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# ISLAMIC REPUBLIC OF MAURITANIA:

# FINANCIAL SECTOR DEVELOPMENT STRATEGY AND ACTION PLAN 2013-2017

**2013**

**CONTENTS**

## ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ACD | Automatic Cash Dispenser |
| ANAPEJ | National Youth Employment Promotion Agency |
| ANAT | National Land Development Agency |
| APBM | Professional Banking Association of Mauritania |
| APROMI | Microfinance Professionals and Operators Association |
| ATD | Third Party Holder Notice |
| BADH | Banque El Ammane pour le Développement de l'Habitat |
| BCM | Central Bank of Mauritania |
| CAPEC | Savings and Credit Cooperative Union |
| CAR | Contractor's All Risk Insurance |
| CCIAM | Chamber of Commerce, Industry and Agriculture of Mauritania |
| CDD | Deposit and Development Fund |
| CFA | West African Franc |
| CGA | Approved Management Centre |
| CIMA | Inter-African Conference on Insurance Markets |
| CIPRES | Inter-African Conference on Social Security |
| CNAM | National Health Insurance Fund |
| CNE | National Savings Fund |
| CNSS | National Social Security Fund |
| CRE | Government Pension Fund |
| DCA | Department of Insurance Supervision |
| EIB | European Investment Bank |
| FANAF | Federation of African National Insurance Companies |
| FASS | Health and Social Action Fund |
| FNAM | National Insurance Companies Federation of Mauritania |
| FSAP | Financial Sector Assessment Program |
| GDP | Gross Domestic Product |
| GIMTEL | Interbank Credit Card and Tele Clearing Group |
| IARD | Fire, Accidents, Miscellaneous Risks Insurance |
| ICA | Investment Climate Assessment |
| ILO | International Labor Office |
| IMF | International Monetary Fund |
| ISKAN | National Land Development, Housing Development and Real Estate Promotion and Management Corporation |
| ISO | international Standardization Organization |
| MDR | Ministry of Rural Development |
| MF | Ministry of Finance |
| MFI | Micro Finance Institution |
| MHUAT | Ministry of Housing, Town Planning and Regional Development |
| MIS | Management Information System |
| MICO | Mutuelle d'Investissement et de crédit Oasien |
| MJ | Ministry of Justice |
| MSME | Micro Small and Medium-sized Enterprise |
| NASR | National Insurance and Reinsurance Company |

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| PAR | Portfolio at Risk |
| PEL | Housing Savings Plan |
| PRECAMF | Microfinance Sector Capacity Building Project |
| PROCAPEC | Savings and Credit Union Promotion Agency |
| PRSP | Poverty Reduction Strategy Program |
| RTGS | Real Time Gross Settlement |
| SME | Small and Medium-sized Enterprises |
| SNIM | Société Nationale Industrielle et Minière de Mauritanie |
| SOCOGIM | Société de Construction et de Gestion Immobilière de Mauritanie |
| TA | Technical Assistance |
| UDP | Urban Development Program |
| UM | Ouguiya |
| UNCACEM | Agricultural Savings and Credit Cooperatives Union of Mauritania |
| UNICEF | United Nations Children’s Fund |
| USD | United States Dollar |

# I. CONTEXT AND METHODOLOGY

1. The financial sector comprises all institutions and agencies that are involved in financing the economy, mobilizing savings, managing risks and providing means of payment. In view of the importance of the services rendered, the financial sector constitutes the footing of development of the national economy. Economic growth, private sector development, job creation and poverty reduction depend on a sound, efficient and vigorous financial sector.

2. In its efforts to develop the financial sector and enable it to effectively support the development of the national economy, the Government of Mauritania has sought the support of the World Bank and the International Monetary Fund (IMF).

3. Accordingly, under the Financial Sector Assessment Program (FSAP), a joint IMF/World Bank mission conducted a study on the financial sector in Mauritania in February 2006. The study analyzed the financial performance, as well as the strengths and weaknesses of the sector institutions, and level of access to financial services.

4. In particular, the study highlighted the need to elaborate a financial sector development strategy for Mauritania, with an action plan for its implementation. To that end, a Financial Strategy Steering Committee was established by Decision N020/GR/2011 of the Governor of the Central Bank of Mauritania (BCM).

5. The Committee carried out its work with support from the World Bank through the FIRST Initiative.[1] It drew mainly on the Aide-Memoire of the FSAP mission, the studies by two FIRST consultants on microfinance and SME financing and on insurance and social security, a study on SME strategy, a study on housing finance, a note on UNCACEM, a study by a parliamentary mission on social security, a UNICEF study on social security in Mauritania, a study on the Investment Climate, and the PRSP III.

6. The Committee:

- assessed the recommendations made by the joint IMF/World Bank FSAP mission, and those highlighted in other studies;
- retained the recommendations deemed relevant and proposed other measures; and
- prioritized the actions to be undertaken.

7. The Committee's work helped to define strategic guidelines, with underlying operational targets and an action plan whose implementation will contribute to stabilizing and deepening the financial sector of Mauritania, as well as improving access to financial services (savings, credit and means of payment, etc.).

8. The Committee held consultations with the various institutions and donors so as to incorporate their contributions before the final adoption of the strategy and action plan by the Council of Ministers.

[1] Financial Sector Reform and Strengthening (FIRST) Initiative.

## II. CURRENT SITUATION

### II.1 MACROECONOMIC ENVIRONMENT

9. Mauritania is a country that covers an area of 1,030,631 km², and had a population of about 3.5 million inhabitants in 2011. Three-quarters of the country is covered by desert or semi-desert areas.

10. Mauritania has a dual economy: (a) a "modern economy" based on mining[2], extractive industries, and industrial fishing ; it is an engine of growth and is heavily dependent on exports, and (b) a "subsistence economy" based mainly on rain fed agriculture, livestock and small-scale fishing ; it has an informal sector that plays a major role.

11. The economy is dominated by the service sector (45% of GDP) which is supported by trade, finance and tourism. The secondary sector comes next (35% of GDP), with a decline in the manufacturing sector offset by growth in construction and transportation. The primary sector ranks third with 20% of GDP.

12. The private sector is, to some extent, uncompetitive due to the limited access to credit (with a high interest rate), especially for SMEs, and the low level of public and private savings (11.3% of GDP in 2012).

13. The year 2010 was marked by a sharp upturn in economic activity, with a real GDP growth of 5.2% compared to 1.2% drop in 2009. Growth was 5.5% in 2012 and is estimated at 6.4% in 2013. Inflation stood at 5.9% in 2011 and 6.1% in 2012. Over the past six years, real GDP grew by an average of 4.0% despite the decline in 2009. This trend mainly reflects the proper orientation of primary and tertiary sector activities, because secondary sector activity weakened over the period.

14. The authorities are targeting an average annual GDP growth of 5.8% for the 2011-2015 period, and a slowdown in inflation to 5% per year. The main engine of growth is the tertiary sector (transport, telecommunications, trade, hotels, banks and insurance companies).

15. The overall fiscal balance in 2012 showed a surplus of 0.4% of GDP compared to a deficit of 1.8% of GDP in 2011. This improvement is due to the good performance of overall revenues that increased by 37%, while total expenditures increased by only 32.5% despite increased spending due to the drought. The current account deficit was 27.6% of GDP in 2012 and is projected to decline to 25.1% in 2013, and a surplus is expected by 2015. Mining exports increased by 130% over the 2009-12 period driven by high prices on world markets and resulting in a significant improvement in the trade balance from a deficit of USD 26.7 million in 2009 to a surplus of USD 270 million in 2011.

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[2] Mauritania is the second exporter of iron ore in Africa; it also has significant potential in gold, copper, phosphate, and oil. The Mauritanian coast has one of the largest volume of fish in the world.

16. Money supply stagnated in 2012 after a 20.9% rise in 2011. The M2/GDP ratio was 15.7% in 2012. Demand deposits grew by 8.2% in 2011 against a rise of 16.4% in 2011 Net domestic credit increased by 38.3% due to an increase in net claims on the State but mainly because of an increase of credit to the economy. Net credit to the private sector rose form 10.1% of GDP in 2011 to 13.8% in 2012. Interest rates declined over the 2009-11 period.

## II.2. STRUCTURE OF THE FINANCIAL SECTOR OF MAURITANIA

17. As at 31 December 2012, the financial sector comprised: (a) a Central Bank; (b) 17 licensed banks[3] and 2 financial establishments ; (c) 30 licensed microfinance institutions (MFI) and a project[4], (d) postal financial services ; (e) 11 insurance companies; (f) 2 social security schemes, with an institution, the National Social Security Fund (CNSS); and (g) 31 licensed foreign exchange offices. The total assets of these institutions stood at about UM 520 billion (about USD 2 billion)[5]. There is a nascent money market (treasury bills market and interbank market). There are no stocks and bonds market. Banks dominate the sector with nearly 93% of total assets[6] .

## II.3 INSTITUTIONAL AND REGULATORY FRAMEWORK

18. BCM is governed by an Ordinance of 12 January 2007 defining the statutes of the Central Bank. The banks and financial establishments are governed by an Ordinance of 13 March 2007 regulating credit institutions, as well as by guidelines/implementing instruments issued by BCM. BCM is responsible for supervising banks and financial institutions.

19. The microfinance sector is regulated by an Ordinance of 2007. The Ordinance is supplemented by four implementing instruments: Instruction No. 07/GR/07 governs the specific organization of financial cooperatives; Instruction No. 08/GR/07 defines prudential and management standards applicable to MFIs; Instruction No. 09/GR/07 defines the financial transparency standards applicable to MFIs; and Instruction No. 10/GR/07 defines MFI licensing and registration procedures. The tax scheme applicable to MFIs has not yet been defined by an Instruction. The chart of accounts applicable to microfinance is not yet available.

20. Insurance activities are governed by Law No. 93-40 of 20 July 1993 instituting the Insurance Code, as amended by the Ordinance of 2007 which repeals, replaces and amends certain provisions of the Code. The activities are supervised by the Department of Insurance Supervision. This department is located within the Ministry of Trade.

21. The social security system for private sector employees is governed by Law No. 67/039 of 3 February 1967.Law No. 61/016 of 20 January 1961 entrusts the pension scheme for civil and military officials to the Government Pension Fund. The Ministry of Public Service and Labor is responsible for the administrative supervision of the National Social Security Fund (CNSS), while the Ministry of Finance is responsible for financial supervision.

[3] Twelve (12) banks are licensed, but the last two licensed banks started operating only in 2011.

[4] PROCAPEC, which brings together 51 CAPECs, counts for only one institution.

[5] Exchange rate: USD 1 = UM 250.

[6] Excluding CNSS from the total.

## II.4 REFORMS UNDERTAKEN

22. Fully aware of the importance of the financial sector, the authorities have embarked on a reform programme for the sector; the programme was accelerated following the joint World Bank/IMF mission in 2006 under the FSAP. Before then, the first restructuring of the banking sector took place in 1992-93. On that occasion, most of the banks were privatized and sold to Mauritanian business groups.

23. More recently, following the FSAP, the statutes of the Central Bank were amended by an Ordinance in January 2007. The same year, the banking law and microfinance regulations were amended by an Ordinance regulating credit institutions and an Ordinance regulating microfinance institutions respectively. Both ordinances were supplemented by implementing instruments in 2008 and 2009. In particular, the new Central Bank statutes affirm the autonomy and independence of the Bank. The new banking regulations reinforce the treatment of related institutions and increase the minimum capital of banks.[7] The entry of two foreign banks in 2006 shook the sector. Interest rates have declined and professionalism of the sector has improved. Opening up the sector has continued with the acquisition of a national bank in difficulties by a foreign fund and the licensing of other foreign banks.

24. As regards the payment system, Ordinance No. 31/06 on electronic transactions was issued in 2006. The card system has developed, driven by GIMTEL.

25. There have been several reforms of the insurance regulatory framework, particularly with the Ordinance of 2007 and the raising of the minimum share capital, as well as the recent increase in the minimum price of car insurance. The first two brokers have been licensed, and several new insurance companies have started their activities, including Damane public company. For its part, the NASR has enhanced recognition of its professionalism with ISO quality certification.

26. With respect to the legal and judicial environment, ordinances have been issued on the organization of the judiciary[8,] and the rules and regulations governing legal and judicial officers.[9]

27. Despite these major reforms, particularly in banks and insurance companies, there is still much to be done to remedy the weaknesses of the sector as demonstrated by the analysis in the next section.

## II.5 STRENGTHS AND WEAKNESSES OF THE FINANCIAL SECTOR

28. The analysis of the strengths and weaknesses will begin with an institutional review that will successively consider: banking institutions and related mechanisms (banks, payment system, microfinance, and postal financial services), non-bank financial intermediaries (insurance,

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[7] The minimum capital was set at UM 4.0 billion at end 2009, UM 4.5 billion at end 2010, UM 5 billion at end 2011, and UM 6 billion at end 2012.

[8] Ordinance No. 2007-12 of 18 February 2007 2006-16 of 12 July 2006 and Ordinance No. 2007-13 of 21 February 2007.

[9] Ordinance No. 2006-16 of 12 July 2006 and Ordinance No. 2007-13 of 21 February 2007.

pensions) and financial markets.[10] It will subsequently consider cross-cutting themes, including access to financing for housing, SMEs and rural areas, as well as the legal and judicial environment of the financial sector.

### II.5.1 Banking Institutions

II.5.1.2 Banks and Financial Establishments

29. Banks and financial establishments constitute the most significant proportion of the financial sector which underpins the country's development. As of 31 December 2012, the twelve banks in operation had assets totaling UM 487 billion (USD 1.9 billion), a loan portfolio of UM 240 billion (USD 960 million) and deposits of UM 306 billion (USD 1.2 billion). These 12 banks had 98 branches across the country. The three largest banks accounted for 50% of total assets and 50% of loans outstanding. Three banks had a little more than two-thirds of the branches in the country.

30. From 2007 to 2011, total bank assets have grown at an average annual rate of 20%. In 2012 the growth rate diminished to 7%. Credit growth rate remained around an average of 20% between 2007 and 2010 to drop to 9.5% in 2011 and increase to 15.6% in 2012. The number of bank branches increased from 68 in 2007 to 98 in 2012.

31. Short-term loans account for 76% of the total in 2012, as against 21% for medium-term loans and 3% for long-term loans, which illustrates well the lack of long-term bank financing. To some extent, this is due to the absence of long-term resources. Indeed, current accounts represent 90% of total deposits as against 3% for term deposits and 7% for savings accounts. Banks transform short-term deposits into medium and long-term loans, but such transformation is limited. As of 31 December 2012, only UM 16 billion of medium and long- term loans were not covered by term and savings deposits. Bank financing was mainly granted to the trade, other services and consumption sectors. Although interest rates have declined over the past few years, they remain high.

32. A few banks offer Islamic products; some of them even have branches dedicated to these products. However, it should be noted that Islamic finance accounts for a very small proportion of the products offered. However, a large part of the population will only deal with banks that offer products corresponding to their religious and cultural beliefs. Indeed, the absence of these products limits access to banks and is an impediment to economic development.

33. At 4%, the number of bank account holders is low. Public awareness campaigns by banks and the professional association, as well as more banking points of sale across the country should help to increase the number of account holders. The development of Islamic finance mentioned above will also contribute to increasing access to finance.

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[10] For each institution category, the analysis successively reviews the sector, the concentration, its growth, products offered, the situation of institutions in the sector, the professional association, and supervision.

