INTERNATIONAL MONETARY FUND

ISLAMIC REPUBLIC OF MAURITANIA

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

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

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

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

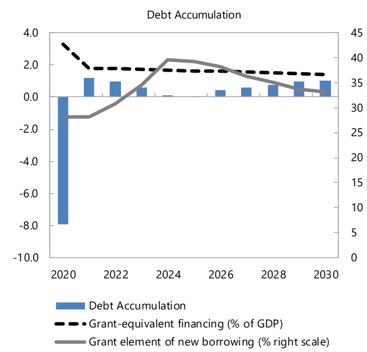
The macroeconomic outlook is significantly less favorable than the previous Debt Sustainability Analysis (DSA) in November 2019 due to the external shock caused by the COVID-19 pandemic and a delay in the Grand Tortue/Ahmeyim gas project. Projected export, growth, fiscal and debt trajectories are highly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

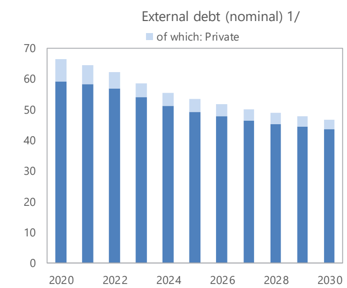
Table 1. Mauritania: External Debt Sustainability Framework, Baseline Scenario 2017-40

(in percent of GDP, unless otherwise indicated)

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

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





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

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

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

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

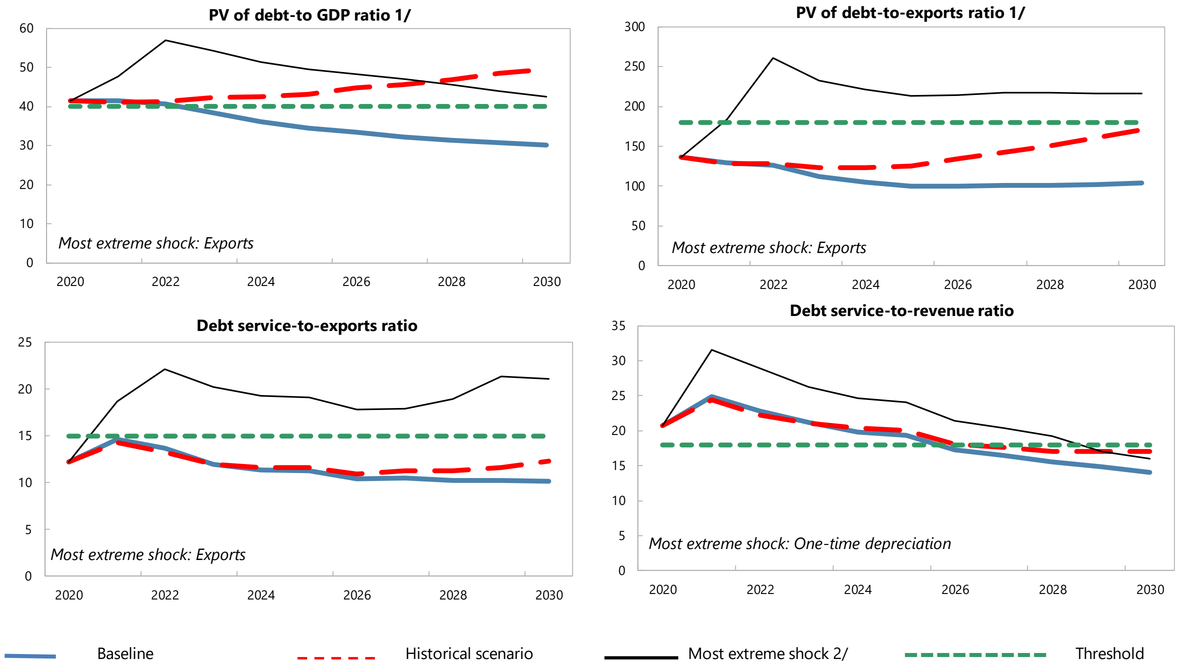
5/ Defined as grants, concessional loans, and debt relief.

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

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

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

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



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

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

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

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

Sources: Country authorities; and staff estimates and projections.

