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September 1, 2020

Statement by Ms. Shortino and Ms. Senich on Islamic Republic of Mauritania
(Preliminary)
Executive Board Meeting 20/90
September 2, 2020

Pursuant to the October 18, 2019 U.S. Presidential determination regarding the Trafficking Victims Protection Act of 2000 (Act), we cannot support Mauritania's Extended Credit Facility (ECF). The U.S. Chair would like to be recorded as voting "no" on the completion of the fifth review of the ECF and request for augmentation of access. However, we are pleased to report that the Mauritanian government made significant efforts to bring themselves into compliance with the minimum standards of the Act and therefore, beginning on October 1, 2020, this Presidential determination will no longer be applied to Mauritania.

We recognize that the authorities have met all of its performance criteria, indicative targets, and structural benchmarks under the fifth review, although some were met with delays. We regret that the foreign exchange market reform had to be interrupted due to the pandemic but appreciate that the authorities have committed to resume work on these reforms once the crisis recedes. Given that the authorities have indicated that they are interested in a successor arrangement, we would expect these reforms to be included in a future program. The new structural benchmarks related to social protection and transparency of emergency spending are timely and appropriate.

We welcome the authorities' firm commitment to medium-term fiscal and debt sustainability. As the lockdown has affected revenues considerably, it will be important to find ways to mobilize other domestic revenue sources. We note the authorities' intent to accelerate work on digitalized online payment of taxes and custom duties. *Can staff comment on the timetable for full implementation of the system and probable impact on revenue trends?*

The DSA reports that the external and overall risks of debt distress are high, but debt is sustainable due to projected reduced debt stocks in future years through DSSI as well as reliance on concessional lending. The high level of debt service in the next few years, including repaying the Saudi deposit which will absorb 0.9 percent of GDP annually, will

place considerable strains on external stability. *Could staff comment on the status of identifying additional sources of external financing to cover potential financing gaps in 2021?*

We welcome the authorities' commitment to transparent use of COVID-19 related resources and encourage the authorities to move expeditiously towards publication of procurement contracts. We also urge the authorities to implement the recommendations from the Public Investment Management Assessment as capacity allows. The allegations of misappropriation of public resources and of embezzlement from the Central Bank of Mauritania (BCM) highlight the need for continued government-wide improvements and implementation of safeguards.

Lastly, we welcome the BCM's continued strengthening of the prudential and supervisory framework for banks. The staff report indicates that there are plans to address noncompliant banks that have not yet met the higher minimum capital standards. *Can staff update the board on when the reviews are expected to be completed and what corrective actions are expected?*