34. The banking system as a whole is relatively well capitalized, and the liquidity level is generally comfortable. On average, the solvency ratio for the banking system as a whole was 34% at the end of December 2012, almost unchanged from 2010. On average, the liquidity ratio was nearly 52% at the end of December 2012 and the loan coverage ratio by deposits was 130%. The portfolio quality has improved. The gross degradation rate remained high at 25% in 2012, though down from its level of 34% in 2007. . In 2012, the non-performing loan ratios for individual banks fluctuated from 4% to 56%. Credit risk is the main risk faced by commercial banks. Driven by the BCM, provisioning also increased. A law on debt collection has been adopted and should facilitate collection. In addition, the non-performing portfolio, even when well provisioned, weighs on banks' balance sheets. Treatment of non-performing loans is necessary, for instance through a loan recovery agency or a real estate management company. A recovery agency would buy, at a discount, the bad debts of banks and take charge of collection. Cancellation of old outstanding non-performing loans should also be considered.

35. Overall, the banks record a respectable operating ratio and good profitability. With a few exceptions, all the banks comply with the prudential standards and ratios. It is the will of the authorities that all banks comply with regulations.

36. Despite significant progress made over the past few years, there are still some weaknesses as regards management and internal capacities for certain banks, particularly some aspects of governance and the internal control system. Risk assessment capacities need to be strengthened, and technical expertise should be constantly updated. These needs can be met through staff participation in training programmes outside the country in specialized structures. Strengthening the staff and providing more equipment to the existing bank training center will also help to enhance the professionalization of employees in the banking system. In addition, risk assessment by banks would benefit from a strengthening of the risks and payment incidents bureaus of the BCM. Unique identifiers for businesses and individuals would be a significant improvement. Furthermore, the banks need to improve the quality of information sent to the said risks and payment incidents bureaus.

37. The Professional Banking Association of Mauritania plays a key role in representing the interests of the profession, liaising with the authorities and national and international partners, and promoting the sector, and as such calls for a strengthening of its capacities.

38. Offsite and onsite supervision is conducted by the Central Bank with the assistance, if necessary, of audit firms. Despite the key reforms undertaken recently and the updating of the legal framework, difficulties are still encountered with respect to supervision. Indeed, inspection reports are not of the same quality, they are not always followed by action, and sanctions are not imposed on the institutions. Regulations and supervision are not yet of international standards, the information bureaus in the BCM (balance sheets, risks and payment incidents databases) are undeveloped, and the information technology could be improved. The training of inspectors is inadequate, and they do not have a special status. The authorities want to address these difficulties, with IMF and World Bank support.

II.5.1.2 Payment System

39. The clearing system is still manual. There is no real time gross settlement (RTGS) system. The cleared amount has fluctuated over the past five years, with highs and lows. Current checking accounts for 80% of the amount cleared. Modernization of the payment system (computerization, use of automatic transfers and withdrawals for most payments) will help increase the volume of transactions, the quality of services offered by banks, and the number of bank account holders.

40. Progress has been made. A new clearing house was established in Nouadhibou in 2008. The process of standardization of values and bank identity, a prerequisite for the introduction of electronic clearing, has been launched.[11] Mauritania is also introducing the IBAN format that needs to be followed for all transfers from abroad.[12]

41. An RTGS and electronic clearing system are prerequisites for the development of trade and economic growth. They depend mainly on the installation of significant and relatively expensive facilities. The authorities and the Central Bank should put in place common facilities for all the participants in the payment system. The payment system cannot effectively develop without a relevant legal framework which defines the various instruments and establishes electronic evidence. In addition, for the system to grow, the payment of salaries, as well as utility and company bills, should be made by bank transfer or direct debit.

42. GIMTEL, established in 2006, has contributed to the development of the card system. The number of transactions increased from 44,464 in 2008 to 79,225 in 2010 and 116 000 in 2012.The volume of transactions rose from UM 890 million in 2008 to UM 1.8 billion in 2010 and UM 2.4 billion in 2012. There were 104 ACDs covering the whole country for 45 000 active GIMTEL cards. Today nine banks commercialize interbank card products.

43. GIMTEL has been certified by VISA INTERNATIONAL in July 2008. Five banks use the access point VISA through GIMTEL putting at the disposal of international VISA card holders more than 60 ACDs located in most Mauritanian cities. Four of these banks issue cards for international use through GIMTEL.

44. In 2010, currency accounted for 35% of the narrow definition of money supply. Although this ratio has declined over the past few years (it was 44% in 2006), it remains high.

45. The development of mobile banking development remains timid in Mauritania, unlike what is happening in neighboring countries. For example, such services have emerged and are gaining ground in Niger, Senegal and Côte d'Ivoire. In Kenya, the number of MPESA service subscribers is more than double the number of bank accounts. In Mauritania, it is only at the beginning of 2013 that mobile banking was introduced following an agreement between a bank and an operator. The development of mobile banking which is likely to improve access to financial services, needs to be developed by the private sector, but requires the establishment of a

[11] The BCM issued Instructions No. 015/GR/2008 to standardize checks, No. 16/GR/2008 to standardize bank identity statement (RIB) and No. 17/GR/008 to standardize bills of exchange.

[12] The BCM issued Instruction No. 01/GR/2010 relating to codification of banks operating in Mauritania.

regulatory framework. While flexibility is required so as not to slow down development of the instrument, the regulatory framework must provide protection to users of the service.

II.5.1.3. Microfinance

46. Thirty one (31) MFIs, including 30 licensed[13], are listed in Mauritania. Among the licensed institutions, Twenty-seven (27) are cooperatives, two are limited liability companies and one is a program. There are two networks (CAPEC and UNCECEL). Beit El Maal is a non-licensed project with, however, an important impact on the sector. A number of other institutions are operating without licenses, but their importance is much smaller. Three (3) MFIs dominate the sector: (a) the network of savings and credit cooperative (CAPEC) has 51 offices and 180,000 members. It is managed by PROCAPEC. Without formally being an APEX organization, it acts as the head of the network. (b) UNCACEM is by far the leading structure as regards credit, with 89% of the total loan portfolio of MFIs. However, it is unclear that this structure belongs to the microfinance sector. UNCACEM is the union of two cooperatives, which basically serve as “Mauritania’s Agricultural Bank" in the Senegal River valley. It grants loans for amounts that often exceed the maximum authorized by microfinance regulations; (c) Beit El Maal is the leading MFI in the country as regards the number of active borrowers, with 23,000 out of a total of about 40,000.

47. As at 31 December 2012, the other MFIs (28 in number) had assets of UM 1.1 billion. The overall MFI penetration rate is about 10%. This rate could be improved by raising public awareness.

48. The market is highly concentrated, with UNCACEM accounting for 67% of the assets of all MFIs, and the three largest MFIs account for 96%. The CAPECs mobilize 85% of total savings, and the CAPECs and UNCACEM account for 93% of all MFI savings. CAPEC members represent 89% of all the members.

49. The loan portfolio of the sector as a whole increased by 25% between 2007 and 2010. Its growth rate declined to 10.1% in 2011 and 5.2% in 2012. To a large extent portfolio growth was retarded by difficulties encountered by PROCAPEC. Similarly, the savings of all MFIs increased from UM 3.8 billion in 2007 to UM 6.3 billion in 2008, and fell to UM 5.2 billion in 2010 and U 4.9 billion in 2011. In 2012 savings increased to UM 5.5 billion. MFI loans represent 7% of bank loans, and the deposits 1.5% of bank deposits. Although they are very small compared to banks, MFIs play an important role for customers that have limited access to banking services, especially in rural areas.

[13] Ordinance No. 005/2007 defines three categories of microfinance institutions:

- **Category A** MFIs are non-profit mutual savings and credit institutions or cooperatives that offer savings and credit services to their members. They must be incorporated as non-profit associations or financial cooperatives;
- **Category B** MFIs are institutions incorporated as public limited companies (PLC) that offer savings and/or credit services to the public;
- **Category C** MFIs are programmes, projects and associations, as well as units within them dedicated to microfinance activities that offer credit services but do not collect savings, except guarantee deposits.

50. The products offered by MFIs are fairly standard. Short-term loans, for less than one year, are clearly dominant, particularly because the savings collected are short term. The amounts granted range from UM 10,000 to UM 1 million. The average loan (for all MFIs) is below UM 100, 000 (USD 400). Very few MFIs reach the maximum authorized by law (UM 1 million).[14]

51. There are only a few Islamic products. From 2007 to 2008, GFEC, MAFEC, CECD-M, and in particular CAPEC offer the mourabaha, a principle by which an MFI buys an asset for its customer at an agreed price, and then sells it to the customer for installment payments. The mourabaha is rather difficult to apply to microfinance because the purpose of microcredit is more often to finance working capital than to purchase a capital asset.

52. The entire country is unevenly covered by microfinance institutions. Efforts should be made, through various incentives, to encourage their expansion across the country. MFI partnership with the banks is still limited. These two groups of institutions target different customers and should consider themselves as complementary rather than competing. There are no institutions for promoting microfinance; such promotion is one of the missions of the Department of Integration at the Ministry of Employment, Vocational Training and New Technologies (MEFPTN).

53. No MFI has created a financial organism with a banking license that would give it access to the payment system, foreign exchange market, etc.

54. A more flexible and conducive tax regime would contribute to the development of microfinance. The current regime needs to be supplemented. Article 79 of Ordinance No. 005/2007 stipulates that the tax system for MFIs will be specified by decree. The vagueness in this area is at best uncomfortable for MFIs, and at worst an impediment to investment.

55. The three major MFIs are facing various difficulties. The CAPEC network is virtually bankrupt; UNCACEM needs to be reformed, and Beit El Maal suffers from uncertainty about its institutional future.

56. The financial statements of the cooperative union as at 31 December 2012 show a negative net worth of about UM 2.5 billion. The network owes its survival to Government loans and subsidies. UNCACEM is in a difficult situation and has been deteriorating sharply over the past few years (almost the entire portfolio is non-performing; provisioning is inadequate and appropriate provisioning would make its net worth significantly negative). Due to lack of resources, UNCACEM operates as a fund for implementing the Government's agricultural

[14] In order to limit the opportunity cost, regulation provides for a ceiling for MFI operations: the credit amount cannot exceed UM 1 million (USD 4,000) for Category A MFIs and UM 2 million (USD 8,000) for Category B MFIs (Article 11 of Instruction No. 8/GR/07). This limitation is binding since it prohibits any expansion of MFI scope to the public of small and medium-sized enterprises However, it is in compensation for the rather low minimum capital thresholds set by Instruction No. 10: UM 1 million for Category A, UM 25 million for Category B1 (whose activities are limited to credit operations) and UM 50 million (USD 200 million) for Category B2 (credit and savings mobilization operations). In addition, Article 17 provides for possible removal of the ceiling amount for unions and federations with Central Bank authorization. It should be noted that the minimum capital of commercial banks will be UM 6 billion (USD 24 million) in 2012.

policies. Beit El Maal is in a good financial situation. Its PAR30 is 4.2% and it records good financial results. However, since closure of the project that supported it, its institutional and legal status is uncertain. A minority of MFIs record surpluses (the CAPEC had a deficit of UM 219 million). Beit El Maal is the only MFI of significant size that enjoys financial self-sufficiency. The other MFIs with surpluses are too small for their model to be considered viable. Very few MFIs resort to refinancing. UNCACEM is the only MFI that resorts to refinancing from banks, but with a 100% State guarantee. A refinancing structure could bring additional financial resources, but should not to be established until the sector is rehabilitated.

57. Many MFIs suffer from lack of efficient management information systems. Their information technology leaves much to be desired. Many lack capacity at all levels, especially as regards credit analysis and monitoring. Training is essential, in specialized centers outside Mauritania, as well as at national level; for example, by extending the scope of the banking training center to include microfinance. The profile of Mauritanian MFI managers is not sufficiently financial. Internal controls are inadequate. Governance is weak. Lastly, many MFIs depend on donors for building equity and financing of operating deficits.

58. The Government has a strong presence in the sector. The CAPEC network was launched by the Government; the Government has given and continues to give instructions to UNCACEM in the financing of agriculture. Beit El Maal has been supported by Government programmes. The MDR has created two networks. Conditions at the time justified the Government's promoter and manager role. Today different circumstances call for the refocusing of Government activities.

59. The Association of Microfinance Institutions (APROMI) does not fully play its role of representing the profession and supporting networks and institutions. It has only limited resources. Its major achievement is the preparation of a Code of Conduct with the support of PRECAMF.

60. The supervisory authority of MFIs is BCM. Off-sight supervision is provided within BCM by a team of 4 persons. On-site supervision is performed by the Department of Inspection whose officers inspect banks and MFIs. It is necessary to build the capacity of the BCM to enable it to better perform its supervision duties. In addition, since the chart of accounts has not yet been approved, it needs to standardize the financial statements provided by MFIs with tedious data entry work. Consequently, it cannot produce a summary quarterly performance chart with key MFI indicators. The information is incomplete and at times of doubtful quality. The inspection methodology is incomplete; for example, there is no warning system for identifying troubled institutions relatively early. The implementation of inspection recommendations is not monitored regularly. APEX institutions do not have all the skills required to exercise effective control over their members or provide the technical support they need. Lastly, many small independent institutions make supervision more difficult.

61. In 2010, BCM revoked six licenses. This decision is a positive sign of BCM efficiency in its oversight of the sector. Other license withdrawals are being processed. On the other hand, BCM undermines its credibility by participating in the governance of PROCAPEC in its Board of Directors.

62. Modernization of the regulatory framework has not yet been completed. Indeed, the regulations could be tailored to the size of the institutions. It could be lighter for smaller institutions so as not to hamper the creation and development of new institutions.

63. In short, the development of the microfinance sector requires that it should first be restructured. This will involve restructuring of the CAPECs, UNCACEM and Beit EL Mal, audit of the other MFIs followed by the implementation of their recommendations, and strengthening of supervision by BCM. The CAPECs should be restructured, if only to safeguard deposits. Restructuring started with a reduction in staff through voluntary departures which produced a reduction in salaries of 50%. In total operational expenses were reduced by 300%. A vigorous loan recovery was successful. Restructuring will continue. UNCACEM has no deposits which facilitates its treatment. By a decision of the Council of Ministers the CDD was charged with supplying agricultural credit. UNCACEM will be left to itself and will no longer benefit from Government support. It will be restructured by the private sector or closed down. . As in the banking sector, the entry of an internationally renowned operator could have a positive impact on the sector's development. Experience shows that best practices spread as a result of competition, as small MFIs tend to copy from the leading players. The deepening of the sector will follow in the medium term.

II.5.1.4 Postal Financial Services

64. Mauripost has the potential to improve access to financial services through its 30 offices. It manages post office checking accounts with an amount outstanding of UM 1.4 billion, and the National Savings Fund with an amount outstanding of UM 1.3 billion. About 4,000 out of the 35,000 State employees have domiciled their salaries in Mauripost, as well as some one thousand employees of big companies like Mauritel. Mauripost grants salary advances, with an amount outstanding of about UM 200 million.

65. Postal financial services face many challenges, of which the most significant is certainly the structural deficit. To remedy this deficit, the Government has agreed to pay an equilibrium subsidy. Mauripost used about UM 900 million of CNE deposits to offset the non-payment of the State subsidy. The challenges also include a single account for the postal and financial services, the lack of efficient MIS, and the lack of visibility for postal financial services in the country. Furthermore, the post office is facing increasing competition from banks and MFIs in the distribution of banking services, and from local carriers in the transfer of funds.

66. The Banking Ordinance of 2007 places postal financial services under the supervision of BCM. BCM has not yet defined the conditions for applying the Banking Law to postal financial services.

