



Putting Mauritania on the Path to Sustainable Growth



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A person of working age in Mauritania is likely to be inactive, unemployed, or working in a precarious informal sector job. Only a privileged few have stable jobs with pay and benefits, and nearly all of them work in the public sector. Meanwhile, the share of the working-age population has increased steadily since the beginning of the 2000s and is expected to increase further in the coming decades.

Why is stable employment so elusive for the average Mauritanian? The country has enjoyed relatively robust economic growth in recent years, thanks largely to its natural resource endowment. Located at the intersection of the Arab Maghreb and Western Sub-Saharan Africa, Mauritania has one of the world's most plentiful ocean fishing grounds, extensive reserves of iron ore, and important natural gas deposits. Since 2010, economic growth has averaged 5½ percent—well above the average in other countries in the Middle East and North Africa region.

But beneath the surface lies a more sobering reality.

Like many countries that rely heavily on natural resources, the benefits of growth in Mauritania have not been sufficiently shared. The unemployment rate of 10 percent overall—and even higher among youth and women—masks the fact that 56 percent of the working-age population is not actively looking for a job and therefore not counted as unemployed.

For those who do have jobs, almost 9 out of 10 work in the informal sector—mainly in agriculture. Many informal workers are unpaid, lack job security, and will not qualify for a pension. The formal sector, by contrast, is dominated by the public sector, which offers relatively generous wages and high job security. Private sector corporations employ less than 5 percent of formal workers.

Today's falling international mineral prices have jeopardized planned investments in mining, with negative implications for exports and growth. More sustainable and inclusive growth will require reforms that promote private sector development and economic diversification so that

growth can last beyond commodity cycles and deliver more opportunities to the expanding workforce. The Mauritanian authorities recognize this challenge and have undertaken some reforms, but more needs to be done.

Policies for change

A recent [paper](#) by IMF staff makes three main recommendations for placing Mauritania on a path to more sustainable and inclusive growth. First, Mauritania needs to improve education. The government should focus on increasing enrollment rates, improving the quality of education, and ensuring that the labor force is equipped with skills that match employers' needs. To its credit, the government declared 2015 to be the year of education, but the focus on education will need to extend well beyond 2015.

Second, to reach its economic potential, Mauritania needs to increase female participation in the economy. The government could consider extending preferences to women for public hiring and vocational training—a type of affirmative action policy. Policies that allow women to reconcile work and family, such as providing affordable public child care and preschool, would also help.

Third, Mauritania should reduce the vulnerability of informal workers by luring informal businesses into the formal sector. One way to do this is to reduce regulatory barriers to formalization, such as excessively high minimum wages that lead employers to hire workers without offering formal contracts. The government should also reduce the gap between public and private sector wages, because overly generous public sector wages tend to attract the best talent, thereby stifling private sector development.

Thanks to its abundant natural resources, Mauritania has achieved enviable growth rates in recent years. With the right policies, Mauritania can build on this foundation to create more sustainable and inclusive growth that relies less on natural resources and more on human capital.
