despite global economic headwinds stemming from the Covid-19 pandemic, sustained high energy prices and disruptions to supply chains, Mauritania has been able to maintain its growth in recent years. That expansion is expected to continue, with hydrocarbons offering significant development potential. One of Mauritania's main geographical assets is its coast, which makes it a nexus for logistics between north Africa and sub-Saharan Africa. As such, the transport and logistics sector stands to benefit from the successful leverage of the country's location. Moreover, the country should see gains with the realisation of various gas projects in the pipeline.

In what ways can Mauritania further develop its infrastructure to become a logistics centre between sub-Saharan Africa and Europe?

YAHA: The first, ongoing stage of efforts to develop the country's transport and logistics capacity consists of the creation of new infrastructure at the Tanit, PK 28 and Ndiago ports, as well as the enhancement of existing facilities. The aim is to develop transport networks and infrastructure activities linked to the port areas. This means targeting tangible industrial transformation and segments with potential for exports. The first area of focus is fishing, which offers significant untapped economic potential. Beyond that, the creation of special economic zones around the port areas is an avenue that will be important to pursue.

How could the development of additional free zones accelerate socio-economic development?

YAHA: Free zones offer significant potential to attract and concentrate industrial knowledge, in partnership with major international players. The goal of special economic zones in Mauritania is to leverage one of the country's advantages, the Atlantic Ocean, to further integrate the country in the global economy. This applies to activities associated with natural resources, such as industrial fisheries. In this regard, special economic zones will play a central role in encouraging education and training, facilitating the development of the skills in demand across the country.

To what extent can membership in the African Economic Zones Organisation (AEZO) bolster regional efforts to attract investment?

YAHA: Participating in a network such as AEZO will allow for the exchange of best practices, which, in turn, will enable countries to better coordinate efforts in line with local service and skill levels, as well as specialise in key fields. It will be much more difficult for individual countries to attract large-scale industrial and logistics players working alone than if they do so through a unified partnership across the continent. Individual successes will be supported by an exchange network in such an ecosystem.

Which challenges do operators in the transport and logistics sector continue to face?

YAHA: All actors who contribute to the development of Mauritania's economy face the same challenges and establishing fruitful global partnerships will be an important step in addressing this. In order to create such partnerships, it will be necessary to meet international norms and standards in terms of production and business activities. Having a well-trained and well-educated workforce in place is more attractive to foreign investors than inexperienced labour at an inexpensive rate. This represents a decisive lever of development for the entire country.

Mauritania is set to become an exporter of oil and natural gas, and it is therefore crucial that economic initiatives benefit all citizens. Any new developments must benefit all sectors of the economy, particularly in terms of skills acquisition and professional training.

In 2019 solar power made up 4% of the country's electricity generation

Clean sweep

Vast offshore natural gas reserves are set to catalyse industry and support the transition to cleaner energy sources

Mauritania's energy ecosystem has the potential to provide significant benefits to the country and the greater Sahel region. By harnessing its vast natural resources, and developing a sustainable and diversified energy mix, Mauritania can bolster its energy security, boost its economic growth and create new job opportunities. In addition, developing a sustainable energy industry could accelerate the transition to a low-carbon economy and revolutionise the mining sector (see Mining chapter).

Through strategic partnerships and responsible resource management, Mauritania could play a crucial role in the future of the energy sector along Africa's west coast. The challenge facing Mauritania is safely developing its offshore natural gas reserves while protecting its natural resources, notably its fisheries, which provide foreign currency and additional value added.

STRUCTURE & OVERSIGHT: The Ministry of Petroleum, Energy and Mines oversees the energy and mining sectors, and provides technical supervision for a number of public companies, such as the National Electricity Company (Société Mauritanienne d'Electricité, SOMELEC). The General Directorate of Hydrocarbons is responsible for granting and monitoring operating permits, as well as for the distribution of petroleum products. Other authorities and agencies, such as the Mauritania Regulatory Authority, play an important role in promoting and coordinating access to water, electricity and telecommunications.

Mauritania's national oil company is responsible for overseeing the country's share of oil, while the National Fund for Hydrocarbons Revenue collects revenue from oil and gas operations in the country. Although exploration and production contracts are usually awarded via a competitive bidding process, they are sometimes a result of direct negotiations.

ELECTRICITY GENERATION: Access to electricity in Mauritania nearly tripled from 18.2% of the population in 2005 to 47.7% in 2021. The electrification rate is poised for further growth given the July 2023 announcement of a $900m Mauritania-Mali transmission line project, which could connect 620,000 people to electricity. However, the fact that 89.7% of urban areas had access to electricity in 2021 emphasises the existing urban-rural divide in the country.

The government has been diversifying the electricity generation mix from oil to renewables. According to data released in December 2022 by SOMELEC, hydropower, from the facilities of the Organization for the Development of the Senegal River (Organisation de mise en valeur du Fleuve Sénégal), accounted for 25% of the nation's electricity, with thermal power (61%), wind (6.82%) and solar (7.21%) accounting for the remainder. The share of renewables in the energy mix is set to increase to 48% following the recent inauguration of a 100-MW power station. According to an IMF country report from February 2023, Mauritania aims to increase the share of renewables in its broader energy mix to 60% by 2030, while simultaneously reducing greenhouse gas emissions by 11%.

These two goals are in line with the nationally determined contributions (NDCs) for the country outlined under the 2015 Paris Agreement, although Mauritania did note in its updated NDC from October 2021 that its greenhouse gas emissions could be reduced by as much as 92% by 2030 with further support.

SOLAR: Mauritania is a participant in the Desert to Power West Africa Regional Energy Programme run by the African Development Bank (AfDB). The initiative aims to harness the greater Sahel region's solar resources in an effort to provide electricity to 250m people across 11 countries by 2030, including Mauritania. The project includes installing solar clusters in desert regions, with the electricity produced to be transported to urban areas. The AfDB has already secured more than $500m in pledges from investors around the world, in addition to $380m in financing through the Desert to Power G5 Sahel Financing Facility announced in February 2022. In July 2021 the AfDB

Mauritania aims to increase the share of renewables in its broader energy mix to 60% by 2030, while reducing greenhouse gas emissions by 11%.

Mauritania is a participant in the African Development Bank's Desert to Power West Africa Regional Energy Programme, which aims to provide electricity to 250m people across 11 countries in the greater Sahel region by 2030.

Mauritania is at the heart of the continent's transition to clean energy

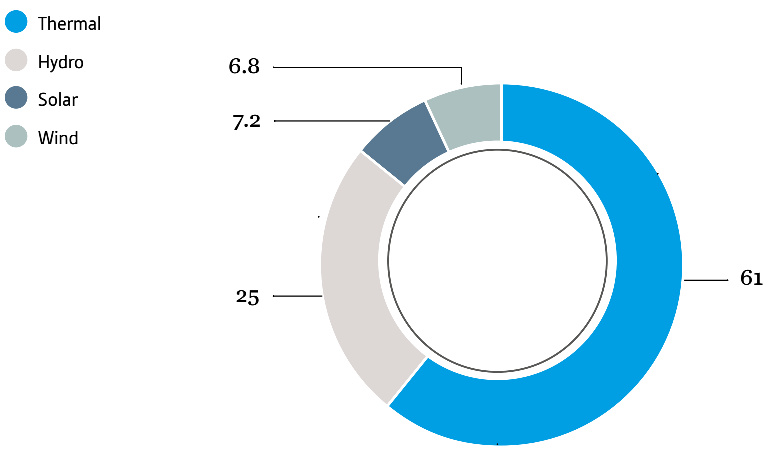
Phase I of the Grand Tortue Ahmeyim gas project is expected to make the country a net gas exporter once completed by the close of 2024.

approved a $6m grant to kick off the programme's first phase, putting Mauritania at the heart of Africa's transition to cleaner energy sources.

Two facilities of note are the Toujounine and Klima solar farms. Toujounine, which SOMELEC operates, was completed in 2017 at a cost of $53m, with 156,000 solar panels and a production capacity of 50 MW. According to the Africa-focused investment platform Energy Capital & Power, Toujounine supplies 10% of Mauritania's net energy production and removes an estimated 57,000 tonnes of CO_2 annually. The Klima solar farm, which stretches across 600,000 sq metres, supplies 15% of the country's total energy needs.

NATURAL GAS: Liquefied natural gas (LNG) is set to play a key role in energy generation and the country's transition to renewables, as well as have a significant impact on Europe's energy mix. Mauritania's location makes it a potential supplier for the continent, especially as Europe reduces its dependence on Russian gas.

