



# Analysis of the business environment in Least Developed Countries

# Mauritania

March 2023



A powerful  
and balanced  
voice for business

International Organisation of Employers | Organisation Internationale des Employeurs | Organización Internacional de Empleadores

# Mauritania

Region  
North-western  
Africa

Population  
4,403,319

Demographic growth  
2.32 %

GDP per capita (2019)  
1,672.9 USD

Human Development Index:  
0.527 (157/189)

## Economic overview

*Mauritania is a country in north-western Africa with an economy based primarily on agriculture. It is estimated that more than 62 per cent of the active workforce is employed in this sector, accounting for 17 per cent of GDP.*



To revive economic activity against the backdrop of the COVID-19 crisis, the government set up an Expanded Priority Programme (PPE) which focused on the social sectors, infrastructure and food self-sufficiency. According to the government, this programme aimed to create jobs and enable the poorest people to meet their basic needs.

With regard to the business climate, much work remain to be done, particularly in terms of taxation, debt collection and cross-border trade.

## Challenges faced by the private sector

In addition to the situation of extreme poverty in the country, the Survey on the Situation of Employment and the Informal Sector, carried out in 2017, reveals:

- **Widespread informality, with the non-agricultural informal sector accounting for around 91.1 per cent of existing jobs.**
- **High unemployment** - The proportion of the population in employment is estimated at 37 per cent of the total working age population. This unemployment situation is more of an urban

phenomenon and affects mostly young people under 25 years of age (73.2 per cent).

- **Social inequalities in the labour market** - The unemployment rate increases with the level of education, especially in urban areas: for people with a general education, unemployment affects 20.2 per cent of women and 15.4 per cent of men.
- **A weak policy of absorbing young people into apprenticeships or technical vocational training for their future development** - 44.2 per cent of young people aged 14-35 are neither in the education system nor in employment.
- **An informal sector that occupies a central place in the Mauritanian economy** - The informal sector in Mauritania is the main provider of employment, accounting for more than 63 per cent of the employed population, of which more than 35.7 per cent is generated by the non-agricultural informal sector. The predominant branches of activity in the informal sector (excluding agriculture) are trade (44 per cent), services (21.9 per cent) and manufacturing (26.3 per cent).

- **A weak private informal sector** - 63.3 per cent of IPU heads have no education or have received a Koranic education. Those with general education represent 33.3 per cent; those with technical and vocational education represent only 0.1 per cent.
- **An informal private sector that exacerbates underemployment** - Overall, more than 67.4 per cent of employed persons work more than 40 hours per week. In addition, workers in casual, seasonal and temporary jobs are highly exposed to the risks of job loss and low income. The rate of precarious employment is estimated at 20.1 per cent.
- **Lack of access to infrastructure and finance** - Most IPUs operate without premises. Informal activities are still mainly carried out in entrepreneurs' homes (40 per cent). These are followed by activities carried out in markets (22.4 per cent), by itinerants (14.8 per cent) and those carried out at a fixed place on the public highway (13.5 per cent). Furthermore, with regard to access to basic public services, only 9 per cent of IPUs have access to running water, 51 per cent to electricity and 36 per cent to a mobile phone. IPU access to computer facilities and the Internet remains limited, at 2.8 per cent and 1.1 per cent respectively. In terms of communication equipment, only 24.4 per cent of rural IPUs have access to a mobile phone. IPU heads face difficulties in selling their production because of competition or lack of customers, with 60.3 per cent and 62.5 per cent of IPU heads mentioning these difficulties respectively. This is followed by difficulties in obtaining raw materials and difficulties in accessing credit, with 37.9 per cent and 30.7 per cent respectively.
- **A lack of social protection** - Only 16.2 per cent of IPU heads are covered by social security.
- **Child labour remains a concern** - An estimated 4.3 per cent of the workforce comprises children under the age of 15 in Mauritania.
- **Low level of human-capital education/training** - Mauritania ranks 157th out of 189 countries on the Human Development Index.

- **Very high level of corruption** - According to Transparency International's 2021 report, Mauritania is 140th out of 180 countries. This indicates that much work remains to be done in terms of improving the business climate.

