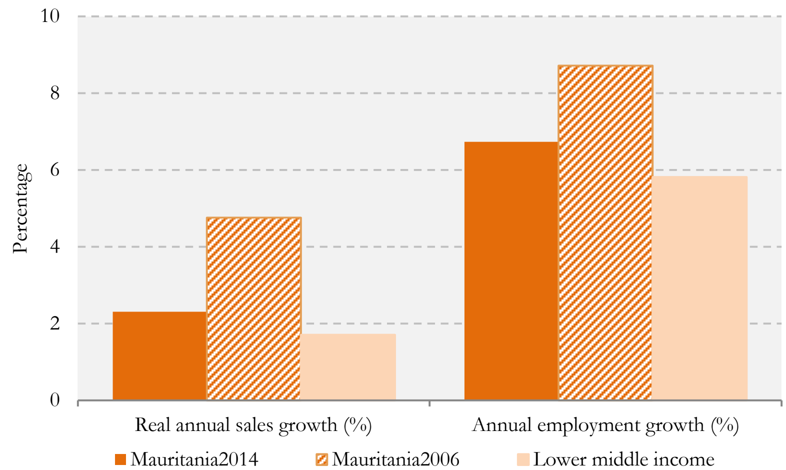
MAURITANIA 2014

The World Bank interviewed a representative sample of the private sector in 2 of the most active economic regions in **Mauritania**. The sample consisted of 150 business establishments surveyed from September 2014 through February 2015. The Enterprise Survey (ES) covers several topics of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

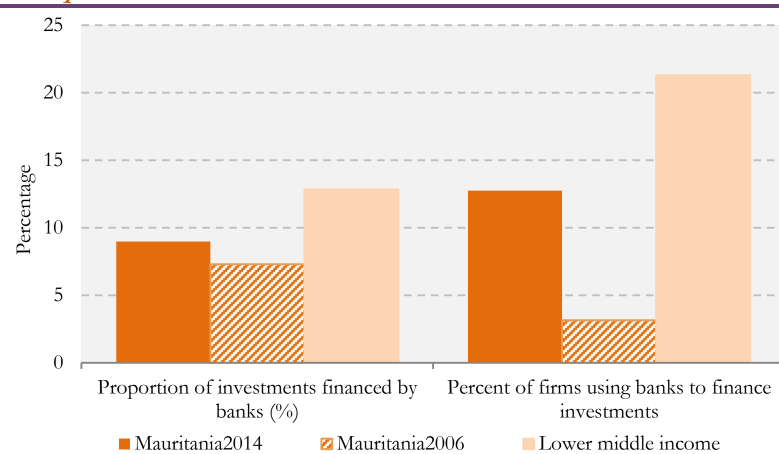
Firms in Mauritania report positive but decelerating sales and employment growth

Between 2011 and 2013, firms in Mauritania experienced a 2.3% real **annual sales growth**, in line with the average for lower middle income countries at 1.7%, but lower compared to the 2004-2006 period, when they grew at an annual rate of 4.8%. Employment growth exhibits the same positive but decelerating pattern. With an annual employment growth rate of 6.7% between 2011 and 2013, firms in Mauritania performed slightly better than other lower middle income countries (5.8% annual growth rate) but decreased the pace at which they added jobs compared to 2004-2006 (8.7% yearly).



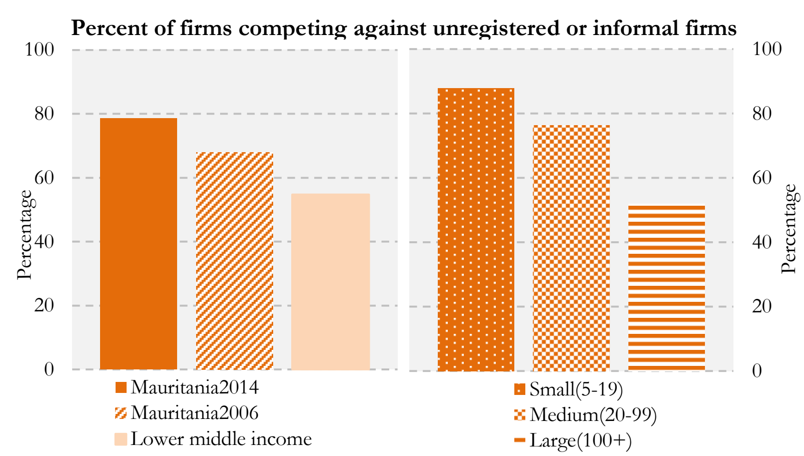
Firms also use more bank financing for investment compared to 2006

The use of **bank financing** for investment by private firms in Mauritania improved since 2006 but it is still low compared to other countries with similar income levels. In 2014, 9% of investments were financed by banks compared to 7% in 2006 and to an average of 13% in other lower middle income countries. A more remarkable improvement was experienced when looking at the proportion of firms using banks to finance investments which tripled between 2006 and 2014. Despite this remarkable upturn, only 13% of firms in Mauritania used banks to finance investments in 2014 compared to an average of 21% in lower middle income countries.



