

MAURITANIA ECONOMIC UPDATE

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The findings and recommendations are intended to contribute to the policy dialogue on macroeconomic policy between the Government of Mauritania and the World Bank. The results, interpretations, and conclusions expressed herein are those of the author(s) and do not necessarily reflect the views of the Executive Directors of The World Bank Group. The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank Group strongly encourages dissemination of its work and will normally grant permission promptly upon request.

FOREWORD and **ACKNOWLEDGEMENTS**

This report is part of a series aimed at monitoring economic developments in Mauritania. It presents a broad overview of macroeconomic, political, and sectoral developments in the country between 2013 and the second quarter of 2014. The author is Gianluca Mele, Country Economist for Mauritania. Useful feedback and technical advice were received by (in alphabetical order) Chadi Bou Abib, Annette De Kleine, Philip English, Thomas Farole, Mark Feige, Fernando Im, El Hadramy Oubeid, and Ali Zafar. Many thanks also to Sylvaine Cussac and Judite Fernandes for their valuable assistance.

For more information about the World Bank and its activities in Mauritania please visit www.worldbank.org/mauritania.

Comments on the content of this report are welcome. Please contact Gianluca Mele at gmele@worldbank.org.

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A. Summary

Real GDP expanded by 6.7 percent in 2013, a modest deceleration from the 7 percent recorded in the previous year, but well above the average 4.9 percent rate of growth recorded over the last ten years. The economy benefited from strong growth in the agriculture (rebounding from last year's drought), mining and services sectors, which largely offset weaker activity in fishing activity. A continuation of these relatively robust growth conditions is anticipated over the next three years, as the economy benefits from a continued expansion of mining output, particularly of iron ore. In 2015 the largest contributions to growth are projected to come from trade, livestock and iron, although the fast growing sub-sectors are expected to be copper, gold and manufacturing.

However, the Mauritian economy remains vulnerable to external shocks, reflecting its dependence on mining exports—representing around four-fifths of all exports, and a third of government revenues—and potentially volatile FDI flows, as well as the need to import around three-quarters (on average) of its food requirements. Very large and persistent current account deficits are generally expected to be financed by capital inflows over the medium term. However, this forecast is sensitive to changes in the terms of trade between key exports (iron ore, copper and gold) and imports (food and fuel), as well as the continuing ability of the mining sector to attract FDI inflows.

There has been a gradual deceleration of the rate of consumer price inflation, from 6.3 percent in 2010 to 4.1 percent recorded in 2013. Pressures on the consumer price index have eased since October 2013 and inflation is anticipated to fluctuate around the 5 percent mark in the near future. The central bank has relied on indirect monetary policy instruments to manage surplus liquidity in the banking sector, which has been fueled by growth in credit demand from the mining sector.

The overall fiscal balance (including grants) returned to a slight deficit (-1.1 percent of GDP) in 2013 as grants dramatically dropped after the emergency drought response of 2012. Fiscal revenues improved between 2009 and 2013, following efforts to enhance fiscal administration, increase the tax base, and introduce some new taxes. There has been a positive policy shift in public spending to focus on investment rather than consumption. The fiscal balance (including grants) is expected to turn positive in 2014 and remain so over the medium term, as a result of prudent policies and an anticipated further expansion in tax revenues (from mining, oil, and the tax base). The level of total external debt remains elevated but has started declining, and the overall debt structure appears to be rather sound.

Despite relatively impressive real rates of economic growth over recent years—in both aggregate and per capita terms—the government will need to encourage more inclusive growth to reduce high levels of poverty and unemployment. Over the last decade, over two-fifths of the population were below the national poverty line (for years in which data is available), while in 2008 (latest available survey data) almost half of the population lived on \$2 a day or less. The challenge for Mauritanian economic policy is translate its resource wealth into assets that support sustained development.

Following the macroeconomic analysis (Section B) this Economic Update includes a section on partnership agreements and sectoral developments (Section C), as well as two special sections on inclusive growth, wealth accounting (Section D), economic diversification and efficiency in natural resource use (Section E). Section F concludes the document with some indicative policy recommendations.

B. Recent Economic Trends

Economic growth

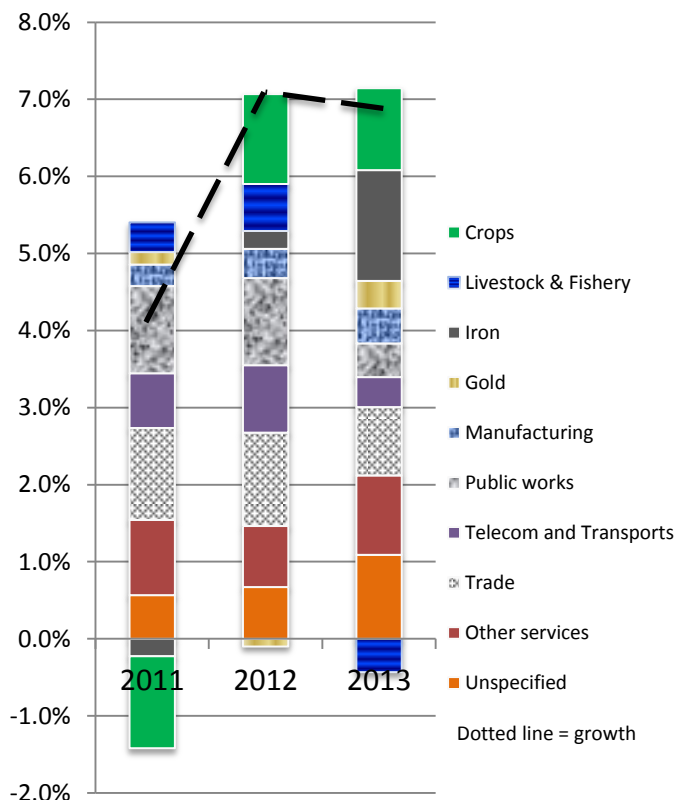
1. **Real GDP in Mauritania grew by 6.7 percent in 2013**, with services and mining being the two largest contributors to growth.

2. **Iron ore production increased by 20 percent in 2013**, after dropping 5 percent in 2012, while iron ore prices remained very strong. This remains, at the disaggregated level, the engine of the economy, and production has begun to expand from an average of 10 million tons over the last ten years to 13 million tons in 2013, with further expansion expected. Copper production increased in 2013 by 12.7 percent, recovering from a fall of 19 percent in 2012, and it is expected to increase 92 percent in 2014. The expansion of gold mining has been put on hold due to the uncertainty in world prices. Off-shore gas production is expected to start in 2015, supported by the World Bank Banda Gas-to-Power project.

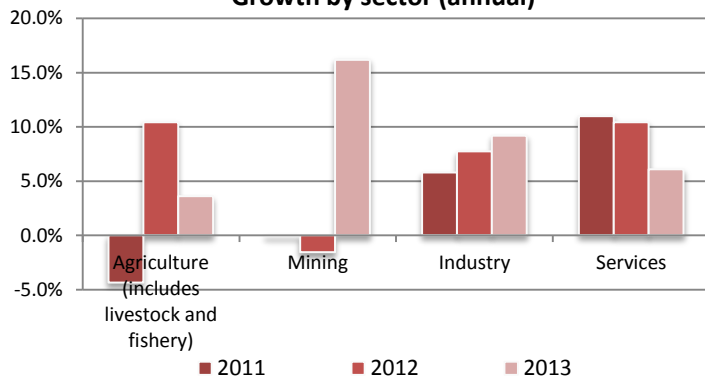
3. **In aggregate, the service sector has accounted for around half the growth in the economy.** Retail and wholesale trade is the largest individual subsector, representing roughly one third of all services. After growing fast in previous years, public works growth slowed down in 2013, to approximately 6 percent. Transports and telecommunication grew strongly as well, at an average of 8% during the same period, reflecting the recent strong increase in imports.

4. **Within agriculture, crops registered the most rapid growth in 2013, with an increase of 31.4 percent.** The agricultural sector in fact rebounded from the previous year's drought, both in crops and livestock production, with the exception of the very north and the Senegal River valley (south) areas, where a mix of rainfall deficit and pests incursion has caused situations of food distress.

Contribution to growth by sector



Growth by sector (annual)

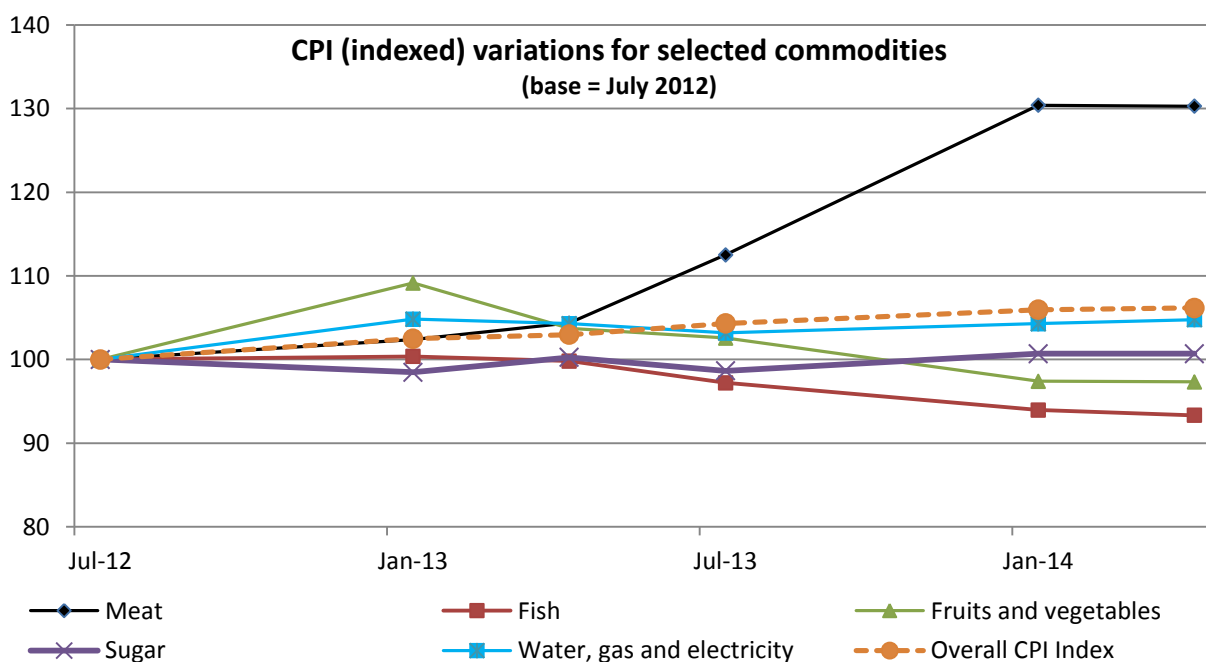


Sources for figures in this page: national authorities and WB staff calculations.

