



ISLAMIC REPUBLIC OF MAURITANIA

June 2024

SECOND REVIEWS UNDER THE ARRANGEMENTS UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED FUND FACILITY, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND FIRST REVIEW UNDER THE ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; AND STAFF REPORT

In the context of the Second Reviews Under the Arrangements Under the Extended Credit Facility and the Extended Fund Facility, Requests for Modification of Performance Criteria and a Waiver of Nonobservance of Performance Criterion, and First Review Under the Arrangement Under the Resilience and Sustainability Facility, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on March 8, 2024, with the officials of the Islamic Republic of Mauritania on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on May 16, 2024.

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IMF Executive Board Completes the Second Reviews Under the Extended Credit Facility and the Extended Fund Facility Arrangements and the First Review under the Resilience and Sustainability Facility Arrangement for the Islamic Republic of Mauritania

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed today the second reviews under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements, and the first review under the Resilience and Sustainability Facility (RSF) arrangement for the Islamic Republic of Mauritania, enabling the authorities to draw SDR 21.3 million (approximately US\$36.84 million). The performance in IMF supported programs under the ECF and EFF arrangements and the RSF arrangement is on track.
- In 2024, economic growth is expected to improve, while inflation has slowed down significantly. However, the economic outlook remains uncertain.
- Continued implementation of the programs under the ECF and EFF arrangements, and of the ambitious reform measures to address climate-related vulnerabilities, supported by the RSF arrangement will help address Mauritania's medium- and long-term challenges and catalyze additional financing from donors and the private sector.

Washington, DC – June 4, 2024: The Executive Board of the International Monetary Fund (IMF) completed today the second reviews under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) arrangements¹ and the first review under the Resilience and Sustainability Facility (RSF) arrangement² for the Islamic Republic of Mauritania. The completion of the reviews allows for an immediate disbursement of SDR 21.3 million (approximately US\$36.84 million), of which SDR 2.15 million (about US\$3.72 million) under the ECF arrangement, SDR 4.29 million (about US\$7.42 million) under the EFF arrangement, and SDR 14.86 million (about US\$ 25.70 million) under the RSF arrangement. The Executive Board's decision was taken on a lapse-of-time basis.³

The performance in Fund supported programs under the ECF/EFF arrangements and the RSF arrangement is on track and its implementation has been satisfactory. All end-December quantitative performance criteria (QPCs) were met, except for the deficit of the non-extractive primary balance (NEPB) for which a marginal breach was observed due to an unexpected project loan disbursement in December for the statistical agency and for which the Executive Board granted a waiver of nonobservance. December 2023 and March 2024 SBs were met. The April 2024 reform measure (RM) under the RSF arrangement was also met.

¹ Approved by the IMF Executive Board on January 25, 2023 for an amount of SDR 64.40 million (about 86.9 million dollars) (see press release No. 23/15)

² Approved by the IMF Executive Board on December 19, 2023 in the amount of SDR 193.2 million (about 258.21 million dollars).

³ The Executive Board takes decisions under its lapse-of-time procedure when a proposal can be considered without convening formal discussions.

In 2024, economic growth is expected to reach 4.3 percent compared to 3.4 percent in 2023, driven by the performance of the non-extractive sector. Inflation has slowed down significantly, turning out at 2.7 percent in March 2024 compared to 8.2 percent in March 2023, reflecting the downturn in commodity prices and monetary policy tightening. At end- 2023, the NEBP, including grants, amounted to -5.3 percent of GDP (compared to -7.6 percent in 2022). The current account deficit is estimated to have narrowed to 10.0 percent of GDP in 2023 (compared to 14.6 percent at end-2022). International reserves have stabilized and are at an adequate level of 2.0 billion dollars in 2023 (6.3 months of prospective non extractive imports).

The economic outlook remains uncertain. An escalation of geopolitical tensions could affect Mauritania through new terms of trade shocks. Climate disasters could cause deterioration in infrastructure, arable lands, and agriculture production, and keeping food insecurity relatively high. Further delays in the start of the Greater Tortue Ahmeyim (GTA) gas project and/or adverse price fluctuations in commodity markets could lower fiscal revenue, increase external financing needs, and worsen the medium-term debt profile. On the upside, the implementation of future phases of the GTA project or of other major mining projects would improve economic growth and the balance of payments.

Continued implementation of the programs under the ECF and EFF arrangements, and of the ambitious reform measures to address climate-related vulnerabilities, supported by the RSF arrangement, will help address Mauritania's medium- and long-term challenges and catalyze additional financing from donors and the private sector. In particular, the programs aim to help maintain reserves above the adequate level during the gradual flexibilization of the exchange rate, strengthen policy frameworks, and promote sustainable and inclusive growth. The arrangements will also contribute to the development of human capital, private sector growth, and poverty reduction, and to address climate change challenges.

Mauritania: Selected Economic Indicators, 2022–24			
Poverty rate: 33.6 percent (2021)	Quota: SDR 128.8 million		
Population: 4.8 million (2022)	Main exports: iron ore, fish, gold		
	2022	2023	2024
			Proj.
(Annual change in percent; unless otherwise indicated)			
National accounts and prices			
Real GDP	6.4	3.4	4.3
Real extractive GDP	18.3	10.9	2.6
Real non-extractive GDP	3.3	1.7	4.7
GDP deflator	1.9	2.7	4.4
Consumer prices (end of period)	11.0	1.6	4.0
(In percent of nonextractive GDP; unless otherwise indicated)			
Central government operations			
Revenues and grants	24.5	22.9	23.6
Nonextractive	17.8	17.3	18.6
Taxes	13.1	12.8	14.0
Extractive	5.0	3.7	3.1
Grants	1.8	1.8	1.9
Expenditure and net lending	28.1	25.4	25.2
Current	16.9	16.6	15.7
Capital	11.3	8.8	9.5
Primary balance (excl. grants)	-4.4	-3.4	-2.5
Overall balance (in percent of GDP)	-3.6	-2.5	-1.6
Public sector debt (in percent of GDP) 1/ 2/	47.5	47.9	44.5
(Annual change in percent; unless otherwise indicated)			
Money and Credit			
Broad money	2.8	4.7	5.3
Credit to the private sector	13.0	5.2	7.3
Balance of Payments			
Current account balance (in percent of GDP)	-14.6	-10.0	-7.9
Excl. externally financed extractive capital imports	-0.8	-1.6	-1.8
Gross official reserves (in millions of US\$, eop) 3/	1,877	2,032	1,976
In months of prospective non-extractive imports	6.2	6.3	6.4
External public debt (in millions of US\$) 2/	3,970	4,033	4,025
In percent of GDP	40.7	38.5	38.0
Real effective exchange rate	...	...
Memorandum items:			
Nominal GDP (in millions of US\$)	9,763	10,481	10,589
Price of iron ore (US\$/Ton)	120.7	120.3	128.4
Sources: Mauritanian authorities; and IMF staff estimates and projections.			
1/ Including government debt to the central bank recognized in 2018.			
2/ From 2021, including renegotiated, previously passive debt to Kuwait.			
3/ Excluding hydrocarbon revenue fund.			



ISLAMIC REPUBLIC OF MAURITANIA

May 16, 2024

SECOND REVIEWS UNDER THE ARRANGEMENTS UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED FUND FACILITY, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND FIRST REVIEW UNDER THE ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

EXECUTIVE SUMMARY

Context. Economic performance in 2023 has been broadly positive, with decreasing inflation and a narrowing current account deficit, although real GDP growth slowed somewhat. Still, challenges related to infrastructure, governance, vulnerability to economic shocks, and limited economic diversification constrain Mauritania's economic development. While the political situation appears stable, security risks persist, especially in the Sahel region. Additionally, frequent and severe climate-related disasters create large adaptation needs, though opportunities for boosting clean energy exist.

Program implementation under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF). Program performance under the current ECF/EFF arrangements is on track. All end-December quantitative performance criteria (QPCs) were met, except for the deficit of the Non-Extractive Primary Balance (NEPB) for which a minimal breach was observed. End-March 2024 indicative targets (IT) for net international reserves (NIR), net domestic assets (NDA), new arrears and the PV of newly contracted debt were also met. December 2023 and March 2024 structural benchmarks (SBs) were met. Staff supports the authorities' request for a modification of the NDA performance criteria for end-June to end-December 2024 from changes to levels, and a modification of two SBs related to governance reforms, in line with IMF technical assistance (TA) recommendations. Staff also supports the authorities' request for a waiver of nonobservance of the QPC on the NEPB deficit.

Program implementation under the current Resilience and Sustainability Facility (RSF). Program performance under the current RSF arrangement is on track. The April 2024 reform measure (RM) was met.

Approved By
Taline Koranchelian
and Boileau Loko

Discussions took place during February 26 – March 8, 2024, in Nouakchott. The team comprised Felix Fischer (head), Onur Ozlu, Diva Singh (all MCD), Benjamin Kett (SPR), Faycal Sawadogo (FAD) and Anta Ndoye (Resident Representative), assisted by Ibrahim Ball and Moctar Bellamech (local economists). Ms. Fatimetou Yahya (OED) joined part of the discussions. Jarin Tasnim Nashin provided research assistance, Abigail Korman, Sofia Cerna, and Ibrahima Kane provided administrative support. The team met with Prime Minister Mohamed Ould Bilal, Central Bank Governor Mohamed Lemine Dhehby, Minister of Finance Isselmou Ould Mohamed M'Bady, Minister of Economy and Sustainable Development Abdesselam Ould Mohamed Saleh, Minister of Petroleum and Energy Nany Chrougha, Minister of Environment Lalya Kamara, Minister of Water and Sanitation Ismail Vattah along with other government and public enterprise senior officials, members of the main opposition parties, banks, development partners and the diplomatic community.

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CONTEXT

1. Mauritania’s economic performance under the second review of the ECF and EFF arrangements is broadly positive. After a boom in 2022, real GDP growth slowed in 2023. Supported by the declining oil and food prices, inflation eased, and the current account (CA) deficit narrowed. International reserves remain adequate at US\$2.0 billion at end-2023. Yet, infrastructure and governance gaps, and limited diversification still impede income convergence with North African peers. Health and education quality lags that of peers. Weaknesses in public investment management weigh on the quality of investment. External vulnerabilities are elevated due to limited economic diversification, dependence on a few export sectors (mining and fishing). Private investment is constrained amid limited access to finance and a challenging business environment, limited competition, and the prevalence of State-Owned Enterprises (SOEs) in key sectors of the economy.

2. The RSF will help Mauritania’s effort address its significant climate change challenges. Mauritania is facing frequent and severe climate-related natural disasters, which affect economic stability and growth and create large adaptation needs. The authorities’ revised Nationally Determined Contribution (NDC) report estimates climate adaptation costs at \$10.6 billion over 2021–30 (107 percent of 2021 GDP), and mitigation needs at US\$34.2 billion over 2021–30 (354 percent of 2021 GDP).¹ The expected rise in the sea level threatens the highly populated capital Nouakchott. Fast urbanization and population growth put further pressure on water infrastructure. Yet, there are significant opportunities for clean energy production. Reforms supported by the RSF program are expected to help the authorities respond to the adaptation needs and decarbonize the economy, particularly given the weight of the extractive sectors.

3. The political situation remains stable, but security risks persist. The deterioration of the security situation across the Sahel has led to a surge in refugees into Mauritania. Presidential elections are expected to take place in June 2024. Staff met with the main opposition parties to seek their views on the key objectives and policies of the program and received their endorsement.²

RECENT ECONOMIC DEVELOPMENTS

4. Economic activity slowed in 2023 compared to 2022, while inflation continued to decelerate. Economic activity in 2023 slowed to 3.4 percent (6.4 percent in 2022) Underperformance by the agricultural—partly as a result of a drought—and fisheries—as the non-fishing time got extended to protect fish reproduction—sectors were the main reasons for the weak overall growth, along with fiscal consolidation and the lagged effect of tighter monetary policy. In contrast to the

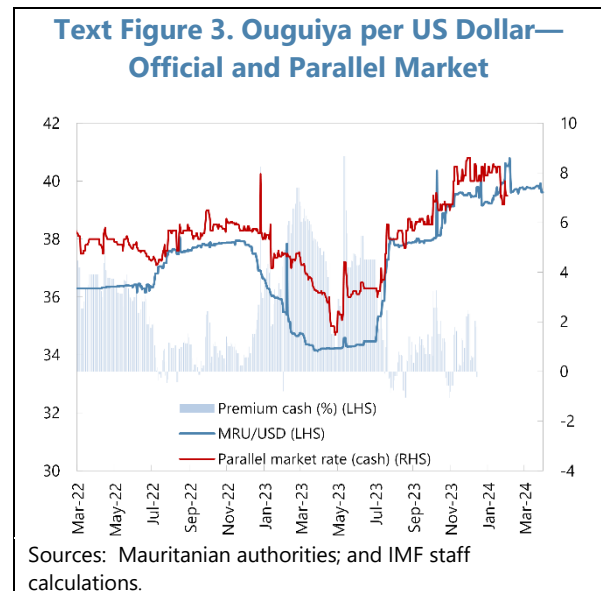
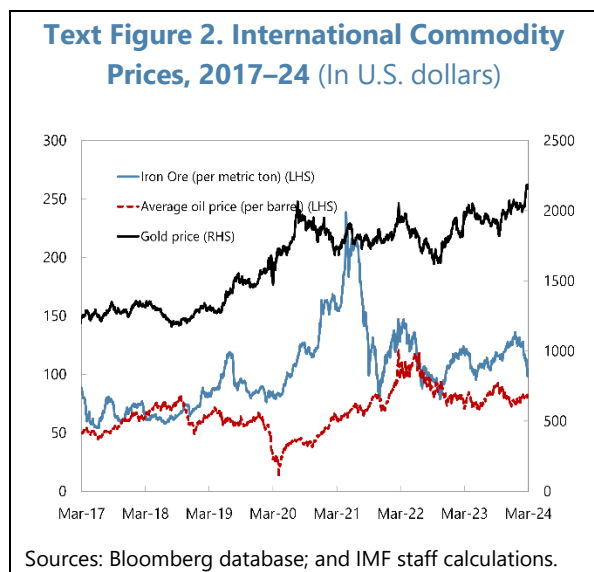
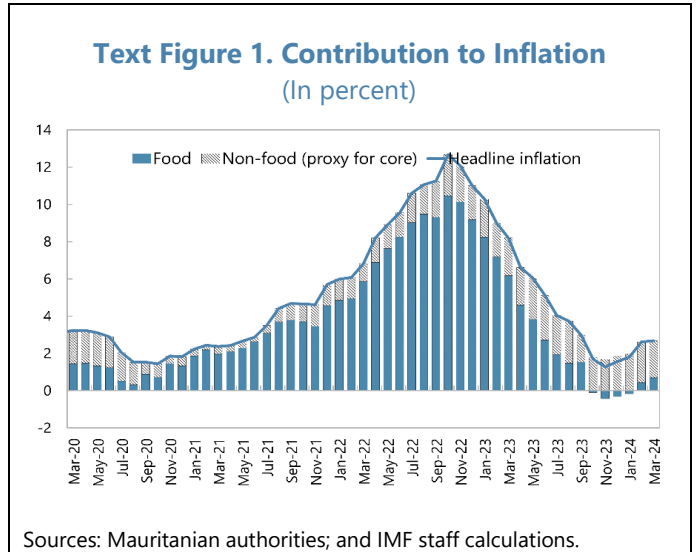
¹ See also Selected Issues Paper, February 2023 (IMF Country Report No. 23/74).

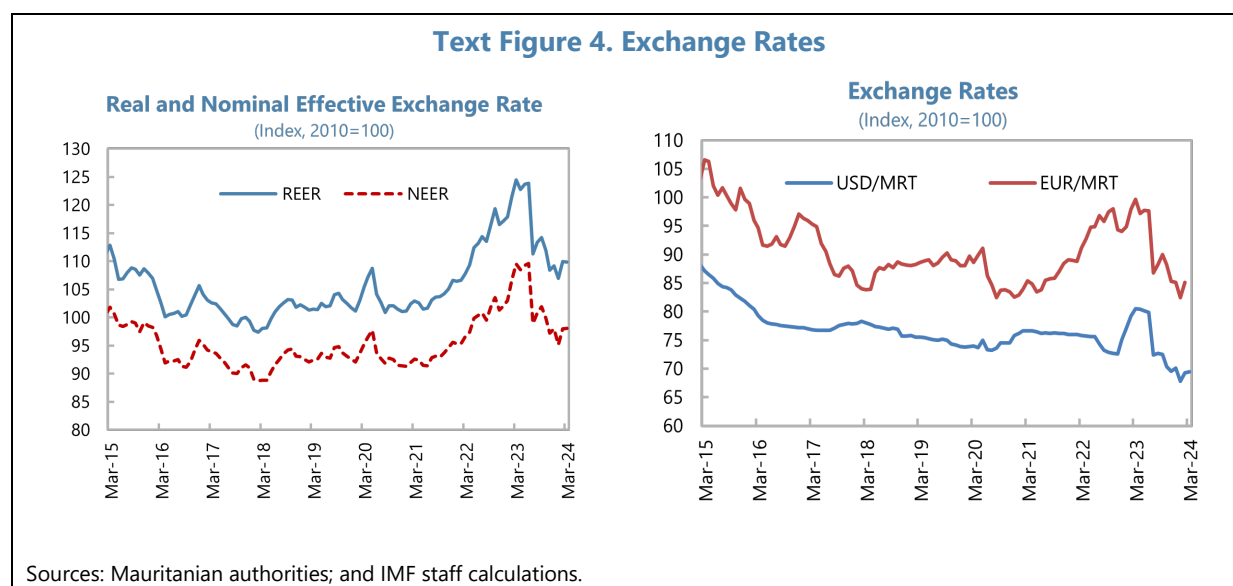
² Seeking assurances are typical when an IMF-supported program is spanning through an electoral period as program implementation may involve the effort of several governments (current and the new government).

weak performance of the non-extractive sector 1.7 percent (3.3 percent in 2022), growth was mainly driven by a normalization of the extractive sector (10.9 percent). Non-extractive sector growth remains insufficient to sustainably increase standards of living. Reflecting the decline in international commodity prices and the central bank’s monetary policy tightening, inflation remained contained at 2.7 percent (y-o-y) in March 2024, up from 1.6 percent at end-2023 (Text Figure 1).

5. The external position improved as imported food and energy prices normalized.

The CA deficit is estimated to have narrowed in 2023 to 10.0 percent of GDP (14.6 at end-2022) following lower average food and energy prices relative to 2022, fiscal consolidation and tighter monetary policy. However, the deficit remains elevated due to the temporary Q1 2023 exchange rate appreciation, which led to a front-loading of imports, and still elevated public expenditure. By end-December 2023, international reserves increased to US\$2.0 billion, or 6.3 months of prospective non-extractive imports (2022: US\$1.9 billion), largely due to the elevated repatriation of funds from Société Nationale Industrielles et Minière (SNIM) in Q4 2023. At end-2023, the Ouguiya saw a 7.4 percent depreciation against the US dollar relative to end-2022. The Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) depreciated by 5.8 percent and 8.8 percent respectively, relative to end-2022 (Text Figure 4).





6. Although the overall fiscal deficit declined, public sector debt increased. Revenues, including grants, decreased to 22.9 percent of GDP in 2023 (24.5 percent of GDP in 2022) following the end of the first phase of GTA investment phase, lower fishing quotas, and the decline in international commodity prices. Meanwhile, expenditures also decreased to 25.4 percent of GDP in 2023 (28.1 percent of GDP in 2022).³ As a result, the deficit of the overall balance decreased to 2.5 percent of GDP (3.6 percent of GDP in 2022). However, with the depreciation of the exchange rate, public sector debt increased from 47.5 percent of GDP in 2022 to 47.9 percent of GDP in 2023.

7. The execution of the 2024 budget is in line with projections. As of end-March 2024, total revenues, including grants, at MRU 18.3 billion increased by 18.6 percent relative to Q1 2023 (MRU 15.5 billion). Tax revenues were 28.2 percent higher year-to-date than in the same period in 2023. Total expenditure at MRU 19.6 billion was 11.4 percent higher compared to Q1 2023 (MRU 17.6 billion).

8. The Central Bank of Mauritania (BCM) substantially absorbed excess liquidity ahead of the introduction of the new foreign exchange (FX) platform in mid-December. The increase in conventional and Islamic treasury bills under the program has helped reduce excess liquidity, reignite the government securities market and facilitate the emergence of market interest rates. At end-December 2023, broad money grew by 4.7 percent relative to 2022, while the rate of credit to the economy slowed to 5.2 percent y-o-y.⁴ Importantly, reflecting the BCM's efforts to reduce

³ The end-December 2023 revenue was lower than the projection in the first review under the ECF and EFF. To offset the impact on the NEPB deficit, the authorities reduced expenditures, which led to lower end-of-year total expenditure relative to the first review projections.

⁴ Broad money was revised down from December 2022 onwards to reflect the BCM's liquidity absorption operations that were previously misclassified as an increase in banks' deposits at the BCM, which increased broad money, rather than an increase in other liabilities at the BCM. The corrected classification has reduced broad money by the amount of the liquidity absorption activities, thereby lowering broad money growth from 2023 onwards relative to the Staff Report for the First Reviews under the ECF and EFF.

excess liquidity in the wake of the launch of the interbank FX platform, banks' excess reserves stood at -1.3 billion MRU at end-March 2024 following their decline in December, and although volatility has remained high, have averaged about 1.2 billion MRU since the launch of the interbank platform in mid-December, well below the average of 3.9 billion MRU from January to mid-December 2023.

9. On December 14, 2023, the central bank successfully launched the new electronic interbank FX trading platform. Since the introduction of the platform, the FX market has functioned smoothly.⁵ The BCM has intervened occasionally to keep ER movements within the +/-5 percent band while remaining within the bounds of an intervention budget that determines the maximum allowable FX intervention compatible with the NIR target under the program. Relative to December 14, 2023, the nominal exchange rate against the U.S. dollar depreciated by 2.3 percent at end-January but has since appreciated slightly. At end-March, the Ouguiya/US dollar rate was roughly flat relative to its level at the launch of the platform. Volatility of the exchange rate has also remained modest.

OUTLOOK AND RISKS

10. The outlook remains broadly positive though further reforms are needed to lift non-mining economic growth (Figure 1).

- **Economic growth is projected at 4.3 percent in 2024.** While delays in the Greater Tortue Ahmeyim (GTA) LNG project will likely lower the performance of the extractive sector, non-extractive sectors such as agriculture and fisheries are expected to perform strongly, given related infrastructure investments and new policies for better management. The CA deficit in 2024 is expected to continue to narrow to 7.9 percent of GDP (10.0 percent at end-2023) amid fiscal tightening and increased gold and iron ore production but remains elevated in part due to delayed gas exports. Gross reserves are expected to stay stable at around 6.4 months of non-extractive imports by end-2024, largely due to a reduction in Central Bank interventions in the FX market.
- **Over 2025–29 growth is expected to evolve between around 4.3 and 6.3 percent.** Economic growth in 2025 is expected to remain at 4.3 percent, largely due to the GTA offshore gas production, which will offset the projected decline in gold production and drive extractive growth. Gas exports, combined with strong fish prices and an expansion in iron ore production until 2027 will likely support the narrowing of the CA. The decline in gold production in 2025–2027 would lead to a higher CA deficit and a weakening reserves progression, however, increased exchange rate flexibility may alleviate some of this pressure and international reserves are projected to remain adequate through 2029 (above 5.2 months of non-extractive imports). Increased exchange rate flexibility may impact the CA deficit in the medium term, although the

⁵ Ahead of the launch of the new platform and following Fund advice, the central bank cleared all backlogged FX demand, intensified communication with markets, let the exchange rate depreciate from 38 to 39 MRU per dollar and reduced excess liquidity. The Fund program's NIR target was also reduced downward to allow for more wiggle room to satisfy unexpected FX demand in the initial phase of the platform.

direction remains unclear as the new platform remains in early stages of execution. Structural reforms are expected to accelerate with support from the Fund programs.

- **Despite a projected increase in public sector debt for 2025 and 2026 compared to 2024, staff expects public debt to stabilize at around 46 percent of GDP from 2027 onwards (Table 1).** Mauritania has embarked on significant investment plans to enhance economic growth and development. These initiatives include revising capital expenditure projections upwards from 2025 onward to accommodate priority investments, particularly in infrastructure such as an electric line, which are pivotal for Mauritania's development and supported by various development partners.⁶ Consequently, and also factoring in disbursements from the RSF, public sector debt is expected to rise from 44.5 percent of GDP in 2024 to 45.7 percent in 2025 and 47.0 percent in 2026, before stabilizing around 46 percent of GDP from 2027 onward.⁷

11. The authorities are developing their capacity to increase visibility on the macroeconomic outlook and reduce debt-related risks. With support from the IMF Institute for Capacity Development (ICD), cross-institutional committees are developing a consistent medium term macroframework, long-run public debt projections and an analysis of debt dynamics. These projects are helping to strengthen the National Committee on Public Debt (MoF, MEDD, and BCM) and operationalize the Macroeconomic Forecasting Unit (MEDD).

12. The balance of risks is tilted to the downside. An escalation of geopolitical tensions could affect Mauritania through new terms-of-trade shocks. Not unusual for Mauritania, social tensions could increase in the wake of the 2024 presidential elections while the security situation in the Sahel could further deteriorate. Frequent climate disasters could damage infrastructure, impact agricultural production, worsen food insecurity, widen Balance of Payments (BoP) needs, and weigh on international reserves. Further delays in the GTA gas exploitation and adverse price fluctuations in commodity markets could lower fiscal revenue, increase external financing needs, and worsen the medium-term debt profile. On the upside, the implementation of future GTA gas project phases and other new extractive projects would improve economic growth and the BoP.

⁶ While strides are being made to streamline current expenditures, the resulting impact on total spending, and consequently the NEPB relative to the first review, remains noteworthy. Nonetheless, from 2026 onwards, the deficit of the NEPB remains below 4 percent of GDP and the deficit of the primary balance including grants remains below 0.5 percent of GDP (the program target is 1 percent of GDP).

⁷ Public sector debt stood at 47.5 percent and 47.9 percent of GDP in 2022 and 2023, respectively, while it was projected at 49 percent of GDP in 2027 at the time of program negotiations.

Text Table 1. Mauritania: Selected Economic Indicators, 2019-24

	2019	2020	2021	2022	2023	2024
						Proj.
National accounts and prices						
	(Annual change in percent)					
Real GDP	3.1	-0.4	0.7	6.4	3.4	4.3
Real extractive GDP	7.5	7.1	-19.2	18.3	10.9	2.6
Real non-extractive GDP	2.5	-1.7	6.0	3.3	1.7	4.7
Consumer prices (end of period)	2.7	1.8	5.7	11.0	1.6	4.0
Central government operations						
	(in percent of nonextractive GDP, unless otherwise indicated)					
Revenues and grants	19.9	20.8	22.7	24.5	22.9	23.6
Nonextractive	16.7	16.6	16.2	17.8	17.3	18.6
Taxes	12.2	10.9	11.7	13.1	12.8	14.0
Extractive	1.6	2.1	4.2	5.0	3.7	3.1
Expenditure and net lending	17.8	18.5	20.8	28.1	25.4	25.2
Of which: Current	11.2	12.0	13.0	16.9	16.6	15.7
Capital	6.8	6.6	7.8	11.3	8.8	9.5
Primary balance (excl. grants)	1.4	1.2	0.5	-4.4	-3.4	-2.5
Overall balance (in percent of GDP)	2.0	2.2	1.9	-3.6	-2.5	-1.6
Public sector debt (in percent of GDP)	57.7	56.5	52.4	47.5	47.9	44.5
External sector						
Current account balance (in percent of GDP)	-10.5	-6.8	-8.6	-14.6	-10.0	-7.9
Excl. externally financed extractive capital goods impor	-3.8	2.2	1.0	-0.8	-1.6	-1.8
Gross official reserves (in millions of US\$, eop)	1,135	1,542	2,347	1,877	2,032	1,976
In months of prospective non-extractive imports	5.8	6.7	8.2	6.2	6.3	6.4
External public debt (in millions of US\$)	3,845	4,113	4,204	3,970	4,033	4,025
In percent of GDP	48.7	48.6	46.1	40.7	38.5	38.0

Sources: Mauritanian authorities; and IMF staff estimates and projections.

PROGRAM DISCUSSIONS

13. Program performance under the current ECF/EFF and the RSF arrangements is broadly on track. All end-December 2023 QPC were met, except for the NEPB deficit for which a minimal breach was observed. The authorities are requesting a waiver of nonobservance of this performance criterion. December and March SBs were also met.

- **Net international reserves** increased by US\$108 million at end-December 2023 relative to end-2022, significantly above the QPC maximum decrease of US\$100.8 million, reflecting improved reserves management and increased repatriation of SNIM funds. The NIR stood at US\$1,487 million at end-March 2024, above the indicative target floor of US\$1,330 million.
- **End-December 2023 NDA** decreased by MRU 4.3 billion, below the QPC ceiling of MRU 4.0 billion, due to effective absorption of excess liquidity. The NDA increased by MRU 0.5 billion at end-March 2024 relative to end-December 2023, well below the IT of an increase of MRU 2.6

billion. The authorities are requesting a modification of the performance criteria for NDA from changes to levels.⁸

- **New external payment arrears** remained at zero through end-March 2024, in line with the continuous QPC.
- **The present value of new public and publicly guaranteed debt** reached MRU 14.5 billion at end-December 2023 and MRU 25.5 billion at end-March 2024, significantly below the respective QPC and IT ceilings.
- **The deficit of the non-extractive primary balance** reached MRU 20.12 billion at end-December 2023, marginally above the QPC of MRU 20.00 billion. The target was missed by MRU 0.12 billion due to an unexpected project loan disbursement of MRU 306 million received by the Agence Nationale de la Statistique, de l'Analyse et de la Demographie (ANSADE) in December for operations related to the fifth General Census of Population and Housing. The authorities requested a waiver for non-observance of this QPC on the basis that it is a minor deviation.
- **The law reforming the Nouadhibou Free Trade Zone** (end-March 2023 SB)⁹ was submitted to Parliament in October 2023, but is expected to be adopted at the next parliamentary session.
- **The central bank developed a strategic HR plan** to strengthen its supervisory function and increased technical staff in charge of off-site supervision from two to five people (end-March 2024 SB met).
- **The central bank reduced banks' short FX net open positions to below 20 percent (end-December 2023 SB, met) and published the Net Stable Funding Ratio (NFSR) instruction**, in line with MCM TA, which is expected to reduce the transformation risk of the banking sector (end-March 2024 SB met).
- **The Tax Policy Unit** has been operationalized with the staff hired and training on tax expenditures assessments started (end-March 2024 SB met).
- **Social safety net program against key climate shocks** has been formalized and expanded (end-April 2024 RSF RM, met).

14. Forward looking program discussions are in line with the ECF/EFF arrangements approved by the Executive Board in January 2023 of entrenching fiscal sustainability, increasing resilience to shocks, strengthening monetary policy, and fostering inclusive growth. The QPCs (MEFP Table 1) ensure that fiscal policy is insulated from volatile commodity prices, external debt is stabilized or reduced, and international reserves remain adequate given the

⁸ Staff supports the modification, which serves to bring Table 1 in the MEFP in line with the ECF/EFF first review staff report, such that the NDA figures presented for the end-June and end-December 2024 QPCs, and the end-September 2024 IT, are clearly labelled as "levels" and not "changes".

⁹ This SB was assessed as unmet at the first reviews under the EFF/ECF.

risk of widening BoP needs. To support program implementation, a revised capacity development (CD) strategy has been prepared in consultation with the authorities and discussed with IMF CD departments (Annex I).

A. Fiscal Policy

15. Consistent with end-2023 fiscal outturn and the 2024 downward revision of GDP growth, the authorities revised the provisional TOFE for 2024 to lower revenues. The budget 2024 (Text Table 2) approved by Parliament projected revenues at MRU 101.9 billion based on an end-2023 revenue projection at MRU 95.5 billion. However, actual end-December 2023 revenues, including grants, stood at MRU 87.4 billion (91.5 percent of 2023 budget). In line with this lower-than-projected revenue performance and the downward GDP revision for 2024, the authorities revised their revenue projection for 2024 relative to the draft 2024 budget law from MRU 101.9 bn to MRU 98.5 bn.

16. In parallel, the authorities have introduced new revenue measures to make up for part of the lost revenues. Thus, new revenue measures to avoid a larger reduction include: (i) re-introducing a consumption tax on sugar, and (ii) a new tax on un-built land. The authorities also committed to prepare an action plan for the implementation of new tax policy measures based on the recent tax policy diagnostic by September 2024 (ahead of the next program review).

