MAURITANIA

Overall institutional weaknesses continue to limit economic dynamism and perpetuate poverty in Mauritania. Regulatory reforms implemented in recent years to enhance the entrepreneurial environment have been undercut by ongoing political instability.

Although Mauritania’s economy has expanded from its limited productive base, it suffers from serious institutional weaknesses, and growth remains fragile. Pervasive corruption undermines the rule of law and is exacerbated by an inefficient and politically vulnerable judicial system. Open-market policies to promote dynamic investment have not been fully institutionalized, and tariffs and other restrictions inhibit potential entrepreneurs from participating efficiently in the global economy.

**ECONOMIC FREEDOM SCORE**

- **Regional Average (Sub-Saharan Africa Region):** 55.0
- **World Average:** 60.9

**OVERALL SCORE CHANGE SINCE 2013:** +2.1

**NOTABLE SUCCESSES:**
- Monetary Stability

**CONCERNS:**
- Rule of Law, Open Markets, and Labor Freedom

**FREEDOM TREND**

**QUICK FACTS**

- **Population:** 3.7 million
- **GDP (PPP):** $16.3 billion
- **5-year compound annual growth:** 5.1%
- **$4,395 per capita**
- **Unemployment:** 31.1%
- **Inflation (CPI):** 0.5%
- **FDI Inflow:** $495.0 million
- **Public Debt:** 78.1% of GDP

**BACKGROUND:** Amidst political tensions from three major groups (Arabic-speaking descendants of slaves, Arabic-speaking “White Moors,” and Sub-Saharan ethnic groups) a military junta ruled Mauritania until 1992, when the first multi-party elections were held. In 2008, General Mohamed Ould Abdel Aziz overthrew President Sidi Ould Abdallahi. Aziz was subsequently elected president in a 2009 election that was boycotted by the opposition. He was re-elected in 2014. In 1981, Mauritania became the last country in the world to outlaw slavery, but as much as 20 percent of the population remains enslaved. Mauritania is threatened by the terrorist group al-Qaeda in the Islamic Maghreb (AQIM). Large offshore gas fields discovered near the border with Senegal have raised hopes that Mauritania could become a significant source of gas.

2015 data unless otherwise noted. Data compiled as of September 2016.
There is a well-developed property registration system for land and real estate in most areas of the country, but there are many controversial land tenure issues in the South along the Senegal River. The chaotic and corrupt judicial system is heavily influenced by the government. Corruption is most pervasive in government procurement but is also common in the distribution of official documents, fishing licenses, bank loans, and tax payments.

The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 18.9 percent of total domestic income. Government spending has amounted to 29.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 78.1 percent of GDP.

Bureaucratic procedures are complex and non-transparent. Obtaining necessary business licenses is time-consuming and costly. The absence of a well-functioning labor market has led to chronically high unemployment and severe underemployment. In view of fiscally unsustainable subsidies, the IMF is pressuring the government to raise fuel prices and electricity tariffs and adopt automatic price mechanisms to depoliticize the price-setting process.

Trade is extremely important to Mauritania’s economy; the value of exports and imports taken together equals 104 percent of GDP. The average applied tariff rate is 11.4 percent. There are few formal barriers to foreign investment, but state-owned enterprises distort the economy. Limited access to credit and the high costs of financing continue to impede entrepreneurial activity. Progress in modernizing the financial sector has been sluggish.