Electricity generation by source, December 2022 (%)



Source: SOMELEC

The project with the most immediate impact is Phase I of the Grand Tortue Ahmeyim (GTA) gas project, which could make Mauritania a net gas exporter once completed by the close of 2024. BP and US deepwater exploration company Kosmos Energy are leading the project, and Mauritania and Senegal have stakes in it through their national oil firms. Mauritania expects GTA to make it a player in the global energy market, and the estimated annual production capacity under Phase I is 2.3m tonnes. According to the base case in the Extractive Industries Transparency Initiative's October 2022 report on Mauritania's natural gas and hydrogen industries, the country is set to receive $150m in annual revenue from GTA after recovering investment costs.

In February 2023 BP and its partners confirmed the development concept for Phase II of GTA, which is located 120 km offshore at a depth of 2850 metres. The same consortium is set to carry out Phase II, which will involve assessing the feasibility of a gravity-based structure (GBS) to allow for LNG extraction, handling and storage in an offshore facility close to the extraction point, reducing costs. This phase is expected to add between 2.5m and 3m tonnes of annual capacity.

New sources are becoming viable, notably the BirAllah gas field, which has an estimated 80trn cu feet of reserves, and the Banda and Pelican prospects, each of which has an estimated 1.2trn cu feet of reserves. The government has opened up opportunities for new exploration and production players to enter the market.

HYDROGEN: Although hydrogen does not yet play a significant role in Mauritania's energy production, the country could become a major player in the industry. In November 2022 the government signed a memorandum of understanding (MoU) with BP to establish a green hydrogen sector, with a target production of 2m tonnes annually if the studies being undertaken by BP are conclusive. In March 2023 German project developer Conjuncta signed an MoU with Mauritania to develop a $34bn green hydrogen project. The initiative is expected to have an annual production capacity of up to 8m tonnes of green hydrogen or other hydrogen-based products, with the first phase expected to have a capacity of 400 MW once completed in 2028. In addition, Mauritania has signed preliminary framework agreements with Australian renewable energy development company CWP Global and Africa-focused clean energy provider Chariot for two projects with a combined capacity of 40 GW, both of which were in their pre-feasibility stages as of July 2023.

OUTLOOK: Mauritania's energy ecosystem is set to grow at an accelerated rate. Given the country's relatively low electricity penetration rate and the expected launch of Phase I of the GTA project by the end of 2024, the energy sector is poised to experience an economic boom, generating revenue and propelling economic activity in the country. For example, Phase I of GTA required $4.8bn in investment, and discussions are ongoing to greenlight Phase II. Along with LNG initiatives, the government has lined up billions in investment for hydrogen projects. In the years to come, energy is seen as one of the economy's most promising sectors.

Projects seek to connect solar parks in Burkina Faso, Chad, Mali and Niger

Bright future

Public and private initiatives in solar and wind generation set to attract investment and develop the local workforce

With a dry climate and a sparse population outside its urban centres, Mauritania is a strategic location to harness solar energy, with an estimated 458 GW maximum solar photovoltaic potential.

With Mauritania's vast desert-dominated geography, dry climate and sparse population outside its urban centres, it is a strategic location to harness solar energy. According to the International Renewable Energy Agency, Mauritania has substantial potential for both wind and solar projects, with the latter being of particular relevance given an estimated 458 GW maximum solar photovoltaic (PV) potential.

RENEWABLE POLICY: Under the IMF-backed national development plan, the Strategy for Accelerated Growth and Shared Prosperity 2016-30, the government seeks to alleviate poverty by increasing investment in renewables and expanding electricity access to 100% of the population by 2030, up from approximately 47.7% in 2021. The government set a target for renewable energy to reach in 20% of electricity production in 2020, which was achieved through 10% solar and 10% wind generation. The government is aiming to achieve a 60% share for renewable energy sources in the overall power generation mix by 2030. In 2021, 72% of the country's renewable energy capacity was solar, with 28% coming from wind – a figure set to increase with the commissioning of the 100-MW Boulenoir wind farm in 2023. The capacity utilisation of solar was 18%, pointing to space for future growth.

SOLAR PROJECTS: In July 2021 the African Development Bank approved a $6m grant to kick off the first phase of the Desert to Power West Africa Regional Energy Programme. The West African Power Pool will use the funds to conduct pre-feasibility studies for the construction of the Sahel Transmission Backbone, which will connect solar parks in Burkina Faso, Chad, Mali, Mauritania and Niger. In total, the project is expected to provide electricity to 695,000 homes and is set to receive total funding of around $1bn.

Under the Strategy for Accelerated Growth and Shared Prosperity 2016-30, the government seeks to expand electricity access to 100% of the population, up from about 47.7% in 2021.

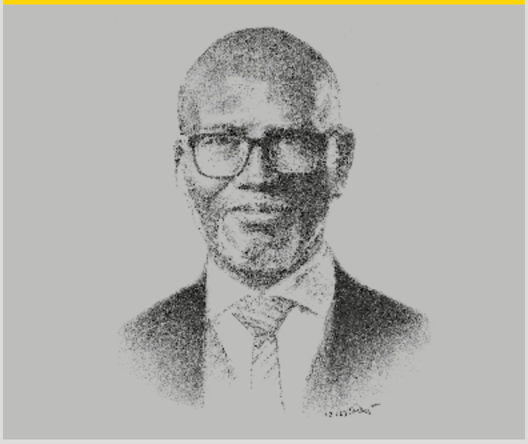
The 15-MW Sheikh Zayed Solar Power Plant in Nouakchott is the centrepiece of the solar power segment, powering 10,000 homes. The plant comprises 30,000 solar panels and accounts for approximately 10% of grid capacity. In addition, in September 2021 Chariot, an Africa-based energy organisation, signed a memorandum of understanding with the government to explore a $3.5bn green hydrogen project which, when complete, will include two onshore solar licences and an offshore wind element.

Another significant project is the 1.3-MW Kiffa power plant. It combines a PV plant with a thermal plant and will be built near Kiffa, Mauritania's third largest city, powering homes both there and in the region. This is important for the locality's infrastructure as Kiffa's electricity is currently provided on an isolated grid, with two power plants acting as the city's main sources of power.

CHALLENGES: As with any market, expanding solar capacity requires addressing challenges. First, this requires expanding financing capabilities, given constraints on domestic resources. This provides space for well-established foreign firms to enter the market, and for multilateral lenders such as the World Bank and the African Development Bank Group to fill the remaining gap. Private sector players are expected to play a significant role of financing projects going forwards given the potential of the country's solar production and its attractiveness to investors.

Capacity expansion is central to the government's overall goals. However, advances in conventional generation will require more renewable installed capacity in order to keep pace with the energy mix targets, even as solar makes major strides.

On the maintenance and operational front, developing and maintaining solar installations requires specialised skills and training. The involvement of international companies is therefore seen as a key conduit for local workforce development and capacity building. As local talent benefits from collaboration with foreign firms and investment in research, development and training facilities, the country should be able to reduce its overall reliance on foreign expertise.



Gabby Asare Otchere-Darko

Economic integration

Gabby Asare Otchere-Darko, Founder and Executive Chairman, Africa Prosperity Network, on bolstering regional trade

Where do you identify key trade enablers that can boost continental industrialisation?

OTCHERE-DARKO: The implementation of the African Continental Free Trade Area (AfCFTA) by 2040 is expected to boost intra-African exports by 15-25%, lift 30-50m Africans out of extreme poverty and promote industrialisation. Improving Customs and border procedures could boost global trade by up to $1trn annually, with the removal of non-trade barriers resulting in $20bn in trade gains, compared to $3.6bn that could be achieved by eliminating tariffs. These conservative estimates suggest Africa needs to accelerate AfCFTA implementation, which will require the private sector's focus, business plans and collaboration with public sector leadership to achieve even more ambitious goals.

Investment in infrastructure, digital connectivity and digital solutions are key to trade and business in Africa. Facilitating access to trade finance and leveraging the capacity of financial institutions are crucial for empowering the private sector, building manufacturing capabilities and enhancing product value. The African Union's Action Plan for Boosting Intra-Africa Trade highlights constraints on intra-Africa trade growth such as trade regime differences, Customs procedures, inadequate infrastructure and internal market issues.

How does the AfCFTA foster economic integration, and to what extent can this transform the economy?

OTCHERE-DARKO: The AfCFTA promotes integration through market access, trade facilitation and the creation of regional value chains. The agreement is expected to transform Mauritania's economy through the creation of larger markets, increased exports, the development of regional value chains, specialisation, industrialisation and diversification of the export base, in turn enhancing competitiveness and creating jobs.

