

MAURITANIA

Oasis of peace and stability

President Ghazouani's widely admired whole-of-government approach to ensuring security for citizens and investors in the West African nation has laid the groundwork for inclusive and sustainable socioeconomic development

At the crossroads of North and sub-Saharan Africa with an Atlantic coastline that extends over 450 miles, the Islamic Republic of Mauritania boasts an increasingly dynamic economy. This year, the nation's gross domestic product is forecast to expand by about 4.8%, primarily driven by exports of its wealth of natural resources that include highly desirable minerals and ocean fish. Agriculture and livestock are also important economic contributors, despite the fact that two-thirds of the country is covered by desert. 2024 should see the start of another major upswing for the economy, with growth of around 6.5% expected as production begins at the Greater Tortue Ahmeyim offshore natural gas field, a transformational project for the country that is being led by BP and Kosmos Energy.

As well as outperforming its West African neighbors economically, Mauritania stands out for its political and social stability in the volatile Sahel region where other nations have suffered from extremism. According to the US's Acting Deputy Secretary of State Victoria Nuland, who visited the country in 2022 as part of President Biden's efforts to strengthen ties with key African partners, Mauritania is "a beacon of democracy and a beacon of security in this part of the world." While the country has enjoyed peace within the borders it shares with the Western Sahara, Algeria, Mali and Senegal since 2011, a recent reinforcement of safety levels has been attributed to the widely admired leadership of President Mohamed Cheikh El Ghazouani, who was democratically elected in 2019 with a mandate for socioeconomic reforms, consensual politics and cementing territorial integrity and stability.

"Security is fundamental to the peace of mind of our citizens and investors. Our successful security strategy that has enabled us to protect ourselves against terrorist attacks and secure our borders is based on three pillars," explains Ghazouani. "The first is about building the operational capabilities of our armed forces and security. The second is based on promoting values of tolerance among our young people and the third consists of promoting economic and social development, particularly in remote and landlocked areas. This third aspect implies significant and effective state presence throughout our territory, because we have observed that, in the Sahel region, the more the state is absent, the more the climate becomes conducive to insecurity and terrorism."

Beyond its own borders, Mauritania has made a vital contribution to restoring stability in the wider region through its founding membership of the G5 Sahel, a framework for development and security cooperation that was established in the nation's capital, Nouakchott, in 2014 by Mauritania, Burkina Faso, Chad, Mali and Niger. Ghazouani currently holds the rotating presidency of the organization. "Despite challenges, we have made significant progress. G5 Sahel has enabled member countries to pool their efforts to create conditions conducive to development and security. It has also highlighted the close relationship between security and development to



President Mohamed Cheikh El Ghazouani

the international community — this is especially evident in an environment like the Sahel, where insecurity is often linked to underdevelopment," he states. "The G5 Sahel is facing strong turbulence at the moment, which further pushes us to redouble our efforts to find solutions to resolve our problems."

Universal strategy for development

As US Principal Deputy National Security Advisor Jon Finer noted during his recent trip to the country: "Mauritania's whole-of-government approach to combating terrorism is praiseworthy because it addresses not only the security threat, but the underlying political, economic and development needs that — if ignored — threaten the stability and security of a country."

Ghazouani's government is pursuing an ambitious strategy for addressing those combined needs that seeks to accelerate economic growth and inclusive prosperity for all citizens. The president points out that, "Mauritania is known for its rich mineral resources, notably its high-quality iron ores, gold reserves and other minerals such as copper, phosphate and gypsum. Despite these resources and those of our fishing, agricultural and livestock industries, Mauritania has not succeeded in initiating sustainable economic and social development in the last six decades. To remedy this, we have developed a vision for transforming our economy and harnessing the potential of each sector, giving priority to job-generating industries."

His government is also moving the country's economy into new sectors, notably by capitalizing on Mauritania's potential as an energy generator.

"In addition to Grand Tortue Ahmeyim, we have other important gas fields such as BirAllah that offer promising prospects. Green hydrogen also constitutes a very big opportunity for Mauritania, which has very substantial wind and solar energy resources across large areas that are arousing keen interest among international operators, making Mauritania a destination of choice for the global energy transition," he reveals. "To initiate economic and social development from these resources and ensure that our entire population

MOHAMED CHEIKH EL GHAZOUANI PRESIDENT

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benefits, revenues from their exploitation will be allocated to financing social and productive infrastructure, and to investments aimed at guaranteeing prosperity for future generations. Our goal is to create an expanded middle class that will help reduce inequality — a cause that is particularly close to my heart that I am committed to reducing as much as possible."