17. To keep the fiscal performance in line with the program, the government committed to lower expenditures compared to the 2024 budget law approved by Parliament. To meet the NEPB target, i.e., limit the 2024 NEPB deficit to MRU 16.0 billion (3.8 percent of GDP), and considering the downward revision of revenue projection for 2024, the authorities reduced budgeted capital expenditures as follows: (i) by MRU 2.6 billion for domestically financed investments and (ii) by MRU 1.25 billion for externally financed investment. Relative to the end-2023 outturn, revised capital expenditures are now projected to increase by 0.7 percentage point of GDP in 2024 while current spending is projected to decrease by 1.0 percentage point of GDP.¹⁰

¹⁰ In 2024, energy subsidies (MRU 4.2 billion) are expected to decline by 19 percent relative to their 2023 level (MRU 5.2 billion) in line with decreasing international fuel prices. Phasing out fuel subsidies, which constitute more than 90 percent of total energy subsidies remains a priority for the authorities, as supported by one of the reform measures under the RSF.

Text Table 2. Mauritania: Key Budget Figures, 2021-25

	2021	2022	2023	2024		2025
	Act	Act	Act	Approved budget	Proj.	Proj.
MRU billions						
Total revenue incl. grants	75.5	88.4	87.4	101.9	98.5	108.4
Tax revenue	45.5	51.1	51.9	66.1	60.9	68.2
Non-tax revenue	22.4	31.0	28.6	28.0	29.7	34.8
Petroleum revenue	1.2	2.1	2.4	2.1	2.3	2.8
Grants	7.6	6.4	6.9	7.8	7.8	5.5
Expenditure and net lending	69.1	101.2	97.0	108.1	105.1	112.8
Current expenditure	43.3	60.8	63.8	64.7	65.5	67.1
Of which: Energy subsidy 1/		10.8	5.2	-	4.2	3.8
Of which: Interest	2.8	3.5	3.7	3.1	3.9	3.9
Capital expenditure	26.0	40.7	33.5	43.4	39.6	45.7
Net lending	-0.2	-0.3	-0.2	0.0	0.0	0.0
Primary balance (excl. grants)	2.8	-15.7	-12.8	-10.9	-10.5	-5.9
Non-extractive primary balance	-4.9	-27.2	-20.1	-18.6	-15.8	-18.5

Sources: Mauritanian authorities; and IMF staff projections.

1/ The presentation of the budget for 2024 does not have a specific line for spendings related to energy subsidies.

18. For 2024, the program supports the following fiscal reforms: ¹¹

- **PFM and expenditure policy:** increase the quarterly amount of cash transfers paid to vulnerable households from MRU 2,900 to MRU 3,600 and publish a report by Taazour/World Bank (end-December 2024 SB); ¹² publish financial reporting on SNIM mining and non-mining activities, including the SNIM foundation, on an annual basis (end-June 2024 SB); and improve the medium-term revenue and expenditure frameworks to ensure their consistency with the budget and the fiscal anchor.
- **Revenue administration:** Reform the codification of imported products in customs, including the additional codes used for tax regimes that allow to identify the imports that benefit from special tax regimes (end-September 2024 SB). ¹³

¹¹ The reforms closely relate to recommendations from IMF CD: Support for the assessment of tax expenditures and the creation of a Tax Policy Unit (2023); Considering climate change into public investment management (2023); PIMA (2020); PEFA (2020); AFRITAC PFM program; 2015 PFM work program; Transforming the Tax Administration (2023); Governance diagnostic (2021); Natural resource management (2021); Financial inclusion tool.

¹² The increase in the quarterly amount is effective since March 2024 and the beneficiaries are identified based on the social registry, which was implemented in 2016 and now covers 200,000 households, i.e., 31 percent of the population, thanks to the authorities' continued efforts to expand its coverage.

¹³ The implementation of this SB is underway with support from the World Bank.

- **Tax policy:** Submit to Parliament a revised investment code that eliminates “points francs” and reduces special regimes (end-December 2024 SB),¹⁴ reform the consumption tax in the revised budget law for 2024 (end-August 2024 SB) to remove existing inconsistencies in the general tax code and improve the identification and reduction of tax expenditures and operationalize the Tax Policy Unit (TPU) (end-March 2024 SB, met).¹⁵
- **Communication:** Engage and consult key stakeholders and the public in discussions about the institutionalization of the fiscal anchor to shield public expenditures from volatile commodity prices and stabilize medium-term debt. These objectives are currently part of the ECF/EFF arrangements and feature in the national budget and the Medium-Term Fiscal Framework, but a stronger institutional anchoring is required to sustain the reform beyond a Fund-supported program.
- **Natural resource revenue management:** Implement international good practice on administering taxpayers and reporting revenues, the use of resources from the FNRH,¹⁶ and its performance.

B. Monetary Policy, Foreign Exchange, and Financial Sector Policies

Monetary Policy

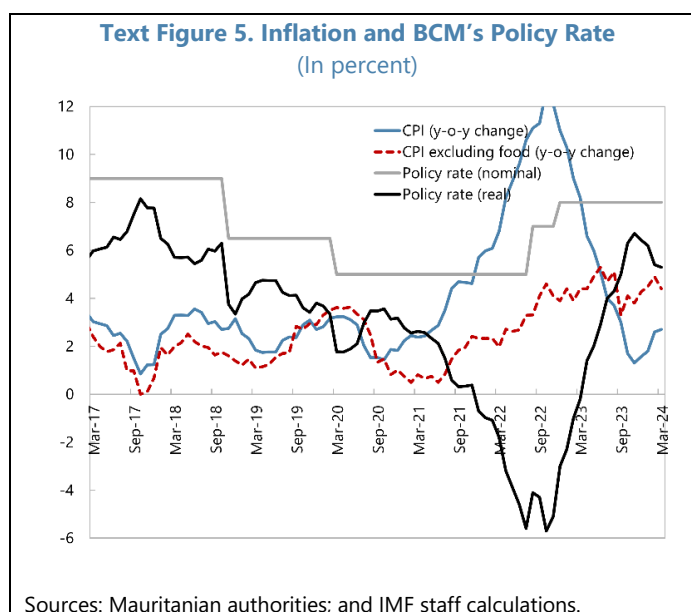
19. The central bank should remain vigilant in monitoring excess liquidity to reduce the structural liquidity overhang and help anchor low inflation. Maintaining the policy rate at 8 percent combined with the central bank’s liquidity absorption efforts helped bring inflation down to 1.6 percent by end-2023. The reduction in banks’ excess reserves to about 1.1 billion MRU at end-February is welcome. Going forward, the central bank should continue its efforts to minimize excess liquidity to help keep inflation low while also facilitating the development of the interbank market and avoiding undue swings in the FX market. With the recent uptick in inflation to 2.7 percent at end-March, the current tight monetary policy stance remains appropriate. Once inflation is clearly entrenched at around 3 percent for a period of a few months and excess reserves stabilized at around 1 billion MRU, the BCM could consider gradually reducing the policy rate—currently at about 5 percent in real terms.

¹⁴ Comments provided by staff on the first draft of the investment code are being incorporated.

¹⁵ The hiring of competent staff and the initiation of the TPU operations was a SB for end-March 2024, which was met. For the remainder of 2024, the TPU will benefit from training on tax expenditures assessment.

¹⁶ “Fonds National des Revenus des Hydrocarbures”, a fund managed by the Central Bank of Mauritania and held at the Banque de France.

20. To deepen the money and government securities markets, regular auctions of T-bills for conventional banks should continue. The stock of treasury bills issued by the government and held by commercial banks has steadily increased from 0.3 billion MRU at end-2022 to 3.9 billion MRU at end-January 2024, surpassing the MRU 3 billion end-2024 target (SB). Similarly, regular government auctions of Islamic bonds (whose stock stood at 650 million MRU at end-January) should help absorb excess liquidity in this market segment to reach MRU 1.5 billion by December 2024 (SB). As banks' participation in the T-bill market increases and markets deepen, the prospect of issuing longer-dated government securities of up to two years could be considered to help build a yield curve. These developments, together with the absorption of excess liquidity and the gradual narrowing of the BCM interest rate corridor enhance monetary transmission, and thus help increase the effectiveness of monetary policy operations.



21. The BCM has taken several steps to strengthen safeguards in recent months. To facilitate the transition to the International Financial Reporting Standards (IFRS), the BCM created an IFRS unit and hired an external expert, with the full transition to IFRS expected to be completed by end-April 2024, a full year ahead of schedule. In addition, the various measures to modernize and strengthen the internal audit function and expand oversight of the Audit Committee are on track to be completed by end-June 2024. The BCM also expects full compliance with the recommended measures to strengthen cybersecurity by end-June 2024, and on the peer review of its fiduciary and vault operations by end-September. In addition, the BCM requested TA for the development of internal regulatory procedures for the granting and guarantee of credit by end-June. Finally, to improve the BCM's financial position, which is weakened by substantial claims on the government at below market interest rates, the authorities are reviewing the 2018 convention on BCM claims on the government to shorten the maturity of the claim to 25 years or less, with a 3.75 percent interest rate on the remaining debt stock, and amortization beginning in 2025, of at least 0.2 bn MRU per year until 2027 and equal installments thereafter (December 2024 SB).

Foreign Exchange Policy

22. An interbank FX platform was successfully launched in December 2023 with positive progress so far. This is part of the BCM's broader reform agenda for the gradual transition towards greater ER flexibility, supported by extensive Fund TA. On this new platform through early-April, with 16 commercial banks currently participating, almost three-quarters of the total volume of FX transactions now occurs between banks, with the central bank adjudicating the remainder through auctions.¹⁷ This marks a significant departure from the previous quasi-monopoly role played by the central bank in the FX market, and paves the way for the development of an effective interbank market, and eventually enhanced exchange rate flexibility. Thus far, fluctuations in the exchange rate have remained modest, with regular transactions being performed by banks designated as "market makers" on the platform.¹⁸ The BCM is building capacity in regularly updating the intervention budget to smooth the volatility of the market while ensuring an increasing proportion of FX supplied directly to the platform through banks. The BCM, SNIM, and the Ministry of Finance (MOF) are coordinating to share forecasts of SNIM repatriation of funds (end-June 2024 SB) to improve the forecasting of FX inflows and the development of an accurate FX intervention budget.

23. The authorities are taking steps to minimize the possibility of triggering multiple currency practices (MCPs). The FX measures introduced in the context of implementation of critical reforms – supported by Fund TA – that were assessed to give rise to MCPs during the first reviews under the ECF/EFF arrangements, continue to give rise to MCPs under the new MCP policy that entered into force on February 1, 2024.^{19, 20} The MCP from the BCM auction arose on February 6, and the one from the FX rate applied to government transactions on February 1.²¹ Going forward, the BCM's FX auctions will be gradually discontinued as the interbank market matures. Further, the authorities have already modified the mechanism used for setting the reference FX rate for government transactions in a manner that would minimize the materialization of impermissible spreads.²²

¹⁷ While interbank transactions barely existed prior to the launch of the new platform, since the introduction of the platform on December 14 and April 5, 2024, commercial banks conducted 1887 FX interbank transactions amounting to a total of US\$579 million. During this same period, the BCM offered US\$224 million, of which US\$209 million were adjudicated.

¹⁸ Commercial banks operating as "market makers" have an obligation to trade a daily volume of at least US\$1 million on the FX platform. Currently, there are 11 banks operating as market makers.

¹⁹ IMF Country Paper NO. 23/74, Chapter "Mauritania: Gradual Transition to Greater Exchange Rate Flexibility" provides the background and rationale for the current reforms (notably Paragraph 47).

²⁰ These MCPs arise from the weighted average rate of the auctions conducted by the BCM, as well as the reference exchange rates used for the BCM's transactions with the Government and other public entities. It should be noted that the MCPs thus far observed have been minor and are not expected to have an economic impact.

²¹ As of April 26, 2024, impermissible spreads from the FX rate applied to government transactions also emerged on February 6 and 7th.

²² The government's FX transactions (in USD and EUR) on any given day would only be conducted in the afternoons using the BCM's FX reference rate set at 12:30pm that same day, thus avoiding the use of two exchange rates on the same day (morning and afternoon rates).

Financial Sector Policies

24. The BCM is strengthening its supervisory functions. The BCM has developed a human resource (HR) plan to strengthen its supervisory function and increased technical staff in charge of off-site supervision from two to five people, slightly above the minimum of four, per SB (end-March 2024 SB, met). With the support of IMF TA, the authorities developed an instruction for the introduction of the NFSR, which is expected to reduce the transformation risk of the banking sector and published the related instruction (end-March 2024 SB, met). The regulatory framework governing the supervision of financial institutions, including banks with online and electronic payment activities is being strengthened to (i) establish the conditions under which banks can open payment or electronic money accounts, and banking operations can be carried out remotely and (ii) to establish effective supervision of payment and electronic money establishments.

25. Enforcement of the prudential regulation is critical to ensure the banking system's resilience to shocks. The BCM adopted a new regulation on FX positions to adhere to the FX risk exposition, which helped reduce banks' short FX NOPs to below 20 percent by December 2023 (SB). The central bank also increased the minimum capital requirement to MRU 2 billion, and core capital requirement to at least MRU 3 billion. The BCM allowed banks to reach this target progressively by 2028 and established regulations prohibiting the distribution of dividends by banks for the same period, until the minimum capital and core capital requirements are fully met. Staff recommended that the BCM takes measures to enforce these prudential rules on the minimum capital and core capital requirements in line with the allowed timeline established by the BCM (end-December 2024 SB) and strictly enforce the previous rules until the new amounts take effect in line with IMF TA.

C. Policies to Bolster Governance, Transparency, and Private Investment

26. The authorities are taking actions in key governance areas supported by the governance diagnostic completed in June 2023. In September 2023, the Government published an action plan to implement the diagnostic's recommendations.²³ As part of their efforts to enhance transparency, the authorities will start publishing semi-annual reports on progress in the implementation of this action plan and the first report will be published by end-December 2024 (proposed SB). With IMF TA support, the authorities are implementing key recommendations of the diagnostic as follows:

- **Financial management of government assets:** The MOF is currently drafting an SOE Law in line with international standards and best practices, including the main elements of a government ownership policy, and measures to strengthen SOE governance, transparency, and accountability with a view to improving their financial and operational performance (SB, September 2024).

²³ See [Plan d'Action du Gouvernement pour Améliorer la Gouvernance | وزارة الشؤون الاقتصادية وترقية القطاعات الإنتاجية \(economie.gov.mr\)](https://www.economie.gov.mr/fr/plan-daction-du-gouvernement-pour-ameliorer-la-gouvernance)

27. Asset declaration and conflicts of interest: The authorities will prepare amendments to the legal and organizational frameworks to align them with the G20 High-Level Principles on Asset Disclosure by Public Officials, the recommendations of the governance diagnostic assessment, and IMF TA (SB, December 2024). The authorities have requested specific recommendations regarding the main elements of a stronger asset declarations and conflicts of interest system, including on the universe of public officials required to declare assets, coverage of declarations, verification procedures and enforcement mechanisms.

28. To promote transparency and fight corruption, the BCM is updating the AML/CFT system. The BCM has created a risk management committee which has to ensure the relevance of the internal control and its AML/CFT controls system in relation to the risks identified in their risk mapping. To improve management of money laundering risks associated with electronic payments and mobile banking, the BCM issued two new instructions to include established caps related to electronic payments and mobile banking. The BCM is also conducting thematic AML/CFT inspections and applying sanctions to ensure compliance.

29. Reforms to promote economic growth and create jobs need to be sustained by further improving the business environment and financial inclusion. With the support of IFC, the authorities are developing an investment policy statement that should be finalized by end 2024, with the aim of addressing policy obstacles to enhance the business environment and to raise economic growth in key sectors such as fisheries, agriculture, and tourism. To increase financial inclusion, an SME guarantee fund has been operationalized, with the first loans expected by mid-2024. The authorities adopted their national financial inclusion strategy at end-2023 and are taking actions to increase digital finance, including by elaborating a national digital payments strategy and implementing a regulatory sandbox at the BCM.

D. RSF

30. The social safety net program to strengthen resilience against key climate shocks (mainly droughts) has been formalized and expanded (end-April 2024 RM V, met). The authorities have adopted a decree, with IMF FAD and World Bank inputs. The decree (i) formalizes the national safety net program Tekavoul,²⁴ and its climate shock-response component (Tekavoul Choc), making the cash transfers permanent, (ii) expands the coverage of Tekavoul Choc to include all poor households affected by droughts, and (iii) ensures sufficient financing for the transfers. Until this reform, these transfers were largely funded by development partners. Through RM V, the government is gradually increasing its own financing for these transfers. For 2024, the authorities have transferred 50 percent of the cost of all cash transfers in the National Response Plan (PNR).

²⁴ While being a flagship governmental program, Tekavoul was not legally anchored until the introduction of this decree. The program was launched in 2016 and its component Tekavoul choc was launched in 2020, with World Bank assistance, to support households in extreme poverty and in climate-related food insecurity, respectively. The program uses the national social registry to select beneficiaries, the national payment platforms to deliver cash transfers, and the “cadre harmonisé” as the early warning system to trigger Tekavoul Choc.

31. The reform measure to integrate climate in public investment management (PIM) (end-October 2024 RM) is well underway. Based on the recommendations of the June 2023 C-PIMA, the Ministry of Economy and Sustainable Development (MESD) drafted a decree necessary to achieve RM III. The draft was recently revised to incorporate IMF feedback. It is expected to be finalized and adopted in time for the second RSF review.

32. The reform measure to strengthen the legal and institutional framework for effective water management (end-October 2024 RM) is in progress. With support from the Action on Water, Adaptation, and Resilience (AWARe) initiative,²⁵ the authorities have drafted an interministerial partnership agreement to achieve RM XI. The agreement has been signed by the Ministries of Water and Environment in May 2024, ahead of the second RSF review.

33. Decarbonization (RMs VI and VII for end-April 2025, third RSF review): The authorities are preparing the communication plan for (i) the fossil fuel pricing structure reform (RM VI) and (ii) the carbon tax (RM VII), and requested additional follow-up CD to support them in setting the technical parameters required for the timely delivery of the RMs. On RM VII, the authorities have already prepared a set of decrees that are ready for adoption – including modifying the status of the Commission National des Hydrocarbures (CNH) into an independent regulatory authority that is insulated from political influence – and committed to start actions related to the communication after the presidential elections.

PROGRAM MODALITIES

34. The authorities request a modification of the NDA QPCs for end-June and end-December 2024, and the respective IT for end-September 2024, as well as of two SBs. These NDA modifications bring Table 1 of the MEFP in line with the ECF/EFF first reviews staff report clarifying that the targets presented are levels and not changes. The modifications of SB 14 and 15 in MEFP Table 3 reflect recommendations from an IMF TA mission conducted in February 2024.

35. The ECF/EFF-supported program is fully financed, with firm commitments for the 12 months following the second reviews under the EFF and ECF arrangements with good prospects for financing thereafter (see Table 7). The authorities' financing needs beyond the ECF/EFF disbursements/purchases and external financing will be met by grants (primarily from the World Bank, European Union, International Fund for Agricultural Development, and France). Foreign direct investment and capital inflows will decline from 2024 onwards as investment in the GTA project concludes, but this will be largely offset by the resulting increase in gas exports. The program continues to help ease pressures on official reserves (actual BoP need) given the deterioration of the BoP overall balance in 2024 compared to projections in the ECF-EFF request

²⁵ The AWARe initiative was launched during the 27th UN Climate Change Conference (COP27). It aims to decrease water waste worldwide and improve water supply, while supporting the implementation of mutually agreed-upon policies and methods for cooperative water-related adaptation.

(resulting from increased import prices), and the significant risks associated with the volatile prices of Mauritania's commodity exports.

36. Mauritania's capacity to repay the Fund remains adequate, but subject to significant risks (Table 8). Total Fund outstanding credit (based on existing and prospective drawings) peaks at over 4.7 percent of GDP in 2025 (see Table 8), combining together several overlapping lending instruments from recent years (ECF, RCF, ECF/EFF, RSF) including emergency financing to manage the response to COVID-19. Total Fund credit outstanding as a percent of gross international reserves peaks at 26.3 percent in 2026. Debt service to the Fund reaches a maximum of 0.7 percent of GDP in 2026, and 4.1 percent of gross international reserves in 2027. Risks to the program are elevated given security risks, international commodity market volatility, climate change, and uncertainty related to the second and third phases of the GTA project. The authorities' continued commitment to reforms and donors' support will be critical to mitigating these risks.

37. External and overall public debt is sustainable with a moderate risk of debt distress (Debt Sustainability Analysis, December 2023).²⁶ As a result of debt service obligations deferred in 2020-21 under the DSSI, along with additional loans taken during COVID-19 (e.g., the RCF), external debt service obligations, from end-2023 outstanding debt, are expected to increase to 3.4 percent of GDP in 2024 (3.1 percent in 2023) before slightly decreasing to 3.2 percent in 2025.

STAFF APPRAISAL

38. Mauritania's economy is stable and performing well thanks to prudent implementation of monetary and fiscal policies; this should be sustained through strengthened coordination and monitoring at technical level. Real GDP growth was 3.4 percent in 2023, the CA deficit narrowed to 10.0 percent of GDP in 2023, inflation has declined to 2.7 percent (March 2024), international reserves are adequate at US\$2.0 billion (6.3 months of prospective non-extractive imports), and the NEPB deficit narrowed to 5.3 percent of GDP in 2023 (from 7.6 percent in 2022). Staff welcomes these results and encourages the authorities to maintain this macroeconomic stability as a foundation for sustained development by continuing to adhere to the Fund-supported program. Staff urges the authorities to strengthen the technical coordination and monitoring of macroeconomic policies and structural reforms to ensure smooth program implementation.

39. Building on macroeconomic stability, efforts are needed to increase and diversify non-extractive economic growth to sustainably reduce poverty and increase standards of living. Non-extractive private sector-driven economic growth is weak—1.7 percent in 2023—and needs to be boosted. Staff encourages the authorities to vigorously implement governance reforms and

²⁶ Mauritania has debt arrears to Brazil, which are deemed away under the policy on arrears to official bilateral creditors, as the underlying Paris Club agreement is adequately representative, and the authorities are making best efforts to resolve the arrears. Mauritania also has outstanding pre-HIPC arrears to the Arab Fund for Economic and Social Development, on which the authorities continue to offer a restructuring in line with relief committed at the time of the HIPC initiative, such that staff assesses that a credible plan to resolve the arrears is in place.

measures to diversify the economy and boost private sector investments, including by creating an even playing field for all investors, public or private. On the former, staff welcomes the publication of the governance diagnostic and governance action plan and urges the timely implementation by the Government. An important element in this endeavor is the approval by Parliament and implementation of the revised Nouadhibou Free trade zone law and the revision of the investment code that eliminates “points francs” and reduces special regimes.

40. Although the PC on the deficit of the NEPB was missed with a minimal breach, fiscal discipline underpinned by the fiscal anchor continues to help maintain macroeconomic stability. The authorities have requested a waiver of nonobservance of this PC, which staff supports given that the deviation is minor. Staff recommends institutionalizing the fiscal anchor to make this achievement a permanent feature outlasting the Fund program. Furthermore, staff urges the authorities to embark—with the help of Fund TA—on a more ambitious mobilization of domestic revenue, which is the most stable and reliable government financial resource. This can be achieved by creating an even playing field for private sector operators by reducing the multitude of special regimes, enforcing eligibility conditions for current preferential tax treatments, and implementing recommendations from the recent tax diagnostic mission as envisaged for the remainder of 2024. More ambitious domestic revenue targets would allow to further increase investments to meet the enormous development needs and to more quickly stabilize or increase net financial assets.

41. The current monetary policy stance appears appropriate until inflation is clearly entrenched at around 3 percent. Staff urges the Central Bank to continue the sterilization of excess reserves as they can otherwise risk overheating FX demand and/or lead to renewed inflationary pressures, and to continue to further reduce the BCM’s role as FX supplier in the market by channeling more export revenues directly to the FX platform. This will help support the move to a market-determined ER. Once inflation is clearly entrenched at around 3 percent with excess reserves kept at a minimum, the BCM could consider gradually reducing the policy rate. Although new MCPs occurred in February, the authorities have implemented measures to minimize the chances of recurrence (see paragraph 23).

42. Staff welcomes the recent implementation of several measures to strengthen BCM safeguards and encourages the authorities to complete remaining recommendations from the 2023 Safeguards Assessment as soon as feasible. The authorities’ full transition to the IFRS by end-April 2024, a full year ahead of schedule, is commendable, as is progress towards the completion of various measures to modernize and strengthen the BCM internal audit function by end-June 2024. Staff is also encouraged by the BCM’s expectation that overdue measures to strengthen cybersecurity will be completed by end-June. Staff urges the BCM to complete the peer review of its fiduciary operations, and the development of an internal regulatory framework for credit as soon as feasible. Finally, staff encourages the authorities to consider further revisions to the amended terms of the 2018 convention (December 2024 SB), to accelerate strengthening of the BCM’s financial position.

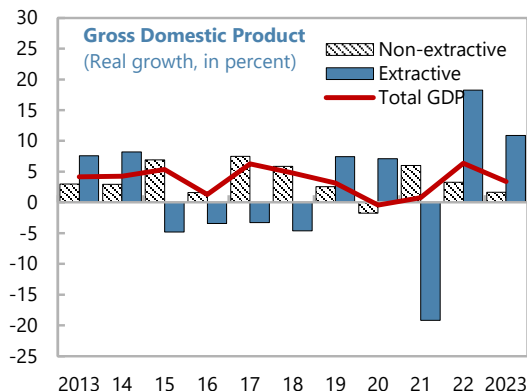
43. Staff welcomes the institutionalization of the social transfers, including for climate related shocks, and urges the authorities to develop a strong coordination and monitoring

system to keep RSF-supported reform on track. The RSF will help Mauritania reduce macro-critical risks associated with long-term structural climate-related challenges facing Mauritania, and augment policy space and financial buffers to mitigate the risks arising from these challenges. Staff urges the authorities to continue to focus on the timely implementation of reform measures and to assure that the strong political commitment for the RSF-supported reforms translates into effective implementation through strong inter-ministerial coordination, strengthened capacities—with the support of development partners, and close monitoring.

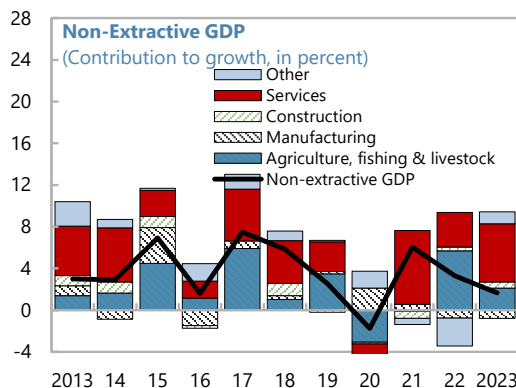
44. Finally, staff recommends completion of the second review under the ECF and EFF arrangements, completion of the first review under the RSF arrangement, and supports the authorities' request for (i) a modification of the NDA performance criteria for end-June, end-September 2024 and end-December 2024 to bring it in line with the first review, and modifications of two SBs to bring them in line with IMF TA recommendations, and (ii) a waiver of nonobservance of the QPC on the NEPB deficit. The Letter of Intent and Memorandum of Economic and Financial Policies set out appropriate policies to pursue the program's objectives. While implementation risks are significant, they are mitigated by the authorities' commitment to the program.

Figure 1. Mauritania: Real Sector Developments, 2013–23

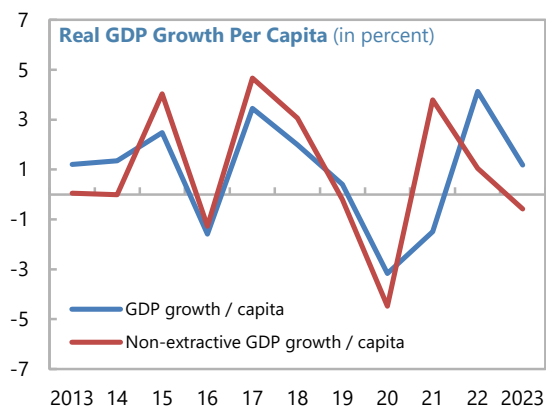
Real GDP growth has decelerated in 2023...



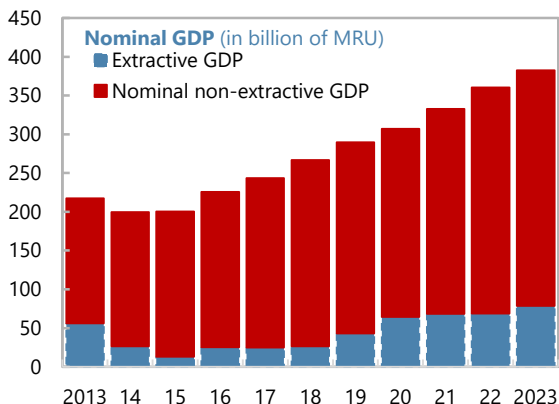
...and non-extractive GDP also broadly declined...



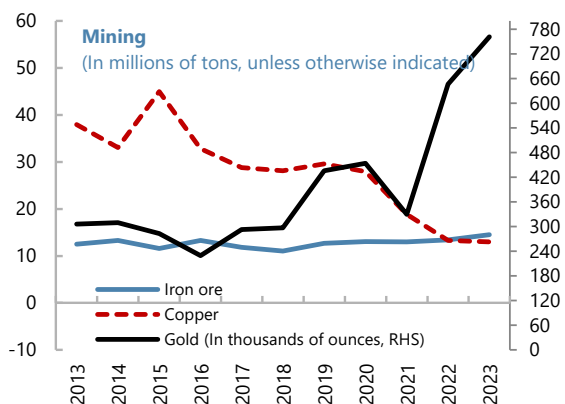
... with a deceleration of non-extractive activity per capita



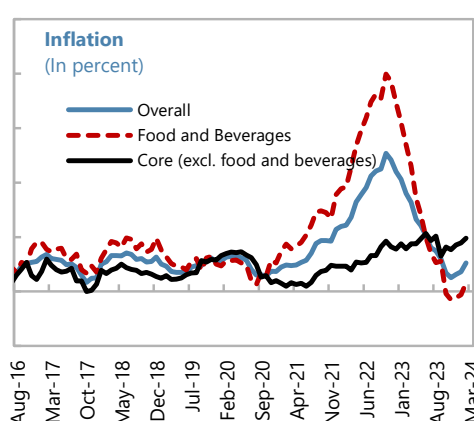
The non-extractive sector remained predominant, while extractive GDP expanded



... supported by a substantial increase in gold activity



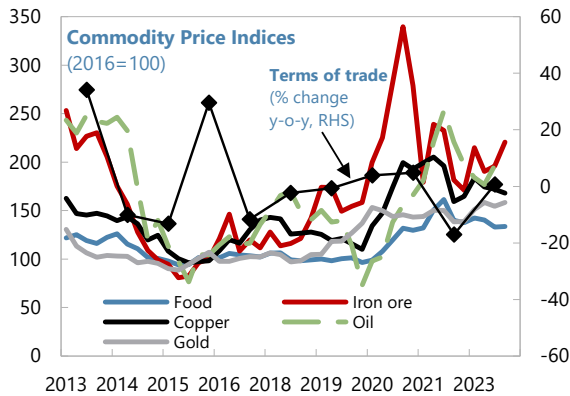
Inflation pressures decreased thanks to favorable food and energy prices and disciplined policies.



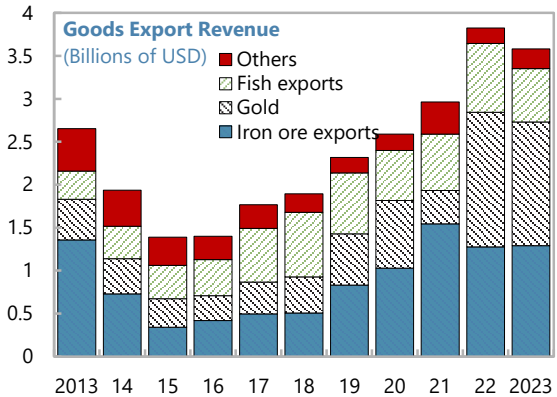
Sources: Mauritanian authorities; and IMF staff estimates and projections.

Figure 2. Mauritania: External Sector Developments, 2013–23

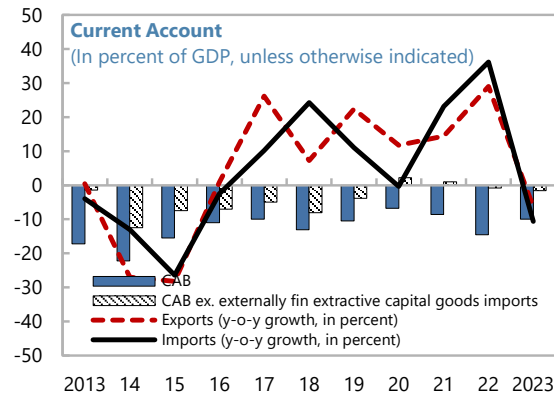
Terms of trade improved in 2023 with the drop in food prices and increase in oil and iron ore prices...



