

MAURITANIA

Table 1 **2023**

Population, million	4.9
GDP, current US\$ billion	10.6
GDP per capita, current US\$	2170.6
International poverty rate (\$2.15) ^a	5.4
Lower middle-income poverty rate (\$3.65) ^a	25.8
Upper middle-income poverty rate (\$6.85) ^a	68.0
Gini index ^a	32.0
School enrollment, primary (% gross) ^b	86.7
Life expectancy at birth, years ^b	64.4
Total GHG emissions (mtCO2e)	14.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2021).

Real GDP growth slowed in 2023 to 3.4 percent from 6.4 percent in 2022. Monetary policy tightening and lower international food and energy prices eased inflation and improved the current account balance. The fiscal deficit narrowed due to under-executed capital spending. The poverty rate (US\$3.65-a-day) is expected to slightly increase from 27.7 percent in 2022 to 27.9 percent in 2023. The medium-term outlook remains favorable albeit subject to downside risks.

Key conditions and challenges

Owing to its wealth of natural resources, consisting of iron ore, gold, crude oil, and copper, per capita GDP tripled over the last two decades to stand at USD 2,170.6 placing Mauritania among the World's Lower Middle-Income Countries. Nevertheless, the economy confronts structural challenges as underscored by the slow post-pandemic recovery. The heavy dependence on extractives, low capacity to implement public investment projects, a challenging business environment, and high vulnerability to climate shocks weigh on Mauritania's growth and development prospects. The poorest are exposed to high risk of food insecurity due to climate shocks on local food production which contributes 20 percent of food consumption. Overcoming these challenges will require greater reliance on the private sector to stimulate productivity growth, increase job creation, and raise the income of the poor. Maintaining strong macroeconomic fundamentals will be key to creating and preserving the fiscal space needed for growth and climate-friendly investments. Strengthening the resilience to climate shocks remains a priority that will involve policies and investment in adaptation and mitigation.

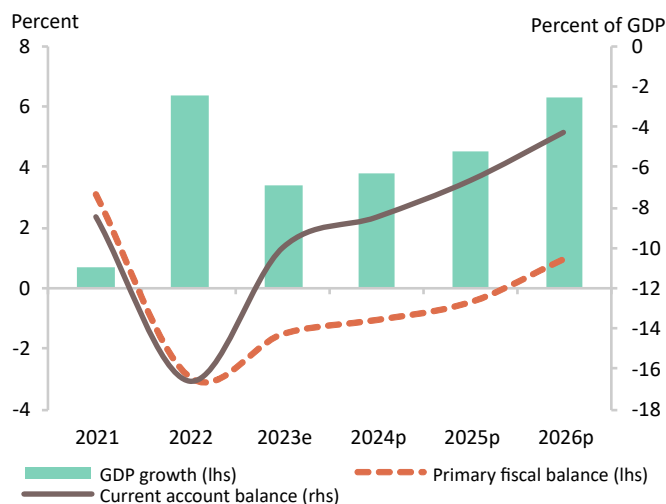
Recent developments

Economic growth is estimated at 3.4 percent in 2023 (0.7 percent in per capita terms) down from 6.4 percent in 2022 (3.7 percent in per capita terms) reflecting a significant contraction in fish production on the supply side and lower public investment and fish exports on the demand side. Inflation decreased driven by lower food and oil prices, reaching 1.6 percent (y/y) in December 2023, compared with 11 percent (y/y) in December 2022.

The US\$3.65-a-day poverty rate is expected to slightly increase from 27.7 percent in 2022 to 27.9 percent in 2023 due to a decline in per capita agriculture growth (-2.7 percentage points (pp)) counterbalanced by a decline in inflation (-4.6 pp). The number of poor is also expected to increase by 44,000 people.

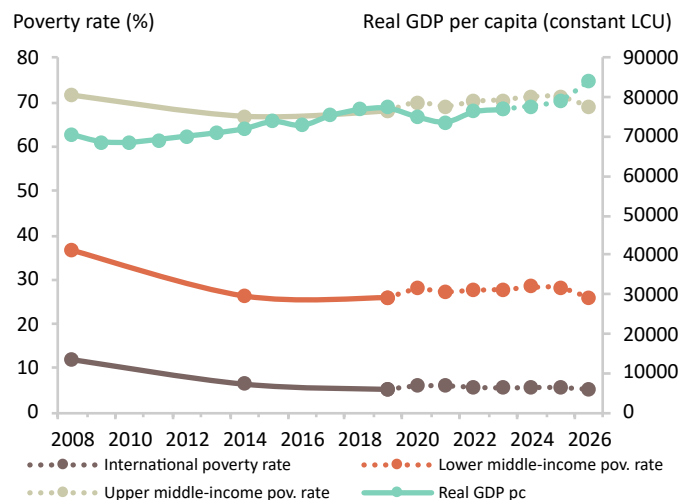
The fiscal balance recorded a deficit of 2.5 percent of GDP in 2023, compared with 3.7 percent of GDP in 2022. This improvement was driven by a fall in capital expenditure to 6.7 percent of GDP in 2023 from 11.3 percent of GDP in 2022, offsetting the decline in commodity revenues and higher wages and compensation resulting from the public sector salary increase in January 2023. The debt-to-GDP ratio rose by 1.3 pp to 48.6 percent of GDP in 2023, due to lower nominal growth and the depreciation of the exchange rate at the end of 2023. The December 2023 WB/IMF Debt Sustainability Analysis suggests that external debt remains sustainable, and the risk of debt distress moderate.

