

Mauritania

A rich culture developed through Mauritania's long history now sits alongside a modern and exciting vision of the country's future in the global economy

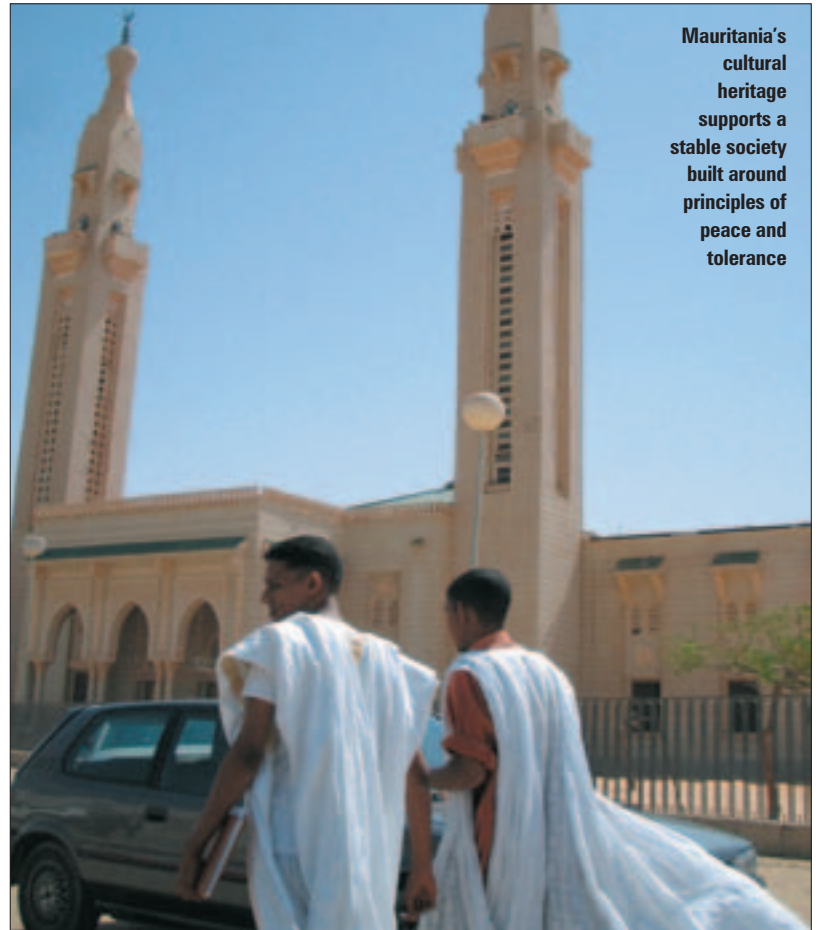
PROUD HISTORY PROVIDES BASIS FOR FUTURE GROWTH

Pace, tolerance and growth. These are the words that define Mauritania's vision, today and in the future; a vision that sees the country sharing its millenary culture and traditions with the rest of the world, and applying its modern outlook and democratic and economic principles to ensure its continued advancement on the global stage.

Mauritania is located in north western Africa and is bordered by the Atlantic Ocean to the west, by Mali to the east, by Senegal to the southwest and by Western Sahara to the north. About the size of both Texas and

California combined, Mauritania's land is largely desert, the result of a process that started around 10,000 years ago. Before that, the country had big lakes and rivers and supported a flourishing culture: the Bafour, a proto-Berber people, who were hunters, pastoralists, and fishermen.

Mauritania's nomadic culture began when the camel was introduced to the Berbers in Morocco around the 3rd century, allowing travelers to cover greater distances in their trade routes. West Africa's first empire, the Empire of Ghana, which had its capital in southwest Mauritania, emerged around the 10th century. At around this time Islam also began spreading throughout the region. The Almoravids, an Islamic group who ruled



Mauritania's cultural heritage supports a stable society built around principles of peace and tolerance

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Winning water over Creating an oasis in Mauritania is in the hands of SNDE, Mauritania's National Water Society. And it's not about putting palms together. SNDE plans to link the Senegal River to Nouakchott, providing both drinking and irrigation water to its people.

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Morocco and Muslim Spain in the 11th and 12th century, were founded among the Muslim Berbers of Mauritania.

Mauritania is known throughout the Arab world for its enormously rich heritage of Arabic manuscripts, many brought by pilgrims returning from Mecca, some recopied by students in the Koran schools that once flourished throughout the country, and others composed by Mauritania's own jurists, poets and historians. In fact, the country is known as the 'land of a million poets'. Its traditions of scholarship during the past three centuries are probably the richest in West Africa.

Mauritania's four historical caravan towns, Chinguetti, Wadan, Walata and Tichitt, are all now UNESCO-designated World Heritage Sites justifiably proud of their libraries, which attract many scholars and tourists. However, the country's scholarly strength has always been at the grassroots level, in the itinerant schools and rural lectures known as mahadhras, organized by charismatic teachers and scholars always on the move. The American teacher Hamza Yusef, who has advised the White House on American Muslim affairs, studied in one. His Zaytuna Institute of Islamic Studies in California is modeled at least partly on his experience in Mauritania.

Mauritania gained independence from France in 1960. With this came the declaration of an Islamic republic, the establishment of a new capital and an industrialization boost. In 1984, Maaouiya Ould Sidi Ahmed Taya came to power in a bloodless coup. A new constitution permitting multiple parties was established in 1992 and Colonel Ould Taya was re-elected, making Mauritania the first member of the Arab League to have elected a head of state by direct universal suffrage. President Taya was re-elected in 1997 and in 2003 when he received 66.7% of the vote. Mauritania is the only country in West Africa ruled by people with a nomadic heritage.

Current government concerns are focused on ensuring continued economic growth, primarily by stimulating the private sector but also by engaging in a true policy of human resources development through education and training as part of the ongoing struggle against poverty. Mauritania has concentrated on building a sound infrastructure, providing its citizens with free healthcare, as well as education through to university level. Achievements to date speak for themselves: schooling rates reached 90% by 2000, and there has been a progressive reduction of 10% in poverty rates over a ten-year period. Prospects to reduce this even further are looking good with the discovery of the country's oil reserves, expected to go into production in 2005. ●

TOP-TEN GLOBAL PERFORMER PROGRESSES RAPIDLY TOWARD ECONOMIC LIBERALIZATION

Mauritania's economic progress is driven in part by its Strategic Framework for the Struggle Against Poverty, which aims to bring poverty rates down to 17% by 2015 with the help of targeted, coherent, and integrated policies. As part of this drive, the economy has been liberalized and incentives put in place to encourage foreign investment. Indeed, the country is classified among the first ten countries in the world recording best progress in terms of economic freedom. Consistent average annual growth of around 5% is expected to shoot up to around 10% for the 2006-2008 period once exploitation of the country's recently-discovered oil reserves commences in 2005.