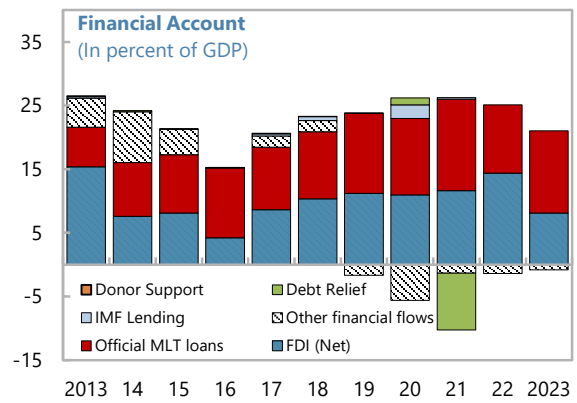
... with a slowdown in iron ore exports and gold exports...



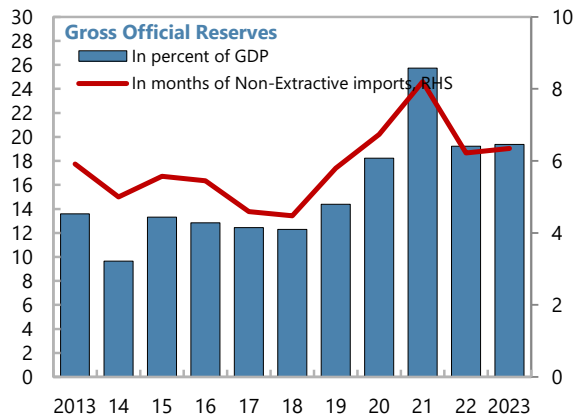
...resulting in a narrowing of the current account deficit.



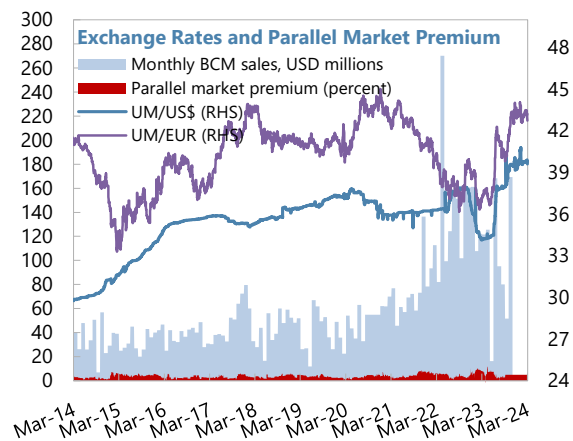
Significant financial flows supported the recovery during COVID slowed slightly in 2023...



... and official reserves broadly stabilized in 2023...



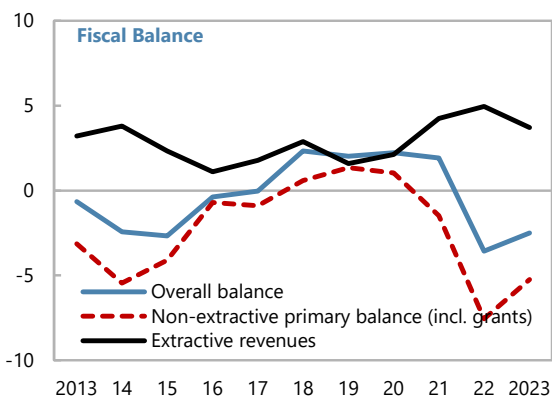
...as the BCM is decreasing substantially its FX interventions.



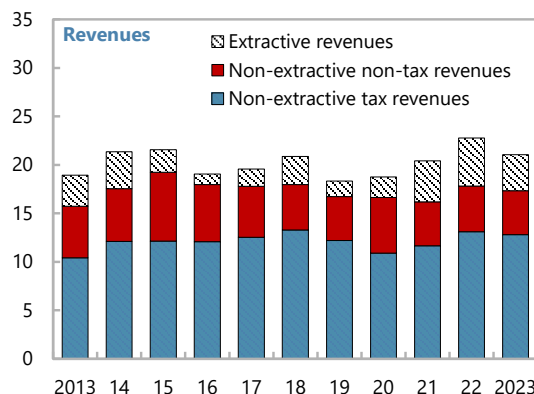
Sources: Mauritanian authorities; and IMF staff estimates and projections.

Figure 3. Mauritania: Fiscal Sector Developments, 2013–23

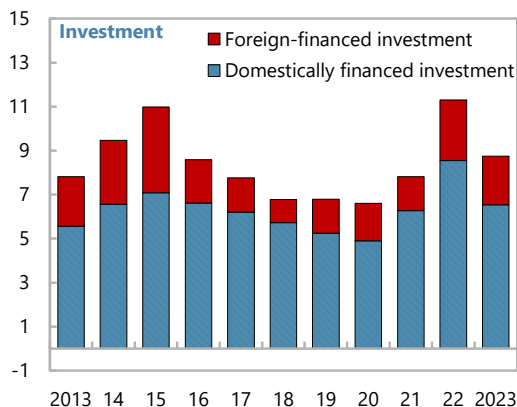
The fiscal balance improved in 2023 with the implementation of the fiscal anchor.



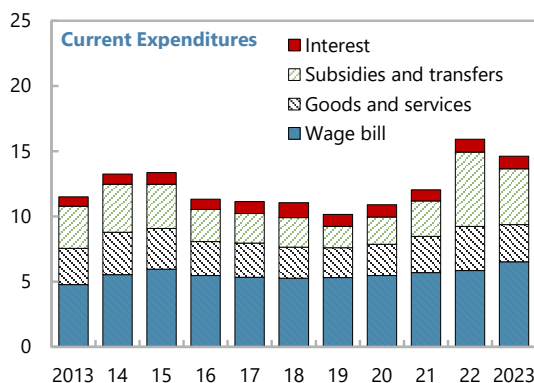
While extractive revenues and non-extractive non-tax revenues decreased...



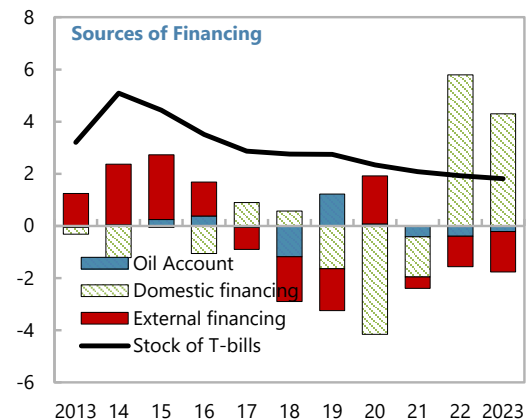
... public investment execution in 2023 was lower than 2022.



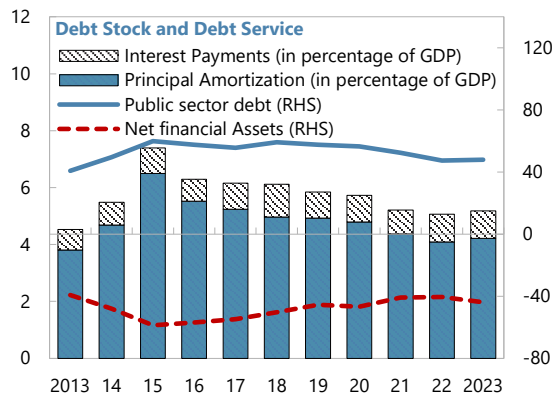
Subsidies decreased as result of international commodity prices development.



The fiscal deficit was financed mainly by a drawdown of the treasury account at the BCM...



... while public sector debt broadly stabilized.

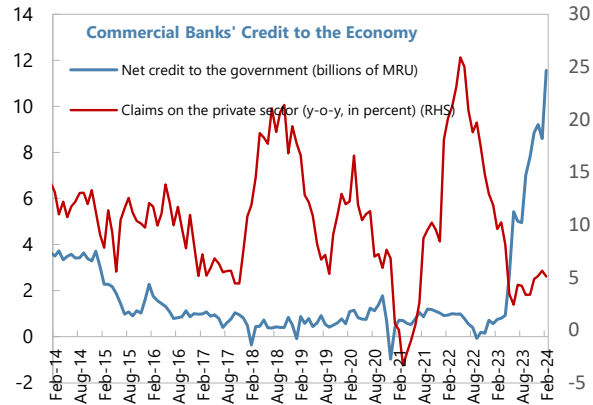
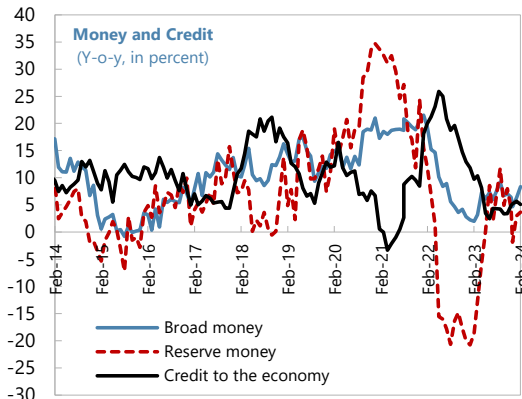


Sources: Mauritanian authorities; and IMF staff estimates and projections.

Figure 4. Mauritania: Monetary Sector Developments, 2013–23

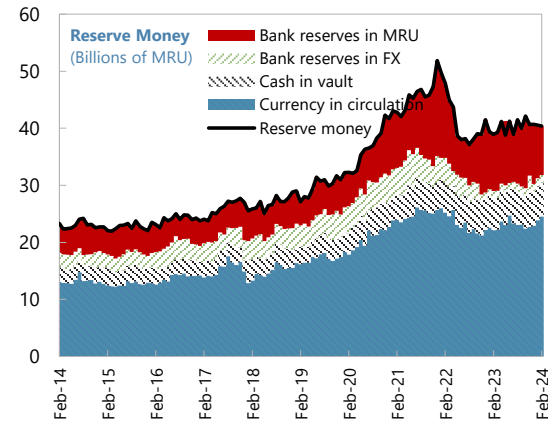
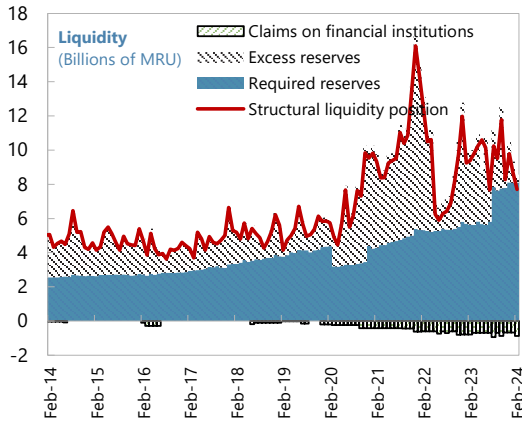
Private credit growth has decelerated rapidly since end-2022...

...partly as banks' credit to the government has expanded...



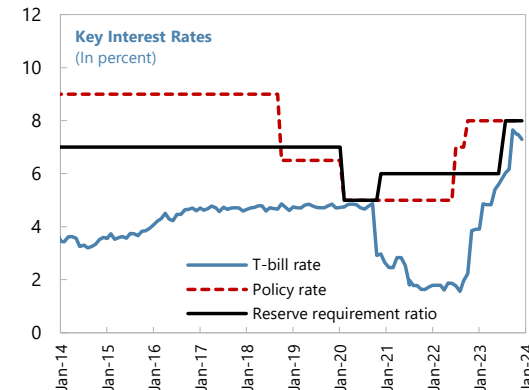
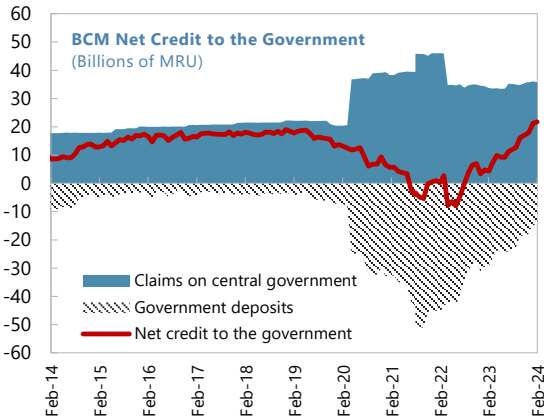
The BCM markedly reduced excess reserves in late-2023...

...which tempered the increase in reserve money ...



and government deposits at the central bank decreased...

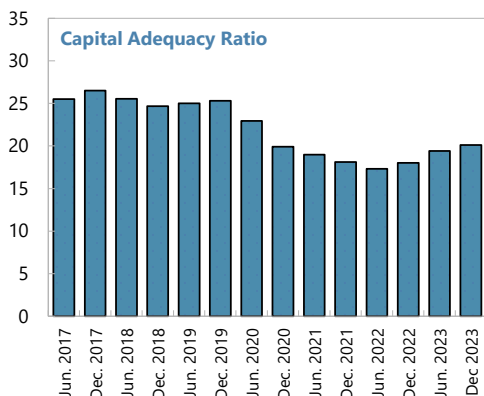
...while the T-bills rate increased reflecting more issuance for banks at market-determined rates.



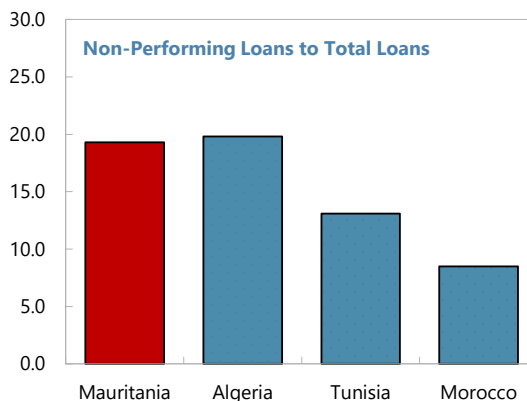
Sources: Mauritanian authorities; and IMF staff calculations.

Figure 5. Mauritania: Financial Sector Indicators, 2017–23

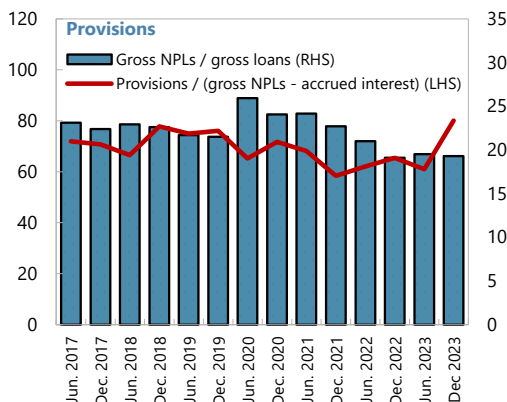
System-wide capital adequacy remains globally comfortable but masks uneven performance amongst individual banks.



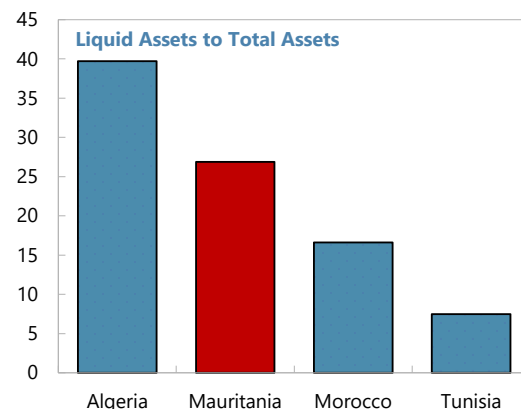
Asset quality is weaker than with peers...



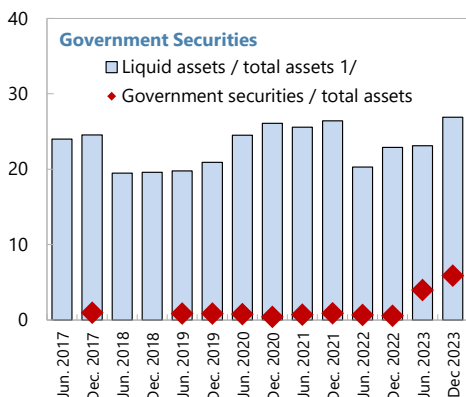
...but is improving since the peak of the pandemic.



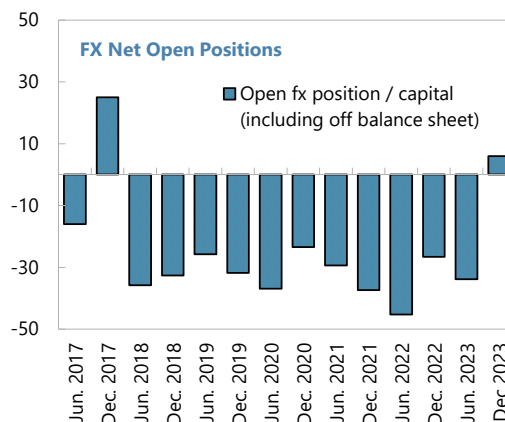
Liquid assets remain comfortable...



...and banks' holdings of government securities increased...



...while banks' short FX net open positions widened again in June 2023 but remained still within the prudential norms.



Sources: Mauritanian authorities; and IMF staff calculations.

Notes: Ratios follow national standards, and observations are in: December 2023 for Mauritania, 2023 for Algeria, June 2022 for Morocco, and September 2020 for Tunisia.

1/ Liquid assets in Mauritania: cash, reserves, and treasury bills.

Table 1. Mauritania: Macroeconomic Framework, 2020–2029

Poverty rate: 33.6 percent (2021)
Population: 4.8 million (2022)

Quota: SDR 128.8 million
Main exports: iron ore, fish, gold

	2020	2021	2022	2023		2024		2025	2026	2027	2028	2029
			Est.	1st Review	Proj.	1st Review	Proj.	Projections				
(Annual change in percent; unless otherwise indicated)												
National accounts and prices												
Real GDP	-0.4	0.7	6.4	4.8	3.4	5.1	4.3	4.3	4.3	5.3	6.3	4.5
Real extractive GDP	7.1	-19.2	18.3	11.6	10.9	5.5	2.6	4.4	3.0	9.0	13.3	5.1
Real non-extractive GDP	-1.7	6.0	3.3	3.2	1.7	5.0	4.7	4.3	4.6	4.4	4.4	4.4
Real GDP per capita	-2.6	-1.5	4.1	2.6	1.2	2.8	2.0	2.1	2.0	3.1	4.0	2.3
Iron ore production (million tons)	13.1	13.0	13.4	14.5	14.5	14.9	14.9	16.2	17.0	18.0	18.0	18.0
GDP deflator	6.5	7.5	1.9	3.3	2.7	1.4	4.4	-1.0	2.3	2.9	2.7	1.4
Nominal GDP	6.1	8.3	8.3	8.2	6.2	6.6	8.8	3.2	6.7	8.4	9.1	6.0
Consumer prices (period average)	2.4	3.6	9.6	7.8	4.9	4.4	2.7	4.0	4.0	4.0	4.0	4.0
Consumer prices (end of period)	1.8	5.7	11.0	4.5	1.6	4.2	4.0	4.0	4.0	4.0	4.0	4.0
(In percent of GDP)												
Savings and Investment												
Gross investment	43.2	43.4	43.0	39.4	36.9	35.0	37.3	37.6	35.8	35.5	35.5	35.2
Gross national savings	36.4	34.8	28.5	27.3	27.0	27.4	29.4	28.0	27.8	28.4	29.5	29.7
Saving - Investment balance	-6.8	-8.6	-14.6	-12.2	-10.0	-7.7	-7.9	-9.6	-7.9	-7.1	-6.0	-5.6
(In percent of GDP)												
Central government operations												
Revenues and grants	20.8	22.7	24.5	23.2	22.9	24.1	23.6	25.2	24.9	24.5	25.3	25.3
Nonextractive	16.6	16.2	17.8	18.9	17.3	19.0	18.6	19.8	20.2	20.4	21.1	21.2
Taxes	10.9	11.7	13.1	14.3	12.8	14.6	14.0	14.6	15.0	15.3	15.7	16.2
Extractive	2.1	4.2	5.0	2.7	3.7	3.2	3.1	4.2	3.6	3.0	3.3	3.2
Grants	2.0	2.3	1.8	1.7	1.8	1.9	1.9	1.3	1.1	1.1	1.0	0.9
Expenditure and net lending	18.5	20.8	28.1	25.2	25.4	25.6	25.2	26.3	26.0	25.6	25.7	25.6
Of which: Current	12.0	13.0	16.9	15.9	16.6	15.4	15.7	15.6	15.2	14.7	14.6	14.1
Capital	6.6	7.8	11.3	9.2	8.8	10.2	9.5	10.6	10.8	10.9	11.1	11.5
Primary balance (excl. grants)	1.2	0.5	-4.4	-2.8	-3.4	-2.5	-2.5	-1.4	-1.4	-1.3	-0.5	-0.5
Non-extractive primary balance (incl. grants)	1.0	-1.5	-7.6	-3.8	-5.3	-3.8	-3.8	-4.3	-3.8	-3.2	-2.7	-2.7
Overall balance	2.2	1.9	-3.6	-1.9	-2.5	-1.5	-1.6	-1.1	-1.2	-1.1	-0.4	-0.4
Public sector debt 1/ 2/	56.5	52.4	47.5	46.9	47.9	46.7	44.5	45.7	47.0	46.6	45.5	45.5
Net financial assets 3/	-46.8	-40.9	-40.4	-43.0	-43.8	-44.4	-42.2	-42.4	-42.6	-42.2	-40.5	-40.2
(Annual change in percent; unless otherwise indicated)												
Money												
Broad money 4/	21.0	20.4	2.8	8.0	4.7	11.9	5.3	6.9	7.6	8.0	8.1	8.2
Credit to the private sector	6.8	8.4	13.0	5.0	5.2	12.1	7.3	9.2	10.6	10.9	10.2	10.0
External sector												
Exports of goods, f.o.b.	11.7	14.4	29.0	-6.2	-6.4	8.6	8.6	-5.4	6.2	3.5	8.5	2.2
Imports of goods, f.o.b.	-0.4	23.1	36.2	-13.8	-10.6	-2.8	0.1	-2.2	1.8	1.7	4.6	1.8
Terms of trade	3.9	4.8	-17.1	7.0	0.7	1.8	9.4	-2.9	1.3	2.9	2.1	1.8
Real effective exchange rate	0.9	-0.1	9.3	...	...	...	...	...	...	...	...	...
Current account balance (in percent of GDP)	-6.8	-8.6	-14.6	-12.2	-10.0	-7.7	-7.9	-9.6	-7.9	-7.1	-6.0	-5.6
Excl. externally financed extractive capital imports	2.2	1.0	-0.8	-3.2	-1.6	-1.7	-1.8	-2.9	-1.4	-1.1	-0.2	0.0
Gross official reserves (US\$ million, eop) 5/	1,542	2,347	1,877	1,893	2,032	1,682	1,976	1,935	1,954	1,921	2,035	2,143
In months of prospective non-extractive imports	6.7	8.2	6.2	6.4	6.3	5.5	6.4	6.2	6.1	5.6	5.8	6.1
External public debt (US\$ million) 2/	4,113	4,204	3,970	4,099	4,033	4,322	4,025	4,331	4,636	4,872	5,113	5,370
In percent of GDP	49.1	45.8	41.4	40.7	41.4	40.8	38.0	40.4	41.4	41.0	40.2	40.7
Memorandum items:												
Nominal GDP (MRU billion)	307.2	332.6	360.3	391.5	382.6	417.1	416.3	429.7	458.5	496.9	542.2	574.6
Nominal non-extractive GDP (MRU billion)	242.9	264.1	291.5	313.8	303.8	333.7	319.8	337.5	363.2	392.2	421.2	451.8
Nominal GDP (US\$ million)	8,464	9,126	9,763	10,243	10,481	10,661	10,589	10,815	11,308	12,009	12,841	13,335
Nominal GDP (US\$, annual change in percent)	7.2	7.8	7.0	4.5	7.4	4.1	1.0	2.1	4.6	6.2	6.9	3.8
Exchange rate (MRU/US\$)	36.3	36.4	36.6	...	...	...	...	...	...	...	...	...
Price of oil (US\$/barrel)	41.8	69.2	96.4	80.5	80.6	79.9	77.7	73.8	70.9	69.0	67.9	67.4
Price of iron ore (US\$/Ton)	108.1	158.2	120.7	111.8	120.3	94.6	128.4	112.3	102.4	102.4	102.4	102.4
Price of gold (US\$/Ounce)	1,770	1,800	1,802	1,923	1,943	1,978	2,061	2,151	2,284	2,326	2,326	2,326

Sources: Mauritanian authorities; and IMF staff estimates and projections.

1/ Including government debt to the central bank recognized in 2018.

2/ From 2021, including renegotiated, previously passive debt to Kuwait.

3/ Defined as end of year stock in hydrocarbon fund and treasury account minus gross debt

4/ Broad money has been adjusted downward from 2023 onwards to correct for the previous misclassification of the BCM's liquidity absorption operations.

5/ Excluding the hydrocarbon revenue fund; including 2021 SDR allocation.

Table 2a. Mauritania: Balance of Payments, 2020–29
(In millions of U.S. dollars, unless otherwise indicated)

	2020	2021	2022		2023		2024		2025	2026	2027	2028	2029
			Est.	1st Review	Proj.	1st Review	Proj.		Projections				
Current account balance	-576	-782	-1,424	-1,247	-1,045	-817	-838	-1,041	-897	-852	-765	-746	
Excl. externally financed extractive capital imports	187	87	-79	-330	-164	-182	-194	-314	-160	-130	-25	-6	
Trade balance	-288	-580	-1,002	-572	-735	-147	-428	-545	-390	-325	-182	-168	
Exports, fob	2,591	2,964	3,825	3,589	3,581	3,896	3,890	3,680	3,910	4,046	4,391	4,486	
<i>Of which:</i>													
Iron ore	1,029	1,544	1,278	1,121	1,290	1,083	1,407	1,338	1,286	1,359	1,359	1,409	
Hydrocarbons	0	0	0	0	0	215	0	209	479	450	447	457	
Copper	153	192	92	90	95	98	113	91	30	0	0	0	
Gold	787	388	1,567	1,387	1,440	1,473	1,518	1,231	1,268	1,355	1,664	1,664	
Fish	584	659	799	841	623	862	701	651	673	694	717	740	
Imports, fob	-2,879	-3,544	-4,827	-4,161	-4,316	-4,044	-4,318	-4,224	-4,300	-4,371	-4,573	-4,655	
<i>Of which:</i>													
Food	-687	-792	-1,002	-951	-1,039	-968	-1,078	-1,042	-1,069	-1,100	-1,153	-1,186	
Petroleum	-417	-708	-1,195	-1,016	-1,041	-1,071	-1,079	-1,050	-1,052	-1,052	-1,051	-1,080	
Capital goods	-1,011	-1,052	-1,514	-1,086	-1,122	-814	-886	-980	-1,000	-995	-1,025	-1,032	
Services and income (net)	-630	-618	-753	-941	-609	-935	-679	-768	-794	-830	-892	-895	
Services (net)	-524	-472	-597	-862	-618	-859	-688	-756	-771	-801	-859	-860	
Credit	272	321	346	360	338	374	349	361	374	387	404	421	
Debit	-796	-793	-943	-1,222	-956	-1,233	-1,036	-1,117	-1,145	-1,188	-1,263	-1,282	
Income (net)	-106	-146	-156	-78	9	-75	8	-12	-22	-28	-33	-35	
Credit	84	60	91	272	170	274	131	126	116	115	116	120	
Debit	-190	-206	-247	-350	-161	-350	-123	-138	-138	-143	-149	-155	
Current transfers (net)	342	416	330	267	298	265	269	272	287	303	309	317	
Private unrequited transfers (net)	153	143	166	175	167	183	174	180	187	201	216	224	
Official grants	189	272	165	91	132	83	95	92	100	102	93	93	
Capital and financial account	620	1,978	1,710	1,313	988	641	818	972	997	985	1,038	964	
Capital account	73	987	136	99	192	65	88	91	94	97	100	103	
Financial account	548	991	1,575	1,214	796	576	730	881	903	888	939	861	
Foreign direct investment (net)	928	1,062	1,402	620	848	135	545	580	589	595	618	631	
Official medium- and long-term loans	94	52	6	141	35	79	-9	185	227	259	295	303	
Disbursements	287	314	218	387	277	333	268	428	469	497	529	548	
<i>Of which:</i> GTA gas project	84	94	136	0	0	0	0	0	0	0	0	1	
Amortization (before DSSI)	193	262	212	246	242	254	277	244	242	237	234	245	
SNIM medium- and long-term loans	-60	-204	-13	71	-9	73	87	96	105	110	111	20	
Other financial flows	-415	81	-121	381	-79	289	107	21	-18	-76	-84	-92	
Errors and omissions	91	350	78	0	284	0	0	0	0	0	0	0	
Overall balance	135	1,545	364	66	227	-176	-20	-69	100	133	274	218	
Financing	-317	-1,569	-362	-109	-242	158	3	51	-108	-133	-274	-218	
Net foreign assets	-411	-755	-364	-109	-242	158	3	51	-108	-133	-274	-218	
Central bank (net)	-373	-658	-194	-23	-189	248	97	145	-11	-25	-169	-154	
Change in reserve assets (- = increase, without RSF)	-422	-805	148	-16	-155	271	115	181	41	33	-114	-108	
Liabilities	49	147	-342	-6	-34	-23	-17	-36	-52	-59	-55	-46	
Other, incl. deposit from Saudi Arabia	-24	-24	-311	-6	20	-23	-17	-36	-52	-55	-46	-27	
Commercial banks (net)	-35	-47	-133	-48	-17	-49	-41	-55	-59	-61	-46	0	
Hydrocarbon revenue fund (net)	-3	-49	-38	-38	-36	-40	-53	-39	-39	-47	-58	-64	
Exceptional financing (incl. DSSI and debt cancellation)	94	-814	2	0	0	0	0	0	0	0	0	0	
Exceptional official grants	...	...	...	...	...	...	...	...	...	...	...	...
Financing gap	182	24	-2	43	15	17	17	17	9	0	0	0	
Use of Fund credit: ECF/EFF, RCF	182	24	0	43	43	17	17	17	9	0	0	0	
Residual gap	0	0	0	0	0	0	0	0	0	0	0	0	
Use of Fund credit: RSF	0	0	0	0	0	60	60	140	60	0	0	0	
Change in reserves (- = increase, with RSF)	-422	-805	148	-16	-155	211	55	41	-19	33	-114	-108	
Gross official reserves, incl. IMF financing (US\$ million)	1,542	2,347	1,877	1,893	2,032	1,682	1,976	1,935	1,954	1,921	2,035	2,143	
(in months of imports excluding extractive industries)	6.7	8.2	6.2	6.4	6.3	5.5	6.4	6.2	6.1	5.6	5.8	6.1	
Gross official reserves, excl. RSF (US\$ million)	1,542	2,347	1,877	1,893	2,032	1,622	1,917	1,736	1,695	1,661	1,776	2,083	
Memorandum items:													
Current account balance (in percent of GDP)	-6.8	-8.6	-14.6	-12.2	-10.0	-7.7	-7.9	-9.6	-7.9	-7.1	-6.0	-5.6	
Excl. externally financed extractive capital imports	2.2	1.0	-0.8	-3.2	-1.6	-1.7	-1.8	-2.9	-1.4	-1.1	-0.2	0.0	
Trade balance (in percent of GDP)	-3.4	-6.4	-10.3	-5.6	-7.0	-1.4	-4.0	-5.0	-3.5	-2.7	-1.4	-1.3	
Total external financing requirements (in percent of GDP)	9.8	13.7	16.9	14.6	12.4	10.1	10.6	11.9	10.1	9.1	7.8	7.4	
External public debt (in millions of US\$)	4,113	4,204	3,970	4,099	4,033	4,322	4,025	4,331	4,636	4,872	5,113	5,370	
(in percent GDP)	49.1	45.8	41.4	40.7	41.4	40.8	38.0	40.4	41.4	41.0	40.2	40.7	
External public debt service (after DSSI - US\$ million)	151	147	307	323	323	350	368	358	374	377	376	383	
(in percent of revenue)	9.5	7.9	13.8	14.6	14.6	14.8	16.0	13.8	13.9	13.4	12.0	11.7	
SNIM contribution to BOP (US\$ millions)	275	619	810	714	983	619	1,086	905	804	842	841	753	
Hydrocarbon revenue fund balance (US\$ millions)	86	135	171	209	191	249	244	283	323	369	427	491	

Sources: Mauritanian authorities; and IMF staff estimates and projections.

