

# ADVANCING THE FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS IN MAURITANIA



# CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	4
FORCED DISPLACEMENT IN MAURITANIA	5
MAURITANIA'S FINANCIAL INCLUSION LANDSCAPE	6
BARRIERS TO THE FINANCIAL INCLUSION OF DISPLACED PERSONS IN MAURITANIA	7
THE IMPACT OF COVID-19 ON REFUGEE FINANCIAL INCLUSION IN MAURITANIA	10
UNHCR'S MAURITANIA'S RESPONSE	11
OPPORTUNITIES: POLICY AND REGULATORY ENVIRONMENT FOR REFUGEE FINANCIAL INCLUSION IN MAURITANIA	11
STAKEHOLDER MAP: THE FINANCIAL INCLUSION ECOSYSTEM FOR REFUGEE FINANCIAL INCLUSION IN MAURITANIA	14
WAY FORWARD	16
KEY CONSIDERATIONS	17
WORKS CITED & REFERENCES	19
ACRONYMS AND ABBREVIATIONS	20

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## EXECUTIVE SUMMARY

Mauritania is most often considered a transit country for refugees and migrants on their way to North Africa and Europe. This impacts policy vis-à-vis the refugee population, as the focus lies less on integration than on transit flows and perceived threats including human smuggling and human trafficking. But Mauritania is also a country faced with protracted displacement.<sup>1</sup> According to UNHCR, the country hosts some 60,000 refugees in and around M'bera camp in the remote South-Eastern region of Bassikonou and up to 4,200 refugees and asylum seekers in the cities of Nouakchott and Nouadhibou.

Banque Centrale de Mauritanie (BCM) has shown commendable leadership in leveraging financial inclusion as a durable, dignified, and empowering solution to what is traditionally viewed as a humanitarian policy challenge. Despite grappling with already existing hurdles in economic development, they have begun to work towards transforming their policies and breaking silos in multi-stakeholder coordination to ensure FDPs are no longer financially excluded.

This case study presents a stocktaking and examination of BCM's progress in advancing FDP financial inclusion, namely the policy and regulatory barriers that remain, the opportunities, and potential ways forward. In some sense, it can be considered a part of the preliminary diagnostic of FDP financial inclusion in Mauritania.

It illustrates Mauritania's forced displacement context, a high-level baseline of FDP financial inclusion, and the ecosystem of stakeholders advancing the financial inclusion of FDPs. The key considerations provided at the conclusion have been categorized in accordance with the recommendations of the Roadmap to the Sustainable and Responsible Financial Inclusion of FDPs which was developed by a coalition of partners from the humanitarian and development sectors, including AFI, who authored the chapter on National Strategies and Regulation. Accordingly, the key considerations presented in this document carefully build on the Roadmap's recommendations which are summarized in Box 1.

BOX 1.

## THE KEY CONSIDERATIONS FOR MAURITANIA ARE AS FOLLOWS:

- 1 NATIONAL STRATEGIES AND REGULATION**
  - > Collect age and gender disaggregated financial inclusion data on displaced persons
  - > To inform evidence-based policymaking
  - > Strengthen engagement, coordination, and collaboration with "new" stakeholders
  - > Include the voices of refugees
  - > Involve the informal sector
- 2 CUSTOMER IDENTIFICATION AND RELATED INTERNATIONAL STANDARDS ON AML/CFT**
  - > Initiate measures to develop a risk-based, proportionate regime for simplified KYC and CDD
- 3 BRIDGING HUMANITARIAN AND DEVELOPMENT APPROACHES WITH DIGITIZED PAYMENTS**
  - > Extend social transfer programs for refugees to enhance financial inclusion
- 4 ECONOMIC PARTICIPATION**
  - > strengthen the capacity of MFIS

It is envisioned that the BNR and the relevant national stakeholders advancing the FDP financial inclusion agenda in Rwanda will use this country case study and multi-stakeholder map for country-level efforts in implementing policy change for FDP financial inclusion.

<sup>1</sup> According to UNHCR, there are 2,500 urban refugees and asylum-seekers and more than 57,000 refugees in and around Mbera camp. UNHCR (2019). Mauritania - Operational Update. Available at: <https://data2.unhcr.org/en/documents/details/70004>

## INTRODUCTION

Mostly from Mali, the FDPs in Mauritania are clustered in a remote region where high levels of poverty and food insecurity reduce their prospects for self-reliance and sustainable local integration.

Not unlike their rural Mauritanian hosts, refugees in Mauritania lack access to formal financial services for a multitude of reasons, including a general lack of funds, inadequate infrastructure, a lack of incentives to access services from the regulated financial system, and an absence of financial services which adequately take into account their particular needs and financial situation.

Part of the reason for this is that the financial system in Mauritania remains comparatively underdeveloped although the government is taking very impressive actions to transform the financial sector, including through leveraging technological innovations and building the necessary infrastructure for them. Financial and banking products and services in Mauritania are modest due to the nature of its society, which is reliant on cash and the informal sector for most financial and commercial transactions.

Banque Centrale de Mauritanie (BCM), the Mauritanian central bank, is setting out to formulate an NFIS in close consultation with and endorsed by all stakeholders in the Mauritanian financial inclusion ecosystem. It would lay out the actions necessary to improve financial inclusion of different target groups within five years of its launch. The vision of this future national strategy covers the supply- and regulatory-side through strengthening the policy, legal, and regulatory framework; developing interoperable payment infrastructures; and encouraging innovation. The demand-side is covered through improving access, enhancing consumer protection, and increasing financial literacy.

In a preliminary strategic concept note preceding the NFIS, the BCM and national stakeholders already identified segments of the population that are unserved and underserved. These groups are made up of those living in rural and peri-urban areas, youth, women, merchants of livestock, persons with disabilities, informal workers and micro, small and medium enterprises (MSMEs), as well as displaced persons.<sup>2</sup>

<sup>2</sup> In Mauritania, national stakeholders find the term “displaced persons” more appropriate to the local context than “forcibly displaced persons” does. The former term is therefore used throughout the Mauritania case study.

