

Mauritania: Joint Bank-Fund Debt Sustainability Analysis¹

1. Following substantial HIPC and MDRI relief, Mauritania faces only a moderate risk of debt distress despite some vulnerability to adverse shocks. Under the baseline scenario (which assumes that the authorities succeed in obtaining debt relief from the bilateral creditors that have not yet implemented the HIPC initiative), Mauritania's debt appears sustainable in the light of external and fiscal sustainability criteria. Ensuring this favorable debt dynamics will, however, require prudent macroeconomic policies and a careful approach to new borrowing, given that—as the standard sensitivity tests reveal it—Mauritania remains vulnerable to adverse shocks, notably the risk of lower-than-projected growth of GDP and exports. The analysis also uses a customized scenario to portray the new and material risk of oil production falling short of baseline projections.

2. **The present analysis broadly confirms the main results of the debt sustainability analysis (DSA) prepared by the IMF staff in the context of the 2005 Article IV consultation, although it is based on improved data and a refined risk assessment.** First, the comprehensive data revisions prepared in 2006 provide a more reliable basis for the stress tests that draw on the country's recent economic history. Furthermore, the present DSA is anchored on Mauritania's much improved external and fiscal position in 2006, reflecting the start of oil production—a factor of critical importance for the stress tests, which are sensitive to these initial conditions. Most importantly, the first six months of experience with oil production, featuring an unexpected decline after a promising start, allow for a better grasp of the risks facing emergent oil-producing countries.

A. Background

3. **Mauritania's external debt burden has been significantly reduced on account of HIPC and MDRI relief, but protracted negotiations with a few bilateral non Paris-Club creditors weigh on the outlook.** Since reaching the completion point of the Enhanced HIPC Initiative in June 2002, Mauritania has signed debt relief agreements with almost all its multilateral and all its Paris-Club creditors as well as a number of non-Paris Club creditors. In addition, substantial MDRI relief was obtained in mid-2006 from the IMF, IDA, and AfDF—nearly 28 percent of the total end-2005 external debt were written off. However, negotiations have stalled with a few creditors (Algeria, Iraq, Kuwait, Libya, and the United Arab Emirates), causing Mauritania to build up substantial arrears. These arrears amounted to \$1.3 billion at end-2005, representing 46 percent of Mauritania's total external nominal debt and contributing disproportionately to its NPV (Figure A1).²

¹ Prepared by IMF and World Bank staffs in consultation with Mauritanian authorities.

² The largest portion of Mauritania's arrears at end-2005 (nearly \$1 billion, mostly consisting of late interest charges) originates from liabilities that were considered to be "passive debt" and thus excluded from the DSA

4. **Mauritania’s stock of domestic public debt has significantly increased in recent years, mostly reflecting the government recognition of central bank claims on the Treasury and domestic arrears, which resulted from substantial extrabudgetary spending over the last ten years.** Domestic gross claims on the government stood at nearly 43 percent of GDP at end-2005, with nearly two-thirds in the form of a consolidated long-term debt vis-à-vis the central bank.³ The remainder represented short-term debt including treasury bills held by banks and nonbanks and arrears toward domestic suppliers, which are expected to be eliminated by end-2006 (Figure A2).

B. Basic Assumptions

5. **The macroeconomic framework underlying the DSA is consistent with the government’s medium-term program, but features more conservative assumptions than those used for the second Poverty Reduction Strategy (Box 1).** The framework rests on a combination of specific assumption for oil production, and standard hypotheses regarding the long-term behavior of the non-oil economy (Table A1).⁴ It is conservatively assumed that oil resources are limited and their extraction will end before the end of the projection period. The baseline scenario features a transitory decrease in oil production in 2007–09. Production subsequently reaches a peak of 65,500 barrels per day in 2012 and gradually declines to zero in 2026. Under this profile, the cumulative oil production reaches 280 million barrels corresponding to the estimated cumulative capacity of the existing Chinguetti deep offshore oil field and two neighboring fields, still to be developed.⁵ Regarding the non-oil economy, it is assumed that there will be a spurt of growth early on (reflecting the ongoing new mining developments and the step-up in public investment).⁶ Consequently, non-oil GDP growth is projected to near 5 percent on average during 2006–15. After 2015, growth returns on a long-term path slightly above 4 percent per annum, more in line with historical trends.

and relief calculations at the HIPC decision point in 2000, because there was no indication at that time that the respective creditors (notably Kuwait and Libya) were requesting the repayment of this debt. Meanwhile, these creditors have indicated that the claims have not been waived, which justifies their inclusion in the present DSA. There has been no debt service paid on this passive debt since several years.

³ The consolidated BCM’s claims on the government are in two types of instruments. About two-thirds of claims are repayable over up to 33 with three years of grace, at an average unweighted interest rate of about 6½ percent, with longer-term maturities bearing progressively higher interest rates. The rest corresponds to an interest-free provision for accumulated foreign exchange losses, which are repayable over 40 years with ten years of grace.

⁴ Non-oil GDP is projected to grow by some 6 percent on average over the medium term on the back of new mining developments and growth in public investment.

⁵ This scenario does not take into account the exploration activity taking place at present outside the Chinguitty zone, including on-shore (south of Nouakchott), and in-land (in the Taoudeni basin near the borders with Algeria and Mali).

⁶ Gold and copper ore production at two mining projects is expected to begin in 2007.

Non-oil exports and imports would grow accordingly. It is assumed that average annual inflation will gradually decline from 12.5 percent in 2005 to 4 percent in 2010 and stay at this level during the remainder of the projection period. The projection features a degree of real exchange rate appreciation due to oil developments in the medium term horizon. In the longer run, after the impact of oil on the domestic economy is fully absorbed, the real exchange rate is assumed to remain constant.

Box 1. PRSP and DSA Growth Assumptions

Mauritania's second poverty reduction strategy targets ambitious goals for the 2006–10 period with the objective of achieving most MDGs by 2015. The incidence of poverty is projected to decline from 46.7 percent in 2004 to 35 percent in 2010 and 25 percent in 2015, mainly on account of a high growth scenario. Reflecting the initial optimism on oil production and prices when the new oil field started in early 2006, real annual GDP growth is projected at an average of 7 percent between 2006 and 2010, with non-oil real GDP growing at 5.5 percent. The macroeconomic scenario developed in this DSA is based on the more realistic assumptions that the authorities have developed in the context of a medium-term program to be supported by the Fund's Poverty Reduction and Growth Strategy (PRGF). It reflects lower oil price projections, and the recent downward revision in the potential of the new Chinguitty offshore oil field that entered into the production stage in February 2006. As a result, government oil revenue projections and the very ambitious government investment program had to be scaled down. Even so, poverty-reducing spending is projected to increase by 16 percent in real terms between 2006 and 2009.

6. **The fiscal framework envisages a stable policy stance in the medium term that makes room for the immediate development needs of the country, followed by a gradual adjustment toward a sustainable deficit.** In the near to medium term, the authorities are assumed to maintain a non-oil primary deficit of about 6 percent of non-oil GDP, enough to allow for a substantial increase in public investment and spending oriented toward poverty reduction. In the long term, the authorities are assumed to tighten gradually the fiscal stance with the level of the non-oil primary deficit reduced to 1.7 percent of GDP by 2026. The tightening reflects mostly moderation in public expenditure but also a diminished reliance on nontax revenue (from fishing and other sources), which cannot be realistically expected to keep pace with non-oil GDP growth. Under the assumed oil revenue and public spending profile (Figure A3), the deposits in the oil account at end 2006 will be kept constant during the initial years and mainly used as a stabilization fund against the risks of adverse macroeconomic developments. With the start of the new oil fields, deposits in the National Hydrocarbon Revenue Fund (FNRH) would accumulate again and continue to build up at a declining pace throughout the period until the production ends. As Mauritania's fiscal position gradually shifts toward a tighter non-oil primary deficit, the income generated by FNRH deposits (some \$1.2 billion in 2026) would eventually cover the government's residual financing needs during the post-oil period.