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

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

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

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

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

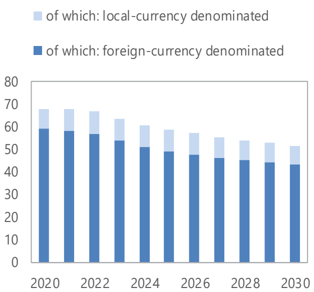
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private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

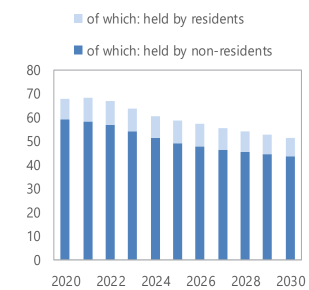
Table 3. Mauritania: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017-40
(in percent of GDP, unless otherwise indicated)

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

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

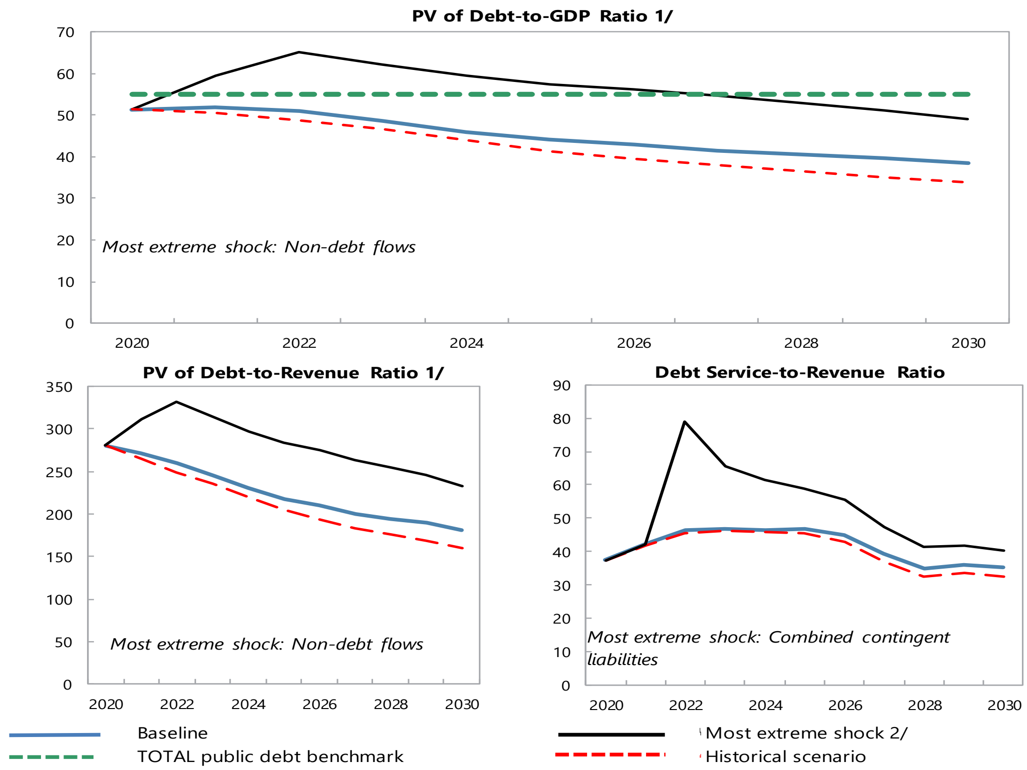
Public sector debt 1/





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

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



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

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

Sources: Country authorities; and staff estimates and projections.

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

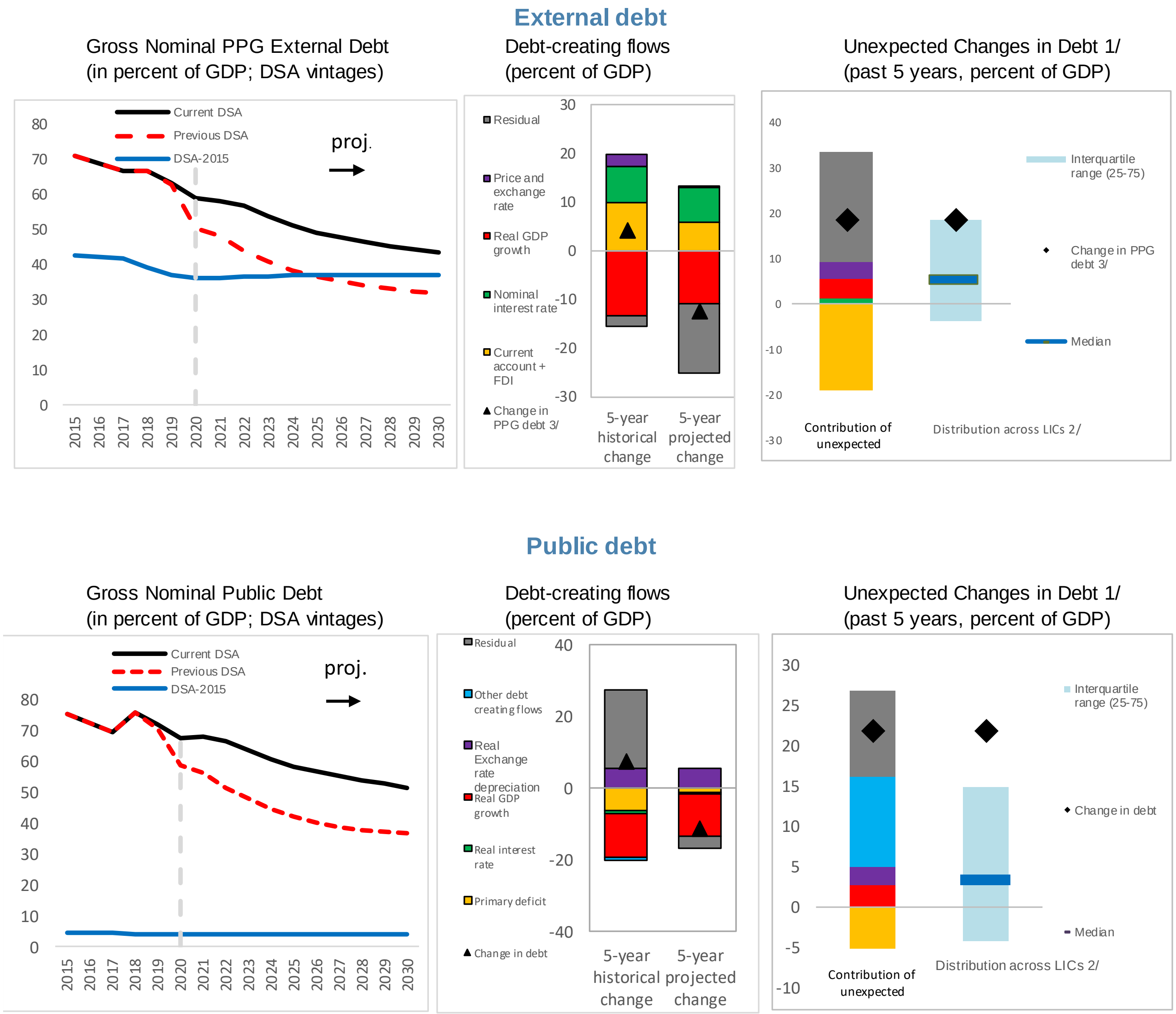
2/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock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