### THIS CASE STUDY EXPLORES THE FOLLOWING AND TO WHAT EFFECT FDPs ARE BEING CONSIDERED WITHIN THEM, THAT IS, WHETHER’

1

An NFIS is in formulation or already formulated

2

An NRA has recently or ever been conducted, or if there is one planned

3

There is application of simplified Customer Due Diligence (CDD) based on a Risk-Based Approach (RBA)

4

There is collaboration with relevant ministries and other stakeholders through various coordination mechanisms

5

An innovative regulatory approach to engage with FinTechs such as an active regulatory sandbox or innovation hub

6

There is roll-out of the Comprehensive Refugee Response Framework (CRRF)

7

National digital ID system or intention to implement a national digital ID system

8

Efforts to create enabling regulatory environments for “portable” financial inclusion solutions that can be effective regardless of whether the FDPs integrate, resettle, or voluntarily repatriate.

## FORCED DISPLACEMENT IN MAURITANIA

Mauritania is most often considered a transit country for refugees and migrants on their way to North Africa and Europe. This impacts policy vis-à-vis the refugee population, as the focus lies less on integration than on transit flows and perceived threats including human smuggling and human trafficking.<sup>3</sup>

But Mauritania is also a country faced with protracted displacement. According to UNHCR, the country hosts some 60,000 refugees in and around M'bera camp in the remote South-Eastern region of Bassikounou and up to 4,200 refugees and asylum seekers in the cities of Nouakchott and Nouadhibou.

Urban refugees in Mauritania have developed resilience and livelihood strategies that are similar to their host communities, who are represented by vulnerable Mauritians who also live in these urban areas.<sup>4</sup> Refugees residing in urban areas largely work in the informal sector mainly in the fishing and construction sectors, and predominantly have daily jobs but without any contracts. This is also the case for refugees who work in the formal education or service industries. These workers were among the first to be affected by the government lockdown implemented during the peak of the COVID-19 pandemic in the country.<sup>5</sup>

Many of the refugees fled Mali in the early 1990s to escape rebel attacks in Timbuktu, and indeed Malian refugees represent a majority of the refugee population. Other countries of origin are the Central African Republic (CAR), Cote d'Ivoire, and Syria.<sup>6</sup>



Figure 1: Arriving in M'bera Camp. Photo credit: Charles Bambara, Oxfam

M'bera camp is remotely located with the closest town, Bassikounou, approximately 18 kilometres away. It experiences high levels of poverty and food insecurity, which continue to be exacerbated by successive years of drought, poor infrastructure and limited geographical accessibility. The area lacks public infrastructure, and the first paved road was only recently constructed. What was once designed as a temporary refugee camp has since become the fourth largest town in Mauritania. In the region where M'bera is located, UNHCR estimates that more than 60 percent of the total population - including both refugee and host communities - is under the age of 30, and refugee and host households spend 60 percent of their income on food.<sup>7</sup>

The majority of M'bera's refugee inhabitants are pastoralists who lived nomadic or semi-nomadic lifestyles in Mali. The children in this community constitute close to six out of 10 inhabitants M'bera Camp.<sup>8</sup> A 2017 socio-economic profiling exercise<sup>9</sup> found high levels of poverty in M'bera. Nearly half the working-age M'bera residents were found to have no sources of livelihoods. Men raise livestock or earn small amounts of income through daily labor in the camp, whereas women tend to perform household tasks. The two main strategies for coping with this lack are reducing food consumption and borrowing cash to purchase food. Most households interviewed at the time reported having had to borrow in order to meet their daily needs.<sup>10</sup>

With little or no opportunity for socio-economic integration into the local labor market, protracted camp-based refugees in Mauritania survive mainly on humanitarian aid. Assistance focuses on food aid, water and hygiene, protection, and providing education to children.

3 Maastricht University Maastricht Graduate School of Governance (MGSoG). October 2017. Mauritania Migration Profile: Study on Migration Routes in West and Central Africa. Available at: <https://www.merit.unu.edu/publications/uploads/1518182884.pdf>

4 UNHCR Mauritania. 2020. COVID-19 - Cash for Social Protection for Refugees in Mauritania. Available at: <https://reporting.unhcr.org/sites/default/files/UNHCR%20Mauritania%20-%20COVID-19%20Cash%20for%20Social%20Protection%20for%20Refugees%20-%20May%202020.pdf>

5 Ibid.

6 UNHCR Mauritania. 2020. Mauritania Factsheet June 2020. Available at: <https://data2.unhcr.org/en/documents/details/77352>

7 UNHCR. 2020. Decentralized Evaluation of UNHCR's Livelihoods Programme in Mauritania (2017-2019). Available at: <https://www.unhcr.org/5e99cce47.pdf>

8 Pinna, M. 22 February 2019. Mauritania: a 360° view from the Mbera refugee camp. Euronews. Available at: <https://www.euronews.com/2019/02/22/mauritania-a-360-view-from-the-mbera-refugee-camp>

9 Conducted by UNHCR and WFP in collaboration with Action contre La Faim (ACF) Spain and the Government of Mauritania Commissioner's Office for Food Security (CSA).

10 UNHCR. 2020. Decentralized Evaluation of UNHCR's Livelihoods Programme in Mauritania (2017-2019). Available at: <https://www.unhcr.org/5e99cce47.pdf>

## MAURITANIA'S FINANCIAL INCLUSION LANDSCAPE

Financial and banking products and services in Mauritania remain comparatively modest due to the nature of the society, which is reliant on cash and the informal sector for most financial and commercial transactions.

According to the 2017 Global Findex, approximately one person in four has an account at a financial institution. Remittance flows which are crucial to the displaced population, are 66 percent outbound and 72 percent inbound. Received remittances are typically cashed out. Anecdotal evidence points to savings being kept at places such as grocery shops to mitigate the risk of theft in communal dwellings.<sup>11</sup>

Few formal credit providers operate in Mauritania and most bank branches, ATMs and other financial infrastructure is confined to the capital Nouakchott.<sup>12</sup> Mauritania's financial sector consists of the BCM and 18 commercial banks, six of which are subsidiaries of foreign banks. Mauritania's 2018 Mutual Evaluation Report (MER) which was led by the Middle East and North Africa Financial Action Task Force FATF (MENAFATF),<sup>13</sup> notes that the Mauritanian banking sector has an estimated capital of MRO 31 billion (equivalent to USD380 million at the time of reporting).

21%

The number of bank accounts does not exceed 400,000, with less than 21 percent of the adult population owning one. This figure is lower compared to those in neighbouring countries Algeria, Mali and Senegal.