The state has been redefining its function within the economy, withdrawing from commercial activities and concentrating on its role as regulator and supervisor of the country's social and economic development. Minister of Economic Affairs and Development Sidi Ould Didi, says "The Government's economic policies give the private sector a determining role in the development of the country's productive potential, job creation, integration in the world economy, and the promotion of international exchanges." As part of the government's program to attract foreign trade, it adopted a new investment code in 2002 that guarantees fiscal incentives, tax holidays,

transfer guarantees, and joint venture opportunities, as well treating foreigners and nationals equally. Thanks to this reform, private investment has grown considerably over the past years, particularly foreign direct investment (FDI), which has gone from \$40 million in 2000 to \$214.5 million in 2003.

The Mauritanian government has also simplified its customs procedures. The new investment code exempts foreign investors from all customs duties on equipment and goods imported for export-oriented start-ups and has set up a one-stop shop for administration processes. Judicial reform is also seen as a necessary factor for Mauritania's continued move towards modernity.

Mr. Ould Didi emphasizes that, "Mauritania has significant opportunities for foreign investors, particularly in the fisheries, agriculture, mining, telecommunications, and tourism sectors. The country's advantages over its neighbors include political stability and a strategic geographical location."

Mauritania's main resources and consequently its main exports are primarily minerals and fish products – the country's coastal waters are among the richest fishing areas in the world and it boasts 447 miles of coastline. Mauritania is also in the process of becoming a significant oil producer, with several foreign

oil companies already present and active. Evaluated reserves stand at around 180 million barrels and oil research-related investments are currently estimated at more than \$200 million.

The main constraint that the nation faces is a lack of infrastructures. Development has become a government priority and programs including road networks, airport construction and the revival of national company Air Mauritania are in hand.

Mauritania's urban population grew from 4% in 1962 to 62% in 1997. Infrastructure could not keep up with this pace of urbanization, which led to the development of a semi-urban region where much input is needed. The Mauritanian Agency for the Implementation of Works in the Public Interest for Employment – better known as Amextipe – was established in 1992 by the state in cooperation with the World Bank. Amextipe's task consists in fighting unemployment in urban and semi-urban areas through the activation of small- and medium-sized labor-intensive projects.

Also working to integrate the poorer, usually rural sectors of the population into the active economy is the Agency for Universal Access. This Agency believes that access to the three basic services of water, electricity and telecom acts as a lever to income growth and consequently to more widespread economic development.

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SIDI OULD DIDI
Minister of Economic Affairs and Development

CHANGES IN INVESTMENT LEVELS IN SELECTED AFRICAN COUNTRIES

Countries	1986-1990		1991-1995		1996-2000		2001		2002	
	\$ per 1000 \$ of GDP	\$ millions	\$ per 1000 \$ of GDP	\$ millions	\$ per 1000 \$ of GDP	\$ millions	\$ per 1000 \$ of GDP	\$ millions	\$ per 1000 \$ of GDP	\$ millions
	Annual Average		Annual Average		Annual Average		Annual Average		Annual Average	
Algeria	0.2	14.8	0.5	22.0	8.1	395.2	21.9	1196.0	19.7	1065.0
Morocco	4.1	95.3	14.6	423.0	21.5	745.2	82.1	2808.0	11.5	428.0
Tunisia	8.9	90.0	29.6	454.2	25.0	491.9	24.3	486.4	38.6	821.3
Benin	15.2	25.1	25.2	44.3	18.5	41.5	18.4	43.8	15.3	41.0
Burkina Faso	1.3	2.9	3.6	7.0	6.4	15.1	3.5	8.8	2.9	8.2
Ivory Coast	5.6	55.4	13.4	129.6	33.1	356.7	4.1	43.8	19.0	222.7
Guinea	5.6	13.4	4.0	12.4	7.5	26.4	0.5	1.6	9.6	30.0
Mali	0.2	1.0	10.8	24.8	23.1	58.2	43.3	122.4	33.1	102.2
Mauritania	3.9	3.7	6.8	7.0	9.5	9.2	93.0	92.2	118.0	117.6
Niger	7.1	16.2	6.7	15.4	6.5	12.5	11.7	22.8	3.6	7.9
Senegal	2.5	14.1	14.1	5.7	23.1	20.0	90.7	6.9	31.9	93.3
Totals										
Africa	6.9	2845.3	9.7	4490.3	16.7	9100.9	34.3	18866.9	19.9	11103.3
North Africa	7.5	1282.6	9.4	1663.1	11.9	2732.8	22.0	5473.7	15.3	3546.2

Source: Central Bank of Mauritania

Ministry of Economic Affairs and Development Promoting a strong and shared growth pulled by the private sector



The Ministry of Economic Affairs and Development conceives, co-ordinates and ensures the follow-up of the implementation of the Government's economic and social policy. Moreover, it is in charge of the promotion of private investment and coordination of the economic cooperation policy with development partners and financial backers.

In a country of legendary hospitality with significant economic opportunities, the Code of Investments guarantees freedom of establishment and investment, free transfer in

convertible currencies of the income of capital and the wages of foreign employees in convertible currencies, as well as equity between Mauritanian and foreign organizations.

This Code of Investments establishes a franchise regime where export orientated activities are eligible. The companies admitted to this regime are exempted of certain obligations and taxes on finished products, means of production and imported inputs; and they are free to hire expatriate personnel with no need for prior authorization or work permits.

Look no further:

Ministry of Economic Affairs and Development

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Investing in the human capital of tomorrow through better education, training and skills development is a critical economic policy

Continued from page 2

The commitment of various government, non-government, national and international forces to help Mauritania develop its true potential as fully as possible provides the basis for the country's future. Mr. Ould Didi explains, "Our aim is the creation of a modern and democratic society ruled by justice and equality; a society open to the world and enjoying peace, stability and sustainable development."