It will be crucial for Mauritania to take action to leverage AfCFTA opportunities and implement its national strategy. In August 2022 the country launched the National AfCFTA Policy Framework and Action Plan to deepen penetration in African markets and boost trade.

Which factors could influence the success of regional economic integration via the AfCFTA?

OTCHERE-DARKO: Context-specific approaches are required to fully leverage the agreement's benefits, as well as ensure inclusiveness and reduce disparities associated with varying levels of industrialisation. The AfCFTA can significantly impact economic integration among African countries by fostering cooperation and unity despite varying degrees of economic development and disparities. Africa's rapidly growing and young population, and rich natural resources – including 65% of Earth's arable land – offer a valuable basis for development. While more needs to be done, significant investment has been made in Africa's digital ecosystem, highlighting its increasing significance in driving the economy and creating commercial opportunities.

In what ways can African business leaders and governments collaborate to support integrated digital payment systems and attract global investors?

OTCHERE-DARKO: Governments across the continent can foster public-private partnerships to promote infrastructure development, innovation and the adoption of technological solutions. Business leaders should actively participate, providing expertise and resources to support joint ventures that will benefit both the public and private sectors. Governments should strengthen investment promotion agencies to highlight investment opportunities, attract foreign investors and enable collaboration with African business leaders.

Improving trade information quality is crucial for international investors. Governments can offer market research and intelligence, while the private sector can share insights. Collaboration between governments and the private sector can enhance Africa's attractiveness, foster economic growth and maximise AfCFTA benefits.

Mauritania is expanding irrigation projects using the drip technique

Yielding results

The authorities work to strengthen human capital, boost financial inclusivity and mitigate climate change risks

In 2023 Mauritania's primary sector contributed 18.7% to GDP, with agriculture and forestry representing 28%, livestock farming accounting for 57.1% and fishing contributing 14.9%.

The government is working to expand irrigation projects utilising the drip technique – a form of micro-irrigation that conserves water by delivering moisture directly to plant roots, thereby minimising evaporation.

Mauritania's agriculture sector has vast potential to diversify the country's economy and enhance its overall economic resilience to external shocks. A May 2020 assessment by the World Bank identified the sector as having significant competitive advantages for economic diversification and poverty reduction.

Mauritania is well positioned to explore new export opportunities beyond the traditional fields of mining and fishing. In addition to unlocking external trade potential, improving the overall productiveness of the sector could help to lower the food import bill. The Sahelian zone and Senegalese River Valley are critical regions for agriculture, with the latter serving as the primary source of agriculture production. Livestock farming has demonstrated strong performance, presenting further growth opportunities, particularly in the transformation of hides and skins.

PERFORMANCE & SIZE: In 2023 the primary sector contributed 18.7% to GDP with MR72.8bn ($2bn). Agriculture and forestry represented 28% of GDP with MR20.4bn ($562m), livestock farming contributed 57.1% with MR41.6bn ($1.1bn) and fisheries contributed 14.9% with MR10.8bn ($297m). Employment in the sector, including fishing, experienced a decline of 10 percentage points between 2001 and 2019, comprising 31% of total employment figures in 2019. In contrast, the service industry expanded its share of jobs from 41% to 52%. The proportion of industrial jobs remained steady throughout this period. The shift in labour composition favouring the service industry primarily stems from rural-to-urban migration, driven by the commodity supercycle. This phenomenon created a surge in demand for services within urban centres, leading to increased employment opportunities.

The agriculture and fishing segments experienced slowdowns in 2023, contracting by 1.2% and 14.2% respectively. In 2022 agriculture had witnessed growth rates of 4.2%, while the fisheries segment expanded by 24.9%. Another segment to experience headwinds in 2023 was livestock farming, which, according to data from the Central Bank of Mauritania released in the fourth quarter of that year, expanded by 2.9%, down from 4.7% the previous year.

This can be attributed to the strong correlation between rainfall patterns and food crop production, leading to cyclical patterns of boom and bust and highlighting the sector's susceptibility to climate change.

POLICIES & OVERSIGHT: The sector is overseen by various government bodies including the Ministry of Agriculture and the Ministry of Livestock Farming. Buttressing the efforts of the latter is the recently formed Mauritanian Livestock Products company (La Mauritanienne des Produits d'élevage), which facilitates investments into strengthening the livestock sector.

Government resources related to agriculture are largely concentrated within central administrative units in the capital Nouakchott. Public expenditure in the sector is similarly centralised, with an estimated 5% of government funds allocated to local areas as of 2016, according to the World Bank. Additionally, four-fifths of the sector's staff are located in central administrations.

The total value of government expenditure allocated to agriculture increased from $67m in 2019, representing 3.8% of public spending, to over $108m for FY 2022/23. According to the Minister of Agriculture, this funding increase should satisfy 47% of the nation's agricultural needs, up from 21% in the 2021-2022 season. Compared to similar countries in the Sahel, productivity has been relatively low. However, there have been some positive developments in recent years. Government subsidies for rice production and the implementation of irrigation programmes in the Senegal River Valley, for example, have led to some tangible improvements.

The government is working to expand irrigation projects, particularly in oasis zones, utilising the drip technique – a form of micro-irrigation that conserves water by delivering moisture directly to plant roots, thereby minimising evaporation. Successive administrations have made efforts to increase the irrigated land adjacent to the Senegal River in the southern region and improve access to well water, as well as enhance palm tree coverage to facilitate the cultivation of vegetables and grains in oases. In addition to these initiatives, the government is working with family farms, women and smallholders to enhance productivity.

The authorities are working to mitigate the impacts of climate change. To this end, the government has established partnerships with the International Fund for Agricultural Development to implement climate-adaptation policies. These measures aim to enhance capacity and knowledge, improve land-management practices and facilitate the adoption of water-saving irrigation techniques.

STRUCTURE: More than 70% of the population depends on agriculture and livestock as their primary source of income. However, the arid nature of the country limits domestic cereal production, which currently meets roughly one-third of demand. Mauritania therefore relies on imports, particularly for crops such as wheat, millet and sorghum, to shore up supply. Food prices increased in 2019 and have remained high due to the lingering effects of the Covid-19 pandemic and Russia's invasion of Ukraine in early 2022. The sector witnessed a surge in crop production in 2020, due to a favourable rainy season. However, persistent drought conditions in 2021 have affected cereal production, raising concerns about food security in parts of the country.

Total crop production increased from 338,000 tonnes in 2015/16 to 580,000 tonnes in 2022/23. During this period there were significant variations in year-on-year measures of output. Mauritania's main crops are barley, maize, millet, rice, sorghum and wheat. Millet and sorghum experienced an increase of over 19% in production, while maize, wheat and barley grew by 8.2%. Rice production expanded by 99.7% due to government policies implemented in the Senegal River region, which have encouraged rice cultivation through the use of irrigation systems.

Additionally, the country has seen an increase in livestock from approximately 19,000 to 31,000 heads between 2011 and 2022, representing growth of 62%. Sheep and goats have emerged as the primary subsegments, accounting for 80% of the growth from 16,000 to 29,000 heads. The remaining 26% of the increase is attributed to cattle and camels.

CHALLENGES & OPPORTUNITIES: As the country looks to improve agriculture productivity, upskilling human capital will likely be a priority for the sector. A 2017 survey by the World Bank on financial inclusion revealed that over 60% of farmers who received payments had not completed primary education. This suggests that targeted skills-building and technology-oriented awareness programmes will play a crucial role in fostering the adoption of innovative agricultural techniques.

Financial constraints are another obstacle. Despite agriculture comprising 25% of GDP between 2010 and 2016, less than 1% of total credit was directed towards crops and livestock. Commercial banks perceive the sector as highly volatile and prone to systemic climatic

Mauritania has seen an increase in livestock from nearly 19,000 to 32,000 heads between 2011 and 2021

risk. Moreover, agriculture households often lack liquid assets and proper financial records, which can make them ineligible for loans. In rural areas where over 80% of agricultural households reside, the number of people with financial accounts is minimal, and it even declined between 2011 and 2017, according to the World Bank.

The cattle industry faces similar challenges, remaining largely informal despite its sustained growth and resilience. Most tanneries operate below 50% capacity due to inadequate skinning practices, limited tanning capacities and the absence of revolving funds. A significant portion of ruminant skins is illicitly exported to neighbouring countries such as Senegal and Mali, while cattle and camel hides are exported to Ghana and Nigeria. The prices offered by buyers from Ghana and Nigeria are almost twice what local tanneries provide. Around four-fifths of the skins are informally exported without significant value addition.