Mauritania has one Deposit and Development Fund, 27 money exchange offices, the Mauritania Post Company MAURIPOST, and 16 insurance companies.<sup>14</sup> The banking industry is dominated by a few large firms, which concentrate almost exclusively on serving specific commercial and industrial groups. Prospective borrowers who do not belong to these groups face considerable difficulty in accessing formal financial services. There are two specialized financial institutions for farming and fishing. One financial institution specializes in leasing with the aim of providing the financing products best suited to the needs of Mauritania's small business sector.

Alongside conventional commercial banks, Mauritania has a network of microfinance MFIs which help to finance small economic structures.<sup>15</sup> The activity of microfinance is still rather limited in terms of lending, and negligible in terms of reach. At the end of 2015, members of MFIs numbered 272,274, representing 13 percent of the adult population. MFIs accounted for about five percent of all loans and two percent of all deposits.<sup>16</sup>

There were 20 registered MFIs at the end of 2015, including four networks federating 111 *caisses populaires*.<sup>17</sup> Most MFIs are small, and the country currently has only one large microfinance network, the Public Credit and Savings Fund Promotion Agency (*L'agence de Promotion des Caisses Populaires d'Epargne et de Crédit, PROCAPEC*). MFI loan maturities range from three months to two years, and rates for small businesses average at 16 percent. MFIs also provide savings accounts—though these are limited to very short-term non-remunerated deposits—and offer money transfers. Islamic financial products such as non-interest-bearing agreements (*Murabaha*) represented three quarters of PROCAPEC loans.<sup>18</sup>

11 KII, UNHCR.

12 World Bank. 2019. Press release: Mauritania Needs Structural Reforms to Support Growth Driven by the Private Sector. Available at: <https://www.worldbank.org/en/news/press-release/2019/05/24/mauritania-needs-structural-reforms-to-support-growth-driven-by-the-private-sector>

13 The FATF-Style Regional Body (FSRB) for the Middle East and North Africa region.

14 MENAFATF. 2018. Anti-money laundering and counter-terrorist financing measures Islamic Republic of Mauritania Mutual Evaluation Report. Available at: <http://www.fatf-gafi.org/media/fatf/content/images/Mutual-Evaluation-Report-Mauritania-2018.pdf>

15 GSMA. 2019. The State of Mobile Internet Connectivity. Available at: <https://www.gsma.com/mobilefordevelopment/resources/the-state-of-mobile-internet-connectivity-report-2019/>

16 World Bank. 2016. Financial Access and Household Welfare Evidence from Mauritania. Available at: [https://www.researchgate.net/publication/290433833\\_Financial\\_Access\\_and\\_Household\\_Welfare\\_evidence\\_from\\_Mauritania](https://www.researchgate.net/publication/290433833_Financial_Access_and_Household_Welfare_evidence_from_Mauritania)

17 A *caisse populaires* refers to a cooperative, member-owned financial institution that fulfils traditional banking roles, in addition to providing lending, insurance and investment services.

18 World Bank. 2016. Financial Access and Household Welfare Evidence from Mauritania. Available at: [https://www.researchgate.net/publication/290433833\\_Financial\\_Access\\_and\\_Household\\_Welfare\\_evidence\\_from\\_Mauritania](https://www.researchgate.net/publication/290433833_Financial_Access_and_Household_Welfare_evidence_from_Mauritania)

Notably, Djikké which is national savings and credit cooperative has been working in collaboration with UNCHR Mauritania to improve financial services access for urban refugees.<sup>19</sup>

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For very poor individuals, the banks' tariffs are prohibitive. They will thus rely on microfinance for loans, there are about 20 of those institutions. For simple money transfers, there are the “prestataires de transfert de fonds domestique.” Seven of those are authorized. They do not lend, and they charge approximately 5 percent, depending on the amount.

Key Informant Interview, BCM

Digitalization remains low. Only four percent of adults have a mobile money account, and three percent use the Internet to pay bills in 2017. According to the GSMA, the M-money services in Mauritania allowed for person-to-person (P2P) transfers, bill payments, other bulk payments, merchant payments, airtime top up and cash-in and cash-out, but not for government-to-person (G2P) payments and person-to-government transactions.<sup>20</sup>

Mobicash - the only mobile money service in Mauritania, launched in 2015 by Mauritel, was only used by a small segment of the population and the project was put on hold in 2018 in the absence of appropriate legislation and a partner financial institution.

Finally, Mauritania's informal financial sector is extensive, but produces little reliable data. Informal finance is typically offered on simple terms and frequently involves family connections, tribal affiliations or other networks of social trust.

## BARRIERS TO THE FINANCIAL INCLUSION OF DISPLACED PERSONS IN MAURITANIA

Access to regulated financial services in Mauritania remains limited overall, lagging behind comparable contexts. According to the 2017 Global Findex statistics, only 21 percent of adults in Mauritania had a bank account in 2017 with a gender gap of 11 percentage points, which is less than in neighboring Algeria (43 percent), Mali (35 percent) and Senegal (42 percent).

Only 19 percent of the adult population had an account at a formal financial institution. Similarly, the share of adults with savings held at a financial institution is low. Financial account ownership amounts to only 14 percent among women, 14 percent in rural areas, 11 percent among the poor and 12 percent among young adults.<sup>21</sup>

The IMF notes in 2017 that “only half of the demand for a bank account and related financial services is satisfied in Mauritania.” There is little data on access to formal financial services among displaced persons residing in Mauritania.

“

How would we define financial inclusion in Mauritania? It is too early to tell! We will study access to finance, and then we will identify the gaps. The vision is for all people in Mauritania, no matter where they live, to be able to access affordable financial solutions.

Key Informant Interview, BCM

19 UNHCR. 2020. Decentralized Evaluation of UNHCR's Livelihoods Programme in Mauritania (2017 - 2019). Available at: <https://www.unhcr.org/5e99cce47.pdf>

20 GSMA. 2019. The State of Mobile Internet Connectivity. Available at: <https://www.gsma.com/mobilefordevelopment/resources/the-state-of-mobile-internet-connectivity-report-2019/>

21 IMF. 2019. Islamic Republic of Mauritania: Third Review Under the extended Credit Facility Arrangement. Available at: <https://www.imf.org/en/Publications/CR/Issues/2019/05/31/Islamic-Republic-of-Mauritania-Third-Review-Under-the-Extended-Credit-Facility-Arrangement-46953>

## SUPPLY SIDE BARRIERS

Financial inclusion for all Mauritians, and displaced persons in particular, is constrained by supply-side factors such as an inadequate supply of bank accounts and services.<sup>22</sup> One clear obstacle is linked to the sparsely populated country's uniquely and extremely vast geography.