67. Although Mauripost has a fairly limited network of offices across the country,[15] the network can be used to improve access to financial services. An audit will determine the true

[15] Mauritania has 30 offices, with each office providing services for an area of 34 184 km². For purposes of comparison, the figures are 43 offices for an area of 39 571 km² in Chad, 51 offices for an area of 24 843 km² in Niger, and 83 offices for an area of 14 942 km² in Mali, all three are countries that can be compared to Mauritania in many respects.

financial situation of postal financial services and the measures required to restore the assets of depositors. The financial services should be separated from the other activities of the post office, and should be provided with an efficient IT system. This reform started in 2008 with the separation of the assets of depositors. In view of the rapid growth of activities, it is better for Mauripost to associate with a bank or microfinance institution to distribute their financial products through the postal network. In addition, Mauripost could become an agent for a mobile banking provider. An increase in the number of postal service offices would increase the benefits of such agreements.

### II.5.2 Non-bank Financial Institutions

II. 5.2.1 Insurance

68. The insurance industry is expected to play a key role in the country's development through intermediation of risks and provision of long-term resources for the economy. However, in Mauritania: (i) inadequate supervision due to limited funding and capacity; (ii) unhealthy competition among insurance companies and continued operation of fragile non-professional companies which do not comply with the law and minimum prudential standards; and (iii) shortcomings in the regulatory framework, particularly as regards mandatory insurance in theory, prevent it from making an effective contribution. Furthermore, the lack of expertise in insurance hampers the development and credibility of the sector.

69. The insurance industry in Mauritania is small (UM 3.4 billion turnover in 2011), with a depth (premiums/capita) of USD 4 million and a density (premiums/GDP) of 0.3%[16], which is behind Mali (0.5%) Algeria (0.6%), Morocco (2.8%).

70. Eleven (11) companies are licensed, which can be divided into four categories of insurance companies: (i) Damane, a subsidiary of SNIM, with a share capital above the total capital of the 11 other companies on the market and whose SNIM contract portfolio alone accounts for more than one-third of the market; (ii) four (4) companies that are almost exclusively engaged in car insurance, with tariff dumping business practices, which do not have the solvency margin required for meeting their commitments and which undermine the credibility of the industry as a whole; (iii) four (4) companies that generally have the financial capacity and technical expertise to manage the risks endangered by the arrival of Damane which has already gained a large market share, and by unhealthy competition from small faltering companies; (iv) three new companies licensed over the past few years, which are looking for a place on the market.

71. The capital of all the companies is owned exclusively by Mauritanians (excluding Atlantic Londongate whose British Londongate PLC owns 17.5%), although the market is open to national or foreign investors. Foreign companies could bring strong competition and expertise, and thereby help to boost the sector, as was the case in the banking sector. The increase in business volume should encourage the inflow of foreign investment in the insurance sector.

[16] 0.4% if extractive activities are excluded.

72. Two brokers share the brokerage market almost equally. Gras Savoye started its activities in 2006, with a diversified portfolio: car, health, transport, etc. ASCOMA was also licensed in 2006, but started its activities only in 2008; 90% of its activities concerns health insurance.

73. The market was highly concentrated in 2010, with NASR accounting for 55% of the premiums, followed by SMI (12% of premiums). The arrival of Damane, with strong financial and technical capacity increased competition in the sector.

74. The volume of premiums grew rapidly between 2001 and 2005 (13% average annual growth) and then slowed down between 2006 and 2010 (6% on average) to UM 3 billion in 2010. Growth prospects remain strong, with demand from businesses (particularly in light of mining contracts signed for the next few years) and individuals. The effective implementation of compulsory insurance would increase the volume of business. Insurance culture is rather limited among the population. Awareness campaigns would help to increase the number of premiums; a vehicle guarantee fund would cover uninsured motorists.[17] Business development is also hampered by the fact that the State is self-insured and uses only very few insurance company services. In addition, insurance companies do not use banking networks to distribute their products.

75. The product mix is fairly typical. Car insurance (which is mandatory) accounts for a big share of the Mauritanian insurance industry with 38% of premiums, followed by miscellaneous and special risks (24%), transport (10%), health insurance (9%) and fire insurance (6%). Agricultural risk insurance and life insurance are almost nonexistent.[18] Apart from the compulsory car insurance, the insurance market is concentrated on the coverage of business risks. The products are not tailored to the needs of the Mauritanian population: micro-insurance, agricultural risk insurance and Islamic banking products are absent or barely available.

76. 74. Two companies are offering Islamic insurance: TAAMIN and SMAI. However, for both companies, it is a business promotion activity rather than compliance with Islamic principles as is the case with "Takaful" insurance in other countries.

77. Despite the lack of a chart of accounts and unreliability of the financial statements of a large number of companies (which in itself is a bad sign), it could be said that the sector is fragile.[19] Provisions for outstanding claims were less than claims paid in one fiscal year for 4 of the 8 companies operating in 2009. This means not only that the companies settle only a few claims, but also that they may not be able to pay these few claims because they do not have sufficient funds.

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[17] The text creating the Fund is being adopted.

[18] Life insurance premiums account for 1% of the total premiums (life and IARD) as against 12% in Mali, 21% in Senegal and 32% in Morocco.

[19] The lack of a uniform chart of accounts and some irregularities in financial statements indicate that the financial statements produced by most companies are not reliable. For some companies, it could therefore be imagined that the car insurance turnover is much higher than what is indicated, that the damages compensated are lower than the amount indicated, that the share capital has not been paid up, and that the current accounts of shareholders should be included in the balance sheet.

78. The basic prudential incorporation standard of a minimum share capital (UM 300 million since 2007) is not generally respected. It is important for all these companies to be up to date. The first step would be a detailed auditing of the companies.

79. In addition, the standard of UM 300 million minimum capital, enacted in 2007, appears to be low in comparison to the standards set in similar countries, the minimum capital for banks and the need to increase the financial capacity of local companies.

80. In addition, there is lack of expertise in insurance, which hampers the development and credibility of the sector. This concerns company executives, as well as intermediaries, DCA controllers, members of the insurance supervision advisory board, tax officials and judges and policemen. The lack of local training in insurance, particularly statistics and actuarial studies, slows down the development of new products.

81. The National Federation of Mauritanian Insurance Companies (FNAM) was created in 2006, but is not yet operational because of lack of trust between the companies, unhealthy competition, opacity and lack of professionalism of some companies. However, a strong professional association would bring many benefits to the sector (representing the interests of the sector, promotion of the sector, etc.).

82. Supervision has some weaknesses. The DCA does not produce activity reports. It does not have the certified accounts of insurance companies. Offsite control is limited to car insurance rates, and financial control is only in critical situations. None of the 5 supervision officials has received specialized training in insurance. In addition, the DCA has limited budgetary resources.

83. At the regulatory level, the Insurance Code does not provide for separation of IARD branches from life insurance, all the companies engage in the same activities, and there is no specialization by any company in one specific branch. The regulatory framework for brokers and general agents has some shortcomings.

84. The authorities are determined to strengthen insurance supervision. Two options have been considered: grant responsibility for supervision to the BCM, which has a long experience in the supervision of financial institutions, or locate insurance supervision within the Ministry of Finance. A study will determine the advantages and disadvantages of each of the two options. Human and material resources will be allocated to the new supervisory authority. Establishing strong supervision is a priority. As for the supervision of the companies, it will focus on upgrading them, and will initially entail an audit of each company.

II.5.2.2 Social Security

85. Social security organizations not only provide protection for the elderly, families and workers, but also provide long-term financing for the economy, and as such have the potential to play a key role in the financial sector. There are two social security systems in Mauritania: (i) the social security system for workers who are not civil servants and workers of sate-owned enterprises and the private sector, managed by the National Social Security Fund (CNSS); and (ii) the pension scheme for civil and military Government employees managed by a special

Public Treasury account (also known as the Government Pension Fund - CRE). In addition, there are companies' mutual and supplementary pension schemes at the BCM, and soon at SOMELEC and SNIM.

86. The forerunner of the CNSS was the family allowance scheme instituted in December 1955, whose management was entrusted to the Family Allowance Compensation Fund. The social security system was extended to pension and occupational risks branches in 1967 by Law No. 67/039 of 3 February 1967 instituting a social security system in Mauritania, managed by the National Social Security Fund. The three social security branches were supplemented by a Health and Social Action Fund (FASS).

87. The National Social Security Fund is a public industrial and commercial institution with a legal status and financial autonomy, placed under the technical supervisory authority of the Ministry in charge of Labor and under the financial supervisory authority of the Ministry of Finance. The Board of Directors of the Fund is tripartite, with one-third workers' representatives, one-third employers' representatives, and one-third Government representatives.

88. In 2010, contributions to the old age branch amounted to UM 912 million, and benefit payments to UM 1.3 billion, resulting in a technical deficit of UM 438 million[20]. The occupational risks branch shows a positive technical balance of UM 761 million and the family allowance branch a technical surplus of UM 2.1 billion. The overall balance of the CNSS (after taking into account management fees) is positive in terms of cash resources with a surplus of more than UM 1 billion, but the current situation does not reflect the actual capacity of CNSS to meet its long-term commitments.

89. The allocation of contributions among the three branches has remained unchanged since 1981. The 3% rate for the pension branch is the lowest in the entire sub-region, and certainly cannot allow this branch to be balanced in the long term. All the contingency reserves have been exhausted by the pension branch. An actuarial study is required to indicate the parametric reforms that would restore equilibrium. Already, with the recommendations of the 2000 ILO study, reforms can begin. Furthermore, a physical inspection of beneficiaries will reduce technical costs.

90. Since 2007, management fees consume about 30% of the contributions. This rate is twice higher than the maximum recommended for social security institutions in West and Central Africa by the supranational CIPRES Treaty. It is recommended that the management fees be audited so as to identify measures to better control costs, maintain cost accounting, and ensure better allocation of administrative expenses per branch.

91. The collection of contributions is one of the major problems faced by the CNSS. First of all, the CNSS lacks reliable statistics on the labor market, employers and employees. Hence the need to ensure better coordination between the CNSS and the Ministry of Employment, so as to improve CNSS knowledge of the labor market.

[20] The analysis is based on a 2011 study.

92. Asset management leaves much to be desired. The CNSS suffers from the large amount of contribution arrears (UM 1.6 billion, including UM 0.9 billion owed by the State). Its buildings, valued at UM 7.8 billion in the balance sheet, are occupied by Government services or individuals (private school, retired CNSS officers) without adequate remuneration. Its equity securities do not earn any income. In addition, the CNSS has UM 2.3 billion worth of treasury bills with a yield of 4.5%, unremunerated UM 1.4 billion sight deposits, and UM 1.7 billion in a treasury account, also unremunerated. The deposits should at least be invested in term deposit accounts.

93. Computerization is another important area of ongoing work. A master plan was developed in 2004 and updated in 2010 with the assistance of the ILO. Efforts should be made to continue implementing the master plan. Lastly, staff capacity is weak at all levels.

94. The CRE pension scheme is managed by annuity distributions. The scheme is financed by a contribution of 18%. There is no Fund with administrative and financial management autonomy. The pension income and expenses are managed from a special account in the Treasury. No administrative expenses are charged to the scheme because it is managed by the Budget Department and no investments are made. The lack of a balance sheet to record the scheme's commitments makes it impossible for the State to anticipate future pension income and expenses, and plan its budgetary constraints more adequately. This also makes it difficult to manage the scheme, and makes shortcomings in collecting contributions or controlling benefits less visible. An actuarial study will determine the conditions for sustainable technical balance of the scheme so that it does not drain the State budget in an unforeseen manner. A Bill has been tabled to create an autonomous fund to manage the pension scheme for civil servants. Such an autonomous fund, with its own accounting system and professional management, will be an improvement on the current situation.

95. A supplementary pension scheme is managed by the BCM for its employees. SNIM and SOMELEC intend to launch their own supplementary pension schemes. The schemes will be pay-as-you-go operations. A supplementary pension scheme should be managed by competent professionals and included in the balance sheets of corporations, whose prudential framework is intended to ensure compliance with commitments made to workers. This is not the case with these companies. The companies should stop managing their own supplementary schemes, and transfer such management to insurance companies.

96. To ensure overall governance of the social security system, reduce operating costs by pooling administrative resources, and ensure clarity and coherence of the system, it would be advisable to have only one fund for civil servants and the private sector. However, it would be beneficial for the CNSS and CRE to merge gradually.

97. Supervision needs to be strengthened and entrusted to an autonomous agency in charge of all social security activities. On the other hand, supervision would also be strengthened if social security institutions became full-fledged CIPRES members.

98. It is necessary to review the legislative and regulatory framework so as to adapt the social security system to changes that have taken place in the Mauritanian economy and labor market

since the first version of the CNSS legal framework. A parliamentary information mission has proposed four Bills concerning: (a) modernization of the Social Security Code; (b) creation of an autonomous fund to manage the pension scheme for civil servants and military officers; (c) creation of a special public and social establishment status for CNAM, CNSS and the civil servants fund; and (d) amendment of the 1993 Law to clarify the rules on retirement for State employees on contract.

99. Social security coverage is limited to 3% of the population. Once the CNSS is restructured and operating efficiently, extending its coverage should be considered. In addition, the current pension system is based on a distribution pay-as-you go system. Maintaining the current level of benefits under such a scheme will become more expensive with the expected changes in the age pyramid. With an increase in the beneficiaries/workers ratio, workers will need to pay increasingly more for the pensions of their parents. Alternatively, the benefits will have to be reduced. A funded system would introduce greater equality between generations and help to maintain a higher level of benefits.

### II.5.3 Money and capital markets and long-term financing

100. The money market gained momentum in the mid-2000s with the development of the Treasury bills market. The money market has two components: the Treasury bills and the interbank market. At first, the Treasury bills had maturity periods of 4 and 12 weeks. In 2009, maturity periods of 26 and 50 weeks were introduced. The law allows for the issuing of BCM bills by the Central Bank, but the Bank has not yet used this instrument.

101. The volume of Treasury bills issued has increased steadily over the past five years from UM 179 billion in 2006 to UM 348 billion in 2008, UM 487 billion in 2010, UM 493 billion in 2011 and UM 531 billion in 2012. On the other hand, the interbank market recorded only limited activity: UM 20 billion in 2007, UM 201 billion in 2008, UM 149 billion in 2010, and UM 168 billion in 2011 to drop to UM 105 billion in 2012. The refinancing of commercial banks from the BCM was very small and at times insignificant reaching only UM 17 billion in 2010, UM 35.7 billion in 2011 and UM 3.3 billion in 2012.

102. Few institutions offer long-term financing. There is no bond or stock market. The public does not understand the markets because of lack of awareness, training and financial information. In general, the markets develop in the following sequence: money market, bond market and stock market. Furthermore, before developing these markets, it is necessary to have strong and vibrant financial institutions, especially banks. An appropriate regulatory framework is also required.

103. Once the money market is well established, the Government will issue bonds at regular and predictable intervals to contribute to the market development. This will be done through commercial banks or brokers with special authorizations and working with the Central Bank. Transactions will be carried out on an over-the-counter market. Over time, private companies and financial institutions may also issue bonds.

104. The Deposits and Development Fund (CDD), a special status public establishment with legal personality and financial autonomy, was created by Law No. 0027-2011 of 17 March 2011. It is intended to contribute to the country's economic development by helping those who do not have access to bank credit. Its specific objective is to mobilize long-term resources to finance development. The CDD receives regulated deposits and legal consignments, as well as lines of credit from donors. It will grant loans to local authorities and SMEs in partnership with the national financial sector. It was also mandated to offer agricultural loans. Its long-term loans will be granted in co-financing with the banks. A State equity capital of UM 5 billion was granted to it by decree. It has been in operation since mid-2102. It is in need of assistance in human and IT capacity building.