Table 2b. Mauritania: Balance of Payments, 2020–29
(In percent of GDP, unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
			Est.	1st Review	Proj.	1st Review	Proj.	Projections				
Current account balance	-6.8	-8.6	-14.6	-12.2	-10.0	-7.7	-7.9	-9.6	-7.9	-7.1	-6.0	-5.6
Excl. externally financed extractive capital imports	2.2	1.0	-0.8	-3.2	-1.6	-1.7	-1.8	-2.9	-1.4	-1.1	-0.2	0.0
Trade balance	-3.4	-6.4	-10.3	-5.6	-7.0	-1.4	-4.0	-5.0	-3.5	-2.7	-1.4	-1.3
Exports, fob	30.6	32.5	39.2	35.0	34.2	36.5	36.7	34.0	34.6	33.7	34.2	33.6
<i>Of which:</i>												
Iron ore	12.2	16.9	13.1	10.9	12.3	10.2	13.3	12.4	11.4	11.3	10.6	10.6
Hydrocarbons	0.0	0.0	0.0	0.0	0.0	2.0	0.0	1.9	4.2	3.7	3.5	3.4
Copper	1.8	2.1	0.9	0.9	0.9	0.9	1.1	0.8	0.3	0.0	0.0	0.0
Gold	9.3	4.3	16.0	13.5	13.7	13.8	14.3	11.4	11.2	11.3	13.0	12.5
Fish	6.9	7.2	8.2	8.2	5.9	8.1	6.6	6.0	5.9	5.8	5.6	5.5
Imports, fob	-34.0	-38.8	-49.4	-40.6	-41.2	-37.9	-40.8	-39.1	-38.0	-36.4	-35.6	-34.9
<i>Of which:</i>												
Food	-8.1	-8.7	-10.3	-9.3	-9.9	-9.1	-10.2	-9.6	-9.5	-9.2	-9.0	-8.9
Petroleum	-4.9	-7.8	-12.2	-9.9	-9.9	-10.0	-10.2	-9.7	-9.3	-8.8	-8.2	-8.1
Capital goods	-11.9	-11.5	-15.5	-10.6	-10.7	-7.6	-8.4	-9.1	-8.8	-8.3	-8.0	-7.7
Services and income (net)	-7.4	-6.8	-7.7	-9.2	-5.8	-8.8	-6.4	-7.1	-7.0	-6.9	-6.9	-6.7
Services (net)	-6.2	-5.2	-6.1	-8.4	-5.9	-8.1	-6.5	-7.0	-6.8	-6.7	-6.7	-6.5
Credit	3.2	3.5	3.5	3.5	3.2	3.5	3.3	3.3	3.3	3.2	3.1	3.2
Debit	-9.4	-8.7	-9.7	-11.9	-9.1	-11.6	-9.8	-10.3	-10.1	-9.9	-9.8	-9.6
Income (net)	-1.2	-1.6	-1.6	-0.8	0.1	-0.7	0.1	-0.1	-0.2	-0.2	-0.3	-0.3
Credit	1.0	0.7	0.9	2.7	1.6	2.6	1.2	1.2	1.0	1.0	0.9	0.9
Debit	-2.2	-2.3	-2.5	-3.4	-1.5	-3.3	-1.2	-1.3	-1.2	-1.2	-1.2	-1.2
Current transfers (net)	4.0	4.6	3.4	2.6	2.8	2.5	2.5	2.5	2.5	2.5	2.4	2.4
Private unrequited transfers (net)	1.8	1.6	1.7	1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.7	1.7
Official grants	2.2	3.0	1.7	0.9	1.3	0.8	0.9	0.8	0.9	0.8	0.7	0.7
Capital and financial account	7.3	21.7	17.5	12.8	9.4	6.0	7.7	9.0	8.8	8.2	8.1	7.2
Capital account	0.9	10.8	1.4	1.0	1.8	0.6	0.8	0.8	0.8	0.8	0.8	0.8
Financial account	6.5	10.9	16.1	11.8	7.6	5.4	6.9	8.1	8.0	7.4	7.3	6.5
Foreign direct investment (net)	11.0	11.6	14.4	6.1	8.1	1.3	5.1	5.4	5.2	5.0	4.8	4.7
Official medium- and long-term loans	1.1	0.6	0.1	1.4	0.3	0.7	-0.1	1.7	2.0	2.2	2.3	2.3
Disbursements	3.4	3.4	2.2	3.8	2.6	3.1	2.5	4.0	4.2	4.1	4.1	4.1
<i>Of which:</i>												
GTA gas project	1.0	1.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Amortization (before DSSI)	2.3	2.9	2.2	2.4	2.3	2.4	2.6	2.3	2.1	2.0	1.8	1.8
SNIM medium- and long-term loans	-0.7	-2.2	-0.1	0.7	-0.1	0.7	0.8	0.9	0.9	0.9	0.9	0.1
Other financial flows	-4.9	0.9	-1.2	3.7	-0.8	2.7	1.0	0.2	-0.2	-0.6	-0.7	-0.7
Errors and omissions	1.1	3.8	0.8	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	2.1	16.9	3.7	0.6	2.2	-1.6	-0.2	-0.6	0.9	1.1	2.1	1.6
Financing	-4.9	-17.2	-3.7	-1.1	-2.3	1.5	0.0	0.5	-1.0	-1.1	-2.1	-1.6
Net foreign assets	-6.4	-8.3	-3.7	-1.1	-2.3	1.5	0.0	0.5	-1.0	-1.1	-2.1	-1.6
Central bank (net)	-5.8	-7.2	-2.0	-0.2	-1.8	2.3	0.9	1.3	-0.1	-0.2	-1.3	-1.2
Change in reserve assets (- = increase, without RSF)	-6.6	-8.8	1.5	-0.2	-1.5	2.5	1.1	1.7	0.4	0.3	-0.9	-0.8
Liabilities	0.8	1.6	-3.5	-0.1	-0.3	-0.2	-0.2	-0.3	-0.5	-0.5	-0.4	-0.3
Other, incl. deposit from Saudi Arabia	-0.3	-0.3	-3.2	-0.1	0.2	-0.2	-0.2	0.3	0.5	0.5	0.4	0.2
Commercial banks (net)	-0.4	-0.5	-1.4	-0.5	-0.2	-0.5	-0.4	-0.5	-0.5	-0.5	-0.4	0.0
Hydrocarbon revenue fund (net)	0.0	-0.5	-0.4	-0.4	-0.3	-0.4	-0.5	-0.4	-0.3	-0.4	-0.5	-0.5
Exceptional financing (incl. DSSI and debt cancellation)	1.1	-8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional official grants	...	...	...	...	...	...	...	...	...	...	...	...
Financing gap	2.8	0.3	0.0	0.4	0.1	0.2	0.2	0.2	0.1	0.0	0.0	0.0
Use of Fund credit: ECF/EFF	2.8	0.3	0.0	0.4	0.4	0.2	0.2	0.2	0.1	0.0	0.0	0.0
Residual gap	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of Fund credit: RSF	0.0	0.0	0.0	0.0	0.0	0.6	0.6	1.3	0.5	0.0	0.0	0.0
Change in reserves (- = increase, with RSF)	-6.6	-8.8	1.5	-0.2	-1.5	2.0	0.5	0.4	-0.2	0.3	-0.9	-0.8
Gross official reserves, incl. IMF financing	18.2	25.7	19.2	18.5	19.4	15.8	18.7	17.9	17.3	16.0	15.8	16.1
(in months of imports excluding extractive industries)	6.7	8.2	6.2	6.4	6.3	5.5	6.4	6.2	6.1	5.6	5.8	0.0
Gross official reserves, excl. RSF	18.2	25.7	19.2	18.5	19.4	15.2	18.1	16.0	14.9	13.6	13.5	15.5
Memorandum items:												
Current account balance (in percent of GDP)	-6.8	-8.6	-14.6	-12.2	-10.0	-7.7	-7.9	-9.6	-7.9	-7.1	-6.0	-5.6
Excl. externally financed extractive capital imports	2.2	1.0	-0.8	-3.2	-1.6	-1.7	-1.8	-2.9	-1.4	-1.1	-0.2	0.0
Trade balance (in percent of GDP)	-3.4	-6.4	-10.3	-5.6	-7.0	-1.4	-4.0	-5.0	-3.5	-2.7	-1.4	-1.3
Total external financing requirements (in percent of GDP)	0.8	2.4	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
External public debt (in millions of US\$)	4,113	4,204	3,970	4,099	4,033	4,322	4,025	4,331	4,636	4,872	5,113	5,370
(in percent GDP)	49.1	45.8	41.4	40.7	41.4	40.8	38.0	40.4	41.4	41.0	40.2	40.7
External public debt service (after DSSI - US\$ million)	151	147	307	323	323	350	368	358	374	377	376	383
(in percent of revenue)	9.5	7.9	13.8	14.6	14.6	14.8	16.0	13.8	13.9	13.4	12.0	11.7
SNIM contribution to BOP (US\$ millions)	275	619	810	714	983	619	1,086	905	804	842	841	753
Hydrocarbon revenue fund balance (US\$ millions)	86	135	171	209	191	249	244	283	323	369	427	491

Sources: Mauritanian authorities; and IMF staff estimates and projections.

Table 3a. Mauritania: Central Government Operations, 2020–29
(In billions of MRU, unless otherwise indicated)

	2020	2021	2022	2023		2024		2025	2026	2027	2028	2029
			Est.	1st Review	Proj.	1st Review	Proj.	Projections				
Revenues and grants	63.8	75.5	88.4	91.0	87.4	100.4	98.5	108.4	114.2	122.0	137.4	145.1
Revenues	57.6	67.9	82.1	84.3	80.5	92.6	90.6	102.9	109.0	116.7	132.2	139.9
Nonextractive	51.1	53.8	64.2	73.8	66.3	79.3	77.5	84.9	92.7	101.6	114.3	121.6
Tax	33.5	38.8	47.2	55.9	48.9	61.0	58.1	62.6	68.6	75.9	85.1	92.8
Nontax	17.6	15.0	17.0	17.9	17.3	18.4	19.5	22.3	24.1	25.7	29.2	28.8
Extractive	6.5	14.1	17.9	10.5	14.2	13.2	13.1	17.9	16.3	15.1	17.9	18.2
Oil and gas 1/	0.5	1.2	2.1	0.8	2.4	0.8	2.3	2.8	4.4	5.0	5.6	6.1
Mining	6.0	12.9	15.8	9.7	11.9	12.5	10.8	15.1	11.9	10.1	12.3	12.1
Grants	6.2	7.6	6.4	6.7	6.9	7.8	7.8	5.5	5.3	5.3	5.3	5.3
Of which: Projects	2.6	2.6	5.8	5.4	5.5	7.0	6.9	5.0	4.7	4.7	4.7	4.7
Expenditure and net lending	56.9	69.1	101.3	98.5	97.2	106.8	105.1	112.8	119.3	127.2	139.1	147.3
Current	36.8	43.3	60.8	62.4	63.8	64.4	65.5	67.2	69.6	73.1	79.0	81.2
Compensation of employees	16.8	18.9	21.1	24.2	24.9	24.8	24.8	27.2	29.6	32.3	35.4	37.2
Goods and services	7.4	9.3	12.2	11.8	10.9	12.8	12.8	13.9	14.7	16.0	17.4	18.5
Subsidies and transfers 2/	6.4	9.0	20.6	16.4	16.4	14.4	15.5	14.5	14.0	13.4	14.1	14.2
Of which: Social spendings against Climate Shocks							0.4	0.3	0.3	0.3	0.3	0.3
Interest	2.9	2.8	3.5	3.2	3.7	3.9	3.9	4.1	4.1	4.4	4.8	5.1
External	2.2	2.1	2.8	2.4	2.8	2.7	2.9	2.9	3.2	3.3	3.6	3.9
Domestic	0.7	0.7	0.7	0.8	0.9	1.2	1.1	1.2	0.9	1.1	1.2	1.3
Special accounts	0.9	1.4	1.9	5.2	6.1	5.5	6.0	5.7	5.4	5.5	6.0	4.8
Common reserves	2.5	1.6	1.3	1.5	1.2	2.9	2.4	1.7	1.8	1.5	1.3	1.4
Others	-0.1	0.3	0.2	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	20.3	26.0	40.7	36.2	33.6	42.4	39.6	45.7	49.7	54.1	60.1	66.0
Foreign-financed	5.2	5.2	9.9	8.4	8.4	14.6	10.7	16.0	17.2	18.2	19.5	20.4
Domestically financed, incl. COVID-19	15.0	20.8	30.8	27.8	25.0	27.8	28.9	29.6	32.5	35.8	40.7	45.7
Net lending	-0.2	-0.2	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance (excl. grants)	3.6	1.6	-15.7	-11.0	-12.8	-10.3	-10.6	-6.0	-6.5	-6.4	-2.5	-2.7
Primary balance	9.7	9.2	-9.4	-4.3	-5.9	-2.5	-2.7	-0.5	-1.2	-1.1	2.8	2.6
Non-extractive primary balance (incl. grants)	3.2	-4.9	-27.2	-14.8	-20.1	-15.8	-15.8	-18.5	-17.5	-16.2	-15.1	-15.6
Overall balance (excl. grants)	0.7	-1.2	-19.2	-14.2	-16.5	-14.2	-14.5	-10.1	-10.6	-10.8	-7.3	-7.8
Overall balance	6.8	6.4	-12.9	-7.5	-9.6	-6.4	-6.7	-4.6	-5.3	-5.5	-2.0	-2.6
Financing	-6.8	-6.4	12.9	7.5	9.6	6.4	6.7	4.6	5.3	5.5	2.0	2.6
Domestic	-12.6	-5.1	20.9	14.5	16.4	7.1	10.2	-7.4	-1.6	2.6	-1.5	-1.0
Banking system	-9.4	5.5	-5.9	13.3	16.5	7.0	9.1	-5.2	-3.0	1.6	-2.3	-0.7
Treasury account	-19.9	-12.8	14.0	12.0	13.8	6.9	8.0	-3.1	-4.5	0.5	-3.0	-0.5
Central bank	11.4	-6.7	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	-0.9	-0.4	-2.9	1.2	2.7	0.1	1.1	-2.2	1.4	1.1	0.7	-0.2
Commercial banks (Without the RSF)	-0.9	-0.4	-2.9	1.2	2.7	2.4	3.4	3.4	3.9	1.1	0.7	-0.2
Nonbanks	-0.4	-0.8	0.1	1.2	-0.1	0.1	1.1	-2.2	1.4	1.1	0.7	-0.2
Domestic arrears	-1.5	1.5	1.3	0.0	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits accounts	-1.3	3.8	11.1	0.0	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SDR allocation	...	6.4	...	...	...	...	...	...	...	...	...	...
External	5.9	-2.8	-5.6	-7.0	-6.7	-0.7	-3.5	12.0	6.9	2.9	3.6	3.5
Hydrocarbon revenue fund (net)	0.2	-1.4	-1.4	-1.5	-0.8	-1.6	-2.1	-1.6	-1.6	-2.0	-2.5	-2.8
Oil and gas revenue	-0.8	-1.4	-1.2	-1.5	-0.8	-1.6	-2.1	-17.9	-16.3	-15.1	-17.9	-18.2
Transfer to the budget	1.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	11.5	12.4	13.6	14.4
Other external financing	5.6	-1.5	-4.2	-5.5	-5.9	0.9	-1.4	13.6	8.5	4.8	6.1	6.3
Borrowing (net)	-3.9	-4.8	-2.5	-5.5	-5.9	-1.4	-3.8	8.0	6.1	4.8	6.1	6.3
Disbursements	2.8	2.6	5.3	3.9	3.8	8.5	7.1	17.6	15.9	14.5	15.8	16.7
Amortization	-6.8	-7.3	-7.8	-9.4	-9.8	-10.0	-10.9	-9.7	-9.8	-9.7	-9.7	-10.4
of which debt relief (DSSI)	3.5	4.1	-1.5	-2.1	-2.1	-2.2	-2.2	-1.0	-1.0	-0.7	0.0	0.0
IMF (RCF)	4.7	...	...	...	...	...	...	...	...	...	0.0	0.0
IMF (ECF/EFF, actual and prospective)	1.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMF (RSF)	...	...	...	...	...	2.3	2.3	5.5	2.4	...	...	...
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-0.2	1.6	-2.3	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Real growth rate of public expenditure (percent)	7.7	17.2	33.8	-9.8	-8.6	3.9	5.3	3.3	1.7	2.5	5.2	1.8
Current (percent)	11.1	13.5	28.1	-4.8	-0.1	-1.1	0.0	-1.3	-0.3	1.0	3.9	-1.1
Capital (percent)	0.8	23.7	43.0	-17.6	-21.3	12.4	14.7	10.9	4.6	4.6	6.9	5.6
Non-extractive primary balance (excl. grants)	-3.0	-12.5	-33.6	-21.5	-27.1	-23.6	-23.6	-23.8	-22.5	-21.2	-20.0	-20.5
Non-extractive primary balance (incl. grants)	3.2	-4.9	-27.2	-14.8	-20.1	-15.8	-15.8	-18.3	-17.3	-15.9	-14.8	-15.2
Basic budget balance (excl. grants) 3/	5.9	4.0	-9.3	-5.8	-8.1	0.3	-3.8	5.9	6.6	7.5	12.2	12.5
Net financial assets 4/	-143.7	-135.9	-145.6	-168.5	-167.8	-185.2	-175.7	-182.2	-195.1	-209.5	-219.4	-230.8
Social spending	14.6	15.6	19.5	20.9	20.3	22.3	21.3	22.5	24.2	26.2	28.1	30.2

Sources: Mauritanian authorities; and IMF staff estimates and projections.

1/ "Oil and gas" tax revenues do not include any potential revenue that would be gained through a carbon tax. This revenue estimation will be available in subsequent RSF reviews.

2/ Including transfers to public entities outside the central government.

3/ Overall balance excluding foreign-financed investment expenditure.

4/ Defined as end of year stock in FNRH and treasury account minus gross debt.

Table 3b. Mauritania: Central Government Operations, 2020–29
(In percent of GDP, unless otherwise indicated)

	2020	2021	2022	2023		2024		2025	2026	2027	2028	2029
			Est.	1st Review	Proj.	1st Review	Proj.	Projections				
Revenues and grants	20.8	22.7	24.5	23.2	22.9	24.1	23.6	25.2	24.9	24.5	25.3	25.3
Revenues	18.8	20.4	22.8	21.5	21.0	22.2	21.8	23.9	23.8	23.5	24.4	24.3
Nonextractive	16.6	16.2	17.8	18.9	17.3	19.0	18.6	19.8	20.2	20.4	21.1	21.2
Tax	10.9	11.7	13.1	14.3	12.8	14.6	14.0	14.6	15.0	15.3	15.7	16.2
Nontax	5.7	4.5	4.7	4.6	4.5	4.4	4.7	5.2	5.2	5.2	5.4	5.0
Extractive	2.1	4.2	5.0	2.7	3.7	3.2	3.1	4.2	3.6	3.0	3.3	3.2
Oil and gas 1/	0.2	0.4	0.6	0.2	0.6	0.2	0.5	0.7	1.0	1.0	1.0	1.1
Mining	2.0	3.9	4.4	2.5	3.1	3.0	2.6	3.5	2.6	2.0	2.3	2.1
Grants	2.0	2.3	1.8	1.7	1.8	1.9	1.9	1.3	1.1	1.1	1.0	0.9
Of which: Projects	0.8	0.8	1.6	1.4	1.4	1.7	1.6	1.2	1.0	1.0	0.9	0.8
Expenditure and net lending	18.5	20.8	28.1	25.2	25.4	25.6	25.2	26.3	26.0	25.6	25.7	25.6
Current	12.0	13.0	16.9	15.9	16.7	15.4	15.7	15.6	15.2	14.7	14.6	14.1
Compensation of employees	5.5	5.7	5.8	6.2	6.5	6.0	6.0	6.3	6.5	6.5	6.5	6.5
Goods and services	2.4	2.8	3.4	3.0	2.8	3.1	3.1	3.2	3.2	3.2	3.2	3.2
Subsidies and transfers 2/	2.1	2.7	5.7	4.2	4.3	3.5	3.7	3.4	3.1	2.7	2.6	2.5
Of which: Social spendings against Climate Shocks							0.7	0.7	0.7	0.7	0.7	0.7
Interest	0.9	0.8	1.0	0.8	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9
External	0.7	0.6	0.8	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Domestic	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Special accounts	0.3	0.4	0.5	1.3	1.6	1.3	1.4	1.3	1.2	1.1	1.1	0.8
Common reserves	0.8	0.5	0.4	0.4	0.3	0.7	0.6	0.4	0.4	0.3	0.2	0.2
Others	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	6.6	7.8	11.3	9.2	8.8	10.2	9.5	10.6	10.8	10.9	11.1	11.5
Foreign-financed	1.7	1.6	2.8	2.1	2.2	3.5	2.6	3.7	3.8	3.7	3.6	3.5
Domestically financed, incl. COVID-19	4.9	6.3	8.5	7.1	6.5	6.7	6.9	6.9	7.1	7.2	7.5	8.0
Net lending	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance (excl. grants)	1.2	0.5	-4.4	-2.8	-3.4	-2.5	-2.5	-1.4	-1.4	-1.3	-0.5	-0.5
Primary balance	3.2	2.8	-2.6	-1.1	-1.5	-0.6	-0.7	-0.1	-0.3	-0.2	0.5	0.5
Non-extractive primary balance (incl. grants)	1.0	-1.5	-7.6	-3.8	-5.3	-3.8	-3.8	-4.3	-3.8	-3.3	-2.8	-2.7
Overall balance (excl. grants)	0.2	-0.4	-5.3	-3.6	-4.3	-3.4	-3.5	-2.4	-2.3	-2.2	-1.3	-1.4
Overall balance	2.2	1.9	-3.6	-1.9	-2.5	-1.5	-1.6	-1.1	-1.2	-1.1	-0.4	-0.4
Financing	-2.2	-1.9	3.6	1.9	2.5	1.5	1.6	1.1	1.2	1.1	0.4	0.4
Domestic	-4.1	-1.5	5.8	3.7	4.3	1.7	2.4	-1.7	-0.4	0.5	-0.3	-0.2
Banking system	-3.1	1.7	-1.6	3.4	4.3	1.7	2.2	-1.2	-0.7	0.3	-0.4	-0.1
Treasury account	-6.5	-3.8	3.9	3.1	3.6	1.7	1.9	-0.7	-1.0	0.1	-0.6	-0.1
Central bank	3.7	-2.0	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	-0.3	-0.1	-0.8	0.3	0.7	0.0	0.3	-0.5	0.3	0.2	0.1	0.0
Commercial banks (Without the RSF)	-0.3	-0.1	-0.8	0.3	0.7	0.6	0.8	0.8	0.8	0.2	0.1	0.0
Nonbanks	-0.1	-0.2	0.0	0.3	0.0	0.0	0.3	-0.5	0.3	0.2	0.1	0.0
Domestic arrears	-0.5	0.4	0.4	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits accounts	-0.4	1.2	3.1	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SDR allocation	...	1.9	...	...	...	...	...	...	...	...	...	...
External	1.9	-0.9	-1.6	-1.8	-1.8	-0.2	-0.8	2.8	1.5	0.6	0.7	0.6
Hydrocarbon revenue fund (net)	0.1	-0.4	-0.4	-0.4	-0.2	-0.4	-0.5	-0.4	-0.4	-0.4	-0.5	-0.5
Oil and gas revenue	-0.2	-0.4	-0.3	-0.4	-0.2	-0.4	-0.5	-4.2	-3.6	-3.0	-3.3	-3.2
Transfer to the budget	0.3	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.5	2.5	2.5	2.5
Other	1.8	-0.4	-1.2	-1.4	-1.6	0.2	-0.3	3.2	1.9	1.0	1.1	1.1
Borrowing (net)	-1.3	-1.4	-0.7	-1.4	-1.6	-0.3	-0.9	1.9	1.3	1.0	1.1	1.1
Disbursements	0.9	0.8	1.5	1.0	1.0	2.0	1.7	4.1	3.5	2.9	2.9	2.9
Amortization	-2.2	-2.2	-2.2	-2.4	-2.6	-2.4	-2.6	-2.3	-2.1	-2.0	-1.8	-1.8
of which debt relief (DSSI)	1.1	1.2	-0.4	-0.5	-0.5	-0.5	-0.5	-0.2	-0.2	-0.1	0.0	0.0
IMF (RCF)	1.5	...	...	...	...	...	...	...	...	...	...	...
IMF (ECF/EFF, actual and prospective)	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF (RSF)	...	...	...	...	...	0.6	0.6	1.3	0.5	...	...	...
Errors and omissions	-0.1	0.5	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Non-extractive primary balance (excl. grants)	-1.0	-3.8	-9.3	-5.5	-7.1	-5.7	-5.7	-5.5	-4.9	-4.3	-3.7	-3.6
Non-extractive primary balance (incl. grants)	1.0	-1.5	-7.6	-3.8	-5.3	-3.8	-3.8	-4.3	-3.8	-3.2	-2.7	-2.7
Overall balance (in percent of GDP)	2.2	1.9	-3.6	-1.9	-2.5	-1.5	-1.6	-1.1	-1.2	-1.1	-0.4	-0.4
Basic budget balance (excl. grants) 3/	1.9	1.2	-2.6	-1.5	-2.1	0.1	-0.9	1.4	1.4	1.5	2.2	2.2
Net financial assets 4/	-46.8	-40.9	-40.4	-43.0	-43.8	-44.4	-42.2	-42.4	-42.6	-42.2	-40.5	-40.2
Social spending	4.7	4.7	5.4	5.3	5.3	5.3	5.1	5.2	5.3	5.3	5.2	5.2

Sources: Mauritanian authorities; and IMF staff estimates and projections.

1/ "Oil and gas" tax revenues do not include any potential revenue that would be gained through a carbon tax. This revenue estimation will be available in subsequent RSF reviews.

2/ Including transfers to public entities outside the central government.

3/ Overall balance excluding foreign-financed investment expenditure.

4/ Defined as end of year stock in FNRH and treasury account minus gross debt.

Table 4. Mauritania: Monetary Survey, 2020–29
(In billions of MRU at end-of-period exchange rates, unless otherwise indicated)

	2020	2021	2022	2023		2024		2025	2026	2027	2028	2029
				Est.	1st Review	Proj.	1st Review	Proj.	Projections			
Monetary survey												
Net foreign assets	27.0	52.7	53.7	55.6	63.6	44.9	58.4	53.1	54.7	56.2	64.6	71.7
Net domestic assets	69.0	63.0	65.2	73.1	60.8	99.1	72.6	86.8	96.0	106.5	111.2	118.4
Net domestic credit	86.4	89.3	103.2	121.3	131.7	140.9	148.3	153.3	163.2	179.4	192.4	208.1
Net credit to the government	5.5	1.6	4.1	17.3	27.5	24.4	36.6	31.3	28.3	29.9	27.6	26.9
Credit to the economy	80.9	87.7	99.1	104.0	104.2	116.6	111.8	122.0	134.9	149.5	164.8	181.2
Other items net	-17.4	-26.3	-38.0	-48.2	-70.9	-41.8	-75.8	-66.5	-67.2	-72.9	-81.2	-89.6
Broad money (M2)	96.0	115.6	118.9	128.7	124.4	144.0	131.0	140.0	150.6	162.6	175.8	190.1
Monetary authorities												
Net foreign assets	29.5	52.2	48.0	50.1	57.3	40.4	52.8	47.4	48.4	50.5	58.7	66.7
Net domestic assets	12.2	-0.3	-6.5	-1.6	-16.5	13.9	-10.0	-1.6	0.9	-2.0	-10.7	-14.7
Net domestic credit	7.2	1.6	4.6	16.6	19.4	23.6	27.4	24.3	19.9	20.4	17.4	16.9
Net credit to the government	6.5	0.5	3.4	15.4	18.3	22.3	26.3	23.2	18.7	19.2	16.2	15.7
Other items net	5.0	-1.9	-11.1	-18.2	-36.0	-9.7	-37.4	-25.9	-19.0	-22.4	-28.0	-31.5
Reserve money	41.7	51.8	41.5	48.6	40.7	54.3	42.9	45.8	49.3	48.5	48.1	52.0
Currency in circulation	22.7	25.7	22.2	24.0	22.9	26.8	24.1	25.8	27.7	30.0	32.4	35.0
Reserves of banks	19.0	26.1	19.3	24.6	17.8	27.5	18.7	20.0	21.5	18.5	15.7	17.0
Of which: Banks deposits in FX	4.9	4.7	1.0	1.3	1.2	1.4	1.3	1.4	1.5	1.3	1.1	1.2
Commercial banks												
Net foreign assets	-2.5	0.5	5.6	5.5	6.4	4.5	5.6	5.8	6.2	5.7	5.9	5.0
Net domestic credit	79.6	88.4	99.4	105.5	112.9	118.2	121.6	129.7	144.0	159.7	175.6	191.9
Net credit to the government	-1.0	1.0	0.7	2.0	9.2	2.0	10.3	8.1	9.6	10.6	11.4	11.1
Credit to the private sector	80.5	87.3	98.6	103.6	103.7	116.1	111.3	121.5	134.4	149.0	164.3	180.7
Other items net	-22.3	-24.5	-26.8	-30.8	-34.9	-32.9	-39.1	-41.3	-48.9	-51.2	-53.8	-58.8
(Annual change in percent)												
Monetary survey												
Net foreign assets	46.3	94.7	1.9	3.6	18.6	-19.3	-8.2	-9.1	2.9	2.7	15.0	10.9
Net domestic assets	13.3	-8.7	3.5	11.6	-6.8	35.5	19.3	19.7	10.5	11.0	4.4	6.5
Net domestic credit	-3.7	3.4	15.5	17.6	27.6	16.2	12.6	3.4	6.4	9.9	7.2	8.2
Net credit to the government	-60.6	-71.5	161.6	324.4	572.2	40.5	33.1	-14.3	-9.7	5.6	-7.6	-2.7
Credit to the economy	6.7	8.5	12.9	5.0	5.2	12.1	7.3	9.1	10.6	10.8	10.2	10.0
Other items net	39.7	-51.7	-44.2	-28.0	-86.7	13.2	-6.9	12.3	-1.1	-8.5	-11.3	-10.4
Broad money (M2)	21.0	20.4	2.8	8.0	4.7	11.9	5.3	6.9	7.6	8.0	8.1	8.2
Monetary authorities												
Net foreign assets	36.7	76.7	-7.9	4.3	19.2	-19.3	-7.7	-10.3	2.2	4.2	16.3	13.5
Net domestic assets	30.0	-102.5	2012.9	-74.8	152.6	-981.0	-39.7	-84.2	-154.1	-338.9	423.8	37.5
Net domestic credit	-47.5	-78.5	196.2	261.3	322.6	41.8	41.2	-11.2	-18.3	2.5	-14.7	-2.9
Net credit to the government	-50.8	-91.8	539.3	356.7	442.2	45.2	43.8	-11.7	-19.2	2.7	-15.6	-3.1
Reserve money	34.7	24.4	-20.0	16.2	-1.9	11.9	5.3	6.9	7.6	-1.7	-0.8	8.2
Commercial banks												
Net foreign assets	20.3	120.1	1028.3	-2.6	13.5	-18.8	-12.1	2.7	8.2	-9.1	3.4	-14.5
Net domestic credit	4.5	11.1	12.4	6.2	13.7	12.0	7.7	6.6	11.0	10.9	10.0	9.2
Net credit to the government	-225.7	-206.4	-30.5	173.1	1180.5	4.2	11.8	-20.9	17.5	11.2	6.8	-2.0
Credit to the private sector	6.8	8.4	13.0	5.0	5.2	12.1	7.3	9.2	10.6	10.9	10.2	10.0
Memorandum items:												
Velocity of broad money (to non-extractive GDP)	2.5	2.3	2.5	2.4	2.4	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Credit to the private sector (percent of non-extractive GDP)	33.2	33.1	33.8	33.0	34.1	34.8	34.8	36.0	37.0	38.0	39.0	40.0
Net foreign assets of banks (in millions of U.S. dollars)	-67.6	13.8	153.6	141.2	162.6	112.9	142.7	143.6	152.3	135.6	137.4	115.2

Sources: Mauritanian authorities; and IMF staff estimates and projections.