0.5%

Only 0.5 percent of the land in Mauritania is arable, and with a population of about four million people, the density of 3.9 inhabitants per km<sup>2</sup> makes it the fourth least densely-populated country in Africa.<sup>23</sup>

Physical infrastructure, such as roads, telecommunications networks, power grids, bank branches, ATMs, and agents, tend to be clustered in the cities. The more decentralized postal banking network offers limited services.<sup>24</sup> Microfinance also remains highly concentrated geographically.

“

It is a vast territory inhabited by few people. The problem is connectivity, there is not a reliable network in many places (sic).

Key Informant Interview, ILO

According to World Bank data, the financial sector faces constraints related to very limited coordination and synergies between banks and MFIs, and the absence of a financial market able to mobilize long-term resources. Bank credit to the private sector is thus overwhelmingly short-term.<sup>25</sup> Lack of information about potential borrowers appears to be an impediment to access loans among SMEs and displaced individuals.

There is no framework yet for mobile money and no national strategy for the development of electronic payments (e-payments), despite the existence of GIMTEL Switch which is a national switch for cards. The latter is not currently well-positioned to ensure financial inclusion of those with modest means:

“

The development of mobile money - and e-money more broadly - is on hold, there is no framework to guide implementation (sic). It could be launched, but the know-your-customer regulations are not appropriate for the time being. The payment switch would need to be able to process many small payments... but right now it can only handle a small volume of large payments.

Key Informant Interview, UNCDF

For refugees, fear of their relocation and subsequent defaulting on loans seems to limit their access to credit offered by formal institutions, be they banks or - more frequently - microcredit schemes. The UNCHR has been working to improve financial services access for urban refugees through a partnership with a national savings and credit cooperative, Djikké. While the scope of this activity remains modest, the plan is to expand financial access of this type to camp-based refugees by opening a cash distributor in M'bera Camp, which, in the spirit of durable integrated solutions, might also benefit the local host community.

“

We suspect that refugees' [financial] needs are rather simple - most of them still live off a basic needs allowance. Ninety-five percent of them are illiterate, and as long as they are not economically integrated, no-one will lend to them. Banks have one objective only: profitability. But the truth is that we know very little about refugee finance. They spend and save like everyone else... but everything is cash-based.

Key Informant Interview, BCM

The displaced additionally do not have the social capital necessary to provide the guarantee often implicitly required by banks.

“

Our religion does not allow for usury. What is needed is a moral guaranty, by people who know the person. This could be a parent, for instance, present in the bank.

Key Informant Interview, ANAPEJ

22 Ibid.

23 World Bank. 2018. International Development Association, International Finance Corporation and Multilateral Investment Guarantee Agency - Country Partnership Framework for the Islamic Republic of Mauritania for the period FY18 - FY23. Available at: <https://openknowledge.worldbank.org/handle/10986/30049?locale-attribute=en>

24 MAURIPOST provides financial services such as current and savings accounts, money transfers inside and outside the country, in addition to the dispatch of jewelry, through some 30 post offices distributed across the country. It mainly covers remote areas. State employees and retirees represent the majority of account holders in MAURIPOST. MAURIPOST does not have non-Mauritanian customers, according to MENAFATF.

25 World Bank. 2016. Financial Access and Household Welfare Evidence from Mauritania. Available at: [https://www.researchgate.net/publication/290433833\\_Financial\\_Access\\_and\\_Household\\_Welfare\\_evidence\\_from\\_Mauritania](https://www.researchgate.net/publication/290433833_Financial_Access_and_Household_Welfare_evidence_from_Mauritania)



## REGULATORY BARRIERS

Lack of appropriate documentation can lead to formal financial institutions refusing to engage with the displaced. Refugees in Mauritania can legally open a bank account if they have been issued a National Identity Number and can provide proof of address.<sup>26</sup> Those who live in a camp will have a recorded address in the UNHCR's databases. Those based in urban settings are expected to provide their current address to UNHCR, though traditionally, this population has proven to be more mobile.<sup>27</sup> Those wishing to register a business need to pay a fee and present a national identification such as a visa or residence permit, along with proof of having a bank account and documentation of a Mauritanian address.

The UNHCR has worked with the Government of Mauritania (GoM) to jointly issue IDs to the Malian refugees of M'bera camp. Urban refugees face challenges obtaining National Identity Numbers, particularly for recent arrivals. In Nouakchott and Nouadhibou, UNHCR has been working with the Mauritanian National Agency for Civil Registration to secure identification cards for refugees as part of a shift away from defining refugees solely by their residence within a camp.

“

Financial inclusion is low for refugees because you need a National Identification Number to open a bank account. We are working on this with the authorities, we issue IDs in the camps. But so far only a small number of refugees have obtained it!

Key Informant Interview, UNHCR

“

We simply need an adequate system of verification. We are well equipped thanks to biometric information, we can trace funds (sic).

Key Informant Interview, BCM

At the same time, the MENAFATF notes that *“although the proportion of foreign residents living in Mauritania is low, and that this is reflected on economic activity and customers of FIs, it was found that banks lack the necessary identification and verification procedures in the case of foreign customers, given that a valid residency card is enough, especially given that competent Mauritanian authorities did not issue any specific instructions on CDD measures for foreign customers.”*<sup>28</sup>

CDD measures remain simple and do not yet follow a risk-based approach (RBA) since no national risk assessment (NRA) nor a sectoral risk assessment have

been conducted. However, there is a highly robust national digital ID system that could be leveraged to implement the RBA in the country. The US Department of State has recommended that *“Mauritania should take steps to expand reporting and KYC requirements to additional financial and non-financial entities, as well as take steps to enforce compliance with existing mandatory reporting requirements.”*<sup>29</sup>

An IMF assessment echoes this message, noting that upgraded bank regulatory standards and stronger supervision are needed to improve banking sector soundness and banks' ability to expand credit and foster financial inclusion.<sup>30</sup> While this does not yet appear to be a priority at the government level, as standards in this regard become stricter, it will be important to ensure that Mauritania's refugees do not suffer the consequences in terms of access to formal finance.

