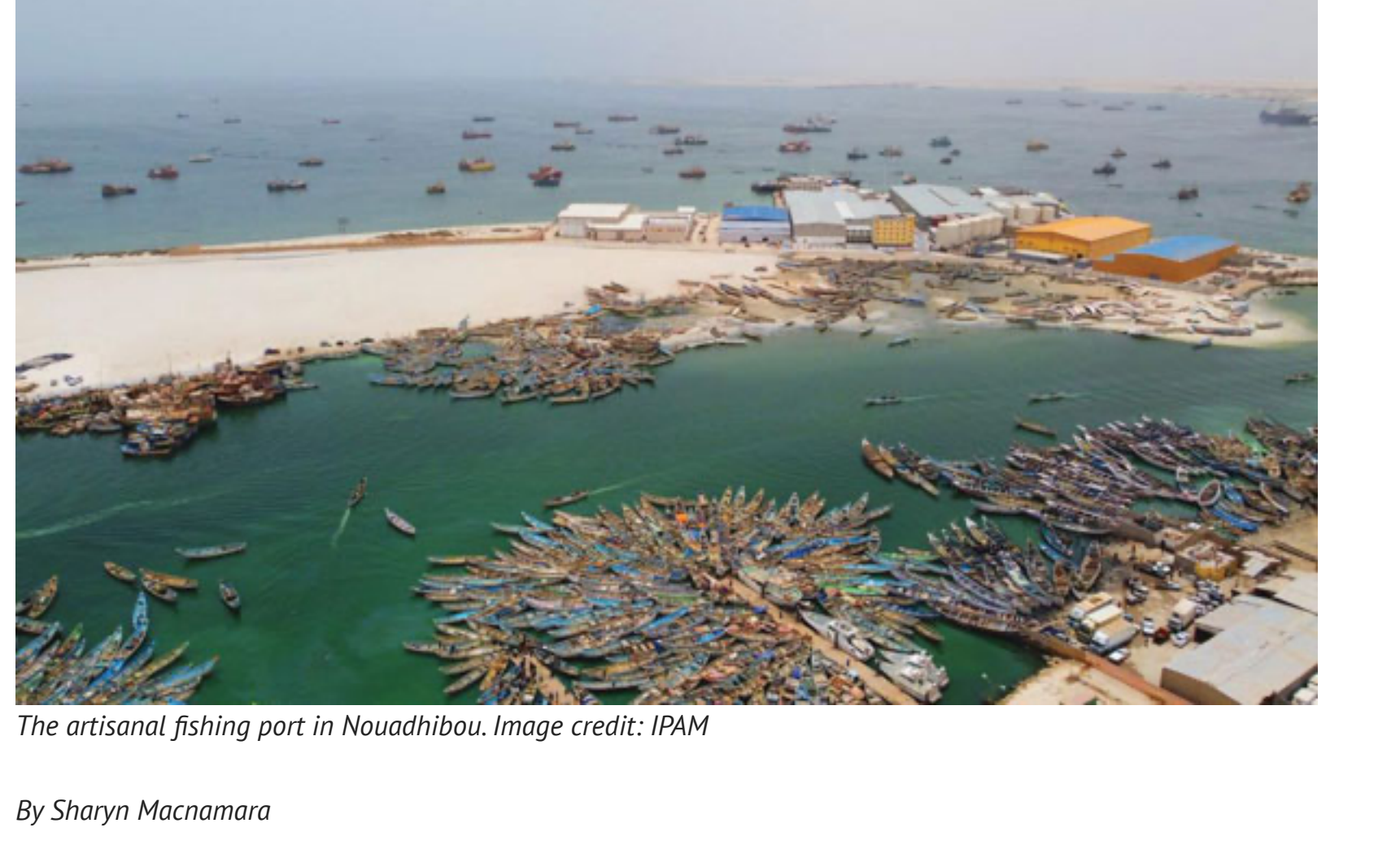


Mauritania – a new era of transformation

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The artisanal fishing port in Nouadhibou. Image credit: IPAM

By Sharyn Macnamara

The election of President Mohamed Ould El-Ghazouani has seen Mauritania enter a new era conducive to sustainable foreign investment and focused on an ESG-based development model (Environment Social and Governance).