To meet this goal, Ghazouani's government has put investment plans in motion that are increasing access to high-quality education, train-

ing, health, drinking water, electricity and other services in a country that is one of the least densely populated worldwide and in which only 56% of its approximately 4.8 million residents live in urban areas. Other priorities include further strengthening social justice and cohesion, the empowerment of women, good governance and human rights.

The government is also implementing a range of programs to make doing business easier. "Development cannot be fully achieved without the strong involvement of the private sector. For the private sector to get involved, it is necessary to create an attractive environment, which requires reforms. We are deploying major reforms in this direction at the moment in order to guarantee investors, whether foreign or national, maximum security and assurance in a win-win spirit," Ghazouani explains. "These include the modernization of our business climate's regulatory framework, as well as a reform of our judicial system. The reforms are accompanied by a modernization of our administration to make it more responsive and rapid."

Within this process, the government has created a Ministry of Digital Transformation and Modernization of Administration that is simplifying administrative and tax procedures; a new investment code; an investment agency to facilitate and accelerate procedures for investors; and a Higher Investment Council that is chaired by Ghazouani, which includes representatives from multinationals currently operating in the country.

As a result of the government's reform package, in particular the progress it has made in protecting workers' rights, this November the Biden administration announced that Mauritanian exports to the US will regain their preferential duty-free benefits through the African Growth and Opportunity Act, which had been suspended in 2019. Ghazouani welcomes this move: "Mauritania is a nation open to trade and willing to trade with all countries, including, naturally, the US. Currently, our trade with the US is not at an optimal level, but I believe the elements are now in place to improve this situation. We maintain close collaboration, economically, politically and strategically, with the US and our objective is to put in place initiatives that promote development and create more opportunities for trade and investment in general."

He regrets that the Sahel country currently has a relatively low profile among the international trade and investment community. "I cannot understand why, in a world as global as ours, Mauritania, with its many opportunities in terms of its underground wealth and other possibilities, remains unknown," says Ghazouani. "The Mauritanian people are welcoming, tolerant and they reject violence and anything that is not marked by fraternity and friendship. Given also our geo-strategic position between the African and the African-Arab worlds, as well as our proximity to Europe and the fact that we are the closest point to the US East Coast in Africa, I see no reason why Mauritania should not become an attractive destination for US investors and tourists."

Strengthening the US-Mauritania economic relationship

An MCC program, inclusion in the AGOA trade scheme and a new one-stop shop for investors will catalyze investments into Mauritania

Mauritania's reputation on the international stage is solidifying, says Minister of Foreign Affairs, Cooperation and Mauritanians Abroad Mohamed Salem Ould Merzoug: "Our president has strong credibility and his leadership has made our country a benchmark for security and stability." As well as securing the country from extremism, the government has addressed wider concerns of investors. "Without security of investments, the trust of the partners we need, particularly private sector ones, would remain fragile. We have made significant structural reforms in the area of justice to ensure legal certainty and predictability, guaranteeing transparency, fairness and sound governance in line with international standards," he explains. "The combination of territorial and investment security qualifies our country as an oasis of peace and security in the region."

Reflecting the rising trust of investors, around \$1 billion flowed into Mauritania during 2021 and 2022. In addition to security, attractions included copious mining and hydrocarbon assets, as well as an advantageous location. "Mauritania opens to the Maghreb region of North Africa, the Mediterranean and sub-Saharan Africa, while its long Atlantic frontage faces Europe and the Americas. It acts as a hub connecting continents and, thanks to this role, we have also built bridges on a cultural, spiritual and civilizational level. We have the ability to communicate with everyone in these worlds," states Merzoug.

The bridges between Mauritania and the US in particular are expanding, he adds: "Our commitments to democracy, rule of law, human rights and innovative social and economic policies have enabled a new dynamic in our relationship." That relationship goes back to 1960, when the US was the first country to recognize Mauritania's independence from France. Since then, they have collaborated on a variety of security and develop-



Aïssata Lam
Director General, Investment Promotion Agency of Mauritania (APIM)

mental issues. In 2022, for instance, the US state provided Mauritania with over \$68 million for education, humanitarian and other development programs. To date, trade and investment partnerships have been more limited. In 2022, the US imported goods worth \$6.1 million from Mauritania, while US investments into the African nation have mainly targeted extractive sectors. The most notable US investor at the moment is Kosmos Energy, which is helping to exploit natural gas reserves. According to Aïssata Lam, director general of the Investment Promotion Agency of Mauritania (APIM), "Kosmos is an excellent ambassador for us as it is very happy with the support it is receiving."

