IMF Country Reports 20/140

Islamic Republic of Mauritania: Request for Disbursement Under the Rapid Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for the Islamic Republic of Mauritania

INTERNATIONAL MONETARY FUND

INTERNATIONAL MONETARY FUND

IMF Country Report No. 20/140

ISLAMIC REPUBLIC OF MAURITANIA

April 2020

REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF MAURITANIA

In the context of the Staff Report for the Request for Disbursement Under the Rapid Credit Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Acting Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its April 23, 2020.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on April 23, 2020, following discussions that ended on April 14, 2020, with the officials of the Islamic Republic of Mauritania on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on April 17, 2020.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF and the International Development Association.
- A **Statement by the Executive Director** for the Islamic Republic of Mauritania.

The documents listed below have been or will be separately released.

Letter of Intent sent to the IMF by the authorities of the Islamic Republic of Mauritania*
*Also included in Staff Report

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org
Price: $18.00 per printed copy

International Monetary Fund
Washington, D.C.

IMF Executive Board Approves a US$130 Million Disbursement to the Islamic Republic of Mauritania to address the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- The IMF Executive Board approved the disbursement of US$130 million (SDR 95.680 million) to be drawn under the Rapid Credit Facility to help Mauritania cope with the COVID-19 pandemic.
- The economic and social impact of the pandemic is rapidly unfolding, with a contraction of output expected in 2020.
- The IMF's emergency support will provide additional resources for health services and social protection programs.

Washington, DC – April 23, 2020. Today, the Executive Board of the International Monetary Fund (IMF) approved the disbursement of SDR 95.680 million (about US$130 million) to be drawn under the Rapid Credit Facility (RCF). The RCF funds will help address Mauritania's urgent balance of payments need stemming from the COVID-19 crisis, estimated at close to US$370 million, thereby providing space to increase spending on health services and social protection programs. The funds should also help to catalyze additional donor support.

The economic and social impact of the crisis is expected to be substantial in Mauritania. The economy is currently projected to contract by 2 percent this year and the overall budget deficit could rise to 3.4 percent of GDP.

Following the Executive Board's discussion, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, made the following statement:

"The COVID-19 pandemic is having a dramatic human, economic, and social impact on Mauritania. The short-term economic outlook has deteriorated rapidly and growth is expected to turn negative this year, with severe hardships for the population, and the outlook is subject to considerable uncertainty. These developments have given rise to urgent balance of payment and fiscal financing needs.

"The authorities have responded swiftly with measures to contain the pandemic and alleviate its fallout. Going forward, prioritizing health spending and targeted support to the most vulnerable households and sectors in the economy remains critical. The authorities are committed to full transparency and reporting of resources deployed for the emergency response, to audit crisis-mitigation spending once the crisis abates, and to publish the results. At the same time, they remain committed to the economic reform program supported by the ongoing ECF arrangement with the IMF. The program aims at using the fiscal space to increase priority spending on education, health and social protection and infrastructure, while mobilizing domestic revenues and maintaining prudent borrowing policies to preserve debt sustainability.

700 19th Street NW
Washington, DC 20431
USA

"The IMF's financial assistance under the RCF will provide a sizable share of the financing needed to implement the anti-crisis measures. Additional concessional and grant financing from the international community will be critical to close the remaining financing gap and help Mauritania respond effectively to the COVID-19 crisis."

INTERNATIONAL MONETARY FUND

ISLAMIC REPUBLIC OF MAURITANIA

April 17, 2020

REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY

EXECUTIVE SUMMARY

Developments and outlook. The Covid-19 pandemic is having a dramatic human, economic, and social impact on Mauritania. The short-term economic outlook has weakened rapidly owing to the sharp deterioration in global conditions and the impact of domestic containment measures. Growth is expected to turn negative this year, with severe hardships on the population. Risks are tilted to the downside given the possibility of a more extensive global and domestic Covid-19 outbreak, a much steeper economic decline this year, and more gradual recovery thereafter.

Authorities' request. The humanitarian and economic impact of the pandemic has given rise to urgent balance of payments and fiscal financing needs. The authorities have requested financial assistance under the Rapid Credit Facility (RCF) in the amount of SDR 95.680 million (about $130 million or 74.3 percent of quota, as limited by the annual PRGT access limit), to be provided as budget support.

Current ECF arrangement: The fourth review under the Extended Credit Facility (ECF) was completed on December 11, 2019. The fifth ECF review mission that was concluded in early March found that performance under the program was broadly on track. Since then, however, the situation has deteriorated dramatically. Given the magnitude of the shock, immediate mitigation measures are critical and completion of the review is not feasible at this time. The authorities have reaffirmed their commitment to the reform policies in the ECF and see the RCF as a bridge until resumption of the ECF review.

Policy priorities. Continue with essential containment measures and support for health systems. Shield affected people and firms with adequate, timely, and targeted fiscal and financial sector measures. Reduce stress to the financial system. Report transparently on the use of emergency resources and audit samples of crisis-mitigation spending.

Staff appraisal. Staff supports the authorities' request for a disbursement under the RCF in light of the urgent balance of payments need, in the form of budget support. Despite a high risk of debt distress, public debt remains sustainable and capacity to repay the Fund is adequate. However, as the Fund will only cover about one-third of the financing gap, the authorities will need to seek sizable additional donor financing.

Approved By
Taline Koranchelian and Ashvin Ahuja

Discussions took place remotely during April 9–14, 2020 with Central Bank Governor Cheikh El Kebir Moulaye Taher, Minister of Finance Mohamed-Lemine Dhehby, and Minister of Economy and Industry Abdel Aziz Dahi. The team comprised Eric Mottu (head), Jean van Houtte, Imen Ben Mohamed, Joseph Karangwa (all MCD), Babacar Sarr (FAD), and Eric Pondi Endengle (SPR). Messrs. Mohamed-Lemine Raghani and Mohamed Sidi Bouna (both OED) attended policy meetings. Ms. Maaloum Braham and Ms. Abdulkarim provided research assistance; Ms. Cruz, Ms. El Kawkabi, and Mr. Kane provided administrative support.

CONTENTS

CONTEXT

1. **Pre-pandemic, economic performance was strong; the authorities were implementing prudent policies and advancing with reforms, albeit with some delays.** Growth accelerated to close to 6 percent in 2019, driven by buoyant activity in both extractive and non-extractive sectors and favorable terms of trade. Inflation remained low at 2.5 percent on an annual average in March. International reserves reached $1,136 million at end-December (about 5.3 months of non-extractive imports), up from $918 million a year earlier. The budget yielded a sizable primary surplus of 1.7 percent of non-extractive GDP (NEGDP, excluding grants) and as a result the external public debt-to-GDP ratio declined by 2 percentage points to 49 percent of GDP.[1]

2. **Mauritania has an existing arrangement under the Extended Credit Facility (ECF) approved on December 6, 2017, with access of 90 percent of quota.** The fourth ECF review was completed on December 11, 2019. The fifth review mission that concluded in early March—prior to the deterioration in the global outlook due to the pandemic and the containment measures taken by the authorities—found that the program was broadly on track. The program supported the use of fiscal space to increase priority social (education, health, and social protection) and infrastructure spending while maintaining prudent fiscal and borrowing policies to preserve debt sustainability.

3. **Since then, however, the situation has changed dramatically and the authorities have requested financial assistance under the Rapid Credit Facility (RCF) to address urgent balance of payments and fiscal financing needs arising from the Covid-19 pandemic.** Given the magnitude of the shock, immediate mitigation measures are critical and completion of the fifth ECF review is not feasible at this time. The authorities have reaffirmed their commitment to the reform policies of the ECF, and they see the RCF as a bridge until resumption of the ECF review.

IMPACT OF THE PANDEMIC, OUTLOOK, AND RISKS

4. **To prevent the spread of the coronavirus, the authorities have taken drastic measures to limit movement of people.** As of April 14, seven Covid-19 cases were confirmed in Mauritania with one death and two recoveries; over 1,000 people were quarantined. In late February, the authorities started implementing—in consultation with the WHO and other development partners—their prevention and response plan, which includes health/security checks, preparation of hospitals, and securing medicines and healthcare equipment. In mid-March, the authorities suspended all commercial flights, closed border crossings (except for essential goods), imposed a strict nightly curfew, closed schools and universities, banned large gatherings, and closed non-essential businesses. At end-March, they closed all stores, banned

[1] The authorities revalued 2018 GDP by 35 percent as a result of methodological changes and expansion of coverage of informal activities, see Box 1.

inter-regional travel, and locked down a south-eastern city. Beyond preventive measures, additional efforts will be needed to contain the spread of a potential outbreak of the virus, which will require appropriate equipment, the mobilization of health personnel, and an extension of health services in remote regions—straining an already weak health system. The authorities also started engaging in sizable additional outlays for security and logistics to enforce the containment measures and secure borders, and to stockpile food and other essential goods; already 20,000 vulnerable household have benefitted from food distribution.

5. The pandemic has given rise to urgent balance of payments and budgetary needs:

- **The economy is expected to contract this year.** The global economic outlook has deteriorated significantly, leading to a projected drop in extractive sector production while containment measures will bring many domestic economic activities and sectors to a virtual halt for several months, with knock-on effects on other sectors; these output losses, as well as a drop in FDI, could lead to a contraction in overall GDP to an estimated -2.0 percent at best in 2020—down from a pre-pandemic estimate of 6.3 percent growth.

- **The balance of payments will be severely affected** through lower commodity and fish exports, despite the resilience of global iron ore prices thus far. Although lower activity, trade disruptions, and low global oil prices may reduce imports (including oil, equipment, and construction material), this will be compensated in part by imports of pharmaceuticals, health equipment, and foodstuff to prevent shortages. Extractive sector exports will be affected by equipment and personnel shortages, and work on the offshore gas field project will likely be delayed. Many of these effects are already being felt, and the resulting external financing need is projected at about $368 million (5.0 percent of GDP, about 1.7 month of non-extractive imports).

- **The budget will be severely impacted** by additional health, medical supplies, social protection, SME support, foodstuff stocks, and security-related expenditures to address the pandemic (estimated at about $210 million, 3.2 percent of NEGDP in additional appropriations, with possible higher needs later on); and the loss of tax revenues in the order of 3 percent of NEGDP resulting from lower economic activity, a deterioration in compliance, restrictions on the work of revenue administrations and banks, and tax relief measures (see below). Following cuts of 1.2 percent of NEGDP in non-priority spending and projected increases in gains on the domestic fuel price differential of 0.8 percent of NEGDP,[2] the fiscal position is expected to switch from a previously projected primary surplus of 0.8 percent of NEGDP (excluding grants) to a primary deficit of 3.2 percent, resulting in a budget financing gap of about 5.2 percent of NEGDP ($323 million, 4.4 percent of overall GDP).

[2] Given the authorities' longstanding policy of keeping domestic prices fixed above post-tax international prices, the budget will gain on the difference between domestic and oil import prices (recorded as nontax revenues). The authorities do not plan to reduce domestic fuel prices and all price differential gains will go to the budget, thereby compensating some of the lost tax revenues elsewhere.

6. **Risks are tilted to the downside given the downside risks on the global and regional environment and its uncertain impact on Mauritania** (Table 8). Risks include a prolonged global Covid-19 outbreak which could reduce global supply and demand, further lower commodity export prices, and disrupt critical imports. Domestically, an expansion of the epidemic would lead to intensification and prolongation of human suffering and economic and social disruptions; higher budgetary costs; and a greater impact on the economy and budget revenues than currently estimated. Expected fiscal gains from the domestic fuel price differential could fail to materialize and would widen the fiscal gap if petroleum consumption drops more than expected or if pressure to reduce domestic fuel prices succeeds. These risks would add to those associated with the already fragile security conditions in the Sahel. Development of the offshore gas field and other large investment projects could be further delayed (first gas is already assumed to be delayed by one year to 2023). To mitigate these risks, contingency plans include greater donor support and possible augmentation of the existing ECF arrangement (subject to applicable PRGT limits), in addition to acceleration of structural reforms and adjustment. In case of shortfalls in donor financing, additional expenditure reprioritization will need to be considered in areas that will least affect the prevention of the outbreak, such as further postponement of non-priority goods and services or capital expenditure, while protecting expenditure that benefit the poor.

Mauritania: Selected Economic Indicators, 2018–23

	2018	2019	2020			2021	2022	2023
			4th Rev.	03/10/20	Proj.		Proj.	
	(Annual change in percent; unless otherwise indicated)							
National accounts and prices								
Real GDP	2.1	5.9	6.3	3.7	-2.0	4.2	4.6	6.4
Real extractive GDP	-9.5	27.2	10.2	6.3	-1.4	9.1	8.7	18.9
Real non-extractive GDP	3.5	3.6	5.8	3.2	-2.1	3.3	3.8	4.1
Consumer prices (end of period)	3.2	2.7	4.0	4.0	5.0	4.0	4.0	4.0
	(In percent of nonextractive GDP; unless otherwise indicated)							
Central government operations								
Revenues and grants	25.0	24.3	22.2	22.8	21.6	22.7	23.3	23.9
Nonextractive	21.0	20.5	19.9	20.3	19.4	20.6	21.0	21.2
Taxes	15.5	14.9	15.4	15.5	13.8	15.5	15.7	15.8
Extractive	3.5	1.9	1.6	1.7	1.6	1.6	1.9	2.4
Expenditure and net lending	22.3	21.8	21.9	22.4	25.6	23.5	23.4	24.0
Of which: Current	14.3	13.7	14.0	14.3	17.9	15.0	14.8	14.8
Capital	8.0	8.3	7.9	8.1	7.7	8.5	8.6	9.3
Primary balance (excl. grants)	3.5	1.7	0.8	0.8	-3.2	0.0	0.8	0.8
Overall balance (in percent of GDP)	2.5	2.1	0.3	0.3	-3.4	-0.7	-0.1	-0.1
Public sector debt (in percent of GDP)	61.4	58.5	58.4	60.1	67.8	68.0	66.8	63.7
External sector								
Current account balance (in percent of GDP)	-13.8	-10.6	-15.3	-15.3	-17.3	-17.4	-14.2	-6.8
Excl. externally financed extractive capital imports	-8.6	-3.6	-8.5	-8.6	-12.1	-11.6	-9.6	-5.5
Gross official reserves (in millions of US$, eop)	918	1,136	1,181	1,219	1,136	1,123	1,178	1,185
In months of prospective non-extractive imports	4.4	5.3	5.6	5.3	5.2	5.0	5.0	5.2
External public debt (in millions of US$)	3,614	3,740	3,913	3,947	4,269	4,387	4,490	4,570
In percent of GDP	51.3	49.2	49.0	50.5	57.6	57.3	56.2	53.4

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

POLICY DISCUSSIONS

7. There was broad agreement on policy priorities at the current juncture. Staff and the authorities discussed measures to (i) continue with essential containment measures and support for health systems; (ii) shield affected people and firms with adequate, timely, and targeted fiscal and financial sector measures; and (iii) reduce stress to the financial system. Furthermore, there was agreement on the need to plan for a recovery phase to minimize the potential scarring effects of the crisis on human and physical capital; this includes rapidly resuming work on critical social and infrastructure projects (such as the expansion of social safety nets to the whole territory, reforms to public education, and energy, irrigation, and road projects) and other structural reforms planned under the ECF-supported program.