Foreign investment has shot up with new investment code

Agriculture is Mauritania's third-highest employer and contributes between 20% and 35% to the country's GDP. The sector has been liberalized in order to improve production levels, as there is much yet to be exploited. For instance, of a potential 250,000 hectares suitable for irrigated farming, only 40,000 hectares are ready for cultivation. The country's advantages include the presence of qualified manpower and the proximity of the large European markets only five hours flight away.

"When we think of Mauritania we form an image of a desert country and forget that in spite of an unevenly distributed rainfall, there are many areas that receive considerable quantities of rain, not to mention the river Senegal," says Ahmedou Ould Ahmedou, the Minister of Rural Development and the Environment. In fact, several kinds of agriculture are practicable in Mauritania because of the varied nature of the land.

Modernization is key to the ongoing development of the sector, always within a framework of sustainability. "Environmental protection

constitutes an important mission of our department," states Mr. Ould Ahmedou. The state limits its functions to providing infrastructures, promoting research and training, and supervising agricultural services, while investment partnerships are encouraged in the development of the farming sector as a whole.

"I think that in years to come agriculture will be the key sector of Mauritania's economic development because of the infrastructures that will be in place and of the new class of dynamic actors associated to experienced partners," says Mr. Ould Ahmedou. On the other hand, the forthcoming exploitation of oil and gas will also contribute to making agriculture a more profitable venture by reducing production costs.

The Ministry of National Education is promoting development from a slightly different angle. Several government campaigns have helped to raise education levels and reduce illiteracy, as well as placing particular importance on the integration of women in the education system.

The ten-year National Program for the Development of the Educational Sector (PNDSE) is in its first phase, and is already showing promising signs in terms of school infrastructures, decentralization of the sector, human resources, training, and the creation of parent-teacher associations. The program has received

financial assistance from various international funding organizations including the World Bank, the Islamic Bank and the African Development Bank. Also, individual nations have backed up the country's activities. Minister of Education Moustapha Ould Abdallah says, "The U.S. has been very supportive regarding our plans of action in the education sector." These include the 'Globe' secondary schools program for e-learning, the provision of data processing equipment and training programs, and the construction of several classrooms around the country. The U.S. Embassy is installing a website for the Ministry of Education to facilitate the learning of English at various levels, something which the Mauritanian government is eager to promote.

The wide-ranging incentives towards providing better education, training and skills for Mauritians focus on the needs of young people, who constitute approximately 70% of the population. The Ministry of Culture, Youth and Sports was created in 2003 to bring together these areas, and it is embarking on a three-pronged project to provide national strategy outlines for all three sectors.

Minister Mohamed Abdellani Ould Babana says, "These sectors are closely bound, because the culture of a nation translates its identity, its personality, its memory, while youth and sports represent its energy and its future." ●

KEY ECONOMIC STATISTICS

- **GDP:** \$5.195 billion (2003 est.)
- **GDP, REAL GROWTH RATE:** 4.5% (2003 est.)
- **GDP, PER CAPITA:** \$1,800 (2003 est.)
- **GDP, COMPOSITION BY SECTOR:**
Agriculture 25%, industry 29%, services 46% (2001 est.)
- **LABOR FORCE:** 786,000 (2001)
- **LABOR FORCE BY OCCUPATION:**
Agriculture 50%, industry 10%, services 40% (2001 est.)

U.S. RELATIONS STRENGTHEN IN RECENT YEARS AS TRADE LEVELS GROW

Since Mauritania gained its independence in 1960, the nature of the country's relationship with the U.S. has varied, but from the late-90s onwards the Mauritanian government's commitment to economic, social, and political progress has helped to establish solid and mutually-appreciative ties between the two nations.

Mauritania has pledged to implement rigorous reforms that provide for economic growth and poverty reduction. This has qualified the country for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. In December 2001, Mauritania received strong support from donor and lending countries at a triennial Consultative Group review; July 2002 saw the U.S. forgive all of Mauritania's official bilateral debt to the U.S. Government following the recommendation of the Paris Club creditor countries.

Since 1981, the U.S. has provided about \$130 million in economic and food assistance. While such aid is necessary, Mauritania also aims to increase its trade levels. The country has preferential treatment in EU markets thanks to the Cotonou Agreement, while privileged access to the U.S. market is provided under the African Growth and Opportunity Act (AGOA). Indeed, exports to the U.S. tripled between 2001 and 2003 under this program, and by August this year had amounted to \$6.8 million.

With access to the sea, only five hours away from Europe and eight hours away from New York, Mauritania is strategically located for trade. Several market segments offer good prospects for U.S. businesses: mining equipment, fishing vessels, foodstuffs (especially wheat), telecommunications, and agricultural and irrigation equipment. Due to funds earmarked for development, projects for U.S. construction companies are available, notably those relating to drinking-water supply, irrigation engineering, road construction and repair, and electricity production. Development funds are also available for U.S. consulting and communications firms, and furnishers of health and educational equipment and supplies.

"We would be happy to reinforce and develop the U.S. relationships of technical assistance in all fields," says Sidi Ould Didi, the Minister of Economic Affairs and Development. ●

LIBERALIZATION OPENS NEW AND EXCITING AVENUES TO EXPORT TRADE

International trade is an essential tool in achieving poverty reduction and improving standards of living. Mauritania has been reforming and liberalizing its trade regime over the past years to eliminate barriers and enhance export competitiveness. This has entailed the revision of many trade-related laws and regulations in order to bring them into line with multilateral rules. Mauritania does not impose any bans or quantitative restrictions on exports and does not require export licenses. Customs procedures have been simplified and the majority of customs duties rationalized, while most non-tariff measures have been abolished.