The development of the North-South road corridor presents significant opportunities for enhancing transport services and fostering growth in the agriculture, livestock and fishing sector. This strategic corridor, running along the country's coast, stands as one of the few feasible and operational transport routes connecting North Africa and sub-Saharan Africa. It has the potential for further growth as an export route. In 2018 Mauritania opened its first border crossing with Algeria.

OUTLOOK: Mauritania has a notable competitive advantage in the sector compared to other leading industries, such as mining and fishing. This advantage presents significant potential for expanding exports. Moreover, strategic investment in the sector holds the potential to expedite economic development and boost household income in the country. With the support of various international financial institutions aimed at reducing food imports and foreign exchange demands, the agriculture sector remains a policy priority and is poised for substantial growth in the coming years.

The government has established partnerships with the International Fund for Agricultural Development to implement climate-adaptation policies.

Rice production increased by 99.7% between 2015/16 and 2022/23 due to government policies implemented in the Senegal River region.


In 2020 domestic production satisfied 82% of local demand for rice

Diverse expansion

The government and international partners aim to strengthen the agricultural business value chain

In 2022 total cereal production stood at 400,000 tonnes, with paddy rice accounting for 300,000 tonnes. Comparatively, in 2021 total cereal production was 354,000 tonnes, including 284,000 tonnes of paddy rice.

Over half of Mauritania's population relies on fishing and agricultural activities to make a living, highlighting the potential knock-on impact of expanding agri-business value chains on the economy. In 2023 the sector accounted for 18% of GDP. Policymakers are working to facilitate growth by partnering with organisations such as the International Fund for Agricultural Development (IFAD), the African Development Bank, the World Bank, the Islamic Development Bank and the EU.

Agriculture is also key to reducing Mauritania's dependence on extractive industries. Notably, the 2012 Rural Sector Development Strategy, the 2016 National Agricultural Development Plan, and the Strategy for Accelerated Growth and Shared Prosperity 2016-30 serve as key frameworks guiding the country's agricultural development through to 2025 and beyond.

PRODUCTIVITY GAINS: In 2022 total cereal production was estimated at 400,000 tonnes, with paddy rice accounting for 300,000 tonnes. Comparatively, in 2021 total cereal production was 354,000 tonnes, including 284,000 tonnes of paddy rice, while sorghum contributed 49,000 tonnes to the total. Overall output that year exceeded 2021 levels by 12.4%, as abundant rainfall amounts supported yields in several cropped areas. Collaboration between the government and global partners also provided farming inputs and support.

In 2020, 82% of local rice demand was met through domestic production. Rice imports amounted to nearly 30,000 tonnes in 2023, a decline from 168,000 tonnes in 2016. While Mauritania is self-sufficient in red meat and fish, it relies on imports for 60% of other essential food commodities. This dependence, combined with vulnerability to climate shocks, underscores the need to enhance agriculture resilience. The disruptions of the Covid-19 pandemic underscored the importance of these efforts; an estimated 1m individuals required food assistance between March and August 2020.

In November 2019 the International Fund for Agricultural Development approved a $50m, six-year project to increase productivity, especially for family farms, women and smallholder producers.

Prior to the pandemic, in November 2019 IFAD approved a $50m, six-year project to increase productivity, especially for family farms, women and smallholder producers in the southern *wilayas* (administrative regions), where up to 40% of people live below the poverty line. The project expects to reach 183,000 beneficiaries in 30,000 households. It incorporates climate-adaptive measures that focus on land management and the improvement of farming techniques in areas with moderate rainfall, as well as water-saving irrigation methods in oasis zones.

The work is complemented by a $45m project spanning 2017-25 to build more inclusive value chains. The project aims to benefit approximately 285,600 farmers, with a specific emphasis on women and youth, across six regions in southern Mauritania. The project's objectives include enhancing food security and nutrition, increasing income levels, providing access to employment opportunities and reducing dependence on food imports. The project has already been successful in pairing producers with tradespeople so farmers can more easily sell their output in regional markets.

CHALLENGES: Securing adequate human resources for various initiatives remains an important element of ongoing development initiatives to stick to their established timelines. In this regard, the private sector could be incentivised to establish small enterprises that can enhance the value of agriculture produce and livestock. Promising crops in this context include okra, watermelon and capsicum.

Improving access to finance is another key enabler of sector expansion. The African Development Bank Group's Agricultural Transformation Programme 2021-26 aims to build value chains, promote female entrepreneurship and establish inclusive microfinance options in collaboration with local institutions, including an agriculture guarantee insurance fund. Within this framework, the aim of the Gender-Sensitive Agricultural Value Chains Promotion project is to support female cooperatives in their shift towards value-added activities, such as gardening, processing and handicrafts.

The fishing segment grew by 25% annually between 2015 and 2017

Catch of the day

Government initiatives look to leverage abundant resources and increase domestic processing capacity

Mauritania's coastline runs along the Atlantic Ocean, stretching over 700 km from the mouth of the Senegal River to Cap Blanc. The country has an exclusive economic zone (EEZ) covering a surface area of 234,000 sq km, with a continental shelf of 39,000 km. The fishing segment is known for abundant and diverse resources, and has significant commercial importance – more than 600 species of fish have been identified in the area, of which over 30% can be commercially exploited.

Mauritania's coast benefits from upwelling, a natural phenomenon in which deep, cold and nutrient-rich water rises to the surface, stimulating marine life. The area is also home to one of the largest marine protected areas in West Africa, the Banc d'Arguin National Park. The eastern part of the park plays a vital role as a nursery for marine species for reproduction and growth. Inland fishing occurs mainly on a seasonal basis, and primarily along key waterways such as the Senegal River.

OVERSIGHT & POLICIES: The Ministry of Fisheries and Maritime Economy regulates fisheries operations, overseeing various functions, including scientific research, fisheries' maintenance, seafood health and training. The ministry is also responsible for ensuring the quality, hygiene and safety of fisheries establishments, products and production areas. The Fisheries Code, implemented in 2015, is the basis for all regulations and laws governing the industry.

While central to the economy, the value of fish exports decreased by 24% in 2023, from MR37.6bn ($1bn) in 2022 to MR28.7bn ($790m) in 2023, with fish products accounting for 20% of exports. The industry produces a significant trade surplus, given that fish consumption in Mauritania is low, and the country has minimal imports – making the industry a significant source of foreign exchange. The export of fishery products in 2023 totalled nearly 613,000 tonnes.

Notwithstanding the substantial marine resources under Mauritania's control, the country has yet to leverage the segment's full potential. There is limited local value addition in the fishing industry, with most fish leaving the country's waters unprocessed, signalling that additional revenue could be unlocked in-country. Approximately 1.2m fish are caught in Mauritanian waters every year. However, only 5% are processed locally. Foreign boats are responsible for more than 60% of the total catch volume. Most of these boats freeze the catch on board and export it without landing the fish within Mauritanian borders, resulting in limited local value addition. Mauritania's main trading partner is the EU, with Spain serving as the primary destination of the country's fish exports.

The government's 2020-24 fisheries strategy aims to increase domestic fish processing by promoting joint ventures between Mauritanian companies and foreign investors. Recent legal changes provide opportunities to conserve resources, establish value chains and offer incentives to investors. Various institutes and laboratories have also been established to monitor production levels and maintain balanced reproductive systems while ensuring the safety of the marine environment. Recent initiatives have sought to involve the industry in enhancing food security. Given the export-oriented nature of the industry and the low presence of fish in the local diet, several government-led initiatives have been introduced to increase domestic consumption.

STRUCTURE: The fisheries segment is divided into three types of producers – industrial, coastal and small-scale fisheries – with Nouakchott and Nouadhibou serving as the country's main landing sites. The industry is prone to significant fluctuations in production: the fisheries segment expanded by an annual average of 25% between 2015 and 2017, with a 35% increase recorded in 2015. In 2021 the fisheries segment contracted by 16.2% before recording growth of 20.8% in 2022. The segment then saw a 14.2% drop in 2023. According to figures from the Central Bank of Mauritania, in 2023 industrial fishing generated approximately 845,000 tonnes – a 16% decline from

The government's 2020-24 fisheries strategy aims to increase domestic fish processing by promoting joint ventures between Mauritanian companies and foreign investors.

Every year around

1.2m

fish are caught in Mauritania's waters

The banking system increased the share of credit for the fishing industry from 7.3% in 2018 to 12.7% in 2023

In 2022 pelagic fish such as tuna, mackerel and marlin, accounted for 462,000 tonnes, while demersal fish such as cod, halibut, sole and snapper, accounted for 25,000 tonnes.

2022 figures. This contraction was largely attributable to the government's efforts to regulate fish production.