105. In addition, long-term resources could be obtained from insurance companies and pension funds, once they are restructured, as well as from donors. Pending the development of a financial market, banks could serve as intermediary between customers and insurance companies and the pension funds by mobilizing long-term resources from the latter through private investments. The banks could also consider bond issues on the West African Regional Stock Exchange.

### II.5.4. Cross-cutting issues

II.5.4.1 <u>Access to financial services</u>

106. Access to financial services (savings mobilization, means of payment, credit supply) is essential for the country's development. Mauritania presents an unfavorable picture as regards access to financial services. Indeed, access to finance is only about 4% of the population and the microfinance penetration rate is 10%.

**Housing finance**

107. The financial system contributes only marginally to investment in housing in Mauritania. The housing loan portfolio is low. There are no more banks specialized in housing loans, since the former BADH (now BEA) was transformed into a universal commercial bank. However, a few banks offer financing for housing. The CAPECs have undertaken limited operations in financing housing. And yet the demand for housing is high. There are three categories of housing: low-cost, economic (civil servants) and medium/high end. The first two categories require subsidies.

108. Mauritania does not have the usual array of instruments to facilitate the financing of housing. The missing instruments include a housing loans fund, a housing loans refinancing fund, long-term housing loans with periodically re-negotiable rates that minimize interest rate risks due to mismatch between assets and liabilities, housing savings plans that provide stable resources and microcredits for housing.

109. Since its establishment in 1974, the Real Estate Construction and Management Company (SOCOGIM) has produced only 3,000 housing units. A low-cost housing micro-credit system was instituted under the Urban Development Programme (PDU) which helped to produce 5,000 housing units in Nouakchott and Nouadhibou. Self-construction is the main method of building houses in Mauritania.

110. An institutional mechanism to liberalize and promote real estate development was established by Law No. 99-031 of 20 July 1990, as amended by Law No 2005-08 of 30 January 2005 and its implementing texts. The National Land Development Agency (ANAT) was established in 2006 to produce and sell serviced plots, but it has achieved only limited results.

111. To demonstrate the authorities' determination to improve housing, the National Land Development, Housing Development and Real Estate Promotion and Management Corporation (ISKAN) was established by Decree No. 2010-079 of 23 March 2010 to help develop land, improve and develop housing, and promote and manage real estate development. It absorbed SOCOGIM and ANAT. It became operational in 2013.

**SME Financing**

112. Despite some progress, SME access to external financing remains difficult. According to the investment climate assessment (ICA), between 38% and 51% of firms consider the cost and access to bank financing as "major" or "very serious" obstacles to private sector development in Mauritania. Equity capital and retained earnings are the main sources of business financing in Mauritania. Only 12% of small businesses (5-9 employees) have access to bank financing, while 50% of firms with more than 50 employees benefit from such financing.

113. The root causes of this lack of access to financing for SMEs are: (a) on the demand side: (i) lack of transparency of SMEs as they do not present reliable financial statements and solid business plans, and (ii) lack of acceptable collateral, (b) on the supply side: (i) the difficulty of banks to move away from loans based on collateral and grant loans based on cash flow; (ii) lack of capacity to evaluate non-traditional customers with limited information on their financial situation and their operations; (iii) perceived high risk of lending to SMEs, (iv) lack of appropriate instruments; (v) lack of long-term resources raised from insurance companies / pension funds and donors in the absence of financial markets; and (vi) lack of specialized institutions.

114. A few organizations now offer assistance to structure financing requests. CCIAM is mainly oriented towards medium-sized and large enterprises, but recently launched a programme with AFD for SMEs. The National Chamber of Crafts and Trades (CNAM) of Mauritania has prepared a plan for the development of Mauritanian handicraft for the 2008-2010 period. In addition it is necessary to encourage the development of service providers for SMEs, and in particular, approved management centers that provide important support to SMEs.

115. The Commercial Code stipulates the obligation for merchants and companies to keep accounts. Limited liability companies are also required to produce and publish in the commercial register financial statements certified by an auditor. These obligations are not respected in practice, without any consequences for defaulting companies. Controls carried out by accountants and auditors often lack diligence, and there are cases of negligence and even fraud. An Association of Chartered Accountants was recently established under the supervisory authority of the Ministry of Finance, and the Minister is responsible for its Disciplinary Council. The Association has 48 members, but does not enjoy full legitimacy currently because only a few of its members hold accountancy certificates, and cases of fraud have damaged the reputation of

the profession. Furthermore, it is imperative that chartered accountants be trained in the General Charter of Accounts, their obligations and ethics. It is also essential that the profession of chartered accountant be rehabilitated with appropriate sanctions, and particularly publication of the names of the persons concerned by wrong doing (accountants, companies and executives involved).

116. In addition, financial institutions are not supported by a reliable information system on potential customers. BCM established a risk database in 1974 and a payment incidents database in 1998. However, these two databases are not efficient in their current form and architecture. It is necessary to review their functional architecture and create genuine databases that can be used by financial institutions as tools for assessing the risks of potential customers. On the other hand, there is no special department for SME loans in commercial banks or MFIs.

117. The financial services offered to SMEs are insufficient. In Mauritania, there is the serious problem of missing middle generally encountered by small businesses: their needs are too high for MFIs and too low for banks. MFIs mainly target income-generating activities and, to a lesser extent, micro-enterprises (needs between UM 100,000 and UM 1 million). Banks target medium-sized and large enterprises, and small enterprises are marginal in their portfolios. The financial needs of small enterprises range between UM 2 million and UM 8 million.

118. MFIs do not serve small enterprises because of the ceiling loan amount imposed by the Ordinance of 2007 (UM 1 million for Category A and UM 2 million for Category B). For MFIs that want to assist their customers to go beyond these amounts, the only solution is to conclude an alliance with a bank that will take over the customer. An alternative would be to raise the ceiling.

119. ANAPEJ grants a few loans with amounts up to UM 4 million. However, these operations are limited in volume and for a particular constituency, since the mandate of ANAPEJ is youth employment. In addition, since ANAPEJ is not authorized to grant loans, it has to pass through MFIs.

120. As for the banks, they do not deal with small enterprises. Some of them grant loans for amounts less than UM 10 million. However, in general, they do not grant such loans for conventional and universal reasons: lack of financial statements, lack of acceptable collateral, and amounts requested are too low. Small enterprises have little experience in the banking system; they are unfamiliar with banking products and often prefer cash payments.

121. Mention should be made of the limited number or lack of specialized institutions. There is only one leasing company; there are no factoring, venture capital, or credit sales companies. There are no MFIs specialized in SME financing. Mobile banking is virtually nonexistent. However, these instruments are those that are well adapted to the needs of SMEs.

122. Just as the entry of foreign banks has invigorated the banking market, the entry of a foreign microfinance institution specialized in SME financing (like CAPE, Advans or Procredit) would professionalize the sector and improve SME financing.

**Rural financing**

123. Access to financial services in rural areas is limited. Most of the rural sector support is given to agro-processing and, to a lesser extent, storage, marketing and packaging activities. The support given for the purchase of equipment is negligible. Consequently, efforts to promote agricultural production and productivity have little success due to lack of resources to finance the increased use of inputs and purchase of equipment.

124. The concentration of agencies and ACDs in urban centers also makes rural access to financial services more difficult. Paradoxically, microfinance is also highly concentrated geographically. Almost half the number of institutions are in Nouakchott. Bank loans for agriculture and livestock account for only 1.4% of the total loans.

125. There are two types of constraints on the development of rural financing: (i) structural constraints due to failure to structure demand and the low capacity of actors; and (ii) lack of diversification of financial products due to limited availability of products adapted to rural financing and lack of expertise of financial institutions in the financing of agricultural and rural activities.

126. As regards demand, farmer organizations are weak and poorly structured. Only a few borrowers have financial statements or business plans. Incomes are low and few farmers have cash income sufficient to repay loans. For many of them, loans do not constitute an appropriate financing instrument. Shared-cost grant programmes would best suit their situation and enable them to strengthen their financial situation so as to eventually have access to loans.

127. The formal offer of agricultural and rural loans comes mainly from UNCACEM and marginally from a few MFIs, including two rural MFIs. UNCECEL is preparing to expand its activities in rural areas through a line of credit from the Government, and the MICO network is waiting for a license to start operating. To date, the size of these institutions is still limited. In addition to these actors, there are a few general-purpose MFIs (such as the cooperative union) whose primary area of activity is urban, but operate only marginally in rural areas, or semi-rural areas. PRECAMF promotes the establishment of the best general-purpose MFIs in rural areas. Mobile banking, which is so far absent, has the potential to increase access to financial services in rural areas, given the wide use of mobile phones in these areas. The post office has a similar potential to distribute banking or MFI products through its points of sale.

128. The supply of rural financial services is limited by several constraints: limited presence of institutions in rural areas, their lack of knowledge of the environment, and demand for collateral that borrowers in rural areas cannot provide. More generally, the proposed financing instruments do not suit the situation of applicants for financing in rural areas.

129. Specialized professional agencies that can operate in rural areas should be established as soon as possible. CDD could become such an entity.

130. On the other hand, instruments such as third party holding requiring the development of general stores and rules for the operators of these stores, and leasing can also contribute to

financing in rural areas. Finally, given the low incomes in rural areas, a cost-sharing grant is a far more appropriate instrument for most farmers.

II.5.4. 2 Legal and Judicial Environment

131. The legal and judicial system should help ensure compliance with contracts and facilitate the recovery of bad debts, and thereby provide vital support to financial institutions. This goal has not been achieved. The financial sector players have noted delays in the system, the absence or weakness of structures specialized in commercial cases (commercial courts, arbitration), the weakness of the judicial inspectorate, the poor working conditions of judges (salaries, dilapidated premises) and the lack of financial literacy in the judiciary.

132. The legal and judicial framework has undergone a number of reforms at the request of donors to improve the business and credit environment in the country. Accordingly, the law of contract, commercial law, the civil procedure and investment law have been completely reviewed over the past ten years. However, the regulatory texts required for implementing these laws have not all been adopted, the institutions created have not been financed, the new texts have not been disseminated and popularized, and magistrates have been trained only very recently. The new texts are not respected by the players themselves, and the sanctions stipulated by the texts are not applied (this is the case, for example, with the accounting regulations, many provisions on corporations and the law on competition).

133. Similarly, the judicial system has been regularly analyzed and criticized by economic operators and public authorities without the announced measures significantly improving the perception of the sector by the banking and business community. The 2005 Justice Report[21] highlighted the lack of public confidence in the justice system. Today, banks resort to the courts to resolve disputes with their customers only in exceptional cases. This situation is mainly due to the structure of the banking system (loans to affiliated companies against which forced recovery would not be appropriate from the point of view of a group as a whole), as well as to the lack of reliability of the justice system, credit information systems, and debt collection procedures.

134. Guarantee uncertainties constitute one of the reasons for the high cost and unavailability of credit. Although mortgages are required by commercial banks, they are considered unreliable. Mortgages are limited by the small number of land titles, even in urban areas, and uncertainties about the land surveys and registry operations and records.

135. Access to a land title is preceded by the acquisition of a precarious title which is an occupancy permit known as concession (Article 12 Ordinance No. 83-127 of 5 June 1983 on the reorganization of State lands). These precarious titles cannot be mortgaged but some banks are satisfied when they are used with promises of obtaining land titles. However, the binding nature of such promises is low, and recovery is necessarily ineffective with recalcitrant debtors. In addition, the banking supervisory authority does not recognize these instruments as collateral.

[21] Final Justice Report, Inter-ministerial Justice Committee, November 2005, http://www.mauritania.mr/fr/Rapports CM/Rapport-Final-Justice.pdf.

136. The effectiveness of mortgages has also been hampered by the lack of diligence by banks to register mortgages, since the registration fee is seen as a deterrent. However, registration is an essential condition for effectiveness of the collateral. Banks have complained of the high registration fees. In response to their complaints, the authorities reduced the registration fees in 2006.

137. Although recently reformed by the Commercial Code, securities on real property, such as guarantee or pledge of businesses or professional equipment, are rarely used. This situation is mainly due to the failure of some banks to have these securities implemented by the court, leading to strong distrust by local banks towards their customers, as well as the justice system and its auxiliaries. These securities are, under penalty of nullity, subject to registration in the commercial register, which also publicizes collaterals to third parties (particularly other banks). The unsatisfactory status of the commercial register in Mauritania makes it difficult to ensure reliability of collaterals. The commercial register instituted about eight years ago is still not yet operational because of lack of an implementing decree concerning its operating procedures, as well as lack of resources for its operation.

138. Seizure of property, for mortgage or unsecured debt, is seen as a very long and relatively expensive procedure. Seized property is generally held by banks, with a negative impact in terms of taxes and liquidity ratio. Once the property is seized, it could be sold by public auction, but in the absence of a secondary market and a cultural reluctance to acquire the property of others under such circumstances, banks are often forced to stand as buyers of seized property and keep it as part of their assets.

139. Follow-up of court decisions is inadequate; disciplinary sanctions are not applied effectively. Court decisions are not published.

140. Financial resources allocated for the administration of justice are grossly inadequate at all levels.

141. Mauritania has two major laws that define and criminalize money laundering and the financing of terrorism; they are Law No. 2005-048 of 27 July 2005 and Law No. 035-2010 of 21 July 2010 relating to the fight against money laundering and against terrorism respectively, Decree No. 2006-043 defining the organization and functioning of CANIF, as well as an array of regulations.

142. The Financial Intelligence Unit (CRF) of Mauritania, known as CANIF (Financial Information Analysis Commission), placed under the Governor of the Central Bank of Mauritania, is a State entity for fighting against money laundering and the financing of terrorism; it has financial autonomy and an independent decision-making authority in matters within its competence.

143. The operational unit of CANIF gathers information and analyzes dossiers. The deliberative organ decides on what action to take concerning reports on suspicions.

## III. STRATEGIC GUIDELINES

### III.1 OVERALL OBJECTIVE AND STRATEGIC TARGETS

144. In view of the above-mentioned weaknesses, the objective of the Government of Mauritania is to contribute to the development of a sound, effective, efficient and inclusive financial sector for growth and poverty reduction. Specifically, the authorities seek to promote economic development and job creation by financing the economy in general and SMEs in particular, rural areas and housing. The main strategic thrusts for achieving this objective that emerge from the above analysis are as follows:

145. Increasing the stability and transparency of the financial sector (Target 1): Stability requires sound financial institutions that can resist external shocks and operate under solid regulations and supervision. Transparency is essential for the sector's efficiency and investor protection. It requires concerted effort from the authorities and operators. The focus will be on strengthening the supervision of banks and micro-finance institutions, as well as the establishment of effective control of insurance and social security institutions.

146. Deepening the financial sector (Target 2): Deepening the system means, in particular, easy access to financial services at a reasonable cost for all stakeholders, especially SMEs, farmers and disadvantaged people, and women, as well as access to long-term resources and housing finance through appropriate instruments. Efforts will be made to promote the dynamism and interaction of the various categories of financial institutions so as to improve the penetration of financial services, strengthen and develop existing institutions, open the sector to new institutions, and foster the introduction new instruments.

147. Refocusing the role of the State and developing the private sector (Target 3): As indicated in PRSP III, the authorities want to rebalance the role of the State. The State will limit itself to defining better regulations for economic activity, directing and implementing economic policies and development strategies, as well as creating a favorable climate for the development of business. Within this context, efforts will be made to encourage the private sector to play a more important role in the financial sector so as to strengthen the intermediation of funds and risks. The private sector will strengthen its role as the engine of growth, develop partnerships with international investors, and be fully involved in competition.