8. Discussions focused on policies to address the human, economic, and social fallout from the pandemic. As noted above, the authorities have deployed a sanitary preparedness plan to prevent and response to the pandemic. To mitigate the economic and social impact, they have set up a special social assistance fund (open to private funding) to procure urgent medical supplies and support 30,000 vulnerable households (about $14 million in line with the existing cash transfer program supported by the World Bank), and waived taxes on some essential goods and SMEs (the government's contribution to the fund represents about $67 million, 1 percent of NEGDP so far). Moreover, they have programmed additional budget outlays of about $143 million (2.2 percent of NEGDP) for health ($40 million), direct support for agricultural production ($53 million), direct support for SMEs ($18 million), and build-up of stocks of essential foodstuffs ($32 million) and stand ready to take further social action if the fluid situation deteriorates. The central bank (BCM) eased its monetary policy stance by reducing banks' reserve requirements from 7 percent to 5 percent and its policy rate from 6.5 percent to 5 percent to ease tightening liquidity conditions following the drop in fishing receipts.

9. The authorities have appealed for financial support from the international community and have requested Fund assistance under the RCF. They have sought emergency financing from bilateral and multilateral donors including the World Bank, European Union, and African Development Bank. Staff encouraged the authorities to urgently seek donor financing (grants and concessional loans) to close the remaining balance of payments and fiscal gaps and help ease the adjustment burden.

10. Staff and the authorities agreed on the need to allocate sufficient resources for critical healthcare, emergency services and social protection, as well as for risk communication and community engagement, surveillance and case tracking, infection prevention and control, and testing, while reprioritizing non-essential spending. The authorities emphasized their intention to accelerate the rollout of the cash transfer scheme targeting vulnerable households to the whole territory, expand existing food distribution programs, and continue to seek contributions from the rich segments of the population as a solidarity measure. They were committed to full transparency in the use of resources deployed for the emergency response, to channel all spending through the budget (including the social assistance fund), and to track, account for, and report in a transparent manner. To help deter misappropriation of crisis-mitigation funds and assist fundraising from donors, the authorities will set up a supervisory committee for the social assistance fund and will ask the Court of Accounts to audit crisis-mitigation spending once the crisis abates and to publish the results. They will also publish information on the ministry of finance's website regarding public procurement contracts related to crisis mitigation, the names of the awarded companies and their beneficial owners, and ex-post validation of delivery.

11. Staff saw accommodation of a wider fiscal deficit as inevitable, provided it remains temporary and enough financing is mobilized. Staff recommended maintaining counter-cyclical, well-designed public investment projects to support growth while reprioritizing non-essential capital projects as needed to increase health and social spending and limit financing pressures. Given limited fiscal space and a high risk of debt distress (see separate debt sustainability analysis, DSA), staff advised exclusively seeking grants and concessional loans for all budget and public investment financing needs. In case of financing shortfalls, non-essential budget appropriations would have to be reprioritized toward emergency and social needs. While staff saw some scope to use domestic financing buffers, it cautioned against depleting the limited resources of the national hydrocarbon revenue fund, or using the funds deposited at the BCM by Saudi Arabia in 2015 ($300 million, or one-quarter of gross official reserves) as it could lead to a severe depletion of reserves below adequate levels and risk jeopardizing external stability. The authorities noted that the high external public debt service, estimated at about $275 million this year (22 percent of government revenue) and climbing to $360 million next year (25 percent of revenue), represented a heavy burden on public finances. The authorities were committed to maintaining debt sustainability, and hence to unwinding the temporary measures and returning to a primary surplus once conditions normalize.

12. Staff and the authorities agreed on the need to conduct data-dependent monetary policy aimed at addressing liquidity strains while closely monitoring banking sector soundness and inflation developments. Staff recommended to stand ready to provide liquidity to the financial system, against appropriate collateral, while accelerating ongoing reforms of the collateral framework. It encouraged the BCM to consider options and costs of targeted support measures for households and SMEs facing loan servicing problems. It discouraged relaxation of prudential and loss accounting requirements, and called for using banks' capital and liquidity buffers to absorb credit losses and the liquidity squeeze; but to stand ready, once banks' buffers are exhausted, to show some flexibility on the timing of bringing capital and liquidity to the minimum required through gradual capital augmentation plans. Staff considered that allowing some exchange rate flexibility may help absorb the shock, although its potential inflationary impact and banks' short net open foreign exchange positions limit the room for maneuver.

Mauritania: Financing, 2020

Balance of Payments	4th Review			Projections		
		million U.S. dollars	*percent of GDP*		*million U.S. dollars*	*percent of GDP*
Financing gap		115	1.5		368	5.0
Prospective IMF financing		115	1.5		175	2.4
IMF RCF (prospective)		n.a.	n.a.		130	1.8
IMF ECF (prospective)		46	0.6		45	0.6
Residual gap / other donor support		69	0.9		193	2.6
Central Government	*billion MRU*	*million U.S. dollars*	*percent of GDP*	*billion MRU*	*million U.S. dollars*	*percent of GDP*
Overall deficit	-0.7	-19	-0.3	9.6	250	3.4
Domestic financing	2.8	74	1.0	0.3	8	0.1
External borrowing (baseline, net)	-3.6	-93	-1.3	-3.1	-81	-1.1
Disbursments (projects)	3.8	99	1.3	4.2	110	1.5
Amortization	-7.4	-192	-2.6	-7.3	-191	-2.6
Financing gap	0.0	0	0.0	12.4	323	4.4
Prospective IMF budget financing (RCF)	…	…	…	5.0	130	1.8
Residual gap / other donor support	…	…	…	7.4	193	2.6

Source: IMF staff projections

FUND SUPPORT AND CAPACITY TO REPAY

13. The authorities have requested Fund support of SDR 95.680 million (about 74.3 percent of quota, or $130 million) under the exogenous shock window of the RCF.[3] Staff assesses that Mauritania meets the qualification criteria for support under the RCF:

- It faces an urgent balance of payments need, which, if not addressed, would result in immediate and severe economic disruption.

- Disbursements under the ECF arrangement are expected to be delayed, given anticipated slippages in light of the Covid-19 pandemic. Moreover, the severity of the shock and uncertainty about the outlook make it difficult to quickly reach understandings on policies necessary to ensure that the program remains on track to meet its objectives. Because of the urgency of the balance of payments need, and the need for additional time to recalibrate/modify the program, the authorities are requesting an RCF in the meantime.

[3] Although the annual RCF access limit was raised to 100 percent of quota on April 6, access is still subject to the applicable annual PRGT limit of 100 percent. In this regard, two prospective disbursements totaling 25.7 percent of quota under the current ECF are counted against this limit. The proposed RCF would not trigger high access procedures (applicable when access over a 36-month period exceeds 180 percent of quota or outstanding credit exceeds 225 percent of quota).

- Despite a high risk of debt distress, public debt is sustainable and capacity to repay the Fund is adequate (Table 7, which also assumes prospective ECF disbursements), although capacity to repay would be affected by materialization of the risks described above (¶6). The updated DSA suggests that public debt is sustainable, despite remaining at high risk of external and overall debt distress (see separate report).

- The authorities are committed to the reform policies under the ECF, and they see the RCF as a bridge until resumption of the ECF review as soon as possible. Staff is comforted by Mauritania's solid track record of policy implementation and strong relations with the Fund, including under the current ECF-supported program.

14. The proposed access would cover about one-third of the estimated external financing gap. Remaining needs are expected to be filled by other donors (¶9), which would allow maintaining adequate official reserves above 5 months of non-extractive imports.[4] The RCF is expected to help catalyze additional donor financing, including from Arab funds and bilateral donors from the Gulf. Absent prospective Fund and donor financing (including future ECF disbursements), reserves could drop to about 3½ months of imports, putting external stability at risk.

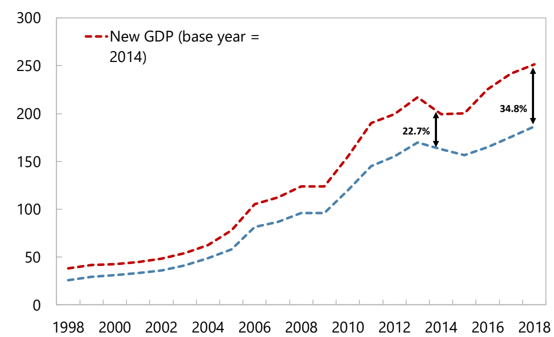
15. The authorities asked for the RCF funds to be disbursed to the central bank and on-lent to the treasury to cover the budgetary impact of the pandemic. Domestic savings are not expected to be sufficient to cover the fiscal financing gap. To allow the RCF disbursement to finance the budget, a memorandum of understanding has been signed between the Ministry of Finance and the BCM on their respective responsibilities for servicing financial obligations to the Fund. The authorities have committed to undergoing a safeguards assessment update to be completed before Board approval of any subsequent arrangement and to provide staff with the necessary audit reports and authorize the external auditors of the BCM to hold discussions with staff; the last safeguards assessment was completed in May 2018.

[4] The World Bank approved grants of $133 million for several social protection projects earlier this month.

Box 1. Revised National Accounts

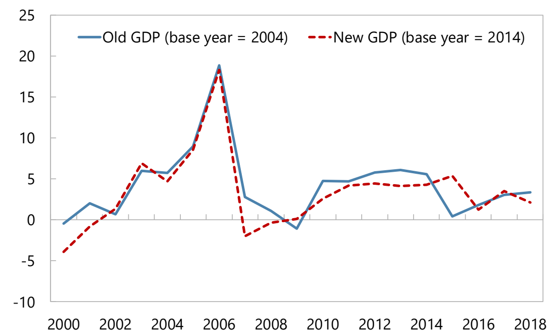
The authorities revalued nominal GDP by 35 percent in 2018 as a result of a comprehensive revision of national accounts. The rebasing exercise, which started in 2017, upgraded national accounts to SNA 2008, updated the base year from 2004 to 2014, and expanded coverage of informal activities. The results were vetted by international experts, including from the Fund and the World Bank. This report incorporates preliminary estimates ahead of official publication scheduled for end-April/May.

Nominal GDP Revision
(in billion MRU)



Sources: Mauritanian authorities.

Real GDP Growth
(in percent)



Sources: Mauritanian authorities.

The main source of the increase in GDP estimates stemmed from the expansion of coverage of informal activities by use of new surveys conducted in 2017. This expansion accounted for 80 percent of the 22.7 percent revaluation of GDP in 2014; informal activities now account for over half of estimated value-added, against 39 percent previously. Revised estimates of deflators between 2015-17 led to a further GDP revaluation by 34.8 percent in 2018.

Contribution to Nominal GDP Revaluation, 2014
(in percent)

	Contribution
SNA 2008 updgrade	2.7
Improved data coverage in formal activities	3.3
Improved data coverage in non-farm informal activities	18.1
Methodological changes	-1.4
Total revaluation	**22.7**

Sources: Mauritanian authorities.

STAFF APPRAISAL

16. **The Covid-19 pandemic is having a dramatic human, economic, and social impact on Mauritania.** The short-term economic outlook has deteriorated rapidly owing to the sharp deterioration in global economic conditions and the impact of domestic containment measures. Growth is expected to turn negative this year, with severe hardships for the population. Risks are tiled to the downside given the uncertainty around a more protracted global and domestic Covid-19 outbreak, a much steeper economic decline this year, and more gradual recovery thereafter.

17. **Mauritania is facing urgent external and fiscal financing needs.** Addressing the pandemic and the associated shocks has increased immediate external and fiscal financing needs. While subject to an unusual degree of uncertainty, staff's revised macroeconomic outlook indicates external and fiscal financing gaps of 4½–5 percent of GDP.

18. **Staff welcomes the authorities' swift response to contain and mitigate the spread and impact of the virus.** Health spending to prepare for a spread of the virus should be prioritized as well as spending for containment measures. To mitigate negative effects on the economy, targeted support to the most vulnerable households and those sectors most affected is appropriate. The temporary loosening of the fiscal and monetary stance is justified, and banking sector developments should be carefully monitored. If the crisis deepens, the government may need to scale up its response, ensuring that support measures remain timely, temporary, and targeted with a view to safeguarding fairness and public finances. Staff welcomes the authorities' commitment to full transparency and reporting of the use of resources deployed for the emergency response, and to audit crisis-mitigation spending once the crisis abates and to publish the results—to help deter misappropriation of crisis-mitigation funds.

19. **The authorities remain committed to medium-term fiscal and debt sustainability.** The authorities are seeking grants and concessional resources from development partners to address the fiscal pressures from security-related costs, health spending and to safeguard debt sustainability. The updated DSA confirms that debt remains sustainable, despite remaining at high risk of external and overall debt distress, even under the new, more negative outlook. Staff welcomes the authorities' commitment to returning to primary surpluses as conditions normalize.

20. **Staff supports the authorities' request for a disbursement under the Rapid Credit Facility for a total amount of SDR 95.680 million (about 74.3 percent of quota).** Staff's support is based on the urgent balance of payments needs arising from the severe impact of the pandemic, the authorities' existing and prospective policies to address this external shock, along with their strong track record which will mitigate risks for the Fund. Given the large fiscal financing gap, staff supports the request that the disbursement be made in the form of budget support. As the Fund alone will only cover about one-third of projected financing needs, staff encourages the authorities to seek additional donor financing. Staff welcomes the authorities' commitment to resume discussions on the fifth review under the ECF as soon as feasible.

