



FOCUS ON HYDROGEN: MAURITANIA AS A CLEAN HYDROGEN HUB – A REGULATORY OVERVIEW

Mauritania aims to become a pioneer in renewable "Power-to-X" projects, particularly in clean hydrogen. It has vast renewable energy potential and, as a major iron ore exporter, is seeking to transform its economy with the production of low-carbon molecules and the development of green steel manufacturing. In parallel, the Greater Tortue Ahmeyim natural gas field is expected to play a crucial role in the country's access to energy and its economic growth, alongside the promising BirAllah block. In this briefing, we look at the new Green Hydrogen Code and key issues for investors and developers of clean hydrogen projects in Mauritania.

The Mauritanian energy market is undergoing significant transformation, with the development of green hydrogen and access to natural gas playing pivotal roles. The Mauritania Development of Energy Resources and Mineral Sector Support Project (DREAM Project), approved by the World Bank, aims to boost green hydrogen development, expand energy storage, and support critical reforms in the mining sector. This project will finance Mauritania's first large-scale battery energy storage facility, enabling the country to harness its abundant solar and wind resources for more reliable electricity. This investment is critical to the success of Mauritania's Mission 300 Energy Compact (a programme led by the World Bank and the African Development Bank), which aims to achieve universal access for a select African nations to electricity by 2030.

The new green hydrogen code (GHC), enacted on 8 October 2024 under law n°. 2024-037, sets out: (i) the institutional, regulatory, and monitoring framework for activities related to the development and operation of green hydrogen projects, (ii) the legal, tax, and customs regime, and (iii) the rights and obligations of developers engaged in developing green hydrogen projects.

According to the GHC, the Mauritanian Agency for Green Hydrogen (AMHV) will be created and tasked with overseeing and regulating projects while streamlining investment procedures. The regulatory framework defines clear pathways for securing the necessary authorisations and licenses for green hydrogen production and export. Under the GHC, projects must be structured around two key agreements with the Mauritanian State: (i) a Framework Agreement (*Accord-Cadre*) and (ii) a General Convention (*Convention Globale*).

WHAT ARE THE KEY STEPS TO DEVELOPING GREEN HYDROGEN PROJECTS?

Application process for interested investors

The development of green hydrogen projects in Mauritania has two possible routes: (i) through a competitive bidding process set by a call for projects or (ii) via direct negotiation with the State.

Competitive bidding process

Under article 11 §1 of the GHC, a competitive bidding process is launched by the Minister in charge of Energy, through AMHV, through a non-discriminatory, objective, and transparent procedure. This article also requires AMHV to collect expressions of interest from investors submitting proposals related to the development of green hydrogen projects, in compliance with a competitive bidding terms of reference.

The terms of reference include bidding rules as well as a set of key provisions which must be incorporated into both (i) the Framework Agreement governing the initial phase of a particular project and (ii) the relationship between the State and the selected bidders. The terms and conditions of the bidding process will be set out in secondary regulations, which have not yet been adopted.

Direct negotiation

An investor wishing to make a proposal to develop a green hydrogen project by means of direct negotiation must submit an application to the Minister in charge of Energy via AMHV. The proposed project must be of strategic interest to the State. Under article 11§2, directly submitted projects would be considered of strategic interest to the State based on criteria such as added value, local content, and economic competitiveness. A direct application must include extensive information demonstrating the strategic nature of the project and the technical and financial capacity of the investor to carry out the proposed activities. Other information must also be provided to support the direct submission, such as topographic data of the geographical area, or the designated perimeter of the planned activities, as well as the estimated green hydrogen production potential of that area or perimeter, based on preliminary studies, if available. Article 11§2 adds that any area or perimeter which at the date of submission is subject to pre-existing competing rights will be declared inadmissible.

Agreements for the development of green hydrogen projects

After a project has been accepted, the GHC requires that the applicants, whether they are using the competitive bidding process or undertaking a direct negotiation, should start discussing the terms of the Framework Agreement with the State. Thus, the Framework Agreement will be the first agreement to be negotiated and signed.