148. Improving the legal and judicial framework (Target 4) so that it can effectively contribute to the stability and deepening of the financial sector by enhancing the enforcement of contracts and debt collection.

149. Developing a savings and credit culture and giving Islamic finance its rightful place (Target 5): A better savings and credit culture and Islamic finance instruments will help to develop financial intermediation in the country. Training / sensitization of stakeholders, and more generally, the population, is required.

150. The five strategic targets are consistent with the State's vision as stated in the action plan of PRSP III for 2011-2015. PRSP III is based on four pillars: (a) acceleration of growth

(strengthening of structural reforms, improvement of the business climate, infrastructure development, and development of sources of growth), (b) enhancement of growth potential and productivity of the poor (including the promotion of activities in rural areas, urban development, promotion of access by the poor to appropriate financial services, promotion of SMEs, development of the environment and social security), (c) development of human resources and access to essential infrastructure, and (d) strengthening of good governance (including strengthening of justice). Details are outlined in the box below.

**Box 1: PRSP III and the Financial Sector**

PRSP III proposes the following measures:
"To improve access to bank credit, particularly for small and medium-sized enterprises, the financial sector will carry out the following actions: (a) capacity building for SMEs to produce reliable financial statements, (b) establishment of a central financial information management center (credit bureau), (c) strengthening of sector regulations and supervision, and (d) implementation of the action plan included in the FSAP (2006)."
The opening of the banking sector to foreign competition will continue, and measures will be taken to promote the development of new institutions (leasing, factoring, and venture capital).
BCM: Securitization of the BCM claim on the Treasury; establishment of a remote compensation system, human resource development in BCM, and establishment of an integrated information system.
Microfinance: The three immediate objectives of PRSP III are to: (a) implement the provisions of the legal and regulatory framework adopted in 2007, (b) professionalize and sustain MFIs for better supply of diversified and expanded microfinance products and services, (c) establish an institutional framework for effective and concerted implementation of the national microfinance strategy.
These objectives are sought through the following actions: (i) strengthening of the technical and financial capacities of MFIs; (ii) establishment of credit and savings cooperatives in rural areas, (iii) creation of an MFI refinancing entity; (iv) establishment of APEX entities for MFIs; (v) establishment of a central information office specifically for MFIs; (vi) adoption and dissemination of the charter of accounts; (vii) strengthening supervisory capacity by creating a corps of inspectors for this sector; (viii) revitalization of APROMI.
Housing: Efforts will be made to: (a) adopt and implement a national housing strategy, (b) foster real estate development, (c) establish a housing finance mechanism taking into account the needs of households and property developers.

## III.2. INTERVENTION APPROACHES

151. Since the human and financial capacity of the country is limited, this strategy takes the constraint into account. It stresses capacity building and proposes actions spread out over time (2013-2017).

152. The strategy is also based on conventional approaches and measures, as well as innovative measures. Conventional measures include the strengthening of supervision and governance. These measures are needed to ensure stability and soundness of the financial sector, especially within the current international context.

153. Innovative measures are needed to improve access to financial services, as regards financing of SMEs and rural areas, as well as availability of long-term resources. These measures include, for example, the development of mobile banking, the establishment of agricultural risk insurance, strengthening of leasing, development of third party holding, creation of venture capital companies, expansion of microfinance activities to leasing and housing finance, creation of a mortgage refinancing fund, and structuring of demand in the financing of SMEs and rural areas.

154. An innovative approach is also essential for the financial sector to contribute fully to economic growth and private sector development. The private sector needs to be innovative. Within this context, the State will create a business climate conducive to the development of new instruments and new institutions by establishing a legal and regulatory framework that does not stifle innovation.

155. While the strategy and action plan cover a period of five years, priority is given to Targets 1, 3 and 4. This requires refocusing the role of the State, strengthening banks and micro-finance supervision by the BCM, modernizing the payment system, improving bank governance, helping to pull out the microfinance sector from crisis by restructuring key institutions, finalizing the microfinance charter of accounts, restructuring postal financial services, strengthening insurance supervision, establishing an insurance chart of accounts, auditing companies and eventually restructuring them, developing commercial courts and arbitration, as well as strengthening land registration and surveys, and the trade register. Deepening of the sector and increasing access (Target 2) and the development of financial literacy (Target 5) will follow.

## III.3. OPERATIONAL OBJECTIVES AND ACTION PLAN

156. The strategic guidelines are translated into operational objectives in terms of sectors and two cross-cutting themes, namely access to financial services (including the financing of housing, SMEs and rural areas) and the legal and judicial framework. The operational objectives aim to address weaknesses identified in the various components of the sector, namely:

### III.3.1 Banks

157. The operational objectives are to:

(a) *enhance banking supervision (Target 1)* by strengthening BCM and conducting international audits of banks;
(b) *consolidate the stability of the sector (Target 1)* by: (i) reducing the risks of bank portfolios, (ii) increasing the minimum capital, (iii) establishing information centers, and (iv) taking measures to ensure compliance with prudential standards, as well as reducing nonperforming portfolios and the burden of nonperforming loans;
(c) *Develop the banking sector and increase banking services in the economy* by upgrading commercial banks (corporate governance, MIS (Target 2), developing Islamic products, conducting awareness campaigns (Target 5) and ensuring better banking network coverage of the country.

### III.3.2. Payment System

158. It will mainly seek to:

(a) *strengthen the legal framework*, with legislation on means of payment and mobile banking (Target 4);
(b) Develop payment systems (Target 2), with emphasis on electronic clearing, RTGS and mobile banking.

### III.3.3. Microfinance

159. The operational objectives are to:

(a) *strengthen supervision by BCM* (*Target* 1), including implementation of the chart of accounts;
(b) *rehabilitate MFIs (Target 1)* with special attention to the restructuring of PROCAPEC and UNCACEM as priority actions;
(c) *Deepen the sector*, particularly by developing institutions across the country, increasing the customer base, broadening the range of products (such as micro insurance, long-term loans, loans for agriculture and education, and housing savings). (Target 2).

### III.3.4 Postal Financial Services

160. The operational objectives are to:

*(a) restructure postal financial services;*
*(b) Develop postal financial services.*

### III.3.5. Insurance

161. The operational objectives are to:

(a) *Enhance supervision (Target 1)*, the priority action, starting with a study to determine the best institutional arrangement for the supervisory authority.
(b) *revise the regulatory framework (Target 1*) mainly by increasing the minimum capital, implementing compulsory insurance, and defining a chart of accounts;
(c) *promote the sector* by inviting one or more foreign companies to Mauritania, strengthening national companies (*Target 2*), and developing new products, including Islamic insurance;
*(d) Strengthen the technical capacity of the sector stakeholders (Target 5).*

### III.3.6 Social Security

162. The operational objectives are to:

(a) *reform the institutional structure of the system* (*Target 1*) by establishing the Government Pension Fund and, ultimately merging it with the CNSS;

(b) *reform and strengthen the CNSS and CRE* (*Target 2*);
(c) *Consolidate the long-term sustainability of social security systems* (*Target 2*);
(d) *Develop new social security schemes* (*Target 2*) including supplementary schemes and extension of coverage to new beneficiaries.

**III.3.7. Money market, foreign exchange market and financial markets**

163. To develop these markets, the following operational objective needs to be achieved:

- *Develop the market (Target 2)* by the development of activities of CDD, conducting information and awareness campaigns, and ultimately issuing government and corporate bonds.

**III.3.8. Housing Finance**

164. To improve housing (commercial and social) finance, the following operational objectives need to be achieved:

(a) *Strengthen the development of housing finance (Target 4*);
(b) *increase the supply of housing finance (Target 2)*, including the development of activities of ISKAN, the creation of a housing bank with strong private sector participation, the establishment of refinancing and guarantee mechanisms, and the development of new products (housing savings plans, renegotiable mortgages).

**III.3.9 SME Financing**

165. The operational objectives are to:

(a) *Strengthen and structure demand* (*Target 2*) by assisting SMEs in preparing financial statements and business plans;
(b) *Enhance the supply of financial services* (*Target 2*) by strengthening banks and MFIs, increasing MFI loan ceilings, facilitating the entry of an international operator, and developing leasing.

**III.3.10 Rural Financing**

166. Improving rural finance, which will facilitate the development of agriculture and livestock, is also subject to achievement of two operational objectives namely:

(a) *Strengthen and structure demand (Target 2);*
(b) E*nhance the supply of financial services* (*Target 2*), including support for banks and MFIs to develop new products (warehouse receipt, leasing, joint credit, credits based on cash flow), use of postal services to distribute financial products, development of mobile banking and the development of agricultural credit activities by CDD.

### III.3.11 Legal and Judicial Environment of the Financial Sector

167. To improve the legal and judicial environment of the financial sector (*Target 4*), it will be necessary to:

*(a) strengthen the legal framework;*
*(b) strengthen structures.*

## IV. MECHANISMS FOR IMPLEMENTING THE ACTION PLAN

168. Implementing the action plan is in itself a whole programme that requires proper coordination of the various sector interventions and cross-cutting themes highlighted by the strategy.

169. To that end, a Coordination and Monitoring Unit will be established by the BCM for the strategy, in collaboration with the Ministry of Finance. The unit will be mainly responsible for:

(i) monitoring/evaluating the implementation of the strategy and action plan by developing performance indicators and verification measures in advance;

(ii) serving as interface between institutional actors of the sector and liaising with donors;

(iii) supporting the authorities in looking for funding and resource mobilization, and

(iv) conducting an information and awareness campaign to consolidate reform through the media and other publications.

170. The Coordination and Monitoring Unit will be a light structure, comprising a few experts specialized in the sub-sectors covered by the strategy. The experts and other staff members will be recruited through competition. The Unit will have an annual budget which could be provided by donors.

171. The Unit will delegate to the SNMF monitoring unit, the responsibility of monitoring activities in the micro-finance sector.

172. The Unit will be under the supervisory authority of a Steering Committee that will be regularly informed of the progress made in implementing the action plan, and will define broad guidelines for implementing the strategy and action plan. The members of the Steering Committee will be appointed by the BCM on the proposal of the structures concerned, and will represent the Ministries, the Central Bank, banks, MFIs, insurance companies, social security institutions, the Bar and users of financial services. The Committee will also supervise the SNMF Implementation Unit.

173. The Coordination and Monitoring Unit and the Steering Committee will be established upon adoption of the strategy and action plan by the Cabinet Meeting.

174. Many activities require funding for their implementation. The amounts are shown in Annexes 1 and 2.[22] The Government hopes that the donor community will provide support in line with the priorities defined in the strategy and action plan.

[22] The amounts stem from the detailed calculations in the notes of the records of the Drafting Committee.