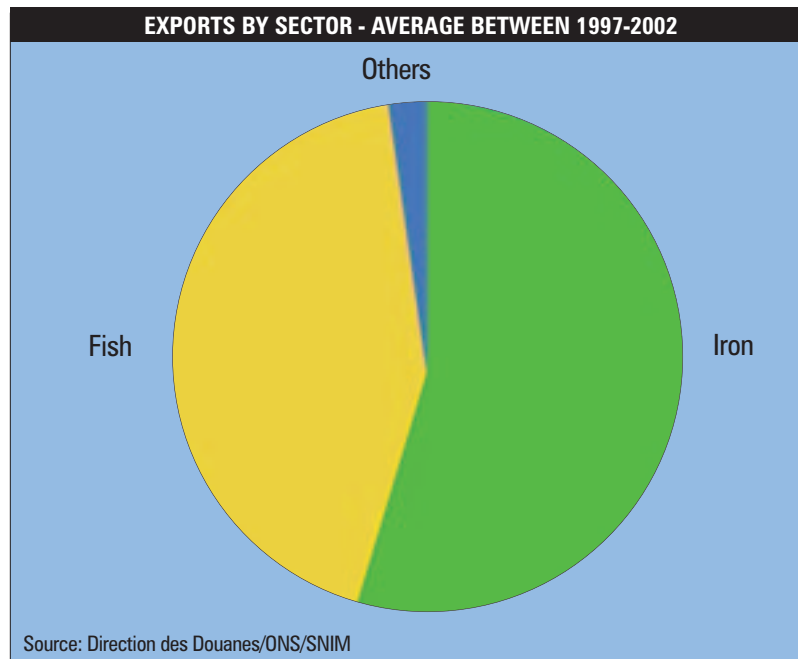
The key obstacles to the development of Mauritania's trade include supply-side constraints, limitations in port and road infrastructure, and the lack of human and institutional resources. In order to tackle these constraints, a coherent program of integrated technical assistance is needed. Mauritania is one of the first three pilot countries chosen for the implementation of the WTO's Integrated Framework for Trade-Related Technical Assistance to least developed countries (LDCs).

The government is also engaged in several projects, including an action plan for establishing a center of commercial information and support to the Directorate for the Promotion of External Trade; a study on standardization and quality control; the continuation of an exchange policy that can support the country's external economic competitiveness; and the creation of sector-based policies with the ultimate aim of diversifying exports, which are currently highly concentrated.

Mauritania's main exports are mineral ores and fishery products, but liberalization and privatization in other sectors are leading to the opening of new export avenues.



The revision of trade laws and simplification of customs procedures facilitates growth



On a private investment mission

The Mauritanian government has been pursuing a series of economic recovery policies and reforms since the mid-80s aimed primarily at disengaging the state from the active commercial sector. Initially, this was done through the privatization or liquidation of non-strategic public companies and the suppression of monopolies. As of 1999, the state began privatizing certain companies of strategic interest from sectors such as telecommunications, air transport, and energy.


The state aims to limit itself to regulatory and supervisory roles and is engaged in improving its overall efficiency in these areas. Overall, the private sector has been granted a leading role in the development of the country's productive potential. Measures to improve the business environment and stimulate private investment include reorganization of the judicial sector; the creation of a labor code; sector-based studies to improve productivity; the restructuring of the Ministry of Commerce; and the simplification of the tax system.

The Mauritanian Chamber of Commerce, Industry and Agriculture (CCIAM) has a strategic role to play in the strengthening of the private sector. Its main objectives are to promote dialogue between the state and its private partners; to provide services and advice to the public authorities; to pro-

mote investment by means of new credits; and to facilitate contact and exchanges with companies and investors from interested countries.

"The role of the private sector is to complement the regulatory work undertaken by the state by managing the competitive commercial sectors and developing initiatives," says Mohamedou Ould Mohamed Mahmoud, the CCIAM's President. He notes that the private sector's contribution to GDP is growing steadily, particularly in industries which have been completely privatized such as fisheries, agriculture and construction.

The Chamber is particularly concentrating on promoting partnerships that bring technological know-how and equipment transfer through the creation of joint-ventures. At the same time, it is establishing a set of initiatives to encourage investment by foreign companies, organizing trade missions to the country and its commercial partners, and promoting Mauritanian products through the creation of websites, commercial offices, trade fairs, and conventions. "I would like to say to American investors that Mauritania is a country on the rise," says Mr. Mahmoud.



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BAMIS is the fastest growing bank in Mauritania. Thanks to top-notch technology and well-trained human resources, BAMIS experienced a 10 percent increase in profits last year and is ready for further expansion and international collaboration.

Ample room for progressive banking ventures

In the years following independence, Mauritania's banking sector went through an initial stage during which it withdrew from the West African Monetary Union and the African Financial Community, establishing its own national currency, the ouguiya, in 1973. By the mid-1980s the monetary and banking structure consisted of the Central Bank of Mauritania (BCM) and six commercial banks.

The fishing crisis ended this relatively stable period: inexperience in the relatively new fishing industry encouraged local fishermen to take large credits to purchase old vessels that eventually sank, causing them major losses and even bankruptcy. The banks were unable to recover these credits. The restructuring of the banking sector became inevitable

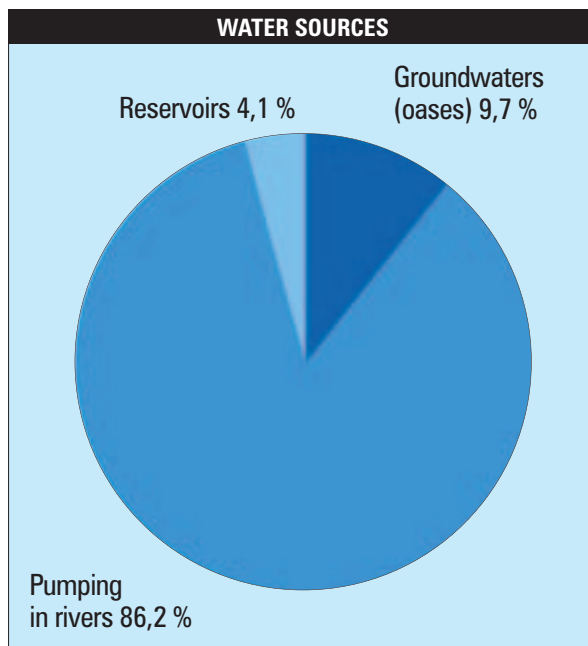
BORN TO BE MODERN

Born of a partnership between Saudi investors and Mauritanian businessmen, the Islamic Mauritanian Al Wava Bank (BAMIS) was created in 1987. A series of reorganizations and changes of ownership ended in 2000, by which time the Bank's current financial structure was fully established.

BAMIS has played an important role in the development of the Mauritanian economy thanks to its collaboration with companies representing vital sectors such as construction, infrastructure, public works, transport, and fisheries – in fact, approximately 30% of fishing export activities now go through BAMIS. The Bank has also played a leading role in supporting the crucial small and medium-sized enterprise sector.

Through its successful collaborations and understanding of customer requirements, the Bank has also been able to develop. "Our asset is to have perceived the need for the use of new technologies and the possibilities they offer," says Mohamed Ould Taya, the Bank's Executive Director.