5. **On the expenditure side, growth in 2013 was driven by consumption which more than offset a setback in investments.** After growing fast in 2011 and 2012, investment registered a decline in 2013, while consumption increased at 2.0 percent. The most noticeable evolution in 2013 was a significant contraction of private investment (-17 percent), accompanied by an increase in public investment (+24 percent). While such a decrease might appear worrisome, it reflects a return to a more normal pattern after very steep growth in 2011 and 2012 (45 percent and 59 percent respectively). The increase in public investment is explained by the country's engagement in an ambitious and important investment program. Public investment is largely focused on energy and transport, and – more recently – on agriculture. Aggregate consumption corresponds to roughly 80 percent of Gross National Disposable Income, and has remained relatively steady (in real terms) in both its public and household components. Low levels of the real interest rates - which have also registered negative values over time – have also contributed to sustain durable goods consumption and investment. Credit access (mainly concentrated on consumer lending) in fact shown signs of growth against the backdrop of abundant liquidity in the banking sector. Net exports registered a negative sign in 2013, due to very strong imports; nevertheless, export (alone) reported a significant y-o-y growth equivalent to roughly 7 percent.

Prices and money

6. **The Consumer Price Index (CPI) inflation in 2013 stayed at 4.1 percent (period average) continuing a decelerating trend apparent since 2010.** During the first half of 2013, inflation grew more gradually and sped up in the latter half, while the first months of 2014 showed a flat trend. The administered prices of the safety nets programs deployed by the Government during 2013 and the dynamism of the agricultural sector are expected to play a role in maintaining domestic inflation under control. Fruits, vegetables, fish and coffee/tea pulled down food prices quite considerably between Jan 2013 and Jan 2014 (-10.75% on average), while CPI for meat has increased by over 27% during the same period. Prices for most of the other items (such as, bread and cereals, sugar, as well as garment, and water, gas and electricity) remained relatively steady over the last year.



7. The Central Bank of Mauritania (CBM) has improved supervision. New private banks, both national and foreign, have entered the market over the last two years. In May 2013, CBM published the direct foreign exchange transfers made to public and private operators, with a view to further enhance the transparency of the foreign exchange market transactions.

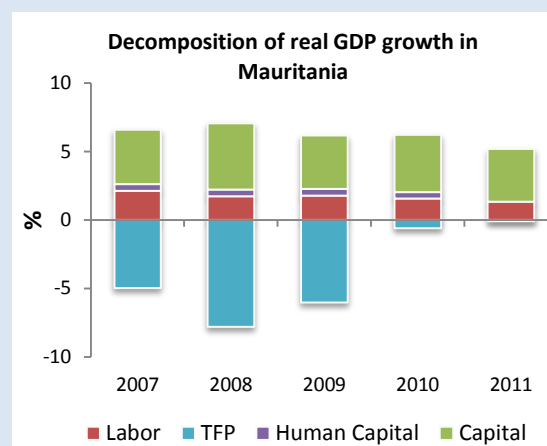
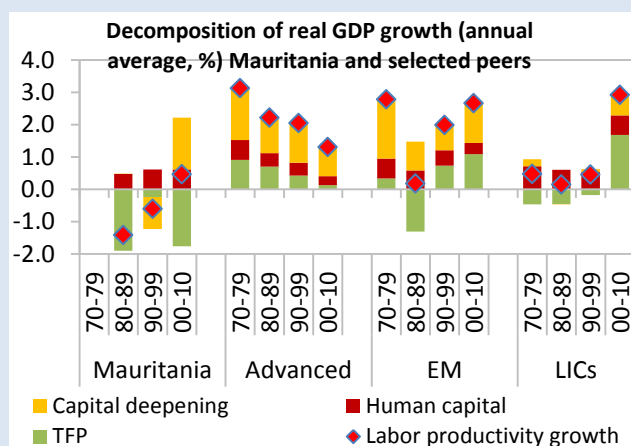
8. Domestic credit increased by 14 percent (y-o-y) in 2013. The exchange rate depreciated only modestly in nominal terms against the dollar in 2013, a trend which is projected to be maintained in 2014. Despite the mining boom, there is no evidence of Dutch disease in Mauritania, either in terms of adverse impacts on industrialization—since the manufacturing cluster is still at embryonic stage—or in the form of currency appreciation.

Box 1

Productivity and growth

Capital productivity drives Mauritanian GDP growth, while volatile – and mostly negative – total factor productivity signals notable inefficiencies. Labor productivity has progressively decreased during the selected period (2007-2011), signaling – in a context of increasing investment – the absence of improvement in labor qualification. The negative – albeit improving – total factor productivity movements contribute to explain the inability of Mauritania to exploit higher returns to scale in overall output and to invigorate convergence of per capita income.

A decomposition of factor GDP inputs shows that Mauritania broadly reflects the trends of Sub-Saharan Africa, which displays a greater dependence on capital than any other world region. The level of total factor productivity and the index of human capital per person tend to mirror the regional pattern. However, the (high) ratio of capital to output, and (low level) of employment to population, reflect that the capital flowing into the country tends to be concentrated in a very limited portion of production with high value-added—and is thus responsible for relatively limited employment generation. The figure also signals that marginal fluctuations in such concentrated levels of capital may quickly affect the factorial input composition; highlighting the importance of reforms oriented to direct capital more homogeneously to a larger number of productive sectors, as well as to increase the contribution of labor.



Improving the productivity of the agricultural sector, in particular, can be critical to fighting poverty in Mauritania. Agriculture is still typically conducted on a semi-subsistence household production model, and dates, sorghum, tubers and millet are among the country’s most important crops, while livestock production includes cattle, sheep, camels and poultry. However, agriculture has great potential, especially in the sectors of livestock and cereal production. Herding represents the livelihood of a significant share of the population and is especially critical for traditional communities. Total arable land in Mauritania accounts for roughly 0.5 percent of the country’s surface (500,000 ha over 100,000,000 ha of territory overall). Within this figure, rain-fed land accounts for a large portion, although highly volatile depending on the yearly rainfall (it can shift between 5,000 ha to over 200,000 ha). Mauritania is also among the countries most affected and concerned by desertification; according to FAO more than 70 percent of the territory is threatened by this phenomenon. Agriculture and livestock together employ roughly two thirds of the Mauritanian labor force, but due to low productivity and structural inefficiencies the sector represents barely 16 percent of GDP. As a Sahelian and largely desert country, Mauritania is vulnerable to climate shocks, which heighten the risk of food insecurity and put upward pressure on food prices.

Land reform represents a major development challenge in Mauritania: lack of valid and reliable information on land issues is a major bottleneck for policy formulation, land administration and monitoring activities. Existing policies, regulatory framework, and recent reforms have so far failed to reverse speculative land market trends and to promote land governance. The issue is complex and tackling it would require involving all stakeholders, including civil society, farmers' organizations, traditional authorities, women and the private sector, as well as promoting effective appeal mechanisms.

Food production index (2004-2006 = 100)	2000	2004	2008	2012
Mauritania	89	97	101	120
Mozambique	88	101	108	161
Morocco	72	97	103	122
Nigeria	81	96	104	111
Senegal	107	94	129	135
Sub-Saharan Africa (developing only)	82	96	110	127

Sources for figures and table in this page: World Development Indicators and WB staff calculations.

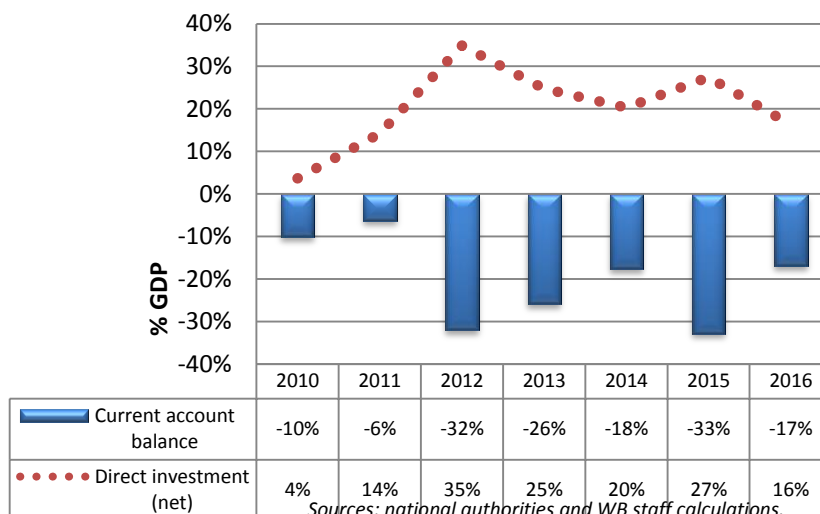
Balance of Payments

9. **The current account deficit remains very high (about 25% of GDP in 2013).**

A slight drop in the value of exports and soaring imports – fueled by foodstuff and capital goods needs – had caused a sharp increase in the 2012 trade deficit (13% GDP), but a modest reduction in imports, coupled with an expansion of exports translated into a narrowing trade deficit in 2013 (6% of GDP). The two largest export commodities in terms of value were iron and gold, both signing a very slight increase in 2013. An increase in both productions has more than compensated for some reduction in

international prices relative to 2011 and 2012. Imports remain historically high—although recording a slight contraction after the peak in 2012—which to a considerable extent reflects the machinery and capital goods requirements of the mining and quarrying cluster. Mauritania also imports a large portion of its food needs (on average between 70 and 80 percent of total need, depending on the harvest). Net services represented roughly 20 percent of GDP (on average, during the period 2012-13) and stayed largely negative – thus contributing to the large CAD – due to considerable imports of commercial and business services¹. Net income levels remained at similar levels as in the previous years, and are largely constituted by the EU fishing financial compensation.