7. **The ambitious public investment program is projected to be also financed by a significant amount of foreign borrowing on gradually less concessional terms.** Public investment spending prior to 2015 (in the run-up toward the MDG goals) will exceed 9 percent of non-oil GDP on average and will decline thereafter to about 8 percent in 2016–26. In the baseline scenario, the authorities use mostly domestic resources to cover two-thirds of their investment spending needs, with the rest covered by concessional borrowing. In the low oil scenario, no fiscal adjustment is assumed and the lack of oil revenues force a larger use of foreign financing covering about half of all public investment expenditure. It is assumed that Mauritania will continue to benefit from access to concessional borrowing, but the terms of this new financing are projected to gradually become less favorable over time. External borrowing is expected to remain purely on concessional terms until 2009, but some blending with nonconcessional resources is expected to commence and slowly become more prominent over the medium to long term, driving the projected average grant element on new borrowing down from 42 percent in 2006–09 to 28.5 percent by 2016 and finally to 6.2 percent by 2026.⁷

8. **Throughout, the debt burden thresholds used for the analysis are those applying to poor performers,** as measured by the World Bank’s 2005 Country Policy and Institutional Assessment Index (CPIA).⁸ Specifically, Mauritania’s debt burden is measured against thresholds of 30 (100 / 200) percent for the ratio of the NPV of debt to GDP (exports/government revenue) and 15 (25) percent for the ratio of debt service to exports (government revenue).

C. External Sustainability

9. **Debt sustainability requires an agreement with bilateral creditors that have not yet provided HIPC relief.** The baseline scenario, which is discussed in details below, explicitly considers a possible resolution in line with Mauritania’s most recent Paris Club agreement. However, to illustrate the burden of Mauritania’s unresolved arrears, Table A2 portrays the situation arising if no progress is achieved in the ongoing negotiations, thus implying a permanent roll-over of arrears.⁹ Although the analysis abstracts from further late

interest charges that would be incurred upon the existing end-2005 stock of arrears, the results clearly indicate that Mauritania’s external debt would be unsustainable. The NPV-of-debt-to-GDP ratio continuously and significantly exceeds the 30 percent threshold, and the NPV-of-debt-to-exports ratio breaches the 100 percent threshold, while the NPV-of debt-to-revenue ratio stays above the 200 percent sustainability threshold until 2020. The outlook

⁷ All NPV calculations are based on a unified discount rate of 5 percent p.a.

⁸ The World Bank currently ascribes a CPIA of 3.16 to Mauritania, placing it just below the relevant 3.25 threshold. For more information, see <http://siteresources.worldbank.org/IDA/Resources/tablesCPR.pdf>.

⁹ The set of macroeconomic assumptions introduced in the previous section continues to apply throughout.

would further worsen substantially if late charges were taken into account. These findings underscore the importance of seeking debt relief agreements with the bilateral creditors in question.

10. Under the baseline scenario, in which bilateral debt under discussion would receive a HIPC-like treatment, Mauritania's debt would become sustainable.

Specifically, the scenario projects debt relief based on Cologne terms starting in 2007, whereby 90 percent of the debt that was outstanding at end-June 2002 (the time of Mauritania's latest Paris Club agreement) and is still under negotiation would be written off and the remaining 10 percent rescheduled at market rates over 23 years with a 6-year grace period. Under this hypothesis (combined with the baseline macroeconomic scenario), Mauritania's debt indicators point to sustainability (Table A3). All relevant ratios fall below the respective thresholds in 2007 and stay there over the entire horizon. In particular, the NPV of external debt converges to a moderate 27 percent of GDP by 2026. Relative to exports, the debt burden rises somewhat over time, reflecting the gradual decline in oil exports, but the ratio remains well below 100 percent. Likewise, the debt service-to-exports ratios stay well below the applicable thresholds, even though the projection of substantial new borrowing on gradually less concessional terms implies a gently rising profile over time.¹⁰

11. Still, the standardized sensitivity analysis suggests some vulnerabilities, notably to lower-than-projected export growth. The application of standardized alternative scenarios and bound tests (Table A4 and Figure A4) provides a mixed picture. On the one hand, Mauritania's debt burden appears sufficiently resilient to a number of shocks, including shocks to GDP growth and nondebt creating flows when looking at NPV to exports and debt service to exports ratios. In most cases, the breaches of the relevant thresholds for the NPV-of-debt-to-GDP ratio remain moderate. However, the most extreme shock—export growth at historical levels minus one standard deviation—pushes the NPV-of-debt-to-GDP and the NPV-of-debt-to-exports ratios to 42 percent and 103 percent respectively by 2014. This type of shock, like the real GDP shock, captures historical climatic shocks such as droughts and locust invasions as well as a possible decline in fisheries receipts. Given that the beginning of oil production in 2006 presents a major structural change for the country's

economic potential, a scenario with oil shock (see section E) becomes pertinent in the case of Mauritania.¹¹ Nonetheless, the stress test results highlight the need for prudent policies and appropriate contingency planning.¹²

¹⁰ Cash debt service is also somewhat higher than under the passive scenario (Table A1), because the assumed resolution of Mauritania's arrears problems leads to a resumption of debt service to these bilateral creditors.

¹¹ For this reason, section E below will present a less favorable oil scenario more specifically tailored to capture the major risks to Mauritania's outlook.

D. Fiscal Sustainability

12. **The fiscal sustainability analysis largely mirrors the external DSA.** It is assumed that domestic debt will account for a small share of total public debt in the long term. The baseline scenario envisages the rapid reduction of domestic debt (including through an accelerated repayment of claims to the BCM) before any significant accumulation of deposits in the FNRH, which will also help strengthen official reserves.¹³ The nontax non-oil revenues are assumed to be decreasing in terms of GDP to capture less buoyant revenues from the fishing sector. All indicators of sustainability will be satisfied under the baseline scenario, with the NPV-of-debt-to-GDP ratio gradually declining below the sustainability threshold during 2007–10 and both the NPV-of-debt-to-revenue ratio and the debt-service-to-revenue ratio comfortably below the respective sustainability thresholds throughout the projection period (Table A5).

13. **Several standard stress tests reveal the sensitivity of debt sustainability indicators, in particular to the risk of GDP growth and primary balance reverting to their historic averages.** The test involving real GDP growth in 2007–08 declining to the historical average minus one standard deviation produces the most extreme result, since it departs the most from the expectation of strong growth in 2007–08 on the back of oil and mining developments. (Table A6 and Figure A5).

E. A Less Favorable Oil Scenario

14. **The alternative macroeconomic scenario, which features lower oil production than the baseline, highlights Mauritania’s key vulnerability.** In this scenario, cumulative oil production reaches only 60 million barrels because oil operators decide not to develop the two neighboring fields. This scenario assumes no direct fiscal adjustment, a rapid depletion of the FNRH deposits, and additional external borrowing to keep the central bank reserves at three months of import cover. The main impact is an upward shift in the key NPV-based debt sustainability indicators above sustainability thresholds (Figure A6). These results reflect mainly the substitution of oil revenue with foreign borrowing resulting in an increased NPV of external debt. The ratio of debt service due to exports stays below the relevant threshold of 15 percent only in the (unlikely) case Mauritania can mobilize the additional foreign borrowing on largely concessional terms. Restoring fiscal sustainability would require a fiscal adjustment of about 4 percent of GDP on average for the 2012–26 period, which would bring the primary balance close to zero for the same period.

¹² Mauritania is not exposed to significant risks related to possible fluctuations in the cross exchange rates in which its debt is denominated. Most exports are traded in U.S. dollar and about 75 percent of the external debt is denominated in U.S. dollar, SDR or currencies that are closely linked to the U.S. dollar, although the resolution of the debt under negotiation could bring this percentage to an estimated 58 percent.

¹³ The need to keep government securities for the conduct of monetary policy will be significantly reduced with the launching by the BCM in 2007 of central bank bills.