Framework Agreement

Under the GHC, no pre-feasibility or feasibility study for a green hydrogen project can be conducted without a Framework Agreement having been concluded between the investor and the State. The primary objective of this requirement is to ensure a structured approach with respect to project evaluation, focusing on:

- assessing the energy potential for green hydrogen production within the designated zone(s);
- defining the technical options for electricity and green hydrogen production; and
- identifying the necessary infrastructure for the project and establishing an indicative implementation schedule which includes estimated costs.

The Framework Agreement has a maximum period of two (2) years. An extension of up to twelve (12) months may be granted under specific conditions set out in the agreement, provided that a justification for the extension is submitted to AMHV. In addition, the Framework Agreement will establish the timetable for negotiations and, where applicable, the terms for concluding the General Convention governing the development and execution of the project.

General Convention

Under the GHC, the conclusion of a General Convention is a mandatory prerequisite for developing green hydrogen projects in Mauritania. This agreement is subject to legislative approval, following a consultative review by AMHV.

According to the GHC, the General Convention will provide for projects to be executed in concurrent or successive phases, with each phase consisting of two (2) periods:

- An initial phase with (i) a "development" period that must not exceed five (5) years from the conclusion of the Framework Agreement, which covers all development activities, including those initiated under the Framework Agreement, and (ii) an "operation" period marking the commencement of green hydrogen production and related activities.

The development period can be extended for up to twenty-four (24) months under exceptional circumstances outside of the control of the investor, either for the purpose of completing the feasibility report or, where appropriate, taking the FID related to the project.
- An additional phase, which (if necessary) includes further green hydrogen "developments", followed by a new "operation" period.

There is no further clarification in the GHC regarding the purpose and the sequencing of additional phases.

Under the GHC, "development" is defined as the activities of pre-feasibility, feasibility and implementation studies of the project or of a phase of the project, with a view to taking the final investment decision (FID) concerning the project or such phase, together with the associated issuance of a green hydrogen operating licence (*licence d'exploitation d'hydrogène vert*).

"Operation" on the other hand, is defined as all construction and production activities, including the operations and associated services of transport, distribution, storage, processing, sale and export of green hydrogen and its derivatives; as well as maintenance activities and, where applicable, the dismantling of infrastructure and rehabilitation of green hydrogen operating sites.

The approval of the feasibility report by AMHV will enable the developer to take FID, confirming the availability of financing for project execution. Upon

receipt of the FID confirmation, the developer is entitled to obtain a green hydrogen operating license issued by ministerial order. This license is initially granted for a period of thirty-five (35) years, with the possibility of two extensions of up to ten (10) years each.

The General Convention is intended to constitute the main framework governing the development and operation of green hydrogen projects in Mauritania. It imposes strict requirements in terms of planning, financing, local content, technology and research transfer, emissions monitoring, as well as environmental and social impact.

State participation in green hydrogen projects

Under article 37 of the GHC, the State reserves the right to participate through AMHV in green hydrogen development and operation activities by taking up to a twenty-five percent (25%) interest in the capital share of the special purpose vehicle created for the project, or, where relevant, an affiliate of the developer. The level of participation, as well as the terms and conditions, will be specified in the General Convention.

Miscellaneous rights and obligations under the GHC

Fiscal regime

Green hydrogen projects will have a distinct fiscal regime to benefit developers within the Framework Agreement and General Convention.

The hydrogen specific fiscal regime covers exemptions from taxes and duties on export related activities. The tax subsidies also encompass VAT exemptions on local and imported goods and services for operation, with a few exceptions. The GHC also determines the timeline on which such subsidies are to be lifted. Royalties on green hydrogen production are waived for all the phases of development and operation, for which FID is taken before 1 January 2033. When the royalties relate to products sold as input to industries based in Mauritania, a total or partial exemption will also be provided for in the General Convention. Similarly, other relevant tax components will be set out in the General Convention.

Construction and financial guarantees

Under the GHC and the negotiated General Convention, the developer must submit to AMHV a plan and timeline for the construction of infrastructure related to the project, together with a detailed implementation plan for the commissioning, operation, and decommissioning of the infrastructure.