Table 1. Mauritania: Macroeconomic Framework, 2016–25

Poverty rate: 31 percent (2014)
Population: 4.4 million (2018)

Quota: SDR 128.8 million
Main exports: iron ore, fish, gold - mainly to China and EU

	2016	2017	2018	2019		2020		2021	2022	2023	2024	2025
				4th Rev.	Est.	4th Rev.	Proj.			Proj.		
	(Annual change in percent; unless otherwise indicated)											
National accounts and prices												
Real GDP	1.3	3.5	2.1	6.9	5.9	6.3	-2.0	4.2	4.6	6.4	5.4	4.4
Real extractive GDP	-3.4	-6.2	-9.5	27.7	27.2	10.2	-1.4	9.1	8.7	18.9	9.0	2.0
Real non-extractive GDP	1.6	4.7	3.5	5.0	3.6	5.8	-2.1	3.3	3.8	4.1	4.7	5.0
Real GDP per capita	-1.1	1.2	-0.2	4.7	3.6	4.1	-4.2	1.9	2.3	4.2	3.2	2.2
Iron ore production (million tons)	13.3	11.8	11.1	12.5	12.7	14.5	12.0	12.5	13.5	14.5	15.0	16.0
GDP deflator	11.2	3.7	1.8	4.7	4.7	2.9	4.1	3.5	2.6	2.9	3.4	2.5
Nominal GDP	12.6	7.3	4.0	11.9	10.9	9.4	2.0	7.8	7.3	9.5	9.0	7.0
Consumer prices (period average)	1.5	2.3	3.1	3.0	2.3	3.4	3.9	4.5	4.0	4.0	4.0	4.0
Consumer prices (end of period)	2.8	1.2	3.2	2.8	2.7	4.0	5.0	4.0	4.0	4.0	4.0	4.0
	(In percent of GDP)											
Savings and Investment												
Gross investment	26.0	28.3	26.8	42.5	44.9	50.2	41.4	48.5	46.1	40.3	37.2	37.4
Gross national savings	28.2	31.0	29.4	31.1	34.3	29.5	24.1	31.2	31.8	33.5	32.3	33.1
Saving - Investment balance	2.2	2.8	2.5	-11.4	-10.6	-20.7	-17.3	-17.4	-14.2	-6.8	-5.0	-4.3
	(In percent of nonextractive GDP; unless otherwise indicated)											
Central government operations												
Revenues and grants	23.1	22.8	25.0	31.5	24.3	29.9	21.6	22.7	23.3	23.9	24.4	24.6
Nonextractive	20.2	20.0	21.0	27.8	20.5	26.8	19.4	20.6	21.0	21.2	21.3	21.7
Taxes	13.6	14.1	15.5	20.7	14.9	20.8	13.8	15.5	15.7	15.8	15.9	16.0
Extractive	1.3	2.0	3.5	2.0	1.9	2.2	1.6	1.6	1.9	2.4	2.7	2.5
Grants	1.6	0.8	0.5	1.6	1.9	0.9	0.6	0.4	0.4	0.4	0.4	0.3
Expenditure and net lending	23.5	22.9	22.3	28.9	21.8	29.5	25.6	23.5	23.4	24.0	24.5	24.7
Of which: Current	13.8	14.0	14.3	18.7	13.7	18.9	17.9	15.0	14.8	14.8	14.9	14.8
Capital	9.7	8.7	8.0	9.8	8.3	10.6	7.7	8.5	8.6	9.3	9.6	9.9
Primary balance (excl. grants)	-1.1	0.2	3.5	2.7	1.7	1.1	-3.2	0.0	0.8	0.8	0.8	0.8
Non-extractive primary balance (excl. grants)	-2.4	-1.8	0.1	0.7	-0.2	-1.1	-4.8	-1.6	-1.1	-1.6	-1.9	-1.7
Overall balance (in percent of GDP)	-0.4	0.0	2.5	2.1	2.1	0.3	-3.4	-0.7	-0.1	-0.1	-0.1	-0.1
Public sector debt (in percent of GDP) 1/	72.3	69.6	75.8	95.3	71.8	96.2	81.5	81.2	79.3	75.4	71.6	68.5
Public sector debt (in percent of GDP) 1/ 2/	56.6	55.1	61.4	77.4	58.5	78.9	67.8	68.0	66.8	63.7	60.6	58.5
	(Annual change in percent; unless otherwise indicated)											
Money												
Broad money	7.1	13.7	13.8	14.0	11.8	11.4	3.0	9.2	9.0	8.3	8.9	9.3
Credit to the private sector	8.1	7.5	19.4	11.0	12.9	12.3	5.1	11.4	11.4	10.9	11.5	12.3
External sector												
Exports of goods, f.o.b.	0.9	26.1	7.3	21.5	22.3	4.0	-12.2	9.2	5.1	15.6	6.5	4.4
Imports of goods, f.o.b.	-2.5	10.2	24.2	-2.6	12.3	15.9	-4.0	2.9	-0.6	-3.9	0.2	3.5
Terms of trade	10.7	-3.5	-1.2	21.3	20.7	-0.5	10.3	0.9	-1.3	1.2	2.4	-1.2
Real effective exchange rate	-5.7	-1.7	-0.3	...	1.6	...	...	...	...	...	...	...
Current account balance (in percent of GDP)	-11.0	-10.0	-13.8	-11.4	-10.6	-20.7	-17.3	-17.4	-14.2	-6.8	-5.0	-4.3
Excl. externally financed extractive capital imports	-7.0	-5.0	-8.6	-5.9	-3.6	-11.5	-12.1	-11.6	-9.6	-5.5	-4.3	-3.5
Gross official reserves (in millions of US$, eop) 3/	824	849	918	1,105	1,136	1,181	1,136	1,123	1,178	1,185	1,271	1,418
In months of prospective non-extractive imports	5.4	4.6	4.4	5.5	5.3	5.6	5.2	5.0	5.0	5.2	5.4	5.7
External public debt (in millions of US$)	4,348	4,567	4,608	4,693	4,734	4,907	5,263	5,381	5,484	5,564	5,608	5,646
In percent of GDP	67.8	67.3	65.4	83.2	62.3	83.0	71.0	70.3	68.7	65.1	61.5	59.1
External public debt (in millions of US$) 2/	3,355	3,573	3,614	3,699	3,740	3,913	4,269	4,387	4,490	4,570	4,614	4,652
In percent of GDP	52.3	52.7	51.3	65.6	49.2	66.2	57.6	57.3	56.2	53.4	50.6	48.7
Memorandum items:												
Nominal GDP (in billions of MRU)	225.5	241.9	251.5	208.8	278.9	228.4	284.4	306.7	328.9	360.2	392.5	420.1
Nominal non-extractive GDP (in billions of MRU)	200.0	216.2	227.0	177.3	237.0	194.4	240.9	258.1	277.0	297.5	321.8	345.3
Nominal GDP (in millions of US$)	6,414	6,784	7,048	5,641	7,600	5,912	7,417	7,660	7,983	8,552	9,121	9,558
Nominal GDP (US$, annual change in percent)	3.8	5.8	3.9	7.9	7.8	4.8	-2.4	3.3	4.2	7.1	6.6	4.8
Exchange rate (MRU/US$)	35.2	35.7	35.7	...	36.7	...	...	...	...	...	...	...
Price of oil (US$/barrel)	42.8	52.8	68.3	61.8	61.4	57.9	35.6	37.9	40.9	43.2	45.0	46.4
Price of iron ore (US$/Ton)	58.6	71.1	70.1	93.9	93.6	76.4	74.0	71.2	65.0	63.0	63.0	63.0
Price of gold (US$/Ounce)	1,248	1,257	1,269	1,400	1,392	1,531	1,640	1,667	1,684	1,703	1,721	1,739

Sources: Mauritanian authorities; and IMF staff estimates and projections.
1/ Including government debt to the central bank recognized in 2018.
2/ Excluding passive debt to Kuwait under negotiation.
3/ Excluding the hydrocarbon revenue fund.

Table 2. Mauritania: Balance of Payments, 2016–25
(in millions of U.S. dollars, unless otherwise indicated)

	2016	2017	2018	2019		2020		2021	2022	2023	2024	2025
				4th Rev.	Est.	4th Rev.	Proj.			Proj.		
Current account balance	-707	-681	-976	-641	-805	-1,222	-1,287	-1,331	-1,136	-585	-454	-413
Excl. externally financed extractive capital imports	-451	-337	-606	-335	-277	-678	-897	-886	-766	-471	-388	-330
Trade balance	-499	-327	-706	-231	-605	-542	-770	-663	-532	-55	117	150
Exports, fob	1,401	1,767	1,895	2,303	2,318	2,395	2,035	2,223	2,336	2,700	2,877	3,004
Of which: Iron ore	418	496	508	731	831	691	556	557	549	571	591	630
Hydrocarbons	87	65	11	0	0	0	0	0	0	327	507	507
Copper	138	139	148	148	145	118	99	76	50	35	0	0
Gold	289	370	420	609	596	723	772	894	1,004	1,011	969	979
Fish	421	625	750	735	712	763	569	639	655	651	679	707
Imports, fob	-1,900	-2,094	-2,601	-2,534	-2,923	-2,937	-2,805	-2,886	-2,867	-2,755	-2,759	-2,855
Of which: Food	-334	-391	-495	-430	-484	-480	-590	-493	-460	-497	-480	-497
Petroleum	-355	-445	-624	-590	-585	-585	-396	-459	-489	-496	-507	-538
Capital goods	-538	-523	-558	-529	-825	-790	-714	-783	-718	-468	-430	-475
Services and income (net)	-452	-623	-471	-621	-550	-869	-650	-803	-743	-679	-715	-709
Services (net)	-335	-526	-432	-690	-459	-914	-640	-830	-803	-741	-622	-700
Credit	270	230	250	174	319	180	219	228	237	246	257	280
Debit	-605	-756	-682	-863	-778	-1,094	-860	-1,058	-1,040	-987	-879	-980
Income (net)	-117	-97	-38	68	-91	45	-9	28	60	62	-94	-9
Credit	59	71	80	187	86	172	154	208	207	217	226	247
Debit	-176	-168	-119	-119	-177	-127	-164	-180	-147	-154	-320	-256
Current transfers (net)	245	269	202	212	349	188	133	134	139	149	144	146
Private unrequited transfers (net)	75	93	97	110	109	119	52	64	67	69	64	67
Official transfers	170	175	104	101	240	69	81	70	73	80	80	80
Capital and financial account	492	806	1,008	713	864	1,275	941	1,394	1,269	685	661	678
Capital account	8	11	19	70	24	0	0	0	0	0	0	0
Financial account	483	795	989	643	840	1,275	941	1,394	1,269	685	661	678
Foreign direct investment (net)	271	588	772	590	884	937	594	1,120	1,053	622	430	496
Official medium- and long-term loans	205	89	83	54	125	164	157	151	147	101	128	138
Disbursements	322	242	253	241	316	355	348	356	342	295	310	321
Of whch: GTA gas project	0	0	0	52	27	131	124	96	57	0	0	0
Amortization	117	153	169	187	191	191	191	205	195	194	182	184
SNIM medium- and long-term loans	-60	-63	-63	-32	-64	51	51	-15	-2	-43	17	25
Other financial flows	68	180	196	31	-105	123	139	137	72	5	85	19
Errors and omissions	135	-82	159	0	25	0	0	0	0	0	0	0
Overall balance	-80	43	191	72	84	52	-346	63	134	100	207	265
Financing	80	-43	-191	-72	-83	-52	153	-63	-134	-100	-207	-265
Net foreign assets	80	-49	-195	-72	-88	-52	153	-63	-134	-100	-207	-265
Central bank (net)	-21	-8	-57	-165	-198	-52	153	-63	-126	-75	-169	-230
Assets (negative=accumulation of reserves)	-2	-26	-70	-187	-219	-76	0	13	-55	-7	-86	-147
Liabilities	-19	17	13	22	21	23	153	-76	-71	-68	-84	-82
ECF (prospective)	0	23	47	46	46	46	45	0	0	0	0	0
RCF (prospective)							130	0	0	0	0	0
Other	-19	-6	-34	-24	-24	-23	-22	-76	-71	-68	-84	-82
Commercial banks (net)	77	-18	-44	0	25	0	0	0	0	0	0	0
Hydrocarbon revenue fund (net)	24	-22	-93	93	85	0	0	0	-8	-24	-38	-35
Exceptional financing (HIPC debt relief)	0	5	4	0	5	0	0	0	0	0	0	0
Financing Gap	0	0	0	0	0	0	193	0	0	0	0	0
Memorandum items:												
Current account balance (in percent of GDP)	-11.0	-10.0	-13.8	-11.4	-10.6	-20.7	-17.3	-17.4	-14.2	-6.8	-5.0	-4.3
Excl. externally financed extractive capital imports	-7.0	-5.0	-8.6	-5.9	-3.6	-11.5	-12.1	-11.6	-9.6	-5.5	-4.3	-3.5
Trade balance (in percent of GDP)	-7.8	-4.8	-10.0	-4.1	-8.0	-9.2	-10.4	-8.7	-6.7	-0.6	1.3	1.6
Total external financing requirements (in percent of GDP)	13.8	13.2	17.2	15.8	14.0	24.9	20.7	20.8	17.3	9.6	7.0	6.2
External public debt (in millions of US$)	4,348	4,567	4,608	4,693	4,734	4,907	5,263	5,381	5,484	5,564	5,608	5,646
(in percent GDP)	67.8	67.3	65.4	83.2	62.3	83.0	71.0	70.3	68.7	65.1	61.5	59.1
External public debt service (in millions of US$)	161	204	275	277	276	283	275	358	351	352	356	370
(in percent of revenue)	13.2	15.3	17.6	19.4	19.1	19.4	20.8	24.9	22.8	21.2	19.8	19.4
SNIM contribution to BOP (in millions of US$)	102	210	173	313	390	353	309	292	308	310	351	406
Gross official reserves (in millions of US$)	824	849	918	1,105	1,136	1,181	1,136	1,123	1,178	1,185	1,271	1,418
(in months of imports excluding extractive industries)	5.4	4.6	4.4	5.5	5.3	5.6	5.2	5.0	5.0	5.2	5.4	5.7
Hydrocarbon revenue fund	53	75	168	76	74	76	74	74	81	106	143	178
Nominal GDP (in millions of US$)	6,414	6,784	7,048	5,641	7,600	5,912	7,417	7,660	7,983	8,552	9,121	9,558

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

Table 3a. Mauritania: Central Government Operations, 2016–25

(in billions of MRU, unless otherwise indicated)