CA and FDI as % of GDP



10. **Very strong net inflows on the capital account more than offset the large deficit on the current account, allowing for an increase in foreign reserves.** Large FDI-financed infrastructure and energy projects underpinned the high level of imports. FDI continues to be very significant, equivalent to 25% GDP, thus financing *de facto* the entire current account deficit. International reserves rose to 7.1 months of imports² in 2013, up from 6.4 months in 2012. The current size of the hydrocarbon fund (or oil account) at the first quarter of 2014 is approximately US\$ 115 million, and grows at a rate of roughly 3 to 4 US\$ million per month.

¹ Transport, travel for business, health and education purposes, communication, construction, insurance, financial, computer and information, royalties, license fees, copyrights, trademarks, other business services

² Excludes extractive industries.

Fiscal Accounts

11. **The overall fiscal balance including grants returned to a slight deficit (-1.1 percent of GDP) in 2013, as grants dramatically dropped after the emergency drought response of 2012.** Fiscal revenues have constantly improved between 2009 and 2013, following the efforts directed to improve coordination among fiscal administrations, increase the tax base, and introduce some new taxes. Tax revenues increased by roughly 8 percent (y-o-y) in 2013, representing 22 percent of GDP³. Nontax revenues have remained steady and were equivalent to approximately 10 percent of GDP. Grants registered a drastic reduction in 2013 (six-fold vis-à-vis 2012) and represented roughly 1 percent of GDP, in the aftermath of an all-time high record in 2012. At the same time, international aid still plays a major role on fiscal viability, with 109 percent realization of aid commitments made at the Brussels' round-table (2010) as of end-2013.

Mauritania, Selected fiscal indicators (% of GDP)			
	2011	2012	2013
Non-oil revenue and grants	26.7	38.6	33.0
Tax revenue	16.3	21.9	22.1
Nontax revenue	9.7	10.8	10.0
Total grants	0.7	5.9	0.9
Expenditure and net borrowing	30.3	37.6	35.8
Current expenditure	21.9	25.6	21.9
Wage bill	8.0	8.3	8.5
Goods and services	4.6	4.8	4.9
Subsidies and transfers	5.8	9.2	5.8
Capital expenditure	8.1	12.0	13.9
Net revenue from oil	2.0	1.9	1.7
Overall balance including grants	-1.5	2.9	-1.1

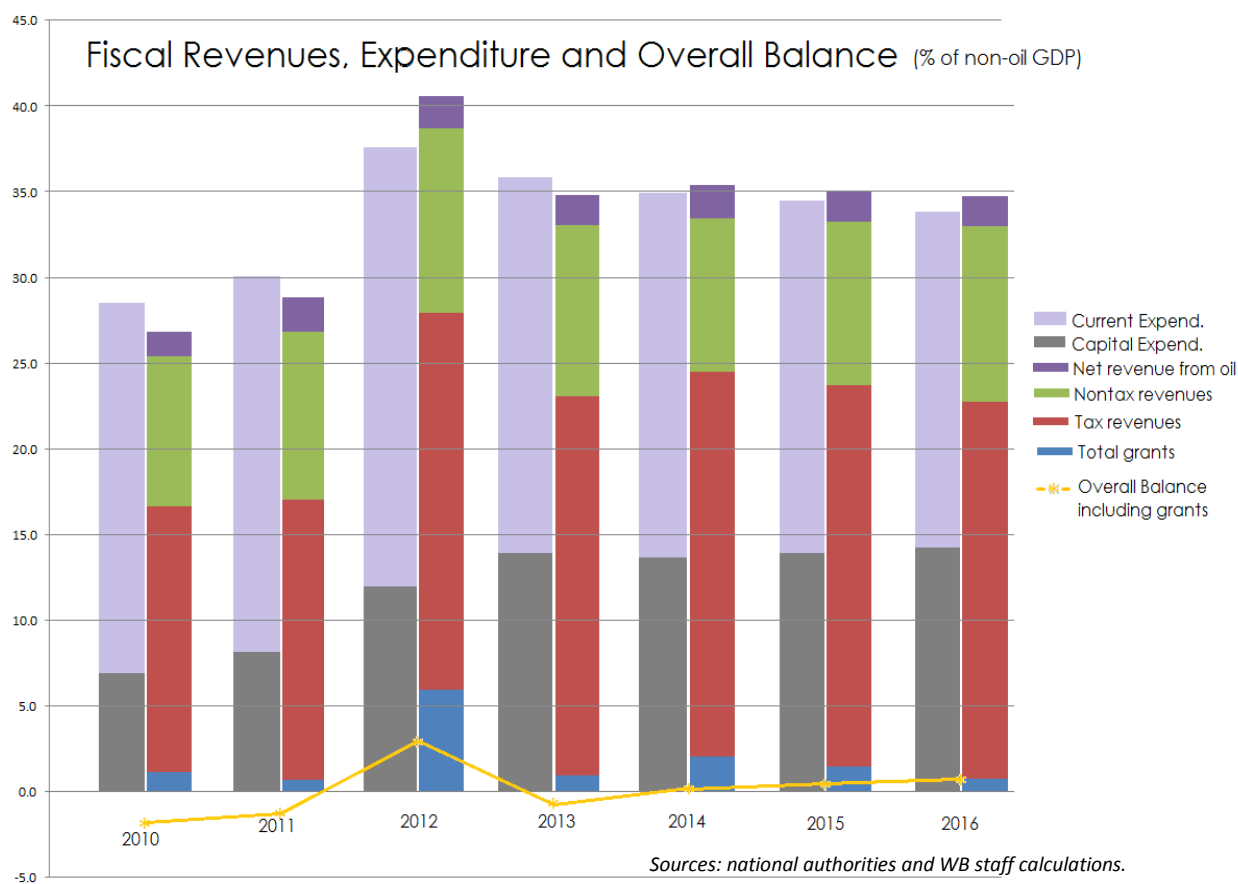
Sources: National authorities, IMF and WB calculations

12. **Overall spending as a percentage of GDP fell from 38 percent in 2012 to 36 percent in 2013,** and is expected to reach 35 percent in 2014. However, this downward trend is attributable to the faster pace of GDP growth and reflects primarily the end of the emergency-program related expenditures, and to much lesser extent, the reduction in energy subsidies which were cut by half in 2013. Current expenditure overall declined by 9 percent in real terms between 2012 and 2013. On the other hand, despite a mostly decreasing trajectory since the mid-2000s, in 2013 the wage bill registered an increase of roughly 10 percent compared to 2012. In recent years, and 2013 especially, public spending has concentrated more and more on capital expenditure, which increased by 24 percent y-o-y between 2012 and 2013.

13. **The public wage bill in Mauritania remains significant,** albeit in line with sub-Saharan African average – at roughly 26 percent of total revenues. However, it could in reality be much higher than current figures suggest. In fact, approximately 10,000 "non-permanent staff" are employed in the public sector outside the regular contracts of civil servants. They are in addition to the official figure of 30,000. These 10,000 individuals are not clearly listed in the human resources management system, nor is their wage included in the wage bill expenditure item, but rather in the expenditure on goods and services, as also the Budget Law 2014 notes. Over roughly the last two decades, much of this recruitment appears to have been done informally. Notwithstanding significant progresses over the last two years on human

³ Non-oil GDP

resources management in the public sector, the structure and detail of wage bill itself present therefore some opacity that needs to be addressed.



14. The parastatal sector remains a significant and non-transparent burden on the national budget in Mauritania. Public agencies and State Owned Enterprises (SOEs) represent over 10 percent of GDP and 27 percent of budget transfers. The parastatal sector has grown to some 150 establishments receiving transfers which now account for 17% of spending, but there is very little information to assess their performance in terms of services delivered or their operational effectiveness. These entities represent a substantial risk and threat to sound performances in fiscal policy and public finances. With the exception of a few entities including the National Mining Company SNIM, SOEs are experiencing significant business and financial problems, with high short-term levels of debt, operational losses, payment arrears, cross debts, and social conditions imposed upon SOEs by the State. A moderate-to-high level of opacity characterizes a large number of these SOEs, and it is still very hard to obtain clear data about the net financial position or the contribution to public investments undertaken by these entities. A recent World Bank study found that the number of Agencies has grown since 2010 and that subsidies to SOEs and Agencies have increased sharply from 5 billion Ouguiya in 2005 (USD 17.2 million) to over 70 billion Ouguiya in 2013 (USD 240 million), while services provided by these entities remain poor, and external controls are weak.

15. Performance monitoring of parastatal organizations is limited, but the Government has initiated efforts to improve oversight. Sector ministries, which are expected to monitor the performance of parastatals in their respective areas, usually do not have strong monitoring and evaluation capacity to effectively exercise this function. Moreover, the designated oversight entities within sector ministries tend

not to be specialized in performance monitoring. Although the legal framework provides for parastatal entities to be held accountable by the State through defined performance agreements, in practice these agreements are rarely established or enforced. Furthermore, the State oversight function of Public Agencies and SOEs is limited by fragmentation and lack of coordination, the process for selecting members to the boards of SOEs is unclear, and there is no regular assessment of board performance. Authorities are aware of these weaknesses, and upon their request the World Bank is in the process of launching a new operation (starting in 2014) aimed at proposing options for SOEs rationalization and improvement of their economic governance. Within the context of this revamped cooperation, the country recently initiated an administrative reorganization – within the Ministry of Finance – which established the creation of a Directorate General in charge of strengthening the oversight function by directly reporting to the Minister.

16. The 2014 Budget Law aims to contain the wage bill and primary deficit, and puts a strong emphasis on the need to sustain growth, improve social spending and spur the attainment of MDGs. Its adoption was delayed due to the Parliamentary elections in late 2013. The total budget is equivalent to MRO 560 billion (roughly USD 1.8 billion), or 42 percent of GDP, which is almost 6 percent higher than the previous year, with a special focus on capital spending. It defines four orienting principles: (i) sustain productive sector to spur economic growth; (ii) promote employment and income-generating activities; (iii) strengthen access of population to basic services (health, education, water and sanitation); (iv) develop key infrastructure to continue attracting investment. In line with the overall fiscal trends, investment spending is expected to increase by 5.6 percent vis-à-vis the 2013 budget law. External financing still represents the lion's share of investment expenditure, with 52 percent. The remaining 48 percent is attributable to domestic resources. Land development is the largest item of expenditure. Expenditure under this item includes decentralization projects, restructuring of urban context, access to water and sanitation. This is a positive development, although managing the allocation of financial resources at the subnational level may prove difficult. The most notable developments are a slight increase in the salaries and wages (3 percent higher vis-à-vis 2013) attributable to new recruitments within the sectors of Education and Health, and a considerable increase in the expenditure for goods and services (6 percent y-o-y). This aspect relates to a high number (roughly ten thousand) of non-permanent employees whose costs are included in the good and services item (see above).

