

MAURITANIA

Table 1 **2022**

Population, million	4.9
GDP, current US\$ billion	10.4
GDP per capita, current US\$	2117.6
International poverty rate (\$2.15) ^a	6.5
Lower middle-income poverty rate (\$3.65) ^a	26.2
Upper middle-income poverty rate (\$6.85) ^a	66.8
Gini index ^a	32.6
School enrollment, primary (% gross) ^b	94.3
Life expectancy at birth, years ^b	64.5
Total GHG emissions (mtCO ₂ e)	14.4

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2014), 2017 PPPs.

b/ Most recent WDI value (2020).

In 2022, growth is estimated at 5.2 percent, up from 2.4 percent in 2021, driven by gold production and an exceptional agricultural output. The sharp increase in food and energy prices led to a deterioration of the current account and fiscal balances and record-high inflation. Poverty is expected to have increased, amid food insecurity. Medium-term growth is expected to pick up with the onset of gas production.

Key conditions and challenges

Mauritania recovered strongly from the COVID-19 pandemic but has been facing the fallout of Russia's invasion of Ukraine. High oil and food prices for most of 2022 caused inflation to spike, increased food insecurity and poverty, and contributed to the deterioration of the external balance. The country remains very dependent on extractives, making it vulnerable to international price movements. The fiscal balance turned into a deficit for the first time since 2017 as the government took measures to mitigate the high cost of living and fuel subsidies increased substantially.

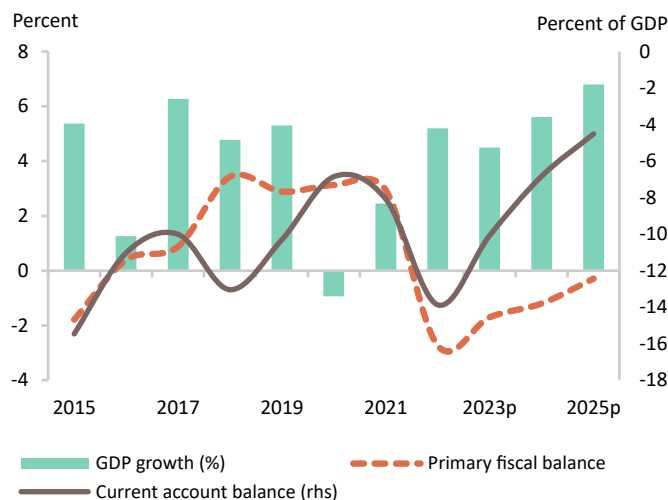
Despite the uncertainty related to the war in Ukraine and the elections in 2023 and 2024, the medium-term outlook is positive mainly due to the onset of gas production, but subject to downside risks. Risks include delayed onset of gas production, weaker global commodity markets, global disruptions that keep food and fuel inflation high, or failure of structural fiscal reforms to reach the poor through investments and social protection. Mauritania is exposed to recurring cycles of droughts and recent floods that impact agricultural output and household incomes. Regional insecurity in the Sahel also remains a risk. Poverty is associated with climatic conditions — i.e., if rains are scarce pastoral households are more likely to fall into poverty, and

poverty rates in this group can increase by 27 percent. Households with smaller herds are especially vulnerable. Counterfactual simulations using the 2019 household survey suggest a one percentage point (pp) increase in poverty during irregular rainy seasons.

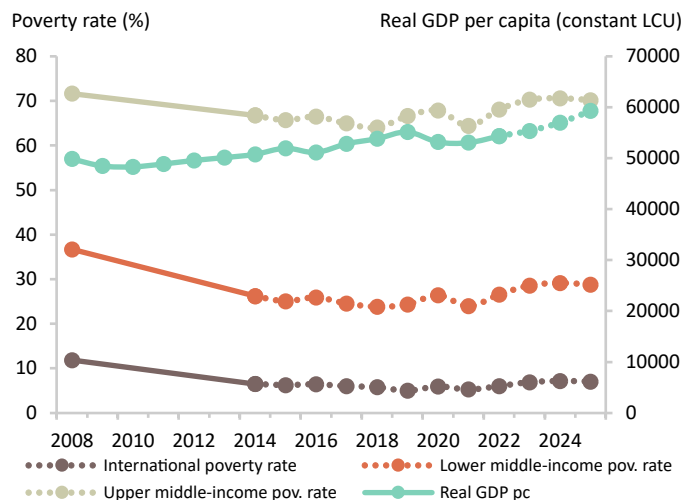
Recent developments

Growth is estimated at 5.2 percent in 2022 (2.5 percent in per capita terms), close to the pre-COVID-19 level, but below potential. Growth was mainly driven by the primary sector thanks to good rainfall. Headline inflation averaged 9.5 percent (y/y) resulting from high global food prices. Prices decelerated in November and December supported by a good harvest and tightening monetary policy.

Good performance in the primary sector has not resulted in poverty reduction, due to the counter-effect of high inflation. Poor households mostly work in the primary sector and have been significantly affected by increases in food prices (+15 percent). Food insecurity remained high throughout 2022 and the US\$3.65 in 2017 PPP poverty rate is expected to have increased from 23.9 percent in 2021 to 26.5 percent in 2022. Poverty likely affects rural areas more than urban areas. Indeed, poverty is expected to increase from 37 percent in 2021 to 40.4 in rural areas and respectively from 10 percent to 11.7 percent in urban areas. At least 176,000 additional people are expected to have fallen into poverty, amounting to 1,335,000 poor in 2022.