	2016	2017	2018	2019		2020		2021	2022	2023	2024	2025
				4th Rev.	Est.	4th Rev.	Proj.			Proj.		
Revenues and grants	46.1	49.3	56.8	55.8	57.5	58.2	52.1	58.5	64.5	71.2	78.4	85.0
Revenues	43.0	47.6	55.6	52.9	53.1	56.4	50.7	57.5	63.4	70.0	77.2	83.8
Nonextractive	40.5	43.3	47.7	49.3	48.5	52.1	46.8	53.3	58.2	63.0	68.6	75.1
Tax	27.2	30.5	35.2	36.8	35.4	40.5	33.2	40.0	43.6	46.9	51.0	55.1
Nontax	13.3	12.8	12.5	12.6	13.1	11.7	13.6	13.3	14.6	16.1	17.6	20.0
Extractive	2.5	4.3	7.9	3.6	4.6	4.3	3.9	4.2	5.2	7.0	8.6	8.7
Oil and gas	1.1	1.9	6.3	1.9	1.8	1.0	1.0	1.0	1.7	3.3	4.6	4.5
of which gas	…	…	…	0.0	0.0	0.0	0.0	0.0	0.6	2.1	3.3	3.1
Mining	1.4	2.5	1.6	1.7	2.8	3.3	2.9	3.2	3.4	3.8	4.0	4.2
Grants	3.1	1.7	1.2	2.9	4.4	1.7	1.4	1.0	1.1	1.2	1.2	1.2
Of which: Projects	0.6	0.6	1.0	0.4	1.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and net lending	47.0	49.4	50.6	51.3	51.6	57.4	61.7	60.6	64.7	71.5	78.8	85.5
Current	27.6	30.4	32.4	33.1	32.4	36.8	43.1	38.7	40.9	44.0	47.8	51.2
Compensation of employees	12.3	13.0	14.0	15.6	15.4	16.7	16.7	17.9	19.3	20.7	22.4	24.0
Goods and services	5.9	6.4	6.4	6.9	6.6	8.1	7.5	8.9	9.0	9.4	10.2	10.9
Subsidies and transfers 1/	5.6	5.5	6.0	5.9	4.8	6.2	13.4	6.5	6.9	7.7	8.6	9.3
Of which: Emergency program, incl. COVID-19	1.6	1.6	2.2	2.0	2.0	2.1	9.9	2.4	2.6	3.1	3.8	4.4
Energy subsidies	0.2	0.4	0.8	0.8	0.8	0.8	0.9	1.1	1.1	1.2	1.3	1.3
Arrears repayments	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	1.7	2.2	3.1	3.3	2.6	3.1	3.3	3.3	3.6	3.9	4.2	4.4
External	1.3	1.8	2.6	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.5	2.5
Domestic	0.4	0.5	0.4	1.0	0.5	0.9	1.0	1.0	1.3	1.5	1.7	1.9
Special accounts	0.9	1.5	1.1	0.2	1.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Common reserves	1.1	1.1	1.2	1.3	1.4	2.0	1.5	1.4	1.5	1.6	1.8	1.9
Others	0.1	0.6	0.6	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	19.4	18.9	18.1	17.4	19.7	20.7	18.6	21.9	23.8	27.5	31.0	34.3
Foreign-financed	4.5	3.8	2.8	3.8	4.5	4.2	4.2	4.5	5.3	7.2	8.1	8.8
Domestically financed	14.9	15.1	15.3	13.7	15.2	16.5	14.4	17.4	18.5	20.3	22.9	25.5
Net lending	0.0	0.2	0.2	0.8	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance (excl. grants)	-2.2	0.4	8.0	4.9	4.1	2.1	-7.7	0.1	2.2	2.4	2.6	2.8
Primary balance (excl. grants, prog. def.) 2/	…	…	6.5	5.1	3.9	2.1	-7.7	…	…	…	…	…
Primary balance	0.9	2.2	9.3	7.7	8.5	3.8	-6.3	1.1	3.4	3.6	3.8	4.0
Overal balance (excl. grants)	-4.0	-1.8	5.0	1.6	1.5	-1.0	-11.0	-3.1	-1.4	-1.5	-1.6	-1.6
Overall balance	-0.9	-0.1	6.2	4.5	5.9	0.7	-9.6	-2.1	-0.2	-0.3	-0.4	-0.4
Financing	0.9	0.1	-6.2	-4.5	-5.9	-0.7	9.6	2.1	0.2	0.3	0.4	0.4
Domestic	-2.4	2.2	1.6	-4.5	-5.1	2.8	0.3	5.8	3.3	2.3	2.3	1.9
Banking system	-1.6	1.4	0.1	-4.3	-4.2	1.4	0.9	3.4	1.9	1.2	1.2	1.0
Treasury account	-1.0	2.2	0.8	-4.1	-5.3	0.0	0.0	1.0	0.5	0.0	0.0	0.0
Commercial banks	-0.6	-0.8	-0.1	-0.2	1.1	1.4	0.9	2.4	1.4	1.2	1.2	1.0
Nonbanks	-0.7	1.3	0.4	-0.2	0.1	1.4	0.9	2.4	1.4	1.2	1.2	1.0
Domestic arrears	0.0	0.2	0.1	0.0	1.4	0.0	-1.4	0.0	0.0	0.0	0.0	0.0
Other deposits accounts	-0.1	-0.6	1.0	0.0	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External	3.8	-2.2	-7.7	-0.1	-0.8	-3.6	9.3	-3.7	-3.1	-2.0	-1.9	-1.5
Hydrocarbon revenue fund (net)	0.9	-0.1	-3.1	3.5	3.5	0.0	0.0	0.0	-0.3	-1.0	-1.6	-1.6
Oil and gas revenue	-1.1	-1.9	-6.3	-1.9	-1.8	-1.0	-1.0	-1.0	-1.7	-3.3	-4.6	-4.5
Transfer to the budget	1.9	1.8	3.1	5.3	5.3	1.0	1.0	1.0	1.4	2.2	3.0	3.0
Other external financing	3.0	-2.1	-4.6	-3.5	-4.4	-3.6	9.3	-3.7	-2.7	-1.0	-0.2	0.1
Borrowing (net)	2.8	-1.7	-4.3	-3.5	-4.1	-3.6	-3.1	-3.7	-2.7	-1.0	-0.2	0.1
Disbursements	6.3	3.2	2.0	3.4	2.8	3.8	4.2	4.5	5.3	7.2	8.1	8.8
Amortization	-3.6	-4.8	-6.3	-6.9	-6.9	-7.4	-7.3	-8.2	-8.0	-8.2	-8.4	-8.7
Exceptional financing (HIPC debt relief)	0.3	0.0	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of Fund resources (RCF, prospective)	0.0	0.0	0.0	…	0.0	…	5.0	0.0	0.0	0.0	0.0	0.0
Financing gap / unidentified donor support	0.0	0.0	0.0	…	0.0	…	7.4	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-0.6	0.1	-0.1	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 (%)	-9.9	2.8	-0.3	-1.6	-0.3	8.3	15.0	-6.0	2.7	6.2	6.0	4.2
Current (%)	-6.3	7.4	8.0	-0.6	-2.1	7.4	28.1	-14.1	1.7	3.3	4.6	2.9
Capital (%)	-13.2	-4.6	-12.0	-6.4	6.3	14.7	-8.9	12.7	4.4	11.2	8.3	6.3
Non-extractive primary balance (excl. grants)	-4.7	-3.9	0.2	1.3	-0.5	-2.2	-11.6	-4.0	-2.9	-4.7	-6.0	-6.0
Non-extractive primary balance	-1.6	-2.2	1.4	4.2	3.9	-0.5	-10.2	-3.0	-1.8	-3.5	-4.8	-4.8
Basic budget balance (excl. grants) 3/	0.5	2.0	7.8	5.4	5.9	3.2	-6.8	1.3	3.9	5.7	6.5	7.1
Social spending	8.7	9.1	8.8	9.6	9.6	11.9	14.5	12.6	14.7	16.8	19.5	22.4
Poverty-reducing expenditure	18.7	19.4	18.5	24.7	…	28.5	32.0	29.8	33.4	37.3	42.0	46.8

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

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

2/ Adjusted for half of additional/shortfall in extractive revenue.

3/ Overall balance excluding foreign-financed investment expenditure.

Table 3b. Mauritania: Central Government Operations, 2016–25
(in percent of non-extractive GDP, unless otherwise indicated)

	2016	2017	2018	2019		2020		2021	2022	2023	2024	2025
				4th Rev. 4/	Est.	4th Rev. 4/	Proj.			Proj.		
Revenues and grants	23.1	22.8	25.0	23.3	24.3	22.2	21.6	22.7	23.3	23.9	24.4	24.6
Revenues	21.5	22.0	24.5	22.1	22.4	21.5	21.1	22.3	22.9	23.5	24.0	24.3
Nonextractive	20.2	20.0	21.0	20.6	20.5	19.9	19.4	20.6	21.0	21.2	21.3	21.7
Tax	13.6	14.1	15.5	15.4	14.9	15.4	13.8	15.5	15.7	15.8	15.9	16.0
Nontax	6.6	5.9	5.5	5.3	5.5	4.4	5.7	5.2	5.3	5.4	5.5	5.8
Extractive	1.3	2.0	3.5	1.5	1.9	1.6	1.6	1.6	1.9	2.4	2.7	2.5
Oil and gas	0.5	0.9	2.8	0.8	0.8	0.4	0.4	0.4	0.6	1.1	1.4	1.3
of which gas	...	...	...	0.0	0.0	0.0	0.0	0.0	0.2	0.7	1.0	0.9
Mining	0.7	1.1	0.7	0.7	1.2	1.3	1.2	1.2	1.2	1.3	1.2	1.2
Grants	1.6	0.8	0.5	1.2	1.9	0.7	0.6	0.4	0.4	0.4	0.4	0.3
Of which: Projects	0.3	0.3	0.4	0.2	0.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and net lending	23.5	22.9	22.3	21.4	21.8	21.9	25.6	23.5	23.4	24.0	24.5	24.7
Current	13.8	14.0	14.3	13.8	13.7	14.0	17.9	15.0	14.8	14.8	14.9	14.8
Compensation of employees	6.2	6.0	6.2	6.5	6.5	6.4	6.9	6.9	6.9	6.9	6.9	6.9
Goods and services	2.9	3.0	2.8	2.9	2.8	3.1	3.1	3.4	3.3	3.2	3.2	3.1
Subsidies and transfers 1/	2.8	2.5	2.6	2.5	2.0	2.4	5.6	2.5	2.5	2.6	2.7	2.7
Of which: Emergency program, incl. COVID-19	0.8	0.7	0.9	0.8	0.8	0.8	4.1	0.9	0.9	1.0	1.2	1.3
Energy subsidies	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Arrears repayments	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	0.9	1.0	1.3	1.4	1.1	1.2	1.4	1.3	1.3	1.3	1.3	1.3
External	0.7	0.8	1.2	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.7
Domestic	0.2	0.2	0.2	0.4	0.2	0.3	0.4	0.4	0.5	0.5	0.5	0.5
Special accounts	0.5	0.7	0.5	0.1	0.6	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Common reserves	0.6	0.5	0.5	0.5	0.6	0.8	0.6	0.5	0.5	0.5	0.5	0.5
Others	0.0	0.3	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	9.7	8.7	8.0	7.3	8.3	7.9	7.7	8.5	8.6	9.3	9.6	9.9
Foreign-financed	2.2	1.7	1.2	1.6	1.9	1.6	1.7	1.7	1.9	2.4	2.5	2.5
Domestically financed	7.5	7.0	6.7	5.7	6.4	6.3	6.0	6.8	6.7	6.8	7.1	7.4
Net lending	0.0	0.1	0.1	0.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance (excl. grants)	-1.1	0.2	3.5	2.0	1.7	0.8	-3.2	0.0	0.8	0.8	0.8	0.8
Primary balance (excl. grants, prog. def.) 2/	...	...	2.9	2.1	1.6	0.8	-3.2	...	...	...	...	...
Primary balance	0.4	1.0	4.1	3.2	3.6	1.5	-2.6	0.4	1.2	1.2	1.2	1.1
Overal balance (excl. grants)	-2.0	-0.8	2.2	0.7	0.6	-0.4	-4.6	-1.2	-0.5	-0.5	-0.5	-0.5
Overall balance	-0.4	0.0	2.7	1.9	2.5	0.3	-4.0	-0.8	-0.1	-0.1	-0.1	-0.1
Financing	0.4	0.0	-2.7	-1.9	-2.5	-0.3	4.0	0.8	0.1	0.1	0.1	0.1
Domestic	-1.2	1.0	0.7	-1.9	-2.2	1.1	0.1	2.3	1.2	0.8	0.7	0.6
Banking system	-0.8	0.6	0.0	-1.8	-1.8	0.5	0.4	1.3	0.7	0.4	0.4	0.3
Treasury account	-0.5	1.0	0.4	-1.7	-2.3	0.0	0.0	0.4	0.2	0.0	0.0	0.0
Commercial banks	-0.3	-0.4	-0.1	-0.1	0.5	0.5	0.4	0.9	0.5	0.4	0.4	0.3
Nonbanks	-0.4	0.6	0.2	-0.1	0.0	0.5	0.4	0.9	0.5	0.4	0.4	0.3
Domestic arrears	0.0	0.1	0.1	0.0	0.6	0.0	-0.6	0.0	0.0	0.0	0.0	0.0
Other deposits accounts	0.0	-0.3	0.5	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External	1.9	-1.0	-3.4	0.0	-0.3	-1.4	3.9	-1.4	-1.1	-0.7	-0.6	-0.4
Hydrocarbon revenue fund (net)	0.4	-0.1	-1.4	1.5	1.5	0.0	0.0	0.0	-0.1	-0.3	-0.5	-0.5
Oil and gas revenue	-0.5	-0.9	-2.8	-0.8	-0.8	-0.4	-0.4	-0.4	-0.6	-1.1	-1.4	-1.3
Transfer to the budget	1.0	0.8	1.4	2.2	2.2	0.4	0.4	0.4	0.5	0.8	0.9	0.9
Other	1.5	-1.0	-2.0	-1.5	-1.8	-1.4	3.9	-1.4	-1.0	-0.3	-0.1	0.0
Borrowing (net)	1.4	-0.8	-1.9	-1.5	-1.7	-1.4	-1.3	-1.4	-1.0	-0.3	-0.1	0.0
Disbursements	3.2	1.5	0.9	1.4	1.2	1.5	1.7	1.7	1.9	2.4	2.5	2.5
Amortization	-1.8	-2.2	-2.8	-2.9	-2.9	-2.8	-3.0	-3.2	-2.9	-2.7	-2.6	-2.5
Exceptional financing (HIPC debt relief)	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of Fund resources (RCF, prospective)	0.0	0.0	0.0	...	0.0	...	2.1	0.0	0.0	0.0	0.0	0.0
Financing gap / unidentified donor support	0.0	0.0	0.0	...	0.0	...	3.1	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-0.3	0.0	-0.1	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)	-2.4	-1.8	0.1	0.5	-0.2	-0.8	-4.8	-1.6	-1.1	-1.6	-1.9	-1.7
Non-extractive primary balance	-0.8	-1.0	0.6	1.7	1.7	-0.2	-4.2	-1.2	-0.6	-1.2	-1.5	-1.4
Overall balance (in percent of GDP)	-0.4	0.0	2.5	1.6	2.1	0.3	-3.4	-0.7	-0.1	-0.1	-0.1	-0.1
Basic budget balance (excl. grants) 3/	0.2	0.9	3.4	2.2	2.5	1.2	-2.8	0.5	1.4	1.9	2.0	2.1
Social spending	4.4	4.2	3.9	4.0	4.1	4.5	6.0	4.9	5.3	5.7	6.1	6.5
Poverty-reducing expenditure	9.4	9.0	8.2	10.3	...	10.9	13.3	11.5	12.1	12.5	13.0	13.6

Sources: Mauritanian authorities; and IMF staff estimates and projections.
1/ Including transfers to public entities outside the central government.
2/ Adjusted for half of additional/shortfall in extractive revenue.
3/ Overall balance excluding foreign-financed investment expenditure.
4/ Using rebased GDP.

Table 4. Mauritania: Monetary Survey 2016–22

(in billions of MRU at end-of-period exchange rates, unless otherwise indicated)