Another attribute that BAMIS can boast of is its young, qualified and hard-working staff, committed to modern ideas and determined to make the Bank continually progress. Indeed,



the Bank's slogan is 'Modernity: more than a need, a requirement'.

Regional expansion is one of the projects that the Bank envisages for the short-term future. "We plan to open a BAMIS representation in all regional capitals between now and 2005," says Mr. Taya.

While he believes there is room for a foreign direct investor on the country's money market, Mr. Taya feels that Mauritania's banking sector would benefit from a greater

concentration of actors in the field. He emphasizes the Bank's strong commitment to maintaining and improving collaborations with foreign groups and banks, and sees the opening-up of the Mauritanian economy as offering a bright future for a progressive, forward-thinking bank such as BAMIS.



MOHAMED OULD TAYA
Executive Director of BAMIS



and a series of mergers and privatizations took place. Banks that had made heavy losses during the crisis moved away from financing traditional sectors and so other entities emerged to fill the gap.

Mauritania's financial system has now been liberalized and completely privatized. The government's role is limited to control and regulation performed by imposing annual audits on all banks and by providing indirect management over monetary liquidity. As a result, banking practices have improved and sound investments are being made.

In 1996 the government liberalized the foreign exchange system, making the currency freely convertible inside Mauritanian territories and allowing commercial banks and foreign exchange offices to sell and buy foreign currency. In 2000, the BCM meshed banks and foreign exchange bureaus into one expanded exchange market and created a daily fixed exchange rate.

During 2003, the monetary authorities implemented decisions aimed at maintaining the stability of the cost of banking loans to the private sector; modernizing payment systems; improving the operation of the widened exchange market; and developing the network of regional bank

representation to allow the population greater access to banking services. Currently more than 60% of cash in Mauritania is still not placed in banks, and with almost 1 million people living in Nouakchott, all banks together handle a mere 50,000 accounts.

There is still plenty of room for growth in the banking sector as Mauritania currently has only seven commercial banks, three credit agencies, and four insurance companies. Although the insurance sector has expanded in recent years, there is room for competition and product diversification.

Fresh approaches to water keep flowing

In a territory covering more than a million square miles, most of it covered by shifting sand dunes, the supply of clean drinking water is a matter of vital importance. As a priority in the country's national strategy for fighting poverty, the Mauritanian government has established a national water policy that aims to optimise the research into and exploitation of all available water resources and to create modern and efficient distribution networks in order to ensure that the entire population has access to fresh water.

One of the first steps in water reform was taken when state company SONELEC was dismantled and water and electricity sectors were separated. For the water sector, various institutions were created to fulfil different roles: the Water and Sanitation Board (DHA) centers on legislation, regulation, and planning; the National Center for Water Resources observes, evaluates, and manages the water resources across the country; and the National Agency for Fresh Water

Outward looking, forward thinking and technologically astute, BAMIS are set to build on the banking success they have already created

Optimizing use of all available water resources is a key requirement in the raising of the entire populations' living standards

and Sanitation (ANEPA) and the National Water Company (SNDE) distribute water to rural and urban areas respectively.

Apart from the town of Rosso, which is supplied by the river Senegal, all Mauritania's major urban centers rely on groundwater. Nouakchott, with more than 800,000 inhabitants, is supplied by groundwater from Idini 37 miles away, which currently provides 1,765,800 cubic feet a day.

The problem is that as the city continues to grow, people living on the periphery are left with no access. Samba Thiam, Managing Director of SNDE, says, "We are currently engaged in an extension program that will increase production to 2,118,960 cubic feet before the end of the year."

However, Idini's wells run the risk of drying out, and other means of supplying Nouakchott are being investigated. Aftout Essaheli, a project looking to source some of the capital's water supply from the river Senegal, is very close to President Taya's heart. Currently funded by assistance from the Arab Fund and the African Development Bank to the tune of \$250 million, it is looking at using some of the water that is lost to the sea for various economic activities.



SAMBA THIAM
Managing Director
of SNDE

"We already know that this will develop major agricultural and market gardening possibilities along the Nouakchott-Rosso axis," says Mr.

Thiam. In addition, a national study on groundwater levels and the impact expected from their continued exploitation is under way. "Mauritania's future relies on a thorough knowledge of all groundwater sources across the country," he states.

Mauritania has benefited from financial assistance provided by several other international funding organisations, including the World Bank, which is financing the renovation of Nouakchott's distribution and sanitation system. "Such assistance helps us build modern infrastructures and extend or renew our networks," says Minister of Water and Energy Sidi Mohamed Ould Taleb Amar whose role is to arbitrate the increasing demands for water

from a growing and spreading population.

A central plan for the restructuring of the water and sanitation networks is maintaining the state's policymaking and supervisory role and bringing the private sector into operational activities. "We need the contribution of friendly countries, especially American investors," says Mr. Ould Taleb Amar. The restructuring and privatization process aims to provide 75% to

80% of the population with water and electricity by 2015.

Most of Mauritania's electricity comes from thermal sources, but renewable energy sources have high potential, and the government is also looking into the promotion of such methods. Solar energy, for example, is being used more and more in rural areas at water-pumping stations. The Manantali dam, a joint project with Senegal and Mali, also provides much

of the country's power. "Nouakchott receives more than half its current electricity needs from the Manantali hydroelectric power plant," says Mr. Ould Taleb Amar. SOMELEC, the electricity company created when the sectors were divided, is due for privatization once the government has assessed the best options. Other reforms are specifically geared at instigating more private sector involvement in all aspects of the industry. ●

REALIZING THE PATHS ON AIR, LAND, AND SEA

The Mauritanian AIRPORTS AUTHORITY (SAM) is a private entity in charge of managing, modernizing and developing airport infrastructure. The company manages eight regional airports in addition to those in Nouadhibou.

ASECNA is a multinational public establishment responsible for the management of Mauritania's air space.



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ASECNA
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NOUAKCHOTT PORT AUTHORITY (PANPA) runs the Nouakchott Port, also known as Port de l'Amitié. The country's principal port, it has a tonnage capacity of around 1.5 million tons and is currently being extended and modernized.

NOUAKCHOTT PORT AUTHORITY (PANPA), BP 5103, NOUAKCHOTT, MAURITANIA, TEL: (222) 25 1453/1794/1676, FAX: (222) 25 1794



THE NATIONAL LABORATORY FOR PUBLIC WORKS (LNTP) undertakes geo-technical studies for road construction as well as the maintenance of all the country's bridges, ports, and airports.

