



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

ISLAMIC REPUBLIC OF MAURITANIA

Technical Assistance Project on Public Debt

Projections: Scoping Mission Report

November 2024

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Institute for Capacity Development

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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: This document outlines the initiation and early stages of a Technical Assistance project designed to enhance the capacity of Mauritania's National Committee on Public Debt (CNDP) in the areas of public debt projection and analysis. Following a request from Mauritanian authorities, IMF ICD staff engaged in comprehensive virtual discussions with the CNDP's Technical Committee in September 2023. A subsequent mission to Nouakchott in January 2024 evaluated the existing capacity and resources at the CNDP for public debt projection and debt sustainability analysis. The IMF team proposed adopting the IMF's Public Debt Dynamics Tool (DDT), customized for Mauritania's specific economic conditions. This recommendation aims to assist the CNDP in generating reliable medium-term debt projections and analyzing risk scenarios. These scenarios include the impact of natural disasters and explore fiscal adjustment strategies via the non-extractive primary balance to achieve targeted debt levels.

This TA has been financed by the government of Japan.

JEL Classification Numbers: O11; O23; O55

Keywords: Public debt; debt management; technical assistance; IMF

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Background

- **Mauritania faces significant exposure to commodity price fluctuations and natural disasters, underscoring the need to conduct debt dynamics analyses.** To enhance debt management capacity, the government re-established the National Committee on Public Debt (CNDP). The Ministry of Finance — the secretariat of the CNDP — requested an IMF's technical assistance to boost the capacity to project and analyze public debt by the members of its Technical Committee. In response to the request, the IMF team began a pre-scoping engagement in September 2023. Eight virtual sessions followed during which Technical Committee staff of the CNDP were assisted in completing an online training on the Public Debt Dynamics Tool (DDT)¹.
- **Based on the information collected during the pre-scoping phase, a TA project focusing on public debt projections and analysis was initiated in January 2024.** The IMF staff visited Nouakchott between January 8-19, 2024, and assessed the technical capacity of the CNDP's three constituent institutions: the Ministry of Finance, the Ministry of Economy and Sustainable Development (MEDD), and the Central Bank of Mauritania (BCM). This assessment comprised data availability, staff technical capacity, and the quality of existing forecasting tools.
- **The mission recommended adopting the Public Debt Dynamics Tool (DDT).** The DDT, tailored for Mauritania's needs, aims to enhance public debt projections and analysis. The mission team also provided hands-on training for baseline projection generation and scenario analysis using the DDT. Findings from this scoping mission informed a detailed Action Plan agreed with the authorities and running through end-2024.

Summary of Findings

- **The CNDP operates as a collaborative platform, governed jointly by six Directors General from the MF, the MEDD, and the BCM.** Their collective efforts are crucial for effective debt management. The CNDP's core function includes conducting thorough assessments of the public debt situation and developing debt management policies. These include debt restructuring strategies like rescheduling and conversions. The CNDP also facilitates information exchange among institutions and advises the Minister of Finance on fiscal sustainability and related operational issues, such as new loan terms and conditions. The Technical Committee supports the CNDP by generating public debt forecasts, performing debt sustainability analyses, and devising debt-related policies, including the Medium-term Debt Strategy (MTDS), development of the domestic public securities market, and setting debt issuance limits.
- **Currently, the CNDP is challenged by its existing capacity to produce consistent public debt projections or conduct debt sustainability analyses.** The Ministry of Finance is responsible for creating fiscal revenue projections and forecasts for fiscal expenditure, interest payments on external

¹ The IMF's Public Debt Dynamics Tool (DDT) is an Excel program for helping countries forecast and analyze their public debt. It is user-friendly and uses minimal data to create public debt projections under various scenarios. An online training [course](#) is available on the EdX Platform.

debts, and debt issuance. However, the lack of relevant debt-related data and policy formulation processes limit the Ministry of Finance's ability to produce reliable debt projections. Additionally, the MEDD is tasked with macroeconomic projections, but lacks a fully functional macroeconomic framework for consistent medium-term GDP and inflation forecasts. The combination of these limitations poses significant challenges to developing reliable medium-term debt projections.

- **The scarcity of qualified personnel and high staff turnover further exacerbate the challenges.** The Ministry of Finance employs twelve economists with diverse backgrounds and experiences but also relies on advisors from AFRITAC West for developing the medium-term budget framework and MTDS. The MEDD's technical staff, responsible for macroeconomic projections and developing the medium-term macroeconomic framework, would benefit from further training in macroeconomics and financial programming. The frequent rotation of department heads within the Ministry of Finance and MEDD, typically every two to three years, tends to dilute institutional knowledge gained during technical assistance projects.

Objectives of the Project

- **The goal of the technical assistance project is to elevate the debt analysis capacity of the Technical Committee's members within the CNDP.** The project is centered on equipping the members with capacity to proficiently create consistent debt projections using the DDT and leverage them for policy analysis. Key elements of the project include: (i) solidifying the base for efficient data collection and updates, (ii) identifying the drivers behind debt changes, (iii) executing detailed scenario analyses, and (iv) tailoring the DDT to address Mauritania-specific concerns, such as the role of non-extractive primary balances for fiscal policy formulation and the impact of natural disaster-related shocks, including droughts and floods. Furthermore, the project intends to empower the CNDP in refining policy making by regular publication of a comprehensive debt report. This report will explore debt dynamics across various scenarios, visualize projection uncertainties with fan charts, and chart out fiscal adjustment paths to achieve predefined debt targets.
- **The projects will help mitigate the effects of high staff turnover and stimulate enhanced collaboration among institutions in debt projection and analysis.** The Technical Committee is set to develop a manual to ease the process of data gathering and DDT operation and customization across different institutions. This initiative aims to broaden the participation in technical assistance sessions to safeguard the institutional memory amidst frequent staff changes. The Technical Committee's prior contributions to fostering inter-agency cooperation for macroeconomic and debt projection tasks and data sharing will be built upon. Further, the project aspires to strengthen technical-level coordination between institutions by charting a clear task sequence—from data collection by various entities to joint efforts in debt projection, dynamic debt analysis, and policy document drafting—thereby enhancing debt management efficiency.
- **The Action Plan outlines a comprehensive timeline for the technical assistance project, scheduled to span from January to December 2024.** This period will feature two in-person visits to Nouakchott, complemented by three series of virtual meetings aimed at reinforcing the knowledge from earlier missions, introducing new elements for upcoming visits, and ensuring sustained project momentum.