	2016	2017	2018	2019		2020		2021	2022
				4th Rev.	Est.	4th Rev.	Proj.	Proj.	
Monetary survey									
Net foreign assets	6.1	7.0	10.0	16.5	18.5	19.4	13.5	16.5	22.2
Net domestic assets	48.7	55.4	61.0	64.5	60.8	70.8	68.2	72.7	75.1
Net domestic credit	69.3	74.9	86.7	89.8	89.7	100.3	94.4	106.8	118.8
Net credit to the government	16.9	18.6	19.6	15.3	13.9	16.7	14.7	18.2	20.1
Credit to the economy	52.4	56.3	67.1	74.5	75.8	83.6	79.6	88.7	98.7
Other items net	-20.6	-19.6	-25.7	-25.3	-28.9	-29.5	-26.2	-34.2	-43.7
Broad money (M2)	54.8	62.4	71.0	81.0	79.4	90.2	81.7	89.2	97.3
Monetary authorities									
Net foreign assets	11.5	11.7	13.8	20.4	21.6	23.6	16.8	19.9	25.6
Net domestic assets	12.7	15.3	15.1	12.0	9.4	12.5	15.0	14.6	11.9
Net domestic credit	16.3	18.2	19.5	15.1	13.7	14.7	13.3	9.2	9.7
Net credit to the government	15.9	17.8	19.0	14.9	13.1	14.9	13.1	14.1	14.6
Other items net	-3.6	-2.9	-4.5	-3.1	-4.4	-2.2	1.8	5.4	2.1
Reserve money	24.3	27.0	28.8	32.5	31.0	36.0	31.8	34.6	37.5
Currency in circulation	14.1	14.9	15.6	17.8	17.5	19.8	18.0	19.6	21.4
Reserves of banks	10.1	12.1	13.2	14.7	13.5	16.2	13.8	14.9	16.1
Of which: Banks deposits in FX	2.9	3.6	3.8	4.2	4.0	4.6	4.1	4.4	4.7
Commercial banks									
Net foreign assets	-5.4	-4.7	-3.8	-3.9	-3.1	-4.1	-3.3	-3.4	-3.5
Net domestic credit	53.0	56.8	67.3	74.5	76.2	85.0	80.9	92.3	103.8
Net credit to the government	1.0	0.8	0.5	0.3	0.8	1.8	1.6	4.0	5.4
Credit to the private sector	52.0	55.9	66.8	74.1	75.4	83.2	79.3	88.3	98.4
Other items net	-17.1	-16.7	-21.2	-22.0	-24.7	-26.7	-27.7	-34.3	-40.6
				(Annual change in percent)					
Monetary survey									
Net foreign assets	-21.8	14.1	42.1	65.6	86.1	17.8	-27.2	22.6	34.0
Net domestic assets	12.3	13.7	10.2	5.6	-0.4	9.8	12.1	6.5	3.3
Net domestic credit	3.6	8.1	15.7	3.5	3.4	11.7	5.2	13.2	11.2
Net credit to the government	-8.1	10.0	5.3	-21.9	-28.9	9.2	6.1	23.2	10.4
Credit to the economy	8.0	7.5	19.2	10.9	12.9	12.2	5.1	11.3	11.4
Other items net	12.6	5.2	-31.2	1.4	-12.5	-16.6	9.3	-30.5	27.9
Broad money (M2)	7.1	13.7	13.8	14.0	11.8	11.4	3.0	9.2	9.0
Monetary authorities									
Net foreign assets	12.5	1.6	17.6	48.5	57.3	15.4	-22.5	18.9	28.6
Net domestic assets	7.8	20.1	-1.5	-20.1	-37.9	3.4	60.6	-2.6	-18.7
Net domestic credit	-5.4	11.4	7.4	-22.5	-29.8	-3.0	-3.3	-30.2	5.4
Net credit to the government	-5.3	11.7	7.2	-21.6	-31.1	0.0	0.0	7.6	3.5
Reserve money	9.9	11.3	6.8	12.6	7.5	11.0	2.6	8.7	8.6
Commercial banks									
Net foreign assets	-125.0	12.8	19.0	-3.4	18.1	-5.3	-5.3	-3.6	2.2
Net domestic credit	6.7	7.0	18.6	10.7	13.2	14.1	6.2	14.2	12.4
Net credit to the government	-37.4	-18.1	-36.3	-33.9	48.4	408.3	109.7	149.0	34.5
Credit to the private sector	8.1	7.5	19.4	11.0	12.9	12.3	5.1	11.4	11.4
Memorandum items:									
Broad money (M2) to GDP (in percent) 1/	24.3	25.8	28.2	28.7	28.5	29.3	28.7	29.1	29.6
Velocity of broad money (to non-extractive GDP) 1/	3.6	3.5	3.2	3.0	3.0	2.9	2.9	2.9	2.8
Credit to the private sector (percent of non-extractive GDP)	26.0	25.9	29.4	31.0	31.8	31.7	32.9	34.2	35.5
Net foreign assets of banks (in millions of U.S. dollars)	-150.7	-132.6	-104.4	-104.4	-83.3	-104.4	-83.3	-83.3	-83.3

Sources: Mauritanian authorities; and IMF staff estimates and projections.
1/ Using rebased GDP or rebased non-extractive GDP.

Table 5. Mauritania: Banking Soundness Indicators, 2010–19
(in percent, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Balance sheet										
Assets / GDP	31.1	30.9	32.5	35.2	42.5	43.2	45.6	52.5	55.6	54.1
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
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
Government securities / total assets	18.8	11.1	11.2	5.8	5.8	2.0	2.0	1.0	0.6	0.9
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
Gross NPLs / gross loans	45.3	39.2	25.7	20.4	23.0	30.0	25.5	22.4	22.6	21.5
Of which: accrued interest on NPLs / gross loans	11.6	11.5	8.3	7.1	10.1	5.1	7.2	6.0	...	...
Of which: legacy NPLs (pre-2010) / gross loans	16.7	13.7	13.8	12.8	9.7	9.7	9.7	...	...	...
Of which: new NPLs / gross loans	17.0	14.1	3.6	0.5	0.4	0.4	0.6	...	...	...
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
Provisions / loans 360+ days in arrears	87.7	90.7	88.0	88.8	87.0	93.0	58.0	72.3	...	...
Deposits / total assets	59.3	60.9	59.1	57.8	61.0	60.8	59.0	60.2	55.6	63.2
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
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
Capital adequacy ratio	34.0	35.2	29.2	32.4	28.1	23.1	23.7	22.2	24.7	25.3
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
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
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
Profitability and liquidity										
Return on assets	0.4	1.2	1.4	1.2	1.2	0.7	...	...	...	...
Return on equity	2.7	6.0	8.4	6.4	6.6	5.1	...	...	...	...
Liquid assets / total assets 1/	29.5	29.7	29.8	24.0	23.5	21.4	17.0	24.6	19.6	20.9
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	...	...
Number of banks	10	12	12	15	15	16	16	17	17	18

Sources: Mauritanian authorities; and IMF staff.

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

Table 6. Mauritania: External Financing Requirements and Sources, 2016–22
(in millions of U.S. dollars)

	2016	2017	2018	2019	2020		2021	2022
				Est.	4th Rev.	Proj.	Proj.	
Total Requirements	**-1051**	**-1035**	**-1354**	**-1325**	**-1564**	**-1641**	**-1740**	**-1523**
Current account deficit, excl. grants	-877	-856	-1080	-1046	-1291	-1368	-1401	-1208
External public debt amortization 1/	-175	-179	-274	-279	-273	-273	-339	-315
Of which : Saudi Arabia	-5	-8	-8	-9	...	-11	-72	-72
Arab Monetary Fund	0	-18	-46	-38	...	-28	-23	-8
Arab Fund for Economic and Social Dev.	-35	-37	-45	-47	...	-54	-63	-67
Islamic Development Bank	-10	-11	-30	-22	...	-22	-25	-25
China	-18	-19	-18	-24	...	-24	-27	-30
IMF	-10	-15	-19	-21	...	-20	-14	-9
Total Sources	**1051**	**1035**	**1354**	**1325**	**1519**	**1273**	**1740**	**1523**
Foreign direct investment and capital inflows (net)	280	599	792	908	937	594	1120	1053
Official grants (baseline)	170	175	104	240	69	81	70	73
Of which : European Union	11	11	...	13	...	12	...	...
World Bank	26	26	15	34	...	35	...	...
AfDB	10	10	...	3	...	...	...	...
United Arab Emirates	40	...	2	...	...	...	...	...
Official loan disbursements (excluding IMF)	322	242	253	289	224	224	260	285
Of which : Arab Monetary Fund	100	...	...	...	...	...	...	...
Arab Fund for Economic and Social Dev.	81	122	110	164	...	...	...	...
Islamic Development Bank	51	25	14	7	...	...	...	...
China	39	7	11	...	...	...	...	...
India		9	53	39	...			
Saudi Fund for Development		26	49	35				
IMF ECF disbursements	...	23	47	46	...	...	...	...
Other flows 2/	258	43	321	-24	365	374	277	175
Drawdown of reserves (negative = accumulation)	-2	-26	-70	-219	-76	0	13	-55
Drawdown of oil account (negative = accumulation)	24	-22	-93	85	0	0	0	-8
Financing gap	...	...	...	...	**46**	**368**	**0**	**0**
Prospective IMF financing	...	...	...	...	**46**	**175**	**0**	**0**
IMF RCF (prospective)					n.a.	130	0	0
IMF ECF (prospective)	...	...	...	...	46	45	0	0
Residual gap / other donor support	...	...	...	...	**0**	**193**	**0**	**0**

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

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

2/ Including SNIM, SMHPM, commercial banks, errors and omissions, and exceptional financing.

Table 7. Mauritania: Capacity to Repay the Fund, 2020–34

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Payments to the Fund based on existing credit															
Principal (in million of SDRs)	14.34	9.94	6.62	6.07	11.59	16.56	16.56	16.56	11.59	4.97	0.00	0.00	0.00	0.00	0.00
Charges and interest (in million of SDRs)	0.06	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Payments to the Fund based on existing and prospective credit															
Principal (in million of SDRs)	14.34	9.94	6.62	6.07	11.59	27.78	42.32	42.32	37.35	30.73	14.54	0.00	0.00	0.00	0.00
Charges and interest (in million of SDRs)	0.06	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Total payments to the Fund based on existing and prospective credit															
In millions of SDRs	14.40	9.97	6.65	6.10	11.62	27.81	42.35	42.35	37.38	30.76	14.57	0.03	0.03	0.03	0.03
In millions of US$	19.94	13.85	9.27	8.52	16.29	39.13	59.59	59.59	52.60	43.29	20.50	0.04	0.04	0.04	0.04
In percent of exports of goods and services	0.88	0.57	0.36	0.29	0.52	1.19	1.79	1.76	1.52	1.23	0.57	0.00	0.00	0.00	0.00
In percent of debt service	7.29	3.89	2.65	2.43	4.60	11.12	21.61	21.73	20.34	17.59	8.92	0.02	0.02	0.02	0.02
In percent of GDP	0.27	0.18	0.12	0.10	0.18	0.41	0.60	0.57	0.47	0.37	0.17	0.00	0.00	0.00	0.00
In percent of Gross International Reserves	1.76	1.23	0.79	0.72	1.28	2.76	3.67	3.22	2.51	1.82	0.76	0.00	0.00	0.00	0.00
In percent of quota	11.18	7.74	5.16	4.74	9.02	21.59	32.88	32.88	29.02	23.88	11.31	0.02	0.02	0.02	0.02
Outstanding Fund credit															
In millions of SDRs	229.3	219.3	212.7	206.6	195.0	167.3	124.9	82.6	45.3	14.5	0.0	0.0	0.0	0.0	0.0
In millions of US$	317.5	304.8	296.5	288.8	273.5	235.4	175.8	116.3	63.7	20.5	0.0	0.0	0.0	0.0	0.0
In percent of exports of goods and services	14.1	12.4	11.5	9.8	8.7	7.2	5.3	3.4	1.8	0.6	0.0	0.0	0.0	0.0	0.0
In percent of debt service	116.1	85.5	84.8	82.4	77.3	66.9	63.7	42.4	24.6	8.3	0.0	0.0	0.0	0.0	0.0
In percent of GDP	4.3	4.0	3.7	3.4	3.0	2.5	1.8	1.1	0.6	0.2	0.0	0.0	0.0	0.0	0.0
In percent of gross international reserves	27.9	27.1	25.2	24.4	21.5	16.6	10.8	6.3	3.0	0.9	0.0	0.0	0.0	0.0	0.0
In percent of quota	178.0	170.3	165.1	160.4	151.4	129.9	97.0	64.1	35.1	11.3	0.0	0.0	0.0	0.0	0.0
Net use of Fund credit (in millions of SDRs)	114.5	-9.9	-6.6	-6.1	-11.6	-27.8	-42.3	-42.3	-37.4	-30.7	-14.5	0.0	0.0	0.0	0.0
Disbursements	128.8	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
Repayments	14.3	9.9	6.6	6.1	11.6	27.8	42.3	42.3	37.4	30.7	14.5	0.0	0.0	0.0	0.0
Memorandum items:															
Exports of goods and services (in millions of US$)	2,254.7	2,450.8	2,572.3	2,946.2	3,133.9	3,284.4	3,334.6	3,378.8	3,450.4	3,512.2	3,569.3	3,639.2	3,723.4	3,797.9	3,877.5
Debt service (in millions of US$)	273.5	356.4	349.8	350.4	353.9	351.9	275.8	274.3	258.6	246.1	229.8	196.5	195.7	184.0	180.1
Nominal GDP (in millions of US$)	7,417.4	7,659.8	7,982.8	8,552.2	9,120.8	9,558.1	10,007.6	10,530.7	11,078.8	11,662.3	12,286.6	12,955.5	13,681.4	14,457.5	15,281.8
Gross international reserves (in millions of US$)	1,136.1	1,123.0	1,177.9	1,184.9	1,270.7	1,418.0	1,625.4	1,852.2	2,093.0	2,381.0	2,696.9	3,059.6	3,458.3	3,925.2	4,424.5
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

Sources: IMF staff estimates and projections.

Table 8. Mauritania: Risk Assessment Matrix 1/

Sources of Risks	Relative Likelihood	Expected Impact	Policy Response
		Global Risks	
Prolonged Covid-19 outbreak	**High**	**High.** Lower global commodity prices (metals, gas, fish) and lower trade flows reduce exports and FDI, with negative impact on domestic growth, poverty, and external and fiscal positions.	Sizable donor support needed. Use external and fiscal buffers and greater exchange rate flexibility for gradual adjustment. Structural reforms to diversify the economy and export markets to increase resilience.
Widespread social discontent and political instability	**High**	**High.** Possibly lower development finance and aid flows. Lower trade flows reduce exports and FDI, with negative impact on domestic growth, poverty, and external and fiscal positions.	Use of external buffers and greater exchange rate flexibility for gradual adjustment. Structural reforms to diversify the economy and export markets to increase resilience.
More protectionism	**High**	**Medium.** Reduced prospects for FDI in new sectors (including gas) impacting diversification, exports, and growth.	Accelerate business climate reforms and increase exchange rate flexibility to boost competitiveness and mitigate shocks. Develop prudent borrowing plans based on concessional financing and use gas proceeds to reduce debt.
Oversupply in the oil market	**High**	**High.** Reduced FDI in extractive industries and risks for future gas development; negative impact on domestic growth and external and fiscal positions.	Build larger fiscal and external buffers. Greater exchange rate flexibility and use of external buffers for gradual adjustment. Structural reforms to diversify the economy and export markets to increase resilience.
Intensified geopolitical tensions and security risks	**Medium**	**High.** Adverse impact on regional trade. Fiscal and security-related costs from migration from neighboring countries. Negative impact on investor sentiment, economic diversification.	Create policy space for contingencies by consolidating the budget and broadening the tax base through reforms and economic diversification. Further develop regional security cooperation.
		Domestic Risks	
Political and social unrest; regional terrorist attacks	**Medium**	**High.** Higher public spending, including on security; impaired investor confidence and lower growth prospects.	Improve governance and business climate, strengthen anti-corruption frameworks. Promote inclusive growth and increase social spending.
Slower pace of reforms	**Medium**	**High.** Negative impact on social outcomes, investor confidence, and growth prospects.	Build consensus on reforms. Invest in human capital and institutions.
Reduced correspondent banking services	**Medium**	**Medium.** Curtailed cross-border payments affecting trade and remittances. Rise in informality.	Strengthen the AML/CFT framework and its implementation; step up outreach to foreign banks.

1/ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. Conjectural risks are especially relevant over shorter horizons (up to 2 years) given the current baseline. Structural risks (omitted from this streamlined version) remain salient over shorter and longer horizons (up to 3 years).

Appendix I. Letter of Intent

Islamic Republic of Mauritania | Central Bank of Mauritania

Nouakchott, April 17, 2020

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington DC

Dear Managing Director:

The COVID-19 pandemic is having a massive and unprecedented impact on the population and the economy of Mauritania. It affects human lives, people's health and their livelihoods, and threatens to destroy the social and economic fabric of our country. In consultation with the WHO and other UN agencies, we have taken measures to prevent the spread of the pandemic and mitigate its impact. We canceled commercial international passenger flights, closed all border crossings for individuals, and left only eight open for essential goods such as medication and food. We imposed confinement measures in urban areas and suspended all non-essential businesses, with a dramatic effect on economic activity. To mitigate the fallout of this scourge, which compounds the impact of a drought, we are ramping up emergency spending on health and related public services, expanding social protection for the most vulnerable, introducing measures to support households and small businesses, supporting national agriculture production, and building food security stocks.