F. The Role of the Oil Fund

15. **Accounting for the assets accumulated in the FNRH considerably strengthens the conclusion supporting the long-term sustainability of Mauritania's debt indicators.** In the baseline scenario, the FNRH would have accumulated \$1.2 billion potentially covering about one half of the NPV of external debt at \$2.4 billion. While the rationale for accumulating assets in the FNRH needs to be carefully examined in the context of the long-term debt management strategy, the *prima facie* reason for their accumulation (as opposed to an early external debt repayment) is the predominantly concessional nature of the pre-existing external debt. The accumulation is also advisable on prudential grounds as the mobilization of a large amount of concessional borrowing in case of an adverse shock may not be feasible.

G. Conclusion

16. Mauritania's debt under the baseline scenario is sustainable and the risk of distress moderate, but remaining vulnerabilities highlight the need for prudent policies. To ensure debt sustainability, Mauritania needs to succeed in settling with those bilateral creditors that have not yet provided HIPC relief. The baseline DSA scenario is predicated upon such a resolution. It suggests a relatively positive outlook for sustainability as several critical ratios remain below the applicable thresholds over the entire DSA horizon. However, some standardized stress tests and, more significantly, the country-specific alternative scenario point to vulnerabilities, especially the risk of lower-than-projected export growth. Taking these aspects into account, the overall risk of debt distress is judged to be moderate. In order to increase Mauritania's resilience to adverse shocks, the authorities need to pursue prudent policies over the medium and long term. In particular, the long-term debt sustainability critically hinges on the ability to restrain appropriately the fiscal position in response to projections of shrinking oil revenue and save financial resources for the post-oil period. It is expected that the oil revenue management law to be discussed by the parliament in 2007 will set up convincing economic policy and institutional mechanisms that can ensure such a rational response. Apart from generally sound macroeconomic management, Mauritania's situation will also require a careful borrowing strategy, relying on the most concessional resources available, to finance the investments that are critical for much-needed future growth and export diversification.

Table A1. Mauritania: Macroeconomic Framework, 2005–26

	2005	2006	2007	2008	2009	2010	2011–15	2016–26	2006–26
	Est.				Projections 1/				
(Percentage changes)									
Economic growth and prices									
Real GDP	5.4	13.9	6.3	2.6	3.9	9.2	4.4	3.6	4.7
Non-oil Real GDP	5.4	6.1	7.3	4.9	4.9	4.6	4.3	4.3	4.6
Implicit non-oil GDP deflator	18.9	9.3	9.1	6.0	4.5	4.0	4.0	4.0	4.6
Consumer price index (period average)	12.1	6.4	8.7	6.0	4.5	4.0	4.0	4.0	4.5
Consumer price index, eop	5.8	9.8	7.0	5.0	4.0	4.0	4.0	4.0	4.5
(In percent of GDP)									
Investment and Savings									
Consumption									
Government	122.5	80.9	76.9	83.7	87.5	80.2	73.2	78.5	78.0
Nongovernment	22.5	18.4	17.6	18.3	18.8	16.5	15.2	15.1	15.8
	100.0	62.5	59.4	65.5	68.7	63.6	58.0	63.4	62.2
Gross investment									
Oil-related	36.5	23.2	23.4	29.5	37.5	32.5	18.6	17.0	20.3
Non-oil related investment	17.7	9.0	8.2	13.1	20.5	16.2	2.7	0.0	3.9
Government	18.8	14.1	15.3	16.4	17.0	16.3	15.9	17.0	16.5
Nongovernment	5.1	5.1	6.3	6.7	6.9	6.2	5.7	5.6	5.8
	13.7	9.1	9.0	9.7	10.1	10.1	10.2	11.4	10.7
Gross savings									
Government	-10.4	20.1	21.2	15.8	13.2	18.4	23.5	16.5	18.5
Nongovernment	-1.1	7.5	4.3	3.0	2.5	4.4	6.5	6.3	5.9
	-9.3	12.5	16.9	12.8	10.8	14.0	17.0	11.0	13.0
Current account (including official transfers and oil)									
Balance of goods and services	-46.9	-3.1	-2.3	-13.7	-24.3	-14.1	4.9	2.4	-0.3
Exports	-58.9	-4.1	-0.4	-13.3	-25.0	-12.7	8.2	4.5	1.7
Imports 2/	37.7	56.8	56.7	50.2	45.7	50.8	52.8	40.6	46.2
Net income 3/	96.6	60.9	57.1	63.4	70.7	63.5	44.6	36.1	44.6
Net transfers	3.5	-4.7	-6.4	-4.8	-3.4	-4.7	-5.7	-3.7	-4.4
	8.6	5.7	4.5	4.4	4.1	3.3	2.3	1.5	2.4
(In percent of non-oil GDP)									
Consolidated government operations									
Revenue and grants 4/	26.4	39.7	30.8	28.1	27.0	29.3	30.1	25.2	27.7
Non-oil revenue	26.4	28.4	25.0	24.3	24.1	23.8	22.8	21.3	22.6
Idem, excluding grants	24.4	26.2	23.1	23.5	23.4	23.2	22.4	21.2	22.1
Of which: tax revenue	15.3	16.0	13.5	13.7	14.0	14.2	14.2	14.2	14.2
Expenditure and net lending	33.5	37.5	33.2	32.3	31.9	31.5	29.1	24.4	27.6
Primary expenditure	30.2	34.7	31.2	30.4	30.3	30.1	28.0	23.6	26.5
Current	22.2	24.7	21.1	20.3	20.1	19.9	18.4	15.4	17.5
Capital and net lending 5/	8.0	10.0	10.2	10.2	10.2	10.2	9.6	8.2	8.9
Interest (gross)	3.2	2.8	2.0	1.9	1.6	1.4	1.1	0.8	1.2
Overall balance	-7.0	2.2	-2.4	-4.2	-4.9	-2.2	1.0	0.8	0.1
Non-oil balance excluding grants	-9.1	-11.3	-10.1	-8.8	-8.5	-8.2	-6.6	-3.2	-5.5
Non-oil balance including grants	-7.0	-9.1	-8.2	-8.1	-7.8	-7.7	-6.2	-3.1	-5.0
Non-oil primary balance (including grants)	-3.8	-6.3	-6.2	-6.2	-6.2	-6.2	-5.2	-2.2	-3.9
Memorandum items:									
Nominal GDP (billions of ouguiyas)	497	744	821	823	845	1,007	1,309	2,221	1,677
External public debt outstanding (\$ million), at end of period	3,137	2,335	2,391	2,524	2,695	2,826	3,356	4,275	4,275
Domestic debt (UM billion), at end of period	212.5	155.6	145.6	133.0	121.8	100.1	21.7	21.7	21.7
Oil account (\$ million), at end of period	...	61	61	61	61	61	464	1,175	1,175
Gross official reserves of the BCM (\$ million), at end of period	70.2	173.5	228.4	247.6	258.2	285.5	337.8	725.0	725.0
Idem, in months of imports	1.0	2.3	2.9	3.0	3.0	3.1	3.0	3.5	3.2
GNP per capita (\$)	686	913	966	962	979	1,124	1,286	1,629	1,395
Population (millions)	2.8	2.9	3.0	3.0	3.1	3.2	3.4	4.1	3.7
Price of oil (\$/barrel): Chinguetti price	...	60.0	56.3	57.3	55.5	53.8	52.4	63.3	59.1
Price of oil (\$/barrel): APSP baseline: Sept. 26, 2006	...	64.4	63.3	64.3	62.5	60.8	60.0	71.1	66.5
Annual production of oil (millions of barrels) 6/	...	11.7	10.9	7.3	5.7	14.9	22.2	10.8	13.3

Sources: Mauritanian authorities; and staff estimates and projections.

1/ For the last three columns, averages unless otherwise specified.

2/ The relatively high imports to GDP ratio reflects the development phase of oil exploration which peaks in 2005 and declines thereafter.

3/ Includes EU fish license payments.

4/ Multilateral HIPC assistance is shown as grants.

5/ Starting in 2006, includes public investment with the use of foreign financing on-lent by the central government.

6/ Oil production started in 2006 and is projected to end in 2024.