SOCOGIM has been coordinating and building public housing since 1974. It has recently begun moving into other areas such as supermarkets.

THE NATIONAL ROAD MAINTENANCE AUTHORITY (ENER) is a state-owned enterprise that opens the way to foreign partners and is accountable for the maintenance of the country's road infrastructure.

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POWERING FUTURE PROVISION



Adapting quickly to a liberalized economic environment, SOMELEC aims to meet increasing consumer demand while improving standards

In line with Mauritania's move towards economic liberalization, electricity sector reform is being centered on a redefinition of sector policy and a review of the regulatory laws. The strategy is three-pronged: the state will focus on policy making, investment programming and supervisory functions; it will establish a regulation authority to provide the framework for operational activities; and it will transfer the control of these activities to the private sector, giving private enterprise a leading role in the industry.

The Mauritanian Electricity Company (SOMELEC) was created in 2000 when water and electricity sector activities were separated for better management. Although the company itself has not been around for long, Mauritania's experience in the sector goes back a long way and stands the company in good stead. "SOMELEC today has an annual turnover of around eight billion ouguiya and employs a workforce of around 1,000," says Mohamed Ali Ould Sidi Mohamed, the company's Managing Director. The firm manages a network consisting of individual production units supplying around 40 towns and areas throughout the country. "The energy we produce in our units supplies 68% of the nation's electricity needs," he says.

SOMELEC is aware of the need to adapt to a liberalized economic environment. "We must adjust our tariffs, improve production management and billing services, and increase recovery rates. We must therefore also lower our

production costs to maintain our financial viability," says Mr. Ould Sidi Mohamed. A program of house-to-house visits by meter-reading agents will help to reduce fraudulent access to the grid, one of the problems the company faces, while at the same time providing the firm with a more accurate picture of what clients need, allowing them to anticipate demand. Within the context of the country's committed campaign to reduce poverty, one of SOMELEC's goals is to increase the distribution rate for electricity, making this basic service available to all sectors of the population by means of preferential tariffs for certain groups.

The Mauritanian government completed all the regulatory law preparatory work and the bidding procedures to privatize SOMELEC during



**MOHAMED ALI
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Managing Director
of SOMELEC

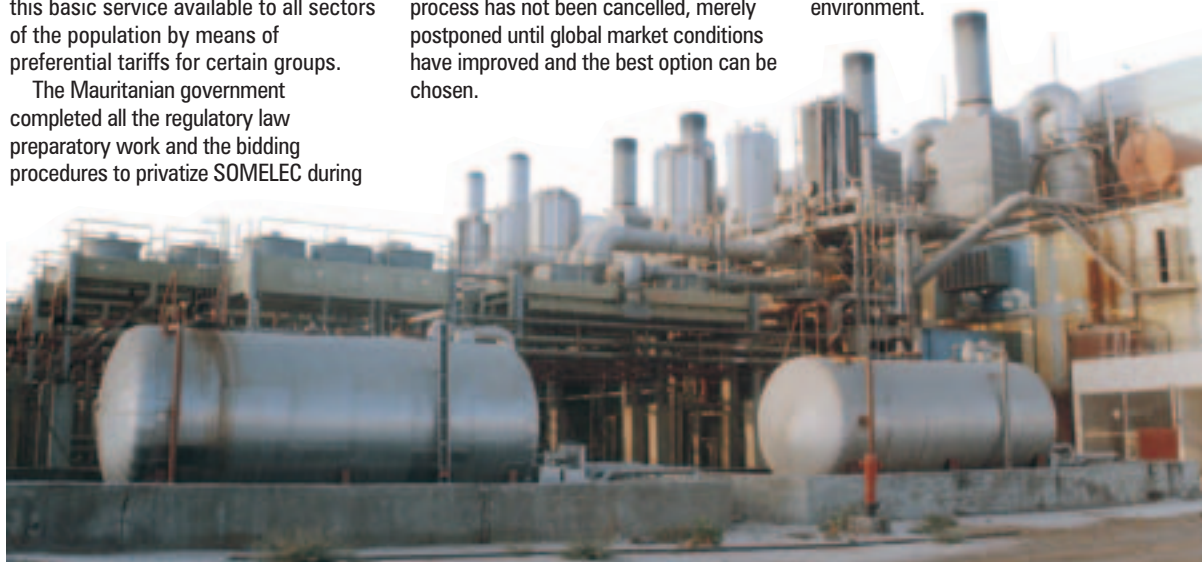
2002, but the sale was not completed for reasons beyond the government's control. Four of the five multinational companies who had qualified to bid on the firm during 2001 had withdrawn by spring 2002. This was nothing to do with either Mauritania or SOMELEC itself, but was linked to a generally unfavorable international energy market – the collapse of energy giant Enron in the U.S. at the end of 2001 caused severe

disruptions in the financial status of many of the leading multinational electricity companies. However, the privatization process has not been cancelled, merely postponed until global market conditions have improved and the best option can be chosen.

"The company's need for investment and funding are enormous because it must respond to the increasing demand for electricity while improving quality of service standards," says Mr. Ould Sidi Mohamed. The state has decided to open SOMELEC's capital to private partners in order to bring in technological know-how and fresh investment. The country's growing energy needs are becoming harder and harder to predict. "All our projections are rapidly overtaken because of the constant creation of new development projects that do not figure in our original plans," says the Managing Director.

The new electricity code aims to increase significantly the distribution rate in towns with existing networks by improving security conditions and setting prices compatible with household purchasing power. It also plans to bring electricity to urban and rural areas as yet unconnected to the system. Echoing these aims, SOMELEC's specific objectives for the five-year period from 2003 to 2008 are to extend electricity supply networks to many new regions, whether urban, semi-urban or rural, and to increase the potency of various production units including those at Nouakchott and Atar.

The time is ripe for foreign investors to step in. "Mauritania is experiencing a major economic boom, which local enterprise cannot take advantage of because of a lack of financial resources," says Mr. Ould Sidi Mohamed. The potential for exploitation of the electricity sector and the various opportunities are not to be missed, particularly when coupled with the country's growing market, large human resources base, and genuinely investment-friendly economic environment.



Laying the road to success through infrastructural improvement

"The transport sector is one of the main vectors of growth," says Bâ Bocar Soulé, the Minister of Transport and Infrastructure. For a country as vast and as sparsely populated as Mauritania, the state of the transport infrastructure is something that must constantly be controlled and developed in order to keep up with demographic and economic changes.