The pandemic could result in a contraction in economic activity this year, possibly by about 2 percent, compared to a pre-crisis projected GDP growth of over 6 percent. Both extractive and non-extractive sectors are expected to be impacted significantly by the pandemic prevention and response measures and by the reduction in external demand. The balance of payments is expected to deteriorate as exports drop, the cost of essential food and non-food imports rise, and remittances fall. As a result, the external current account deficit could widen and a financing gap of about $370 million (5 percent of GDP) could emerge.

The pandemic is already having a direct and substantial impact on the budget. We have set up a special social assistance fund to finance the procurement of medical supplies and equipment, targeted support to households and SMEs most affected by the crisis, and temporary tax relief on some essential goods. Significant tax losses are also expected due to the economic contraction. The initial cost of the emergency response already taken has reached MRU 2.5 billion (1 percent of non-extractive GDP) and is expected to rise to several percentage points of GDP on account of additional planned budget costs for security, health, and social protection. We stand ready to take further social action if the fluid situation deteriorates.

To prevent financial sector instability, the Central Bank of Mauritania (BCM) has reacted expeditiously and provided liquidity to banks by lowering reserve requirements and reducing its policy rate. The BCM will continue to monitor key prudential ratios and price developments, and will stand ready to act as needed.

Against this background, and in the face of the urgent balance of payments need arising from the pandemic, we request emergency financing from the IMF under the Rapid Credit Facility (RCF) in the amount of SDR 95.680 million, equivalent to about 74.3 percent of our quota, to ease the pressure on our official international reserves and budget financing. We request that the funds be disbursed as budget support. In this regard, the Ministry of Finance and BCM have signed a memorandum of understanding on their respective responsibilities for servicing financial obligations to the IMF. Together with the support from other development partners, this disbursement will help fill the projected external and fiscal gaps in 2020. We are confident that the IMF's support will play a catalytic role in securing additional financing from our partners.

Going forward, we will allocate sufficient resources for critical health, emergency services, and social expenditures, as well as for risk communication and community engagement, surveillance and case tracking, infection prevention and control, and testing. We will maintain all spending on-budget and make sure to track, account for, and report in a transparent manner the resources deployed for emergency response. To avoid any misappropriation of funds, we will carefully control emergency spending and will publish information on the ministry of finance's website regarding public procurement contracts related to crisis mitigation, the names of the awarded companies and their beneficial owners, and ex-post validation of delivery. We will ask the Court of Accounts to audit emergency spending once the crisis abates and to publish its results. We will accelerate the rollout of the cash transfer scheme targeting vulnerable households to the whole territory and seek to expand existing food programs. We will reprioritize non-essential current and capital spending as needed to increase priority health and social spending. These policies will help advance our poverty reduction and growth objectives. Finally, to embed this year's fiscal expansion in a medium-term fiscal framework that maintains debt sustainability, we will develop a plan to unwind the temporary measures and return to a primary surplus once the crisis abates.

We remain fully committed to the broad objectives of the ECF-supported program and to the economic policies described in our latest letter of intent dated November 25, 2019, which we believe will help address the balance of payments difficulties. We met all December 2019 quantitative targets and made substantial progress in achieving the structural benchmarks under the program, despite some delays. However, significant uncertainty about the economic outlook makes completing the fifth review under this arrangement difficult at this time. We are fully aware, nevertheless, of the need to continue to ensure macroeconomic stability and debt sustainability despite the short-term rise in spending to address the impact of the pandemic, and we are committed to implementing medium-term fiscal policies consistent with medium-term sustainability.

In line with IMF's safeguards policy, we commit to undergoing an update safeguards assessment to be completed before IMF Board approval of any subsequent arrangement, providing IMF staff with the necessary audit reports, and authorizing the BCM's external auditors to hold discussions with IMF staff. Moreover, Mauritania will not impose new or intensify existing restrictions on the making of payments and transfers for current international transactions, trade restrictions for balance of payment purposes, or multiple currency practices, or enter into bilateral payments agreements which are inconsistent with its obligations under Article VIII. We also consent to the publication of this letter and the related staff report.

Very truly yours,

/s/

Mr. Cheikh El Kebir Moulaye Taher
Governor of the Central Bank of Mauritania

/s/

Mr. Mohamed-Lemine Dhehby
Minister of Finance

/s/

Mr. Abdel Aziz Dahi
Minister of Economy and Industry

INTERNATIONAL MONETARY FUND

ISLAMIC REPUBLIC OF MAURITANIA

REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

April 17, 2020

Approved By
Taline Koranchelian and Ashwin Ahuja (IMF) and Marcello Estevão (IDA)

Prepared by the staffs of the International Monetary Fund and the International Development Association.

Risk of external debt distress:	High
Overall risk of debt distress:	High
Granularity in the risk rating:	Sustainable
Application of judgment:	No
Macroeconomic projections	Negative growth in 2020, and one-year delay in the start of Grand Tortue/Ahmeyim gas production (2023). Primary deficit in 2020, returning to the previously projected stable surplus after two years. Iron ore prices lower by 10 percent, resulting in larger current account deficit.
Financing strategy	Additional financing needs filled by RCF, concessional borrowing and grants in 2020 adding new external debt of over 5 percent of GDP.
Realism tools flagged	Large unexpected change in public debt in the last 5 years.
Mechanical risk rating under the external DSA	High
Mechanical risk rating under the public DSA	High
Debt coverage is the same as in previous DSA: central government and public agencies, central bank, and SOE debt guaranteed by the government (including state-owned oil and gas company, excluding national mining company). The Composite Indicator score is 2.84 and the debt-carrying capacity is assessed to be medium.	

The risk of external debt distress and the overall risk of public debt distress remain high, as the NPV of public external debt to GDP continues to breach its threshold in 2020-22 under baseline projections, and the debt service-to-revenue ratio breaches its threshold in 2020-25. However, external and public debt are assessed to be sustainable as both indicators are projected to be on a steady downward trend and to fall below their respective thresholds by 2026. The risk rating remains high despite the rebasing of national accounts completed by the authorities, which estimated nominal GDP to be 35 percent higher than previously in 2018 due to upgrading to SNA 2008 and expanding the coverage of informal activities.

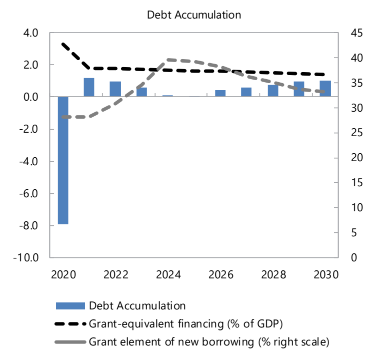
The macroeconomic outlook is significantly less favorable than the previous Debt Sustainability Analysis (DSA) in November 2019 due to the external shock caused by the COVID-19 pandemic and a delay in the Grand Tortue/Ahmeyim gas project. Projected export, growth, fiscal and debt trajectories are highly uncertain and are vulnerable to a stronger impact of the pandemic, reversals in metal and oil prices, regional security developments, and climatic hazards. Prudent policies are needed, including avoiding non-concessional borrowing and relying instead on grants and concessional financing taken up at a moderate pace consistent with absorptive capacity.

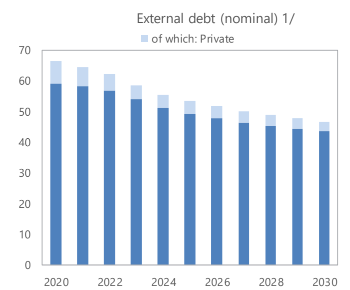
Table 1. Mauritania: External Debt Sustainability Framework, Baseline Scenario 2017-40

(in percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	***77.7***	***75.7***	***71.3***	***66.3***	***64.5***	***62.1***	***58.6***	***55.4***	***53.3***	***46.6***	***38.9***	***70.1***	***55.0***
of which: public and publicly guaranteed (PPG)	***66.7***	***66.7***	***63.4***	***59.0***	***58.3***	***56.9***	***54.0***	***51.1***	***49.2***	***43.4***	***37.1***	***60.1***	***50.5***
Change in external debt	*-2.9*	*-2.0*	*-4.4*	*-5.0*	*-1.7*	*-2.4*	*-3.5*	*-3.2*	*-2.1*	*-1.1*	*-0.8*		
Identified net debt-creating flows	***-3.0***	***0.0***	***-6.5***	***10.8***	***0.1***	***-1.8***	***-4.2***	***-2.7***	***-3.2***	***-2.5***	***-2.9***	***0.1***	***-1.5***
Non-interest current account deficit	***8.5***	***12.3***	***9.2***	***16.0***	***15.9***	***12.7***	***5.4***	***3.7***	***3.1***	***3.5***	***3.6***	***11.7***	***6.7***
Deficit in balance of goods and services	*12.6*	*16.2*	*14.0*	*19.0*	*19.5*	*16.7*	*9.3*	*5.5*	*5.8*	*6.0*	*5.6*	***14.3***	***9.8***
Exports	*29.4*	*30.4*	*34.7*	*30.4*	*32.0*	*32.2*	*34.4*	*34.4*	*34.4*	*29.1*	*21.0*		
Imports	*42.0*	*46.6*	*48.7*	*49.4*	*51.5*	*48.9*	*43.8*	*39.9*	*40.1*	*35.0*	*26.5*		
Net current transfers (negative = inflow)	*-4.0*	*-2.9*	*-4.6*	*-1.8*	*-1.8*	*-1.7*	*-1.7*	*-1.6*	*-1.5*	*-1.3*	*-0.9*	***-3.1***	***-1.6***
of which: official	*-2.6*	*-1.5*	*-3.2*	*-1.1*	*-0.9*	*-0.9*	*-0.9*	*-0.9*	*-0.8*	*-0.6*	*-0.4*		
Other current account flows (negative = net inflow)	*-0.2*	*-1.0*	*-0.2*	*-1.2*	*-1.8*	*-2.2*	*-2.2*	*-0.3*	*-1.1*	*-1.2*	*-1.1*	***0.5***	***-1.5***
Net FDI (negative = inflow)	***-8.7***	***-11.0***	***-11.6***	***-8.0***	***-14.6***	***-13.2***	***-7.3***	***-4.7***	***-5.2***	***-4.7***	***-5.3***	***-9.8***	***-7.2***
Endogenous debt dynamics 2/	***-2.8***	***-1.3***	***-4.1***	***2.8***	***-1.2***	***-1.3***	***-2.3***	***-1.7***	***-1.1***	***-1.3***	***-1.1***		
Contribution from nominal interest rate	*1.6*	*1.6*	*1.4*	*1.4*	*1.5*	*1.5*	*1.4*	*1.3*	*1.2*	*0.9*	*0.8*		
Contribution from real GDP growth	*-2.7*	*-1.6*	*-4.1*	*1.5*	*-2.7*	*-2.8*	*-3.7*	*-3.0*	*-2.3*	*-2.2*	*-1.9*		
Contribution from price and exchange rate changes	*-1.7*	*-1.3*	*-1.4*	...	...	...	...	...	...	...	...		
Residual 3/	***0.1***	***-1.9***	***2.1***	***-15.8***	***-1.8***	***-0.6***	***0.6***	***-0.5***	***1.1***	***1.4***	***2.0***	***0.2***	***-0.8***
of which: exceptional financing	*-0.1*	*-0.1*	*-0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	***48.4***	***41.5***	***41.4***	***40.6***	***38.4***	***36.1***	***34.5***	***30.1***	***27.8***		
PV of PPG external debt-to-exports ratio	...	...	***139.6***	***136.6***	***129.3***	***126.0***	***111.6***	***105.2***	***100.4***	***103.7***	***132.3***		
PPG debt service-to-exports ratio	***10.2***	***12.8***	***10.5***	***12.2***	***14.6***	***13.6***	***11.9***	***11.4***	***11.3***	***10.1***	***13.6***		
PPG debt service-to-revenue ratio	***15.3***	***17.6***	***19.1***	***20.8***	***24.9***	***22.8***	***21.2***	***19.8***	***19.4***	***14.0***	***12.8***		
Gross external financing need (Billion of U.S. dollars)	*0.6*	*0.8*	*0.5*	*1.3*	*0.8*	*0.7*	*0.6*	*0.6*	*0.5*	*0.5*	*0.6*		
Key macroeconomic assumptions													
Real GDP growth (in percent)	*3.5*	*2.1*	*5.9*	*-2.0*	*4.2*	*4.6*	*6.4*	*5.4*	*4.4*	*4.8*	*5.1*	***3.8***	***4.3***
GDP deflator in US dollar terms (change in percent)	*2.2*	*1.7*	*1.9*	*-0.4*	*-0.9*	*-0.3*	*0.7*	*1.2*	*0.3*	*0.5*	*1.0*	***1.5***	***0.2***
Effective interest rate (percent) 4/	*2.1*	*2.1*	*2.0*	*1.9*	*2.3*	*2.4*	*2.5*	*2.4*	*2.3*	*2.0*	*2.2*	***1.8***	***2.2***
Growth of exports of G&S (US dollar terms, in percent)	*19.5*	*7.4*	*22.9*	*-14.5*	*8.7*	*5.0*	*14.5*	*6.4*	*4.8*	*1.6*	*2.7*	***8.2***	***3.0***
Growth of imports of G&S (US dollar terms, in percent)	*13.7*	*15.2*	*12.7*	*-1.0*	*7.6*	*-0.9*	*-4.2*	*-2.8*	*5.4*	*-0.1*	*2.8*	***7.5***	***1.5***
Grant element of new public sector borrowing (in percent)	...	...	...	*28.1*	*28.1*	*30.8*	*34.6*	*39.5*	*39.3*	*33.1*	*23.1*	...	***34.2***
Government revenues (excluding grants, in percent of GDP)	*19.7*	*22.1*	*19.0*	*17.8*	*18.7*	*19.3*	*19.4*	*19.7*	*20.0*	*20.9*	*22.3*	***19.8***	***19.8***
Aid flows (in Billion of US dollars) 5/	*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	*3.3*	*1.8*	*1.8*	*1.7*	*1.6*	*1.6*	*1.4*	*0.9*	...	***1.8***
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	*31.5*	*32.4*	*35.6*	*39.5*	*44.5*	*44.0*	*36.6*	*25.0*	...	***38.5***
Nominal GDP (Billion of US dollars)	*7*	*7*	*8*	*7*	*8*	*8*	*9*	*9*	*10*	*12*	*22*		
Nominal dollar GDP growth	*5.8*	*3.9*	*7.8*	*-2.4*	*3.3*	*4.2*	*7.1*	*6.6*	*4.8*	*5.4*	*6.1*	***5.3***	***4.5***
Memorandum items:													
PV of external debt 7/	...	...	*56.3*	*48.8*	*47.6*	*45.9*	*43.0*	*40.4*	*38.6*	*33.3*	*29.6*		
In percent of exports	...	...	*162.3*	*160.4*	*148.8*	*142.3*	*124.9*	*117.7*	*112.3*	*114.7*	*140.9*		
Total external debt service-to-exports ratio	*30.1*	*33.3*	*25.3*	*29.5*	*30.4*	*28.2*	*24.4*	*21.9*	*21.0*	*19.1*	*20.9*		
PV of PPG external debt (in Billion of US dollars)			*3.7*	*3.1*	*3.2*	*3.2*	*3.3*	*3.3*	*3.3*	*3.7*	*6.0*		
(PVt-PVt-1)/GDPt-1 (in percent)				*-7.9*	*1.2*	*0.9*	*0.6*	*0.1*	*0.0*	*1.0*	*1.4*		
Non-interest current account deficit that stabilizes debt ratio	*11.4*	*14.2*	*13.6*	*21.0*	*17.6*	*15.1*	*8.9*	*6.8*	*5.2*	*4.6*	*4.4*		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief) such as the projected resolution in 2020 of the debt owed to the Kuwait Investment Authority; changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