Table A2. Mauritania: External Debt Sustainability Framework, No resolution of arrears, 2002–26 1/

(In percent of GDP, unless otherwise indicated)

	Actual				Historical Average 7/	Standard Deviation 7/	Projections							
	2002	2003	2004	2005			2006	2007	2008	2009	2010	2011	2016	2026
External debt (nominal) 2/	231.9	218.9	204.8	169.4			86.5	78.9	83.0	86.3	75.9	70.7	64.1	49.2
<i>Of which: arrears under negotiation</i>				67.9			46.3	40.9	41.0	40.1	33.8	30.4	24.2	15.1
Change in external debt	-13.1	-13.0	-14.2	-35.4			-82.9	-7.6	4.2	3.3	-10.4	-5.2	-1.9	-1.5
Identified net debt-creating flows	-16.7	-20.3	-23.5	-38.8			-15.1	-4.0	2.4	3.0	-2.6	-3.0	-3.8	-1.0
Non-interest current account deficit	-6.2	10.8	32.0	44.6	11.6	17.7	2.2	1.6	13.1	23.6	13.4	-0.2	-7.1	1.2
Deficit in balance of goods and services	15.7	28.5	46.3	58.9			4.1	0.4	13.3	25.0	12.7	-2.1	-10.4	0.2
Exports	35.3	28.2	32.9	37.7			56.8	56.7	50.2	45.7	50.8	53.8	49.5	34.1
Imports	51.0	56.7	79.2	96.6			60.9	57.1	63.4	70.7	63.5	51.6	39.2	34.3
Net current transfers (negative = inflow)	-7.8	-10.4	-7.3	-8.6	-8.6	1.4	-5.7	-4.5	-4.4	-4.1	-3.3	-2.8	-1.8	-1.3
Other current account flows (negative = net inflow)	-14.2	-7.4	-7.0	-5.7			3.8	5.7	4.2	2.7	4.1	4.7	5.1	2.3
Net FDI (negative = inflow)	-5.9	-7.9	-26.2	-43.5	-11.9	15.1	-2.1	-1.1	-9.1	-18.0	-9.9	1.7	5.0	-0.8
Endogenous debt dynamics 3/	-4.6	-23.2	-29.3	-40.0			-15.3	-4.4	-1.5	-2.6	-6.1	-4.5	-1.7	-1.4
<i>Of which: contribution from average real interest rate</i>	1.4	1.3	1.4	1.2			0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6
<i>Of which: contribution from real GDP growth</i>	-2.6	-11.6	-9.7	-8.9			-15.9	-5.0	-2.1	-3.1	-6.7	-5.0	-2.3	-2.1
Contribution from price and exchange rate changes	-3.4	-12.9	-20.9	-32.3			...	...	...	...	...	...	...	...
Residual (3-4) 4/	3.7	7.3	9.3	3.5			-67.7	-3.6	1.7	0.3	-7.8	-2.2	1.9	-0.5
<i>Of which: debt relief 5/</i>	-4.8	-3.8	-2.9	-2.6			-31.7	-2.2	-0.2	-0.2	-0.1	-0.1	0.0	0.0
<i>Of which: variation in gross assets</i>	3.6	-4.8	-3.4	-0.6			11.0	2.7	0.8	-0.2	0.3	1.9	3.1	0.7
NPV of external debt	...	...	...	100.4			70.2	63.6	66.2	68.3	60.0	55.8	51.3	42.4
In percent of exports	...	...	...	266.7			123.4	112.1	132.0	149.4	118.0	103.8	103.7	124.2
Debt service-to-exports ratio (in percent)	9.5	13.1	8.7	8.5			4.1	4.5	3.5	2.8	2.1	2.2	3.4	6.7
Total gross financing need (billions of U.S. dollars)	0.0	0.2	0.2	0.2			0.1	0.2	0.2	0.2	0.2	0.1	0.0	0.3
Noninterest current account deficit that stabilizes debt ratio	6.8	23.8	46.2	80.0			85.1	9.2	8.9	20.3	23.8	5.0	-5.2	2.7
Key macroeconomic assumptions														
Real GDP growth (in percent)	1.1	5.6	5.2	5.4	4.1	2.1	13.9	6.3	2.6	3.9	9.2	7.4	3.7	4.4
GDP deflator in U.S. dollar terms (change in percent)	1.4	5.9	10.6	18.7	2.6	10.4	30.0	3.8	-2.3	-1.2	9.1	4.3	1.8	2.5
Effective interest rate (in percent) 6/	0.6	0.6	0.7	0.8	0.7	0.2	0.6	0.7	0.7	0.7	0.7	0.8	1.0	1.3
Growth of exports of G&S (U.S. dollar terms, in percent)	1.1	-10.7	35.6	43.3	8.8	21.7	123.5	10.1	-11.3	-6.4	32.4	18.5	2.9	8.5
Growth of imports of G&S (U.S. dollar terms, in percent)	-6.1	24.2	62.3	52.8	20.7	27.2	-6.6	3.4	11.4	14.4	7.0	-8.9	2.7	4.7
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	...	43.5	43.6	41.2	39.9	39.7	39.6	28.5	6.2
Memorandum item:														
Nominal GDP (billions of U.S. dollars)	1.1	1.3	1.5	1.9			2.8	3.1	3.1	3.1	3.7	4.2	5.4	8.7

Source: Staff simulations.

1/ This projection assumes no resolution of arrears vis-à-vis Mauritania's non-Paris Club creditors but abstracts from the possibility of additional penalty charges on the end-2005 stock of arrears.

2/ Includes public sector external debt only.

3/ Derived as $[r - g - r(1+g)]/(1+g+r+gr)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and r = growth rate of GDP deflator in U.S. dollar terms.

4/ Includes debt relief, late charges on arrears, changes in gross foreign assets, and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

5/ Includes bilateral HIPC relief (multilateral HIPC relief being already included in "net current transfers") and, in 2006, MDRI relief.

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

7/ Historical averages and standard deviations are generally derived over the period 1998-2005, subject to data availability.

Table A3. Mauritania: External Debt Sustainability Framework, Baseline (Resolution of Arrears) Scenario, 2002–26 1/

(In percent of GDP, unless otherwise indicated)