FIGURE 1 Mauritania / Evolution of main macroeconomic indicators



Source: World Bank.

FIGURE 2 Mauritania / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

The current account deficit (CAD) improved to 10 percent of GDP in 2023, reflecting an improved trade balance due to lower imports of capital goods, oil and food in turn driven by a 17 percent and 9 percent decrease in international prices of oil and food, respectively. The Mauritanian Central Bank's foreign exchange reserves rose from 4.5 months of goods imports in 2022, to 6 months in 2023.

The central bank of Mauritania pursued a restrictive monetary policy to contain inflation in 2023. After raising the key interest rate to 8 percent in December 2022, it increased the reserve requirement ratio from 6 to 8 percent in July 2023. It also conducted open market operations to dry up excess liquidity and limit its impact on prices.

Outlook

The medium-term outlook is positive with growth projected at 3.8 percent in 2024 (1.1 percent in per capita terms) and to hover

around 5.4 percent in 2025-2026. The launch of gas production in the second half of 2025 will boost growth while providing sufficient fiscal margin to finance development projects and support social protection reforms. Higher private investments, an improved net external position, and sustained private demand will also support growth. Average inflation will fall further and reach 2.5 percent in 2024, as external pressures ease, and stabilize around 2 percent in 2025 and 2026.

The US\$3.65-a-day poverty rate is expected to remain largely unchanged at 28.3 percent in 2024-2025 and to decline to 25.9 percent in 2026 largely due to low growth in agriculture and declining food inflation. Low inflation and strong agriculture performance in 2026 are expected to lead to a decline in the number of poor by 125,000 people from 2025 to 2026.

The CAD should improve, reaching 8.5 percent of GDP in 2024 and average 5.5 percent of GDP in 2025-2026, driven by gas exports, lower imports in the extractive industry, and lower import prices. FDI linked to the extractive industry, and

donors, are expected to remain the main sources of external financing.

The fiscal deficit should decrease to 2 percent of GDP in 2024, supported by lower current transfers, and higher tax revenues. In 2026, the fiscal balance is projected to turn into a surplus of 0.1 percent of GDP with gas revenue bringing about 0.5 percent of GDP of yearly additional fiscal revenue. Debt should gradually decline to 46.3 percent of GDP in 2026.

Risks to the outlook remain elevated. A slowdown in Foreign Direct Investment inflows due to a delay in the second and third phases of the gas extraction project and the tightening of global financing conditions would weigh on medium-term growth, fiscal and external prospects. Mauritania is exposed to various climatic shocks such as drought and floods, which adversely affect human capital, household incomes, and agricultural production. Regional insecurity in the Sahel remains a risk. Presidential elections scheduled for June 2024 could exacerbate spending pressures, leading to a deterioration in the fiscal situation.

TABLE 2 Mauritania / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	0.7	6.4	3.4	3.8	4.5	6.3
Private consumption	3.4	2.7	2.5	2.6	2.7	2.8
Government consumption	26.8	22.3	8.3	7.3	6.0	4.7
Gross fixed capital investment	12.1	-7.3	-4.6	5.9	3.1	3.3
Exports, goods and services	-12.9	39.9	3.0	3.6	6.7	10.1
Imports, goods and services	-3.3	15.8	-0.5	4.0	3.9	3.6
Real GDP growth, at constant factor prices	0.0	8.0	3.4	3.8	4.5	6.3
Agriculture	-2.9	12.7	1.2	2.8	2.0	5.5
Industry	-11.5	12.0	6.1	6.3	7.7	8.9
Services	11.0	3.1	2.6	2.5	3.3	4.6
Inflation (consumer price index)	3.6	9.6	5.0	2.5	2.0	2.0
Current account balance (% of GDP)	-8.5	-16.6	-10.0	-8.5	-6.7	-4.3
Net foreign direct investment inflow (% of GDP)	11.5	14.3	7.4	5.0	2.7	2.5
Fiscal balance (% of GDP)	2.3	-3.7	-2.5	-2.0	-1.4	0.1
Revenues (% of GDP)	23.0	24.1	22.1	22.6	23.0	23.5
Debt (% of GDP)	52.4	47.3	48.6	47.7	47.5	46.3
Primary balance (% of GDP)	3.1	-2.9	-1.5	-1.0	-0.5	1.0
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	6.3	5.9	5.7	5.8	5.8	5.3
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	27.3	27.7	27.9	28.4	28.3	25.9
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	69.0	70.1	70.5	71.1	71.1	69.0
GHG emissions growth (mtCO₂e)	2.8	2.9	3.2	3.2	3.4	0.0
Energy related GHG emissions (% of total)	31.3	31.6	32.2	32.8	33.7	33.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2019-EPCV. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.