The Mauritanian government has therefore adopted a National Transport Plan to optimize sector management and maintenance on the three key areas of road, sea and air transport. During the plan's initial phase of investments running between 1998 and 2002, more than 310 miles of roads were built or repaired and four airport platforms were upgraded. The current phase, which runs between 2003 and 2007, aims to complete more than 620 miles of additional roads, to develop six international airports and to extend the dock facilities at the Autonomous Port of Nouakchott, known as the Port of Friendship (PANPA). "The objective of this plan is to gradually endow the country with essential infrastructures and an indispensable system of management and maintenance, in addition to attracting private capital," says Mr. Bâ.



BÂ BOCAR SOULÉ
Minister of
Transport and
Infrastructure



BA ABDOULAYE MAMADOU
Managing Director
of ENER

Mauritania's transport is primarily road-based – road use accounts for 90% of traffic of people, goods and fuel. Consequently, several road projects of national and regional importance are underway. The Nouakchott – Nouadhibou road will help improve connections between sub-Saharan Africa and the North; the Aïoun El Atrouss – Nioro of Sahel road will establish connections to neighbouring Mali; and the Rosso – Boghé route will encourage the development of agricultural potential alongside the River Senegal.

Helping to keep Mauritania roadworthy is the National Road Maintenance Company (ENER), whose main task is keeping the country's 1,365 miles of asphalted roads clear of the shifting sand dunes. "We remove more than 53 million cubic feet of sand each year," says Ba Abdoulaye Mamadou, the company's Managing Director. American expertise

is sought in asphalt-treatment techniques and the use of sand-clearance equipment.

The National Laboratory of Public Works (LNTP) performs quality controls in the actu-

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Ministry of Transport is responsible for ensuring the infrastructure is in place to facilitate Mauritania's development

marine environment

richness

resources

Nourishing sea respect

Mauritania's bountiful marine environment boasts some of the richest fishing resources in the world. The fisheries sector has nourished the Mauritanian economy on the basis of protection of fish stocks, respect for the environment and technological diversification. Through an optimal management of the maritime industry, the Ministry of Fisheries is casting its net to promote both the local fishing industry and the interests of international fleets in the area, making the sea a firm ally of the country's development.

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The National Transport Plan is endowing Mauritania with an impressive road infrastructure

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al construction and sourcing of materials. As well as encouraging the use of local materials such as stone for the creation of infrastructures, the LNTP is using modern technologies in the development of an electronic database that will allow better knowledge of national resources and their



KEBIR OULD SELLAMY
ASECNA's
Representative in
Mauritania



MOUSTAPHA OULD ABDALLAH
Minister of
Education (former
General Director of
PANPA)

people's growing purchasing power require ever more supplies, translating into an increase in sea transport," says Moustapha Ould Abdallah, who was General Director of the Port before recently becoming Minister of Education.

Ongoing improvements include the introduction of a beaconing system that now

allows both daytime and night-time traffic, and the building of a fourth dock. There are also plans to renovate the old port and to extend the navigability of the River Senegal. Mr. Abdallah points out that effective security measures and a workforce with no history of industrial action are good incentives for potential private partners.

Air transport is also receiving government attention. Currently the network consists of six international airports and various secondary fields, which the State plans to improve. Here the focus is not just on trade but on a newly-emerging economic sector. "The upgrade of the inland airports will contribute to tourism development," says Mr. Bâ. The Managing Director of the Mauritanian Airports Company (SAM), Nana Ould Abderrahmane, agrees. SAM has been engaged in airport renovation and extension works since air transport was restructured in 1994, with the aim of making Mauritania more accessible and developing tourism activities. In this it is helped by the Agency for Safety in Aerial Navigation in Africa (ASECNA), of which Mauritania is a founding member, and which is engaged in making the airports capable of meeting the needs and requirements of national and international air traffic.

The Mauritanian Construction and Real Estate Management Company (SOCOGIM) is chiefly concerned with preparing land for construction, developing real estate, and creating low-income housing. "Although the state holds 98% of SOCOGIM's capital, there is a growing political will to liberalize real-estate development," says Khatar Ould Cheikh Ahmed, the company's Managing Director. SOCOGIM is looking to the private sector for the transfer of know-how and for capital investment.

"Our country is committed to the mastery of science and technology," says Mr. Bâ. His message to investors? "Welcome to Mauritania".

Getting ready to reap the rewards from oil

An increase in oil prospecting and research in Mauritania has borne fruit: in 2001, reserves estimated at 142 million barrels were discovered off the south coast. Work is under way to exploit these fields, which are expected to go into production in 2005. Other sites have been found containing oil and gas, and given that any person or entity, whether national or foreign, can undertake oil operations – from research to exploitation, transport, storage and sales – the sector has the potential to become very rewarding for its investors.

"Becoming an oil-producing country will raise Mauritania higher on the global stage, and will create additional business opportunities and new relations," says Mohamed Ould Teloumitt, Managing Director of SMP-Atlas. "We should be developing relationships with partners and countries who have previous experience in this sector, in order to benefit from their know-how," he adds.

SMP-Atlas is one of the five major operators in the petrochemicals sector, the others being Star Oil, NAFTEC-Mauritanie, Total Mauritanie and Oryx. SMP-Atlas is the biggest distributor of oil products for the fishing industry, but is being required by the government to invest 10% of its annual turnover in the distribution network. The company aims to add another 20 service stations to its existing 30 by the end of this year. Because it is relatively new in the industry,

SMP-Atlas is keen to take on foreign partners who can bring technology and capital and so help the firm make long-term investments. "Every company in the sector should have a foreign partner before the country starts producing oil," says Mr. Ould Teloumitt.

The Mauritanian market represents 444,000 tonnes a year – at present, the country imports 100% of its liquid or gaseous petrochemicals. Supply is secured through an invitation to tender after which an international provider is given exclusive access to the market for a two-year period. "Our price policy is linked to international market variations, which allows us to avoid certain pitfalls and ensure the financial balance of the activity for the benefit of both providers and consumers," says Minister of Water and Energy Sidi Mohamed Ould Taleb Amar.

NAFTEC is the country's second-largest distributor of oil products, with a 21% share of the market. Under mixed ownership – 51% belongs to the Algerian state, 34% to the Mauritanian and the rest is privately-owned – the company runs 104 service stations and 46 distribution points in Nouakchott.