17. 2013 witnessed an improved consistency between budget planning and execution, compared to previous budgets. The difference between programmed expenditure and executed expenditure has been significantly reduced. This reflects a number of improvements on the PFM agenda, such as: the implementation (despite some delays) of the Development Assistance Database (DAD) software, which will facilitate the dissemination of information on the mobilization of external resources; the adoption of new Strategies on the Financial Sector and on Public Finances; the public availability of a large portion of data via the Treasury and the Tax Directorate websites - including real time information on payments, status of the budget process and the fiscal reporting table.

18. The total external public debt-to-GDP ratio remains high (at about 100 percent of GDP). In 2013, the country contracted a number of non-concessional loans to support high investment spending. Political resolution of bilateral arrears with Kuwait (representing now roughly 20 percent of total public external debt) is still pending, but is expected to take place in 2014.

19. Domestic debt is estimated at around 7-8% of GDP. T-bill interest rates in the second quarter of 2014 have settled at about 3.6 percent. Banking institutions are the main domestic purchasers of these treasury bonds. A large majority of subscribers have chosen a very short maturity (between 4 to 13 weeks), clearly signaling a preference for investments that are at low risk for the buyer, but which – on the other hand – represent a major refinancing effort for the country. A National Committee on Public Debt between the Ministry of Finance, the Ministry of Economic Development and the Central Bank was recently reorganized to increase coordination and find ways of lengthening maturities.

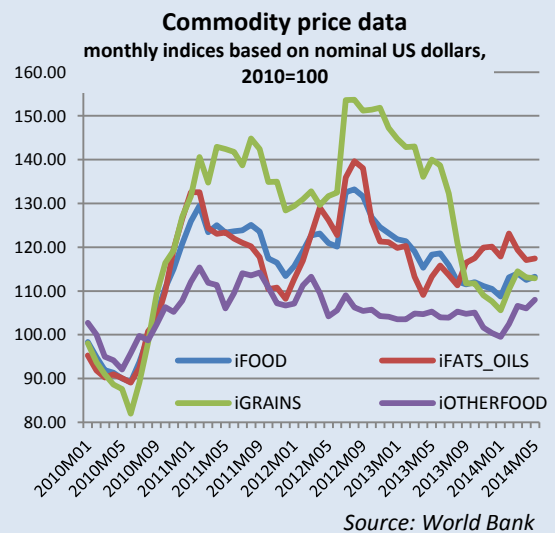
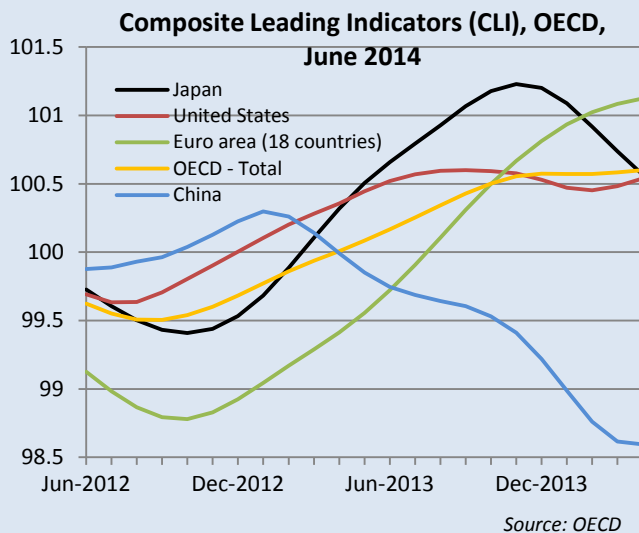
The macroeconomic outlook is positive. GDP growth is expected to improve to 6.8 percent during the course of 2014 and projected at over 6 percent in the medium term. Trade, livestock and iron will remain (in this order) the most important contributors to GDP in, 2015. However, the fastest growing clusters are expected to be agriculture (+10.5 percent), copper (+32 percent y-o-y), gold (+17 percent y-o-y) and manufacturing (+12.4 percent y-o-y). Impressive GDP growth rates in the coming years will be largely driven by the ongoing expansion in the extractive industries, and especially by increased iron production. However, outside of iron ore, this will depend on joint ventures materializing with global mining companies.

The overall fiscal balance (including grants) is expected to register a modest surplus in 2014 and over the medium term. This reflects prudent policies and an expected expansion in tax revenues (from mining, oil, and the tax base). Capital expenditure is projected to remain sustained at over 13 percent (of GDP), on average, during the medium term. Current expenditure instead will decrease as a percentage of GDP, normalizing at around 25 percent (in 2019).

In spite of reduced transfers and official loans, the balance of payments will continue to be largely financed by significant financial flows. The current account will remain largely negative (-23 percent of GDP on average) and the trade balance should fluctuate between surpluses and deficits, due to erratic trends in imports related to infrastructural project and to the mining industry. A slowdown of FDI is expected to occur gradually over the medium term. This highlights the importance to closely monitor the current account balance and related policies.

Demand for imports in high-income countries remained substantially unchanged in the first quarter of 2014, while import demand slowed down in China (Mauritania's largest trade partner), reflecting waning effects of the 2013 mini-stimulus. Recent political tensions in Europe (Mauritania's second trade partner) and currency devaluations in various economies may lead to slowdown in international trade in the immediate future; however, this is not expected to affect the markets interested by Mauritanian goods (mining and fishing, principally).

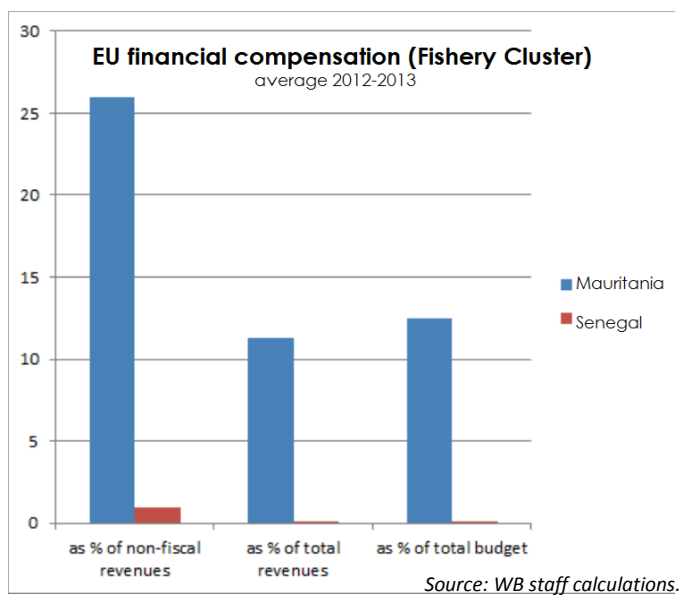
Recent global economic indicators show positive signs for the largest economies while a phase of weakening is characterizing most major emerging markets. OECD's Composite leading indicators (CLIs) are intended to predict crucial changes in economic activity relative to historical trends: June 2014 figures suggest that the growth momentum is weakening in China and remains relatively steady for USA and the OECD as a whole. As for the Euro Area - and in Italy, Spain and Greece particularly - the indicators show a remarkable acceleration in the growth momentum.



The main vulnerabilities for Mauritania are represented by possible fluctuations in FDI flows, commodity price volatility, and climate resilience (drought). The recent leap of international food prices, in particular, poses concerns about the possible negative effective this may have on the trade balance, by increasing the value of related food imports. Food prices increased globally by 4 percent between January and April 2014, thus interrupting sustained declining trends in food prices observed since August 2012. Regarding climate resilience, a large investment program in the agribusiness and in irrigation systems (in the south of Mauritania), coupled with the ongoing design of relevant social protection programs are signs of the country's commitment to properly address this issue.

C. Partner Agreements and International Sectoral Developments

20. The Fishery Protocol with the EU was ratified in October 2013, and negotiations for a new protocol have already started. The ratification of the current protocol translated into the payment of the last tranche of the Protocol 2012-2014 (equivalent to roughly EUR70 million) to the Mauritanian government, plus the payment of individual licenses and some in-kind fees. The importance of the fishery cluster is growing in Mauritania. Currently representing around 4 percent of GDP, the fishery sector is expected to expand by 48 percent (real) in 2014, and it is one of the sectors with high potential for job creation. From a fiscal point of view, the agreement on Fishery between EU and Mauritania is financially very advantageous for the country (see figure). The Agreement included also a clause implying that at least 60 percent of non-skilled labor force on board EU vessels has to be made up of Mauritians. The employment generation issues related to the fishery sector are of particular relevance, especially at a time when the discussion for a new protocol is ongoing (the second round of negotiation for a new 2-year protocol took place in Nouakchott in May 2014). The clause requesting foreign vessels to land fish in the host-country generated large debates. In the case of Mauritania the necessary infrastructures, human capacity and (especially) the backward/forward linkages are lacking, however this remains one of the core issues to discuss.



21. Parliament adopted the legal and institutional framework for the creation of a Free Trade Area (FTA) in Nouadhibou. International investors, including private sector and financial institutions, have started visiting the FTA. However, various aspects are yet to be fully defined, such as: infrastructural gaps; availability of direct and indirect services (such as hotels or transportation); and security installations. World Bank technical assistance is supporting the finalization of a roadmap and capacity-building program on investment promotion, institutional capacity, legal framework, and human resources strategy.

22. Significant progress has been made with regard to Public Financial Management (PFM). With support from the project PRECASP⁴, Mauritania has achieved important results on automatizing payment and information systems between Central Bank, Ministry of Finance and Ministry of Economic Affairs. Following the completion of a civil service census, authorities are currently working on the harmonization of different HR, payroll and pension system records. The Ministry of Public Service announced a gradual shift toward a performance-based civil service. BOOST has recently been implemented in Mauritania and expected to be fully adopted by 2014. This tool reconciles all data into one unique platform, thus allowing (for the first time) to have a complete and detailed overview over national and externally funded budgets.

⁴ The World Bank Project for Strengthening Public Sector Capacity (PRECASP) was concluded in April 2014 and aimed at building institutional capacity, good governance in public administration as well as at developing meaningful and effective participation of stakeholders (private sector, NGOs, civil society) in the implementation of the national poverty reduction strategy.