## Private sector policy recommendations

The recommendations apply to the following areas:

### 1. Supporting and strengthening public-private dialogue

Specific objectives include:

- Including public-private dialogue in sectoral development plans and strategies;
- Establishing and maintaining a genuine public-private partnership;
- Developing a roadmap and agenda for public-private dialogue at national level;
- Actually considering the needs of private sector partners in sectoral development strategies;
- Strengthening state institutions, including assessing the legal and regulatory framework for creating and formalising businesses in the formal sector;
- Constantly coming up with reforms to improve the business climate;
- Complying with agreements;
- Bolstering the role of the state as a guarantor of peace, security and good governance;
- Ensuring independent and accountable social partners;
- Capacity building for social partners;
- Establishing a communication plan to reduce communication gaps between the private and public sectors;

- Establishing a unit or commission to work on promoting and popularising the incentives to be given to the private sector in the short, medium and long term.

## **2. Supporting young investors and women, developing entrepreneurship and fighting against informality**

Specific objectives include:

- Promoting an entrepreneurial culture in society as a whole, particularly in technical and vocational training institutions, on audiovisual platforms (TV and radio) and national online social networks, in adult education centres and in universities;
- Creating training and apprenticeship centres for self-employment for out-of-school youth;
- Creating a favourable climate for investment by providing incentives, e.g. access to credit at subsidised interest rates and on flexible repayment terms;
- Establishing a genuine partnership between the state and the banking sector to encourage domestic financing and investment, including the promotion of self-employment among youth and women;
- Focusing policy on formal job creation;
- Establishing a genuine institutional partnership between the state, the private sector and representatives of local authorities to support and promote the creation of income-generating jobs in rural areas and encourage the development of agri-food cooperatives;
- Promoting the decentralisation and efficiency of local government bodies to facilitate municipal authority access to national and regional financial flows to support entrepreneurship among women and young people in rural areas and to better channel the needs of women and young people for the development of their commercial, agro-pastoral and craft activities in rural areas in particular;

- Organising awareness-raising and education campaigns for informal sector entrepreneurs on the benefits of formalisation and developing incentives to encourage the formalisation of businesses;

- Considering the needs of informal sector operators in strategies for combating informality by the central government in order to better encourage their transition from the informal to the formal sector;

- Organising ongoing training and education sessions on creating and formalising businesses in rural and urban areas;

- Promoting access to digital technology for young people and women in rural areas by creating free digital training centres within local authorities;

- Promoting women's access to land in particular and favouring a reorganisation of the land register;

- Eliminating minimum fees for business start-ups and shortening the waiting period for registering and authenticating documents;

- Creating national savings in the various countries to finance income and employment-generating projects, especially for young people and women.

## **3. Cross-border trade**

Specific objectives include:

- Promoting the development of intra-African trade by removing customs barriers;

- Improving national and regional infrastructure, such as developing roads, pedestrian walkways, lighting and utility poles, access to the digital network, and building structures to house markets at borders;

- Modernising and deploying one-stop shops;

- Guaranteeing a secure and stable climate at national level, particularly in terms of customs

services to facilitate the free movement of people and goods (rule of law); this would also improve entrepreneurship by women, particularly the creation of income-generating activities (trade) carried out most often by small traders (women) at the borders;

- Guaranteeing follow-up for the supply and distribution of petroleum products;
- Deploying national, regional and international sectoral strategies to ensure exchange rate predictability;
- Implementing sectoral strategies to develop the resilience of the economy, particularly of businesses, to cope with various shocks;
- Reducing export and import delays;
- Setting up and modernising an electronic payment system for port fees at national level;
- Going paperless in customs formalities and extending the opening hours of ports;
- Increasing the size of inter-African markets and diversifying production in order to expand markets and improve the competitiveness of the formal private sector globally;
- Promoting good governance and responsible business conduct and fair competition in markets in order to improve the global competitiveness of the formal private sector;
- Establishing simplified trade arrangements (exemption from customs duties) and simplifying customs clearance formalities for small-scale transactions, usually carried out by small traders, especially women;
- Enhancing regional integration, in particular economic cooperation between the different regional economic communities to remove persistent barriers to intra-regional trade;
- Strengthening the fight against smuggling at borders and ports;
- Establishing and developing regional power

pools to reduce electricity connection costs and link markets to resources;