Finally, mobile money is still in its infancy in Mauritania, and no specific mobile money regulations were identified through the research. SIM registration is required by law and can be done upon presentation of a valid identification document with the subscriber's photo or an official document bearing the National Identity Number and the exact address at the time of subscription. Refugees can legally register a SIM card if they have been issued a National Identity Number, though informal workarounds for accessing SIMs are common. However, these unregistered SIM cards are often only valid for a few months and the risk is that the Mauritanian authorities suddenly decide to deactivate all unregistered SIMs. The GSMA Regulatory Index in Mauritania reflects some limitations in terms of authorization procedures, consumer protection, KYC and agent network with the last two factors scoring zero out of 100.<sup>31</sup>

26 It may be worth highlighting that proof of address (PoA) requirements are not required by global AML/CFT standards, have been detrimental to financial inclusion in many countries, and that there are significant moves away from PoA requirements in a number of African jurisdictions.

27 One bank (La Poste) sometimes agrees to open bank accounts for foreigners who do not hold a National Identity Number, but who possess a valid passport.

28 MENAFATF. 2018. Anti-money laundering and counter-terrorist financing measures Islamic Republic of Mauritania Mutual Evaluation Report. Available at: <http://www.fatf-gafi.org/media/fatf/content/images/Mutual-Evaluation-Report-Mauritania-2018.pdf>

29 United States Department of State. 2015. International Narcotics Control Strategy Report (INCSR). Available at: <https://2009-2017.state.gov/j/inl/rls/nrcrpt/2015/#:~:text=The%202015%20International%20Narcotics%20Control,trade%20in%20Calendar%20Year%202014>

30 IMF. 2019. Islamic Republic of Mauritania: Third Review Under the extended Credit Facility Arrangement. Available at: <https://www.imf.org/en/Publications/CR/Issues/2019/05/31/Islamic-Republic-of-Mauritania-Third-Review-Under-the-Extended-Credit-Facility-Arrangement-46953>

31 GSMA. 2019. State of the Industry Report on Mobile Money. Available at: <https://www.gsma.com/mobilefordevelopment/resources/the-state-of-mobile-internet-connectivity-report-2019/>

## DEMAND-SIDE BARRIERS

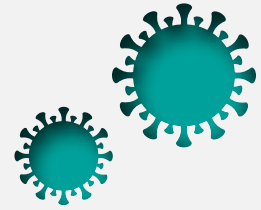
On the demand side, the principal obstacles to financial inclusion overall are a general lack of funds, the cost of financial services, and very limited available information and confidence in the banking system.

# 16.6%

The World Bank's Findex Database in 2017 shows that 16.6 percent of respondents in Mauritania without a bank account cite geographical isolation as the reason for not having a bank account, compared to 51.5 percent who simply cite a "lack of money" as the reason.

Relatedly, one respondent in four find formal accounts too expensive. The Database shows only one respondent in five states not needing a bank account, which points to demand being currently unmet. The "complexity of the process" is an additional impediment as identified by the Arab Monetary Fund (AMF) in 2017 and speaks to the importance of financial literacy and financial education programming.<sup>32</sup>

## THE IMPACT OF COVID-19 ON REFUGEE FINANCIAL INCLUSION IN MAURITANIA



The COVID-19 pandemic has had grave consequences in Mauritania, where a curfew was imposed, gatherings discouraged, schools closed, and international travel halted.

The densely populated M'bera camp lacks sufficient hygiene materials and possibilities to distance people, and international organizations have paused non-essential activities. While this undoubtedly has a highly negative impact on livelihoods, it has sped up the search for contactless financial solutions. UNHCR has expanded cash transfers via bank cards, quadrupling the number of households from 200 to 800, while the BCM has decided to accelerate mobile money development:

“

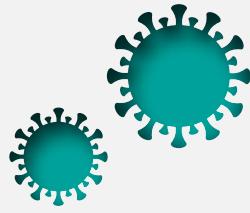
With Covid-19, we are forced to facilitate social distancing. This has revived the mobile money discussion, for which we are regulating anew.

Key informant interview, Mauritania Central Bank

In line with the objectives of the Global Compact on Refugees, the GoM has been working with UNHCR Mauritania and the World Bank to integrate refugees registered at M'bera Camp into the national social protection mechanisms through building on the current World Bank IDA-18 Sub-Refugee Window funding to Mauritania.

<sup>32</sup> Arab Monetary Fund. 2017. Financial inclusion Measurement in the Arab World. Available at: [https://www.cgap.org/sites/default/files/Working-Paper-Financial-Inclusion-Measurement-in-the-Arab-World\\_1.pdf](https://www.cgap.org/sites/default/files/Working-Paper-Financial-Inclusion-Measurement-in-the-Arab-World_1.pdf)

## UNHCR'S MAURITANIA'S RESPONSE



In response to the socioeconomic impact of COVID-19 on refugees living in the urban centres of Nouakchott and Nouadhibou,<sup>33</sup> UNHCR is deploying a new program called “Cash for Social Protection”.

UNHCR is deploying a new program called “Cash for Social Protection”. This is assistance for the refugees in support of the GoM’s efforts to provide assistance to the most vulnerable segments. The program has been designed based on telephone surveys with refugees to assess the socioeconomic impact of COVID-19 on refugee households, conducted by the UNHCR since the beginning of the confinement in Mauritania. This enabled the Cash for Social Protection program to be targeted. Refugee community mobilizers were instrumental in helping UNHCR get in touch with hard-to-reach and marginalized refugees.

As a result of this exercise, UNHCR was able to identify and prioritize 1,028 households (2,497 individuals). These refugees have no savings, no family or community solidarity mechanisms on which they can rely, and are facing risks of eviction as they cannot pay their rent. They are also unable to meet their most basic needs including water, food and hygiene products.

UNHCR additionally carried out an exercise to estimate the Minimum Expenditure Basket (MEB) for urban refugees in order to set the amount of the cash assistance. Refugees will receive MRU1,400 or USD40 per person per month, which is approximately 40 percent of the MEB, with a ceiling of six individuals for each household. Based on the reallocation of existing budgets, UNHCR Mauritania is able to make a one-off payment to the refugees, covering their needs for three months. In order to ensure accountability to affected populations (AAP),<sup>34</sup> the UNHCR is establishing a dedicated complaint mechanism through which refugees who have not been prioritized are able to appeal.