There are four main categories in Mauritania's fishing industry: pelagic, demersal, cephalopods and crustaceans. Pelagic fish, such as tuna, mackerel and marlin, dominate the industry. In 2023 these fish accounted for 462,000 tonnes, or 54.7%, while demersal fish, such as cod, halibut, sole and snapper, accounted for 25,000 tonnes, or 3%. Lastly, cephalopods and crustaceans contributed 14,000 tonnes, or 1.7% of the total.

ENVIRONMENTAL CONCERNS: While Mauritania's fishing industry has the potential for economic growth, it also faces sustainability concerns. Overfishing and illegal, unreported and unregulated fishing activities are challenges facing the industry. Despite government efforts to regulate the industry, controlling and monitoring fishing activities in the vast EEZ is a challenge. Octopus, for example, are already overexploited and are the main target of coastal fisheries and the fastest-growing target of small-scale operations. With the exception of sardinella, which are also overexploited, other species appear to be largely resilient to the growth in fishing in Mauritania's territorial waters.

A key aspect of ensuring sustainable fishing in Mauritania is the establishment and management of marine protected areas (MPAs). The 12,000-sq-km Banc d'Arguin National Park plays a crucial role in preserving marine biodiversity and supporting the reproduction and growth of marine species. Expanding the network of MPAs to cover more critical habitats and breeding grounds could further enhance the resilience of fish populations and contribute to the long-term sustainability of the fisheries industry.

In September 2022 Morocco and Mauritania signed an executive fisheries programme for 2023 and 2024, aimed at increasing cooperation to boost aquaculture, training and scientific research.

The fishing industry also must navigate the rights of indigenous peoples. Within the Banc d'Arguin National Park, there is a population of desert fishermen, the Imraguen, who hold exclusive, ancestral rights to fish in the area. The Imraguen use traditional practices and boats to catch limited quantities of the area's fish species. The park management and the Mauritania Coast Guard patrol the area and in 1999 set up a participator maritime surveillance system.

While enforcement is crucial to protect the ecology of Mauritania's territorial waters, promoting responsible practices among local and foreign fishermen is also vital. Encouraging the adoption of selective gear, such as fish traps and hooks, can reduce bycatch and prevent the unintentional capture of non-target species.

VALUE ADDITION: Another crucial aspect of fisheries management concerns addressing the limited local value addition in the industry. Most fish caught in Mauritania's waters are exported unprocessed, largely to Europe and Japan, without being offloaded in the country. Although Spain is the country's largest export market, it is also a major processing centre, where large quantities of exported fish are processed and re-exported globally, often to the US. This leads to missed opportunities for economic growth and development.

The government's 2020-24 fisheries strategy, which aims to increase domestic fish processing through joint ventures with foreign investors, represents a key step forwards. Investing in modern processing facilities and promoting value chains could result in more employment opportunities and retain a larger share of the economic benefits derived from the fishing industry. In addition, with the exception of limited jellyfish production, there is relatively little use of aquaculture, which could increase overall production and exports.

In light of this, in September 2022 Mauritania and Morocco signed an executive fisheries programme for 2023 and 2024. The initiative aims at increasing cooperation between the two countries through the creation and execution of programmes and cooperative projects in the fields of marine training, scientific and technological research, aquaculture and fisheries development. Enhancing the capabilities of local fishers and seafood processors through training and capacity-building initiatives could improve the quality of processed fish products and expand the range of value-added goods. This approach could simultaneously boost revenue and enhance the country's competitiveness in the international fisheries market.

OPPORTUNITIES: Significant government efforts are in place to increase the size and scope of the supply chain. There are indications that these policies are working, from increased exports to greater credit, with an upward trend in the industry's credit share as a percentage of total credit. Indeed, the banking system increased the share of credit destined for fisheries from 7.3% in 2018 to 12.7% in September 2023.

Since the March 2021 establishment of the Investment Promotion Agency of Mauritania – a public administrative organisation which is responsible for investment promotion under the scope of the Ministry of Economy – the Port of Nouadhibou has gained international attention in investment circles and has built out its infrastructure in order to attract further investment. As a result, the port is well positioned to boost fish processing capacity, with the ports of Nouakchott, Tanit and N'Diago all playing supporting roles.

Mining firms continue to carry out investment and development plans

Digging deep

The government is making efforts to insulate the economy from fluctuations in international commodity prices

In 2023 gold was Mauritania's largest export for the second year in a row, accounting for 39.5% of total exports, with iron ore contributing an additional 38.3%.

Mineral and metals exports are the foremost contributors to Mauritania's economy. In 2023 the extractive industry accounted for 9.4% of GDP, marking a slowdown from 2022 when it accounted for 18.3% of GDP. In 2023 gold was the country's largest export for the second year in a row, accounting for 39.5% of the total, with iron ore contributing a further 38.3%.

With such a significant portion of the country's economy reliant on extractive activities, Mauritania is vulnerable to fluctuations in global commodity prices. In addition, much of the metal produced is exported before processing, hindering local value addition and the overall economic development. The government is working on improving this situation with the support of international development agencies and partners, such as the World Bank. Current diversification initiatives are focused on non-metallic commodities such as limestone, various types of clay for construction materials, phosphates and industrial minerals.

OVERSIGHT & STRUCTURE: The Ministry of Petroleum, Energy and Mines oversees and manages the mining and petroleum sectors. The mining sector in Mauritania is governed by Mining Code Law No. 2008-011, which outlines the requirements for acquiring mining rights. In addition, Law No. 2012-012 provides a standard mining agreement that operates as a reference for relations between the government and mining companies. The national treasury collects and manages taxes paid by mining companies to the government, with companies required to pay a yearly royalty, dividends derived from government participation and contributions to the national budget.

The National Industrial and Mining Company (Société Nationale Industrielle et Minière, SNIM) is the primary player in Mauritania's mining industry, and the country is currently the second-largest producer of iron ore on the continent. Most of the iron ore extracted by SNIM is transported to Nouadhibou, a port city in the north-west corner of the country.

The economy is characterised by an export sector that is focused on extracting industrial minerals and metals, but mining sites are often in remote areas with inadequate infrastructure.

The port plays a critical role in the economy, as it acts as a centre for transporting iron ore from SNIM's mining operations to international markets. Efforts have been made to upgrade its infrastructure and increase its capacity – including building a new container terminal – and expand the access channel to accommodate larger vessels and improve the port's overall efficiency (see Transport & Logistics chapter).

In 2023 total export revenue saw a 5.4% drop compared to the year before to reach MR139.9bn ($3.9bn), primarily due to a contraction in the fisheries segment. Iron ore exports, at MR51bn ($1.4bn) in 2023, were up 7% on the previous year. Gold exports, at MR52bn ($1.43bn), were 19% higher than in 2022. Merchandise imports in 2023 were 5% down on the previous year, reaching a value of MR172.1bn ($4.7bn).

OUTLOOK: The Mauritanian economy is characterised by an export sector that is focused on extracting industrial minerals and metals. However, the country's mining sites are often located in remote areas with inadequate infrastructure, limited water and energy resources – underscoring the opportunity for further development of infrastructure.

Despite the challenges, Mauritanian mining firms are actively carrying out investment and development plans. Notable examples are Tasiast, a mine operated by Canadian gold and silver mining company Kinross; and Guelb Moghrein, a mine near Akjoujt in which Canadian mining and metals company First Quantum Minerals has a 100% interest. Canadian companies are also playing a leading role in project engineering, industrial engineering, processing, enhancement and hydrometallurgy for gold, as well as for other minerals and metals. Some examples of this include the expansion of Tasiast, for which Kinross received $300m from the World Bank; and SNIM's expansion and modernisation programme. Furthermore, several new mines for rare earths, phosphates, lead, zinc and uranium are expected to begin operations in 2024.

Mauritania is the second-largest exporter of iron ore on the continent

Improved resourcefulness

Renewables could boost government revenue while supporting the goal of becoming a centre of green steel production

Mauritania has great potential for processing iron ore into steel using technology with low carbon emissions. With an estimated 110trn cu feet of gas reserves and green hydrogen projects on the horizon with a potential combined capacity of 50 GW, the country is set to become a centre for green steel production. Mauritania's iron ore reserves play a vital role in the economy as a significant contributor to exports and GDP. Despite having the resources to manufacture steel, Mauritania has yet to capitalise on them due to its limited energy sources. However, the country expects to harness liquefied natural gas (LNG) and green hydrogen to make steel locally rather than exporting iron ore.