Investment and trade relationships are expected to mushroom soon due to two decisions from the Biden administration. Last December, it announced that, as a result of the government's

reform progress, Mauritania has been selected for a Millennium Challenge Corporation (MCC) threshold program, which will identify and fund the resolution of constraints to economic development. This year, it revealed that the same reforms were sufficient to reinstate duty-free access on goods and services between the two countries under the African Growth and Opportunity Act (AGOA), which will come into effect in January.

"Meeting the MCC's standards is a huge step toward strengthening our economic relationship. We worked with the US Embassy in Mauritania, which gave us amazing support as we had the same objective: making sure we have the right policies and initiatives to channel US investments into the country," Lam enthuses. "We also worked with the embassy for our reintegration into AGOA, another key element that will make US investment in Mauritania easier."

A further crucial factor in simplifying investments is APIM, which was established in 2021 by President Ghazouani. "We have four main objectives. The first is to give Mauritania its rightful place in the international investment scene and to make sure Americans and other foreign investors know and understand the country better. We have worked hard on this, more investors are coming and we are slowly going from being a country that is a mystery, to one where the potential is clear," she says. "Our second goal is to create investment opportunities. We aim to go to investors with not only bankable projects but ones with the right elements to make their investment decision easy. APIM's third goal is to be a one-stop shop that facilitates all administrative processes, while our fourth is to follow up on investments. There are a lot of incentives for investors to come and there are also responsibilities in terms of job creation, the environment and so on."

Additionally, APIM is the bridge between private and public sectors, Lam notes: "We make sure the right reforms are implemented, that investors are heard at the highest level and that projects are implemented. We are a young agency with big ambitions for investment numbers and those numbers need to translate into a positive impact on Mauritanian people."

While emerging natural gas and mineral projects will buttress the country in the short- and medium-term, the government wants to diversify the country's commercial and productive sectors

to strengthen economic resilience. APIM is keen to showcase Mauritania's potential in agriculture, livestock and fisheries, for example. "We have a fish-rich coast, more than 20 million cattle and over 80% of the rural population's livelihoods come from agriculture," she states. "In the past, we have been geared to raw exports in these industries, but now our focus is on local transformation, value and job creation to generate inclusive, sustainable growth. We want to encourage investors to invest responsibly."

Other sectors worth investigating include tourism, declares Lam: "In the next few years, Mauritania will become a destination of choice because we offer everything including the ocean, desert and beautiful countryside, and we are so close to Europe, the Middle East, North Africa and the US. There is plenty of opportunity to de-

AÏSSATA LAM DIRECTOR GENERAL, INVESTMENT PROMOTION AGENCY OF MAURITANIA (APIM)

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velop this sector and I do not think we are exploiting even 1% of its potential today. Renewable energy is another noteworthy sector. Mauritania has the ideal conditions to develop green hydrogen, for instance, and we have signed five memorandums for that sector so far."

The government is currently working to put the right infrastructure and fiscal policies in place to support investors in these sectors, such as improving access to land and energy, building up skills capacities and establishing dedicated special economic zones for productive industries. Overall, Lam stresses, "Mauritania is the land of opportunities and the land of the future. Producing and exporting natural gas is going to be a tool for the country's transformation, but Mauritania's potential goes way beyond gas because of its people and their will, its strategic position and its many natural resources. I'm very hopeful and optimistic for Mauritania."

Unlocking Mauritania's mining potential



SNIM is a major contributor to the Mauritanian economy:



Annual sales:
13.5 million tons
of iron ore (2022)



Turnover:
\$1.26 billion
(2022)



**Contribution
to national GDP:**
9%



Direct jobs:
6,700



**Contribution to the
state budget:**
22%



**Shares in the
country's exports:**
32%

SNIM is also a major player in local development (2022):

\$14.4 m

Investment in social
and community
projects

157

Number of national
supplier companies,
creating more than
3,500 jobs

\$55 m

Amount of local
purchases

As part of the company's strategic plan to increase production and diversify into new minerals, SNIM has just launched, with its own funds, its F'derick project, which will produce **2 million tons** of naturally rich iron ore by the end of 2025. A feasibility study is also currently being carried out to produce 6 million tons of concentrate per year, in the Tizerghaf zone.

Partnership is part of our development model

SNIM is currently engaged in two important partnership projects:

EI AOUJ MINING COMPANY (EMC)

Partnership with Glencore, which will produce 11.3 MT of iron ore concentrates a year.

MAURITANIA SAUDI MINING & STEEL (TEKAMUL)

Partnership with SABIC of Saudi Arabia, which will produce 10 MT of pellets a year



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