It is important to note that the assistance is time-bound and therefore does not necessarily guarantee long-term, sustainable financial inclusion. The cash assistance is additionally not all transferred digitally, which signals an opportunity to explore the government social transfer program defined in the next section, as a springboard for the digital financial inclusion of refugees.

## OPPORTUNITIES: POLICY AND REGULATORY ENVIRONMENT FOR REFUGEE FINANCIAL INCLUSION IN MAURITANIA

Large-scale returns of Malian refugees in Mauritania are not expected given the enduring violence in their country of origin, and durable solutions are increasingly a focus of programming, with an eye to bridging the gap between refugees’ livelihoods back in Mali (livestock breeding, agriculture, and commerce) and what is feasible in Mauritania in terms of market opportunities, environment, agricultural potential and land rights.<sup>35</sup>

The basis for durable solutions programming is in place. Mauritania’s Constitution, which was signed in 1991, recognizes that all foreigners who have legally entered the country have the same rights as local citizens. Refugees in Mauritania have freedom of movement and enjoy access to basic services such as health and education, but national legislation does not allow integration of foreign workers in the formal labour system.<sup>36</sup> The GoM is currently working towards adopting an asylum law.



The strategy is not a short-term fix but a long-term effort. We started in 2019, and the first goal was to strengthen financial stability. The broader strategy on financial inclusion is a national affair. Our roadmap is clear.

Key Informant Interview, Mauritania Central Bank

33 UNHCR Mauritania. 2020. COVID-19 - Cash for Social Protection for Refugees in Mauritania. Available at: <https://reporting.unhcr.org/sites/default/files/UNHCR%20Mauritania%20-%20COVID-19%20Cash%20for%20Social%20Protection%20for%20Refugees%20-%20May%202020.pdf>

34 Accountability to Affected Populations (AAP) is “an active commitment by humanitarian actors and organizations to use power responsibly by taking account of, giving account to and being held to account by the people they seek to assist.” <https://emergency.unhcr.org/entry/42554/accountability-to-affected-people-aap>

35 At the same time, as expressed by key informants to this study, from the Government’s point of view, a “care and maintenance” approach remains in place in the hopes that the refugees will return to Mali in the coming years.

36 United States Department of State. 2017. Country Reports on Human Rights Practices: Mauritania. Available at: <https://www.refworld.org/publisher,USDOS,,,5bcf1f93a,0.html>

## NATIONAL REFUGEE POLICIES<sup>37</sup>

Mauritania is party to the UN 1951 Refugee Convention and its 1967 Protocol. It is similarly party to the 1969 Convention Governing the Specific Aspects of Refugee Problems in Africa (the OAU Convention). In 2013, Mauritania signed the 2009 African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa, better known as the Kampala Convention, and the National Assembly ratified it in December 2014. Mauritania is not yet party to the 1954 Convention relating to the Status of Stateless Persons (the 1954 Convention) or to the 1961 Convention on the Reduction of Statelessness (the 1961 Convention).<sup>38</sup>

Mauritania's State Decree 022 of 2005 regulates the domestic application of the norms contained in the 1951 Convention and the 1969 OAU Convention. A draft law providing the basis for a national asylum system was developed in 2010. Additionally, the Agence Nationale du Registre de la Population et des Titres Securisés (ANRPTS) had begun to biometrically register urban refugees since October 2014.<sup>39</sup> This has enabled them to receive refugee cards and a national identification number.<sup>40</sup> Refugee status in Mauritania can be obtained by applying to Mauritania's Ministry of the Interior, providing the applicant falls under the mandate of UNHCR, as established by the OAU Convention.

## NATIONAL ECONOMIC AND FINANCIAL INCLUSION STRATEGIES

The 2013 National Social Protection Strategy (NSPS) centred around the fight against food insecurity, improving the access to health and education, provision of basic social services and social assistance programs. Improved social security and the promotion of access to employment formed an integral part of the goals of this strategy, but access to finance was not part of the target indicators at the time. Mauritania launched a **Financial Sector Development Strategy and Action Plan (2013-2017)**<sup>41</sup>, which included broad targets on financial inclusion (target 2) "*for all stakeholders, especially SMEs, farmers and disadvantaged people, and women*"<sup>42</sup> and the development of financial literacy (target 5). The operational action plan included the objectives to increase banking services by upgrading commercial banks, developing Islamic products, ensuring better coverage and conducting awareness campaigns.

The government prepared and adopted its first National Microfinance Strategy (NMFS) in 2003. It largely referenced broader regional texts and at the time was

not based on an in-depth analysis of the sector, and proved modest in terms of targets.<sup>43</sup> The updated 2014 National Microfinance Strategy was designed to allow poor populations access to sustainable basic financial services, to coordinate the development of MFIs, to improve their management tools and their operational capacities, and to ensure control and supervision.

The Mauritania Growth and Shared Prosperity Strategy (SCAPP 2016-2030), adopted by the Council of Ministers in 2017, forms the most relevant legislative framework currently relevant to financial inclusion. Its implementation is led by the Ministère de l'Économie et des Finances (MEF) and it follows the Cadre Stratégique de Lutte contre la Pauvreté (CSLP, 2001-2015). It was developed through consultations and dialogue among the administration, elected officials, academia, civil society (including, for the first time, members of the diaspora), private sector, and development partners.

This vision is built around:

- > promoting strong, inclusive and sustainable growth;
- > developing human capital and access to basic social services; and
- > strengthening governance in all its dimensions.