	Actual				Historical Average 7/	Standard Deviation 7/	Projections													
	2002	2003	2004	2005			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2026		
External debt (nominal) 2/	231.9	218.9	204.8	169.4			86.5	39.1	43.3	47.6	43.4	41.6	42.2	42.2	41.8	41.1	34.1			
Of which: arrears under negotiation				67.9			46.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Change in external debt	-13.1	-13.0	-14.2	-35.4			-82.9	-47.4	4.2	4.3	-4.2	-1.8	0.6	0.0	0.0	-0.3	-0.5			
Identified net debt-creating flows	-16.7	-20.3	-23.5	-38.8			-15.1	-3.2	3.6	4.6	0.5	-0.8	-0.9	-0.7	-0.7	-1.6	-2.8			
Non-interest current account deficit	-6.2	10.8	32.0	44.6	11.6	17.7	2.2	1.6	13.1	23.6	13.4	-0.2	-4.3	-7.5	-8.1	-7.3	-7.1			
Deficit in balance of goods and services	15.7	28.5	46.3	58.9			4.1	0.4	13.3	25.0	12.7	-2.1	-7.0	-10.5	-11.1	-10.6	-10.4			
Exports	35.3	28.2	32.9	37.7			56.8	56.7	50.2	45.7	50.8	53.8	54.5	53.5	52.2	50.8	49.5			
Imports	51.0	56.7	79.2	96.6			60.9	57.1	63.4	70.7	63.5	51.6	47.5	43.0	41.1	40.2	39.2			
Net current transfers (negative = inflow)	-7.8	-10.4	-7.3	-8.6	-8.6	1.4	-5.7	-4.5	-4.4	-4.1	-3.3	-2.8	-2.5	-2.3	-2.1	-1.9	-1.8			
Other current account flows (negative = net inflow)	-14.2	-7.4	-7.0	-5.7			3.8	5.7	4.2	2.7	4.1	4.7	5.2	5.3	5.1	5.2	5.1			
Net FDI (negative = inflow)	-5.9	-7.9	-26.2	-43.5	-11.9	15.1	-2.1	-1.1	-9.1	-18.0	-9.9	1.7	4.4	7.7	8.2	6.2	5.0			
Endogenous debt dynamics 3/	-4.6	-23.2	-29.3	-40.0			-15.3	-3.7	-0.3	-0.9	-3.0	-2.2	-1.0	-0.9	-0.8	-0.5	-0.8			
Contribution from nominal interest rate	1.4	1.3	1.4	1.2			0.6	1.3	0.7	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.6			
Contribution from real GDP growth	-2.6	-11.6	-9.7	-8.9			-15.9	-5.0	-1.0	-1.6	-3.7	-2.9	-1.7	-1.6	-1.5	-1.2	-1.4			
Contribution from price and exchange rate changes	-3.4	-12.9	-20.9	-32.3			...	...	...	...	...	...	...	...	...	...	...
Residual (3-4) 4/	3.7	7.3	9.3	3.5			-67.7	-44.2	0.6	-0.3	-4.7	-1.0	1.5	0.7	1.2	2.1	-0.1			
Of which: debt relief 5/	-4.8	-3.8	-2.9	-2.6			-31.7	-41.9	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0			
Of which: variation in gross assets	3.6	-4.8	-3.4	-0.6			11.0	2.1	0.8	-0.2	0.3	2.0	2.3	1.8	1.5	2.4	0.7			
NPV of external debt	...	...	...	100.4			70.2	24.0	26.7	29.7	27.5	26.7	27.5	27.9	28.3	28.4	27.3
In percent of exports	...	...	...	266.7			123.4	42.3	53.1	64.9	54.1	49.7	50.4	52.1	54.2	56.0	57.3
Debt service-to-exports ratio (in percent)	9.5	13.1	8.7	8.5			4.1	5.9	3.8	3.1	2.4	2.5	2.6	2.9	3.3	3.7	6.7			
Total gross financing need (billions of U.S. dollars)	0.0	0.2	0.2	0.2			0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.3			
Noninterest current account deficit that stabilizes debt ratio	6.8	23.8	46.2	80.0			85.1	48.9	8.9	19.3	17.7	1.6	-4.9	-7.5	-8.1	-6.9	-6.4			
Key macroeconomic assumptions																				
Real GDP growth (in percent)	1.1	5.6	5.2	5.4	4.1	2.1	13.9	6.3	2.6	3.9	9.2	7.4	4.2	3.9	3.6	2.9	3.7			
GDP deflator in U.S. dollar terms (change in percent)	1.4	5.9	10.6	18.7	2.6	10.4	30.0	3.8	-2.3	-1.2	9.1	4.3	0.8	1.6	1.1	2.0	1.8			
Effective interest rate (in percent) 6/	0.6	0.6	0.7	0.8	0.7	0.2	0.6	1.6	1.8	1.7	1.7	1.6	1.6	1.6	1.7	1.7	2.0			
Growth of exports of G&S (U.S. dollar terms, in percent)	1.1	-10.7	35.6	43.3	8.8	21.7	123.5	10.1	-11.3	-6.4	32.4	18.5	6.4	3.7	2.1	2.2	2.9			
Growth of imports of G&S (U.S. dollar terms, in percent)	-6.1	24.2	62.3	52.8	20.7	27.2	-6.6	3.4	11.4	14.4	7.0	-8.9	-3.3	-4.3	0.0	2.8	2.7			
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	...	43.5	43.6	41.2	39.9	39.7	39.6	37.3	35.1	32.9	30.7	28.5
Memorandum item:																				
Nominal GDP (billions of U.S. dollars)	1.1	1.3	1.5	1.9			2.8	3.1	3.1	3.1	3.7	4.2	4.4	4.7	4.9	5.1	5.4			

Source: Staff simulations.

1/ This baseline scenario assumes the resolution of Mauritania's pending arrears problems in late 2007.

2/ Includes public sector external debt only.

3/ Derived as $[r - g - r(1+g)] / (1+g+r+gr)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and r = growth rate of GDP deflator in U.S. dollar terms.

4/ Includes debt relief, late charges on arrears, changes in gross foreign assets, and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

5/ Includes bilateral HIPC relief (multilateral HIPC relief being already included in "net current transfers") and, in 2006, MDRI relief.

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

7/ Historical averages and standard deviations are derived from the period 1998–2005.

Table A4. Mauritania: Sensitivity Analyses for Key Indicators of Public and Publicly Guaranteed External Debt, Baseline (Resolution of Arrears) Scenario, 2006–26

(In percent)

	Projections											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2026
NPV of debt-to-GDP ratio												
Baseline	70	24	27	30	27	27	27	28	28	28	28	27
A. Standardized Alternative Scenarios												
A1. Key variables at their historical averages in 2007–26 1/	70	25	23	21	19	18	19	19	18	19	21	25
A2. New public sector loans on less favorable terms in 2007–26 2/	70	25	29	33	32	32	33	34	35	36	37	41
B. Bound Tests												
B1. Real GDP growth at historical average minus one standard deviation in 2007–08	70	25	28	31	29	28	29	30	30	30	30	29
B2. Export value growth at historical average minus one standard deviation in 2007–08 3/	70	33	45	48	44	42	42	42	42	41	40	32
B3. US dollar GDP deflator at historical average minus one standard deviation in 2007–08	70	27	32	36	33	32	33	34	34	34	34	33
B4. Net non-debt creating flows at historical average minus one standard deviation in 2007–08 4/	70	25	35	39	35	34	35	35	35	35	34	29
B5. Combination of B1-B4 using one-half standard deviation shocks	70	30	31	34	32	31	32	32	32	32	32	30
B6. One-time 30 percent nominal depreciation relative to the baseline in 2007 5/	70	34	38	42	39	38	39	40	40	40	40	39
NPV of debt-to-exports ratio												
Baseline	123	42	53	65	54	50	50	52	54	56	57	80
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2007–26 1/	123	45	46	46	38	34	34	35	35	38	42	72
A2. New public sector loans on less favorable terms in 2007–26 2/	123	44	58	73	63	59	61	64	68	71	74	121
B. Bound Tests												
B1. Real GDP growth at historical average minus one standard deviation in 2007–08	123	42	53	65	55	50	51	53	55	56	58	80
B2. Export value growth at historical average minus one standard deviation in 2007–08 3/	123	74	115	135	111	100	100	102	103	104	104	119
B3. US dollar GDP deflator at historical average minus one standard deviation in 2007–08	123	42	53	65	55	50	51	53	55	56	58	80
B4. Net non-debt creating flows at historical average minus one standard deviation in 2007–08 4/	123	45	71	84	70	63	64	65	67	68	69	86
B5. Combination of B1-B4 using one-half standard deviation shocks	123	53	57	70	58	53	54	55	58	59	60	83
B6. One-time 30 percent nominal depreciation relative to the baseline in 2007 5/	123	42	53	65	55	50	51	53	55	56	58	80
Debt service ratio												
Baseline	4	6	4	3	2	2	3	3	3	4	4	7
A. Alternative Scenarios												
A1. Key variables at their historical averages in 2007–26 1/	5	4	4	3	2	2	2	2	3	2	2	6
A2. New public sector loans on less favorable terms in 2007–26 2/	5	3	4	3	3	3	3	3	3	4	4	10
B. Bound Tests												
B1. Real GDP growth at historical average minus one standard deviation in 2007–08	5	3	4	3	2	2	3	3	3	4	4	8
B2. Export value growth at historical average minus one standard deviation in 2007–08 3/	5	4	6	6	4	4	4	6	7	8	8	12
B3. US dollar GDP deflator at historical average minus one standard deviation in 2007–08	5	3	4	3	2	2	3	3	3	4	4	8
B4. Net non-debt creating flows at historical average minus one standard deviation in 2007–08 4/	5	3	4	4	3	3	3	3	4	5	5	9
B5. Combination of B1-B4 using one-half standard deviation shocks	5	4	4	3	2	3	3	3	4	4	4	8
B6. One-time 30 percent nominal depreciation relative to the baseline in 2007 5/	5	3	4	3	2	2	3	3	3	4	4	8
Memorandum item:												
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	24	24	24	24	24	24	24	24	24	24	24	24

Source: Staff projections and simulations.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline, while grace and maturity periods are the same as in the baseline.