23. The Government is moving forward with its National Social Protection Strategy (SNPS) with the support of the donor community. Recent progress includes ratification of the strategy by the Government in late 2013 and the creation of a dedicated “*Cellule*” in the Ministry of Finance as well as an Inter-Ministerial Steering Committee to ensure its implementation in January 2014. A Review of National Safety Nets programs, together with an assessment of the Government’s emergency drought response program (in 2012) were recently launched in order to improve targeting of vulnerable groups. Mauritania is an active member of the regional Community of Practice on Cash Transfers, organized by the World Bank and UNICEF, and will benefit from the DFID-supported \$75 million Social Protection and Resilience Program for the Sahel countries, which was signed in March 2014.

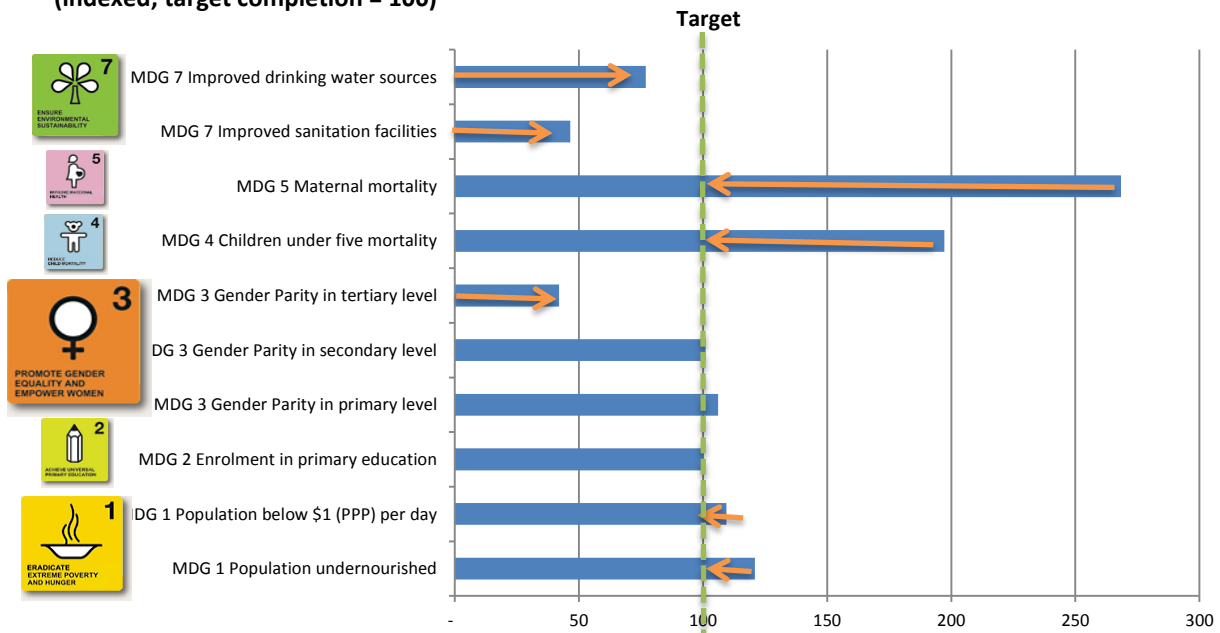
24. A large energy investment plan that includes a gas-to-power project (350 MW), a wind power plant (30 MW), and a solar power plant (15 MW) is under development. The gas-to-power project is expected to more than double power generation in Mauritania, and to generate exports to Senegal and Mali, while substantially reducing costs. Electricity connectivity is expected to improve for more than 50 percent of the urban population living in informal settlements. The first phase (which includes electricity generation in Nouakchott and initial power exports to Senegal) is expected to be completed by end-2015.

25. Amid positive reforms in the statistical system, data asset capacity supporting poverty eradication programs remains weak and often delayed. A population census – started in 2011 – was completed in spring 2013. For the first time, the National Statistics Office (NSO) utilized Personal Digital Assistants (PDAs), with a view to facilitate the data treatment and computation. Dissemination of the results is expected during summer 2014. The last Household Budget Survey (HBS) dates back to 2008. A new HBS was recently launched, after being repeatedly deferred due to financing gaps and delays in finalizing the population census. The first round started late March 2014 and it is expected to be completed by the end of 2014. The World Bank is about to launch a large multi-sector capacity-building project which will also include a focus on strengthening statistical capacity.

26. Mauritania’s ranking in Doing Business 2014 fell to 173rd, losing 6 places relative to 2013. In particular, the country scores poorly with respect to resolving insolvencies, starting a business, access to credit, paying taxes and trading across borders. For all of these indicators, Mauritania ranked in the lowest quartile of the Doing Business 2014 index. However, there are two positive developments of note. First, Mauritania increased by 24 positions in two years, in the Transparency International Corruption Perception Index, from 143rd place in 2011 to 123rd in 2012, and up to 119th in 2013. A “*Guichet Unique*” within the Nouadhibou Special Economic Zone was established in 2013. The Government has also engaged on ambitious undertakings on private sector development reform, which include: a “Doing Business Action Plan”, an “Investment Promotion Program”, a modernization of the “Commerce Code” to align with international standards, and a performance assessment of Customs.

27. Overall attainment of the Millennium Development Goals (MDGs) has been varied, but important deficiencies persist, particularly with regard to health-related MDGs. The gross primary enrollment rate has reached 100 percent, and gender balance has been attained in primary and secondary schools. Overall, MDGs on universal primary education and gender equality in the primary cycle appear achievable. There have been slight improvements in access to health services, but the quality of these services, especially for the poor, has not improved substantially; thus, MDGs related to child and maternal health will remain out of reach. The MDG related to access to water is within reach if stronger efforts are made. The MDG on extreme poverty seems to be still off track, but the results of the forthcoming household survey (due early 2015) will shed more light on this.

**Mauritania: MDGs performance
(indexed; target completion = 100)**

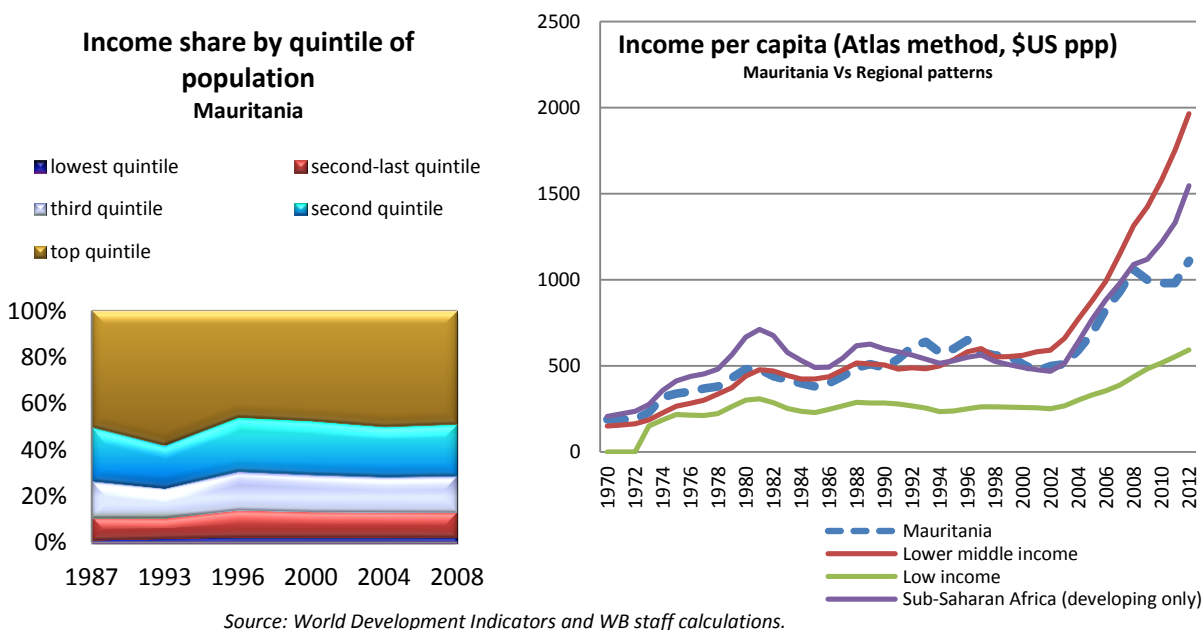


All figures refer to 2011, except: gender parity in primary level (2013), enrollment in primary education (2013), child mortality (2012), undernourishment (2012), maternal mortality (2010), and poverty headcount (2008).

Sources: national authorities, UN data and WB staff calculations.

D. The Challenge of Inclusive Growth

28. **Mauritania has succeeded in increasing per capita income over recent years—but should promote more inclusive growth and broaden its economy, especially in the non-resource sectors.** The boom of natural resources rents has driven growth over the last few years, and started to bolster investment in large infrastructure and energy projects. However, the key policy question facing Mauritania is how to set up the foundation for a long term growth—by transforming its resource wealth into sustainable socioeconomic development—given that an important portion of the country’s wealth stock is progressively and unavoidably being eroded. An abundance of natural resources clearly presents opportunities—and this richness in resources, if appropriately managed, has the potential to transform living standards in the country. Looking at income per capita, the country’s trend appears to be consistent with the average for Sub-Saharan Africa, and stands slightly above the lower-middle income threshold. At the same time (see below: figure on the right hand side) income distribution has remained unchanged for the last two decades, with the lowest quintile representing roughly 6 percent of the distribution.



29. **Quantitative analysis shows that the national wealth stock in Mauritania is in decline.** A recent analytical work by the World Bank⁵ shows that the Adjusted Net Savings (ANS) rate over GNI is negative, indicating that the sustainability of Mauritania’s national wealth is in jeopardy. Over the past 6 years the country’s ANS rate has been consistently negative, with the exception of 2006, when domestic savings was boosted by a temporary boom in the oil sector. For the SSA region as a whole, the limited available evidence suggests that the net savings rate over GNI tended to be positive until early 2000s but then reversed, with a negative peak in 2006 equivalent to 6 percent⁶. Countering this trend will require investing resource rents in produced and intangible capital, especially public infrastructure and administrative capacity, while building human resources through greater education spending⁷.

