



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

ISLAMIC REPUBLIC OF MAURITANIA

Improving Administration of Hydrocarbon Tax
Revenues

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Islamic Republic of Mauritania: Improving Administration of Hydrocarbon Tax Revenues
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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The Islamic Republic of Mauritania will soon commence gas production through the Grand Tortue Ahmeyim, a major natural gas development situated offshore between Mauritania and Senegal. This mission assessed the current situation of the management of the hydrocarbon tax revenues and provided advice to the revenue administrations on the necessary steps required for effective oversight of hydrocarbon revenue administration. Additionally, it developed a medium-term capacity development (CD) plan for this sector.

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Background

Following the request of His Excellency Mr. M'Bady, Sid'Ahmed Ould Bouh, the Minister of Economy and Finance (MEF), a capacity development (CD) mission in revenue administration from the IMF Fiscal Affairs Department (FAD) was conducted in Nouakchott, Mauritania, from December 9 to 20, 2024. The primary objective of this mission was to assess the current situation and provide guidance to the General Directorate of Taxes (GDT) and the General Directorate of Customs (GDC) on the necessary steps for effectively overseeing hydrocarbon revenue administration and developing an associated medium-term capacity development (CD) plan.

The revenue administrations (RAs), the joint unit (JU) for fiscal and customs of the Grand Tortue Ahmeyim (GTA) project between Mauritania and Senegal, the Ministry of Energy and Petroleum (MEP), the Mauritanian National Company for Hydrocarbons (SMH), and various other governmental entities share responsibility for administering the hydrocarbon sector. The fragmentation of data among these authorities underscores the necessity for a coordinated approach to governance in the sector to optimize revenues.

Summary of Findings

There is an urgent need to enhance the management of Mauritania's hydrocarbons sector through strategic improvements in revenue administration and governance. By focusing on capacity building and inter-agency collaboration, and adopting advanced technologies, Mauritania can position itself to maximize the benefits of its hydrocarbons' resources.

The GDT, the GDC, the JU, and the MEP each administer different parts of Mauritania's hydrocarbon sector. Currently, information sharing among the regulators is either ad hoc or non-existent, leading to many regulators being unaware of the data collected by their counterparts.

Despite the presence of both a Petroleum Unit (PU) and a Risk Management Unit at the GDT, the PU operates inefficiently due to a lack of competencies in this sector, while the RMU is presently inactive. In terms of customs, the GDC had previously established a specialized Customs Petroleum Unit (CPU) to oversee the hydrocarbon sector, but this unit has since been deactivated.

While SMH operates as a commercial enterprise and serves as Mauritania's national hydrocarbon company, it also assumes a regulatory role on behalf of the government, primarily due to the limited competencies within the MEP. This dual role creates, at a minimum, the perception of a conflict of interest.

Summary of Recommendations

A Memorandum of Understanding should be established among the relevant entities to enhance their regulatory capacities. The GDT should strengthen the PU, and the GDC should reinstate the previously established CPU and develop Standard Operating Procedures tailored to the industry's specialized demands. Both administrations should adopt a risk management approach to effectively oversee the industry. Additionally, they should both strengthen communication with Senegalese counterparts to facilitate the exchange of information and management of the revenue aspects of the GTA project. The MEP should enhance its capabilities to effectively fulfill its regulatory responsibilities.

The RAs should form a core group of experts to train and mentor future staff, fostering the development of essential knowledge and competencies. A three-year CD program has been designed during this mission to assist Mauritania's RAs in improving their management of the hydrocarbon sector. The IMF will support this initiative with available funding through the Global Public Finance Partnership (GPF) funding initiative, as well as AFRITAC WEST and other funding sources, as appropriate. Furthermore, the IMF will engage with other development partners to assess their interest and willingness to contribute to the program's implementation.