- Establishing mutually beneficial trade agreements to attract more investors; boosting intra-regional trade through digital technology;
- Diversifying the energy market with a focus on promoting solar panels to improve the competitiveness and productivity of businesses and also to reduce the costs of connecting to the power grid;
- Expanding the telecommunications market, especially the digital market, to improve access to the electronic network for businesses and enable them to increase their competitiveness in the global market;
- Establishing effective cyber security and cyber defence strategies at regional level;
- Strengthening the African Continental Free Trade Area (AFCFTA).

#### **4. Fighting informality**

Specific objectives include:

- Establishing a national policy to transition informal production units (IPUs) to the formal sector;
- Establishing incentives and deterrents;
- Sharing and exchanging regional experiences;
- Developing a strong and effective institutional legislative framework;
- Annually implementing structural reforms and sectoral strategies aimed at facilitating the business climate and improving the life of entrepreneurs; in particular in terms of taxation, building permits and business creation;
- Developing guarantee instruments to promote access to credit for young people and women, especially those with economically viable income- and employment-generating projects;

- Reducing costs and delays in obtaining building permits;
- Reducing electricity connection fees;
- Eliminating mandatory minimum fees for business start-ups;
- Eliminating mandatory fees for authenticating documents and shortening the registration period for business start-ups;
- Improving access to credit information, e.g. by extending the coverage of public credit services and by starting to report data from public utilities;
- Developing a national directory of formal sector companies;
- Annually assessing the registration rate of new companies and considering the needs of unregistered companies in order to better channel and adapt sectoral strategies to facilitate their transition to the formal sector;
- Establishing and modernising an electronic system for creating and registering businesses at national level;
- Creating a level playing field for businesses to facilitate their formalisation.

## 5. Developing human capital

Specific objectives include:

- Improving the supply of public services (education, health and social protection);
- Ensuring a match between training/education received and the needs of the labour market in technical and vocational education, general secondary education and universities;
- Promoting development-oriented research in technical and vocational schools, general secondary schools and universities in order to unleash the innovation potential of young people and improve the competitiveness of the private sector globally;
- Priority training for public sector managers;
- Mandatory internships for students to immerse them in the world of business.

## 6. Improving the labour market

Specific objectives include:

- Increasing the number of jobs through access to new investments at national level;
- Promoting the application, via the Ministry of Social Affairs and Labour, of a legal framework for workers/employees on working conditions and a minimum wage;
- Implementing sectoral strategies aimed at facilitating access to health coverage for the population, particularly for workers in the formal sector, which may also encourage informal businesses to formalise;
- Promoting flexible working hours for workers;
- Improving employment frameworks, policies and conditions;
- Improving wages and paying compensation for work stoppages due to the occurrence of happy occasions (e.g. births) and unhappy events (illnesses, accidents, etc.) in workers' lives.

## 7. Promoting digitalisation/new technologies

This should consist of/and enable:

- Updating/strengthening the digital skills of economic actors;
- Facilitating access to a variety of services and opportunities through the Internet and IT by means of timely reforms and national projects/programmes;
- Promoting online payment of taxes and other services;
- Providing large-scale digital literacy programmes;

- Promoting engineering training and professions in order to capitalise on innovation through strategic partnerships (schools-companies, state and development partners, etc.).

*This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the International Organisation of Employers (IOE) and do not necessarily reflect the views of the European Union.*



**Co-funded by  
the European Union**



A powerful  
and balanced  
voice for business

Avenue Louis-Casaï 71 – CH-1216 Genève  
T +41 22 929 00 00 F +41 22 929 00 01  
[ioe@ioe-emp.com](mailto:ioe@ioe-emp.com) • [ioe-emp.org](http://ioe-emp.org)

© IOE 2023