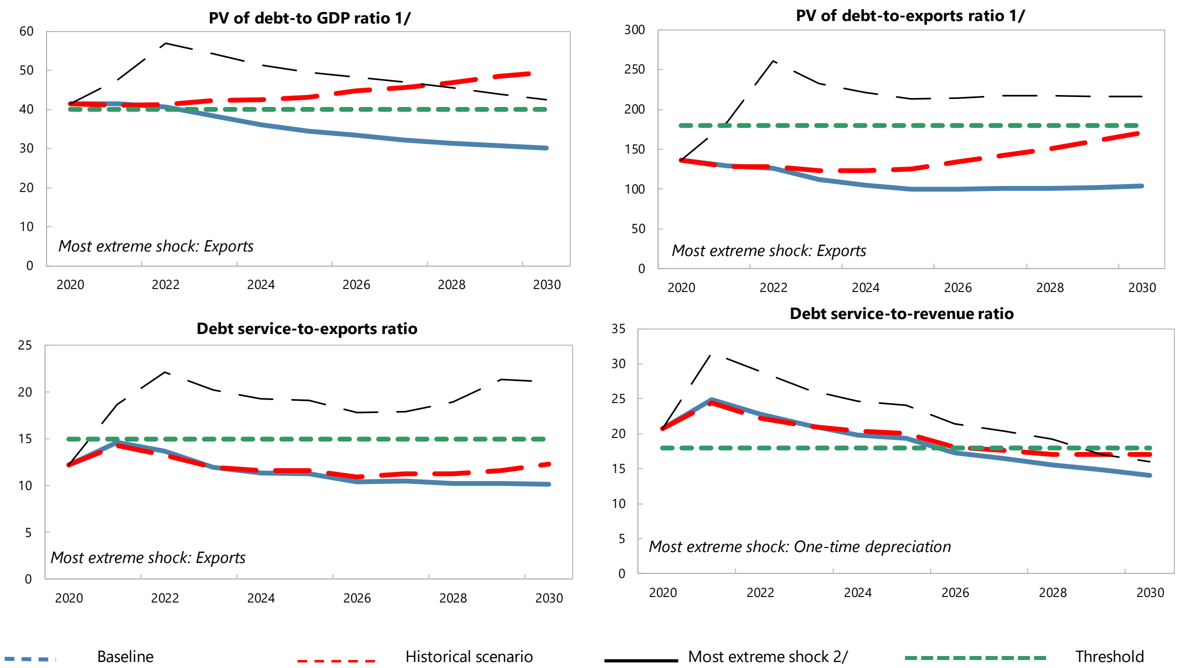
5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Mauritania: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2020-30



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL 3/	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	23	23
Avg. grace period	6	6

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ Does not include passive debt to the Kuwait Investment Authority.

2/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

3/ The magnitude of the shock used for the combined contingent liability shock has been increased to factor in the full value of the Nouakchott harbor PPP.

Table 2. Mauritania: Sensitivity Analysis for Key Indicators of Public and Publicly External Debt, 2020-30
(in percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of debt-to GDP ratio											
Baseline	**42**	**41**	**41**	38	36	34	33	32	31	31	30
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	**42**	**41**	**41**	**42**	**42**	**43**	**45**	**46**	**47**	**49**	**50**
B. Bound Tests											
B1. Real GDP growth	**42**	**43**	**43**	**41**	39	37	36	34	33	33	32
B2. Primary balance	**42**	**42**	**43**	**42**	**40**	39	39	38	37	37	36
B3. Exports	**42**	**48**	**57**	**54**	**51**	**50**	**48**	**47**	**46**	**44**	**42**
B4. Other flows 3/	**42**	**49**	**55**	**52**	**49**	**48**	**46**	**45**	**44**	**42**	**41**
B5. Depreciation	**42**	**52**	**47**	**44**	**41**	39	38	36	35	35	34
B6. Combination of B1-B5	**42**	**52**	**56**	**53**	**50**	**48**	**47**	**46**	**44**	**43**	**41**
C. Tailored Tests											
C1. Combined contingent liabilities	**42**	**46**	**47**	**46**	**45**	**44**	**44**	**43**	**42**	**42**	**41**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**42**	**44**	**46**	**44**	**41**	40	38	37	36	35	34
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	137	129	126	112	105	100	100	101	101	102	104
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	137	128	128	123	123	126	135	142	150	161	170
B. Bound Tests											
B1. Real GDP growth	137	129	126	112	105	100	100	101	101	102	104
B2. Primary balance	137	132	133	121	117	114	116	118	120	122	125
B3. Exports	137	**184**	**261**	**233**	**221**	**213**	**215**	**217**	**217**	**216**	**217**
B4. Other flows 3/	137	153	169	151	144	139	139	141	141	140	140
B5. Depreciation	137	129	114	101	95	90	89	90	90	91	94
B6. Combination of B1-B5	137	174	160	175	166	160	161	162	162	162	162
C. Tailored Tests											
C1. Combined contingent liabilities	137	142	146	134	130	128	131	133	136	139	142
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	137	153	155	135	126	119	117	117	117	117	118
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	12	15	14	12	11	11	10	11	10	10	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	12	14	13	12	12	12	11	11	11	12	12
B. Bound Tests											
B1. Real GDP growth	12	15	14	12	11	11	10	11	10	10	10
B2. Primary balance	12	15	14	12	12	12	11	11	11	11	11
B3. Exports	12	**19**	**22**	**20**	**19**	**19**	**18**	**18**	**19**	**21**	**21**
B4. Other flows 3/	12	15	14	13	12	12	11	11	13	14	14
B5. Depreciation	12	15	14	12	11	11	10	10	10	9	9
B6. Combination of B1-B5	12	**16**	**17**	**16**	15	15	14	14	**15**	**16**	**16**
C. Tailored Tests											
C1. Combined contingent liabilities	12	15	14	12	12	12	11	11	11	11	11
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	12	**16**	**15**	13	13	12	11	11	12	12	12
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	**21**	**25**	**23**	**21**	**20**	**19**	17	16	16	15	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	**21**	**24**	**22**	**21**	**20**	**20**	**18**	18	17	17	17
B. Bound Tests											
B1. Real GDP growth	**21**	**26**	**24**	**23**	**21**	**21**	**18**	18	17	16	15
B2. Primary balance	**21**	**25**	**23**	**21**	**20**	**20**	18	17	16	16	16
B3. Exports	**21**	**26**	**25**	**24**	**23**	**22**	**20**	**19**	**19**	**21**	**20**
B4. Other flows 3/	**21**	**25**	**24**	**23**	**21**	**21**	**19**	18	**19**	**20**	**19**
B5. Depreciation	**21**	**32**	**29**	**26**	**25**	**24**	**21**	**20**	**19**	17	16
B6. Combination of B1-B5	**21**	**26**	**26**	**24**	**23**	**22**	**20**	**19**	**20**	**21**	**19**
C. Tailored Tests											
C1. Combined contingent liabilities	**21**	**25**	**23**	**22**	**21**	**20**	**18**	18	17	16	15
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**21**	**27**	**25**	**24**	**22**	**21**	**19**	17	17	17	16
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

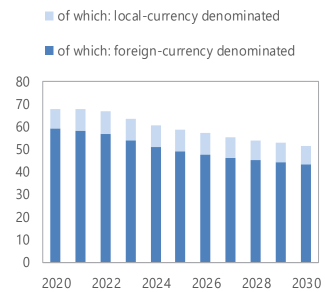
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

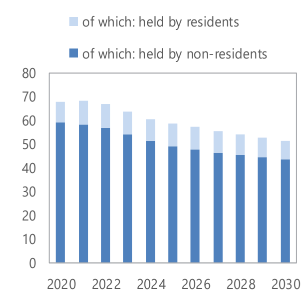
Table 3. Mauritania: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017-40
(in percent of GDP, unless otherwise indicated)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	69.6	75.8	71.8	67.8	68.0	66.8	63.7	60.6	58.5	51.4	40.8	65.0	59.6
of which: external debt	66.7	66.7	63.4	59.0	58.3	56.9	54.0	51.1	49.2	43.4	37.1	60.1	50.5
Change in public sector debt	-2.6	6.1	-3.9	-4.0	0.2	-1.2	-3.1	-3.1	-2.1	-1.4	-1.2		
Identified debt-creating flows	-5.5	-3.6	-8.0	3.4	-3.2	-4.1	-5.1	-4.3	-3.5	-3.4	-3.6	-3.0	-3.0
Primary deficit	-0.9	-3.7	-3.1	2.2	-0.4	-1.0	-1.0	-1.0	-0.9	-1.0	-1.7	-0.8	-0.6
Revenue and grants	20.4	22.6	20.6	18.3	19.1	19.6	19.8	20.0	20.2	21.1	22.4	20.5	20.1
of which: grants	0.7	0.5	1.6	0.5	0.3	0.3	0.3	0.3	0.3	0.2	0.1		
Primary (noninterest) expenditure	19.5	18.9	17.6	20.5	18.7	18.6	18.8	19.0	19.3	20.2	20.7	19.7	19.5
Automatic debt dynamics	-4.5	0.3	-4.6	1.2	-2.8	-3.0	-4.1	-3.3	-2.5	-2.4	-1.9		
Contribution from interest rate/growth differential	-2.2	-1.7	-4.7	1.2	-2.8	-3.0	-4.1	-3.3	-2.5	-2.4	-1.9		
of which: contribution from average real interest rate	0.2	-0.2	-0.5	-0.3	-0.1	-0.1	0.0	0.0	0.1	0.1	0.1		
of which: contribution from real GDP growth	-2.4	-1.4	-4.2	1.5	-2.7	-3.0	-4.0	-3.3	-2.6	-2.4	-2.0		
Contribution from real exchange rate depreciation	-2.2	2.0	0.1	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.2	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	-0.2	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual 2/	2.9	9.8	4.0	-7.4	3.4	2.8	2.0	1.2	1.4	2.0	2.4	3.4	1.2
Sustainability indicators													
PV of public debt-to-GDP ratio 3/	...	...	57.7	51.3	51.8	50.9	48.5	46.0	44.2	38.4	31.7		
PV of public debt-to-revenue and grants ratio	...	...	279.9	280.3	271.7	259.8	245.7	230.3	218.2	181.8	141.7		
Debt service-to-revenue and grants ratio 4/	31.7	30.1	32.2	37.4	42.3	46.5	46.8	46.3	46.8	35.1	19.6		
Gross financing need 5/	5.4	2.9	3.3	8.9	6.6	7.0	7.2	7.3	7.4	6.2	2.7		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.5	2.1	5.9	-2.0	4.2	4.6	6.4	5.4	4.4	4.8	5.1	3.8	4.3
Average nominal interest rate on external debt (in percent)	1.3	1.4	1.4	1.3	1.8	1.9	2.0	2.0	1.9	1.6	1.9	1.1	1.7
Average real interest rate on domestic debt (in percent)	2.1	2.8	-0.2	0.2	0.6	1.8	1.7	1.4	2.5	3.0	3.1	1.5	2.1
Real exchange rate depreciation (in percent, + indicates depreciation)	-3.3	3.0	0.2	...	...	...	...	...	...	...	...	1.2	...
Inflation rate (GDP deflator, in percent)	3.7	1.8	4.7	4.1	3.5	2.6	2.9	3.4	2.5	2.5	3.0	5.0	2.8
Growth of real primary spending (deflated by GDP deflator, in percent)	0.6	-1.0	-1.7	14.6	-5.2	3.9	7.5	6.8	6.0	4.9	5.4	4.3	5.7
Primary deficit that stabilizes the debt-to-GDP ratio 6/	1.7	-9.8	0.9	6.3	-0.6	0.2	2.1	2.1	1.2	0.4	-0.4	-2.4	1.3
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**

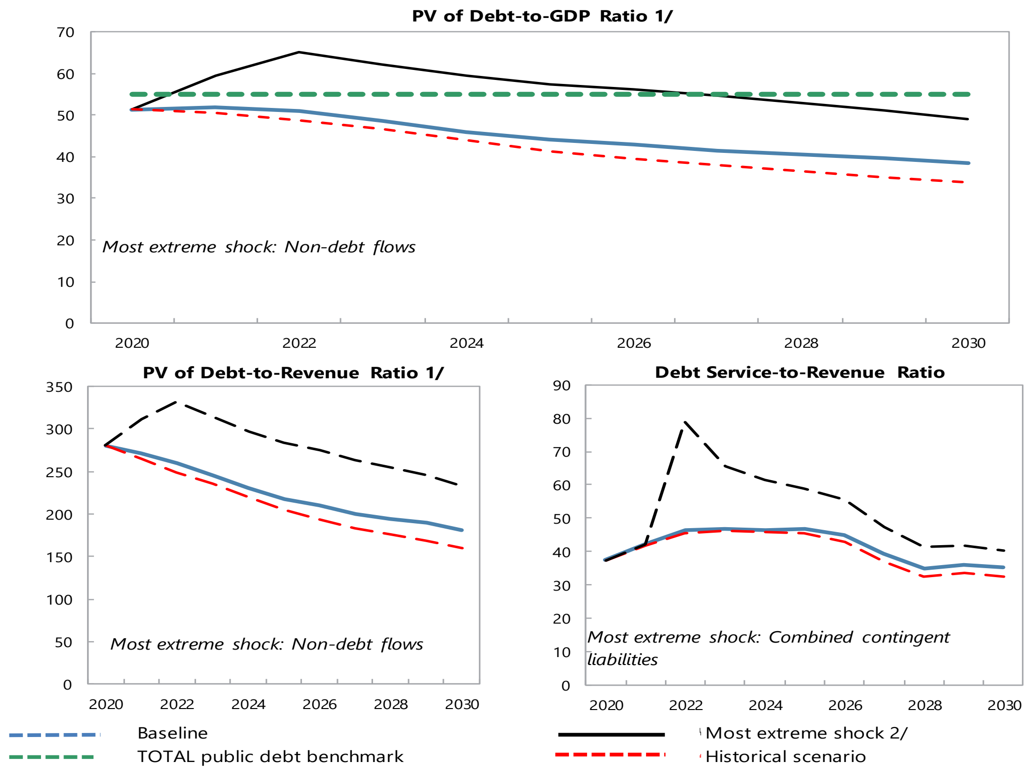
Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.
2/ Includes exceptional financing (i.e., changes in arrears and debt relief) such as the projected resolution in 2020 of the debt owed to the Kuwait Investment Authority; changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
3/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
4/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
5/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
6/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
7/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 2. Mauritania: Indicators of Public Debt Under Alternative Scenarios, 2020-30



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	47%	47%
Domestic medium and long-term	5%	5%
Domestic short-term	48%	48%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
Avg. maturity (incl. grace period)	23	23
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.2%	4.2%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	3.1%	3.1%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ Does not include passive debt to the Kuwait Investment Authority.