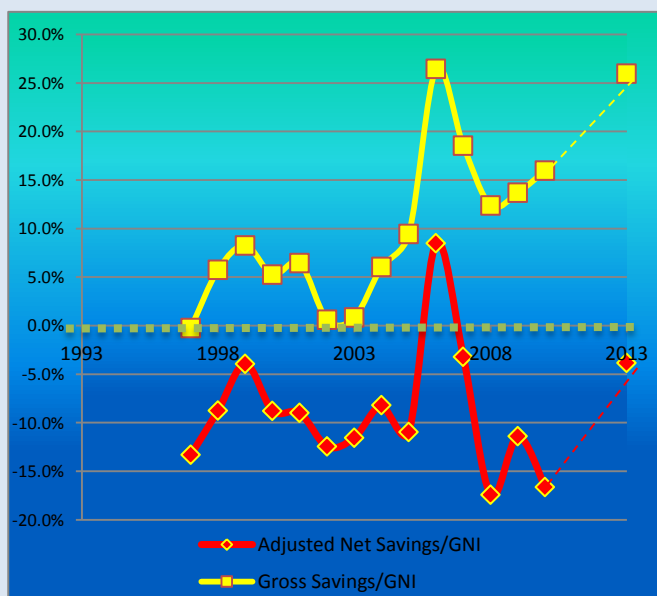
⁵ Box in the following page offers more detail on this work

⁶ Source: World Development Indicators (WDI), World Bank.

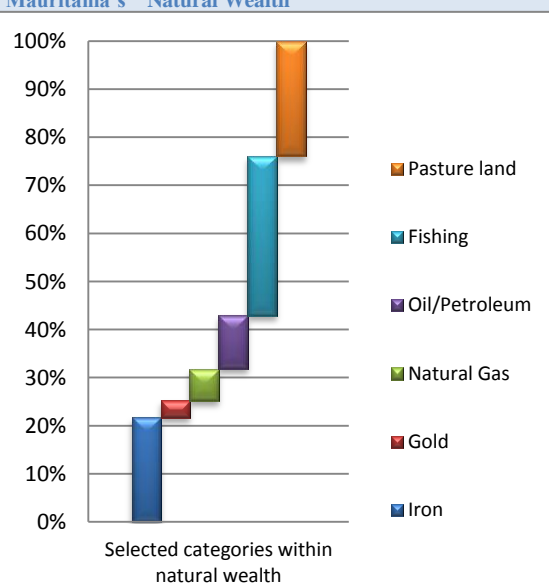
⁷ This is why the methodology only includes education spending as a proxy for human capital accumulation. Education is considered as something that affects human capital and increases it, while health-care as a “maintenance” goal, or maintenance cost. With the exception of pre-maternal care and vaccination, health expenditure does not increase wealth, but maintains current wealth, that is why it is not factored in. For more details

Mauritania has recently joined the ranks of lower-middle income countries, thanks in large part to its considerable endowment of natural resources. The mineral resource sector's contribution to nominal GDP has grown from 10 percent in the early 1990s to over 30 percent today, and important discoveries continue to be made. Exports of natural resources, boosted by high commodities prices have contributed to the recent surge in growth, almost 5 percent per annum on average, between 2003 and 2013. If properly managed, natural resources have the potential to spur further economic growth and build the foundation for sustainable development. However, as in other countries, policy makers in Mauritania face the difficult trade-off between responding to the immediate needs of the population versus investing for a future when non-renewable resources are exhausted. A recent World Bank study ("Mauritania: counting on natural wealth for a sustainable future") tackles these issues: (i) quantifying the stock of Mauritania's wealth and the value of each component, natural, produced and intangible capital; and (ii) calculating the adjusted net savings rate, using available country information and World Bank methodologies. The value of Mauritania's total stock of national wealth is estimated at roughly US\$16,000 per capita. Quite strikingly, the country's produced wealth represents roughly 12 percent of total wealth, much less than in lower-middle-income countries; by contrast, natural wealth represents approximately 45 percent of the total figure. Renewable resources account for slightly less than two-thirds of natural wealth, with fisheries alone equaling about one-fourth of natural wealth. This is good news for Mauritania, as sound management of these resources may ensure a constant flow of resources in the future and therefore -- with adequate policies -- the achievement of the same or higher levels of welfare for future generations. On the negative side, however, the ratio of net adjusted savings over gross national income is estimated to have been negative since 2006, meaning that the wealth of the country is being depleted. Countering the current trend will require investing resource rents in produced and intangible capital, especially public infrastructure and administrative capacity, while building human resources through greater education spending.

Adjusted Net Savings and Gross National Savings (% of GNI)



Relative Shares of Different Resource Categories in Mauritania's Natural Wealth

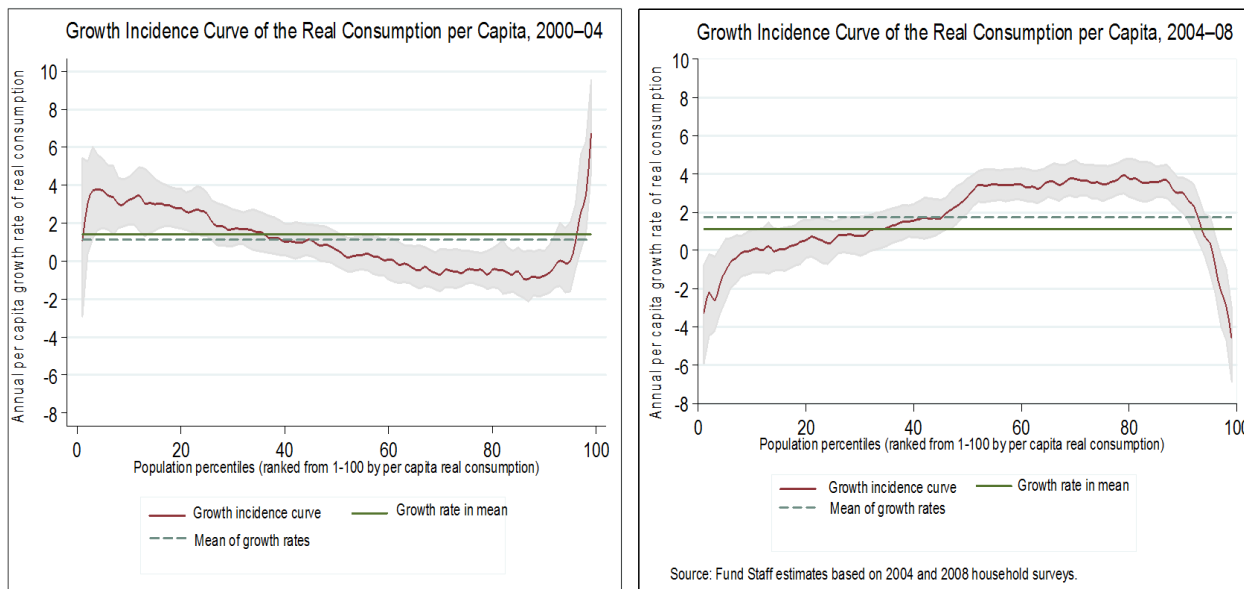


Source: WB staff calculations.

30. **Poverty still affects a major part of Mauritania's population.** In 2004 the national poverty line stood at about 46.5 percent, before falling to 42 percent in 2008. This trend seems to suggest that

on this methodology, please refer to "The Changing Wealth of Nations: Measuring Sustainable Development in the New Millennium," World Bank, 2011.

economic growth in the more recent period has been more pro-poor. Growth Incidence Curves (GICs) can be used to analyze more in-depth the distributional effects of growth, by plotting the mean (annual) growth rate of real consumption in a population against its percentiles. During the period 2000-04 a number of households close to the poverty line were actually able to move above that line. At the same time, while in the earlier period the poorest households appear to have done better than almost all other groups (see left-hand figure), the bottom poorest quintile of poor suffered from a decline in consumption between 2004 and 2008 (as shown in the right-hand chart below).



31. For the under 35-years old unemployment remains high, especially in rural areas. The National Statistics Office (ONS), the International Labor Office (ILO) and the Ministry for Employment presented the results of the first survey on Employment in Mauritania in 2013. The Survey was conducted between August and December 2012 and was targeted at the entire population older than 10 years, with a sample of over 9,000 persons (60 per cent of which in rural areas, 52 percent women, and 45 percent are under 14). Unemployment is at 10.1 percent of the population of working age. This figure only includes people who: i) are within the working age range; ii) are available to work within 15 days from the survey; and iii) are actually in search of a job. Roughly one third of this figure is located in the capital. Working-age population is largely represented by people aged between 15 and 35 years (over 60 percent) and thus unemployment is still very young. Under-employment is also pervasive, and one-third of youth (15-35 years old) are inactive, neither working nor in school. Capital-intensive mining projects are unable to absorb a rapidly growing (at 2.3 percent annually) and low-skilled population. A vast portion of job creation sits in the informal sectors and in low value-added activities, accounting for an estimated 85 percent of the total labor force. The recent boom in public investment (i.e. construction, transport, and trade) is expected to absorb a portion of the jobless, at the same time it is not expected to countertrend the high seasonality that currently typifies most work opportunities: one third of existing jobs is actually characterized by precariousness (33.3 percent).

E. Economic diversification and efficiency in resource utilization

32. **Mauritania has low level of export diversification.** Economies characterized by a low level of diversification are more susceptible to terms-of-trade shocks.⁸ Overdependence on natural resource exports bears the risk of huge price volatility, whenever changes in the demand pattern occur. Should such a mechanism take place, the effects on an economy like Mauritania would be immediate. In fact, Mauritania has already experienced the good side of this exposure, through the positive effects of the increase in iron and gold prices, over the last 3 years.

33. **The country has long depended on the exports of mineral and fishery resources.** Since the 1990s exports from Mauritania have been concentrated in these two clusters, which accounted – on average – for over four fifth of total exports in the decade 1990-2000. In more recent years there are isolated cases of new emerging sectors: crude oil shows the highest annual growth rate, mainly due to the surge of 2006. Other emerging sectors are metals, vegetables, skins, transportation, and food, all showing a double-digit average annual growth rate, albeit from low bases. Despite the dynamism of these new sectors (see figure below), minerals and animal products⁹ still represent the lion shares of Mauritanian exports by a large margin. The specialization of the country in these two sectors is supported by a high Revealed Comparative Advantage of the country in these two sectors, despite decreasing over time.

