Board Meeting of June 17, 1997
Statement by Juanita D. Amatong

Mauritania Country Assistance Strategy

1. I would like to congratulate the Mauritanian authorities for the good economic performance shown in the recent past. We would also like to express our support to the CAS put before us today that focuses on human resources and poverty reduction, private sector, agriculture and infrastructure development, strengthening economic management capacity, and ensure that development is environmentally sustainable. Having said this I would like to raise several issues and questions regarding the CAS.

2. Gender. While looking at the data for gender, one finds that Mauritania female are not really at a great disadvantage (especially if compared with countries in the region). Social indicators are not bad. Better, economic indicators are encouraging. The CAS put it in the following words: "Interestingly, female headed households appear to be better off irrespective of regions and household location, with an incidence of poverty systematically lower than the national and male only estimates." If this is the case this Chair request an explanation of why the Bank strategy "will ensure that the situation of women is fully taken into account and reflected in our ESW." Yet, one see no targeted program to bring up single men headed households to the level of those headed by single women. What are the goals of gender based targeted programs? Is it to bring about equality or to simply to benefit one sex?

3. Environment. Mauritania has one of the lowest density population ratios in Africa. This Chair finds surprising the statement made in the CAS that the population growth rate is an issue in a country with such population density ratio, especially in light of declining poverty levels. This Chair also finds interesting that the CAS mentions deforestation as an issue (p.6) when the same document identifies the deforestation percent change from 1980-1990 as being 0.00, or negligible.

4. Poverty. The poverty assessment box contains a statement that deserves to be highlighted and was somewhat lose in the text. "Almost all gains come from economic growth and the resultant increase in income and expenditure." This Chair is pleased that poverty alleviation took place in this way. Experience has proven that this is the only sustainable way of reducing poverty. We believe that the CAS should have made use of the opportunity to stress this fact.
5. **Clear definition of property rights.** The CAS mentions in several parts what appears to be a major impediment to sustainable growth in agriculture (pp. 8 and 12) and to a lesser extent in the mining sector. While the mining legislation seems to have addressed the problem in that sector, the agricultural sector operations do not seem to be addressing the issues dealing with property rights in the sector. We would like to obtain clarification.

6. **Electricity rates.** Electricity rates was found to be a major deterrent to development in the agricultural sector, as well as other sectors of the Mauritania economy. Before this reality one should have expected an ample discussion if the Bank's past involvement in the Mauritania electricity sector. It is a common mistake to assume that the solution to "red ink" for SOEs in the public utility sector is tariff increases. The reality is that in most cases tariff increases only brings in a "Laffer Effect" that furthers complicates the problems as more people stop paying their bills every time they get a tariff hike. We would like to obtain an explanation of the propose Bank assistance in the area of tariff rates for the electricity sector.

7. We think the Base case scenario is appropriate. We would go against the proposed high case scenario in light of the likely eligibility of Mauritania for HIPC.

8. Like in most African nations we notice an absence of IFC activities in the country. Although since 1991 three projects have been approved and committed for a small amount of $0.73, so far no disbursement has taken place. We would like to obtain explanations for the lack of disbursements.

9. Finally, we support the credit to the Islamic Republic of Mauritania Rainfed Natural Resources Management Project (IDA/R97-60).