Table 5. Mauritania: Banking Soundness Indicators, 2010–23
(In percent, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Dec.
Balance sheet														
Assets / GDP	31.1	30.9	32.5	35.2	42.5	43.2	45.6	36.0	41.3	34.7	36.7	43.3	35.0	38.7
Net private-sector credit / total assets	53.2	48.2	50.8	52.1	55.5	57.0	54.9	43.8	41.2	41.0	42.8	39.8	40.3	37.4
Public enterprise credit / total assets	13.3	10.2	7.2	3.4	6.9	3.3	5.4	5.3	4.7	5.3	3.7	3.3	3.0	3.0
Government securities / total assets	18.8	11.1	11.2	5.8	5.8	2.0	2.0	1.0	0.6	0.9	0.4	0.9	0.6	5.9
Private-sector credit growth (y-o-y)	16.0	10.6	15.1	14.9	21.3	8.0	8.3	7.5	19.4	12.8	6.8	8.4	13	5.2
Gross NPLs / gross loans	45.3	39.2	25.7	20.4	23.0	30.0	25.5	22.4	22.6	21.5	24.1	22.7	19.1	19.3
Provisions / (gross NPLs - accrued interest)	30.0	31.2	53.1	52.9	52.5	78.5	63.0	70.7	77.8	76.1	71.7	58.4	65.4	80.1
Provisions / loans 360+ days in arrears	87.7	90.7	88.0	88.8	87.0	93.0	58.0	72.3	107.0	104.8	91.6	81.5	95.1	122.0
Deposits / total assets	59.3	60.9	59.1	57.8	61.0	60.8	59.0	60.2	55.6	63.2	63.5	69.1	69.7	70.8
Private-sector gross loans / private-sector deposits	118.4	105.9	110.7	113.7	137.7	134.1	110.4	88.4	94.5	94.7	88.3	80.6	85.7	80.4
Capital ratios														
Capital / total assets	16.7	18.5	17.5	18.7	14.7	13.7	14.2	13.8	12.9	18.4	16.0	13.9	13.6	15.2
Capital adequacy ratio (statutory min. = 10 percent) 1/	34.0	35.2	29.2	32.4	28.1	23.1	23.7	22.2	24.7	25.3	19.9	18.1	18	20.1
Foreign exchange exposure														
Fx assets / total assets	10.5	10.5	10.5	10.6	10.5	6.7	8.9	12.0	10.1	12.0	12.4	9.0	9.1	8.8
Fx assets / fx liabilities (on balance sheet)	112.1	135.2	100.1	106.6	138.6	108.2	116.0	102.5	99.5	103.2	117.8	89.8	94.3	110.5
Open fx position / capital (including off balance sheet)	-16.0	-32.7	-45.9	-26.0	-70.4	-72.7	-69.8	25.0	-32.6	-31.8	-23.5	-37.4	-26.6	6.0
Profitability and liquidity														
Return on assets	0.4	1.2	1.4	1.2	1.2	0.7	...	0.6	0.4	0.5	0.3	0.0	...	...
Return on equity	2.7	6.0	8.4	6.4	6.6	5.1	...	3.4	3.5	3.1	1.8	-0.1	...	...
Liquid assets / total assets 2/	29.5	29.7	29.8	24.0	23.5	21.4	17.0	24.6	19.6	20.9	26.1	26.4	22.9	26.9
Liquidity coverage ratio (statutory min. = 100 percent) 3/	...	...	...	...	...	...	...	...	...	...	148.9	152.5	140	185.7
Memorandum items:														
Share of assets held by three largest banks	53.7	50.7	45.4	42.3	45.7	42.0	41.0	38.8	42.3	35.9	36.8	35.5	37.6	42.4
Number of banks	10	12	12	15	15	16	16	17	17	18	18	18	17	17

Sources: Mauritanian authorities; and IMF staff.

1/ Revised definition from 2020.

2/ Liquid assets: cash, reserves, and treasury bills.

3/ Introduced in 2020, defined as liquid asset over 30-day ahead net outflows.

Table 6. Mauritania: Central Government Financing Needs and Sources, 2020–29^{1/}
(In billions MRU)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Est.	Est.	Est.				Proj.			
Gross financing needs (A)	6.1	8.5	28.5	28.4	27.6	20.8	21.4	21.1	17.0	18.2
Primary balance, excl. grants and before DSSI	3.6	1.6	-15.7	-12.8	-10.6	-6.0	-6.5	-6.4	-2.5	-2.7
External public debt amortization	-6.8	-7.3	-7.8	-9.8	-10.9	-9.7	-9.8	-9.7	-9.7	-10.4
Interest payments	-2.9	-2.8	-3.5	-3.7	-3.9	-4.1	-4.1	-4.4	-4.8	-5.1
External	-2.2	-2.1	-2.8	-2.8	-2.9	-2.9	-3.2	-3.3	-3.6	-3.9
Domestic	-0.7	-0.7	-0.7	-0.9	-1.1	-1.2	-0.9	-1.1	-1.2	-1.3
Rescheduled debt service under Debt Service Suspension Initiative (DSSI)	...	...	-1.5	-2.1	-2.2	-1.0	-1.0	-0.7	0.0	0.0
Financing sources	6.4	3.2	46.2	34.1	23.9	19.4	19.7	19.8	17.0	18.2
Domestic	-12.7	-10.6	37.3	24.5	10.2	-7.4	-1.6	2.6	-1.5	-1.0
Drawdown of treasury account	-19.9	-12.8	14.0	13.8	8.0	-3.1	-4.5	0.5	-3.0	-0.5
Borrowing (net) 2/	10.1	-7.9	8.6	2.6	2.2	-4.3	2.8	2.1	1.5	-0.5
Borrowing (net) (Without the RSF) 2/	10.1	-7.9	8.6	2.6	4.5	1.2	5.3	2.1	1.5	-0.5
Other (incl. arrears variation)	-2.9	3.7	14.7	8.1	0.0	0.0	0.0	0.0	0.0	0.0
SDR allocation	...	6.4	...	...	...	...	...	...	...	...
External	19.1	13.8	8.8	9.6	13.7	26.8	21.3	18.1	20.5	22.1
Official grants	6.2	7.6	6.4	7.1	7.8	5.5	5.3	5.3	5.3	5.3
Project grants	2.6	2.6	5.8	5.5	6.9	5.0	4.7	4.7	4.7	4.7
Budget support grants	3.6	5.0	0.6	1.5	1.0	0.6	0.5	0.5	0.5	0.5
External borrowing (gross)	2.8	2.6	5.3	3.8	7.1	17.6	15.9	14.5	15.8	16.7
Project loans	2.7	2.6	4.2	3.0	3.8	11.1	12.5	13.5	14.7	15.6
Budget support loans	0.2	0.0	1.1	0.9	3.3	6.6	3.4	1.0	1.0	1.0
DSSI	3.5	4.1	-1.5	-2.1	-2.2	-1.0	-1.0	-0.7	0.0	0.0
Drawdown of oil account	0.2	-1.4	-1.4	-0.8	-2.1	-1.6	-1.6	-2.0	-2.5	-2.8
IMF financing	6.6	0.9	0.0	1.6	3.0	6.2	2.8	0.0	0.0	0.0
ECF 2017-21 and 2020 RCF	6.6	0.9	...	...	...	...	...	...	...	...
New ECF/EFF	...	...	...	1.6	0.7	0.7	0.4	0.0	0.0	0.0
RSF	...	...	...	...	2.3	5.5	2.4	...	...	...
Errors and omissions	-0.2	...	...	...	...	...	...	...	...	...
Residual financing gap	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury account balance	27.5	40.3	26.2	12.5	4.5	7.5	12.0	11.5	14.5	15.0
Gross international reserves (US\$ million)	1,542	2,347	1,877	2,032	1,976	1,935	1,954	1,921	2,035	2,143

Sources: Mauritanian authorities; and IMF staff estimates and projections.

1/ Sign convention: positive is financing source, negative is financing need.

2/ In 2020, including on-lending to the budget of the Saudi deposit.

Table 7. Mauritania: External Financing Requirements and Sources, 2022–29 ^{1/}
(In millions of U.S. dollars)

	2022	2023	2024	2025	2026	2027	2028	2029
	Est.				Proj.			
Gross Financing Needs	1,851	1,583	1,217	1,380	1,241	1,191	1,207	1,193
Current account balance, excl. grants	1,589	1,177	934	1,132	997	954	858	839
External public debt amortization ^{2/}	225	251	284	248	244	237	234	245
Accumulation of hydrocarbon revenue fund	38	36	53	39	39	47	58	64
Reserves accumulation (without RSF)	0	155	0	0	0	0	114	108
Gross Financing Sources	1,851	1,540	1,105	1,271	1,133	1,089	1,113	1,100
Foreign direct investment and capital inflows (net)	1,537	1,041	633	671	683	692	717	733
Official grants (historical)	165	132	...	...	...	...	...	...
Official loan disbursements (excluding IMF)	274	275	268	428	469	497	529	548
Other flows ^{3/}	-596	93	89	-9	-61	-133	-133	-182
Drawdown of hydrocarbon revenue fund	0	0	0	0	0	0	0	0
Reserves drawdown (without RSF)	471	0	115	181	41	33	0	0
Financing gap	0	-43	-112	-109	-109	-102	-93	-93
Prospective financing	0	43	112	109	109	102	93	93
IMF ECF/EFF	0	43	17	17	9	0	0	0
Official grants (prospective) ^{4/}	0	0	95	92	100	102	93	93
Residual financing gap	0	0	0	0	0	0	0	0
RSF disbursement (prospective)	0	0	60	140	60	0	0	0
Change in reserves (net, with RSF)	-471	155	-55	-41	19	-33	114	108
Memorandum items:								
Gross official reserves (US\$ million)	1,877	2,032	1,976	1,935	1,954	1,921	2,035	2,143
Hydrocarbon revenue fund balance (US\$ millions)	171	191	244	283	323	369	427	491

Sources: Mauritanian authorities; and IMF staff estimates and projections.

1/ Sign convention: positive is financing source, negative is financing need.

2/ Including central government, central bank, and SNIM.

3/ Including SNIM, SMHPM, commercial banks, errors, and omissions, and HIPC Debt Relief.

4/ Disbursed official grants moved above the line for 2022 estimated outturn.

Table 8. Mauritania: Capacity to Repay the Fund, 2024–48

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048		
Payments to the Fund based on existing credit																											
Principal (in million of SDRs)	11.59	26.13	44.71	47.26	45.51	40.50	25.97	7.38	5.73	4.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Charges and interest (in million of SDRs)	8.39	8.33	8.33	8.32	8.23	8.04	7.86	7.68	7.50	7.32	7.24	7.24	7.24	7.23	7.24	7.24	7.24	7.23	7.24	7.24	7.24	7.24	7.23	7.24	7.24	7.24	
Payments to the Fund based on existing and prospective credit																											
Principal (in million of SDRs)	11.59	26.13	44.71	47.26	45.87	42.50	30.26	12.89	11.45	10.02	5.90	9.55	17.66	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	
PRGT (ECF & RCF)	11.59	26.13	44.71	46.37	41.94	37.14	23.46	5.74	4.29	3.76	1.93	1.07	0.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
GRA (EFF)	0.00	0.00	0.00	0.89	3.93	5.36	6.80	7.16	7.16	6.26	3.22	1.79	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
RSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.74	6.69	17.09	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	19.32	
Charges and interest (in million of SDRs)	8.68	10.54	13.24	13.76	13.67	13.45	13.16	12.80	12.44	12.08	11.82	11.62	11.34	10.90	10.47	10.04	9.61	9.17	8.74	8.30	7.87	7.47	7.26	7.24	7.24	7.24	
Total payments to the Fund based on existing and prospective credit																											
In millions of SDRs	20.27	36.66	57.95	61.02	59.54	55.95	43.42	25.69	23.89	22.10	17.71	21.17	29.00	30.22	29.79	29.36	28.93	28.49	28.06	27.62	26.45	20.10	9.49	7.24	7.24	7.24	
In millions of US\$	25.94	46.93	74.17	78.10	76.21	71.61	55.57	32.88	30.58	28.28	22.67	27.09	37.11	38.68	38.13	37.58	37.03	36.46	35.91	35.35	33.85	25.73	12.14	9.26	9.26	9.26	9.26
In percent of exports of goods and services	0.61	1.16	1.73	1.76	1.59	1.46	1.29	0.84	0.78	0.69	0.54	0.65	0.88	0.96	0.93	0.90	0.87	0.83	0.79	0.76	0.70	0.52	0.24	0.18	0.18	0.17	
In percent of debt service	7.23	13.45	20.24	21.09	20.65	19.07	14.88	8.39	7.77	6.91	5.59	6.28	8.23	7.99	6.81	6.96	6.28	6.06	5.85	5.65	5.30	3.95	1.83	1.37	1.34	1.34	
In percent of GDP	0.24	0.43	0.66	0.65	0.59	0.54	0.41	0.24	0.21	0.19	0.14	0.17	0.22	0.21	0.20	0.19	0.18	0.17	0.16	0.15	0.14	0.10	0.04	0.03	0.03	0.03	
In percent of Gross International Reserves	1.31	2.42	3.80	4.07	3.75	3.34	3.20	2.54	2.44	2.44	1.84	2.20	2.85	2.80	2.96	2.92	2.82	2.70	2.58	2.46	2.29	1.69	0.77	0.57	0.56	0.56	
In percent of quota	15.74	28.47	44.99	47.38	46.23	43.44	33.71	19.95	18.50	17.15	13.75	16.43	22.51	23.47	23.13	22.79	22.46	22.12	21.78	21.44	20.53	15.61	7.37	5.62	5.62	5.62	
PRGT (ECF & RCF)	9.00	20.29	34.71	36.00	32.56	28.83	18.22	4.45	3.33	2.92	1.50	0.83	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
GRA (EFF)	0.00	0.00	0.00	0.69	3.05	4.16	5.28	5.56	5.56	4.86	2.50	1.39	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
RSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.58	5.19	13.27	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.42	9.81	1.73	0.00	0.00	
Outstanding Fund credit																											
In millions of SDRs	304.9	395.7	402.0	354.8	308.9	266.4	236.1	223.3	211.8	201.8	195.9	186.3	168.7	149.4	130.0	110.7	91.4	72.1	52.8	33.4	14.9	2.2	0.0	0.0	0.0	0.0	
PRGT (ECF & RCF)	230.3	208.5	165.9	119.5	77.6	40.5	17.0	11.3	7.0	3.2	1.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
GRA (EFF)	30.0	38.6	42.9	42.0	38.1	32.7	25.9	18.8	11.6	5.4	2.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
RSF	44.6	148.6	193.2	193.2	193.2	193.2	193.2	193.2	193.2	193.2	192.5	185.8	168.7	149.4	130.0	110.7	91.4	72.1	52.8	33.4	14.9	2.2	0.0	0.0	0.0	0.0	
In millions of US\$	390.3	506.5	514.6	454.1	395.4	341.0	302.2	285.7	271.1	258.3	250.7	238.5	215.9	191.2	166.4	141.7	117.0	92.3	67.5	42.8	19.0	2.9	0.0	0.0	0.0	0.0	
In percent of exports of goods and services	9.2	12.5	12.0	10.2	8.2	6.9	7.0	7.3	6.9	6.3	5.9	5.7	5.1	4.7	4.0	3.4	2.7	2.1	1.5	0.9	0.4	0.1	0.0	0.0	0.0	0.0	
In percent of debt service	108.8	145.2	140.4	122.6	107.1	90.8	80.9	72.9	68.9	63.1	61.9	55.3	47.9	39.5	29.7	26.2	19.8	15.3	11.0	6.8	3.0	0.4	0.0	0.0	0.0	0.0	
In percent of GDP	3.7	4.7	4.6	3.8	3.1	2.6	2.2	2.1	1.9	1.7	1.6	1.5	1.3	1.1	0.9	0.7	0.6	0.4	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	
In percent of gross international reserves	19.7	26.2	26.3	23.6	19.4	15.9	17.4	22.1	21.3	22.2	20.3	19.4	16.6	13.8	12.9	11.0	8.9	6.8	4.8	3.0	1.3	0.2	0.0	0.0	0.0	0.0	
In percent of quota	236.8	307.2	312.1	275.4	239.8	206.8	183.3	173.3	164.4	156.7	152.1	144.7	131.0	116.0	101.0	86.0	71.0	56.0	41.0	26.0	11.5	1.7	0.0	0.0	0.0	0.0	
PRGT (ECF & RCF)	178.8	161.9	128.8	92.8	60.3	31.4	13.2	8.7	5.4	2.5	1.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
GRA (EFF)	23.3	30.0	33.3	32.6	29.6	25.4	20.1	14.6	9.0	4.2	1.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
RSF	34.6	115.4	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	149.4	144.2	131.0	116.0	101.0	86.0	71.0	56.0	41.0	26.0	11.5	1.7	0.0	0.0	0.0	0.0	
Net use of Fund credit (in millions of SDRs)																											
Disbursements	65.24	130.73	23.90	-47.26	-45.87	-42.50	-30.26	-12.89	-11.45	-10.02	-5.90	-9.55	-17.66	-19.32	-19.32	-19.32	-19.32	-19.32	-19.32	-19.32	-19.32	-18.58	-12.63	-2.23	0.00	0.00	
Repayments	76.83	156.86	68.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Memorandum items:																											
Exports of goods and services (in millions of US\$)	4,239	4,041	4,284	4,433	4,795	4,908	4,316	3,899	3,932	4,105	4,224	4,158	4,227	4,033	4,111	4,175	4,267	4,395	4,527	4,663	4,803	4,947	5,096	5,248	5,406		
Debt service (in millions of US\$)	359	349	366	370	369	376	373	392	394	409	405	432	451	484	560	540	590	602	614	626	638	651	664	677	691		
Nominal GDP (in millions of US\$)	10,589	10,815	11,308	12,009	12,841	13,335	13,598	13,709	14,360	15,017	15,757	16,382	17,207	18,067	18,746	19,480	20,232	21,244	22,306	23,422	24,593	25,822	27,113	28,469	29,892		
Gross international reserves (in millions of US\$)	1,976	1,935	1,954	1,921	2,035	2,143	1,735	1,295	1,274	1,161	1,233	1,229	1,303	1,384	1,288	1,288	1,313	1,353	1,393	1,435	1,478	1,522	1,568	1,615	1,664		
Quota (millions of SDRs)	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8		

Source: IMF staff estimates and projections.

Notes: Mauritania belongs to Group A for RSF financing.

Table 9. Mauritania: RSF Reform Measure, Diagnostic Reference, and CD Input

Key Challenge	Reform Measure	Diagnostic Reference	Tentative completion date of RMs	IMF CD input	RM expected outcome	Development Partner Role
Absence of climate informed budget reporting	RM I The Ministry of Finance will require in the FY 2026 budget circular NDC sector ministries to estimate the share of their FY 2026 budget that relate to climate adaption, in line with the CBT methodology	IMF CPIMA	Jul-25	IMF CD	Institutionalizing climate budget tagging in budget preparation will support climate change awareness and enable better-informed budget decisions and budget alignment with climate change priorities	
	RM II The Ministry of Finance will publish a FY 2026 climate budget note, informed also by FY 2024 and 2025 tagging results of the NDC sectors, jointly with the 2026 Budget law.	IMF CPIMA	Jan-26	IMF CD		
Lack of a standard methodology for climate informed project appraisal and selection	RM III The Ministry of Economy and Sustainable Development will amend the Decree 2016-179, including the PIM manual, to integrate climate aspects in the PIM stages of the management of public investments (project conceptualization, appraisal, selection, and execution) and publish it on the Ministry's website.	IMF CPIMA	Oct-24	IMF CD	Increase in resilient and green public investments, which ultimately will reduce (i) the risk of disruptions to critical services, (ii) reduce maintenance and rehabilitation costs and (iii) greenhouse gas emissions	
	RM IV The Ministry of Economy and Sustainable Development, jointly with the Ministry of Environment, will pilot the climate screening template for major project proposals of selected NDC sectors, submitted for review and validation by CAPIP.	IMF CPIMA	Aug-25	IMF CD		
Lack of (i) legal basis for the cash transfers; (ii) full coverage of affected vulnerable households and (iii) full government financing	RM V The Council of Ministers will adopt a decree to institutionalize the national social safety net program Tekavoul, including the climate shock-responsive cash transfer component (Tekavoul choc). The Agency for National Solidarity and the Fight Against Exclusion (Taazour) will expand the Tekavoul choc component to vulnerable households affected by drought while ensuring adequate funding.	WB "CCDR", "Framework for Adaptive Social Protection", "Financing Food Insecurity Risk - A Proactive Approach: The Mauritania National Fund for Food and Nutrition Crisis Response"	Apr-24		Reduced impact of climate related hazards, notably droughts, on vulnerable households. Prevention of famine.	WB CD
Lack of (i) an efficient fossil fuel pricing mechanism and (ii) carbon pricing for hydrocarbons	RM VI In line with IMF TA, the Council of Ministers will adopt a decree for a new fossil fuel price structure that adjusts automatically to changes in international prices, removes discretionary price setting, phases out subsidies, and includes a price smoothing mechanism.		Mar-25	IMF CD	Increased fiscal revenues, reduced fiscal burden, reduced GHG emissions, reduced poverty and inequality	WB CD (for possible cash transfers aspect)
	RM VII In line with IMF TA, the Council of Ministers will adopt the FY 2025 budget law introducing a carbon tax applied starting March 2025 that (i) would be phased in gradually, (ii) is aligned with the country NDCs to address emissions from all sectors of the economy and fuels except LPG and (iii) is supplemented with compensation measures to safeguard poor households when prices exceed a certain threshold.			Oct-24	IMF CD	Increased fiscal revenues, reduced GHG emissions, reduced poverty, and inequality
Lack of (i) competition in electricity sector and (ii) access to power transmission infrastructure by private renewable energy producers	RM VIII In accordance with its New Electricity Code, the Ministry of Petroleum, Mines and Energy will adopt regulatory decree(s) to (i) provide access for independent power producers to the Mauritanian energy market and (ii) establish a non-discriminatory third-party access to transmission infrastructure owned by the public power utility SOMELEC.	WB "CCDR", "Study of Mauritania Power Production Master Plan", EU "Options for the Restructuring of SOMELEC"	Aug-25			WB CD
Lack of legal basis for requiring mining companies to use renewables in their energy mix	RM IX The Ministry of Petroleum, Mines and Energy will adopt a decree requiring mining companies to increase the share of renewable-based electricity generation in their power mix by at least 5 percentage points annually until 2030. The annual objectives not achieved will be subject to a compensatory investment in rural electrification, especially in isolated areas.	WB "Climate Smart Mining Initiative"	Aug-25		Reduced GHG emissions	WB CD (tentative)

Table 9. Mauritania: RSF Reform Measure, Diagnostic Reference, and CD Input (Concluded)

Key Challenge	Reform Measure	Diagnostic Reference	Tentative completion	IMF CD input	RM expected outcome	Development Partner Role
Lack of legal basis for preventing oil and gas companies from routine flaring	RM-X To reduce GHG emissions from the hydrocarbons production, the Ministry of Petroleum, Mines and Energy will adopt a decree, in line with WB TA, to eliminate routine gas flaring and venting and reduce methane emissions through well-defined sanctions for non-compliance.	Joint UN-WB Zero Routine Flaring by 2030 Initiative, WB "Global Gas Flaring and Venting Regulations"	Feb-25		Reduced GHG emissions	WB CD (tentative)
Weak interministerial collaboration in the water sector	RM XI The Ministry of Water and Sanitation and the Ministry of Environment will sign an interministerial partnership agreement (PA) on areas of cooperation (environmental assessments, enforcement, data management, monitoring of groundwater-dependent ecosystems (GDEs) and other hydrogeological data) and implement the agreement overseen by a technical committee, created as part of the PA.	WB "CCDR"	Sep-24		Enhanced collaboration on key responsibilities will improve planning, enhance effectiveness of activities on the ground and contribute to better allocation of resources	Action for Water Adaptation and Resilience (AWARe)
Lack of knowledge on groundwater dependent ecosystems	RM XII The Ministry of Water and Sanitation and the Ministry of Environment will (i) adopt an inter-ministerial order on environmental assessments and monitoring of water resources, informed by the experience of the partnership agreement and (ii) publish a pilot joint inventory on GDEs and hydrogeological data on the Boulenoir aquifer.	WB "Hidden Wealth of Nations"	Sep-25		Enhanced knowledge of GDE's will enhance project evaluation and inform decision-making on protection of GDEs and sustainable groundwater management	(WB, EU) (tentative) and AfD CD
Water prices are set below the cost recovery level, creating incentives for overuse and underinvestment	RM XIII The Ministry of Water and Sanitation will revise and publish the water tariff regulations (2007 Order n°2624/MHETIC/ MCI) in line with IMF recommendations		Sep-25	IMF CD	Sustainable tariff setting permits efficient, equitable and sustainable use of water	AfD (tentative)

Sources: Mauritanian authorities; and IMF staff.

Table 10a. Mauritania: Schedule of Reviews and Disbursements and Purchases Under the ECF-EFF Blended Arrangements, 2023–26

Availability date	Amount of Disbursements						Conditions
	ECF		EFF		Total		
	Millions of SDR	Percent of Quota 1/	Millions of SDR	Percent of Quota 1/	Millions of SDR	Percent of Quota 1/	
Jan 25, 2023	5.37	4.17	10.73	8.33	16.10	12.50	Approval by the Executive Board
October 17, 2023	5.37	4.17	10.73	8.33	16.10	12.50	First review and end-June 2023 performance criteria
April 17, 2024	2.15	1.67	4.29	3.33	6.44	5.00	Second review and end-December 2023 performance criteria
October 17, 2024	2.15	1.67	4.29	3.33	6.44	5.00	Third review and end-June 2024 performance criteria
April 17, 2025	2.15	1.67	4.29	3.33	6.44	5.00	Fourth review and end-December 2024 performance criteria
October 17, 2025	2.15	1.67	4.29	3.33	6.44	5.00	Fifth review and end-June 2025 performance criteria
April 17, 2026	2.13	1.65	4.31	3.35	6.44	5.00	Sixth review and end-December 2025 performance criteria
Total	21.47	16.67	42.93	33.33	64.40	50.00	

Source: IMF staff calculations.

1/ Mauritania's quota is SDR 128.8 million. Percentages are rounded.

Table 10b. Mauritania: Schedule of Reviews and Disbursements Under the RSF Arrangements, 2023–26

Source: IMF staff calculations.

ECF-EFF Reviews	Availability date	Amount of Disbursements		Conditions
		RSF		
		Millions of SDR	Percent of Quota 1/	
Second Review	April 17, 2024	14.86	11.54	Completion of RSF review of RM5 implementation
Third Review	October 17, 2024	14.86	11.54	Completion of RSF review of RM3 implementation
Third Review	October 17, 2024	14.86	11.54	Completion of RSF review of RM11 implementation
Fourth Review	April 17, 2025	14.86	11.54	Completion of RSF review of RM6 implementation
Fourth Review	April 17, 2025	14.86	11.54	Completion of RSF review of RM7 implementation
Fourth Review	April 17, 2025	14.86	11.54	Completion of RSF review of RM10 implementation
Fifth Review	October 17, 2025	14.86	11.54	Completion of RSF review of RM1 implementation
Fifth Review	October 17, 2025	14.86	11.54	Completion of RSF review of RM8 implementation
Fifth Review	October 17, 2025	14.86	11.54	Completion of RSF review of RM13 implementation
Fifth Review	October 17, 2025	14.86	11.54	Completion of RSF review of RM9 implementation
Sixth Review	April 17, 2026	14.86	11.54	Completion of RSF review of RM2 implementation
Sixth Review	April 17, 2026	14.86	11.54	Completion of RSF review of RM4 implementation
Sixth Review	April 17, 2026	14.88	11.55	Completion of RSF review of RM12 implementation
	Total	193.2	150.0	

1/ Mauritania's quota is SDR 128.8 million. Percentages are rounded.

Table 11. Mauritania: Decomposition of Public Debt and Debt Service by Creditor, 2023–25^{1/}
(Based on end-2023 debt outstanding)

	Debt Stock			Debt service					
	end-2023			2023	2024	2025	2023	2024	2025
	In millions of US\$	Percent of total debt	Percent of GDP	Millions US\$			Percent of GDP		
Total PPG debt (external + domestic)	4,666.5	100.0	44.5	521.6	549.7	589.9	5.0	5.2	5.5
External	4,033.7	86.4	38.5	322.7	358.9	344.0	3.1	3.4	3.2
Multilateral creditors	2,470.9	53.0	23.6	173.5	204.5	215.2	1.7	1.9	2.0
FADES	1,197.3	25.7	11.4	101.4	125.3	114.4	1.0	1.2	1.1
IsDB	306.0	6.6	2.9	34.6	34.5	36.0	0.3	0.3	0.3
World Bank	426.2	9.1	4.1	13.4	15.6	16.8	0.1	0.1	0.2
IMF	347.7	7.5	3.3	8.5	15.6	35.1	0.1	0.1	0.3
Other multilaterals	193.7	4.2	1.8	15.5	13.4	13.0	0.1	0.1	0.1
Bilateral creditors	1,561.8	33.5	14.9	149.2	154.4	128.8	1.4	1.5	1.2
Paris Club	84.7	1.8	0.8	18.0	18.9	12.3	0.2	0.2	0.1
France (incl. AFD)	69.8	1.5	0.7	11.4	12.3	10.2	0.1	0.1	0.1
Spain	12.7	0.3	0.1	6.4	6.5	1.9	0.1	0.1	0.0
Other Paris Club	2.2	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0
Non-Paris Club	1,477.1	31.7	14.1	131.2	135.5	116.5	1.3	1.3	1.1
Saudi Arabia	667.2	14.3	6.4	30.8	33.1	27.8	0.3	0.3	0.3
China	389.7	8.4	3.7	45.2	50.8	45.1	0.4	0.5	0.4
Kuwait	250.8	5.4	2.4	23.9	23.8	20.0	0.2	0.2	0.2
Other Non-Paris Club	169.5	3.6	1.6	31.2	27.8	23.6	0.3	0.3	0.2
Bonds	1.0	0.0	0.0	-	-	-	-	-	-
Commercial creditors	-	-	-	-	-	-	-	-	-
Domestic	632.7	13.6	6.0	198.9	190.9	245.9	1.9	1.8	2.3
Held by residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
T-bills	176.1	3.8	1.7	184.0	176.1	231.3	1.8	1.7	2.2
Loans	456.7	9.8	4.4	14.8	14.8	14.5	0.1	0.1	0.1
Memo items:									
Collateralized debt ²	-	-	-						
Contingent liabilities	498.7	10.7	4.8						
o/w Public guarantees	6.4	0.1	0.1						
o/w Other explicit contingent liabilities ³	473.7	10.2	4.5						
Nominal GDP (end of period)	10,481			10,481	10,589	10,709			

Sources: Mauritanian authorities; and IMF staff estimates.

1/ As reported by Country Authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/ Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

3/ Includes other one-off guarantees not included in publicly guaranteed debt (e.g., credit lines) and other explicit contingent liabilities not elsewhere classified (e.g., potential legal claims, payments resulting from PPP arrangements). See 2014 Government Finance Statistics Manual (7.252) for more information.

Table 12. Mauritania: Risk Assessment Matrix

Sources of Risks	Relative Likelihood	Expected Impact	Policy Response
Global Risks: Conjunctural shocks and scenarios			
Intensification of regional conflict(s).	High	High. Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows.	Package of policy measures aiming at making monetary policy more effective, subsidies better targeted, and social transfers to the most vulnerable.
Commodity price volatility.	High	High. A succession of supply disruptions (e.g., due to conflicts, uncertainty, export restrictions and OPEC+ decisions) and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	<ul style="list-style-type: none"> - Strengthening of the monetary policy framework to make it more effective. - Greater ER flexibility to help absorb external shocks. - Better targeted subsidies to minimize impact of fiscal responses - Use external and fiscal buffers, implementation of fiscal anchor, and donor support if needed. - Structural reforms to diversify the economy.
Abrupt global slowdown or recession	Medium	<p>Medium. Global and idiosyncratic risk factors combine to cause a synchronized sharp growth downturn, with recessions in some countries, adverse spillovers through trade and financial channels, and market fragmentation triggering sudden stops in EMDEs.</p> <ul style="list-style-type: none"> • China: Sharper-than-expected contraction in the property sector weighs on private demand, further amplifies local government fiscal strains, and results in disinflationary pressures and adverse macro-financial feedback loops. • Europe: Intensifying fallout from Russia's war in Ukraine, supply disruptions, tight financial conditions, and real estate market corrections exacerbate economic downturn. • U.S.: Amid tight labor markets, inflation remains elevated, prompting the Fed to keep rates higher for longer and resulting in more abrupt financial, housing, and commercial real estate market correction. 	<ul style="list-style-type: none"> - Structural reforms to diversify the economy and export markets, away from the traditional mining sectors, such as iron ore. - Greater ER flexibility to absorb external shocks and preserve international reserves.
Monetary policy miscalibration	Medium	Medium. Amid high economic uncertainty, major central banks loosen policy stance prematurely, hindering disinflation, or keep it tight for longer than warranted, causing abrupt adjustments in financial markets and weakening the credibility of central banks.	Package of policy and operational measures aiming at maintaining excess liquidity low and making monetary policy more effective, including, if needed increasing the policy rate, continuing, and deepening the interbank liquidity and the government securities' markets.