Ambassador of Mauritania to the Republic of South Africa, his excellency Jarr Ould Inalla. Image supplied HE Jarr Ould Inalla

Located in northwest Africa, the Islamic Republic of Mauritania is bordered by the Atlantic Ocean, the Western Sahara, Algeria, Mali and Senegal. Around 70% of Mauritania is desert country, with vast expanses of pastoral land and only 500 000ha of arable land. Emanating from the Almoravid Empire in 1039, which eventually encompassed much of North Africa, southern Spain and all of present-day Mauritania, it is a country steeped in ancient history with a diverse, multi-cultural population of over 4.2 million. The country boasts a coastline of almost 700km and the nation's coastal waters are known to be among the richest fishing areas in the world. Mining, however, is the primary contributor to the national foreign earnings employing over 60% of the workforce. The sector contributes to more than 22% of the country's GDP, with iron-ore as the historical primary mineral focus. Mauritania also produces oil and by the end of 2023 its gas potential will be leveraged in partnership with Senegal. As a leading producer of iron ore, copper, gold and silver, Mauritania has much to offer investors.

Mining – backbone of the economy

"Mining and the extractive industry form the backbone of the Mauritanian economy and the government's growth strategy in the sector is inspired by an African mining vision, which forms the basis of its legal and regulatory framework to support its commitment to transformative industries. The legal

artisanal mining sector makes up a very large and important portion of the workforce in the country. In 2021 the minister of Petroleum, Energy and Mining, HE M. Abdessalam Mohamed Saleh, noted that the artisanal mining sector provides around 45 000 direct jobs and about 100 000 indirect jobs, contributing around USD780-million annually to the fiscus.⁴

"To support its strategy the government has since 2007 implemented the Extractive Industries Transparency Initiative (EITI) with a drive to encourage investment in the huge mineral potential in the country in order to boost and diversify economic growth and to support social policies of inclusivity, says ambassador of Mauritania to the Republic of South Africa, his excellency Jarr Ould Inalla."

After the tough international pandemic, according to the World Bank, Mauritania's economic recovery in 2021 was robust although still below pre-COVID-19 levels and growth potential. Growth rebounded to 2.4% in 2021 due to an increase in private consumption and investment, as well as an improved performance of the services sector.⁵ In June 2022 mining production in the country increased by 24.5% compared with the same month in the previous year.⁶

Mineral potential

"Mauritania covers an extensive area and has four distinct geological terrains," says Dr Nicolaas C. Steenkamp, an independent consultant and specialist in geological, geochemical and metallurgical projects. "The north of the country consists of the Archaean Reguibat Shield which strikes into Western Sahara and Algeria. The second region is the Neoproterozoic N-S striking Mauritania Belt which was folded and thrust during the Variscan orogeny. The third region is referred to as the Taoudeni Basin which consists of predominantly continental sediments of Neoproterozoic to Phanerozoic age, covering most of central and southern Mauritania, while the Senegal Basin in the southwest of the country has marine sediments of Jurassic to Recent age. The desert country, covered by sand dunes, is characterised by a vast peneplain studded with inselbergs over the folded belts."

Ladies in the field – Rosso in the south of Mauritania. Image credit: IPAM

Iron ore – mainstay of the country

He notes, "The iron ore industry dominates economic activities and the country has one of the longest iron ore train rails in the world, from the mines to the port. The reserves of iron ore in Mauritania have been estimated at about two billion tons, with average grades of 64% Fe. The iron ore is developed as hematite lenses in Proterozoic banded iron formations (BIF) at F'Dérik-Segazou, Rouessa and Tazadit hills." The partly state owned, National Industrial and Mining Company, SNIM, is the second largest African producer of iron ore and an important contributor to Mauritania's economy.

Copper

Steenkamp says, "The Akjoujt copper deposit is located approximately 250km northeast of Nouakchott and consists of a 1 000m long and up to 250m wide lens-shaped copper-bearing carbonate body occurring on top of two hills, referred to as the west and east Moghrein Guebs. At a depth of 40m, the supergene mineralisation consists of cuprite, tenorite, malachite and azurite." HE Jarr Ould Inalla expands on this, noting, "The country has a potential of 28Mt of copper."

Heightened exploration

He points out that exploration in Mauritania has increased noticeably in recent years and has led to the discovery of a wide list of resources such as phosphate, which Steenkamp adds has been identified at Bofal and Louboira in southern Mauritania and is estimated to contain between 120-150Mt of phosphate rock with an average grade of 20% P2O5.



30MW Wind Energy Station in Nouakchott. Image credit: Mauritanian Investment Promotion Agency

Over and above this, Mauritania is looking to exploit other resources like gypsum, uranium peat, salt, quartz, diamonds, chromium, magnesium, lead, platinum, rare earth and black earth minerals and gas, recently discovered at the border between Mauritania and Senegal, says HE Jarr Ould Inalla.