3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).

4/ Includes official and private transfers and FDI.

5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.

6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table A5.Mauritania: Public Sector Debt Sustainability Framework, Baseline (Resolution of Arrears) Scenario, 2003–26

(In percent of GDP, unless otherwise indicated)

	Actual			Historical Average 5/ ⁵	Standard Deviation 5/ ⁵	Projections									
	2003	2004	2005			2006	2007	2008	2009	2010	2011	2006–12 Average	2016	2026	2012–26 Average
Public sector debt 1/	259.5	240.3	212.3			105.2	95.9	98.5	100.1	85.3	78.2		65.0	49.3	
<i>Of which: foreign-currency denominated</i>	221.1	196.4	169.6			84.3	78.2	82.4	85.7	75.4	70.8		63.7	48.5	
Change in public sector debt	65.0	-19.2	-28.0			-107.1	-9.2	2.6	1.6	-14.8	-7.1		-2.1	-1.3	
Identified debt-creating flows	-10.2	-43.7	-37.2			-103.9	-8.3	3.1	1.5	-14.7	-9.2		-5.9	-2.3	
Primary deficit	9.0	1.8	3.8	1.9	6.8	-3.9	0.4	2.0	3.0	0.6	-0.9	0.2	-3.0	1.1	-1.5
Revenue and grants	35.4	32.9	26.4			30.8	25.3	24.7	24.6	23.8	23.7		24.3	21.4	
<i>Of which: grants</i>	4.7	3.1	2.1			1.7	1.6	0.7	0.6	0.5	0.4		0.2	0.1	
Primary (noninterest) expenditure	44.4	34.7	30.2			26.9	25.7	26.8	27.6	24.4	22.7		21.3	22.4	
Automatic debt dynamics	-14.0	-41.6	-37.6			-68.3	-8.3	1.4	-1.1	-14.9	-8.0		-2.8	-3.3	
Contribution from interest rate/growth differential	-11.1	-17.8	-19.9			-35.4	-6.9	-1.9	-3.6	-9.9	-6.8		-2.9	-2.4	
<i>Of which: contribution from average real interest rate</i>	-0.8	-5.0	-7.5			-9.5	-0.6	0.6	0.1	-1.4	-1.0		-0.5	-0.3	
<i>Of which: contribution from real GDP growth</i>	-10.3	-12.8	-12.4			-25.9	-6.3	-2.5	-3.7	-8.4	-5.9		-2.4	-2.1	
Contribution from real exchange rate depreciation	-3.0	-23.8	-17.7			-32.9	-1.4	3.3	2.5	-5.0	-1.2		...	...
Other identified debt-creating flows	-5.2	-3.9	-3.4			-31.7	-0.5	-0.4	-0.4	-0.3	-0.3		-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 implicit or contingent liabilities	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)	-5.2	-3.9	-3.4			-31.7	-0.5	-0.4	-0.4	-0.3	-0.3		-0.1	0.0	
Other (specify, 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	
Residual, including asset changes	75.2	24.5	9.3			-3.2	-0.9	-0.5	0.0	-0.1	2.1		3.8	1.0	
NPV of public sector debt	38.4	43.8	144.3			91.1	41.7	42.8	44.1	37.4	34.3		29.8	27.6	
<i>Of which: foreign-currency denominated</i>	0.0	0.0	101.6			70.2	24.0	26.7	29.7	27.5	26.8		28.5	26.9	
<i>Of which: external</i>	..	...	101.6			70.2	24.0	26.7	29.7	27.5	26.8		28.5	26.9
Gross financing need 2/	24.6	16.5	18.8			11.4	10.2	10.5	10.8	5.5	2.6		0.6	4.3	
NPV of public sector debt-to-revenue ratio (in percent) 3/	108.5	133.3	546.1			296.0	165.1	173.3	179.4	157.4	144.8		123.1	129.2	
<i>Of which: external</i>	...	...	384.3			228.0	95.0	107.9	120.8	115.6	113.3		117.4	125.9
Debt service-to-revenue ratio (in percent) 3/ 4/	19.9	20.2	24.4			14.0	13.8	14.8	16.2	8.4	6.8		9.0	11.8	
Primary deficit that stabilizes the debt-to-GDP ratio	-56.0	21.1	31.7			103.3	9.6	-0.5	1.4	15.3	6.2		-0.9	2.4	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	5.6	5.2	5.4	3.3	3.2	13.9	6.3	2.6	3.9	9.2	7.4	7.2	3.7	4.4	3.6
Average nominal interest rate on forex debt (in percent)	1.4	1.0	1.1	1.2	0.1	0.9	0.7	0.8	0.7	0.7	0.6	0.7	1.0	1.3	1.2
Average real interest rate on domestic currency debt (in percent)	-0.2	-7.1	-12.1	-3.4	5.0	-20.7	2.0	8.3	7.1	-3.3	0.0	-1.1	6.4	5.7	6.1
Real exchange rate depreciation (in percent, + indicates depreciation)	-2.0	-11.5	-9.7	2.3	9.5	-22.4
Inflation rate (GDP deflator, in percent)	2.5	11.5	18.9	7.1	5.7	31.4	3.8	-2.3	-1.2	9.1	5.7	7.8	3.3	4.1	2.9
Growth of real primary spending (deflated by GDP deflator, in percent)	33.4	-17.8	-8.2	12.3	25.9	1.4	1.5	6.9	7.0	-3.5	0.2	2.3	2.4	4.4	3.5

Sources: Country authorities; and staff estimates and projections.

1/ Central government's gross debt.

2/ 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.

3/ Revenues including grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table A6. Mauritania: Sensitivity Analysis for Key Indicators of Public Debt, Baseline scenario 2006–26

	Projections							
	2006	2007	2008	2009	2010	2011	2016	2026
NPV of Debt-to-GDP Ratio								
Baseline	91	42	43	44	37	34	30	28
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	91	44	45	46	42	43	58	85
A2. Primary balance is unchanged from 2006	91	38	33	28	19	15	0	0
A3. Permanently lower GDP growth 1/	91	42	44	46	40	38	40	63
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2007–08	91	46	50	53	47	45	50	64
B2. Primary balance is at historical average minus one standard deviations in 2007–08	91	49	57	58	50	46	41	38
B3. Combination of B1-B2 using one half standard deviation shocks	91	48	53	54	46	42	38	35
B4. One-time 30 percent real depreciation in 2007	91	52	52	53	45	41	36	35
B5. 10 percent of GDP increase in other debt-creating flows in 2007	91	51	52	54	46	42	38	35
NPV of Debt-to-Revenue Ratio 2/								
Baseline	296	165	173	179	157	145	123	129
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	296	175	182	185	177	180	237	397
A2. Primary balance is unchanged from 2006	296	149	135	115	0	0	0	0
A3. Permanently lower GDP growth 1/	296	167	178	187	168	158	165	295
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2007–08	296	180	202	217	199	192	205	299
B2. Primary balance is at historical average minus one standard deviations in 2007–08	296	196	230	237	209	194	170	177
B3. Combination of B1-B2 using one half standard deviation shocks	296	190	213	219	193	178	156	166
B4. One-time 30 percent real depreciation in 2007	296	204	211	215	187	171	148	165
B5. 10 percent of GDP increase in other debt-creating flows in 2007	296	202	212	218	193	178	155	161
Debt Service-to-Revenue Ratio 2/								
Baseline	14	14	15	16	8	7	9	12
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	14	14	17	17	8	9	22	40
A2. Primary balance is unchanged from 2006	14	14	9	6	0	0	0	0
A3. Permanently lower GDP growth 1/	14	14	15	17	10	8	14	30
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2007–08	14	15	18	21	14	12	17	32
B2. Primary balance is at historical average minus one standard deviations in 2007–08	14	14	26	30	14	11	12	19
B3. Combination of B1-B2 using one half standard deviation shocks	14	14	22	24	12	9	11	17
B4. One-time 30 percent real depreciation in 2007	14	14	16	18	10	8	11	15
B5. 10 percent of GDP increase in other debt-creating flows in 2007	14	14	28	22	12	9	11	17

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of 20 (i.e., the length of the projection period).

