

MAURITANIA

Key conditions and challenges

Table 1 2021

Population, million	4.8
GDP, current US\$ billion	10.0
GDP per capita, current US\$	2091.9
International poverty rate (\$2.15) ^a	6.5
Lower middle-income poverty rate (\$3.65) ^a	26.2
Upper middle-income poverty rate (\$6.85) ^a	66.8
Gini index ^a	32.6
School enrollment, primary (% gross) ^b	100.4
Life expectancy at birth, years ^b	65.1
Total GHG emissions (mtCO2e)	14.0

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2014), 2017 PPPs.
 b/ WDI for School enrollment (2019); Life expectancy (2020).

After rebounding to 2.4 percent in 2021, growth will remain constrained in 2022, at 4 percent, as inflation, monetary tightening, and a global economic slowdown weigh on domestic and external demand. Poverty is expected to remain stable, amid higher food insecurity and inflation, while external and fiscal balances deteriorate. Growth is projected to pick up in the medium-term as gas production starts.

Mauritania's wealth of natural resources has elevated it to the ranks of a lower-middle income country. However, most of its population continues to depend on agriculture and livestock for their livelihood, and social indicators continue to be among the lowest in the world. The narrow basis of economic growth has failed to stimulate job creation, while the low labor force participation rate, particularly among women, has limited opportunities for the country to reap the benefits of an emerging demographic dividend.

Macroeconomic stability improved before the Covid-19 pandemic, benefiting from favorable terms of trade and reforms to improve fiscal sustainability. The pandemic delayed the implementation of structural reforms, and the economy remains undiversified and reliant on the extractives sector. The macroeconomic outlook is subject to various risks. The protracted Ukraine crisis is having additional negative spillovers on real, fiscal and external sectors. Sustained high oil and food prices, combined with volatile commodity export prices pose additional risks that could further slowdown economic activity and increase food insecurity. Regional insecurity in the Sahel is another source of risk. Mauritania is also exposed to recurring cycles of droughts that impact agricultural output and household income.

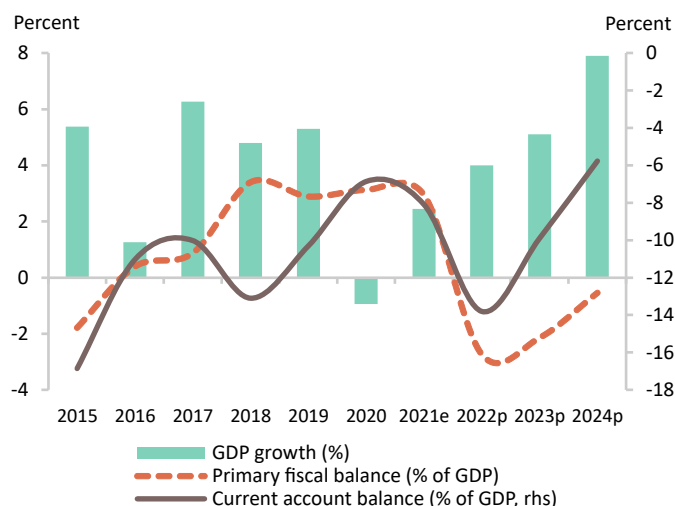
Poverty remains high with significant spatial disparities. The last household survey estimated the national poverty rate at 31.8 percent in 2019 with much lower levels in urban areas and coastal regions (17 percent and 18 percent respectively) than in rural and inland regions (46 percent and 38 percent respectively). With a low human capital index and a high vulnerability rate, respectively estimated at 0.38 and 44 percent, poverty is more likely to be transmitted intergenerationally.

Recent developments

Economic activity continued a positive trajectory in H1-2022. Industrial production grew strongly supported by higher production of extractives. Services activity rebounded, with air and maritime transports nearing their pre-pandemic levels. Inflation continued to increase, driven by high food prices, reaching 10.6 percent in July 2022. Though international food prices have started to fall, the decision in July 2022 to pass through global fuel prices at the pump, by 30 percent, could result in sustained inflationary pressures.

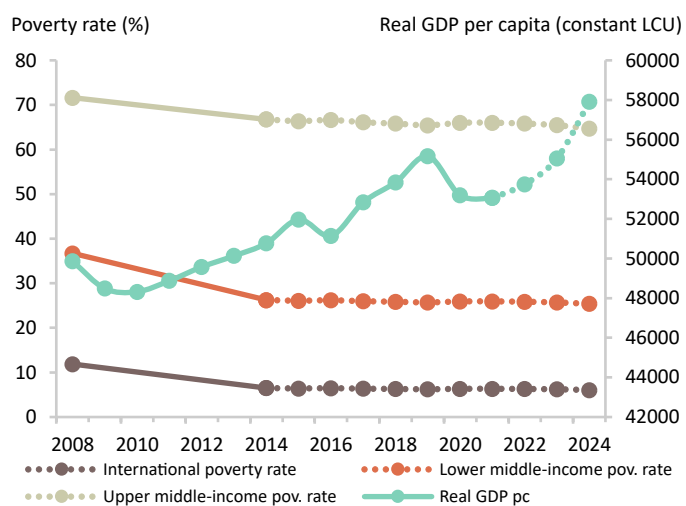
High inflation has affected household living conditions, especially in urban areas, where imports make up a large share of household food consumption. Higher food prices are expected to be mitigated by a slight improvement in economic activity, leading to a stable poverty rate of 25.9 percent in 2021 and 2022 (\$US 3.65 per day poverty line (2017 PPP)). Food insecurity will likely continue to