New developments in gas

In December 2018, Mauritania and Senegal reached a Final Investment Decision with energy companies BP, Kosmos Energy and National Oil Companies Petrosen and SMHPM for the Greater Tortue Ahmeyim project, which is expected to generate USD19-billion in government revenues over the next three decades.⁷ It is an offshore liquefied natural gas (LNG) project based on upstream gas production in 2km-deep waters on the maritime border of Mauritania and Senegal, and is the deepest offshore project in Africa to date.

Supporting the investor

HE Jarr Ould Inalla notes, "The government is working tirelessly to attract and support investors by creating numerous incentives and having taken measures over the past 4-5 years to facilitate the entrance of investors through the Investment Code." This includes facilitating the ease of obtaining a visa on entrance to the country on arrival at the airport. He emphasises, "The government has created an attractive 'code of investment' that provides security rights and liberties to companies investing in Mauritania.

"A one-stop-shop has been set up to streamline administration for investors, while security rights, property protection, judiciary tax and customs stability are guaranteed by the code. Security of foreign currency and capital transfer is assured. Equal treatment of all companies, access to raw materials and freedom to employ expatriate staff is also secured. There are also some taxes and duties that can be waived by the government, such as custom taxes – usually waived for small and medium enterprises."

Licences and contracts

The exploration and exploitation of minerals and trading in Mauritania's mining sector is managed by SNIM (78% government owned, with the balance owned by Arab financial and mining organisations),⁸ while the Ministry of Petroleum, Mines and Energy grants mining and oil licenses and manages the mining and petroleum cadastres, with the government having established a new mining cadastre in 2019.⁹

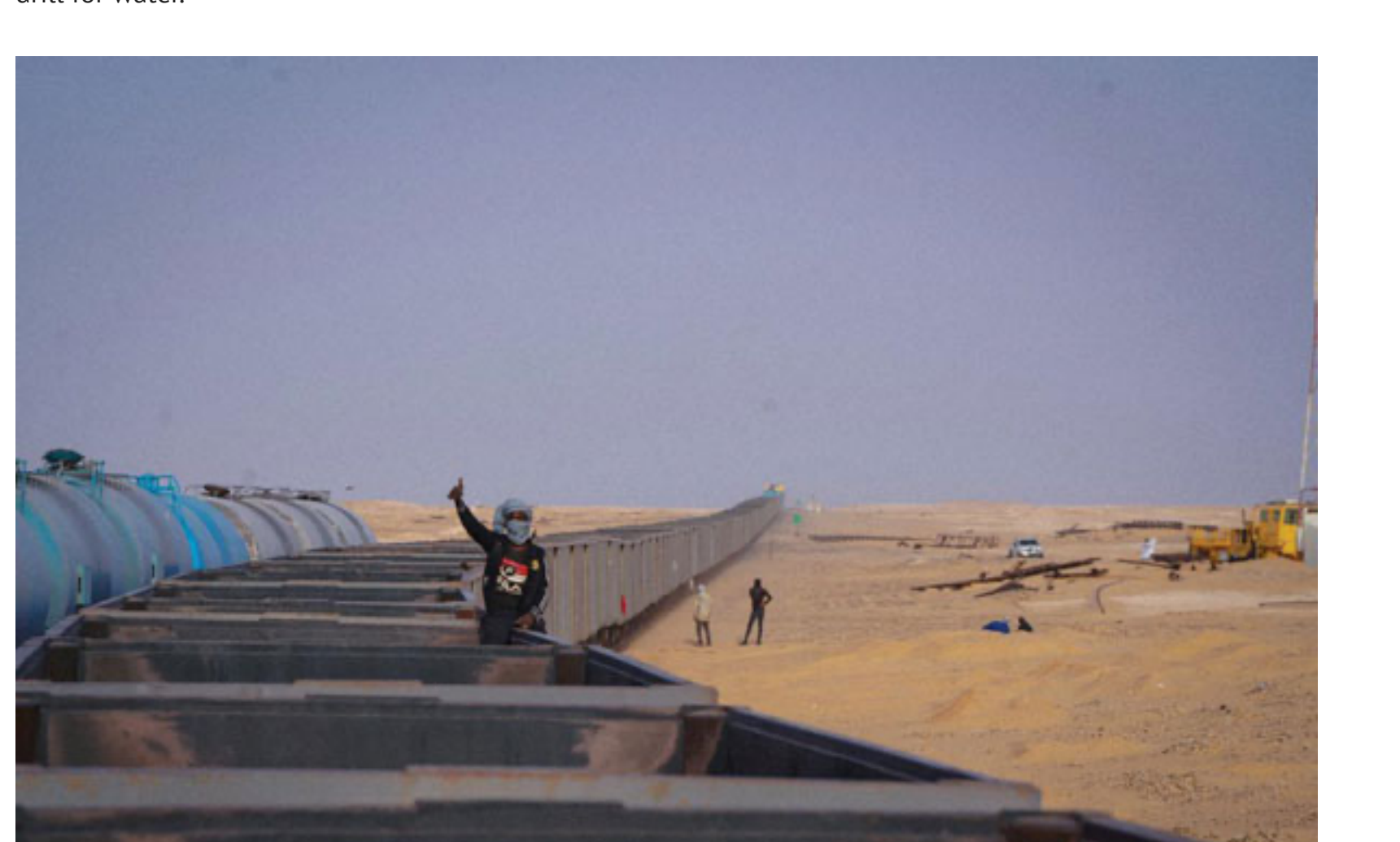
The procedure for granting mining licenses is regulated by the Mining Code. While oil and gas exploration and production contracts are in principle concluded following a competitive bidding process in accordance with the Hydrocarbon Code, the current practice is to deviate from this rule and opt for direct negotiation. Due to the general nature of the Petroleum Code, most of the specific provisions governing petroleum exploration and production are included in production sharing contracts (PSCs).¹⁰