## Annex 1: Action Plan for implementing the financial sector development strategy (2012-2017)

| SUB-OBJECTIVES | MEASURES T0 BE TAKEN | PLAYERS | PERFORMANCE INDICATORS | TARGET | PRIORITIZATION | TIME FRAME | COSTS | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | USD Thousand | Ouguiya Million |
| **1. BANKING SECTOR (BS)** | | | | | | | | |
| ***Objective BS 1: Enhance bank supervision*** | | | | | | | | |
| **BS1-1 Improve bank supervision** | Strengthen BCM's supervisory powers, particularly with respect to sanctions. | BCM | Banks are better supervised | 1 | Priority/ Short term | 2013 | | |
| | Initiate international audit of banks whenever BCM deems it necessary and ensure implementation of recommendations | BCM /donors | Banks are better supervised and in a better financial situation | 1 | Priority/ Continuous | 2013-17 | 600 | 150 |
| | Continue to review prudential standards | BCM | Banks are better supervised | 1 | Priority/ Short term | 2013-14 | | |
| | Prepare transition to new financial and accounting standards (IFRS) | BCM/ donors | Banks are better supervised | 1 | Short term | 2014 | 59 | 14.75 |
| | Recruit an adviser to the Director General of Supervision to assist with on-sight control | BCM/ donors | Banks are better supervised | 1 | Priority/ Short term | 2013 | 300 | 75 |
| | Recruit 5 new Mauritanian inspectors | BCM/ donors | Banks are better supervised | 1 | Priority/ Short term | 2013 | 400 | 100 |
| | Improve BCM staff rules and regulations | BCM | Banks are better supervised | 1 | Priority/ Short term | 2013 | | |
| | Provide BCM with a modern information system that meets the criteria of reliability and integration | BCM/ donors | BCM efficiency is improved | 1 | Priority/ Short term | 2013-14 | 500 | 125 |
| | Apply the rules in the provisioning of bad debts | BCM | Banks are in a better financial position | 1 | Priority/ Continuous | 2013-17 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sanction banks which do not comply with prudential norms | BCM | Banks are in a better financial position | 1 | Priority/ Continuous | 2013-17 | | |
| ***Objective BS2: Consolidate the stability of the banking sector*** | | | | | | | | |
| **BS2-1 Reduce the vulnerability of banks and financial institutions** | Enhance measures to ensure that banks and financial institutions properly assess the risks to which they are exposed and manage them | BCM | Risk management systems in banks are more efficient | 1 | Priority/ Short term | 2013-14 | | |
| **BS2-2 Get banks to comply with the major prudential norms and minimize the portfolio degradation rate** | Prepare a performance chart to monitor the implementation of BCM recommendations. Monitor the conduct of efficient loan analysis, granting and tracking systems in banks. Conduct stress tests on an annual basis | BCM/ donors | Level of net worth of banks above the prescribed minimum. Banks carry out stress tests. The degradation rate of new credits is reduced | 1 | Short term | 2013 | 60 | 15 |
| | Continue to increase the minimum capital of commercial banks (UM 5 billion in 2011 and UM 6 billion in 2012) | BCM | Banks are in a better financial position | 1 | Priority/ Short term | 2013 | | |
| | Continue to strengthen the internal audit and control function within banks | BCM | Banks are better managed and in a better financial position | 1 | Priority/ Short term | 2013 | | |
| | Establish an automated central information bureau (balance sheets , payment incidents , and risks ) with possibility of online consultation | BCM/ donors | Banks have a better knowledge of their customers and nonperforming assets are reduced | 1 | Short term | 2014 | 250 | 62.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **BS2-3: Reduce the bad debt and real property burden on bank portfolio** | Explore the feasibility of establishing a loans recovery company and/or a mortgaged real property management company.<br><br>Adopt and implement the recommendations | BCM/ banks / donors | Company established. Buyback of bad debts from banks by the company. Reduction in level of bad debts in bank assets. | 1 | Short term | 2014 | 160 | 40 |
| | Implement the new regulations on debt recovery | BCM/MF | Debt recovery is improved | 1 | Short term | 2013 | | |
| | Encourage banks to cancel old bad debts<br>Introduce a text defining the cancellation procedure. | BCM/MF/ banks | The text is adopted<br>Old bad debts are cancelled, thereby reducing the bad debts burden | 1 | Short term | 2013 | | |
| **BS2-4: Enhance transparency of the sector and protection of consumers** | Strengthen the Bank deposits Guarantee Fund | BCM/MF/ APBM/ donors | The assets of depositors are protected | 1 | Short term | 2014 | 79 | 19.75 |
| ***Objective BS3: Develop the banking sector and increase banking services*** | | | | | | | | |
| **BS3-1 Build the capacity of banks** | Improve corporate governance<br>Upgrade MIS<br>Put in place a training programme for auditors, internal controllers, risk managers and loans officers of commercial banks | Banks / APBM/ BCM/ donors | Increase in volume of business.<br>Reduction of operating costs.<br>Increased level of satisfaction among users of financial services | 2/5 | Short/ Medium term | 2013-15 | 50 | 12.5 |
| | Strengthen the bank training center with human, technical and financial resources | APBM/ Banks/ BCM/ donors | Bank employees are better trained | 5 | Short term | 2014 | 479 | 119.75 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Develop statistics on the economy, sectors and regions | BCM | More statistics available for credit demand analysis and benchmarking | 2/5 | Short/ Medium term | 2013-15 | | |
| **BS3-3: Increase banking services** | Conduct public awareness campaigns on the role of banks<br><br>Organize annual consultation days between banks and customers | APBM/ banks / financial institutions/ donors | The public has better knowledge of banks and financial institutions.<br>Increase in banking services | 5 | Continuous | 2013-17 | 280 | 70 |
| | Encourage banks to develop their points of sale throughout the country | Banks | Increase in banking services | 2 | Medium term | 2015 | | |
| | Develop Islamic financial products by encouraging banks to provide financial services that meet the needs of Islamic banking | APBM/ banks | Increase in banking services | 5 | Medium term | 2015 | | |
| **BS3-4: Develop the professional association** | Strengthen the APBM with material and human resources | APBM/ donors | The profession's level of satisfaction with the APBM increases | 2 | Short/ Medium term | 2013-15 | 55 | 13.75 |
| **2. PAYMENT SYSTEMS (PS)** | | | | | | | | |
| ***Objective PS1: Strengthen the legal framework*** | | | | | | | | |
| **PS1-1 Strengthen the regulatory framework** | Adopt a law on payment instruments and systems | BCM | Regulatory framework for the payment system is improved | 4 | Priority/ Short term | 2013 | | |
| | Develop the regulatory framework for mobile banking by ensuring interoperability between networks and with bank cards | BCM/ GIMTEL/ Telecoms regulatory agency/MF/ donors | Adoption of legal and/or regulatory text on mobile banking<br>Interoperability is effective | 4 | Priority/ Short term | 2013 | 150 | 37.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Objective PS2: Develop the systems*** | | | | | | | | |
| **PS2-1 Modernize the systems** | Establish an electronic clearing system | BCM /donors | The payment system is reliable and fast | 2 | Priority/ Short term | 2014 | 1 642 | 410.5 |
| | Establish a real time gross settlement system for large amounts and urgent transactions | BCM/ donors | The payment system is reliable and fast | 2 | Priority/ Short term | 2014 | 1 642 | 410.5 |
| | Institute the payment of salaries by transfers for civil servants and large public and private enterprises | BCM | Access to finance increases | 2 | Short term | 2014 | | |
| | Institute payments to the taxation and customs services by transfers or withdrawals | BCM | Access to finance increases | 2 | Short term | 2014 | | |
| **PS2-2 Develop the use of credit cards** | Encourage banks to offer credit cards and open ACDs | Banks/ GIMTEL | Higher number of cards and ACDs | 2 | Continuous | 2013-17 | | |
| | Develop GIMTEL | GIMTEL/ donors | GIMTEL expands its operations | 2 | Continuous | 2013-17 | 84 | 21 |
| | Sensitize and educate the population on means of payment | APBM / GIMTEL/ donors | The use of cash is reduced | 5 | Continuous | 2013-17 | 200 | 50 |
| **PS2-3 Develop mobile banking** | Encourage mobile telephone operators and banks to come together and develop mobile banking | Mobile telephone operators/ banks | Higher number of customers use mobile banking | 2 | Continuous | 2013-17 | | |
| **3. MICROFINANCE SECTOR (MFIS)** | | | | | | | | |
| ***Objective MFS1: Strengthen microfinance supervision*** | | | | | | | | |
| **MFS1-1: Strengthen supervision by the BCM** | Reinforce the staff and technical capacity of the BCM team (licensing, inspection, offsite supervision, risk analysis and financial analysis) | BCM/ donors | Inspection reports are of better quality<br><br>Data on the sector are more reliable | 1 | Priority/ Continuous | 2013-17 | 300 | 75 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Implement the chart of accounts | BCM | Data on the sector are more reliable | 1 | Priority/ Short term | 2013 | | |
| | Finalize the revision process of regulatory | BCM | MFIs are better regulated | 1 | Priority/ Short term | 2013 | | |
| | Differentiate between two levels of authorization (licensing for large companies and registration for small companies) | BCM | The creation of new MFIs is facilitated | 1 | Short term | 2013 | | |
| | Enhance and update the methodology and instruments for offsite and onsite inspection (inspection guide, method, reports, analysis procedures) | BCM/ donors | Inspection is reinforced and MFIs comply with prudential standards | 1 | Short term | 2013 | 50 | 12.5 |
| | Enhance the analysis and issuing of alert from offsite supervision (quarterly performance chart of MFI situation and anomalies noted, as well as information sheets on each of the institutions) | BCM | Problem institutions are identified more quickly | 1 | Priority/ Short term | 2013 | | |
| | Improve dialogue between the microfinance profession and BCM on regulations and supervisory instruments | BCM/ APROMI/ MFI | The profession is better informed and supports BCM actions | 1 | Continuous | 2013-17 | | |
| | Enhance the treatment of institutions facing difficulties Ensure that MFIs operating without licenses comply with regulations Close institutions that fail to comply with regulations or have serious difficulties Limit the duration of interim administration to two years | BCM/ donors | MFIs facing difficulties are rehabilitated or closed in an orderly manner. All MFIs in operation are licensed and comply with regulations | 1 | Priority/ Continuous | 2013-17 | 110 | 27.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Publish regularly the list of licensed MFIs | BCM | Higher amounts deposited in licensed MFIs | 1 | Continuous | 2013-17 | | |
| | Prepare an annual report on the activities and health of institutions in the sector | BCM | The authorities have better knowledge of the situation of MFIs | 1 | Continuous | 2013-17 | | |
| | Strengthen the monitoring of recommendations made by inspections (monitoring programme and procedures, reports, trigger mechanisms for penalties and injunctions) | BCM | MFIs comply with regulations and there is more discipline in the sector | 1 | Priority /Continuous | 2013-17 | | |
| **MFS1-2 Enhance organization of the sector to facilitate supervision** | Support MFIs in the implementation of regulations (including authoritative accounting and submission of annual reports to BCM) | BCM/ APROMI /donors | MFIs comply with the regulations in force and use the authoritative accounting | 1 | Short term | 2013 | 144 | 36 |
| | Support the creation of networks, mergers, including independent MFIs in networks and/or transforming them into service outlets.<br>For new licenses, require MFIs to join networks. | BCM/ APROMI | Reduced number of independent MFIs | 1 | Medium term | 2015 | | |
| | Provide technical support to APEX institutions and strengthen their capacities to help them improve the supervision of their grassroots member f<br>Promote recourse to rating by DFS | APROMI/ donors | Delegated supervision is improved<br>Better MFI compliance with prudential norms<br>BCM and MFIs have good tools for evaluating the performance of the latter | 1 | Short/ medium term | 2013-15 | 140 | 35 |

| *Objective MFS2: Turn round MFIs* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **MFS 2-1: Refocus the role of the State** | Withdraw the State from the management, administration and refinancing of MFIs. Limit the role of the State to control and capacity building | State | MFIs are better managed | 3 | Priority/ Short term | 2013 | | |
| | Withdraw the BCM from the PROCAPEC Governing Council | BCM | BCM focuses on its supervisory role | 3 | Priority/ Short term | 2013 | | |
| **MFS2-2: Restructure and strengthen MFIs** | Continue the restructuring of PROCAPEC<br>- Recapitalize PROCAPECs through subsidies<br>- Implement a network rehabilitation and revitalization plan<br>- Transform PROCAPECs into PLC and involve reference shareholders in its capital Involve CAPECs in the Board of the APEX organization<br>- For each COOPEC, decide, after analysis, on its continued operations, , closure, merger or transformation into a business outlet | State/ PROCA-PEC/ CAPEC/ BCM/ donors | PROCAPEC and CAPECs are restructured and revitalized | 1/2 | Priority/ Short term | 2013-14 | 4 920[23] | 1 230 |

[23] Includes the recapitalization of PROCAPEC with USD 4 million.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | - Put in place a secured information system<br>- Define accounting procedures | | | | | | | |
| | - Decide on the future of UNCACEM after a complementary study and audit with a view to end Government subsidies and a transfer of agricultural activities to CDD | UNCA-CEM/ State/ donors | UNCACEM is restructured or closed | 1/2 | Priority/ Short term | 2013 | | |
| | Promote computerization of MFIs and develop MIS | MFI/ donors | More MFIs are computerized Increased efficiency of MFIs | 1 | Short term | 2013-14 | 1 900 | 475 |
| | Strengthen management qualities/qualifications | MFI/ donors | MFIs are better managed | 1 | Short/ Medium term | 2013-15 | 125 | 31.25 |
| | Expand coverage of the banking training center by transforming it into a banking and microfinance training center | MFI/State/ donors | MFI staff is better trained and MFIs are better managed | 2/5 | Short term | 2013 | | |
| | Send MFI senior staff for training abroad | MFI/ donors | MFI staff is better trained and MFIs are better managed | 2/5 | Continuous | 2013-17 | 400 | 100 |
| ***Objective MFS3: Deepen the sector***[24] | | | | | | | | |
| **MFS3-1 Increase MFIs operational capacities** | Create financial organisms to provide services to MFIs and networks | APROMI/ MFI | Individual MFIs and networks have access to a wide variety of financial services | 2 | Medium term | 2015 | | |

[24] Read with SME financing and rural financing where the MFIs have a major role to play.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Open the sector to renowned foreign actors (actors of international renown) | BCM | Renowned actors operate in Mauritania and have a snowball effect on the other MFIs | 2 | Short term | 2013-14 | | |
| | Develop partnerships with the banks | MFI/ banks | MFIs have more access to banking services | 2 | Continuous | 2013-17 | | |
| | Establish a refinancing structure for microfinance | MFI/ APROMI/ BCM/ donors | MFIs have access to long-term resources | 2 | Medium term | 2016 | 370 | 92.5 |
| | Establish a promotion structure for the sector | APROMI | Development of the sector is fostered | 2 | Medium term | 2015 | | |
| | Sensitize and educate the public on services offered by MFIs | APROMI/ donors | The public has better knowledge of MFIs Increased deposits and loans in MFIs | 5 | Continuous | 2013-17 | 150 | 37.5 |
| **MFS3-2 Develop the professional association** | Reinforce APROMI with material and human resources | APROMI/ donors | MFIs are satisfied with services offered by APROMI | 2 | Short/ Medium term | 2013-15 | 80 | 20 |
| **MFS3-3 Improve the taxation system** | Stipulate by decree the tax system applicable to MFIs | MF | The tax system fosters the development of microfinance activities | 2 | Short term | 2013 | | |
| **MFS3-4 Broaden the range of MFI services and scope** | Encourage MFIs to offer leasing | MFI | MFIs offer leasing | 2 | Short term | 2014 | | |
| | Promote savings, particularly for housing and education Promote productive lending (rural, SME) | MFI | MFI customers have access to new products | 2 | Medium/ Long term | 2015-17 | | |
| | Extend MFI coverage in the country through incentives such as coverage of costs relating to the opening of new | IMF/ donors | The population has better access to financial services | | Short/ medium term | 2014-16 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | outlets in municipalities without access to financial services | | | 2 | | | 200 | 50 |
| **4. POSTAL FINANCIAL SERVICES (PFS)** | | | | | | | | |
| ***Objective PFS 1 Restructure postal financial services*** | | | | | | | | |
| **PFS 1-1: Restructure the post office so as to enhance its financial services** | Conduct a financial audit of postal services | State/ Mauripost /donors | Financial situation of the post office and CNE and CCP better known | 1 | Priority /Short term | 2013 | 250 | 62.5 |
| | Separate the financial service activities from the other activities in Mauripost accounts | Mauripost | Postal financial activities are better managed | 1 | Priority/ Short term | 2013 | | |
| | Recapitalize Mauripost and replenish the assets of pre-2008 depositors | State/ Mauripost | Depositors have access to their assets | 1 | Priority/ Short term | 2013-14 | 10 000 | 2 500 |
| ***Objective PFS2: Develop postal financial services*** | | | | | | | | |
| **PFS2-1: Enhance delivery of financial services** | Prepare a plan for the development of financial services | Mauripost/ donors | The financial services will be developed within the context of a well-defined strategy | 2 | Short term | 2013 | 50 | 1.25 |
| | Computerize postal financial services | Mauripost/ donors | The postal financial services are managed more efficiently | 2 | Short term | 2013 | 500 | 125 |
| | Conclude an agreement with a bank or MFI for the distribution of its products (savings/credit) through post offices | Mauripost/ bank/ MFI | The range of financial products offered through the post offices is diversified | 2 | Short term | 2013-14 | | |
| | Develop points of sale for financial services distributed by the Post Office | Mauripost | The products offered by the Post Office are more available | 2 | Short term | 2014 | | |

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| | | | throughout the country | | | | | |
| | Conclude an agreement with a mobile banking service provider | Mauripost/ telephone operator | The Post Office serves as agent for a greater deployment of mobile banking | 2 | Short term | 2013-14 | | |
| **5. INSURANCE SECTOR (IS)** | | | | | | | | |
| ***Objective IS 1: Strengthen supervision*** | | | | | | | | |
| **IS 1-1: Reinforce the powers and independence of the insurance supervisory authority** | Conduct a study to determine the advantages and disadvantages of locating the insurance supervisory authority in the BCM or Ministry of Finance | BCM/ donors | Study finalized.<br>Installation and operationalization of the supervisory authority<br>Insurance supervision more effective | 1 | Priority/ Short term | 2013 | 50 | 12.5 |
| | Provide support to the supervisory authority for one year through an experienced technical adviser of an insurance supervisory authority of another African country. | Supervisory authority /donors | Insurance supervision improved | 1 | Short term | 2014 | 150 | 37.5 |
| **IS 1-2: Enhance the human and material resources of the insurance supervisory authority** | Train senior insurance supervisory staff | Supervisory authority /donors | Supervision quality is improved | 1 | Short/ medium term | 2013-15 | 245 | 61.25 |
| | Provide the insurance supervisory authority with desktop and portable IT equipment, office equipment and a service vehicle | Supervisory authority/ donors | Supervision quality is improved | 1 | Priority/ Short term | 2013-15 | 200 | 50 |
| **IS 1-3: Provide the** | Replace the supervision fee of | Supervisory | The supervisory | 1 | Priority/ | 2013 | | |

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| **insurance supervisory authority with its own financial resources** | 1.35% of net reinsurance premiums with a supervision fee of 1.5% of gross reinsurance premiums (excl. cancellations), with the exception of life and health insurance for which the fees will be 0.5% of gross premiums | authority | authority has sufficient annual budget for its insurance supervisory activities. | | Short term | | | |
| | Authorize the supervisory authority to directly collect supervision fees | Supervisory authority | The supervisory authority has sufficient annual budget for its activities. | 1 | Short term | 2013 | | |
| **IS 1-4: Enhance the interim administration and liquidation process** | Strengthen the supervision regulatory framework for the provisional administration and liquidation processes | Supervisory authority | The liquidation and interim administration of companies are conducted efficiently | 1 | Short term | 2014 | | |
| **IS 1-5: Ensure compliance with prudential standards** | Conduct  a financial and accounting audit of each company by an international firm with offsite verification of the various accounting items, particularly the paid up portion of the share capital, the amount of premiums issued, the claims paid, the technical provisions, and accurate assessment of the assets | Supervisory authority /donors | The certified financial statements of companies are available and defaulting companies are identified and sanctioned. | 1 | Priority/ Short term | 2013-14 | 1 800 | 450 |
| | Conduct a technical audit | Supervisory | The technical | | Short  term | 2014 | | |