FIGURE 1 Mauritania / Evolution of main macroeconomic indicators



Sources: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

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



Source: World Bank. Notes: See Table 2.

threaten poor households in the remainder of 2022, as the recent increase in fuel prices will further impact staple food prices. The decision of the Central Bank in August 2022 to increase the policy rate from 5 to 7 percent is yet to slow down inflation by limiting credit growth, which increased by 25 percent in H1-2022, exceeding its pre-pandemic level.

The fiscal balance remained in surplus in 2021, (2.2 percent of GDP) thanks to an increase in tax and mining revenues, and underspending on social programs. The fiscal surplus and growth reduced the debt-to-GDP ratio from 55.8 percent of GDP in 2020, to 51.7 percent in 2021. Lower revenue and higher energy subsidies eroded the fiscal surplus in H1-2022 (0.11 percent of GDP, compared to 3.8 percent of GDP in H1-2021).

The current account deficit (CAD) is widening in 2022, after reaching 8.1 percent of GDP in 2021. In H1-2022, the trade balance deteriorated, driven by an increase in food and energy imports, which was

slightly offset by higher exports of gold as production increased.

Outlook

The ongoing Ukraine conflict, inflationary pressures, the economic slowdown in Europe and China, and increasing global uncertainty will continue to negatively affect Mauritania's economic outlook. Economic activity is expected to grow by 4 percent in 2022 (1.3 percent in per capita terms). Government spending is expected to compensate for the deceleration of private consumption in 2022 along with a rebound in gold production and services, but monetary policy tightening is required to subdue inflationary pressures. Notwithstanding high uncertainty, growth is projected to be sustained over the medium term, with the opening of new mines, gas production starting in 2024 and the scale up of public investment. Average inflation is

expected to reach 8.9 percent in 2022, driven by high food and energy prices, but to gradually fall to 4.5 percent by 2024. Poverty is expected to decline slightly in 2023 and 2024 (to 25.4 percent), in line with economic activity and lower inflation.

The CAD is projected to widen to 13.8 percent of GDP in 2022, due to higher import prices, lower export prices and decelerating demand from the main trading partners (China and Europe). It is expected to improve to 5.8 percent of GDP in 2024, as gas exports offset lower prices for other exports. FDI related to the extractive industry should finance the current account.

Fiscal pressures will increase significantly in 2022, due to higher energy subsidies and transfers to mitigate social effects, as the 2021 surplus is projected to turn into a deficit of 3.8 percent of GDP. As the government gradually phases out energy subsidies, and with the beginning of gas production, the fiscal deficit is projected to narrow to 1.7 percent of GDP in 2024, putting the debt-to-GDP ratio back on a downward trend.

TABLE 2 Mauritania / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	5.3	-0.9	2.4	4.0	5.1	7.9
Private Consumption	2.7	2.7	2.7	1.9	2.3	2.7
Government Consumption	1.0	9.2	26.1	16.7	3.5	3.0
Gross Fixed Capital Investment	23.5	4.4	39.2	4.2	4.6	6.4
Exports, Goods and Services	16.7	-8.6	-11.7	3.1	4.6	8.9
Imports, Goods and Services	11.9	2.1	25.1	5.0	2.3	2.5
Real GDP growth, at constant factor prices	6.1	-0.1	0.8	4.0	5.1	7.9
Agriculture	7.4	-2.6	-3.6	-1.0	1.1	1.2
Industry	6.0	2.5	-6.6	4.1	5.8	12.0
Services	5.5	-0.3	6.4	6.0	6.3	8.6
Inflation (Consumer Price Index)	2.3	2.4	3.6	8.9	7.1	4.5
Current Account Balance (% of GDP)	-10.3	-6.9	-8.1	-13.8	-9.9	-5.8
Net Foreign Direct Investment Inflow (% of GDP)	-11.0	-11.0	-10.6	-8.7	-4.8	-3.6
Fiscal Balance (% of GDP)	2.0	2.2	2.2	-3.8	-3.2	-1.7
Debt (% of GDP)	55.7	55.8	51.7	52.0	51.5	50.4
Primary Balance (% of GDP)	2.9	3.1	2.9	-2.7	-2.1	-0.5
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	6.2	6.3	6.3	6.3	6.2	6.1
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	25.7	25.9	25.9	25.9	25.7	25.4
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	65.5	66.0	66.0	65.8	65.5	64.7
GHG emissions growth (mtCO₂e)	4.0	3.4	2.8	2.9	3.0	3.4
Energy related GHG emissions (% of total)	30.4	31.1	31.3	31.6	32.1	32.7

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

Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.

a/ Projection using point to point elasticity at regional level with pass-through = 0.7 based on GDP per capita in constant LCU.

b/ Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.