IRON & STEEL: In 2023 Mauritania's iron ore exports reached a historical record of 14m tonnes, up significantly from the 12.4m tonnes recorded in 2021. In 2021 exports of ores were up 43% to $2bn, compared to $1.4bn during the previous year. That same year the country was the second-largest exporter of iron ore in Africa, trailing only South Africa. Iron mining is energy intensive and requires economies of scale to be profitable. Steel production using blast furnaces is responsible for approximately 7% of global CO_2 emissions generated by humans, according to an October 2020 report by the International Energy Agency. By localising iron ore processing, Mauritania can generate more income from pelletising and manufacturing steel.

Transitioning from exporting iron ore to finished steel products could result in a four-fold increase in revenue. Based on the principle that 1.6 tonnes of iron ore is required to produce one tonne of steel, Mauritania could produce 7.5m tonnes of steel per year, generating approximately $6.4bn in revenue. Considering Mauritania's revenue of MR51bn ($1.4bn) for iron ore exports in 2023 and the country's overall GDP of $10.5bn in 2023, an additional $4bn in annual revenue would have a significant impact on the economy.

Energy and technology are the primary inputs missing in the energy mix to produce steel and other industrial forward linkages. Recent announcements of foreign direct investment in the mining and energy sectors are expected to transform both, making Mauritania a centre for green steel manufacturing.

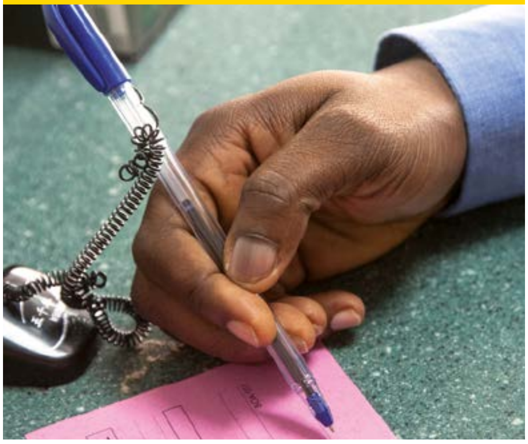
PROJECTS: Phase I of the Greater Tortue Ahmeyim gas field, which has an estimated 15trn cu feet of reserves, is expected to make Mauritania a net energy exporter once the field starts producing gas by the close of 2024. The BirAllah gas field, which has estimated reserves of 80trn cu feet, is also attracting significant attention. In October 2022 US deepwater exploration company Kosmos Energy signed an agreement with Mauritania to explore and develop the field, with a final investment decision expected to be made in 2025. In addition, in March 2023 German project developer Conjuncta signed a memorandum of understanding (MoU) with the government on a $34bn green hydrogen project that could produce up to 8m tonnes per year once completed. The energy produced by such projects is expected to be crucial to the extractive industries.

These announcements follow the MoU between ArcelorMittal, the second-largest steelmaker in the world, and Mauritania's National Industrial and Mining Company to develop a pelletisation plant and a direct reduced iron (DRI) production plant. DRI facilities are more efficient than blast furnaces and typically used to process iron ore, and they are fuelled mainly by coke and coal. A DRI plant in Mauritania could take advantage of the burgeoning renewables and hydrogen segments.

The combination of Mauritania's local energy sources, foreign direct investment and technological transfers should transform it into a centre for green steel production on the continent. Furthermore, with European companies seeking to develop such manufacturing capabilities to comply with environmental regulations, Mauritania's location could prove advantageous. Using natural gas and hydrogen in steel production would help European companies reduce emissions and position Mauritania as a leader in green steel manufacturing.

Transitioning from exporting iron ore to finished steel products could result in a four-fold increase in revenue, generating approximately $6.4bn in revenue annually.

Recent announcements of foreign direct investment in the mining and energy sectors are expected to transform both, making Mauritania a centre for green steel manufacturing.



The 2019 Tax Law introduced an additional regulation on tax controls

New rules

An updated tax code has clarified individual and corporate taxes

The 2019 Tax Law was a turning point in the relationship between Mauritanian tax authorities and taxpayers, as it introduced new regulations on tax controls, and more clearly defined the procedure and obligations for both taxpayers and auditors.

Under the law, tax auditors are obliged to justify the results of their audits item by item, as well as the bases for any tax assessment. The fiscal year is the same as the calendar year, and taxpayers are required to close their accounts on December 31. Annual tax returns and financial statements must be submitted by March 31 of the following year.

NEW DEVELOPMENTS: In February 2019 Mauritania signed the OECD Convention on Mutual Administrative Assistance in Tax Matters implemented as part of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). In parallel, as part of its commitment to align its tax regulation with OECD norms, Mauritania rewrote its General Tax Code in 2019. The main objectives of the updated General Tax Code were:

- The modernisation of the direct taxation system;
- The simplification of tax legislation;
- The consolidation of regulations;
- The introduction of an intermediate tax regime;
- Clarifications to the capital gains tax and its calculation; and
- Collecting taxes on transfers conducted abroad.

Tax on salaries

from MR0 to MR6000	MR6000 exempt
from MR6001 to MR15,000	MR9000 subject to 15%
from MR15,001 to MR27,000	MR12,000 subject to 25%
over MR27,000	subject to 40%

The updated General Tax Code entered into force on January 1, 2020. One major improvement was the introduction of a fiscal doctrine, which was developed as a set of communication and transparency tools that are accessible to taxpayers. Mauritania also invested in training tax teams to not only be capable of arguing their position, but also be willing to consider the arguments put forward by taxpayers and amend their positions accordingly if they consider the taxpayers' objections to be valid. The conditions in place are conducive to a positive relationship between taxpayers and tax authorities, as taxpayers are now more likely to have their positions taken into consideration during tax assessments.

Apart from the updated tax code, there are other industry- and project-specific codes addressing taxation, such as the regulations for:

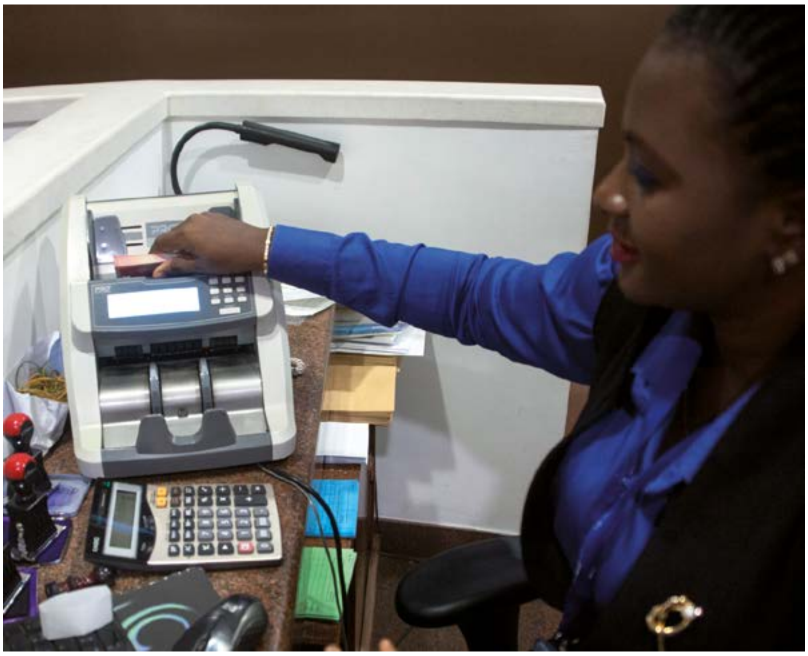
- Mining;
- Investment;
- Hydrocarbons; and
- The Greater Tortue Ahmeyim natural gas project.

CORPORATE TAX: Any business carried out by a legal entity or an assimilated organisation is subject to corporate tax (impôt sur les sociétés, IS). Companies that operate outside of Mauritania are not subject to corporate income tax, but foreign companies must pay such a tax for their sources within the country.

Under the normal regime, the rate due is 25% of a company's net taxable profit, or 2% of its taxable income if the latter is greater than the former. However, companies must pay at least MR100,000 ($2750) under the normal regime.

Under the intermediate regime, the following are excluded from the calculation of the tax base:

- Exchange gains and losses;
- Headquarters expenses;
- Donations and subsidies;
- Depreciations that are deemed deferred in a period of deficit;



If individuals have multiple business activities or conduct them in various places, each one is taxed separately

- Accelerated depreciation or declining balance depreciation of fixed assets; and
- Provisions.

The tax due is either 25% of a company's net taxable profit, or 2.5% of its taxable income if the latter is greater than the former.

IS PAYMENTS: IS is paid in three instalments:

- The first instalment – 40% of the total – must be made together with the filing of the annual return by or before March 31 of the following year;
- The second payment – 30% of the amount – must be paid before June 30 of the following year; and
- The third payment and final payment must be paid before September 30 of the following year.