Infrastructure and economic growth developed in parallel

"The country's infrastructure is developing alongside its investment growth," says HE Jarr Ould Inalla. Mauritania has a network of good quality asphalt tarred roads connecting all cities, while a single 704-kilometre railway line links the iron mining centre of Zouérat with the port of Nouadhibou, one of 5 ports in the country. "Nouakchott-Oumtousny International Airport serves the capital city of Mauritania, and our hospitality industry and telecommunications are developing rapidly – we have services that meet international standards using optical fibre and submarine cables – while hospitals and other support infrastructure are constantly being upscaled to meet the demand of the moment," he adds.

Power, water and security

HE Jarr Ould Inalla points out that water challenges in Mauritania are being managed thanks to the two mega government projects: Atout Essahli and Aftout Echarqui. The former is advanced and already in operation – water from the Senegal River is treated to be used for mining and other economic activities. The latter is situated in the far east of the country, where financing has already been secured to drill for water.



The mineral train, among the longest in the world, approximately 2km long. Image credit: Mauritanian Investment Promotion Agency

He continues, "Power has been a challenge, but the government is working hard to meet the demand having already improved the existing hydroelectric and thermal national grids substantially. Recently a decision was also taken to open the production of electricity to the private sector to start producing and selling electricity. Mauritania has immense potential in solar and in wind generating capacity. In addition to this, government is calling for investors to invest in green hydrogen production – we believe Mauritania will be one of the biggest producers of this kind of energy in the future. Added to this, we will start producing gas by 2023 and this too will support power generation in the country.

"Mauritania is at the mercy of the volatility of global pricing of mining products. This poses additional challenges related to the shortage of national capital and also hinders the attainment of reaching maximum exploration and production capacity in the mining sector. The government is therefore driving diversification in the economy and transformation within direct foreign investment in the sector, enlargement of our ports and exploitation capacity, and diversification in energy sources."

HE Jarr Ould Inalla is emphatic, "When it comes to security, Mauritania is one of the safest countries in the region – noting that from 2012 to date, not a single safety/security incident has been recorded. We are in full control of our borders in spite of what is happening in some neighbouring countries. Currently, Mauritania enjoys enviable political stability and a strong united interior front, allowing the country to stand as a paradise of safety in the region, thanks to our strong political leadership, and its successful socio-economic policies and inclusive political reforms aimed at strengthening society."

The government follows a double pronged strategy to ensure stability – using both the army and education. "One needs to eradicate illiteracy and one can then fight poverty, which is the beginning of all extremist ills. An inclusive society, where communities have the support of the state and can benefit from the exploitation of resources, has been the answer in Mauritania. To this end the government has legalised artisanal mining – it is supervised, and miners require licences to operate."

In conclusion Jarr Ould Inalla says, "To the investors: Do not miss the opportunity, as this is the right time to invest in the Mauritanian mining industry. The country is today more than ever before, secure, welcoming, and ready for investment in the mining sector."

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9. Nationalisation of the Miferma consortium in 1974-1975 created SNIM (Société Nationale Industrielle et Minière). The Mauritanian government owns 78% of SNIM and Arab financial and mining organisations own the balance. Production rapidly grew to 11-12 million tonnes per annum (Mtpa), a level that has generally been maintained by serial upgrading of the facilities.
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