Table 12. Mauritania: Risk Assessment Matrix (Concluded)

Sources of Risks	Relative Likelihood	Expected Impact	Policy Response
Systemic financial instability	Medium	Low. Sharp swings in real interest rates and risk premia, and asset repricing amid economic slowdowns and political uncertainty (e.g., from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop affecting weak banks and NBFIs.	<ul style="list-style-type: none"> - Closed capital account and underdeveloped financial market limit spillovers from global financial turmoil. - Strengthening of banking supervision and resolution framework to address weak banks.
Sovereign debt distress	Medium	Low. Domino effects from high global interest rates, a growth slowdown in AEs, unfunded fiscal spending, and/or disorderly debt events in some EMDEs spillover to other highly indebted countries, resulting in capital outflows, an increase in risk premia, and loss of market access.	<ul style="list-style-type: none"> - Closed capital account and no access to international financial markets limit the risk - Implementation of fiscal anchor aimed at stabilizing or reducing external debt
Social discontent	Medium	High. High inflation, real income loss, and spillovers from conflicts (including migration), worsening inequality, and disputed elections cause social unrest and detrimental populist policies. This exacerbates imbalances, slows growth, and leads to policy uncertainty and market repricing.	<ul style="list-style-type: none"> - Use fiscal space for health, education, social and infrastructure spending toward SDGs. - Strengthening of the monetary policy framework to keep inflation low. - Improve communication on social measures and targeted subsidies.

Annex I. Integration of Capacity Development in the Program, 2024

CD is closely integrated in the new ECF and EFF supported economic program, mainly through TA either from headquarters or from AFRITAC West. The CD Activities to support the SBs are below.

Program Structural Benchmarks		Supporting CD and Diagnostic Tools
Social Protection		
1	Increase the quarterly amount paid to households from 2,900 MRU to 3,600 MRU and publish a note by Taazour/World Bank	WB TA under Social Safety Net Project
Fiscal policy		
2	Operationalize the tax policy unit by hiring competent staff and having the TPU operations started	FAD TA on the evaluation of tax expenditures and the creation of a Tax Policy Unit
3	Reform the codification of imported products in customs, including the additional codes used for the tax regimes	The WB intends to provide supporting TA
4	Publish regular financial reporting on SNIM mining and non-mining activities, including the SNIM foundation	IMF staff governance diagnostic assessment (LEG, FIN, FAD, and MCM)
5	Reform the consumption tax in the revised budget law (LFR) for 2024 if not integrated in the budget law (LFI) for 2024	FAD TA on the evaluation of tax expenditures and the creation of a Tax Policy Unit and upcoming tax diagnostic mission early 2024
6	Submit a revised investment code that eliminates "points francs" and reduces special regimes to the parliament	IFC TA. An FAD tax diagnostic mission in early 2024 is also planned.
Monetary Policy		
7	Conduct regular auctions of T-bills for conventional banks to bring the outstanding volume of T-bills to MRU 3 billion by December 2024	AFRITAC West TA missions on the Government securities' market
8	Conduct regular auctions of Islamic T-bills to bring the outstanding volume of Islamic T-bills to MRU 1.5 billion by December 2024	AFRITAC West TA missions on the Government securities' market
9	Revise the 2018 convention on the BCM claims on government to shorten the maturity of the claim to 25 years or less by December 2024, with a 3.75 percent interest rate and amortization beginning in 2025, with yearly amortization of 0.2 bn MRU until 2027 and equal installments thereafter.	FSAP 2014, Safeguards Assessment 2021, and Safeguard Assessment 2023
Foreign Exchange Policy		
10	Establish a quarterly committee between the BCM, SNIM, and the MOF to discuss and share forecasts of SNIM repatriation of funds for a minimum of 12 months into the future, and integrate the forecasts into FX cashflow analysis	MCM TA on FX liquidity forecasting
Financial Sector Policies		
11	Develop an HR plan to strengthen the BCM supervisory function and increase technical staff in charge of off-site supervision from 2 to 4 people	AFRITAC West TA missions on banking supervision and regulation
12	Publish the Net Stable Funding Ratio (NSFR) instruction by end March 2024	AFRITAC West TA missions on banking supervision and regulation
13	Ensure the compliance of all banks to the minimum capital and core capital requirements	AFRITAC West TA missions on banking supervision and regulation

Program Structural Benchmarks	Supporting CD and Diagnostic Tools
Governance and Private Investment	
<p>14 Submit to Parliament a SOE Law in line with international standards and best practices, including the main elements of a government ownership policy, and measures to strengthen SOE governance, transparency, and accountability with a view to improving their financial and operational performance.</p>	<p>LEG mission on SOE governance.</p>
<p>15 Submit to Parliament legal amendments to establish an asset declaration and conflicts of interest system in line with the G20 High-Level Principles on Asset Disclosure by Public Officials, the findings and recommendations of the governance diagnostic and the IMF technical assistance</p>	<p>LEG TA on asset declarations and conflicts of interest legal and organizational frameworks.</p>
<p>16 Start regular publications of semi-annual reports on the implementation of the action plan in key governance areas supported by the IMF governance diagnostics</p>	<p>IMF staff governance diagnostic assessment (LEG, FIN, FAD, and MCM)</p>

Annex II. Development Strategy ¹

1. Mauritania launched its new Poverty Reduction and Growth Strategy (PRGS) in 2022—the second five-year action plan of the Strategy for Accelerated Growth and Shared Prosperity (SCAPP)—covering the period 2021–2025. The development of the SCAPP's second priority action plan (PAP2, 2021–2025) was underpinned by a participatory approach. The action plan's formulation saw involvement from a diverse group of stakeholders, including public administration, the private sector, civil society, and local communities. It also takes into account the 2030 Agenda and a number of targets considered to be priorities for the country among the Sustainable Development Goals (SDGs), as well as the Agenda 2063 of the African Union.
2. The Strategy for Accelerated Growth and Shared Prosperity covering 2016–30 (SCAPP) rests on three pillars: i) promote sustainable, and inclusive growth, by revitalizing sectors with high employment and growth potential through the modernization of public infrastructures and strengthening the role of the private sector; ii) develop human capital and improve access to basic social services; and iii) strengthen governance, including economic governance, and the fight against corruption.
3. The objectives of the PRGS are broadly aligned with the authorities' program priorities supported by the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) arrangements. It emphasizes the need to strengthen macroeconomic stability and build the foundation for inclusive, job-creating, and resilient growth. The PAP2 requires significant financial resources, estimated at MRU 168 billion (40 percent of GDP). With public investment expected to cover nearly half, the remainder hinges on private sector contributions and development partnerships. Effective implementation is contingent on improving revenue mobilization, enhancing public spending efficiency and navigating fiscal risks. It also requires integrating the PAP2 in the macroeconomic framework and debt sustainability analysis to ensure consistency with IMF-supported programs and the budget. The PRGS aims to promote and revitalize the private sector as the main engine of economic growth in Mauritania through a more diversified production base. Lastly, cross-cutting themes related to good governance and the fight against corruption and resilience to the effects of climate change are also prioritized. The authorities are also relying on the ECF/EFF and RSF arrangements to further catalyze financial support from donors and the private sector.
4. The PAP2 aims for significant poverty reduction in Mauritania and stimulate long term growth. Despite achieving moderate economic growth, Mauritania faces persistent challenges in poverty reduction and economic performance, heavily influenced by global commodity price fluctuations. One of the primary expectations from the implementation of the SCAPP is to decrease the poverty rate to 35.4 percent by 2026, down from 40.8 percent in 2019. The PAP2 seeks to drive

¹ Prepared by Anta Ndoye

economic transformation towards a more diversified and resilient economy, with targeted annual real GDP growth of 7.5 percent.

5. Implementation of the PAP2 is ongoing, though challenges exist, especially in establishing an effective monitoring and evaluation system. The authorities are taking actions in key governance areas supported by a governance diagnostic completed by the IMF in June 2023. Under the new RSF program, plans are to enact macro-critical reforms to increase climate resilience and transition. The authorities aim to set up a comprehensive climate budget tagging system, that could usefully be complemented by gender budget tagging, paving the way for climate and gender-responsive budgeting that would help address gender inequality and climate vulnerabilities, both being objectives of the SCAPP. Led by the Ministry of Economy, a functional mechanism organizes annual reviews of PAP2 implementation. This work focuses on monitoring actions undertaken within the framework of the action plan (PAP2, 2021-2025) by focusing on activity indicators and to a lesser extent on results and impact indicators. The monitoring tool for the implementation of projects could also be further refined and complemented to include recommended actions from the PIMA report, such as conducting cost-benefit analysis of projects.

Appendix I. Letter of Intent

ISLAMIC REPUBLIC OF MAURITANIA CENTRAL BANK OF MAURITANIA

Nouakchott, May 10, 2024

Kristalina Georgieva,
Managing Director, International Monetary Fund,
Washington D.C. 20431,
United States

Dear Madam Managing Director:

In 2024, economic growth is expected to reach 4.3 percent compared to 3.4 percent in 2023, driven by the growth of the non-extractive sector. After reaching 8.2 percent year-on-year at end-March 2023, inflation slowed to 2.7 percent in March 2024, reflecting tighter monetary policy and lower international commodity prices. Despite these good results, strong headwinds continue to be felt, particularly as a result of geopolitical tensions, climatic shocks, and the security situation in the Sahel region. The uncertainty hanging over the global economy and the sustainable development challenges we face remain significant and our reform-oriented program is continuing.

The economic and social program that the Mauritanian authorities are implementing with the support of the International Monetary Fund (IMF) under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) is continuing. The performance criteria at end-December 2023 were met with the exception of the performance criterion relating to the non-extractive primary balance (including grants). In view of the relatively small amount by which the ceiling on the non-extractive primary balance was exceeded, we are seeking a waiver from the Executive Board for non-compliance with this performance criterion. The indicative targets and structural benchmarks for December 2023–March 2024 under the ECF and EFF arrangements adopted by the IMF Executive Board on December 19, 2023, have all been met. In view of the results achieved, we request approval of the second program reviews under the ECF and EFF and the combined disbursement of SDR 6.44 million, of which SDR 4.29 million under the EFF and SDR 2.15 million under the ECF. We undertake to contain budget expenditure in 2024 in order to achieve a non-extractive primary balance of MRU -16 billion by the end of 2024, and we will adopt a supplementary budget in line with this objective.

The government is requesting a modification to the performance criteria for net domestic assets for end-June, end-September, and end-December 2024 to bring Table 1 in the attached Memorandum of Economic and Financial Policies (MEFP) in line with the staff report of the first review under the ECF and EFF arrangements, i.e., ensuring that the values are clearly labelled as levels and not changes.

The Resilience and Sustainability Facility (RSF) program of SDR 193.2 million (150 percent of quota), approved by the Executive Board in December 2023, is off to a good start. It aims to build resilience to climate shocks, strengthen disaster risk management capacities, and accelerate the transition to cleaner energy sources. It will support the implementation of reforms in the following four pillars: (i) mainstreaming climate in public financial management (PFM) and public investment management (PIM); (ii) social protection against climate shocks; (iii) decarbonization; and (iv) strengthening the institutional framework for water management. The reform measure at end-April 2024 has been completed and we are seeking approval of the first review under the RSF and the disbursement of SDR 14.86 million under the RSF.

The next semi-annual review under the ECF and EFF as well as the RSF will take place no earlier than October 17, 2024, and the following one no earlier than April 17, 2025, on the basis of the quantitative criteria, structural benchmarks, and reform measures as described in the attached MEFP and Technical Memorandum of Understanding (TMU). We will continue to provide the IMF with all the data and information required to monitor the implementation of measures and the achievement of program objectives under the ECF and EFF, as well as the RSF, in accordance with the attached TMU.

We will provide the IMF with all the data and information needed to monitor the implementation of the measures and the achievement of the targets as described in the TMU and we will consult the IMF when drawing up the budget laws and the medium-term budget framework. We believe that the policies described in the MEFP, which are based on the SCAPP, the SDGs, the NDC updated in 2021, and the national strategy to combat climate change (SNLCC) are relevant to achieving the objectives of the programs. We will take any additional measures required for this purpose. We will consult with the IMF on the adoption of these measures and prior to any revision of the policies set out in the MEFP, in accordance with the IMF's policies on such consultations. We consent to the publication of this letter, its attachments, and the IMF staff report.

Sincerely yours,

/s/

Mr. Mohamed-Lemine Dhehby
Governor of the Central Bank of Mauritania

/s/

M. Isselmou Ould Mohamed M'Bady
Minister of Finance

/s/

Mr. Abdessalem Ould Mohamed Saleh
Minister for Economy and Sustainable Development

Attachments (2):

1. Memorandum of Economic and Financial Policies
2. Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

A. Context: Development Program(s) of the Public Authorities

1. This memorandum describes Mauritania's economic and financial program supported by the IMF under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) for the period 2023-26. The ECF and EFF program aims to preserve macroeconomic stability, consolidate the foundations for sustainable and inclusive growth, and reduce poverty in line with the strategy for accelerated growth and shared prosperity (SCAPP). The RSF-supported program aims to build resilience to climate shocks, strengthen disaster risk management capacities, and accelerate the transition to cleaner energy sources.

B. Economic Developments

2. Economic growth slowed to 3.4 percent in 2023 from 6.4 percent in 2022, reflecting an economic contraction in the agriculture and fisheries sectors, the normalization of extractive sector activity, and a lagged effect of monetary policy tightening. Inflation decreased significantly to 2.7 percent in March 2024 (year-on-year) from 8.2 percent in March 2023.
3. Budget execution is in line with program expectations. At the end of December 2023, revenues including grants amounted to MRU 86.0 billion (22.5 percent of GDP), or 90 percent of the total fiscal target for the year. Non-tax revenues were 12 percent lower than in 2022. Expenditure amounted to MRU 95.6 billion (25.0 percent of GDP), or 89.9 percent of the year's total budget, and 3.1 percent down in 2022.
4. The current account deficit is projected to decline to 10.0 percent of GDP in 2023 (from 14.6 percent at end-2022) following lower food and energy prices, fiscal consolidation, and monetary policy tightening, but remains elevated due to exchange rate appreciation in the first quarter and the persistently high import content in budgetary spending. At end-December 2023, international reserves stood at US\$2.0 billion (6.3 months of prospective non-extractive imports), compared with US\$1.9 billion (6.2 months of prospective non-extractive imports) at end-2022. At end-December 2023, the nominal effective exchange rate (NEER) and the real effective exchange rate (REER) had depreciated by 5.8 percent and 8.8 percent respectively compared with the end of 2022.
5. At end-December 2023, growth in credit to the economy remained weak at 5.2 percent due to tighter monetary policy. However, excess reserves remained volatile. Between end-October 2023 and mid-January 2024, excess reserves averaged MRU 2.1 billion. However, money supply growth slowed to 4.7 percent in December 2023 from 9.2 percent in August 2023, due to restrictive monetary policy.

C. Short- and Medium-Term Outlook

Short-Term Projections for 2024

6. Economic growth is expected to reach 4.3 percent in 2024, driven mainly by the performance of the non-extractive sector. In 2024, the current account deficit is expected to continue to narrow to 7.9 percent of GDP (from 10.0 percent at end-2023). Gross reserves are expected to reach US\$2.0 billion (about 6.4 months of prospective non-extractive imports) by end-2024, due to a reduction in the repatriation of SNIM funds compared to 2023.

Medium-Term Projections for 2025-28

7. Over the 2025-2028 period, overall growth is expected to be between 4 percent and 6 percent approximately. In 2025, economic growth is expected to be around 4.3 percent. While delays in production at the Greater Tortue Ahmeyim (GTA) gas project and the annual decline in TASIAST's gold production compared to 2024 will reduce the growth of the extractive sector, the performance of the agricultural and fisheries sectors is expected to be strong. Gas exports will support the reduction in the current account, thus maintaining international reserves at an adequate level until 2029 (above 5.2 months of non-extractive imports), while iron ore production is expected to increase until 2027. Structural reforms are also set to accelerate thanks to support from the programs supported by the IMF under the ECF-EFF and RSF.

8. Downside risks are predominant. Escalating geopolitical tensions and a deteriorating security situation in the Sahel region could affect Mauritania by triggering further terms-of-trade shocks, notably in oil and food prices, thereby increasing macroeconomic challenges and creating social tensions. In addition, frequent climatic catastrophes, notably floods, could impair infrastructure, arable land, and agricultural production, thereby keeping levels of food insecurity relatively high. The resulting imports of food products and reconstruction materials could increase balance-of-payments needs, putting pressure on the international reserves. Additional delays in the start-up of gas production and adverse price fluctuations on commodity markets could reduce budget revenues, increase external financing requirements, and worsen the medium-term debt profile. On the upside, the implementation of future phases of the GTA gas project or of other major mining projects should improve economic growth and the balance of payments.

D. ECF-EFF Economic Program for 2023-26

Pillar 1: Stimulating Recovery While Preserving Economic Stability

Fiscal Policy

9. Our fiscal policy is anchored in a Medium-Term Fiscal Framework (MTFF) aimed at fiscal sustainability and reducing the volatility associated with extractive sector resources. The fiscal anchor aims to stabilize or even reduce debt, which should keep Mauritania below the debt distress threshold. Implementation of this fiscal anchor implies a non-extractive primary deficit (including grants) between 3.5 percent and 4.5 percent of GDP by 2026, and below 3.5 percent of GDP by 2027.

This target implies reducing current expenditure to below 15 percent of GDP by 2027, from 16.7 percent for 2023, while increasing capital expenditure to around 10.9 percent of GDP and non-extractive tax revenues by approximately 0.5 percent of GDP per year. This will help protect public spending from the volatility of commodity prices and will aim to stabilize debt over the medium term. Any budget deficit will be financed through a combination of the use of Treasury account, treasury bill issuances, and external financing.

10. Deficit targets are included in the national budget and the medium-term fiscal framework, but we intend to institutionalize the fiscal anchor. Once we have defined this anchor, we will organize communication activities to involve and consult with civil society and other stakeholders in this reform.

11. We commit to containing expenditure in 2024 to achieve a non-extractive primary balance (including grants) of MRU -16 billion by the end of 2024 and not to accumulate domestic payment arrears. For this purpose, a provisional TOFE with an amount of investment from domestic financing of MRU 2.6 billion less (for a total amount of investment from domestic resources of MRU 28.9 billion instead of MRU 31.5 billion) will be shared with the IMF and will be used for the execution and monitoring of the budget for 2024 before the adoption of the revised budget law for 2024 that will take this into account. In the event of a poor revenue collection performance in June 2024, we commit to introducing additional measures in the revised budget law that will be submitted to Parliament in August to increase the amount of tax and non-tax contributions to collect.

12. As part of the RSF, a fuel price reform aimed at phasing out subsidies is planned. However, given that this decree is not due before March 2025, we will closely monitor the evolution of international oil prices and implement the necessary measures to limit the budgetary cost of energy subsidies.

13. We are expanding our social protection system. In 2024, we aim to increase the number of vulnerable households covered by the program to more than 110,000 households and plan to increase the quarterly amount paid to these households to MRU 3,600 (structural benchmark, December 2024) from MRU 2900 in 2023. A note on the effective implementation of the Tekavoul program will be produced by Taazour (Agency for National Solidarity and the Fight against Exclusion) and/or the World Bank in 2024. This note should show the evolution of the number of households covered as well as the quarterly amount of cash transfers. We will update and enrich the social registry and encourage its use for social programs, while considering the need for geographical equity by 2025. At the same time, food distribution centers (Temwine program) will be reorganized to improve their targeting. Finally, we will continue to prioritize spending on primary and secondary education, primary healthcare, access to water and sanitation, and better-targeted social assistance programs.

14. Bearing in mind that the ceiling on remuneration subject to contributions for the private social security plan was raised in 2021, we will take the necessary steps to reform the public pension

system to ensure its budgetary sustainability. We undertake to developing an action plan based on the recommendations of the IMF technical assistance mission on the assessment of pension plans.

15. Our debt strategy will be based on one principle: avoid excessive and costly borrowing. We will finance our investments through grants and loans contracted at a moderate pace, compatible with a moderate risk of debt distress and our absorption capacity. For this purpose, the present value of external borrowing (public and government-guaranteed) will be capped according to the limits provided in MEFP Table 1. An annual borrowing plan (presented in Text Table 3) has been drawn up in consultation with the IMF to reinforce our medium-term debt reduction strategy. We also recognize that this ceiling in itself will not guarantee a moderate risk of debt distress. We therefore undertake to assess the impact of agreements on debt sustainability and to inform the IMF of financing agreements.

Monetary and Exchange Policy

16. The BCM will conduct a prudent monetary policy aimed at reducing excess liquidity in the banking system and containing inflationary pressures with a view to supporting the gradual move towards greater exchange rate flexibility. The Central Bank will implement the necessary instruments to perform its price stability mission to the full. At the same time, we will strengthen the monetary policy framework to increase its effectiveness and support the reform of the exchange rate regime.

Pillar 2: Strengthening of the Economic Policy Frameworks

Fiscal Policy Framework

17. Reforms will focus on improving budget performance, modernizing the tax administration, and strengthening public financial management. For this purpose, we will continue ongoing structural reforms.

18. Public Financial Management: To strengthen the medium-term fiscal framework and stabilize debt, we will update the MTBF and will clearly define the fiscal anchor we are aiming for with our fiscal policy. We will update the Medium-Term Budget Framework (MTBPD), and after consultation with the IMF, we will submit it to Cabinet and Parliament for its adoption in September 2024. The Ministry of Economy and Sustainable Development (MEDD) will also strengthen project evaluation and selection beyond consideration of climate aspects.

19. In addition, to improve budget transparency, we will continue to modernize the presentation of budget statistics and the Table of Government Financial Operations (TOFE) in line with the international standards of the Government Finance Statistics Manual 2014 (GFSM 2014) with the technical assistance of the IMF. For this purpose, we will start working on the production of TOFEs for social security (CNSS and CNAM) and extra-budgetary units (government administrative agencies (EPAs) and government industrial and commercial agencies (EPICs), starting with the collection of the required information at the level of social security entities.

20. Finally, following the conclusions of the governance diagnostic report, and even though the annual publication of the audited accounts of Société Nationale Industrielle et Minière de Mauritanie (SNIM) is in line with international best practice, we will publish a financial report on SNIM's mining and non-mining activities, including the SNIM Foundation, on an annual basis by October 2024 (structural benchmark) to continue promoting fiscal transparency.

21. Tax policy: to improve the neutrality, equity, and efficiency of the tax system and mobilize additional revenues:

- We will finalize the reform of the Nouadhibou free zone law submitted to Parliament (structural benchmark, March 2023), which will create new conditions favorable to the emergence of new synergy effects in our economy. Specifically, this reform will enable us to better supervise incoming and outgoing flows, thanks to the introduction of new harmonized customs procedures. Involving the customs administration to better control activities within the geographical limits of the free zone will help us achieve efficiency in the industrial orientation of the new reform. As soon as the new law is adopted, we undertake, with the support of the IMF's technical assistance, to implement it and to withdraw all non-compliant permits.
- We have operationalized the tax policy unit (TPU) to strengthen our tax policy framework (structural benchmark, March 2024). More specifically, it involved recruiting the coordinator and qualified staff, transferring skills from the ad hoc working group to the unit team, and carrying out operations relating to the mandate of a TPU. Technical assistance from the IMF took place between March and May 2024 to support the team in its training program. We request continued technical assistance from the IMF to help the TPU in the execution of operations relating to its missions.
- Based on the recommendations of the IMF TA on the tax policy diagnostic conducted in January 2024, we will proceed with the reform of the consumption tax by August 2024 (structural benchmark). Likewise, we commit to sharing with the IMF by September 1, 2024, a roadmap on these recommendations with measures aimed at eliminating economic distortions, reducing the complexity of the tax system, and improving revenue mobilization while ensuring that Mauritania remains attractive for new investments. This roadmap will include concrete and quantified tax policy measures to be included in the 2025 budget law for application as from January 1, 2025. We will also organize consultation consultations through tax conferences, which could help build wider support for tax policy reforms.
- We will also work to reduce tax expenditure (estimated at around 3 percent of GDP) to create fiscal space for increasing priority spending. The TPU will carry out a comprehensive analysis of tax expenditure, to be published as an appendix to the 2025 budget and in the following years. This analysis will serve as a basis for eliminating unproductive exemptions and special schemes. We will ensure that the obligation to submit corporate income tax declarations is fully implemented, including for companies subject to tax exemptions (Code des Investissements, Zone Franche and conventions d'établissement) to improve our taxpayer registry and our estimates of tax expenditure.

- We will monitor and check the operations of free points to identify those carrying out activities not covered by the permit they were granted. This will enable us to take action to reduce the number of free points. In addition, we will reduce the number of special regimes and abolish "points francs" through the revised Investment Code to be submitted to Parliament by December 2024 (structural benchmark).

22. Revenue Administration: To increase domestic revenues, we plan to accelerate ongoing tax administration reforms. To guide our tax administration reform strategy, we have carried out a TADAT assessment with the support of the IMF. In parallel, we will pursue ongoing reforms designed to increase tax revenues. These include:

- We updated the codification system of imported goods to bring it into line with the new HS 2022 version of the harmonized commodity coding system shared by all member countries of the World Customs Organization (WCO). This reform will have a positive impact on the implementation of sub-regional agreements (ECOWAS CET) and will open the possibility of using mirror databases to improve the valuation of goods and tax expenditure. On another front, the customs administration intends to reform the codification of its tax regimes (additional codes), making them easier to understand and better suited to tracking exemptions and other granted derogatory measures (structural benchmark, September 2024). These codes will also be very useful for determining tax expenditure by creating conditions for rapid processing of tax information.
- We analyzed and exploited cross-matching data to remove from the informal sector those corporations that exceeded the flat-rate threshold without declaring it. We started by suspending the Tax Identification Numbers (TINs) of these corporations from the source companies (clients) to force them to move forward and regularize their situation. We have undertaken a campaign to locate unidentified companies, by using information provided by SOMELEC concerning large electricity consumers and their addresses.
- We have set up an interface with the digitalized public procurement platform. This interface will enable us to harmonize and cross-check data with other public bodies, such as the national social security fund (CNSS). This will encourage companies to be more transparent in their declarations with regard to their business volume, classification, number of employees, and experience in the field.
- The audit program for 2023, which started late (in August), was spread over the first three months of 2024. The 2024 program will start as early as May, just after the deadline for filing declarations, with the aim of improving coverage and collecting more revenue.
- We undertake to revitalize the post-clearance control unit by providing it with the resources it needs to carry out its missions. This requires capacity building to create specialized skills. For this purpose, technical assistance will be needed to enable the customs administration to make the most of this new profession, which could potentially contribute to a significant increase in revenue, and to improve relations between customs and its partners (corporations) granted the

best services (immediate removal of goods and the possibility of immediate clearance when assigned the green channel).

- We intend to step up the fight against fraud by equipping the customs administration's regional surveillance squads with major infrastructure and portable devices for the customs handling and clearance of fraudulent goods.
- We made e-filing and e-payment compulsory for large taxpayers in 2024, starting gradually with the most advanced in terms of IT systems adoption, with a regulatory text specifying transitional arrangements.
- We will continue to review the taxpayer registry with the objective of cleaning it up and bringing it up to date. We will monitor the spontaneous creation of TINs for new taxpayers who pollute the register, put in place rigorous processes to prevent the creation of temporary TINs. We revised the law relating to the creation of TINs to clarify taxpayer identification, and cross-check data with register office records to improve the reliability of the information received.
- We will also initiate discussions with IMF teams to develop a strategy for managing tax arrears, focusing initially on state-owned enterprises.
- We will also work to strengthen cooperation between the DGI and other government bodies, starting with the customs administration.
- To better prepare the e-filing and e-payment service (STT) for the "changeover of all large taxpayers" (DGE - Large Enterprise Directorate), we will take the necessary measures in order to improve the platform by ensuring: (i) the inclusion of a dashboard for management of the platform; (ii) the capability to take future taxes into account without having to rewrite the application code; (iii) full integration of banks (only 3 banks out of 20 at this stage); and (iv) the capability to make a supplementary tax return online. To improve IT capabilities, the government intends to allocate more resources to the Directorate for Information, Studies, Tax Reforms, and Training (DIERFF) to hire more IT developers and provide training for its staff in managing the platform and the network parameters.

23. Following the 2023 budget implementation, we estimate an improvement in total revenue of MRU 12.5 billion in 2024. Relative to tax revenues, the table below presents the main developments planned for each category of tax as well as the measures that would allow us to ensure that they are realized. We commit to implementing all the mentioned measures to be able to mobilize the revenues foreseen in the two tables below.

Text Table 1. Expected Tax Revenues from the DGI for 2024

	Performance 2023	Revised forecasts for 2024	Changes 2024-2023	Measures to strengthen revenue mobilization in 2024
Income tax, incl. GTA revenue	6.07	6.7	0.63	(1) Introduction of the tax on unbuilt land (Decree No. 252/2024).
Tax on salaries and wages	7.1	7.4	0.3	(2) The continuation of efforts to collect state revenues (including the strict application of the obligation to register all contracts), which have increased substantially in recent years.
Tax on income from movable capital	1.29	1.3	0.01	(3) Other factors contributing to the improvement in tax revenues include:
Simplified Tax Regime (RSI)	0.85	0.95	0.1	a. The application of the IRCM withholding tax on
Domestic VAT	5.37	5.63	0.26	treasury bills, the outstanding amount of which is already at MRU 10.93 billion in March 2024;
SNIM Single Tax/GST-TAF	3.1	3.97	0.87	b. The full-year application of the Special Charge (5 percent) on telecommunications companies' turnover (only 3 months for 2023);
Other taxes (insurance. Vehicles, airport, etc.)	0.78	1.08	0.3	c. The increase in the flow of services rendered by non-residents who are subject to withholding tax under the Simplified Tax Regime (already observed in the first two months of 2024);
				d. Capital receipts expected from increased land sales envisaged as part of the implementation of city subdivision plans (non-tax revenues).
Total	24,56	27,03	2,47	

Text Table 2. Expected Tax Revenues from the DGD for 2024

	Performance 2023	Revised forecasts for 2024	Changes 2024-2023	Measures to strengthen revenue mobilization in 2024
IMF (minimum flat-rate tax) Customs	2.32	2.38	0.06	(1) Removal of anti-COVID measures that will bring in about MRU 1 billion.
VAT on imports	10.95	11.78	0.83	
Domestic Oil Products Tax	2.79	2.99	0.20	(2) Reintroduction of the consumption tax on sugar in the revised budget law. Expected revenues are estimated at around MRU 0.35 billion.
Consumption taxes (tea, tobacco, sugar, cement)	1.38	1.78	0.41	
Imports (customs duty)	8.55	8.76	0.21	
Statistical tax	1.24	1.31	0.07	(3) Strengthening customs revenue mobilization efforts.
Other taxes	2.89	2.95	0.06	
Total	30,12	31,96	1,84	

24. Management of Extractive Sector Revenues: Before the start of gas production under the GTA gas project, scheduled for 2025, we will reorganize our gas and mining resource management and forecasting structure. We will integrate gas revenues into the MTBF. We will strengthen the rule for smoothing the volatility of gas and mining revenues financing the budget and apply best practice to the reporting of gas and mining revenues and savings fund assets/gains. At the same time, we will review the performance of our sovereign wealth fund, the National Fund for Hydrocarbon Reserves (FNRH), and examine its suitability for managing larger financial flows and assets. The FNRH Investment Policy was adopted by the Investment Advisory Committee (CCI) at its last meeting in January 2024 and signed by the authorities. The reports are published monthly and presented to the CCI at its monthly meeting.

Monetary and Exchange Policies Framework

25. We will continue to put in place the key elements needed to implement and strengthen the transmission of a price-oriented monetary policy, namely:

1. The continued development of the government securities market through the regular issuance of negotiable government securities for banks in coordination with the Ministry of Finance, on terms that enable the market to operate without restriction, in accordance with regulatory provisions, particularly as regards the marginal rate accepted in Treasury bill auctions,
2. The extension of maturities issued by the Treasury to support the formation of the yield curve and the transmission of monetary policy,
3. The gradual tightening of the BCM's interest-rate corridor,
4. More active management of bank liquidity, and in particular the absorption of excess liquidity to bring it down to nearly MRU 2 billion in March 2024 and MRU 1 billion by end-2024, and
5. Development of the interbank money market.

