

**LAPSE OF
TIME**

EBS/20/170

November 20, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Islamic Republic of Mauritania—Request for an Extension of the Extended Credit Facility Arrangement**

Board Action:

Executive Directors' **consideration** on a lapse of time basis

Deadline to Request a Board meeting, after which Proposed Decision Deemed Approved:

**Tuesday, December 1, 2020
12:00 (noon)**

Proposed Decision:

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Publication:

Yes*

Questions:

Mr. Mottu, MCD (ext. 34113)
Mr. van Houtte, MCD (ext. 35678)
Ms. El Hamiani Khatat, MCD (ext. 39645)



ISLAMIC REPUBLIC OF MAURITANIA

November 20, 2020

REQUEST FOR AN EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT

Approved By
Taline Koranchelian
and **Bjoern Rother**

Prepared by the Middle East and Central Asia Department
(in consultation with other departments)

1. The authorities have requested a three-month extension of the Extended Credit Facility (ECF) arrangement set to expire on December 5, 2020. The three-year arrangement was approved by the Executive Board on December 6, 2017 with access of SDR 115.92 million (90 percent of quota); additional access of SDR 20.24 million (about 15.7 percent of quota) was approved on September 2, 2020. On April 23, 2020, the Board also approved the disbursement of SDR 95.68 million (about 74.3 percent of quota) under the Rapid Credit Facility to address urgent balance of payment needs due to the COVID-19 pandemic.

2. The extension seeks to allow sufficient time to complete the sixth (and final) review. Completion of the fifth review was delayed to September 2, 2020 due to the COVID-19 pandemic. The last test date for the program is end-June 2020, and a mission to discuss the sixth review is planned for December 2020. The additional time is needed to assess the latest economic developments and prospects; assess the government's new Priority Program and 2021 budget, which seek to respond to the economic and social impact of the pandemic and seem broadly consistent with ECF-supported program objectives; conclude the program discussions; and prepare and circulate the documents for Board consideration.

3. Preliminary data suggest that the program's quantitative performance criteria for end-June 2020 were met, including the floors on net international reserves and the primary budget balance, as well as ceilings on non-concessional borrowing. Indicative targets for end-September for which preliminary data are available seem to have been met and structural benchmarks are being implemented.

4. Staff supports the authorities' request for an extension of the ECF arrangement to March 5, 2021 to allow time to reach understandings on appropriate policies to complete the review and prepare documents. The attached decision is proposed for adoption by the Executive Board on a lapse-of-time basis.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. The Islamic Republic of Mauritania has requested an extension to March 5, 2021 of the arrangement under the Extended Credit Facility (the "ECF Arrangement") (EBS/17/114, 11/22/2017).
2. The letter dated November 19, 2020 from the Minister of Finance, the Minister of Economy and Promotion of Productive Sectors, and the Governor of the Central Bank of Mauritania (the "November 2020 Letter") shall be attached to the ECF Arrangement, and the letter dated November 21, 2017 from the Minister of Economy and Finance and the Governor of the BCM, together with its attachments, as supplemented and modified, shall be read as further supplemented and modified by the November 2020 Letter.
3. Accordingly, the ECF Arrangement for the Islamic Republic of Mauritania shall be amended as follows:
 - (a) In the introductory paragraph, the two references to "three-year arrangement" shall be replaced with "arrangement" and the reference to "three-year period of the arrangement" shall be replaced with "period of the arrangement".
 - (b) Paragraph 1(a) of the ECF Arrangement shall be amended by replacing the words "For a period of three years from the date of approval of this arrangement," with "For a period from December 6, 2017 to March 5, 2021".

Letter Requesting Extension of the Extended Credit Facility Arrangement

CENTRAL BANK OF MAURITANIA

ISLAMIC REPUBLIC OF MAURITANIA

Nouakchott, November 19, 2020

Madame Kristalina Georgieva
Managing Director
International Monetary Fund
Washington DC

Madame Managing Director,

We would like to request a three-month extension of the Extended Credit Facility Arrangement until March 5, 2021. The three-year arrangement was approved by the Executive Board of the International Monetary Fund on December 6, 2017 and is due to expire on December 5, 2020.

The program extension would provide additional time for the completion of the sixth and final review under the arrangement. While the previous review was delayed due to the Covid-19 pandemic, additional time is needed to assess the latest economic developments given considerable uncertainty, and incorporate our Priority Program and 2021 budget, which seek to respond to the economic and social impact of the pandemic, into the macroeconomic framework.

The government remains committed to continuing to pursue prudent macroeconomic policies and to achieving program objectives.

Sincerely yours,

/s/

Mr. Cheikh El Kebir Moulaye Taher
Governor of the Central Bank of Mauritania

/s/

Mr. Mohamed-Lemine Dhehby
Minister of Finance

/s/

Mr. Ousmane Mamoudou Kane
Minister of Economy and Promotion of Productive Sectors