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| | within the time frame defined by the rules and an accurate assessment of the company's commitments in terms of technical provisions. A sample of the claims files will also be analyzed to assess fairness of compensation | authority /donors | provisions of companies are upgraded and companies that compensate insured persons inadequately or late are sanctioned | 1 | | | Included in the previous amount | |
| | Give a deadline of one year to each company, before withdrawal of the license, to comply with the regulations on each of the shortcomings highlighted by the audits | Supervisory authority | Non-professional companies that do not comply with the law are liquidated | 1 | Short/ Medium term | 2014-15 | | |
| | Reiterate, by a circular of the Ministry of Finance, the current minimum capital norm of UM 300 million and give one year to insurance companies to comply with the norm under pain of withdrawal of license | DCA/ Supervisory authority | Companies that do not comply with the norms are liquidated | 1 | Priority/ Short term | 2013 | | |
| ***Objective IS2: Review the regulatory framework*** | | | | | | | | |
| **IS 2-1: Increase the minimum capital** | Amend the law to set the minimum share capital at UM 600 million | Supervisory authority | Sector solvency is improved | 1 | Short term | 2014 | | |
| | Define a transitional period of 3 years to increase the share capital: specify that capital can be increased through incorporation of reserves, subject to prior approval by the supervisory authority in accordance with certain | Supervisory authority | Sector solvency is improved | 1 | Medium/ Long term | 2015-17 | | |

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| | criteria | | | | | | | |
| **IS2-2: Take appropriate measures to implement the three compulsory insurance categories** | Publish the implementing decree for compulsory car insurance and the compensation schedule | DCA / Supervisory authority | Insured persons are compensated on a harmonized basis | 1 | Short term | 2013-14 | | |
| | Sensitize customs services on the need to implement the Joint Order of the Ministers of Finance and Trade for cargo imports | DCA/ Supervisory authority/ MF | Transport insurance turnover increases | 1 | Short term | 2013-14 | | |
| | Publish the implementing text for Construction All Risks (CAR)<br>Introduce in the Public Procurement Code a provision that proof of payment of insurance premium is required for all public construction contracts | DCA / Supervisory authority/ MF | CAR insurance turnover increases | 1 | Short term | 2013-14 | | |
| **IS2-3: Define the chart of accounts of insurance companies and ensure its implementation** | Redefine the chart of accounts | DCA/ Supervisory authority/ donors | Sector statistics are reliable and available | 1 | Priority/ Short term | 2013-14 | 50 | 12.5 |
| | Apply the stipulated sanctions if the insurance companies do not submit certified and reliable accounts to the supervisory authority on time and in accordance with the official nomenclature | Supervisory authority | Companies that do not comply with the law are sanctioned. | 1 | Medium term | 2015 | | |
| **IS2-4: Complete the framework of** | Publish an implementing text on the supervision of brokers' | Supervisory authority | Brokers operate within a more | 1 | Short term | 2014 | | |

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| **insurance intermediaries** | activities, specifying the commission rates brackets and supervision procedures | /donors | transparent framework | | | | 46 | 11.5 |
| | Complete the regulatory framework as regards the activities of the general agent and authorized business agent: training and professional card standards to be defined | Supervisory authority /donors | The credibility of the sector is improved and the turnover increases | 1 | Medium term | 2015 | 46 | 11.5 |
| **IS2-5: Revise the activities framework of life insurance activities** | Amend the Insurance Code to separate life and IARD activities in companies | Supervisory authority /MF | Life and IARD activities are better managed | 1 | Short term | 2014 | | |
| | Publish implementing texts for life insurance to present the profit participation rules, mortality tables, etc. | Supervisory authority/ MF | Life insurance activities are better managed | 1 | Medium term | 2015 | | |
| **IS2-6: Adapt the insurance code to develop Islamic insurance** | Study the regulatory improvements needed for takaful activity | Supervisory authority /MF | An international takaful insurance company is established in Mauritania. | 5 | Medium term | 2015 | 14 | 3.5 |
| ***Objective IS3: Promote the insurance sector and development of new products*** | | | | | | | | |
| **IS3-1: Open the sector to foreign companies** | Promote the licensing of international insurance companies | Supervisory authority | At least one international company is licensed. The sector is better managed. | 2 | Short/ Medium term | 2014-15 | | |
| **IS3-2- Strengthen existing companies** | Encourage shareholders to rehabilitate national companies | DCA/ Supervisory authority | The companies are in a better situation and better competing position | 2 | Priority/ Short term | 2013 | | |
| **IS3-3- Ensure compensation for** | Operationalize the automobile guarantee fund defining its | Supervisory authority/M | Drivers are compensated in case | 1 | Short term | 2014 | | |

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| **uninsured damage or loss** | organization and operating procedures. | F /donors | of accident, even if the other vehicle is not insured. | | | | 2 280 | 520 |
| **IS3-4: Boost the market** | Strengthen FNAM | FNAM/ donors | The companies are satisfied with FNAM services | 2 | Short/ Medium term | 2014-15 | 100 | 25 |
| | Organize sensitization campaigns on the benefits of insurance and the role of insurance companies | FNAM /donors | The sector turnover increases | 5 | Medium term | 2015 | 150 | 37.5 |
| | Encourage the Government to insure its employees and property with insurance companies | Supervisory authority | The volume of business of companies increases | 2 | Short term | 2014 | | |
| **IS3-5 Improve information of the public on the various guarantees and contract tariffs** | Publish the list of insurance policies offered and the contract tariffs | Supervisory authority / BCM | Better information of the public Increased public satisfaction | 5 | Short term | 2014 | | |
| **IS3-6 Develop innovative insurance products** | Sign agreements between insurance companies and banks and MFIs for the distribution of insurance products | FNAM/ Insurance companies/ banks/ MFI | Bank-insurance and micro-insurance are effective | 2 | Short/ Medium term | 2014-15 | | |
| | Develop agricultural risks insurance: conduct feasibility studies involving the various stakeholders | FNAM/ Insurance companies/ donors. | New products introduced in agricultural insurance | 2 | Medium/ long term | 2016-17 | 130 | 32.5 |
| | Develop takaful Islamic products | FNAM/ companies | The number of Islamic products increases | 5 | Medium term | 2016 | | |
| ***Objective IS4: Build the technical capacities of actors of the sector*** | | | | | | | | |

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| **IS4-1 Improve initial and continuous training** | Organize training sessions for executive directors, auditors and employees of companies | FNAM/ donors | Executive directors and employees are better trained. Insurance companies are better managed. Increased satisfaction of users of services | 5 | Continuous | 2013-17 | 350 | 87.5 |
| | Organize training sessions for magistrates and judicial officers in insurance management principles | FNAM/ donors | Magistrates and judicial officers have better knowledge of insurance and its regulations. Proper implementation of CIMA Code | 5 | Continuous | 2013-17 | 350 | 87.5 |
| **6. SOCIAL SECURITY SECTOR (SSS)** | | | | | | | | |
| ***Objective SSS1: Reform the institutional structure of the system*** | | | | | | | | |
| **SSS 1-1: Simplify the institutional structure of the sector** | Establish the CRE | State/ donors | The social security system is better managed | 2 | Short term | 2014 | 5 130 | 1 270 |
| | Merge CRE and CNSS | CRE /CNSS | The social security system is better managed | 2 | Long term | 2017 | | |
| **SSS 1-2: Clarify and strengthen supervision of the system** | CNSS: Move from status of observer to that of member of CIPRES | State | Regulation and supervision of social security is improved | 1 | Short term | 2014 | | |
| **SSS1-3: Define a strategic policy for the sector** | Prepare and adopt a national social security strategy | Ministry of Social Affairs/ CNSS | There is a global and coherent policy for the social security system | 2 | Short term | 2014 | | |
| ***Objective SSS2: Reform and strengthen the CNSS and CRE*** | | | | | | | | |

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| **SSS2-1 Improve the governance and efficiency of the two institutions** | Operationalize CRE as an autonomous fund in accordance with the standard rules | CRE | CRE is operational and functions efficiently | 2 | Short term | 2014 | | |
| | CNSS: Audit management fees to identify measures that would allow for better control of fees, and develop separate cost accounting per branch | CNSS/ donors | Management fees do not exceed 15% of contributions | 2 | Short term | 2014 | 60 | 15 |
| | CNSS: Define an appropriate human resources management policy: update of the organization chart, position/profile matching, management of fixed and variable remuneration, training policy; revise the organization chart | CNSS | Human resources management improved | 2 | Short term | 2014 | | |
| | CNSS: Continue computerization | CNSS/ donors | CNSS is more efficient | 2 | Short term | 2013-14 | 200 | 50 |
| | CNSS: Formalize procedures manuals | CNSS | CNSS is more efficient | 2 | Short term | 2013 | | |
| | CNSS: Computerize payments | CNSS | Payments are faster | 2 | Short term | 2014 | | |
| **SSS2-2: Improve recovery** | CNSS: Rehabilitate the recovery function through revision of the objectives, methods and related working resources | CNSS | CNSS contribution revenues increase | 2 | Short term | 2014 | | |
| | CNSS: Organize a new registration campaign at national level | CNSS/ donors | CNSS contribution revenues increase | 2 | Short term | 2014 | 70 | 17.5 |
| | Institute a coordination system with the following structures: (i) General State | CNSS | CNSS contribution revenues increase | | Short term | 2014 | | |

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| | Inspectorate; and (ii) all structures responsible for collection (Taxation, Treasury, CNAM, etc.) | | | 2 | | | | |
| **SSS2-3: Develop communication** | CNSS : Prepare a communication plan<br>CNSS: Use the media (television, radio, written and electronic press), open-door and commemoration days, and field information, education and communication campaigns. | CNSS/ donors | The population is better informed about the CNSS | 5 | Short/ Medium term | 2013-15 | 150 | 37.5 |
| **SSS 2-4: Improve asset management** | Clear State contribution arrears and ensure implementation of the agreement between CNSS and the Budget Department which has undertaken to pay an amount of UM 300 million each quarter to clear the arrears owed | CNSS / Budget Department | Financial increase | 2 | Short term | 2013 | | |
| | Define an investment policy | CNSS | CNSS obtains better yield on its investments | 2 | Short term | 2014 | | |
| | Recuperate the buildings occupied by Government services and individuals | CNSS | Financial revenues increase | 2 | Short term | 2013-14 | | |
| | Obtain remuneration for deposits in the Treasury account or reinvest these | CNSS | Financial revenues increase | 2 | Short/ medium term | 2014-15 | | |

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| | amounts in term deposits | | | | | | | |
| | Reduce the proportion of non-remunerated sight deposits in favor of term deposits | CNSS | Financial products increase | 2 | Short term | 2014 | | |
| ***Objective SSS3: Consolidate the long-term viability of social security schemes*** | | | | | | | | |
| **SSS3-1 Restore financial equilibrium in the long term** | CNSS: Implement, in the short term, the project to refit contribution rates between the branches, without increasing the overall contribution rate, as submitted by the CNSS Board of Directors to its supervisory authority in 2009 at 9%/2%/3% for the old age, professional risks and family allowance branches respectively | CNSS | CNSS branches are financially better balanced in the long term | 2 | Short term | 2013 | | |
| | CNSS: Conduct an actuarial study to indicate the parametric reforms required for establishing financial equilibrium of the fund in the long term | CNSS/ donors | CNSS branches are financially balanced in the long term | 2 | Short term | 2014 | 100 | 25 |
| | CRE: Conduct an actuarial study on the Government Pension Fund to rebalance the financial situation of the scheme in the long term | CRE/ donors | CRE is financially balanced in the long term | 2 | Short term | 2014 | 100 | 25 |
| | CNSS: Conduct physical control of beneficiaries | CNSS/ donors | CNSS technical expenses are reduced and better targeted. | 2 | Short term | 2014 | 60 | 15 |
| **SSS3-2: Overhaul the legal framework of CNSS and CRE** | CNSS: Revise the laws and regulations governing the social security scheme and | CNSS/ donors | CNSS operates within an appropriate legal | | Short term | 2014 | | |

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| **schemes** | adapt them to the current socio-economic context of Mauritania. | | framework | 2 | | | 46 | 11.5 |
| | CRE: Overhaul the legal framework of the pension scheme of civil servants | CRE /donors | CRE operates within an appropriate framework | 2 | Short term | 2013 | 46 | 11.5 |
| | Define special social public institution rules and regulations for CNSS and CRE | State | CNSS and CRE operate within an more appropriate environment | 2 | Short term | 2013 | | |
| **SSS3-3 Build the capacity of social security institutions** | Develop training programmes for the management and employees of social security funds | CNSS/ CRE/ donors | Employees are better trained The institutions operate more efficiently | 5 | Short term | 2014 | 400 | 100 |
| **Objective SSS4: Develop new social security products** | | | | | | | | |
| **SSS4-1 Develop the compulsory capitalization-based supplementary pension** | Conduct a feasibility study on compulsory capitalization-based supplementary pension scheme for private sector, public sector and non-salaried workers | CNSS / donors | The study is available | 2 | Medium term | 2015 | 90 | 22.5 |
| | Implement the recommendations | CNSS/ donors | Supplementary scheme in place | 2 | Medium term | 2016 | 50 | 12.5 |
| **SSS4-2 Extend compulsory coverage to new categories of the population** | Conduct a feasibility study on extension of coverage to categories of the population not currently covered | CNSS/ donors | The studies are available | 2 | Medium term | 2015 | 120 | 30 |
| | Implement the recommendations | CNSS/ donors | A higher number of Mauritanians benefit from social security | 2 | Medium/ long term | 2016-17 | | |
| | Prohibit companies from managing their own | Ministry of Social | The supplementary schemes are better | 1 | Medium term | 2015 | | |

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| | supplementary schemes, and transfer the schemes to insurance companies | Affairs | managed | | | | | |
| **7. FINANCIAL MARKETS AND LONG-TERM FINANCING (FMLF)** | | | | | | | | |
| **Objective FMLF1: Develop the markets** | | | | | | | | |
| **FMLF1-1 Develop the markets** | Encourage development of the inter-bank market | BCM | Activities on the interbank market increase | 2 | Short term | 2013 | | |
| | Launch a study on financial market development | BCM/ donors | Market development strategy prepared | 2 | Short term | 2014 | 120 | 30 |
| | Establish a regulatory framework for financial markets | BCM/ donors | The framework is in place | 2 | Short term | 2014 | 69 | 17.25 |
| | Develop Government bonds transactions on an over-the – counter market | BCM/MF | The bond market develops | 2 | Short term | 2014 | | |
| | Encourage banks and companies to issue bonds | BCM/MF/ banks | The bond market develops | 2 | Medium term | 2015 | | |
| | Sensitize the written, spoken and audiovisual press on the importance of disseminating economic and financial news | BCM/ APBM/ APROMI | Better public knowledge of financial markets | 5 | Short/ medium term | 2013-15 | | |
| | Organize training programmes in finance and economy for journalists | BCM/ APBM/ donors | Journalists acquire better knowledge of finance and financial markets.<br>Development of a financial press | 5 | Short/ medium term | 2013-15 | 400 | 100 |
| **FMLF 1-2 Increase availability of long-term resources** | Encourage banks to mobilize long-term resources from insurance companies and social security institutes through private investment | Insurance companies/ CNSS | Banks have more long-term resources | 2 | Medium/ Long term | 2015-17 | | |

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| | Develop the activities of CDD | CDD /donors | Long-term financing increases | 2 | Short term | 2013-14 | 80 | 20 |
| | Look for long-term resources from donors such as ADB and IsDB | MF | Banks have more long-term resources | 2 | Short/ Medium term | 2014-15 | | |
| ***Objective HF1: Strengthen the housing finance development framework*** | | | | | | | | |
| **HF1-1 Develop the legal and fiscal framework** | Finalize the implementation of a national housing policy | MHUAT | Increase in housing loans | 2 | Short term | 2013-14 | | |
| | Accelerate and secure the issuance of land titles | MHUAT | Higher number of land titles Housing finance increases | 2 | Short term | 2013-14 | | |
| ***Objective HF2: Enhance supply of housing finance*** | | | | | | | | |
| **HF2-1 Increase resources for housing finance** | Allocate budget resources for the financing of social housing | MHUAT | Social houses are constructed | 2 | Short/ Medium term | 2014-16 | | |
| | Create a housing loans bank with high private sector participation | MF/ MHUAT/ donors | Bank established and operational. Housing finance increases | 2 | Medium term | 2015 | 4 890[25] | 1 222.5 |
| | Encourage supply of long-term resources by CNSS, insurance companies and other potential investors for housing finance | CNSS/ insurance companies | Increase in long-term resources Housing finance increases | 2 | Medium/ Long term | 2015-17 | | |
| | Encourage the development of housing saving plans for banks and MFIs | Banks/ MFI/ APBM | Increase in housing savings plans leading to an increase in housing finance | 2 | Short term | 2014 | | |
| | Promote housing finance products provided by MFIs | IMF/ donors | Increase in housing finance by MFIs | | Medium/ Long term | 2015-17 | | |

[25] Includes 20% of bank capital.