26. We will continue to use the policy rate actively and the main liquidity-absorbing operations (seven-day and SENAD reverse repos) more regularly. We will make the deposit facility for conventional banks operational and create a new deposit facility instrument for Islamic banks in line with the Shariah. We will encourage the development of the interbank money market and the government securities market and aspire to create a daily interbank reference rate and a government securities reference rate curve. With the support of IMF staff, our aim is to strengthen the role of the interest rate in the conduct and transmission of monetary policy, and to better anchor inflation expectations.

27. We will modernize the monetary policy framework and conduct a forward-looking monetary policy, while laying the foundations for a more flexible exchange rate regime with the support of IMF technical assistance. Our monetary policy will focus on its primary objective, namely price stability. During the transition phase, we will continue to monitor the growth rate of the money supply (monetary aggregate M2) as well as that of the monetary base. We will use the reserve requirement ratio as a structural instrument for managing bank liquidity: we will reduce it in the event of a structural liquidity squeeze in order to inject liquidity on an ongoing basis and raise it in the event of a structural increase in bank liquidity in order to mop up bank liquidity on an ongoing basis.

28. We will strengthen coordination between the monetary and fiscal authorities to further develop the government securities market by creating an active primary market in the various maturities issued by the Treasury and by extending the maturities issued by the Treasury. Against a backdrop of financing requirements that could potentially increase in the future, we will reinvigorate the government securities market, not only with a view to providing collateral eligible for monetary policy operations and reinforcing monetary policy transmission, but also with the objective of harnessing financial development as a vector for economic growth. The role of the Comité de Coordination des Politiques Monétaire et Budgétaire (CCPMB - Monetary and Budgetary Policy Coordination Committee) will be to ensure regular issuances of conventional and Islamic government securities in favor of banks and to extend the benchmark yield curve for government securities. We will hold regular auctions of conventional Treasury bills for the benefit of conventional banks in order to increase the outstanding amount of government securities held by conventional banks to MRU 3 billion by December 2024 (structural benchmark). Similarly, we will hold regular auctions of Islamic Treasury bills with the aim of increasing the outstanding amount of such bills to MRU 1.5 billion by December 2024 (structural benchmark). We also undertake to take the necessary steps to issue two-year Treasury bills for banks. We will draw up a schedule for government securities issuance over the period 2024-26 in consultation with the IMF staff and in line with the program's objectives. Given the preponderance of liquidity in Islamic banks, we will continue to view the development of the Islamic bonds market in terms of volume and maturity as a vital objective for the success of monetary policy. Moreover, accelerating the interoperability of mobile payment solutions is an important strategic measure to reduce the imbalance in terms of liquidity distribution in the banking system.

29. As part of the modernization of the money market, the BCM launched its Central System Depository at the end of 2023, thus enabling the automation and digitization of the various transactions on this market. The BCM envisages the development of a secondary market for government securities. Since the deployment of the ATS-CSD system in November 2023, the automated system of funds transfers between banks has allowed the settlement of money market operations to be carried out automatically on the RTGS system and therefore real-time visibility of cash positions.

30. The BCM has already put in place all the instruments needed to operate an interest-rate corridor system: seven-day main refinancing operations, liquidity repos and BCM bills, standing

overnight lending and deposit facilities, fine-tuning and long-term operations, and reserve requirements. The BCM will increase the volume of its liquidity absorption operations to reduce banks' excess liquidity to MRU 2 billion by March 2024 and MRU 1 billion by end-2024. It will also begin to gradually reduce the width of its interest rate corridor, gradually narrowing the spread between the overnight deposit rate and the overnight lending rate. The aim will be to move gradually towards an interest rate system with a width of 200 basis points, centered on the BCM's policy rate.

31. To gauge the volume of its core operations, the BCM will strengthen its framework for forecasting autonomous liquidity factors during the reserve requirement period, in line with the recommendations of the MCM technical assistance mission on liquidity forecasting and management. In this context, we will strengthen coordination between the entities in charge of liquidity management and public treasury management. With the support of the IMF, the BCM will develop its liquidity forecasting and monitoring capabilities.

Exchange Rate Policy

32. The foreign exchange policy will continue to focus on the competitive functioning of the interbank market through the platform launched on December 14, 2023, and regular fully competitive multi-price currency auctions that determine a market exchange rate. The BCM bases its exchange rate policy on a basket of eurodollar currencies with a 5 percent fluctuation band as a reference for the BCM's foreign exchange interventions. Once the monetary policy framework is strengthened, the BCM will gradually ease the exchange rate in order to strengthen its role as a buffer against exogenous shocks—both positive and negative—and to preserve external sustainability and to promote interbank trade. The aim of the reform is to eventually reduce the BCM's current role as the main supplier of foreign currency on the official market to that of a marginal player, to preserve international reserves, and unify the foreign exchange market. The BCM thus undertakes to direct foreign exchange sellers and buyers directly to the foreign exchange market without going through the BCM to ensure the effective use of foreign exchange for current account transactions, to maximize the repatriation of foreign currency from exports, and it will reduce its own foreign exchange intervention budget accordingly. The role of the BCM will then eventually evolve from an intervention strategy aimed at stabilizing the exchange rate to one designed primarily to limit excessive volatility in a market-determined exchange rate. In order to support the development of activity on the interbank money market, the BCM also undertakes to monitor compliance with eligibility conditions by market makers and to withdraw licenses in the event of non-compliance.

33. We recognize the importance of effective foreign exchange reserve management and the need to limit any interventions so as to preserve an adequate level of the BCM's international reserves. The BCM will strengthen both the data and the methodology for monthly cashflow projections. Thus, (i) given the importance of SNIM's foreign exchange repatriation for these projections, we have set up a committee comprising the BCM, SNIM, the Ministry of Finance, and the Ministry of Economy and Sustainable Development, which will meet quarterly to share SNIM's foreign exchange repatriation forecasts over a minimum one-year horizon (structural benchmark);

(ii) the BCM and the Ministry of Finance will improve coordination on autonomous factors, including foreign exchange; and (iii) the BCM's interventions on the foreign exchange market are guided by exchange rate trends, while respecting the performance criterion of net international reserves. We will thus define an intervention budget in line with these objectives. In the event of a conflict of targets, the BCM undertakes to meet its international reserves target.

34. In order to strengthen the foreign exchange market, we will focus our efforts on development of the futures market, communication, training of traders, currency usage monitoring, money market revitalization, secondary market creation, yield curve formation, and active liquidity management.

35. The current exchange rate regime gives rise to multiple currency practices (paragraph 23 of the Staff Report). We undertake to monitor actual spreads and reform markets, including with technical assistance where appropriate, to eliminate the possibility of multiple exchange rates during the program period, as conditions permit. With regard to transactions carried out by the BCM, it is envisaged to consider the possibility of using the interbank market exchange rates in real time. In the meantime, we envisage these transactions taking place at the interbank rate for the day, which reduces the time window of these transactions. The exchange rate policy reforms we are considering will require continued technical assistance from the IMF as well as support from a central bank in the subregion that has already established an interbank foreign exchange market.

BCM: Transparency and Governance

36. BCM has made some significant progress in implementing the recommendations of the 2023 safeguards assessment mission. The Central Bank has ceased its participation in the gold purchase program and has reviewed the activities of the General Council and the Audit Committee. Furthermore, some important recommendations of the safeguards assessment have been implemented, such as the adoption of the IFRS accounting standards. However, the BCM's financial position continues to be weakened by significant claims on central government at below market interest rates. For this purpose, we will revise the 2018 agreement relating to the BCM's claim on government and will take into account the new agreement in the 2025 Budget Law at the latest. This new agreement will have a grace period extending to the end of 2024, with annual amortizations of at least MRU 0.2 billion (including debt service) between 2025 and 2027, before starting equal annual amortizations for a remaining period of 25 years, or less. The interest rate applied to the remaining debt will be 3.75 percent (or market rate) (structural benchmark, December 2024).

37. The BCM will continue to strengthen the AML/CFT measures and their implementation, in consultation with all parties concerned, including the Unité Mauritanienne d'Enquêtes Financières (UMEF - Mauritanian Financial Investigation Unit) and the banks. In this context and in order to improve the management of money laundering risks associated with electronic payments and mobile banking, the BCM has issued two new regulatory texts. These texts target the more precise regulation of remote know-your-customer (KYC) procedures and due diligence, including the identification of beneficial owners and the establishment of caps related to electronic payments and mobile banking. They also introduce detailed criteria for the analysis and reporting of suspicious

transactions, thereby strengthening our regulatory framework in this area. In addition, our cooperation with the Mauritanian Financial Investigations Unit (UMEF) has been consolidated by the signing of memoranda of understanding, which will strengthen coordination in this area. We also continued thematic AML/CFT inspections, following which sanctions were applied to ensure compliance.

Financial Supervision and Regulation

38. We have strengthened our sanctions regime by introducing calculation methods and multiplier coefficients to prevent repeat offending, while integrating the category of money laundering offences. We also introduced the early warning indicator tool and improved the rating system for more effective risk-based supervision. At the same time, we have improved our licensing and governance procedures. We have adopted a regulation on the Net Stable Funding Ratio (NSFR) (structural benchmark, March 2024) as well as a directive on systemic banks and a regulation on Internal Control and Risk Management at the end of 2023. The BCM has also revised the solvency ratio, increasing the weighting level of off-balance sheet assets to 70 percent. The purpose of this modification is to improve control of the inherent risk. In addition, it has revised downwards the risk division coefficient applicable to related parties to 20 percent from a previous rate of 25 percent, with the aim of reducing the associated risk. We will strengthen the oversight capacity of the BCM by implementing a comprehensive human resource strengthening strategy and adopting a medium-term human resources plan (Structural Benchmark, March 2024). It is in this context that in February 2024 the BCM reinforced the technical staff responsible for off-site inspection by ten senior officials by selecting suitable profiles. The BCM has recruited a consulting firm to prepare a comprehensive human resources development strategy. Banking Supervision's HR plan was prioritized and returned at the end of March 2024. In addition, the BCM has revised its regulatory framework governing the supervision of financial institutions (including banks) and electronic payment activities in order to regulate electronic payment services and means of payment, by also setting (i) the conditions under which banks can open payment or electronic money accounts; similarly, the BCM has revised the regulations to lay down the conditions under which remote banking operations via cell phones are carried out; and (ii) it will ensure that effective supervision of newly-approved payment and electronic money institutions is put in place. It will also ensure that the necessary infrastructure is put in place for compliance with interoperability.

39. We are determined to continue applying prudential regulation to ensure that the banking system is resilient in the face of shocks. For this purpose, the BCM will ensure compliance with the prudential limits on core capital and minimum net capital by the end of December 2024 (structural benchmark). For this purpose, the BCM has imposed financial penalties and issued formal orders for the recovery of the banks in question as well as administrative measures up to and including the suspension of specific operations. The central bank will continue to apply the regulations in force to ensure compliance with these prudential limits.

40. With regard to the reform of exchange rate policy, the BCM will ensure strict compliance with the limits on foreign exchange positions, in accordance with the standards in force on the

consolidated net positions of banks. The BCM confirms compliance with the overall limit of 20 percent for net foreign exchange positions at end-December 2023 (structural benchmark).

41. The BCM intends to strengthen good bank governance, as provided for in the new banking law. The directive on the governance of banks was adopted at the end of March 2022. Since then, the central bank has been working towards strict compliance by banks, with significant progress made, in particular in the constitution and quality of management and administrative bodies (board of directors, management committees, internal control entities) as well as revision of the BCM's off-site and on-site inspection procedures to bring them into line with the highest standards of governance. We are paying particular attention to this aspect to ensure overall compliance with the regulations in the months ahead. The BCM will launch an international audit of banks for the 2024 fiscal year and will bring banks up to IFRS standards.

Debt Management

42. Improving debt management remains a key priority. Further efforts will be made to ensure consistency between borrowing and spending priorities, particularly for major infrastructure projects, and to guarantee coordination between institutions. We will continue to improve procedures for borrowing and granting public guarantees, clarifying the respective responsibilities and conditions for approval of ministries. The Comité National de la Dette Publique (CNDP - National Public Debt Committee) has been revitalized. Its operational capacities will be strengthened to improve coordination between the various entities responsible for debt-related matters. The committee will continue to meet regularly to assess the impact on debt of any new project to be financed by non-concessional external borrowing, which must be validated by the CNDP before the relevant agreement is signed. Similarly, we will continue to develop the capacity of the directorate responsible for debt, the directorate responsible for financing at the Ministry of Environment and Sustainable Development (MEDD), and the directorate responsible for debt at the BCM to carry out debt sustainability analyses, including by relying on the debt dynamics tool, to calculate the concessional treatment of projects covered by a financing agreement and develop a medium-term debt management strategy.

43. In order to improve coordination between the various entities responsible for debt management, we will use SYGADE, ARKAM, El/Istithmar, and RACHAD, which are software packages used by the institutions involved in debt servicing (Directorate for Debt, Directorate-General for Budget, Directorate-General for Treasury and Public Accounting (DGTCP), Directorate-General for Finance and Economic Cooperation (DGFCE), and the BCM) to monitor disbursements relating to foreign debt and debt servicing payments. We will reinforce real-time monitoring by the DGTCP and the Directorate for Debt of the programming and execution of debt servicing by the BCM, in line with the powers delegated by the Ministry of Finance. This monitoring will be carried out by means of web-based services, between the Directorate for Debt's DMFAS system and those of the DGTCP and the BCM. The implementation of this interconnectivity will strengthen debt management capacity through systematic monitoring of external debt disbursements (SYGADE - El/Istithmar) and will enable debt service payment operations to be integrated into the automated chain of the expenditure system SYGADE-RACHAD. With the assistance of UNCTAD, in 2024 we will consolidate

DMFAS version 6.2 and validate the database to better facilitate the migration to version 7 of the system by end-2024. DMFAS' interfaces with other applications will be completed in 2025 with technical assistance from UNCTAD's DMFAS team with funding from the AfDB.

44. We will continue to publish annual debt bulletins containing information on external and domestic borrowing by public entities, including detailed information on each loan, debt service profiles and, where possible, the arrears of public enterprises. In this regard, we have already published an annual bulletin for 2022 and will continue to publish semi-annual bulletins for 2023 and quarterly bulletins will be published from 2024 onwards. The Directorate for External Debt will accelerate actions aimed at strengthening its technical and functional capacities for better recording and monitoring of public debt as well as for better dissemination and analysis of debt data through targeted technical assistance, both on international best practices for recording, monitoring, and analyzing debt and on making the system more reliable and operational. We will integrate all public and state-guaranteed debt data into our debt statistics, including agreements for which cancellation is assumed but not yet confirmed, and will share the statistics with the IMF.

Text Table 3. External Borrowing Plan for 2024

PPG external debt contracted or guaranteed	Volume of new debt, US million 1/	Present value of new debt, US million 1/
Sources of debt financing	944	828
Concessional debt, of which 2/	87	57
Multilateral debt	87	57
Bilateral debt	0	0
Non-concessional debt, of which 2/	857	771
Semi-concessional debt 3/	857	771
Commercial terms 4/	0	0
Uses of debt financing	944	828
Infrastructure	944	828
Budget	0	0
<i>Memorandum items</i>		
<i>Indicative projections</i>		
2025	944	828
2026	944	828

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Debt with a grant element that exceeds a minimum threshold. This minimum is typically 35 percent but could be established at a higher level.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Pillar 3: Improve Governance, Transparency, and the Business Environment for Private Investment

Governance, Transparency, and the Business Environment

45. The recommendations of the "governance diagnostic assessment," conducted with IMF support, contributed to the formulation and publication of an action plan with a timetable, including the institutions responsible, in late September 2023 (structural benchmark). Semi-annual reports will be published on the implementation of this action plan and the first report will be published by the end of December 2024 (structural benchmark). As part of this action plan, and seeking to strengthen the ownership and oversight of all entities and enterprises wholly or partly owned by the government, we are going to submit to Parliament a new law on state owned enterprises in line with international standards and best practices, including the main elements of government ownership policy in these entities and companies, and measures to strengthen their governance, transparency, and accountability with a view to improving their financial and operational performance by the end of September 2024 (structural benchmark). We will also submit to Parliament amendments to the legal and organizational frameworks relating to the declaration assets and to conflicts of interest to align them with the G20 High-Level Principles on Asset Disclosure by Public Officials, the recommendations of the governance diagnostic assessment, and the IMF technical assistance by December 2024 (structural benchmark). These laws will require at least senior public officials to regularly declare their assets from 2025 onwards, fulfilling the conditions and the scope set out in the new law and they will include provisions to improve transparency and effective compliance with this law.

46. Support for SMEs is a priority of our national development program: we want to remedy the scarcity of long-term banking resources to finance productive investment and create jobs, particularly for SMEs. In this context, we have set up the Mauritania Guarantee Fund (FGM), which will provide partial guarantees for bank loans granted to SMEs in order to improve access to finance and contribute to job creation. The FGM is currently in place: its subscribed capital has been paid up (62.5 percent), its Board of Directors is in place, and its Chair and Chief Executive Officer have been appointed. Its headquarters are operational and some of its key personnel are at the end of their training at FAGACE. Its implementation strategy and objectives have already been approved by its Board of Directors. The first operations have already been initiated and are in the process of being validated with the FGM's technical partners. We are working to have these first operations completed before the end of the first quarter of 2024. To ensure the success of the FGM and further strengthen its technical capacity, we are encouraging the participation of the private and institutional sector up to the amount of capital not yet paid up. In the event that this does not happen by June 2025, the government undertakes to pay up the capital not yet paid up. We undertake to step up our efforts to establish partnerships with a wider range of financial institutions and guarantee funds to enhance the FGM's technical and financial capacity to provide more support to SMEs.

47. We have adopted a national financial inclusion strategy (NFIS) at the end of 2023. The NFIS aims to develop an inclusive, resilient, and sustainable financial sector through access to and use of

a diverse range of digital financial products and services, the generalization of financial culture, and the promotion of inclusive green finance for all economic actors residing in Mauritania and in particular for young people, women, rural populations, forcibly displaced persons, and MSMEs. In parallel with the formulation of the NFIS, important steps to improve financial inclusion were taken in 2023, including a directive on the interoperability requirement, a directive on the reduction of the minimum capital and the amount of the guarantee for e-money institutions. As a result, the BCM granted the first electronic payment or money institution licenses to two telecom operators, three fintechs, and three money transfer providers. As part of the implementation of the NFIS, we will develop the financial offer by supporting the ecosystem in the innovation of financial products and services, and in particular by adopting a National Digital Payments Strategy introducing interoperability between mobile banking solutions by creating a FintechLAB (financial innovation laboratory) and a regulatory sandbox within the BCM. In addition, we will adopt a National Financial Education Strategy, subject to a first program by the end of September 2024. We will set up a database dedicated to financial inclusion indicators in order to monitor and measure the impact of each project.

48. The reforms underway to improve the business environment will be continued. To simplify administrative procedures, we have completely computerized the one-stop shop at the end of 2023. An investment policy letter to overcome obstacles to improving the business environment is current being prepared on the basis of the four main priorities under the investment promotion strategy. (i) Exploiting the potential of the productive sectors; (ii) Strengthening local content, supporting investments by the diaspora, and transitioning to a value-added economy; (iii) Diversification of the economy with a focus on growth sectors; and (iv) Support for sustainable investment. Under the RSF-supported program, the electricity sector will be opened up to competition and private financing in renewable energies will also be encouraged.

Statistics

49. The development of economic statistics remains one of our priorities: we want to make a better assessment of the impact of our economic policy and monitor the implementation of our development strategy. With the IMF's technical assistance, we also intend to improve the balance of payments, public finance, and real sector statistics. To improve the quality of the quarterly national accounts, the Agence Nationale de la Statistique et de l'Analyse Démographique et Economique (ANSADE - National Agency for Statistics and Demographic and Economic Analysis) signed a memorandum of understanding with the Directorate-General for Tax (DGI) to speed up the processing of the statistical and tax declaration (DSF) and gain access to other tax information. We will also improve our capacity to make growth forecasts. For this purpose, we intend to develop the capacities of the relevant department within the MEDD and add to its skilled staff and to sign a memorandum of understanding on the exchange of information relevant to growth forecasts between the Ministry of Finance, the BCM, and the MEDD. The BCM is in the process of implementing the recommendations of the last technical assistance mission of the IMF's Statistics Department on the balance of payments statistics and the establishment of the international

investment position for the period 2020 to 2023. We look forward to continuing to work with the IMF to align the methodology used for the preparation of our statistics with international standards.

E. RSF program for 2023-26: Meeting Climate Challenges

50. The new RSF program will support the implementation of macro-critical reforms to increase resilience and the green transition. The program will help Mauritania to reduce the macro-critical risks associated with the long-term structural climate-related challenges it faces and to increase fiscal space and financial reserves to mitigate the risks arising from those challenges, thereby contributing to the future stability of Mauritania's balance of payments. The program will focus on four pillars: (i) integrating the climate into public financial management (PFM) and public investment management (PIM); (ii) social protection against climate shocks; (iii) decarbonization; and (iv) strengthening the institutional and legislative framework for water management.

Pillar 1: Integrating Climate into Public Financial Management (PFM) and Public Investment Management (PIM)

51. Better information on the relevance of budget allocations to addressing climate change contributes to better budgetary decision-making and budget alignment with our climate change priorities. We conducted a review of public institutional climate-related spending in 2021. However, the findings of that study were not used to inform strategic budget allocations or guide the consideration of climate issues in the budget cycle. We also carried out a so-called C-PIMA assessment in 2023 with the support of the IMF. That assessment identified institutional shortcomings and highlighted the need for climate budget tagging (CBT) to improve the inclusion of adaptation and mitigation projects in the budget. On this basis, the government plans to institute CBT to encourage sectoral ministries to include climate-related investments in their budget proposals and to improve transparency as regards the amount and use of climate-related financing. To apply CBT during budget preparation, in the FY 2026 budget circular, the government will require that the sectoral ministries involved in the NDC estimate the share of their fiscal year 2026 budget linked to climate adaptation, in line with the CBT methodology; this should be completed by July 2025 (**reform measure RSF I**). The government will then draw up a climate budget note, presenting the climate-related budget allocations for fiscal year 2026, based on the results of the NDC-relevant sector tagging carried out for the years 2024 and 2025 and will publish the note together with the 2026 initial budget law by January 2026 (**reform measure RSF II**). A request for technical assistance from the IMF has been made for the development and implementation of the CBT.

52. However, the success of CBT depends on learning by doing. The government therefore undertakes to (i) first develop a CBT methodology, (ii) publish a briefing note on the climate budget of 4 to 5 selected sectoral NDC ministries by December 2024, (based on an ex-post assessment of the revised national budget for fiscal year 2024) on the Ministry of Finance website, and (iii) continue ex-post CBT in the initial budget for fiscal year 2025 by March 2025. The government will also continue its efforts to implement gender-responsive budgeting.

53. Green and climate-resilient public investments are essential to strengthen Mauritania's adaptive capacity and support our transition to green infrastructure. C-PIMA noted that Mauritania has made progress in planning taking climate change into account, but considerable effort remains to be made to integrate the criteria of climate change mitigation and adaptation into project assessment and selection processes. To address this key gap, the government will amend Decree 2016-179, including the PIM manual, to integrate climate aspects into the stages of PIM (conceptualization, assessment, selection, and execution) and will publish it on the website of the Ministry of Economy and Sustainable Development (MEDD) by October 2024 (*reform measure RSF III*). For this purpose, we shared a first version of the decree with the IMF and the World Bank in January 2024 and are in the process of integrating the comments received into a new version of the decree. The government will also pilot the implementation of tailored environmental and climate tools for major projects in selected NDC sectors, submitted for review and validation by the Comité d'analyse et de programmation de l'investissement public (CAPIP - Public investment analysis and programming committee) by August 2025 (*reform measure RSF IV*). A request has been made for technical assistance from the IMF for the development of environmental and climate tools.

Pillar 2: Social Protection Against Climate Shocks

54. Reducing the negative impact of climate change-induced events on poor and vulnerable households is a government priority. The government is already using its social safety net program (Tekavoul and Tekavoul Choc) to help poor and vulnerable households to cope with the effects of droughts and floods. To increase the scope and impact of these programs, the government has made these cash transfers permanent through a decree adopted by the Council of Ministers in consultation with the IMF and the World Bank. We have also extended the coverage of Tekavoul Choc to include all poor households affected by droughts¹ while ensuring sufficient coverage and financing from own resources up to 50 percent of the total amount of cash transfers, through the FNRCAN (National Fund for Food and Nutrition Crisis Response) (*reform measure RSF V*). This coverage of drought-affected households includes a vertical extension (which consists of adding an additional amount for households that are receiving regular Tekavoul and are affected by food insecurity) and a horizontal extension (which consists of increasing the number of households covered by the program). The total budgetary cost of this measure is estimated at around 0.6 percent of GDP in 2024. According to World Bank estimates, an average of 90,000 households are affected by food insecurity every year. The extension of Tekavoul choc's coverage should therefore cover an average of 100 percent of affected households, i.e., 90,000 households. Given that in previous years the program covered an average of 65 percent of affected households, this will represent a major step forward in the government's support for those affected by food insecurity. With the support of the World Bank, we will continue to strengthen the targeting of the most vulnerable households, as well as the capacities of the Délégation Générale à la Solidarité Nationale

¹ The vulnerable households affected are defined on the basis of the results of the Harmonized Framework, prioritizing IPC3+ households in IPC2+ moughtaas.

et à la Lutte contre l'Exclusion (Taazour - General Delegation for National Solidarity and the Fight against Exclusion) in charge of social safety nets.

Pillar 3: Decarbonization

55. The reform of fossil fuel pricing and the introduction of carbon pricing are essential to achieving our reduction targets for GHG emissions. For this purpose, and in line with IMF technical assistance, the government plans to adopt by decree, by March 2025, a new pricing structure for fossil fuels that will (i) automatically adjust to international price variations, (ii) remove discretionary pricing, (iii) phase out subsidies and, (ii) include an automatic price smoothing mechanism to mitigate price volatility (**reform measure RSF VI**).

56. In addition, the government, in line with the recommendations of the IMF's technical assistance, will introduce a carbon tax, its rate, and its trajectory in the 2025 initial budget law, applicable from March 2025 in a progressive manner in line with the country's NDC, in order to reduce emissions from all sectors of the economy and from all fuels excluding liquefied petroleum gas (LPG), with compensation measures to protect poor households when prices exceed a certain ceiling (**reform measure RSF VII**). Rising LPG prices may lead to a switch to polluting cooking fuels such as biomass and kerosene, posing a risk to the already sparse vegetation. This is the reason for its exclusion from the scope of this reform. The government has made a request to the IMF for technical assistance in implementing the automatic mechanism for setting fuel prices and the carbon tax. A request will also be made to the World Bank to integrate into the existing cash transfer system a mechanism for compensating the most vulnerable economic agents when pump prices exceed a certain threshold. We will change the status of the Commission Nationale des Hydrocarbures (National Hydrocarbons Commission) by making it an independent regulatory authority through a law, in order to entrust the administration of the automatic mechanism for setting fuel prices to an independent regulator.

57. The government is fully engaged in the reform of the energy sector. The aim is to open up the energy sector to competition and attract private investment in renewable energies. The government has already reformed its electricity code in 2022 and intends to reinforce this reform by adopting regulatory decrees (i) to allow independent power producers access to the Mauritanian market and (ii) to establish a non-discriminatory third-party system for access to transmission infrastructure belonging to the public electricity company SOMELEC by August 2025 (**reform measure RSF VIII**). We undertake to implement a risk mapping exercise in the electricity sector by the Autorité de Régulation Multisectorielle (ARM - Multisector Regulatory Authority) within the Ministry of Petroleum, Energy, and Mines that can help identify specific governance vulnerabilities and establish mitigation and prevention measures, including increased oversight by audit bodies. To support the implementation of the reform, the government will seek technical assistance from the WB and the United Nations Development Program (UNDP) for the solar rural electrification component.

58. The government aims to reduce the mining sector's GHG emissions and encourage the sector to use more renewable energies in its energy production. For this purpose, the authorities will

adopt a decree by August 2025 that will require mining companies to increase the share of electricity production from renewable sources in their energy mix by at least 5 percentage points per year. These companies can set up renewable energy facilities on their properties to comply with the requirements of the reform. Any annual targets not met will be offset by compensatory investment in rural electrification, particularly in remote areas. We will cover the costs of maintaining these infrastructures. The Directorate for Mines will be responsible for applying and monitoring these regulations (**reform measure RSF IX**). We will also rely on technical assistance already under discussion with the WB.

59. To comply with the WB-UN Zero Routine Flaring by 2030 initiative and to meet the NDC's commitment to achieve zero net emissions by 2050, the government plans to adopt a decree, in line with World Bank technical assistance, to eliminate routine flaring and gas discharges and reduce methane emissions by February 2025 (**reform measure RSF X**). The measure will also help reduce GHG emissions from oil and gas projects in the country, notably the gas project (GTA), as the legal reforms will apply to existing and future oil and gas projects. Technical support has been requested from the World Bank on gas flaring for the preparation of the decree.

Pillar 4: Strengthening the Financial Sustainability and Institutional Framework for Water Management.

60. Multiple actors at different institutional levels play a role in the governance of the water sector, but the institutional structure is fragmented and lacks a coordinating mechanism. To improve collaboration between the Ministry of Water and Sanitation on the one hand, and the Ministry of the Environment on the other, the government aims to adopt a *convention interministérielle de partenariat* (CIP - inter-ministerial partnership agreement) between the two ministries in specific areas of cooperation such as environmental assessment, data management, monitoring of groundwater-dependent ecosystems (GDE), and other hydrogeological data by September 2024 (**RSF reform measure XI**). The agreement has been finalized and signed by both ministries. To ensure implementation of the CIP, the government plans to set up a monitoring committee to oversee and validate agreed joint activities. Mauritania's membership in AWARE was approved in November 2023 and allows it, as a member, to access a potential source of funding for the database, management, and strengthening of the CNRE.

61. To formalize this collaboration, the government will adopt an interministerial decree on environmental assessments and water resource monitoring. The decree will be informed by the experience of implementing the CIP. In addition, the government also plans to conduct and publish a pilot inventory, led by the Centre National de Ressources en Eau (CNRE - National Water Resources Center), of groundwater-dependent ecosystems and hydrogeological data in the Boulenoir aquifer by September 2025 (**reform measure RSF XII**). The government undertakes to mobilize funding for the pilot inventory, either from external resources or from own resources. A request for technical assistance has been prepared for this purpose and will be submitted to the AFD, which has expressed interest in supporting us in this area.

62. The government has launched a major reform implementing a unified water tariff structure aimed at bringing down the cost for rural households with moderate monthly consumption. To better understand the fiscal implications of the reform, the underlying costs, and the incentives to promote water savings, the government undertakes to conduct a tariff study by December 2024. This study will inform the revision of the water code, currently under preparation, and the revision of regulatory texts on pricing. In this respect, the government undertakes to revise and publish the water pricing regulation (Order No. 2624/MHETIC/MCI of October 30, 2007) in line with IMF recommendations by end-October 2025 (*reform measure RSF XIII*). The government has requested technical assistance from the IMF for the pricing study.

63. The government is committed to implementing all these reforms. Given the complexity and broad scope of the reforms envisaged, the government is considering requesting technical support from the IMF, the World Bank, and other development partners to implement its RSF-supported program.

F. Program Monitoring

64. The Comité de Suivi des réformes structurelles et de l'évolution des perspectives macroéconomiques, monétaires et financières de la Mauritanie (CSR - Committee for Monitoring Structural Reforms and Mauritania's Macroeconomic, Monetary and Financial Outlook) ensures the effective implementation of this program. The committee includes representatives from the Ministry of Finance, the Ministry of Economy and Sustainable Development, the BCM, as well as other ministries and public bodies that can provide assistance. The CSR has a permanent secretariat, meets regularly to assess progress, and ensures the transmission of the data required to monitor implementation of the program. Implementation of the program under the ECF and EFF will be assessed every six months by the IMF's Executive Board on the basis of performance criteria and structural benchmarks (Tables 1 and 3). The draft Budget Law, the draft Supplementary Budget, and the draft MTFE will be shared with the IMF team for consultation ten (10) days before approval by the Council of Ministers. The third and fourth reviews will take place on or after October 17, 2024, and April 17, 2025, respectively, and will be based on quantitative performance criteria and indicative targets (Table 1) as well as structural benchmarks (Table 3). These criteria and quantitative benchmarks, as well as the adjustors should any contingencies arise, are defined in the Technical Memorandum of Understanding (TMU). The CSR will work in close coordination with the macroeconomic framework committee, the fiscal and monetary policies committee and the CNDP.

65. Within the context of the RSF, monitoring will be carried out by the inter-ministerial technical committee for the monitoring of RSF reforms. These are detailed in Figure 1, and implementation will also be assessed every six months by the Executive Board of the IMF at the same time as the completion of reviews under ECF and EFF arrangements.