2/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 4. Mauritania: Sensitivity Analysis for Key Indicators of Public Debt, 2020-30

	Projections 1/										
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
					PV of Debt-to-GDP Ratio						
Baseline	51	52	51	49	46	44	43	42	40	40	38
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	51	51	49	47	44	41	40	38	37	35	34
B. Bound Tests											
B1. Real GDP growth	51	54	**55**	53	52	50	50	49	49	49	49
B2. Primary balance	51	53	53	51	48	46	45	43	42	41	40
B3. Exports	51	**57**	**64**	**61**	**58**	**56**	55	53	52	50	48
B4. Other flows 3/	51	**59**	**65**	**62**	**59**	**57**	**56**	55	53	51	49
B5. Depreciation	51	**61**	**58**	53	49	46	43	40	38	36	34
B6. Combination of B1-B5	51	51	50	45	42	40	38	36	36	35	34
C. Tailored Tests											
C1. Combined contingent liabilities	51	**62**	**60**	**56**	53	51	50	48	47	47	46
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	51	53	54	53	52	51	51	51	50	50	50
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
					PV of Debt-to-Revenue Ratio						
Baseline	280	272	260	246	230	218	210	200	195	190	182
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	280	265	249	236	220	205	194	183	176	169	160
B. Bound Tests											
B1. Real GDP growth	280	281	282	270	258	249	244	238	237	236	232
B2. Primary balance	280	279	273	256	239	226	218	208	203	199	191
B3. Exports	280	297	325	308	291	277	269	257	250	240	228
B4. Other flows 3/	280	312	332	315	297	284	275	263	255	245	232
B5. Depreciation	280	319	296	271	246	226	211	194	183	173	161
B6. Combination of B1-B5	280	268	254	229	212	198	187	175	171	167	162
C. Tailored Tests											
C1. Combined contingent liabilities	280	324	304	286	267	253	244	233	228	223	215
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	280	296	290	285	272	261	255	244	243	242	237
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
					Debt Service-to-Revenue Ratio						
Baseline	37	42	47	47	46	47	45	39	35	36	35
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	37	42	45	46	46	45	43	37	33	33	32
B. Bound Tests											
B1. Real GDP growth	37	44	54	58	60	61	61	54	49	50	50
B2. Primary balance	37	42	54	58	55	55	53	45	40	41	40
B3. Exports	37	42	47	48	48	48	46	40	37	41	40
B4. Other flows 3/	37	42	47	48	48	48	46	41	38	41	40
B5. Depreciation	37	43	51	53	53	54	52	45	39	40	38
B6. Combination of B1-B5	37	41	46	46	47	48	47	41	38	40	41
C. Tailored Tests											
C1. Combined contingent liabilities	37	42	79	66	62	59	55	47	41	42	40
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	37	45	50	52	59	62	61	54	49	50	50
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

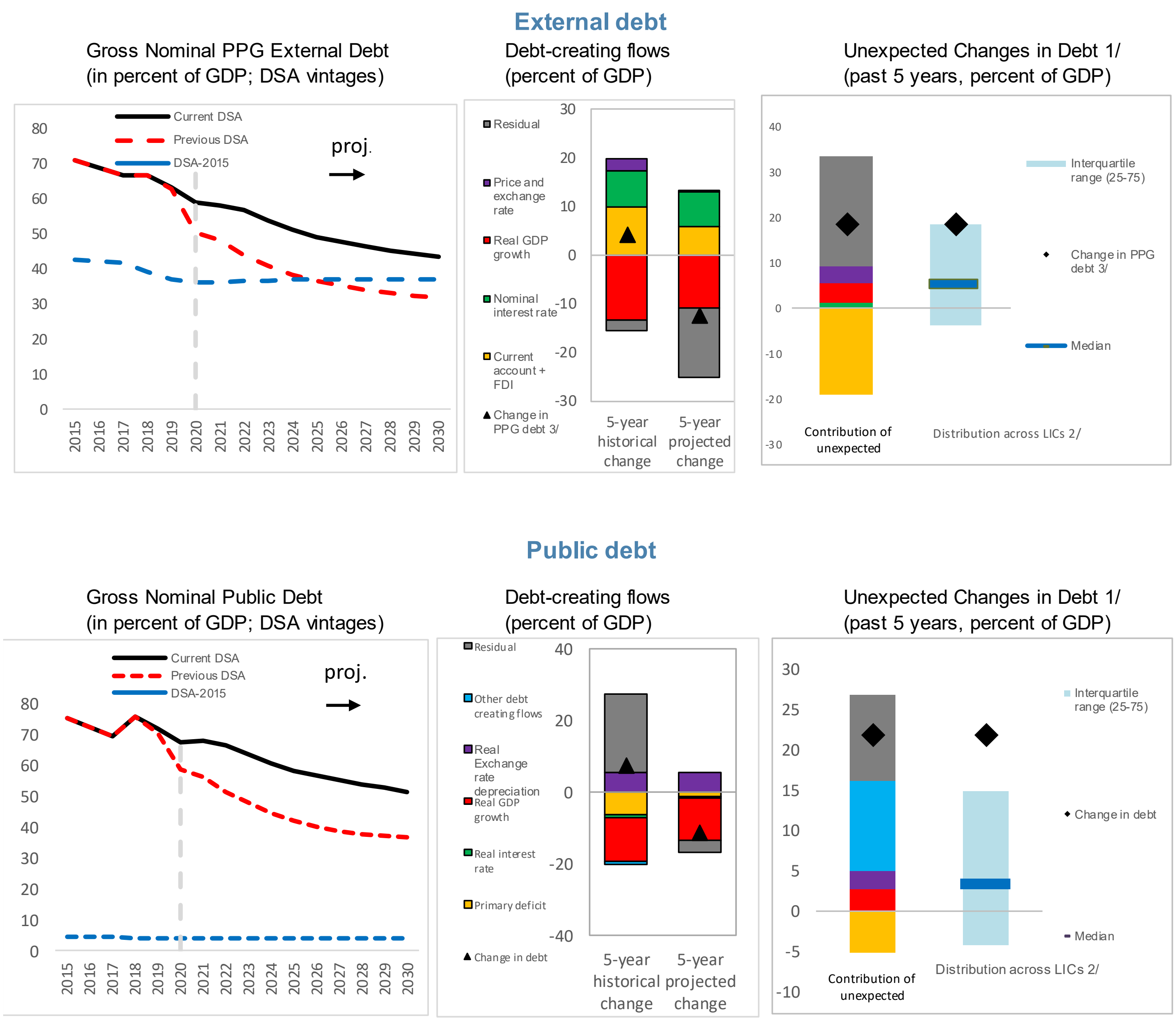
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Mauritania: Drivers of Debt Dynamics - Baseline Scenario



1/ Difference between anticipated and actual contributions on debt ratios.

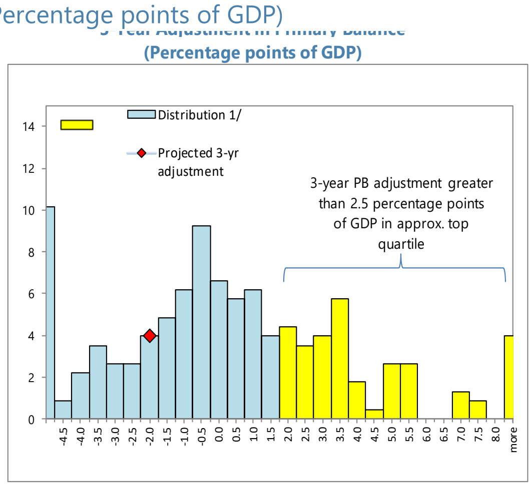
2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Figure 4. Mauritania: Realism Tools

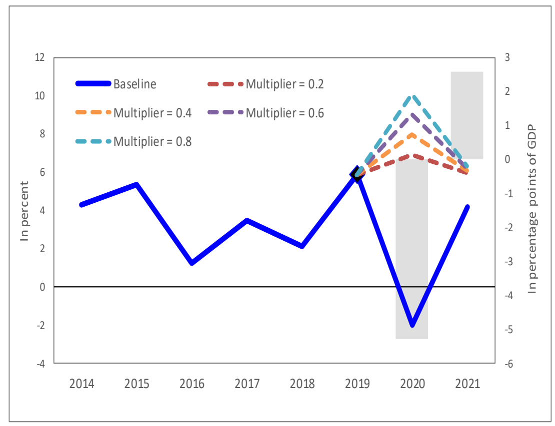
3-Year Adjustment in Primary Balance

(Percentage points of GDP)



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

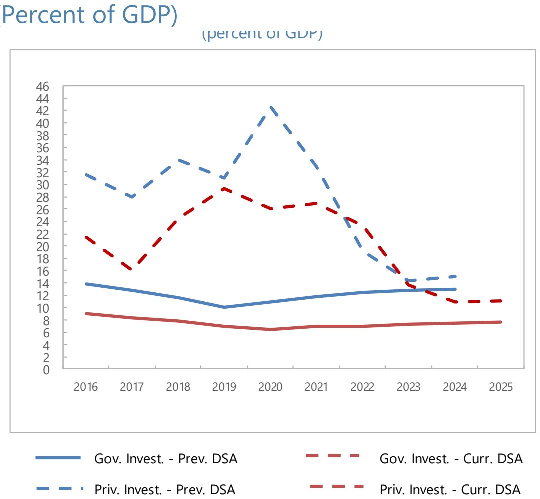
Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates 1/

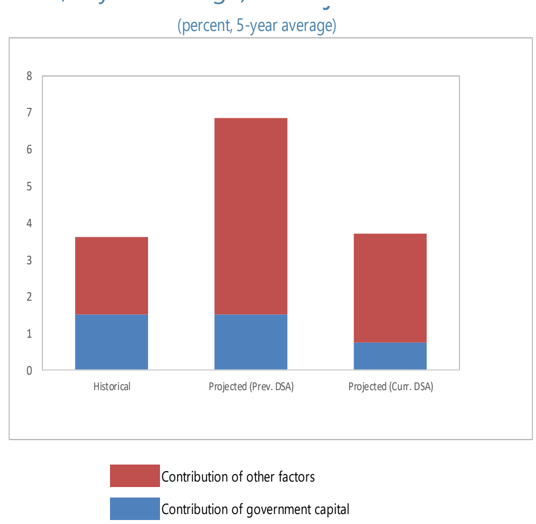
(Percent of GDP)



1/ The gap for either variable between the previous and the current DSA is due to the rebasing of GDP, and a reassessment of projections in light of new information.

Contribution to Real GDP Growth

(Percent, 5-year average)



Statement by Mr. Raghani, Executive Director
and Mr. Sidi Bouna, Senior Advisor for the Islamic Republic of Mauritania
April 23, 2020

I. Introduction

The impact of the global pandemic on Mauritania has been severe. Although the numbers of infections and fatalities from the disease have remained low, economic conditions have deteriorated significantly. Commodity exports have declined abruptly due to weak external demand while economic activity has contracted sharply from the measures put in place by the authorities to contain the spread of the virus. Financing needs to implement the riposte program are substantial, estimated at 5.0 percent of GDP for the balance of payments and 4.4 percent of GDP for fiscal needs.

Given the significant deterioration in the country's economic conditions, the authorities request the Fund's emergency assistance under the Rapid Credit Facility (RCF). The weakening of the outlook occurred immediately after the staff mission to Nouakchott to assess the country's performance under the ECF's fifth review. Although the review confirmed Mauritania's continued strong performance, a program recalibration is now required due to the impact of the COVID-19 outbreak.

The authorities wish to express their deep appreciation to Management and staff for their rapid response to the request for emergency assistance. They are hopeful that the Fund's financing will help catalyze donor support to meet the country's large financing needs. They would also like to reiterate their firm commitment to the objectives of the ECF arrangement, and they intend to resume discussions with staff on remaining program reviews as soon as the conditions permit.

II. Economic Impact of the Pandemic

Growth has been revised downward substantially, with all sectors of the economy affected. Real GDP is now estimated to contract by 2 percent in 2020 compared to a 6.3 percent expansion projected prior to the crisis. The current account deficit has widened, and it is now expected to reach 17.3 percent of GDP in 2020 from 10.6 percent of GDP in 2019 despite the fall in oil prices due largely to weaker commodity exports. An increase in fiscal expenditures to address the pandemic, combined with a projected sizeable decline in fiscal revenues due to the economic contraction as well as temporary tax relief for certain essential goods will result in a significant deterioration of the primary fiscal balance from a surplus of 5.2 percent of non-extractive GDP to a deficit of 3.2 percent.

The economic situation in Mauritania could worsen further, giving rise to larger financing needs due to the extremely elevated uncertainty that characterizes the country's outlook. The latter is dependent on the global progress to fight the spread of COVID-19. The risk that the pandemic could last longer than expected or even degrade would adversely affect Mauritania and, in turn, would require additional support from the donor community. Mauritania is also facing other major risks notably a deterioration in the security situation in the Sahel region, the effects of climate change and the impact of the significant volatility in international oil prices on the launch of off-shore gas production.

III. Policy Responses

1. Early Response

The authorities have acted swiftly to protect the population from the spread of the coronavirus and alleviate its impact on the economy. They have cancelled international flights and closed land borders —except for the transit of medication, food and other essential goods. Schools have also been closed as well as non-essential businesses while strict measures have been taken to confine the population to their homes. The government has put in place a plan to contain the spread of the coronavirus which involves reinforcing the capabilities of the health system to monitor the disease and enhancing its ability to treat infected persons.

2. Fiscal Policy

In the early stages of the crisis, the government increased fiscal spending in the health sector, in social protection, and in support to businesses and agriculture. The need to further mitigate the economic impact of the pandemic required significant additional spending, in particular to support SMEs and local farmers, in addition to health and social protection. Security spending will also increase to ensure that confinement and containment measures are effectively implemented and complied with. Part of these additional expenditures will be offset by efforts to reprioritize non-essential spending and make room for the more urgent measures required by the crisis.

A special social assistance fund has been established to collect public and private contributions as part of a national and solidarity effort to mitigate the health and economic impact of the coronavirus. The funds collected will be used to purchase medical equipment and supplies and supporting households and businesses that have been most affected by the crisis. The authorities are committed to a transparent reporting of all the resources used in the fight against the pandemic, including the ones collected under the special social assistance fund. The funds will be audited by the Court of Auditors *(Cour des Comptes)* and the findings will be made public.

While Mauritania has contained its public debt levels in recent years, the country's external debt service remains elevated. The authorities welcome the staff's acknowledgement that Mauritania's debt is sustainable although the risk of debt distress remains high. They commit to implementing medium-term fiscal policies consistent with the preservation of debt sustainability. They also very much welcome the recent G20 initiative to suspend debt service to low income countries and call on Mauritania's creditors to grant debt relief under the initiative. This will help increase fiscal space for urgent essential spending.

3. Monetary Policy and the Financial Sector

In response to the crisis, the central bank (*Banque Centrale de Mauritanie*) has acted rapidly by lowering its key interest rate as well as banks' reserve requirements. These actions are part of efforts to support the economy and provide liquidity to the financial system. The monetary authorities will continue to monitor the financial sector and ensure that inflation remains in-check. They agree with staff that given current circumstances, a flexible approach to banks' requirement to raise their minimum capital and their liquidity ratios is warranted.

IV. Conclusion

The Fund's emergency assistance under the RCF will provide much-needed resources to address the severe impact of the pandemic on the economy. However, Mauritania's financing needs remain large and additional donors' support is urgently needed to meet those needs. Given that access under the RCF only covers one third of Mauritania's external financing needs, the authorities are hopeful that the approval of the RCF will help mobilize additional resources from the donor community.

The authorities are determined to resume their prudent policies and sound reforms under the ECF as soon as the crisis abates and the economy recovers, with a view to reinforcing macroeconomic stability, enhancing economic resilience and fostering inclusive growth. They reiterate their firm commitment to the objectives of the ECF-supported program. They wish to reiterate their deep appreciation to the Executive Board, Management and staff for their continued support.