37 UNHCR. 2015. Submission by the United Nations High Commissioner for Refugees for the Office of the High Commissioner for Human Rights Compilation Report - Universal Periodic Review: 2nd Cycle, 23rd Session: Mauritania. Available at: <https://www.refworld.org/docid/563861198.html>

38 UNHCR. 2015. Submission by the United Nations High Commissioner for Refugees for the Office of the High Commissioner for Human Rights Compilation Report - Universal Periodic Review: 2nd Cycle, 23rd Session: Mauritania. Available at: <https://www.refworld.org/docid/563861198.html>

39 UNHCR. 2015. Submission by the United Nations High Commissioner for Refugees for the Office of the High Commissioner for Human Rights Compilation Report - Universal Periodic Review: 2nd Cycle, 23rd Session: Mauritania. Available at: <https://www.refworld.org/docid/563861198.html>

40 UNHCR. 2015. Submission by the United Nations High Commissioner for Refugees for the Office of the High Commissioner for Human Rights Compilation Report - Universal Periodic Review: 2nd Cycle, 23rd Session: Mauritania. Available at: <https://www.refworld.org/docid/563861198.html>

41 World Bank. 2013. Islamic Republic of Mauritania: Financial Sector Development Strategy and Action Plan 2013 - 2017. Available at: <https://openknowledge.worldbank.org/handle/10986/16065>

42 Ibid.

43 African Development Fund. 2007. Islamic Republic of Mauritania: Project to Build the Capacities of Microfinance Operators (PRECAMF). Appraisal Report. Available at: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Mauritania\\_-\\_Project\\_to\\_Build\\_the\\_Capacities\\_of\\_Microfinance\\_Operators\\_-\\_PRECAMF\\_-\\_Appraisal\\_Report.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Mauritania_-_Project_to_Build_the_Capacities_of_Microfinance_Operators_-_PRECAMF_-_Appraisal_Report.pdf)

The SCAPP will be implemented through three five-year action plans, the first covering the period 2016-2020, with biannual sectoral evaluations and annual reviews. One of the objectives of the SCAPP is the promotion of a strong and inclusive financial sector. The main areas of intervention are:

- > economic development and job creation through the financing of the economy in general and SMEs and micro-enterprises in particular, and to promote the access of people living in peri-urban and rural areas, including women and young people with adapted financial services; and
- > investment, via strengthened banking supervision, an improved regulatory framework, improved financial inclusion and increased use of e-money and modern payment instruments as well as Islamic finance. At the same time, the Government commits to continue to combat money laundering and financial crime.

+30%

The stated goal of this strategy is to augment the bank intermediation rate to raise it from 25 percent to 50 percent, and to raise the financial inclusion rate from 10 percent to 40 percent.

Finally, the country is in the process of developing its first NFIS. Led by the BCM, the NFIS will be Mauritania's very first strategy that is dedicated specifically to advancing financial inclusion. The BCM and the MEF have begun coordinating closely in order to ensure coherence between the SCAPP and the NFIS, in addition to engaging with the Ministère de l'intérieur et de la Décentralisation (MIDEC) to garner expert advice on displaced persons. Moving forward, there is value in strengthening coordination including with international humanitarian and development partners who are implementing financial inclusion initiatives in the country.

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Coordination could be improved between the different stakeholders. BCM, the World Bank, us, Oxfam... many activities are taking place, but there is little complementarity.

Key Informant Interview, ILO

## THE GOVERNMENT SOCIAL TRANSFER PROGRAM<sup>44</sup>

In 2013, the GoM launched the *Stratégie Nationale de Protection Sociale (SNPS)* which provides a comprehensive framework that defines all social protection instruments being deployed in the country, including social transfers targeted at the most vulnerable segments of the population. The MEF led the formulation of the SNPS and is in charge of its implementation through driving multi-stakeholder coordination.

The programs under the SNPS include the *Tekavoul*, which is the national social transfer program designed to assist the poorest households with cash transfers and social promotion interventions on a regular basis. The national shock-responsive social safety net program, *Elmaouna* has been implemented by the Food Security Commission (CSA) since 2017 to enable households to cope with shocks that affect their well-being, during “lean seasons”, particularly droughts.<sup>45</sup>

Moving forward, there are plans to extend these programs so that they cover some of the refugee population especially those residing in the most fragile regions in the country near the border with Mali.<sup>46</sup>

There is potential for such programs to be extended so that the cash transfers can lead to financial services which can enhance financial inclusion, such as savings products. However, feasibility studies and technical dialogue between relevant public and development and humanitarian sector stakeholders must first be conducted.<sup>47</sup>

44 World Bank. 2017. Strategic Collaboration between World Bank Group and World Food Programme: Bridging Humanitarian Assistance and Social Protection Systems Mauritania Case Study. Available at: <http://documents1.worldbank.org/curated/en/241671517827262697/pdf/123144-WP-StrategiccollaborationsWFPWBMauritania-PUBLIC.pdf>

45 Alliance Sahel. Financing the rollout of the social registry and protecting the populations that are most vulnerable to shocks. Available at: <https://www.alliance-sahel.org/en/projects/support-project-for-the-rollout-of-the-social-registry-and-social-safety-net-program/>

46 World Bank. 10 March 2020. Press release: Mauritania to Improve its Social Safety Net System. Available at: <https://www.worldbank.org/en/news/press-release/2020/03/10/mauritania-to-improve-its-social-safety-net-system>

47 World Bank. 2017. Strategic Collaboration between World Bank Group and World Food Programme: Bridging Humanitarian Assistance and Social Protection Systems Mauritania Case Study. Available at: <http://documents1.worldbank.org/curated/en/241671517827262697/pdf/123144-WP-StrategiccollaborationsWFPWBMauritania-PUBLIC.pdf>

# STAKEHOLDER MAP: THE FINANCIAL INCLUSION ECOSYSTEM FOR REFUGEE FINANCIAL INCLUSION IN MAURITANIA

In Mauritania, the ecosystem of stakeholders for the financial inclusion of displaced persons is still rather sparse. However, there seems to be no duplication of efforts and there is a strong willingness to enhance coordination. This presents an opportunity for sound complementarity moving forward, both in the formulation of policy and its implementation.

## GOVERNMENT

The government stakeholder which plays a central role is the BCM. It has received broad national stakeholder endorsement to lead the formulation and implementation of the country's NFIS. As the central bank, the BCM drives the implementation of policies related to the stability and development of the financial system in Mauritania. Furthermore, as previously underlined, the MEF is similarly invested in improving financial inclusion overall.

The MEF will work closely with the BCM to align the NFIS and the SCAPP. Finally, the MIDECE is the UNHCR's closest Government counterpart and will support the NFIS process with an eye to including different target groups, including the displaced. The National Statistics Office will be involved in understanding the potential size of the market by carrying out a national demand-side survey that includes the voices of Malian refugees.

FIGURE 3: STAKEHOLDER MAP FOR FINANCIAL INCLUSION IN MAURITANIA



## PRIVATE SECTOR

The Professional Association of the Banks of Mauritania (APBM) endeavors to drive financial innovation towards lowering transaction costs. It is complemented by the Association of Professional MFIs (APMF) and the Association of Microfinance Professionals (APROMI). The microfinance sector is dominated by the CAPEC network following the cessation of activities of the UNCACEM network in 2014<sup>48</sup>. Work on an updated national microfinance strategy is ongoing, focusing on efforts to strengthen sustainability and governance structures.