Products (HS classification)	% of Total - 2002	% of Total - 2012	Revealed Comparative Advantage - 2002	Revealed Comparative Advantage - 2012	Compound Annual Growth Rate
01-05_Animal	45.43	25.76	22.35	15.04	11.46
06-15_Vegetable	0.09	0.32	0.03	0.11	33.69
16-24_FoodProd	2.7	1.67	0.92	0.58	12.43
25-26_Minerals	47.83	63.75	59.45	35.37	21.4
27-27_Fuels	0	6.01	0	0.32	162.44
28-38_Chemicals	0.55	0.12	0.06	0.01	1.53
39-40_PlastiRub	0.05	0.03	0.01	0.01	10.58
41-43_HidesSkin	0.14	0.19	0.16	0.32	21.84
44-49_Wood	0.31	0.14	0.09	0.06	8.96
50-63_TextCloth	1.07	0.08	0.19	0.02	-8.65
64-67_Footwear	0.08	0.02	0.09	0.02	0.18
68-71_StoneGlas	0.03	0	0.01	0	-0.83
72-83_Metals	0.11	1.13	0.02	0.16	48.69
84-85_MachElec	0.77	0.17	0.03	0.01	1.5
86-89_Transport	0.7	0.52	0.06	0.06	14.44
90-99_Miscellan	0.11	0.09	0.01	0.01	15.14

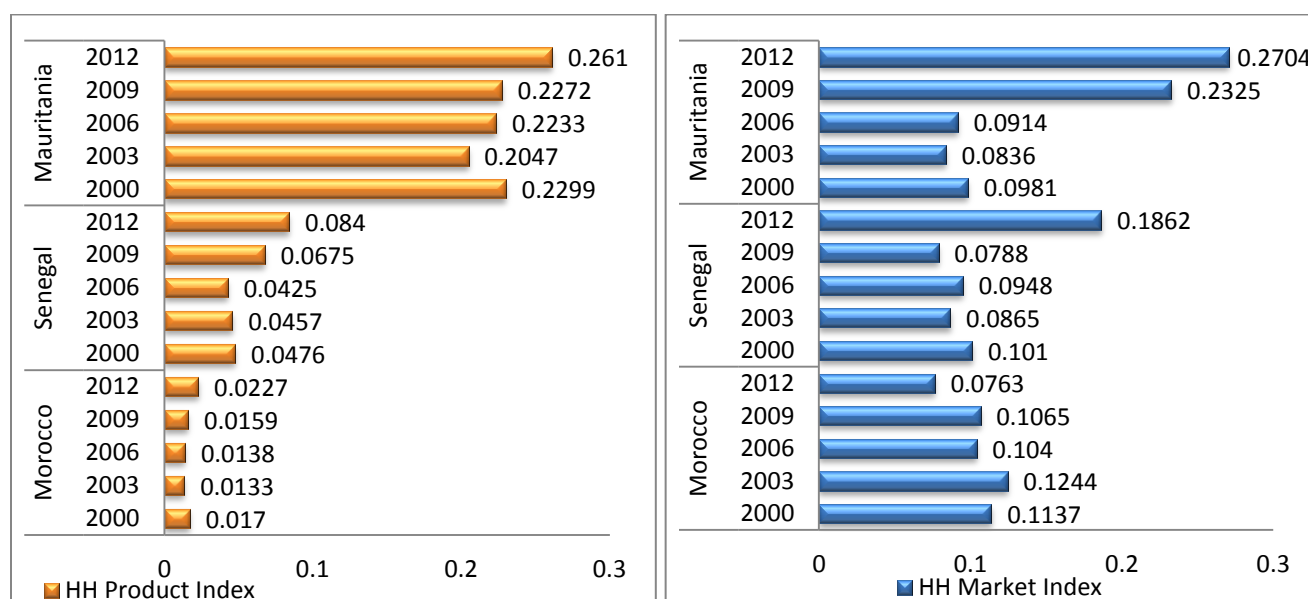
Sources: WITS database and WB staff calculations.

34. **Export concentration was higher in 2013, in terms of both partners and products, than in 2012.** The mineral cluster alone (iron, gold and copper) accounted for roughly 77 percent of total exports in 2013, with iron representing the lion's share at 51 percent of total exports. Asian markets are emerging as a key destination for Mauritanian exports, with China alone representing over 40 percent of total exports, and Japan—which passed from representing 5 percent in 2008 to roughly 9 percent in 2012. While China mainly imports Mauritanian iron, Japan buys mainly fish.

⁸ Among many studies, cfr. Brenton, Newfarmer et al (2007), Export diversification: a policy portfolio approach, Yale University.

⁹ Includes fish.

35. **The concentration of exports (lack of diversification) of Mauritania can be gauged by looking at the Herfindahl index (HH) of products and markets.** The figures below present the HH index – calculated in terms of partner countries and products – for Mauritania vis-à-vis two comparator countries (Senegal and Morocco) for selected years. The concentration of products in Mauritania shows some improvements on diversification in the mid-2000s, before increasing sharply in more recent years, presumably an effect of the combination of high international commodity prices and boom of discoveries. Market concentration signs a similar path, with Mauritania slowing down its diversification efforts, as the index moved from less than 0.1 in the early 2000s to over 0.25 in the most recent years¹⁰, due to an overall increase of demand from Europe and – especially – by a Chinese booming demand. Senegal also registers an increase in concentration, on both fronts, while Morocco managed to enhance market diversification in recent years.



Sources: WITS database and WB staff calculations.

36. **Resource-rich developing economies characterized by high concentration can still achieve sustainable and inclusive development by promoting quality upgrades (in livestock and fisheries) and supportive public policies.** Empirical evidence shows a strong positive correlation between economic growth and diversification, since higher diversification tends to be associated with higher production predictability. Therefore the goal of differentiating a country’s partner and/or products portfolio remains an overarching one, and especially in the long-term. In the immediate future instead, a country like Mauritania should build on its existing comparative advantages and aim to produce higher quality varieties of sub-products (e.g. in the mining cluster, as well as in the livestock and fishery sectors). While broad diversification prospects may be limited – at least in the short term – for a country like Mauritania, diversification may be happening within a given sector, such as the mineral one; this would have the potential of reducing some vulnerability on the fiscal side. Such an objective could be particularly rapid to achieve considering that the country still experiences its early stages of development,

¹⁰ The HH index is computed as the sum of squared shares of each product (market) in total export. A country with a perfectly diversified export portfolio will have an index close to zero, whereas a country which exports only one export (market) will have a value of 1 (least diversified).

so that a fast pace of increased productivity may jump-start GDP per capita growth. In addition, it should also adopt appropriate policies on fiscal, social spending, and business facilitation matters.

37. High concentrations of exports can therefore be managed by reinvesting the revenues generated by selling natural resources into other forms of productive capital. However, this requires a strong policy framework grounded by clear policy commitments. Several examples exist of resource-rich countries which – in different ways – have proved successful (e.g. Australia, Canada, and Brazil, among others) in managing a vast wealth concentrated in the natural sector. In this respect, it should be highlighted that the Ministry of Economic Affairs and Development (MAED) of Mauritania has recently (2013-14) committed to adhere the Inclusive Green Growth model, with the objective of making economic growth more efficient, environmentally friendly, resilient, and equitable.

38. Mauritania established a national fund for hydrocarbon reserves in 2006. Based on this experience, Mauritania should take into account the option of constituting similar arrangements to manage the large revenues generated by the mining sector. By the end of the first quarter of 2014, the oil fund accounted for over US\$ 115 million. The fund is intended to mainly play a role of macroeconomic stabilization in the national economy. It comprehends all receipts from activities directly or indirectly connected to the extraction of crude oil, and particularly in the areas of exploration, development, operation and marketing. It also includes royalties, taxes from the oil companies, and dividends from the Mauritanian Hydrocarbon Company, bonuses, and investment fund revenues. The fund is opened in the name of Mauritania in the books of a US-based bank account. A mining fund could be at the same time a stabilization fund, and as such it would aim to reduce the potential adverse impact of revenue volatility, and a generation fund, meaning a fund that aims at storing wealth for future generations. The establishment of such fund would respond to a number of major policy questions: it would help the country against the risk of volatile revenues in a way to ensure and outline unwavering expenditure strategies; it would effectively respond to the regime of surplus liquidity characterizing Mauritania's present and recent past; it would play positively on the transparency and on the quality of governance, as the fund would require regular disclosure and reporting of data, and would include audits on its allocations and investment performance.

F. Conclusions

39. Despite remarkable improvements in institutional policies, the main challenges for the country remain relatively unchanged. In order to achieve its poverty reduction goals and long-term shared prosperity, Mauritanian authorities need to ensure that gains from extractive industries are used more efficiently, with a view to promoting diversification and employment. These efforts should include (i) efforts to promote efficient resource extraction with a view to maximizing resource rents; (ii) continue consolidating PFM, also by strengthening the efficiency of Medium Term Expenditure Frameworks, and by streamlining public procurement procedures; (iii) a fiscal regime for the resource sector that enables the government to recover an equitable share of resource rents; (iv) well-designed investment policies that use resource rents to generate sustainable returns over the long term; and (v) close attention to Mauritania's absorptive capacity since an overemphasis on physical capital may result in unproductive investments. Authorities should carefully scrutinize the possibility of keeping at least a portion of the natural resources revenues in a sovereign wealth fund in the short term (as the country already successfully did with crude oil since the mid-2000s).

40. Over the medium term, continuing to rebalance the composition of public expenditures from current to capital spending would help to ease infrastructural gaps and stimulate growth in the non-extractive sectors. The fiscal analysis of Mauritania (see above) reflects a recent policy shift in public spending, which has been focusing more and more on investment and human development (especially infrastructure development and education expenditure) rather than consumption (particularly via food and fuel subsidies). This is a positive sign, as public expenditure appears to be reoriented toward phasing-out subsidies and abandoning its reactionary approach to crises, in favor of structured and systematic methods to handle external vulnerabilities (e.g. food crises), such as conditional cash transfers programs and increased public investment in critical areas such as energy and transportation infrastructure. Against this background it is critical to enhance public investment management, with a view to ensure that the government scaling-up on investment spending is oriented to projects that foster its priority objectives, and with particular respect to strengthening macroeconomic resilience, productivity and diversification. Bolstering public investment in Mauritania can prove important to spur potential non-resource development, thus triggering a virtuous cycle of increased fiscal space. In this respect, the proposed stabilization/future generation fund (see above) should be maintained at an adequate level but not too large as to crowd out government resources for investment projects¹¹.