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

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

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

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



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

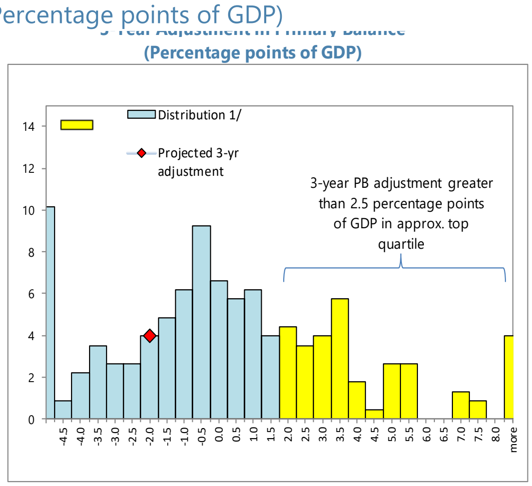
2/ Distribution across LICs for which LIC DSAs were produced.

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

Figure 4. Mauritania: Realism Tools

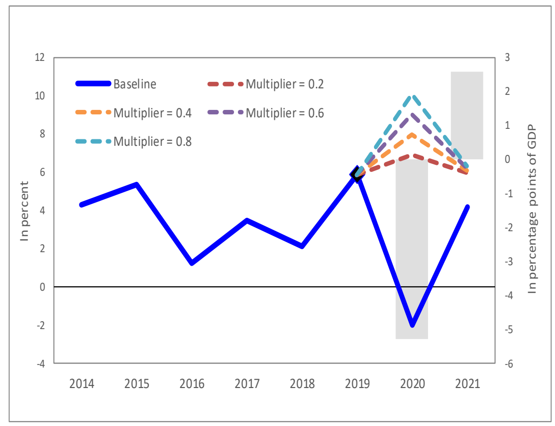
3-Year Adjustment in Primary Balance

(Percentage points of GDP)



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

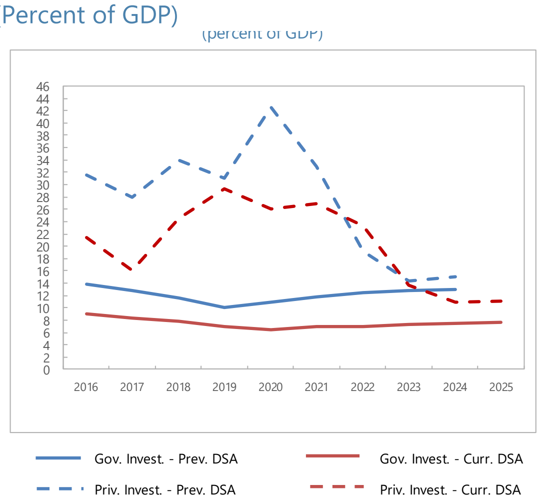
Fiscal Adjustment and Possible Growth Paths 1/



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

Public and Private Investment Rates 1/

(Percent of GDP)



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

Contribution to Real GDP Growth

(Percent, 5-year average)