TAX ON BUSINESS PROFITS: Any natural person carrying out a profit-making activity on their own account that is not subject to IS is instead subject to the tax on business profits of natural persons (impôt sur les bénéfices d'affaires des personnes physiques, IBAPP). Under the IBAPP regime, the following are excluded from the calculation of the tax base:

- Exchange gains and losses;
- Headquarters expenses;
- Donations and subsidies;
- Depreciations considered as deferred in the period of a deficit;
- Accelerated depreciation or a declining balance depreciation of fixed assets; and
- Provisions.

Depending on the amount of business-related income, individuals are subject to one of the three following tax regimes: normal, intermediate or lump sum. Those subject to the normal regime cannot switch to either of the other two, although those subject to the intermediate regime can switch to the normal regime if they do so by February 1, with the new regime applicable to them for at least two years.

Under the normal regime, the tax due is 30% of net taxable profit, or 2.5% of taxable revenue if this amount is greater. The minimum tax payable is MR125,000 ($3440).

Under the intermediate regime, the tax due is 30% of net profit, or 2.5% of turnover if this amount is greater than net profit. The minimum tax payable in the intermediate regime is MR75,000 ($2060).

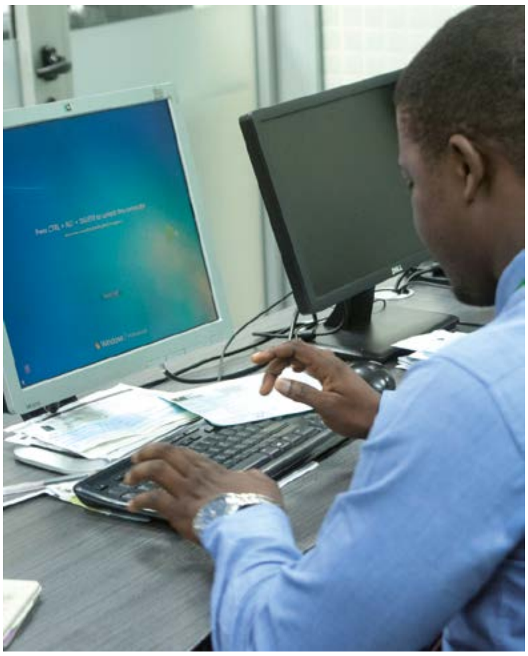
The lump-sum regime applies to taxpayers that have a turnover of up to MR3m ($82,600), with the tax due being 3% of declared turnover by March 31 of the following year. If an individual is conducting multiple business activities in the same place or in various locations, then each activity is taxed separately, assuming turnover from such activities does not exceed MR3m ($82,600).

Paying IBAPP for individuals subject to the normal and intermediate regimes is done in three instalments:

- The first payment must be made together with the filing of annual return by or before March 31 of the following year. This first instalment represents 40% of the amount due for IS.
- The second payment representing 30% of the amount due for IS has to be paid before June 30 of the following year.
- The third payment representing 30% of the amount due for IS shall be paid before September 30 of the following year.

Payments for those subject to the lump-sum regime must be made in full when they declare their turnover by or before March 31 of the following year.

WITHHOLDING TAX: Government-owned, public and semi-public companies, and legal entities subject to a tax regime that practice a liberal profession – occupations requiring an advanced level of education, such as doctors and lawyers – must withhold 2.5% from the sums paid to taxpayers who are residents of Mauritania. The amount must be paid by the 15th day of the following month. People are considered to be tax residents if they meet the following criteria:



Withholding tax must be paid by the 15th day of the following month

- They own or lease a home in Mauritania;
- Their dwelling in the country is their primary residence; and
- They perform a professional activity in the country.

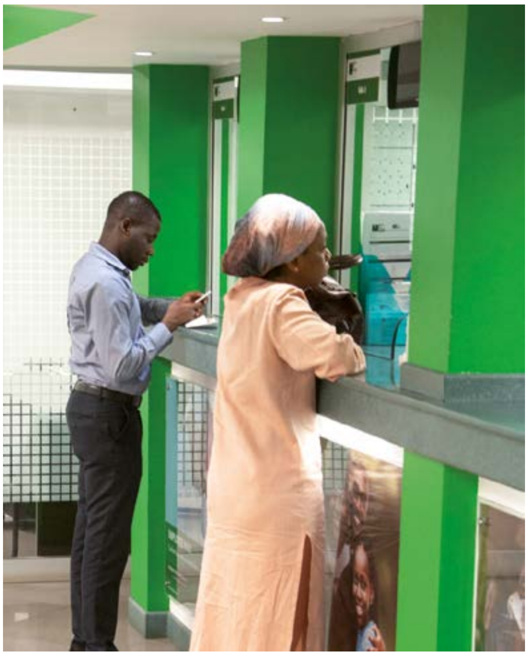
For services rendered by non-residents that are subject to specific tax codes and the provisions of international conventions on double taxation, a withholding tax of 15% is levied on sums received as remuneration for services of any kind provided or used in Mauritania by natural or legal persons who do not reside in Mauritania and do not have a permanent establishment there.

PROPERTY RENTALS: Public and private legal entities – both Mauritanian and foreign – are required to simultaneously withhold property income tax (impôt sur les revenus fonciers, IRF) and the land contribution on built properties owed by the owners of the premises they occupy, regardless of their tax regime, as are natural persons subject to a real regime under IBAPP.

The amount of housing or commercial rent withheld is 18%, corresponding to 10% for IRF and 8% for the land contribution on built properties. The 10% for IRF has to be paid to the tax department, while the 8% for the land contribution has to be paid to the municipality. If a company does not withhold this amount, the rental will not be deductible from the company's profit in its tax calculations.

PERSONAL & OTHER TAXES: Although Mauritanian tax residents can have their income earned outside of the country taxed, such income is not subject to taxation if they can prove that the income has already been taxed in another country.

The tax rate on income from properties is 10%, while the salary tax must be paid by any individual receiving income from their employment in Mauritania, regardless of whether the employee is a resident or not, as long as the related cost is included in the calculated tax profits in Mauritania.



The amount of housing or commercial rent withheld for taxation is 18%

Income earned outside of Mauritania is not subject to taxation if it has already been taxed elsewhere

The tax rates for employment income and pensions are as follow:

- No tax on such income ranging from MR0 to MR6000 ($165);
- A 15% rate for income ranging from MR6001 ($165) to MR9000 ($248);
- A 25% rate for income ranging from MR9000 ($248) to MR21,000 ($580); and
- A 40% rate on income exceeding MR21,000 ($580).

TAX ON INCOME FROM MOVABLE CAPITAL: Except in specific cases, any company distributing its profit needs to pay a 10% tax on behalf of its shareholders. Under the updated tax code, cash advance payments to shareholders or related companies are also subject to the tax, as they are assimilated into the anticipated distribution of profits. However, this burden can be relieved if the shareholder proves the taxed sums have been reimbursed to the company.

VALUE-ADDED TAX: Operations connected to economic activities that constitute imports, the delivery of goods or the provision of services carried out on Mauritanian territory for consideration by a taxpayer are subject to value-added tax. However, taxpayers are only subject to value-added tax if their turnover exceeds MR3m ($82,600). A list of goods and activities exempt from value-added tax are listed in Article 215 of the General Tax Code.

Any taxable transactions carried out in Mauritania, even if the taxpayer's registered office is not located in Mauritania, are subject to value-added tax. While most economic activities are obliged to pay a value-added tax rate of 16%, the rate applied varies depending on the industry in question, with petroleum products taxed at a rate of 20%, telephony products at 18% and exports at 0%, for example.

OBG would like to thank *PDA/COG Consulting* for their contribution to THE REPORT Mauritania 2025

Patrick Danielou

Shifting norms

Patrick Danielou, Partner, PDA/COG Consulting, on changes to the taxation of equipment used in turnkey projects

In recent years many foreign companies have received and paid vast amounts of tax adjustments following audits after executing a turnkey project for a state company, with the main basis for tax adjustments being regulations on the taxation of equipment included in the project. Contracts are often awarded to foreign companies in tenders for turnkey projects, as such players are able to guarantee the completion of large-scale projects, both in terms of providing equipment and carrying out construction. Essentially, signing a turnkey contract allows the state company to have an international guarantee from an operator with a global reputation.

Based on international practices, both parties would consider the equipment to be sold directly by the foreign entity and taxable in the country of origin, whereas the service part of the contract, and any construction and installation carried out in Mauritania would be taxed in country. However, the tax authorities have created two distinguishable tax regimes applicable to foreign companies operating such projects. The regime under which they fall depends on whether or not they have a permanent establishment registered in Mauritania.