41. Tempering inequality and tackling wealth redistribution is a challenge that Mauritania can win. Fighting extreme inequality can be essential to mitigate social tensions, promote peace, and thus stimulate economic growth. The outcome of this challenge will be highly dependent on the quality of public policies: strengthening democratic institutions, adopting high transparency on environmental, social, and fiscal objectives, ensuring integrity of the tax system itself are critical factors to succeed in getting everybody a fair share from growth. Equality is very much about combining efficiency and building opportunities: (i) structuring a well-functioning education system, (ii) putting in place a high quality health system, (iii) investing in physical capital (roads, energy, etc.), (iv) striving to ensure that selection procedures within the public sector follow transparent paths built on meritocracy, and (v) –last but not least– adopting a culture where intelligence production and information sharing stand on top of the agenda. All the above are only some of the possible examples of policies that can help building equality. Notwithstanding Mauritania's macroeconomic achievements, most of the 2015 Millennium Development Goals appear out of reach. More is needed to make progress in these areas, and especially in the health cluster, and it is a pressing priority.

¹¹ Evidence from IMF documents (c.f. Baunsgaard, Villafuerte, Poplawski-Ribeiro, and Richmond; 2012) shows that this kind of fiscal benchmarks, if too tight, may not be appropriate for low and lower middle income countries where government investment is critical to escape from a poverty trap.

MAURITANIA – Selected Economic Indicators	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Av. 2003-13	2014 est.	2015 forecast
Income and Economic Growth														
GDP growth (annual %)	5.6	5.2	5.4	11.7	1.9	3.5	-1.2	4.3	4	7	6.7	4.9	6.8	6.4
GDP per capita growth (annual %, based on LCU)	3.0	2.6	5.8	15.5	-1.2	0.7	-3.8	-30.8	-0.1	13.3	4.8	0.9	0.6	3.0
GDP per capita (US\$)	542.4	618.5	716.9	971.5	1,044.8	1,107.0	860.2	1,017.0	1,154.0	1,106.0	1,270.0	946.2	1,300.0	1340
GDP per capita, PPP (current international \$)	1,663.5	1,758.2	1,925.8	2,300.6	2,343.6	2,327.5	2,240.9	2,321.7	2,399.0	2,560.9	2,781.9	2,238.5	2,792.8	2,885.1
Final consumption (real annual growth, %)	9	0	4	6	8	-5	43	-42	-14	14	2	2	-3	13
Gross Fixed Capital Formation (% of GDP)	23.6	44.44	62	36.9	0.2	43	-41	25	58.3	25.5	8.6	26.0	-12.3	7.5
Gross Fixed Investment - Public (% GDP)	11.0	8.9	1.3	6.3	5.7	6.9	7.1	4.7	19.8	41.3	27.0	12.7	9.7	6.5
Gross Fixed Investment - Private (% GDP)	12.6	35.5	60.7	30.6	30.7	43.4	-51	33.0	70.6	22.0	3.8	26.5	-19.3	7.9
Money and Prices														
Inflation, consumer prices (annual %, end of. year)	2.9	16.1	5.8	..	0.2	3.9	4.9	6.1	5.5	3.4	4.5	5.3	5	5.5
Inflation, consumer prices (annual %, period av.)	5.3	10.37	12.13	..	7.25	7.5	2.1	6.3	5.7	4.9	4.1	6.6	4.7	5.2
Treasury bill rate (end of period)	5.0	6.6	10.6	11.9	11.4	10.7	11	8.5	6.5	3.4	3.8	8.1	4	4
Nominal Exchange Rate (LCU/US\$, period av.)	263	..	266	269	259	242	262	276	280	297	299	271.3	303	318
Fiscal														
Revenues (% of non-oil GDP, grants excluded)	22.6	24.3	22.9	24.4	26.4	22.9	24.1	25.2	26	32.7	32	25.8	31.3	31.7
Expenditure (% of GDP)	34.7	30.8	31.4	32.8	34	32.9	32.1	29.9	30.3	37.6	35.8	32.9	35	34.5
Current (% of GDP)	24.8	21.9	23.9	25.1	24.8	25.9	24.6	21.6	21.9	25.6	21.9	23.8	21.3	20.6
Capital (% of GDP)	9.6	8.9	6.9	7.1	9.1	7	6.8	6.9	8.1	12	13.9	8.8	13.7	13.9
Overall fiscal balance Incl grants (% non-oil GDP)	-9.7	-3.9	-6.1	38.82	-1.52	-7	-5.4	-2	-1.5	2.9	-1.1	0.3	0.2	0.4
Basic Non-oil balance (% of non-oil GDP)	-7.39	-1.2	-3.77	-4.03	-1.92	-7.7	-5.3	-2.4	-0.2	0.4	1.2	(2.9)	1.6	3.1
Total External Debt (% of GDP)	..	..	..	89.3	89.2	88.6	105.5	93.2	93	107.9	100	95.8	85.4	85.1
o/w External Public Debt; PPG (% of GDP)	..	..	..	86.9	82.9	80.8	96.1	84.2	82.1	89.2	83.1	85.7	68	68
External Accounts														
Export Value Growth (% , yoy)	5.52	3.79	3.98	232.69	2.18	25.59	-23.7	52	35.7	-4.9	0.4	30.3	4	1
Import Value Growth (% , yoy)	4.75	5.18	0	7.31	156.13	19.42	-24.6	34.4	30.9	28.5	-8	23.1	-8.5	23.4
Merchandise exports (current US\$ mil)	388.08	407.48	427.86	1,367.00	1,401.83	1,787.65	1364.2	2,073.50	2,776.00	2,641.00	2,651.00	1,571.4	2,757.00	2,786.00
of which iron ore exports (current US\$ mil)	172.29	193.04	217.37	467.4	540.04	823.36	521.6	997	1,470.60	1,131.50	1,358.00	717.5	1,351.00	1,414.00
Merchandise imports (current US\$ mil)	441.13	441.42	465.92	1,167.00	1,568.75	1,910.91	1,440.90	1,935.30	2,467.00	3,170.00	2,916.00	1,629.5	2,670.00	3,295.00
Services, net (current USD mln)	...	...	...	-327.2	-453	-626.7	-479.2	-548.9	-563	-863	-809	(583.8)	-730	-960
Current account balance (BoP, US\$ mil)	...	...	...	-46.73	-484.75	-532.85	-354	-331.7	-260	-1,236.60	-1,080.00	(540.8)	-784.00	-1,524.00
Current account balance (% GDP)	...	...	...	-1.54	-14.44	-14.9	-11.7	-9.1	-6.3	-32	-25.8	(14.5)	-17.6	-32.7
Foreign Direct Invest (net; current USD mln)	102	416	823	105	138	338	-3	126	589	1,381	1,035	459	903	1,276
Multilateral debt (% of total external debt)	56	61	61	44	46	46	60	62	48	47	47	53	45	44
Population, Employment, and Poverty														
Population, total (mil)	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.8	3.2	3.8	3.9
Unemployment rate	..	33	..	..	..	31.2	..	..	..	..	10.1(*)	32.1	..	..
Poverty headcount ratio at national poverty line (% pop.)	..	46.7	..	..	..	42	..	..	..	..	..	44.4	..	..
Poverty headcount ratio at US\$ 1.25 a day (PPP) (% pop.)	..	..	..	..	..	23.43	..	..	..	..	..	23.4	..	..
Poverty headcount ratio at US\$ 2 a day (PPP) (% pop.)	..	..	..	..	..	47.69	..	..	..	..	..	47.7	..	..
Inequality - Income Gini	..	41.26	..	..	..	40.46	..	..	..	..	..	40.9	..	..
Population Growth (annual %)	2.87	2.82	2.75	2.67	2.6	2.53	2.46	2.4	2.35	2.3	2.3	2.6	2.3	2.2
Life Expectancy (years)	57.13	57.17	57.23	57.33	57.47	57.67	60.9	61	61.2	61.3	61.5	59.1	61.7	61.9
Memo:														
GDP (current LCU, bn)	338	397	493	715	710	854	794	973	1,162	1,174	1,250	805.5	1,347	1,480
GDP (current US\$, bn)	1.3	1.5	1.8	2.7	2.6	3.51	3.03	3.53	4.16	3.95	4.18	2.9	4.44	4.65
Doing Business Rank	..	..	..	146	148	148	157	160	165	159	167	156.3	173	..
Human Development Index	..	..	0.441	0.45	0.454	0.454	0.461	0.464	0.464	0.467	0.467	0.5	..	..
CPIA (ave. overall rating)	..	..	3.2	3.3	3.4	3.3	3.2	3.2	3.2	3.2	..	3.3	..	..

Contribution to growth (%)

	2010	2011	2012	2013	2014	2015
1. Agriculture, Livestock and Fishing	1.30%	-0.80%	1.80%	0.60%	1.90%	1.00%
1.1 Agriculture	0.60%	-1.20%	1.20%	1.10%	0.30%	0.40%
1.2 Livestock	0.30%	0.00%	-0.20%	0.20%	0.20%	0.30%
1.3 Fishing	0.30%	0.40%	0.90%	-0.60%	1.40%	0.30%
2. Extractive Industries	-0.10%	0.00%	-0.20%	1.90%	0.70%	1.10%
Iron	0.60%	-0.20%	0.20%	1.40%	-0.10%	0.30%
Copper	-0.30%	0.10%	-0.20%	0.10%	0.70%	0.40%
Gold	0.10%	0.20%	-0.10%	0.40%	0.20%	0.30%
Oil	-0.40%	-0.10%	-0.20%	0.00%	0.00%	0.00%
3. Manufacturing	0.20%	0.30%	0.40%	0.50%	0.60%	0.70%
4. Construction & Public Works	0.70%	1.10%	1.10%	0.40%	0.40%	0.30%
5. Transport and Telecommunications	0.10%	0.70%	0.90%	0.40%	0.40%	0.50%
6. Wholesale and retailing	1.30%	1.20%	1.20%	0.90%	0.90%	0.90%
7. Other services	0.20%	1.00%	0.80%	1.00%	1.00%	1.10%
8 Public. Administrations	0.10%	0.10%	0.10%	0.20%	0.20%	0.20%
GDP at factor cost	3.70%	3.50%	6.10%	6.00%	6.10%	5.80%
Net taxes on products	0.60%	0.50%	0.90%	0.70%	0.70%	0.70%
GDP at market prices	4.30%	4.00%	7.00%	6.70%	6.80%	6.40%
<i>Sources: National authorities and WB computation</i>						

(*) The figure for 2013 refers to the Labour Survey undertaken in 2013, while previous figures refer to the Household Surveys. Since different methodologies were used, the numbers should not be directly compared.

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