2/ Revenues are defined inclusive of grants.

Figure A1. Mauritania: Composition of end-2005 nominal external debt stock
Total: \$3,137 million

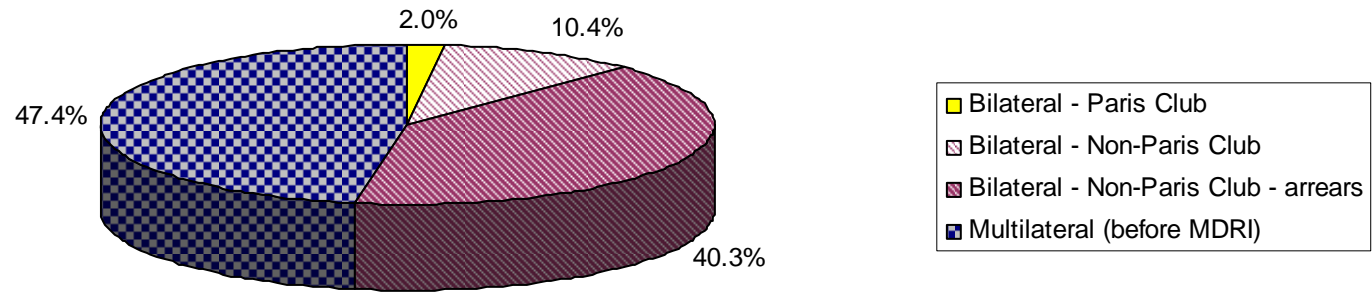
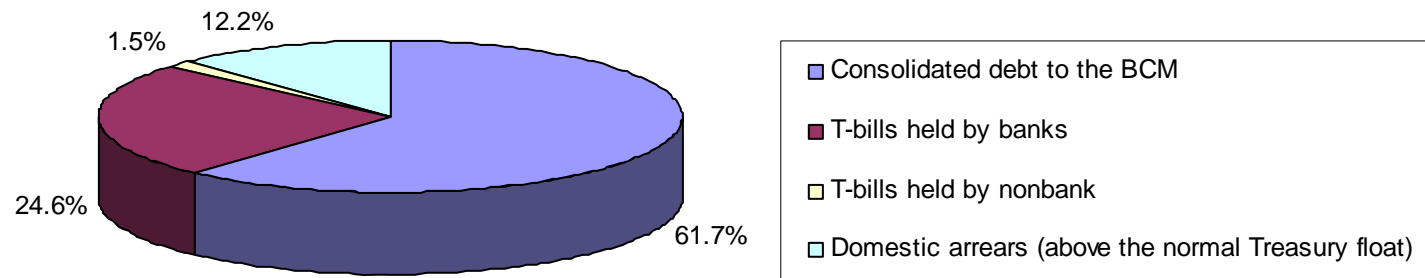
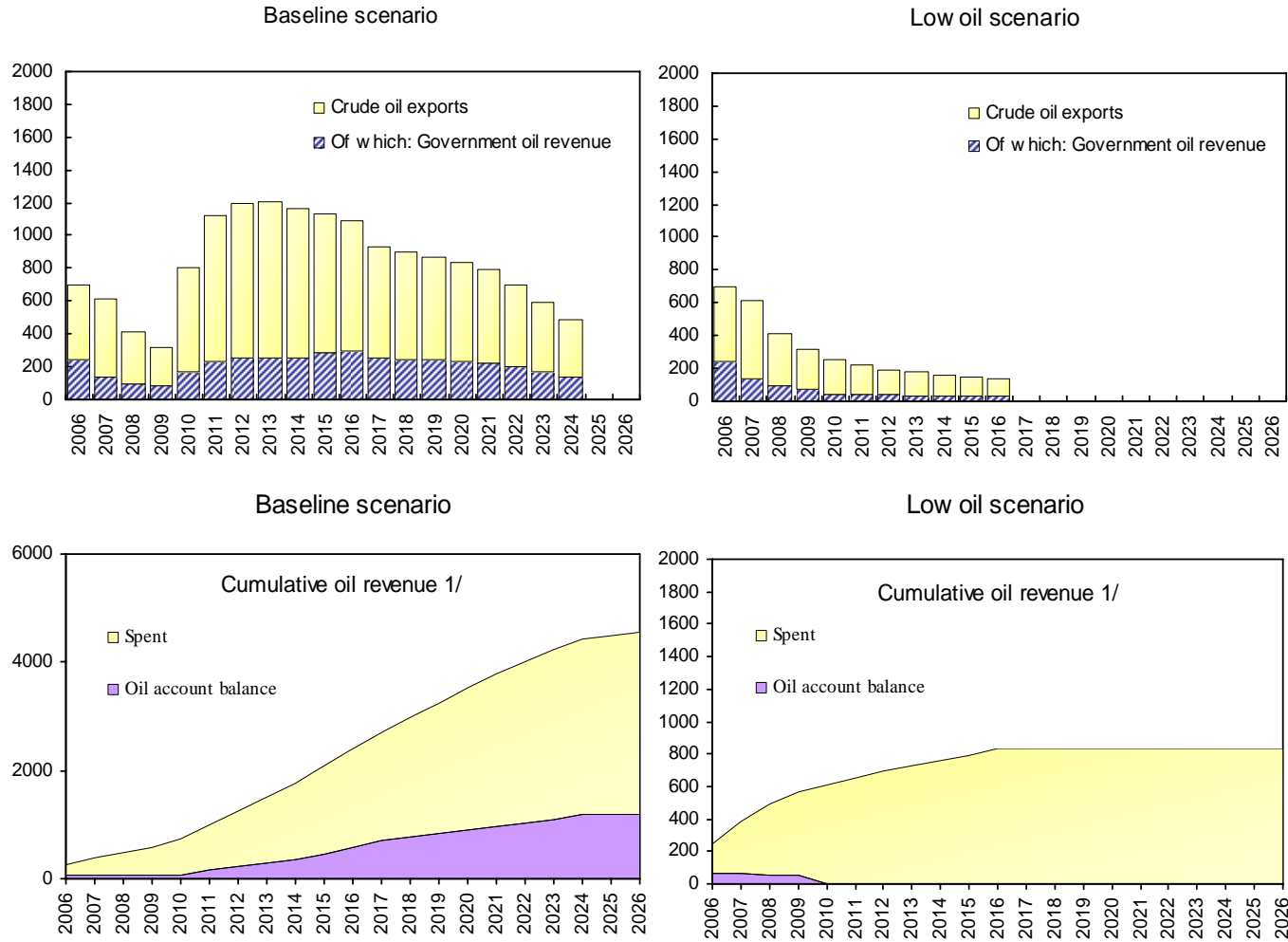


Figure A2. Mauritania: Composition of end-2005 nominal domestic debt stock
Total: UM 212.5 billion



Sources: Mauritanian authorities; and staff estimates.