"NAFTEC has put in place an investment program for the 2004-2008 period, which aims, among other things, to concentrate on the distribution network; improve sales and marketing techniques; develop human resources through training and evaluation programs; and improve customer relations," says Abderrahmane Ben Atsman, the company's Managing Director.

Protecting the environment is very important to the President of Mauritania, and is being encouraged by the promotion of calor gas as an alternative to wood and charcoal



SIDI MOHAMED OULD TALEB AMAR
Minister of Water
and Energy



MOHAMED OULD TELOUMITT
Managing Director
of SMP-Atlas



One of the two depots in Nouakchott, the Ministry of Water and Energy's new fuel depot has a capacity of 6,000 cubic meters and 15,000 DWT



As an essential building block in the Mauritanian economy, the Ministry of Fisheries and the Maritime Economy is actively seeking to encourage sustainability in the fishing sector

for domestic use. Total Mauritania, as well as owning 63 service stations across the country, accounts for 15% of the market share of bottled gas, but the main operator in this area is Somagaz. Helped by government subsidies, Somagaz sells calor-gas at below cost price and makes no profit. Now that the oil sector has been liberalized two more companies are expected to start trading soon, and Somagaz will have to face competition. This is more a cause of relief than a factor of concern according to Managing Director Mohamed Ould Bouceif, as Somagaz will be able to improve production and develop as a commercial company with the added advantage of existing customer loyalty. Financial backing is being sought. "We have a promising market, an established experience, a politically and economically stable environment, credibility and all the things that are required by an investor," says Mr. Ould Bouceif.

Deep investment in sea stocks

Mauritania's fishing waters constitute a 200-mile Exclusive Economic Zone (EEZ), long regarded as among the richest in the world. Inevitably, fishing is one of the main pillars of the country's economy, generating 50% of exports, 29% of budget revenues, and contributing around 12% to GDP. "The importance of fishing for the Mauritanian economy is considerable and is growing every year," says Bâ Mamadou dit M'baré, the Minister of Fisheries and Maritime Economy.

The 1998 to 2001 strategy for the development of this sector led to action plans on conservatory measures and adjustment plans for fishing; the reinforcement of mar-

itime surveillance and control; improvement of institutional, legislative, tax, and financial frameworks; actions on labor; improvement of the valuing and marketing system; and the development of small-scale fishing.

It is the latter which is of most importance to the government, given its evident advantages. On the investment level, small-scale fishing requires smaller outlays, more compatible with the self-financing capacities of the eventual users and the banking system. On the social level, it provides more jobs than industrial fishing, and to a broader range of people, including those with little or no schooling. Finally, it is the least destructive sub-sector for marine eco-systems and the least harmful to the environment, a subject given its due importance by the government. "These resources must be safeguarded for us and for future generations," says Dr Bâ.

In November 2002, the government initiated a Plan of Installation and Development of Small-scale and Coastal Fishing (PADPAC). Over the past few years, the sector has seen tremendous expansion, with exponential growth in the number of vessels and the appearance of new processing outlets on land. Transport infrastructure projects are intrinsically linked to the fishing industry; the Nouakchott – Nouadhibou road, for instance, will facilitate access to the coast.

The Establishment of the Rest Bay Port (EPBR) was created in 1996 to manage the installations of the small-scale fishery port

in Nouadhibou, which is the country's economic capital. EPBR helps in the national struggle against poverty by creating a favorable environment for the development of small companies and private initiatives, focusing particularly on the more than 30,000 people who can find in the port a market for their work. As well as offering sanitary storage of products and safe harbor for small boats, the port collects statistical data relating to the industry.

The Autonomous Port of Nouadhibou (PAN) is also primarily a fishing port. With 700m of docks, five ice factories, and cold-storage capacity of 30,000 tonnes, the PAN

handles more than 500,000 tonnes of fish products a year and is geared towards the large-scale side of the industry. Rehabilitation of the port is on the cards with an 82 foot extension project.

The National Federation of Fishing (FNP) aims to defend and represent the economic, industrial, social, and commercial interests of its members, who are most of the Mauritanian companies in the sector. As well as encouraging competition in all maritime activities and participating in training and the promotion of small-scale, inshore, and industrial fishing, the FNP realizes sector-based studies to encourage the development of projects in Mauritania's interest. In particular, they are looking to develop the value-added aspects of the industry such as processing and packaging. Marketing of products aimed at foreign buy-

ers is done by the SMCP, which exports around 40,000 tonnes of fish products every year to Asia and Europe.

Research activities, however, fall mainly to the Mauritanian Institute for Oceanographic and Fisheries Research (IMROP). Among its objectives are the preservation of the resource, a better integration of the fishery sector in the Mauritanian economy, and the conservation of the maritime environment. Every five years, IMROP brings together 80 specialists from around the world to study their findings.

"For years to come, the expansion of fishing in Mauritania will be made in qualitative terms because fish stocks are at the limit of fishing possibilities," says IMROP's Director, Mohamed M'Bareck Ould Souelim. This offers excellent opportunities for U.S. exporters of fishing, processing and packaging equipment and technologies. Mauritania could also be a good source for American fish importers, particularly of shrimp and lobster. The government supports improved management of the country's fish resources, and strongly encourages foreign as well as local investment in this important sector. "We would like to see American promoters coming here as investors in capital and technology," says Dr Bâ. "Their market is already established and if we produce in collaboration with them, they can be sure of the quality of our product," he says. ●



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The backbone of development

in Mauritania

HE President Maouya Ould Sid'Ahmed Taya is focused on all things that can improve the Mauritanian population's standard of living and, above all, the conditions of those with low and limited incomes. Somelec follows his lead on this matter, and is pleased to provide special services to the most vulnerable social classes by taking into account their limited purchasing power. Somelec constantly strives to extend its network to disadvantaged areas, and develops campaigns for low cost electricity connection in order to reach social groups who have no means to afford this basic service themselves. We also apply preferential tariffs for low consumption households, and work to find solutions for these particular groups of clients. Today, the company reflects the fruits of more than a quarter of a century of hard work.

An important recovery plan has been designed and implemented with the invaluable contribution of our development partners. It has rapidly given considerable results commensurate with the tremendous effort developed within this framework. Somelec is a reliable enterprise with a promising future in a country in economic boom, attested to by the company's current performance.