The developer must also provide details of its financing arrangements for the construction and production activities, including the operations and associated services of transport, distribution, storage, processing, sale and export of green hydrogen and its derivatives; as well as the maintenance activities and, where applicable, the dismantling of infrastructure and rehabilitation of green hydrogen operating sites.

Finally, the GHC provides that the General Convention will require the developer to provide one or more shareholder and/or bank guarantees issued in favour of the State, suitable for guaranteeing the performance of all or part of the developer and its affiliate's obligations with respect to the green hydrogen project development and operation activities.

Looking Ahead

As Mauritania positions itself as a clean hydrogen hub, several key

developments and trends are anticipated that investors should closely monitor.

Several energy companies are exploring green hydrogen opportunities in Mauritania, with the first Framework Agreement signed in February 2025. The regulatory framework, including the GHC, is still evolving, and there are likely to be further amendments and new regulations that could impact project development.

Infrastructure development, particularly the implementation of large-scale battery energy storage facilities and grid networks, will be critical to the success of green hydrogen projects. Technological advancements in green hydrogen production and renewable energy integration will play a crucial role in reducing costs and improving efficiency.

Investors should also keep an eye on global market dynamics, including export opportunities, as well as the environmental and social impact of their projects, ensuring compliance with sustainability standards.

Financial incentives and support mechanisms, such as tax exemptions and subsidies, may be subject to change, requiring continuous monitoring.

Additionally, understanding the implications of state participation through the Ministry of Energy and Petroleum or AMHV and building strong local partnerships will be vital.

Finally, global policies on climate change and renewable energy will influence the investment climate, making it essential for investors to stay informed about international agreements and funding opportunities that could enhance the attractiveness of investing in Mauritania's green hydrogen sector.

ABOUT

Focus on Hydrogen is a Clifford Chance briefing series covering hydrogen-related developments globally.

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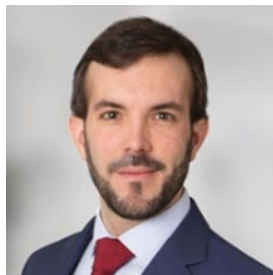
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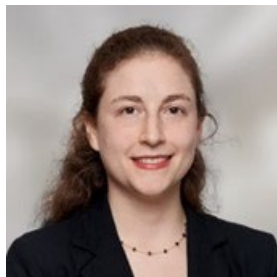
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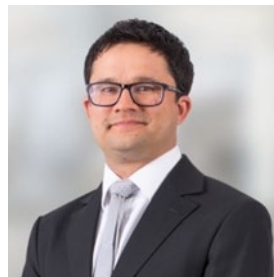
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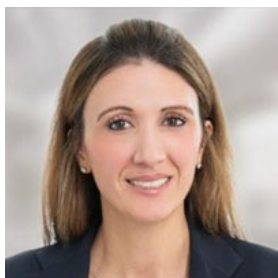


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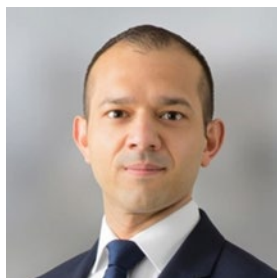
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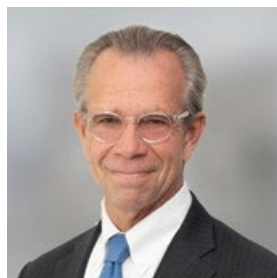
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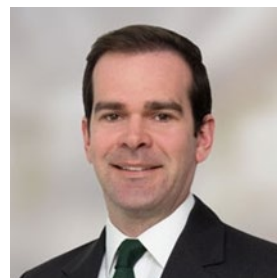
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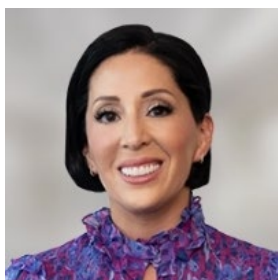
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