When the contractor is a non-resident entity with no permanent presence in Mauritania, Law No. 2019-018 of the General Tax Code applicable from January 1, 2020 specifies, “When in the same contract or project, the provision of services is accompanied by the sale of equipment. The amount of this sale is not subject to withholding tax, provided that the sale operation is invoiced separately.” As such, equipment included in the contract and sold by the foreign partner is exempt from taxes on profits. This is in line with the OECD principle stating that, as there is no added value on the equipment in the country of destination, 100% of the value of the equipment must be taken into account in the tax base in the country of origin, rather than in the country of destination.

When the contractor is a non-resident entity with a permanent establishment in Mauritania and registers a structure in country for the execution of the contract, the tax authorities now consider the entire contract to have been transferred to the local partner and, as a consequence, tax both equipment and services in Mauritania. Even though the local partner adds no value to the equipment, it is entered in the local turnover for calculating the minimum tax on profits. Additionally, to be able to justify the transaction, the equipment needs to be considered as sold by the foreign partner to the local partner at a price allowing a margin.

In practice, this means the margin on the equipment needs to be split between the country of origin and the country of destination, even though no added value is generated in the country of destination, with the work of the local entity – being the construction and installation of the equipment – received as is. To support its position, the tax department has introduced a paragraph in the doctrine clarifying that both equipment and services are taxable in Mauritania under turnkey contracts.

As can be seen, there are two different treatments for turnkey projects, depending on whether or not an entity is registered locally. Legally, registration is mandatory for any work exceeding six months, which means that equipment is not taxable for any such project lasting less than six months and becomes taxable for projects that are longer than six months. Furthermore, tax liability is currently based on the doctrine drawn up by the tax authorities rather than on the law. This could represent an attempt by tax authorities to create an additional tax base by introducing this paragraph in the doctrine, despite legislation in other parts of the code. However, any company coming to Mauritania to carry out a turnkey project should be aware of this and either quote its bid accordingly, or avoid signing turnkey contracts.

Monotel

Rest easy

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Zone des Ambassades
Nouakchott
T: (+222) 45 24 23 33
www.monotel-mr.com
contact@monotel-mr.com

Rooms: 193 rooms, spanning standard, comfort and executive options, as well as a junior suite and a presidential suite.
Business & Conference Facilities: Business centre, four conference rooms with hosting capacities ranging between 15 and 80 people, fax and photocopying machines, scanner and printer, and secretarial services.
Health & Leisure Facilities: Outdoor swimming pool and gym.
Guest Services: Free Wi-Fi, free guest parking, 24-hour security, and central location within walking distance of the French embassy and the headquarters of the EU.
Dining: Bar and restaurant serving breakfast, lunch and dinner.

FASQ HOTEL
Avenue Moctar Ould Daddah
Nouakchott
T: (+222) 25 00 10 51
www.fasqhotels.com
reservations@fasqhotels.com

Rooms: 130 rooms and 20 suites.
Business & Conference Facilities: Six conference rooms, and fax and photocopying machines.
Health & Leisure Facilities: Wellness centre with indoor swimming pool, fitness centre and sauna, hot tub and hammam.
Guest Services: Luggage storage area, 24-hour front desk, free Wi-Fi, free guest parking, airport shuttle, garden, outdoor terrace, air conditioning, satellite television and mini-bar.
Dining: Three restaurants offering various cuisines, including vegetarian and halal options, as well as room service.

HIBA HOTEL
Rue Sidi Mohamed Diagana
Nouakchott
T: (+222) 49 59 85 51
www.hibahotel.com
contact@hibahotel.com

Rooms: 14 rooms, comprising double and single rooms, and suites.
Business & Conference Facilities: Printers and fax machines.
Health & Leisure Facilities: Garden and outdoor terrace.
Guest Services: Currency exchange, express check-in and check-out service, luggage storage area, free Wi-Fi, free guest parking, air conditioning, tea/coffee maker, satellite television and mini-bar.
Dining: Room service.

DIALALI HOTEL
Ilot K Extension, Phase II
Nouakchott
T: (+222) 31 47 71 12

Rooms: 62 rooms, including standard and deluxe rooms, and suites.
Business & Conference Facilities: Fax and photocopying machines, and work desk.
Health & Leisure Facilities: Indoor swimming pool and fitness centre.
Guest Services: Airport transfers, 24-hour front desk, free Wi-Fi, mini-bar, air conditioning, free guest parking, garden, shared lounge and outdoor terrace.
Dining: Restaurant serving African, American and Belgian cuisine with vegetarian and halal options, and room service.

Fasq Hotel

Hiba Hotel

Dialali Hotel

Facts for visitors

Helpful information for new business or leisure arrivals

ETIQUETTE: The most common courtesy when greeting and saying goodbye to people in Mauritania is the handshake, although more conservative locals may not wish to shake hands with members of the opposite sex. It is therefore advisable to wait for a cue from the other person before initially offering them your hand. Small talk is customary before meetings to establish a rapport, and Mauritanians are considered welcoming and hospitable to business partners and visitors.

CULTURE: Many artisanal practices still exist, and the country's goldsmithing and silversmithing are recognised internationally. Berber jewellery and metalwork are produced by Mauritanian and Tuareg silversmiths for men and women. Most cultural institutions are in the capital Nouakchott, including the National Museum of Mauritania, National Archives and National Library, as well as a cultural and social research centre with a large collection of Arabic manuscripts.

VISAS: Aside from a handful of countries in West Africa, most nationalities require a visa to travel to Mauritania. Visas can be acquired on arrival for €55 or $60, to be paid in cash. Passports require a validity of at least six months to be eligible for a Mauritanian visa.

ELECTRICITY: The universal plug type is the European two-pin. All sockets in Mauritania operate with a 220-V supply voltage and a frequency of 50 Hz. Visitors from countries with different plugs need to bring an adapter to charge their devices, or purchase one locally.

TRANSPORT: Cars are the easiest way to get around, with 4x4s particularly popular because of the prevalence of unpaved roads. Cars are available to rent in Nouakchott and other larger cities. Traditional taxis are ubiquitous, while the availability of ride-sharing firms, such as CarAPP and ClassRide, add to the improving mobility options in the country.

BUSINESS HOURS: The work week runs from Monday to Friday, with the majority of establishments open from 8.00am to 5.00pm from Monday to Thursday. On Fridays business hours tend to be from 8.00am to 1.00pm.

CURRENCY: While cash is primarily used in Mauritania, alternative modes of payment, including mobile money, cash and debit cards, are increasing in popularity. Similarly, ATMs are rare outside Nouakchott and Nouadhibou, so it is advisable to withdraw or exchange money in larger cities. ATMs are increasingly likely to accept foreign cards. There are plenty of currency exchange services in Nouakchott, and guest houses also tend to exchange money at acceptable rates. In 2018 Mauritania introduced a new form of its currency, the ouguiya, that removed a zero from the value of the old one. Although many people have adapted by now, there can still be some confusion when exchanging money.

LANGUAGE: Mauritania is linguistically diverse, with Arabic serving as the official language. Pulaar, Soninke and Wolof are also commonly used, particularly in rural areas. French is used in administration and education. Print and broadcast media are offered in both French and Arabic, with some radio and television stations broadcasting in other local languages. Despite the prevalence of French in Mauritania's urban centres, the language may not always be understood in rural or provincial areas of the country.

HEALTH: Before travelling to Mauritania, travellers are recommended to consult a health care professional to discuss any required vaccinations or health precautions. While a number of vaccines are recommended, none are obligatory to enter the country unless one is arriving from somewhere where yellow fever is present. In this case, travellers are required to show proof of vaccination when crossing the border. Visitors should have comprehensive travel insurance to cover any medical emergencies. It is important to stay hydrated by drinking bottled water, which can also prevent waterborne illnesses. Being cautious with food hygiene is advised.

PUBLIC HOLIDAYS: Like other Muslim countries, Mauritania celebrates certain holy days. Additional public holidays are observed on May 1 (Labour Day), May 25 (Africa Day), and November 28 (Independence Day).

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- Fasteners and fitting (studbolt, nut and washer) production and supply
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- Two training centers in Takoradi and Tema
- We offer courses related to HSE, firefighting, medical training, first aid, forklift operations and basic maintenance for mining
- Our training facilities include classrooms, specific simulation equipment, a restaurant, accommodation, and fitness and medical centers for the comfort of our participants

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- Freight forwarding & shipping
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