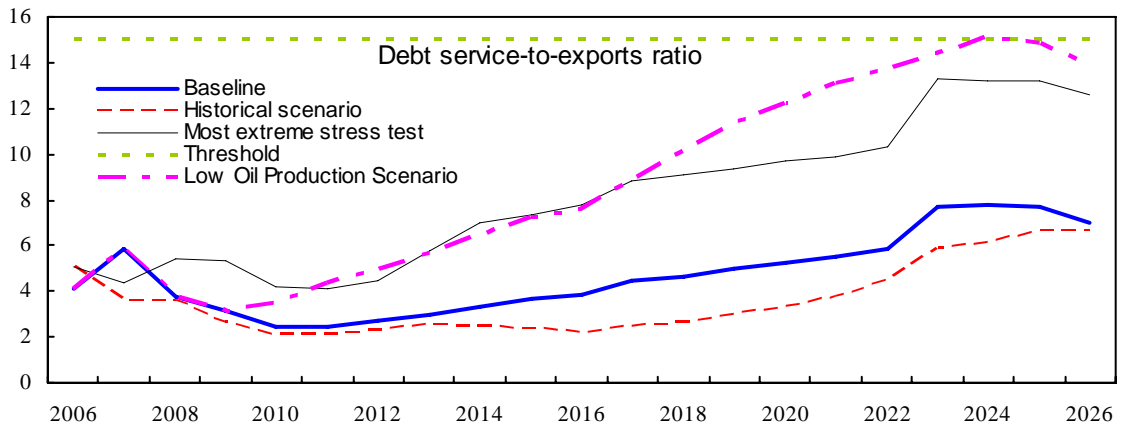
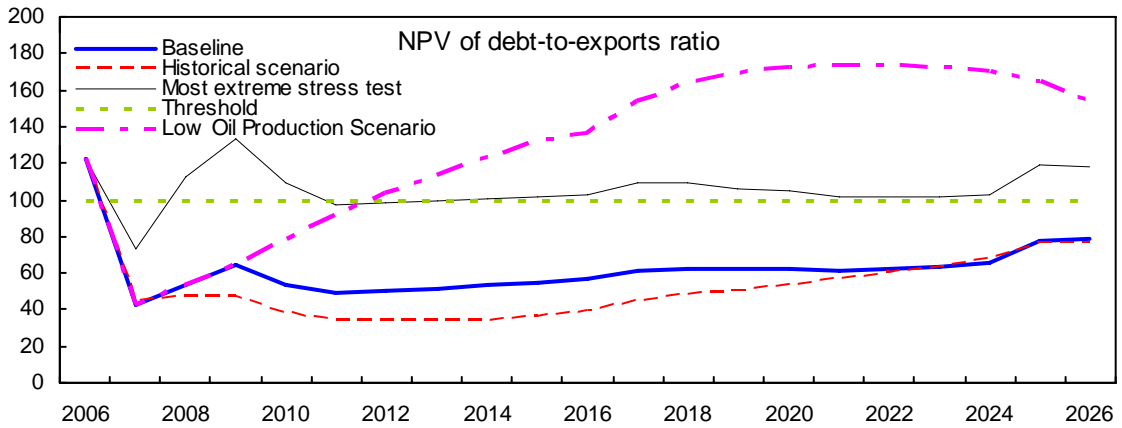
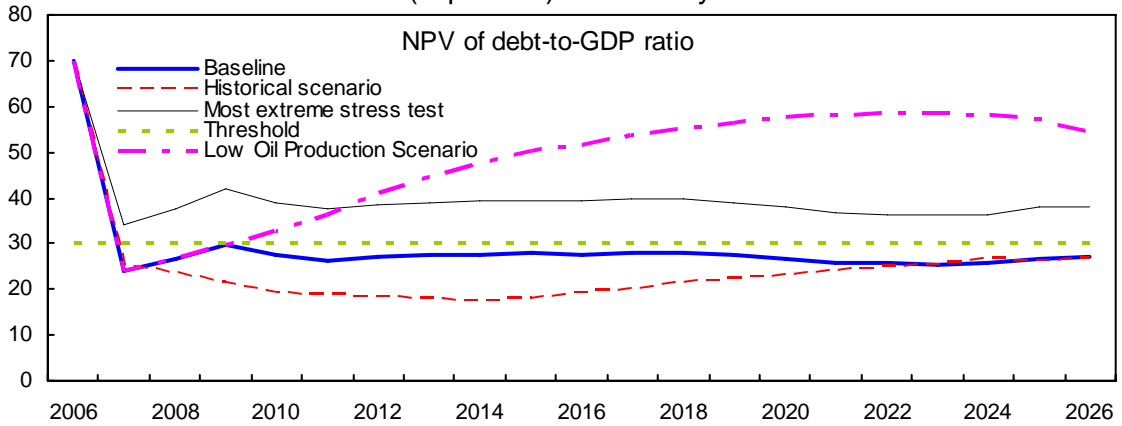
Figure A3. Mauritania: Projections for Oil Revenue and its Uses, 2006–26
(In millions of current \$)



Sources: Mauritanian authorities; and staff estimates and projections.

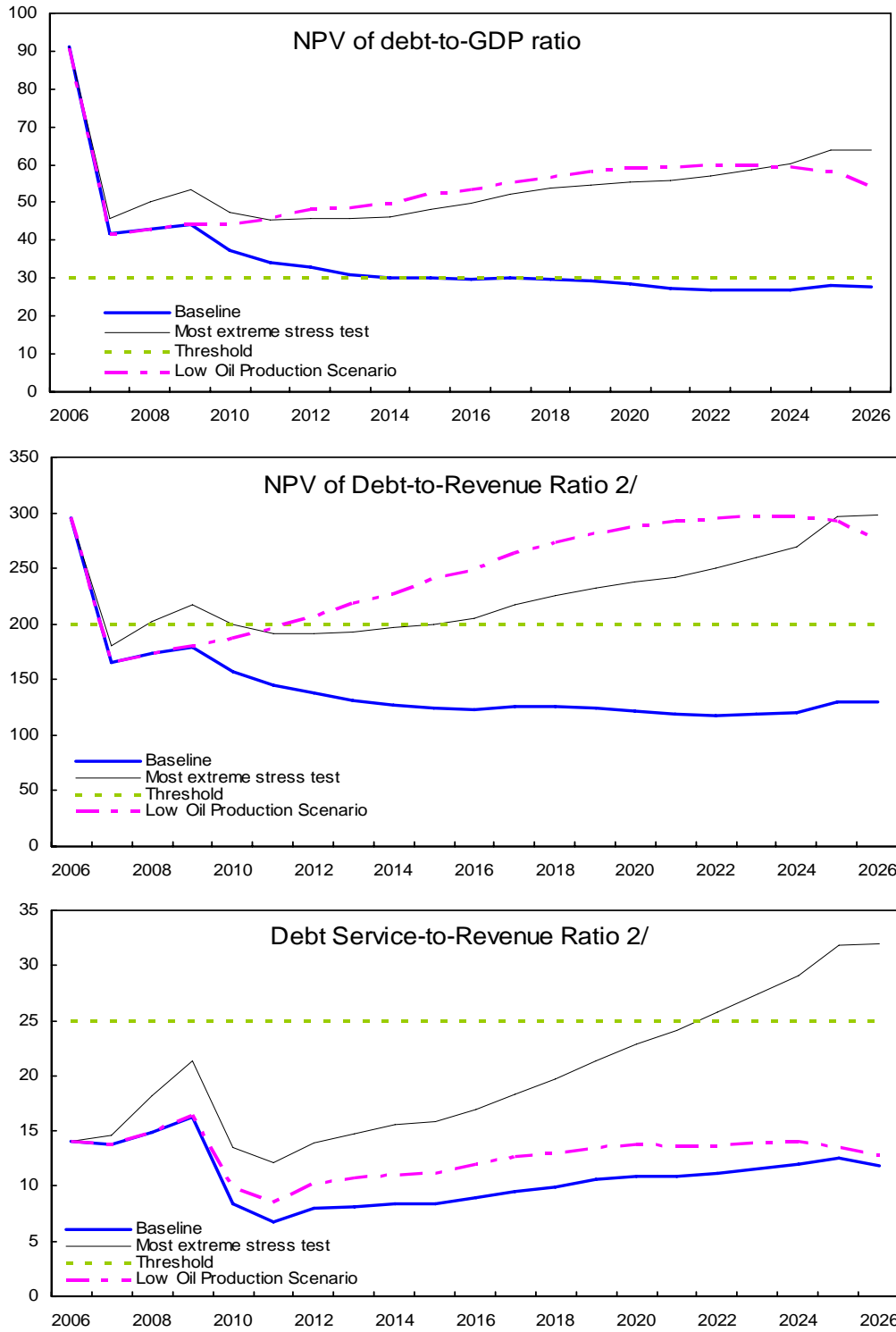
1/ Including capital revenue on oil account.

Figure A4. Mauritania: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2006–26
(In percent)-Preliminary



Source: Staff projections and simulations.

Figure A5.Mauritania: Indicators of Public Debt Under Alternative Scenarios, 2006–26



Source: Staff projections and simulations.

1/ Most extreme stress test is test that yields highest ratio in 2016.
 2/ Revenue including grants.