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| | Develop housing microcredits with flexible repayment time frames (particularly through lines of credit) | | | 2 | | | 80 | 20 |
| | Explore the feasibility of a mortgage refinancing fund and implement the recommendations | MHUAT/BCM/MF/donors | Fund is established and operational Housing finance increases | 2 | Medium term | 2016 | 1 920[26] | 1 530 |
| | Explore the possibility of a mortgage guarantee fund and implement the recommendations | MHUAT/BCM/MF/donors | Guarantee fund created and housing finance increases | 2 | Medium term | 2016 | 4 120 | 87.5 |
| | Introduce long-term mortgages with interest rates are negotiable every three years | MHUAT/ banks / donors | Reduced interest rate risk for lenders Increased housing finance | 2 | Medium term | 2015 | | |
| **HF2-2 Strengthen the institutions** | Provide training in housing finance | Banks/ financial institutions/ donors | Housing finance increases | 5 | Continuous | 2013-17 | 350 | |
| | Develop the activities of ISKAN | ISKAN/ donors | Real estate development and long-term financing increase | 2 | Short term | 2013-14 | 60 | 15 |
| **9. SME FINANCING (SMEF)** | | | | | | | | |

[26] Includes 30% of cash capital; banks will participate in the capital.

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| ***Objective SMEF1: Strengthen and structure demand*** | | | | | | | | |
| **SMEF1-1: Build MSME capacity** | Offer technical assistance in accounting and financial management, business plan, preparing bankable dossiers , and in technology, especially by strengthening or establishing service centers for SMEs<br>Draw support particularly from CCIAM to provide these services | State/ donors | Increase in loans to SMEs | 2 | Priority/ continuous | 2013-15 | 1 500 | 375 |
| | Develop and professionalize service providers for SMEs | State/ donors | Service providers give better quality support | 2 | Priority/ Short/ Medium term | 2013-16 | 500 | 125 |
| | Establish and operationalize Licensed Management Centers | State /donors | Assistance to SMEs improved<br>Number of SMEs with financial statements and business plans increases | 2 | Priority/ Short-term | 2013-14 | 200 | 50 |
| | Strict enforcement of the Commercial Code | State | Companies have reliable financial statements and better access to credit | 2 | Short term | 2013 | | |
| | Sensitize companies on the importance of having reliable financial statements | State/ donors | Companies have reliable financial statements and better access to credit | 2 | Short term | 2014 | 80 | 20 |
| | Rehabilitate and enhance the profession of chartered | State/ Accountants | Chartered accountants are | | Short /medium | 2013-15 | | |

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| | accountant through training, supervision of the profession, and sanctions | ' Association | more professional Companies have reliable financial statements | 2 | term | | | |
| ***Objective SMEF2: Enhance the supply of financial services*** | | | | | | | | |
| **SMEF2-1 Strengthen the institutions** | Establish services specialized in the supply of loans to SMEs within banks | Banks / donors | Increase in bank loans to SMEs | 2 | Short /Medium term | 2013-15 | | |
| | Amend the microfinance ordinance to increase the loan ceilings | BCM/ MFI/ APROMI | MFIs lend to SMEs (the missing middle) | 2 | Medium term | 2015 | | |
| | Encourage the establishment of MFIs specialized in the supply of SME loans | MFI | Increased MFI loans to SMEs | 2 | Medium term | 2015 | 200 | 50 |
| | Attract an international actor specialized in SME financing such as ACEP, Advans or Procrédit with license as a financial establishment | BCM | Increase in loans and the quality of services to SMEs | 2 | Short term | 2014 | | |
| | Develop mobile banking | Mobile telephone operators/ banks | The number of mobile banking users increases | 2 | Short/ Medium term | 2013-15 | | |
| | Allow access to a diversified guarantee system taking into account pledges and collaterals with a registration and management system for these securities | MF/MJ/ banks | Increase in bank loans to SMEs | 2 | Short/ Medium term | 2014-15 | | |
| **SMEF2-2 Develop new products** | Develop a partial portfolio guarantee accompanied by technical assistance to banks and MFIs to develop loans for | Banks / donors/ IMF/ MF | Banks and MFIs increase their loans to SMEs | 2 | Short term | 2014 | 5 400 | 1 350 |

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| | SMEs | | | | | | | |
| | Offer technical assistance to banks and MFIs to develop appropriate approaches and products for SME needs, such as loans based on cash-flow rather than loans based on the value of assets | Banks/ IMF/ donors | Banks and MFIs increase the range of products offered to SMEs | 2 | Short/ Medium term | 2013-16 | 300 | 75 |
| | Conduct a study on leasing and implement the recommendations | Banks/ IMF/ donors | Financing through leasing increases | 2 | Short term | 2013-14 | 150 | 37.5 |
| | Conduct a study on venture capital and implement the recommendations | Banks/ IMF/ donors | SMEs have access to venture capital | 2 | Short term | 2013-14 | 150 | 37.5 |
| **SMEF2-3 Increase access to long-term resources** | Negotiate lines of credit/financing with donors | MF | SME investments are financed by long-term resources | 2 | Medium term | 2015 | | |
| | Obtain long-term resources from insurance companies and social security institutions | Insurance companies/ CNSS | SME investments are financed by long-term resources | 2 | Medium/ long term | 2015-17 | | |
| **10. RURAL FINANCING (RF)** | | | | | | | | |
| ***Objective RF1: Strengthen and structure demand*** | | | | | | | | |
| **RF1-1 Structure demand** | Promote the creation of farmer associations so as to structure demand for credit and help farmers in preparing reliable financial statements and business plans. Train farmers as regards credit and use of credit Provide a framework in rural areas for income-generating | MDR/ donors | Better structured producers have better access to credit | 2/5 | Priority/ continuous | 2013-17 | 1 100 | 275 |

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| | activities | | | | | | | |
| | Strengthen and professionalize service delivery to rural businesses | MDR/ donors | Service providers offer better quality support | 2 | Priority/ short/ medium term | 2013-15 | 250 | 62.5 |
| | Train farmers and herders in farming and stockbreeding techniques as well as financial management | MDR/ donors | Farmers and herders acquire more knowledge and improve the management of their businesses | 2/5 | Short/ Medium/ term | 2014-15 | 250 | 62.5 |
| | Enhance collateral management agreements, develop general stores and empower the store operators | MJ/MF | The use of third party holding agreements increases | 4 | Short term | 2014 | | |
| ***Objective RF2: Enhance the supply of financial services*** | | | | | | | | |
| **RF2-1 Strengthen the institutions** | Create departments specialized in agricultural loans within banks and MFIs and train them in agricultural loans techniques | Banks /MFI / donors | Banks and MFIs increase their loans to farmers | 2 | Short/ Medium term | 2013-15 | 150 | 37.5 |
| | Encourage the refinancing of MFIs by banks | Banks /MFI | Financing in rural areas by MFIs increases | 2 | Short/ Medium term | 2013-15 | | |
| | Encourage the establishment of MFIs in rural areas | MFI | Financing in rural areas by MFIs increases | 2 | Short/ Medium term | 2014-16 | | |
| | Develop agricultural credit at CDD | CDD/MF | Financing in rural areas increases | 2 | Short term | 2013 | | |
| | Conclude an agreement between the Post Office and a bank or MFI to offer its services through post offices Use post offices to develop local financial intermediation | Mauripost/ banks/ MFIs/ Mobile telephone operators | Financing in rural areas increases | 2 | Short term | 2013-14 | | |

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| | - Increase points of sale for postal products<br>- Conclude agreements between the Post Office and companies offering mobile banking services | | | | | | | |
| **RF2-2 Develop new instruments** | Support the development of appropriate approaches and products for the financing of agriculture by the MFIs (warehouse receipt, stocks security, triangular credit, leasing, joint credit, village guarantee fund) | MFI/ donors/ | Rural actors have more access to loans | 2 | Short/ medium term | 2013-16 | 200 | 50 |
| | Develop loans without guarantee based on cash-flow. | Banks / MFI/ donors/ | Increase in loans to farmers | 2 | Medium term | 2015 | 100 | 25 |
| | Develop alternatives to loans, for example shared-costs grants | MDR/ donors | Increased financing of farmers | 2 | Medium term | 2015 | 70 | 17.5 |
| | Develop mobile banking in rural areas | Banks/ Mobile telephone operators | Access to financial services in rural areas increases | 2 | Continuous | 2013-16 | | |
| **11. LEGAL AND JUDICIAL ENVIRONMENT OF THE FINANCIAL SECTOR (LJE)** | | | | | | | | |
| ***Objective LJE1: Strengthen the legal framework*** | | | | | | | | |
| **LJE1-1 Modernize the legal framework** | Improve the legal framework of taking and realizing mortgage guarantees and, more generally, facilitate the creation, publicity and operation of collaterals and securities | MJ | Loans increase with better use of collaterals | 4 | Short term | 2013-14 | | |
| | Provide for the organization | MJ/ donors | The actors improve | | Short/ | 2014-15 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | of consultation days between stakeholders on the legal framework | | their knowledge of one another | 4/5 | medium term | | 100 | 25 |
| | Implement measures to reduce the cost of taking and operating guarantees | MJ/ donors | Better guarantee taking and increase in credit | 4 | Short/ medium term | 2013-15 | 14 | 3.5 |
| | Regularly publish court decisions by giving priority to the decisions of Appeal Courts and the Supreme Court in business law | MJ/ donors | Decisions are published. The population is better informed of court decisions and magistrates apply the law better | 4 | Short term | 2014 | 61 | 15.25 |
| ***Objective LJE2: Strengthen the structures*** | | | | | | | | |
| **LJE2-1 Adapt the structures and procedures** | Enhance the operational resources of the judiciary sector | MF/MJ | Improvement of the operational capacities of the judiciary sector | 4 | Continuous | 2013-17 | | |
| | Prepare and issue a decree on the time frame for preparing court decisions | MJ | Shorter time frames for court decisions | 4 | Short term | 2014 | | |
| | Strengthen commercial courts | MJ/ donors | Better court decisions on commercial and financial issues, leading to increase in loans | 4 | Priority/ Short/ medium term | 2013-15 | 80 | 20 |
| | Enhance land registration and conservation | MJ/ donors | Access to land titles and mortgages is improved | 4 | Short term | 2013 | 150 | 37.5 |
| | Operationalize the national arbitration structure in the Chamber of Commerce | MJ/ donors | Development of arbitration | 4 | Priority/ Short term | 2014 | 40 | 10 |
| | Strengthen the commercial register | MJ/ donors | The registration of pledges is facilitated | 4 | Short term | 2014 | 120 | 30 |
| **LJE2-2 Improve** | Provide specialized training in | MJ/ donors | | | Continuous | 2013-17 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **human resource management** | finance for the actors (magistrates, judicial officers, lawyers, notaries public, registrars, custodians of land titles, etc.) | | Improvement of court decisions and their enforcement | 5 | | | 500 | 125 |
| | Revitalize the inspection of judicial services, strengthen accusation chambers and develop supervision missions by heads of courts. | MJ /donors | Inspection effective Improvement of court decisions | 4 | Medium term | 2015 | 260 | 65 |
| | Improve the working conditions of magistrates | MJ/MF | Improvement of court decisions | 4 | Short term | 2013-14 | | |
| **12. MONITORING MECHANISM** | | | | | | | | |
| **MM1 Establish a monitoring mechanism for implementation of the strategy** | Establish a permanent coordination and monitoring unit for the strategy and action plan<br><br>Develop and implement a communication strategy | BCM/ donors | The coordination unit is established The action plan is implemented and the technical monitoring/evaluation is conducted by the unit | | Priority/ continuous | 2013-17 | 1 740.8 | 435.2 |
| | Establish a steering committee for financial sector reform | BCM | The Committee is established The Committee defines major guidelines for implementation of the action plan | | Priority/ continuous | 2013-17 | | |

## Annex II: Summary Costs by Sector and Category

| | Costs in USD | | | Costs in Ouguiya | | |
|---|---|---|---|---|---|---|
| | **Operating Costs and TA** | **Investment** | **Total** | **Operating Costs and TA** | **Investment** | **Total** |
| Banking sector | 2 423 000 | 879 000 | 3 302 000 | 605 750 000 | 219 750 000 | 825 500 000 |
| Payment systems | 634 000 | 3 080 000 | 3 714 000 | 158 150 000 | 770 000 000 | 928 500 000 |
| Microfinance sector | 1 169 000 | 7 270 000 | 8 439 000 | 292 250 000 | 1 817 500 000 | 2 109 750 000 |
| Postal financial services | 550 000 | 10 300 000 | 10 850 000 | 137 500 000 | 2 575 000 000 | 2 712 500 000 |
| Insurance sector | 3 581 000 | 2 732 000 | 6 313 000 | 895 250 000 | 1 578 250 000 | 1 578 250 000 |
| Social security sector | 1 272 000 | 5 380 000 | 6 652 000 | 318 000 000 | 1 663 000 000 | 1 663 000 000 |
| Financial market and long-term financing | 589 000 | 80 000 | 669 000 | 147 250 000 | 167 250 000 | 167 250 000 |
| Housing finance | 760 000 | 10 660 000 | 11 420 000 | 190 000 000 | 2 855 000000 | 2 855 000 000 |
| SME financing | 3 780 000 | 4 700 000 | 8 480 000 | 945 000 000 | 1 175 000 000 | 2 120 000 000 |
| Rural financing | 2 120 000 | | 2 120 000 | 530 000 000 | | 530 000 000 |
| Legal and judicial environment of the financial sector | 995 000 | 330 000 | 1 325 000 | 248 750 000 | 82 500 000 | 331 250 000 |
| Monitoring mechanism | 1 682 800 | 58 000 | 1 740 800 | 420 500 000 | 14 500 000 | 435 000 000 |
| **TOTAL** | **19 555 800** | **45 469 000** | **65 024 800** | **4 885 750 800** | **11 367 250 000** | **12 256 000 800** |