Table 1. Mauritania: Performance Criteria and Indicative Targets for 2023–24
(Cumulative changes, unless otherwise specified) ^{1/}

	End-March 2023				End-June 2023				End-Sept. 2023				End-Dec. 2023				End-March 2024				End-June 2024		End-Sept. 2024		End-Dec. 2024		
	Indicative Targets	Adjusted Indicative Targets	Actual	Status	Performance Criteria	Adjusted Performance Criteria	Actual	Status	Indicative Targets	Adjusted Indicative Targets	Actual	Status	Performance Criteria	Adjusted Performance Criteria	Actual	Status	Indicative Targets	Adjusted Indicative Targets	Actual	Status	Performance Criteria	Indicative Targets	Performance Criteria	Indicative Targets	Performance Criteria		
Quantitative Performance Criteria																											
Change in net international reserves of the BCM (floor); in millions of U.S. dollars ^{2/}	22.6	77.7	-128.5	Not met	10.7	18.9	116.4	Met	16.0	-0.7	-106.2	Not met	-100.8	-101.5	107.8	Met											
Net international reserves level of the BCM (floor); in millions of U.S. dollars																	1,330	NA	1,487	Met	1,293	1,259	1,224				
Change in net domestic assets of the BCM (ceiling); in billions of ouguiyas (MRU) ^{3/}	0.1	-2.0	2.7	Not met	1.2	0.9	-3.3	Met	11.7	12.3	3.4	Met	4.0	4.0	-4.3	Met	2.6	NA	0.5	Met							
Net domestic assets level of the BCM (ceiling); in billions of ouguiyas (MRU)																					5.0	7.4	9.6				
Non-extractive primary balance including grants (deficit, ceiling); in billions of ouguiyas (MRU) ^{4/}	10.0	10.0	1.9	Met	15.0	15.0	10.3	Met	18.3	18.3	16.9	Met	20.0	20.0	20.1	Not Met	8.0	8.0	3.8	Met	12.0	14.7	16.0				
Present Value of new public and publicly-guaranteed (PPG) external debt contracted since January 1, 2023 (ceiling); in billions of ouguiyas (MRU) ^{5/}	25.8		1.2	Met	25.8		3.3	Met	25.8		3.3	Met	25.8		14.5	Met	35.0	NA	25.5	Met	35.0	35.0	35.0				
New external payment arrears (continuous ceiling) ^{6/}	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0	NA	0.0	Met	0.0	0.0	0.0				
Indicative Targets																											
Floor on social spending; in billions of ouguiyas (MRU) ^{7/}	1.7		3.5	Met	5.0		9.7	Met	10.0		14.2	Met	20.0		21.1	Met	1.8	NA	4.7	Met	5.5	11.0	22.0				
Adjustment Factors (in millions of U.S. dollars)																											
Net international assistance	-75.5		-20.4		-151.0		-142.8		-226.5		-243.2		NA		NA		NA		NA		NA	NA	NA				
Cumulative disbursements of official loans and grants in foreign currency	3.6		48.9		7.3		48.9		10.9		48.9		NA		NA		NA		NA		NA	NA	NA				
Cumulative amounts of external cash debt service payments	-79.1		-69.3		-158.2		-191.7		-237.4		-292.1		NA		NA		NA		NA		NA	NA	NA				
European Union fishing compensation fee	0.0		0.0		0.0		0.0		0.0		0.0		57.0		56.4		0.0		0.0		0.0	0.0	57.0				
Memorandum items:																											
Program exchange rate (MRU/USD)	37.79		37.79		37.79		37.79		37.79		37.79		37.79		37.79		37.79		37.79		37.79	37.79	37.79				

Sources: Mauritanian authorities; and IMF staff.

^{1/} For definitions, see Technical Memorandum of Understanding. Quantitative targets correspond to cumulative changes from the beginning of the relevant year, unless otherwise indicated.

^{2/} Performance criteria are also updated to incorporate adjustment factors with no associated changes to targets being met/not met.

^{3/} NDA realizations were updated to be presented as levels rather than as changes as in the first ECF/EFF review. This adjustment means the end-March 2023 indicative target was missed despite being previously reported as being met. Performance criteria are also updated to incorporate adjustment factors with no associated changes to targets being met/not met.

^{4/} Adjusted by the difference between planned and realized EU fishing compensation. In previous versions of the table, this line was labelled as exclusive of grants, while it should be read as inclusive of grants as defined in the TMU.

^{5/} Cumulative limit of both non-concessional external debt and concessional external debt.

^{6/} Excluding arrears subject to rescheduling.

^{7/} Narrowed to social spending (education, health, and social protection) from December 2019 onward. includes COVID19-related spending on emergency social programs, transfer to households and sanitary measures.

Note: In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) not to impose or intensify restrictions on the making of payments and transfers for current international transactions, (ii) not to introduce or modify multiple currency practices, (iii) not to conclude bilateral payments agreements that are inconsistent with Article VIII, and (iv) not to impose or intensify import restrictions for balance of payments reasons.

Table 2. Mauritania: Structural Benchmarks 2023

Item	Measures	Date (end-of-period)	Outcome / Status	Objective	Rationale and measurement
Social protection					
1	Increase the quarterly amount paid to households from 2,200 MRU to 2,900 MRU	End-December 2023	Met	Social safety net program	Protect vulnerable households and strengthening targeting of social assistance. Publish a report by Taazour/World Bank
Fiscal policy					
2	Submit a revised budget in line with program understanding to Parliament	End-June 2023	Met	Sustainable fiscal policy	Keep risk of debt distress at moderate level. Reduce reliance on extractive revenue. Smoothen expenditure policy. Revised budget law shared with IMF.
Tax policy and revenue administration					
3	Put in place a platform connected with the Jibaya software enabling electronic filing and payments	End-June 2023	Met	Domestic revenue mobilization	Reduce cost of paying taxes. Limit face-to-face interactions between taxpayers and officials to reduce opportunities for corruption. Strengthen taxpayer information system. DGI circular to all large taxpayers
4	Make declaration for CIT compulsory, including for companies that are subject to a tax holiday	End-June 2023	Met	Domestic revenue mobilization - strengthening taxpayer registry and the foundation for a comprehensive tax expenditure assessment	Enhance transparency of tax system, reduce number of special regimes over time resulting in a more equitable and efficient tax system.
5	Create a tax policy structure in the Cabinet of the Minister of Finance	End-September 2023	Met	Domestic revenue mobilization - building capacity for tax policy analysis and design	Enhance transparency of tax system, reduce number of special regimes over time resulting in a more equitable and efficient tax system.
6	Submit a law reforming the Nouadhibou Free Zone to Parliament	End-March 2023	Not Met implemented with delay	Domestic revenue mobilization - reduction of tax exemptions	Comply with the International Convention on the Simplification and Harmonization of Customs Procedures, enhance transparency of tax system, reduce number of special regimes over time resulting in a more equitable and efficient tax system. Only provide benefits to industrial units located within defined limits, materialized and controlled by customs and exclude consumer goods from tax exemptions.
Expenditure policy and public finance management					
7	Adopt a medium-term expenditure framework consistent with the program's budgetary anchor in the Council of Ministers and transmit it to Parliament.	End-June 2023	Not met. Implemented with delay	Sustainable fiscal framework	Integrate fiscal policy and budgeting over the medium-term, reduce volatility of public expenditure, strengthen budget credibility and transparency Publish MTEF on homepage of Ministry of Finance
Central bank monetary, FX, and financial sector policy					
8	Implement the technical platform for interbank FX market transactions	End-June 2023	Not met. Implemented with delay	Exchange rate flexibility	Support the move to exchange rate flexibility
9	Conduct regular auctions of 4, 13, 26, and 52-week T-bills for banks to reach a volume of MRU 1 billion by June 2023 and MRU 2 billion by September 2023	End-September 2023	Met (June and September)	Strengthen monetary policy	Strengthen monetary policy implementation and transmission
10	Gradually reduce banks' short FX net open positions to below 20 percent by December 2023 through a better enforcement of the prudential limit (20 percent)	End-December 2023	Met	Exchange rate flexibility	Support the move to exchange rate flexibility and mitigate exchange rate risk
Governance and Private Investment					
11	Publish a time-bound action plan based on the Governance Diagnostic report	End-September 2023	Met	Strengthen governance and transparency and reduce corruption risks	Address governance vulnerabilities to strengthen business environment and the quality of government policy making. Action planned adopted by Cabinet
12	Operationalize the SME guarantee fund	End-December 2023	Met	Support financial inclusion	Improve access to finance and foster private sector development.

Source: IMF Staff.

Table 3. Mauritania: Structural Benchmarks for 2024

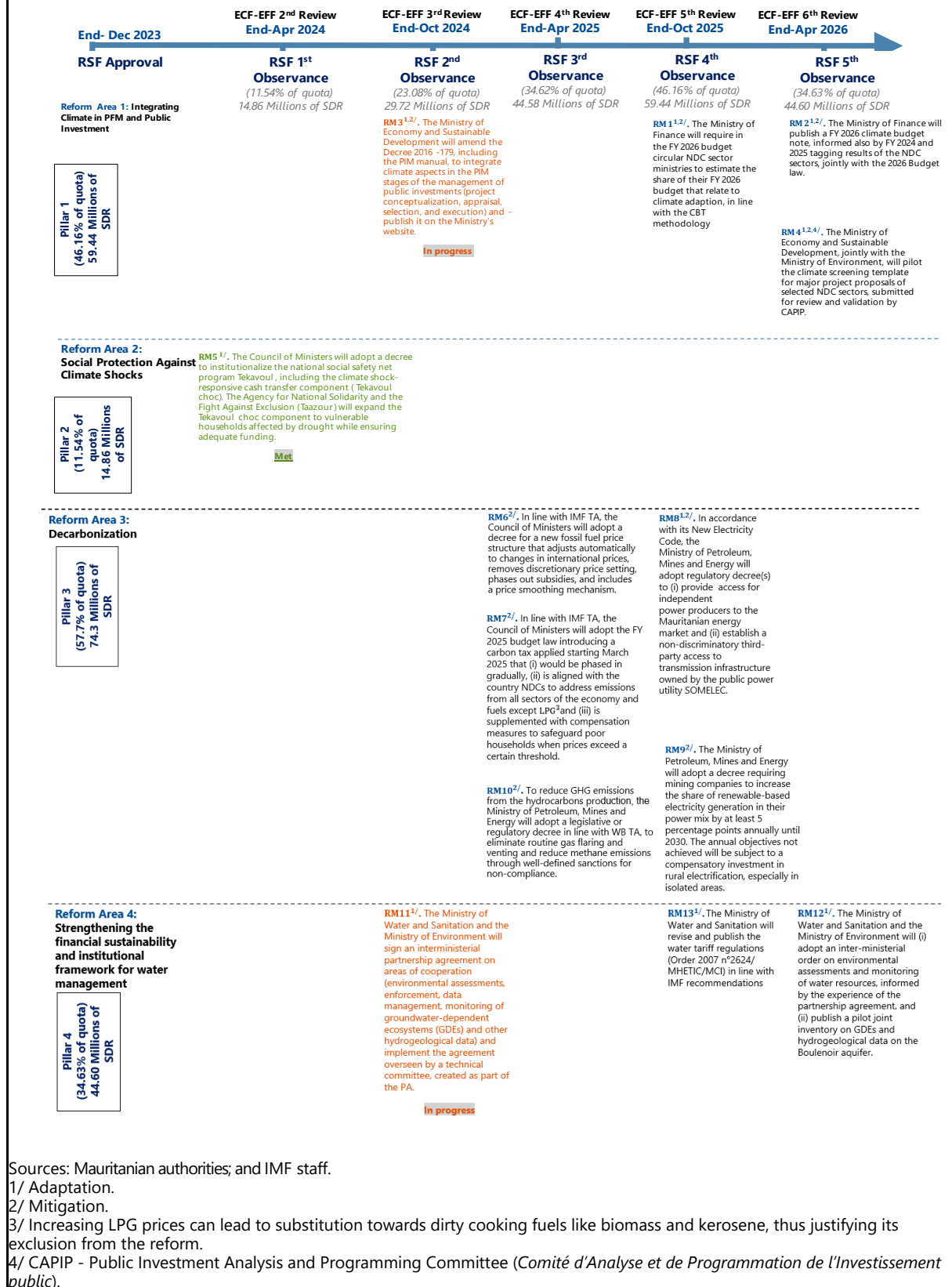
Item	Measures	Date (end-of-period)	Outcome / Status	Objective	Rationale and measurement
Social Protection					
1	Increase the quarterly cash transfers amount paid to vulnerable households from MRU 2,900 to MRU 3,600 and publish a report by Taazour/World Bank	End-December 2024		Social safety net program	Protect vulnerable households and strengthening targeting of social assistance.
Fiscal policy					
2	Operationalize the Tax Policy Unit (TPU) by hiring competent staff and having the TPU operations started	End-March 2024	Met	Domestic revenue mobilization - building capacity for tax policy analysis and design	Enhance transparency of tax system, reduce number of special regimes over time resulting in a more equitable and efficient tax system.
3	Reform of the codification of imported products in customs, including the additional codes used for the codification of tax regimes	End-September 2024		Domestic revenue mobilization - improving the quality of tax expenditures assessment	To allow monitoring, apply the new additional codes to identify imports that benefit from a special tax incentives constituting a tax expenditure.
4	Publish financial reporting on SNIM mining and non-mining activities, including the SNIM foundation, on an annual basis	End-October 2024		Fiscal transparency	Enhance fiscal transparency of State Owned Enterprises (SOEs) operations.
5	Reform the consumption tax in the LFR 2024 (2024 Revised Budget Law)	End-August 2024		Domestic revenue mobilization	Improve business environment by removing inconsistencies in the existing general tax code.
6	Submit to Parliament a revised investment code that eliminates "points francs" and reduces special regimes.	End-December 2024		Domestic revenue mobilization - reduction of tax exemptions	Enhance transparency of tax system, reduce number of special regimes over time resulting in a more equitable and efficient tax system.
Monetary policy					
7	Conduct regular auctions of T-bills for conventional banks to bring the outstanding volume of T-bills to MRU 3 billion by December 2024	End-December 2024		Strengthen monetary policy	Strengthen monetary policy implementation and transmission
8	Conduct regular auctions of Islamic T-bills to bring the outstanding volume of Islamic T-bills to MRU 1.5 billion by December 2024	End-December 2024		Strengthen monetary policy	Strengthen monetary policy implementation and transmission
9	Revise the 2018 convention on the BCM claims on government to shorten the maturity of the claim to 25 years or less by December 2024, with a 3.75% interest rate and amortization beginning in 2025, with yearly amortisation of 0.2 bn MRU until 2027 and equal installments thereafter.	End-December 2024		Central bank autonomy and credibility	Increase central bank financial and operational independence and support the adoption of IFRS and help develop a treasury bill market
Foreign exchange policy					
10	Establish a quarterly committee between the BCM, SNIM, and the MoF to discuss and share forecasts of SNIM repatriation of funds for a minimum of 12 months into the future, and integrate the forecasts into FX cashflow analysis.	End-June 2024		Intervention strategy	Improve the calibration of the BCM FX interventions
Financial sector policies					
11	Develop an HR plan to strengthen the BCM supervisory function and increase technical staff in charge of off-site supervision from 2 to 4 people	End-March 2024	Met	Strengthen off-site supervision	Strengthen BCM's monitoring and enforcement of prudential norms, and increase banks' compliance with prudential ratios
12	Publish the Net Funding Stable Ratio (NFSR) instruction by March 2024.	End-March 2024	Met	Reduce the transformation risk	Ensure that banks' long-term assets are funded by adequate resources
13	Ensure the compliance of all banks to the minimum capital and core capital requirements.	End-December 2024		Strengthen banks solvency	Strengthen banking sector soundness and its resilience to shocks. All banks need to comply with the minimum capital requirement
Governance and private investment					
14	Submit to Parliament a new law on government enterprises in line with international standards and best practices, including the main elements of a government ownership policy in these entities and measures to strengthen their governance, transparency, and accountability. 1/	End-September 2024		Address weaknesses in the management of the financial assets of Mauritania.	Address weaknesses in the management of the financial assets of Mauritania.
15	Submit to Parliament legal amendments to establish an asset declaration and conflicts of interest system in line with the G20 High-Level Principles on Asset Disclosure by Public Officials the findings and recommendations of the governance diagnostic and the IMF technical assistance. 1/	End-December 2024		Strengthen the AC framework	Develop corruption prevention tools and strengthening corruption detection mechanisms
16	Start regular publications of semi-annual reports on the implementation of the action plan in key governance areas supported by the IMF governance diagnostics 2/	End-December 2024		Strengthen governance and transparency and reduce corruption risks	Address governance vulnerabilities to strengthen business environment and the quality of government policy making.

Source: IMF Staff.

1/ SBs were modified in line with IMF TA recommendations.

2/ Proposed new structural benchmark.

Figure 1. Mauritania: Reform Measures Info Chart



Sources: Mauritanian authorities; and IMF staff.

1/ Adaptation.

2/ Mitigation.

3/ Increasing LPG prices can lead to substitution towards dirty cooking fuels like biomass and kerosene, thus justifying its exclusion from the reform.

4/ CAPIP - Public Investment Analysis and Programming Committee (*Comité d'Analyse et de Programmation de l'Investissement public*).

Attachment II. Technical Memorandum of Understanding

A. Introduction

1. This Technical Memorandum of Understanding (TMU) describes the performance criteria, indicative targets, and their adjusters established to monitor the program supported by the Fund's Extended Credit Facility and Extended Fund Facility and described in the Memorandum of Economic and Financial Policies (MEFP), Table 1. It also specifies the content and periodicity of the data that must be forwarded to Fund staff for program monitoring purposes. Under this memorandum, the government is defined as the central government exclusively.
2. The quantitative targets are defined as ceilings and floors set on cumulative changes between the reference periods described in Table 1 of the MEFP and the end of the month covered, unless otherwise indicated.

B. Definitions

3. **Net international reserves (NIR) of the Central Bank of Mauritania (BCM)** are defined as the difference between the reserve assets of the BCM (i.e., the external assets that are readily available to, and controlled by, the BCM, as per the 6th edition of the IMF *Balance of Payments Manual*), minus the BCM's foreign exchange liabilities to residents and nonresidents (including letters of credit and guarantees issued by the BCM, but excluding resident foreign exchange deposits that are payable in local currency). SDR allocations are not included in the calculation of liabilities for NIR, considering the long-term nature of these instruments. Monetary gold holdings will be evaluated at the gold price in effect on September 30, 2022 (US\$1,671.75 per oz.), and the U.S. dollar value of the reserve assets (other than gold) and foreign exchange liabilities will be calculated using the program exchange rates, namely, the September 30, 2022 rates for exchange of the U.S. dollar against the new ouguiya (US\$1 = MRU 37.79), the SDR (US\$1.28 = SDR 1), the euro (US\$0.98 = 1 euro), and other currencies published in the *IMF's database International Financial Statistics* (IFS). 2023 NIR performance criteria are set as cumulative changes relative to the start of the year, while 2024 NIR performance criteria are set in levels.
4. **Net domestic assets (NDA) of the BCM** are defined as reserve money minus net foreign assets (NFA) of the BCM. Reserve money comprises: (a) currency in circulation (currency outside banks plus the commercial banks' cash in vaults); and (b) deposits of commercial banks at the BCM. NFA are defined as the gross foreign assets of the BCM, including external assets not included in the reserve assets, minus all foreign liabilities of the BCM (i.e., $NDA = \text{reserve money} - NFA$, based on the BCM balance sheet). The monetary base excludes BCM liquidity absorption operations conducted for monetary policy reasons, such as seven-day liquidity operations and SENAD. Amounts received on deposit under the deposit facility are treated as monetary policy operations. NFA includes the BCM's equity investments in three foreign financial institutions but excludes assets held as participation in the capital of the Arab Monetary Fund and will be measured at the program exchange rates described in paragraph 3. 2023 and March 2024 NDA performance criteria are set as

cumulative changes relative to the start of the respective year, while end-June, end-September and end-December 2024 NDA performance criteria are set in levels.

5. The non-extractive primary fiscal balance including grants is defined, for program monitoring purposes, as the overall balance, including grants of the central government, but excluding interest due on public debt and extractive revenues. The overall balance is equal to government revenue minus government expenditure. Extractive revenues are defined as the mining and hydrocarbon tax and non-tax revenues included in the TOFE. Extractive tax revenues correspond to TOFE headings denominated "SNIM single tax" and corporate income tax and capital gains tax paid by mining and hydrocarbon operators (excluding subcontractors). Indirect taxes, other direct taxes and withholding taxes paid by these companies are excluded. Non-tax extractive revenues correspond to dividends paid by SNIM, to mining non-tax revenues (bonus, royalties, cadastral revenues, operating revenues, and other mining revenues); and hydrocarbons non-tax revenue (bonuses, royalties, capital income, profit oil and profit gas, etc.). The non-extractive primary fiscal balance will be measured on the basis of Treasury data. Revenue and expenditures are defined in accordance with the *Government Finance Statistics Manual (GFSM 2001)*. It will be monitored on a cash basis.

6. Treasury float (technical gap) is defined as the stock of payments validated and recorded at the Treasury but not yet executed by the latter. With the introduction of the payment module in the RACHAD system, this technical gap is defined as the stock of payments validated in the RACHAD payment module but not yet executed by the Treasury.

7. Social spending is estimated using the public expenditure for primary and secondary education, health, TAAZOUR, the Commissariat à la Sécurité Alimentaire and the Ministère des Affaires Sociales, de l'Enfance et de la Famille. Social spending is limited to domestically funded expenditure and reported under the following headings: "Health," "Education," and "Social action and protection."

8. For program purposes, the definition of external debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements, attached to IMF Executive Board Decision No. 16919-(20/103) adopted on October 28, 2020.

a. For the purposes of these guidelines, the term "debt" is understood to mean a current (i.e., noncontingent) liability created by a contractual arrangement whereby a value is provided in the form of assets (including currency) or services, and under which the obligor undertakes to make one or more payments in the form of assets (including currency) or services at a future time, in accordance with a given schedule; these payments will discharge the obligor from its contracted principal and interest liabilities. Debt may take several forms, the primary ones being as follows:

i. Loans, that is, advances of money to the borrower by the lender on the basis of an undertaking that the borrower will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits), as well as

- temporary swaps of assets that are equivalent to fully collateralized loans, under which the borrower is required to repay the funds, and often pays interest, by repurchasing the collateral from the buyer in the future (repurchase agreements and official swap arrangements);
- ii. Suppliers' credits, that is, contracts under which the supplier allows the borrower to defer payments until sometime after the date when the pertinent goods are delivered, or the services are provided; and
 - iii. Leases, that is, agreements governing the provision of property that the lessee has the right to use for one or more specified period(s), generally shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purposes of the guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, apart from payments related to the operation, repair, or maintenance of the property.
- b. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.
 - c. The Present Value (PV) of a loan is calculated by discounting future principal and interest payments, on the basis of a discount rate of 5 percent.
 - d. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month US\$ SOFR is 2.03 percent and will remain fixed for the duration of the program.³⁴ The spread of six-month Euro LIBOR over six-month US\$ SOFR is -200 basis points. The spread of six-month GBP SONIA over six-month US\$ SOFR is -100 basis points. For interest rates on currencies other than Euro and GBP, the spread over six month US\$ SOFR is -100 basis points. Where the variable rate is linked to a benchmark interest rate other than the six-month US\$ SOFR, a spread reflecting the difference between the benchmark rate and the six-month US\$ SOFR (rounded to the nearest 50 bps) will be added.

9. External payment arrears are defined as payments (principal and interest) on external debt contracted or guaranteed by the government or the BCM that are overdue (taking into account any contractually agreed grace periods). For the purposes of the program, the government and the BCM undertake not to accumulate any new external payments arrears on its debt, with the exception of arrears subject to rescheduling. The performance criterion on the non-accumulation of new external public payments arrears will be continuously monitored throughout the program. The accumulation of any new external payments arrears will be reported immediately by the government to Fund staff.

10. External debt, in the assessment of the relevant criteria, is defined as any borrowing from or debt service payable to nonresidents. The relevant performance criteria are applicable to external debt contracted or guaranteed by the government, the BCM, and public enterprises (excluding the debt of the National Industrial and Mining Company (SNIM) not guaranteed by the government), or to any private debt for which the government and the BCM have provided a guarantee that would constitute a contingent liability. Guaranteed debt refers to any explicit legal obligation for the government and the BCM to repay a debt in the event of default by the debtor (whether payments are to be made in cash or in kind). For program purposes, this definition of external debt does not include routine commercial debt related to import operations and maturing in less than a year, rescheduling agreements, and prospective IMF disbursements.

11. Medium- and long-term external debt contracted or guaranteed by the government, the BCM, and public enterprises corresponds, by definition, to borrowings from nonresidents maturing in one year or more. **Short-term debt** corresponds, by definition, to the stock of borrowings from nonresidents initially maturing in less than one year and contracted or guaranteed by the government, the BCM, and public enterprises.

12. External debt is deemed to have been contracted or guaranteed on the date of approval by the Council of Ministers. For program purposes, its U.S. dollar value is calculated using the average exchange rates for September 2022 as described in the *IFS* (International Financial Statistics) database of the IMF, namely, the rates of exchange of the U.S. dollar against the SDR (US\$1.2904 = SDR 1) and other national currencies, namely, the euro (1.01 euro = \$1), the Kuwaiti dinar (KWD 0.3098 = US\$1), the Saudi rial (SR 3.75 = US\$1), and the pound sterling (£ 0.88 = US\$1).

C. Adjustment Factors

13. NIR and NDA targets are calculated on the basis of projections of the amount of the European Union (EU) fishing compensation. If the amount of EU fishing compensation falls short of the amount projected in Table 1, the NIR floor will be lowered, and the NDA ceiling will be raised by an amount equivalent to the difference between the recorded and projected amounts. For its part, the NDA ceiling will be converted into ouguiya at the programmed exchange rates. The lowering of the NIR floor will be limited to US\$70 million. The raising of the NDA ceiling will be limited to the ouguiya equivalent of US\$70 million, at the programmed exchange rates. If the amount of EU fishing compensation exceeds the amounts indicated in Table 1, the NIR floor will be raised, and the NDA ceiling will be lowered by an amount equivalent to the difference between the recorded and projected amounts.

14. The floor pertaining to the non-extractive primary fiscal balance (including grants) at the end of the fiscal year will be adjusted by an amount equivalent to the EU fishing compensation relative to the amount projected in Table 1. The EU fishing compensation is defined as the annual payment agreed under the sustainable fisheries partnership agreement (SFPA) between the European Union and the Islamic Republic of Mauritania signed on 16 November 2021. For reviews during the course of the year, the adjuster does not apply.

D. IMF Reporting Requirements

15. To facilitate the monitoring of developments in the economic situation and performance of the program, the Mauritanian authorities will provide the IMF with the information listed below:

Central Bank of Mauritania (BCM)

- The monthly statement of the BCM and monthly statistics on: (a) the gross international reserves of the BCM (calculated at the programmed and actual exchange rates); and (b) the balance of the FNRH, as well as the amounts and dates of its receipts and expenditures (transfers to the Treasury account). These details will be provided within a period of two (2) weeks after the end of each month;
- The monthly monetary survey, the consolidated balance sheet of the commercial banks, and the weekly statistics on the net foreign exchange positions of the individual commercial banks, by foreign currency and in consolidated form, at the official exchange rates recorded. These details will be supplied within a period of five (5) weeks after the end of each month;
- The Financial Soundness Indicators (FSIs), at the end of each quarter, as well as the outcome of prudential norms, that is the number of banks in non-compliance for each prudential ratio and share of banks in non-compliance (weighted by their share of assets in the banking system). These details will be supplied within a period of four 45 days after the end of each quarter;
- The monthly cash flow table and projections to the end of the year, within a period of 15 days after the end of each month;
- Data on Treasury bill auctions and on the new stock of Treasury bills, within a period of one (1) week after each auction, including bids (volumes, interest rates, and bidders), successful bids, and volumes and interest rates auctioned;
- At the end of each week: 1) data on BCM auctions (direction of auction, currencies, amounts, rates, bidders), including results of market makers' bids (direction of bid, currency, amounts, rates, bidders); 2) data on interbank foreign exchange market operations (stakeholders, direction of the operation, currency, amounts, rate applied to the operation and reference rate); and 3) data on government transactions (currency, amounts, rate applied to the operation);
- Monthly data on the volume of each public enterprise's liabilities to the banking sector, within a period of one (1) month after the end of each month;
- Monthly external debt data within a period of 30 days after the end of the month under consideration, following the monthly meeting of the technical committee on debt, the minutes of which will be attached. The information required consists of the external debt file; external debt service and stock of the BCM, the government, and the SNIM, including any changes in arrears and in rescheduling operations; the amount of debt service that became payable and the

portion of it paid in cash; the HIPC relief granted by the multilateral and bilateral creditors; and the amount of HIPC relief provided to Mauritania in the form of grants;

- The quarterly balance of payments and the annual data on the stock of external debt (broken down by creditor, debtor, and currency denomination), within a period of two (2) months after the end of each quarter, or year;
- Daily statistics on the autonomous factors and on foreign exchange market operations, within a period of 10 days after the end of the month;
- Daily statistics on the required reserves and the current account balance, by bank, within a period of 10 days after the end of the month;
- Quarterly data on lending and borrowing rates, by bank, as well as the liquidity ratios at the end of each quarter.

Ministry of Economy and Sustainable Development

- Monthly reports on the execution of externally funded capital expenditure, based on the summary statement of the consolidated capital budget, as well as on the external grants and loans received or contracted by the government, its agencies, and public enterprises, classified by donor or creditor and by disbursement currency. This information will be provided within a period of two (2) weeks after the end of each month;
- A monthly list of new medium-term and long-term foreign borrowings contracted or guaranteed by the government, with indications, for each loan, of: the creditor, the borrower, the amount, and the currency denomination, as well as the maturity and grace period, interest rate, and fees. This list should also cover loans under negotiation. Data on new external debt will be provided within a period of two (2) weeks.

Ministry of Finance

- The Treasury's cash plan (developed by the Treasury staff), updated by the technical committee on fiscal and monetary policy coordination, will be forwarded on a bimonthly basis with the minutes of weekly meetings;
- Monthly data from the Treasury on budget operations: (i) revenues disaggregated by non-extractive revenues and extractive revenues (including FNRH transfers) and disaggregated by revenue collected by the tax and customs directorates, expenditure (current, capital and special accounts operations), (ii) main fiscal balances including non-extractive primary balance and the overall balance and its financing (internal and external). This information will be provided within one (1) month after the end of each month;
- Execution of social expenditure by budget title presented in section B;

- Quarterly reports on the production of oil and other hydrocarbons and the related financial flows, including data on oil sales and the breakdown of oil revenue among the various partners, and the stocks and flows of the FNRH within a period of one (1) month after the end of each quarter;
- Annual balance sheets, audited or certified by a statutory auditor, for the public enterprises and autonomous public institutions within four (4) months from the end of the accounting year.

National Statistics Office (ANSADE)

- The monthly consumer price index, within a period of two (2) weeks after the end of each month;
- The quarterly industrial production index, within a period of 45 days after the end of each quarter;
- Quarterly memoranda on economic activity and foreign trade;
- Statistics on annual and quarterly national accounts, as soon as they are available.

Technical Committee on Program Monitoring

- Monthly program implementation report: four (4) weeks, at the latest, after the end of the month.

16. All data will be sent by electronic means. Any revision of previously reported data will be immediately submitted to IMF staff, together with an explanatory memorandum.

E. Central Government Operations Table

17. The Treasury will compile a monthly budget execution report in the format of a central government operations table (TOFE). For the preparation of this table, the definitions below will be applied:

- **Grants** are defined as the sum of the following components: foreign project grants (used for the implementation of foreign-financed investment projects contained in the parts of the consolidated investment budget covering the central government and other administrative units (EPA) —parts BE and BA); and foreign program grants for budget support, including multilateral HIPC debt relief as regards the public external debt and the external debt of the BCM and the SNIM (including the portion of the relief pertaining to the debt to the African Development Fund/African Development Bank on Cologne terms);
- **Domestic bank financing** of the government's financing needs is defined as a change in net banking system credit to the government, that is, claims on the government (Treasury securities held by commercial banks) minus government deposits with the banking system (guaranteed

bonds excluding deposits of public institutions and EPA at the BCM, but including the HIPC account);

- **Domestic nonbank financing** of the government's financing needs is defined as a change in the stock of Treasury bills held by nonbanks;
- **Domestic arrears** are defined as a net change (beyond a period of three months) in the Treasury float and in the stock of domestic claims on the government recorded by the MOF, including but not limited to cumulative payment arrears to public enterprises (water, electricity, etc.) and international organizations, and those covered by government contracts and court decisions.