FIGURE 1 Mauritania / Evolution of main macroeconomic indicators


Sources: World Bank.

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


Source: World Bank. Notes: see Table 2.

In response to rising prices, the Central Bank fulfilled all foreign exchange demands by banks, raised the policy rate from 5 percent to 7 percent in August 2022, and eased its gold purchases. Credit growth decreased from 20.3 percent (y/y) in July 2022 to 12.5 percent (y/y) in December 2022.

The overall fiscal balance registered a deficit of 3.5 percent of GDP in 2022, compared to a surplus of 2.2 percent of GDP in 2021. This reflects a sharp increase in fuel subsidies (2.9 percent of GDP) and transfers and stronger capital spending which was partly offset by higher revenues (excluding grants). Grants decreased from 2.1 percent of GDP in 2021 to 1.7 percent of GDP in 2022. The debt-to-GDP ratio remained stable in 2022 around 49.2 percent. The January 2023 joint WB/IMF Debt Sustainability Assessment suggests that the risk of overall and external public debt distress is moderate, down from high in the previous DSA, thanks to a recent bilateral debt restructuring.

The current account deficit is estimated at 13.9 percent of GDP in 2022, up from 8.1 percent of GDP in 2021, due to high energy and food import prices, and lower export prices. International reserves decreased to approximately US\$1.6 billion at end-October 2022, from US\$2.3 billion at end-2021.

Outlook

In 2023, growth is projected to decelerate to 4.5 percent, driven on the supply side by lower growth in the extractive industry, notably the production of iron ore and gold, and lower agricultural output. Growth will be supported by investments and an improved net external position, while private demand growth is projected to decelerate, negatively affected by monetary policy tightening and the global economic slowdown. In 2024-2025, growth is projected to average 6.2 percent (3.5 percent per capita) with the onset of gas production. Inflation is projected to gradually

moderate to 5 percent in 2025 as external pressures subside.

Poverty is projected to further increase in 2023, to 28.6 percent, and reach 28.8 percent in 2025 as food price inflation slowly decelerates and in line with modest agricultural growth. The number of poor is expected to increase by 50,000 people through 2025, partly due to demographic growth.

The fiscal deficit is expected to decrease to 2.3 percent of GDP in 2023, supported by lower current expenditures with the announced rationalization of fuel subsidies (-2.2 pp of GDP) while gradually increasing targeted cash transfers using the social registry (+0.1 pp of GDP). The additional fiscal space will enable an increase in public investment. Over the medium term, the fiscal deficit should narrow to 0.9 percent of GDP in 2025 with the onset of gas production. The CAD is projected to improve with normalization of oil and food prices from 2023, a higher projected gold and iron-ore production, and the start of gas exports in 2024.

TABLE 2 Mauritania / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020	2021	2022e	2023f	2024f	2025f
Real GDP growth, at constant market prices	-0.9	2.4	5.2	4.5	5.6	6.8
Private Consumption	2.7	2.7	2.6	2.2	2.4	2.7
Government Consumption	9.2	26.1	14.8	6.9	6.2	5.7
Gross Fixed Capital Investment	4.4	39.2	11.4	11.3	11.1	10.0
Exports, Goods and Services	-8.6	-11.7	6.2	5.5	6.7	9.7
Imports, Goods and Services	2.1	25.1	10.1	8.7	8.2	7.5
Real GDP growth, at constant factor prices	-0.1	0.8	5.1	4.5	5.6	6.8
Agriculture	-2.6	-3.6	4.0	3.5	3.8	3.8
Industry	2.5	-6.6	7.7	5.2	6.5	9.1
Services	-0.3	6.4	4.5	4.6	5.9	6.9
Inflation (Consumer Price Index)	2.4	3.6	9.5	8.0	6.0	5.0
Current Account Balance (% of GDP)	-6.9	-8.1	-13.9	-10.1	-6.8	-4.5
Net Foreign Direct Investment Inflow (% of GDP)	11.0	10.6	9.9	8.0	3.9	3.6
Fiscal Balance (% of GDP)	2.2	2.2	-3.5	-2.3	-1.7	-0.9
Revenues (% of GDP)	20.4	21.3	22.7	23.1	23.1	23.3
Debt (% of GDP)	55.8	49.1	49.2	50.3	49.7	49.1
Primary Balance (% of GDP)	3.1	2.9	-2.7	-1.7	-1.2	-0.3
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	5.9	5.3	6.0	6.9	7.1	7.0
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	26.4	23.9	26.5	28.6	29.1	28.8
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	67.9	64.4	68.1	70.3	70.6	70.2
GHG emissions growth (mtCO₂e)	3.4	2.8	2.9	3.0	3.4	0.0
Energy related GHG emissions (% of total)	31.1	31.3	31.6	32.1	32.7	32.7

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

Notes: e = estimate, f = forecast.

a/ Calculations based on 2014-EPCV. Actual data: 2014. Nowcast: 2015-2022. Forecasts are from 2023 to 2025.

b/ Projection based on microsimulation model that accounts for differences in sectoral growth, food and nonfood inflation.