However, more firms, especially small and medium firms, report competing against the informal sector

Competition from the **informal sector** has increased in Mauritania compared to 2006. In 2014, 79% of firms reported competing against unregistered or informal firms compared to 68% in 2006. The increased competition from the informal sector experienced by firms in Mauritania widened the gap between this country and other lower middle income countries where, on average, half of firms are affected by competition from the informal sector. The likelihood of facing competition from the informal sector decreases with firm's size: 88% of small firms reported competing against informal or unregistered firms compared to 76% of medium firms and 52% of large firms.

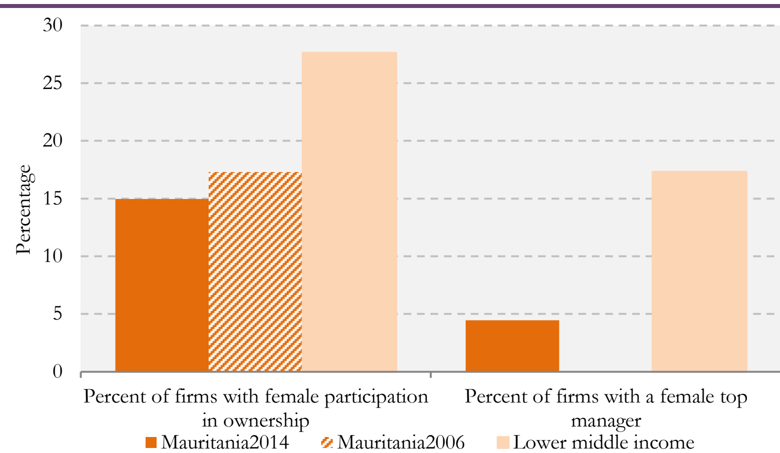


Firms spend more time dealing with regulatory compliance, compared to 2006

The "time tax" imposed by **regulations**, which is the percentage of time spent by senior management dealing with regulatory compliance, dramatically increased in Mauritania between 2006 and 2014. In 2014, the average "time tax" was 17%, three time as high as in 2006 (6%) and considerably higher than the average for lower middle income countries (4%). The "time tax" imposed by regulations was higher for firms in the service sector as compared to the manufacturing sector (20% vs. 11%, respectively) and for small and medium firms as compared to large firms (20%, 17%, and 6% respectively).

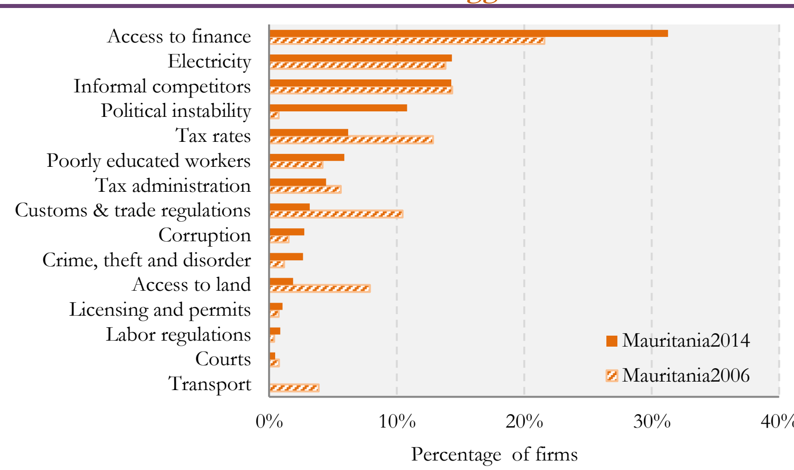
Female inclusion in the private sector lags behind other countries

Mauritania doesn't compare well with other lower middle income countries in term of **female participation** in the private sector, both as owners and managers. The percent of firms with female participation in ownership in Mauritania is almost half the level in lower middle income countries (15% vs 28%, respectively); while less than 5 percent of firms are run by a female top manager, which is considerably lower than the average of 17% in lower middle income countries. In addition, female participation in ownership has slightly decreased since 2006 when 17% of firms had at least one woman amongst the owners.



Almost one out of every three firms in the Mauritania consider access to finance as the biggest obstacle

Firms in the private sector in Mauritania rated access to finance as the biggest **obstacle** in their business operations, followed by electricity and competition from informal competitors. Access to finance was reported as the biggest obstacle to operation by 31% of firms as compared to 22% in 2006 despite the improvement observed in several indicators measuring firms' access to banking services. One reason for this could be an increase in demand for financial services generated by a growing private sector. On the contrary, less firms cited tax rate, customs and trade regulations, and access to land as the biggest obstacle in 2014 as compared to 2006.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org