Djikké which is national savings and credit cooperative has been working in collaboration with UNCHR Mauritania to improve financial services access for urban refugees. This is through offering microloans and microcredit to refugees so that they can invest in income-generating activities. Djikké is taking steps to minimize challenges such as non-repayment of loans and is providing financial literacy training. However, the scope of this activity remains modest. Between 2017 and 2019, 128 refugees were assisted in accessing national microfinance institutions in cities.

# 128

Between 2017 and 2019, 128 refugees were assisted in accessing national microfinance institutions in cities.

## HUMANITARIAN AGENCIES

In addition to providing cash distributions, UNHCR Mauritania is strongly involved in the documentation of displaced persons in collaboration with the GoM. The humanitarian agency is additionally working on understanding economic constraints faced by refugees, degrees of financial literacy, use of credit, savings, transfers, and so on, which is similar to the diagnoses of the state of refugee financial inclusion that would be undertaken by a financial regulatory institution. In this regard, UNCHR Mauritania is irrefutably a critical stakeholder for the financial inclusion of refugees in the country and the BCM is collaborating with the humanitarian agency to harmonize efforts.

## DEVELOPMENT AGENCIES

Through their Africa Policy Accelerator project (APA), the United Nations Capital Development Fund (UNCDF) is working with BCM and other national stakeholders to create an enabling environment for digital transformation in Mauritania. This includes reaching Mauritians who have traditionally been underserved by the financial system through DFS. The ILO is invested in strengthening financial education and building the

capacities of MFIs, while also adding learning based on their work with youth refugees who are granted a stipend and access to an MFI. Lessons can be exchanged and efforts should be harmonized with these international development actors in addition to those involved in cash transfer programming targeting refugees, including INGOs such as Lutheran World Federation (LWF), Action Contre La Faim (ACF), World Vision and the Red Cross Red Crescent (RCRC) Movement.

Finally, some national and local CSOs have fully integrated displaced persons as part of their programming. Such is the case of the AMDH and CGTM, which included the question of immigration within the union strategies aimed at formalizing labor relations. Migrant associations, local refugee representatives and structures such as the Association of Female Heads of Households (AFCH) will need to be included in any conversation regarding the financial inclusion of the displaced.

48 UNCACEM was lending to farmers and accounted for most of the credits in the sector.

## WAY FORWARD

A SWOT analysis of the financial inclusion of FDPs in Mauritania paints a mixed picture. Refugees in Mauritania lack money to save, and mostly live in remote areas that are not served by FSPs. The banking coverage even for local populations is very modest, with FSPs, including MFIs, concentrated in the capital of Nouakchott. KYC regulations are still simple, and the lack of a risk-based, tiered KYC regime means that those lacking a government-issued ID will find difficulty in being onboarded. Mobile money which has made promising inroads in other African countries, is hampered by the absence of an appropriate legislative framework. There are promising initiatives such as microcredit, financial literacy training and social transfer programs for displaced persons but they remain small in scale.

At the same time, there has been impressive momentum in the last couple of years to improve financial policy and regulation including in the areas of mobile money, Fintech, Islamic Finance, and aligning AML/CFT with financial inclusion. There is clear indication that the stakeholders working on financial inclusion in Mauritania are complementary to each other, with the Government, the ILO, UNHCR, UNCDF and the World Bank each contributing their specific know-how in the spirit of collaboration and division of labour. Policy and regulation are transforming, albeit slowly, with progress on the provision of legal identification to the displaced in both camp and urban settings. The COVID-19 pandemic has added an element of urgency to the search for cashless solutions. In this regard, the formulation of the NFIS could not have come at a more appropriate time to pave the way for a coherent, collaborative and targeted approach to accelerating financial inclusion for displaced persons in Mauritania.

**FIGURE 2: MAURITANIA'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) FOR THE FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS**

### STRENGTHS

- > Political willingness to reform financial regulations for increased inclusivity;
- > Momentum for durable solutions, relatively welcoming policy environment for FDPs;
- > Well-developed remittance systems;
- > Program builds upon existing FDP initiatives from Government and implementing partners;
- > BCM has been involved in successful financial sector transformative strategies in the past;
- > ID system in place, covering a significant share of the population, willingness to extend to the displaced in collaboration with the UNHCR; and
- > Strong multi-stakeholder willingness to enhance information sharing, collaboration, and coordination.

### WEAKNESSES

- > Low levels of income and insufficient funds to drive formal finance uptake;
- > Limited infrastructure, both physical and virtual, inhibit expansion of FI. Concentration of FSPs in the capital;
- > Basic CDD processes;
- > Human and financial resource constraints hinder ability to capacitate all implementing partners;
- > Cultural view on gender often precludes women from accessing services, including FI;
- > Few solutions compatible with Islamic finance;
- > Lack of coordination between partners; and
- > Length of procedures, slow-moving pace of reform.

### OPPORTUNITIES

- > Recent push in regulation, including on Islamic Finance;
- > Expanding mobile banking and e-money initiatives accelerated by the COVID-19 pandemic;
- > Not a crowded stakeholder landscape, which should facilitate coordination, cooperation and collaboration;
- > Increasing uptake of cash transfers in displacement programming; and
- > Partner IGOs and NGOs including UNHCR and others involved specifically in cash programming.

### THREATS

- > Absence of a risk-based, tiered KYC regime to enable simplified CDD for confirmed lower-risk customers; and
- > Direct and spill-over ramifications from COVID-19, hampering FDPs' livelihood strategies and slowing momentum towards financial inclusion.



# KEY CONSIDERATIONS

## NATIONAL STRATEGIES AND REGULATION

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### COLLECT AGE AND GENDER DISAGGREGATED FINANCIAL INCLUSION DATA ON DISPLACED PERSONS TO INFORM EVIDENCE-BASED POLICYMAKING

There is currently a lack of appropriately disaggregated data and basic information on the financial inclusion rates of displaced persons in Mauritania. The gaps in understanding FDP access and usage rates must be filled in order for effective policymaking and programming. BCM understands that the design and monitoring of financial inclusion strategies depends on data, with high-quality evidence being key in driving financial inclusion efforts for FDPs. This data should not only revolve around knowledge, attitudes and practices in financial management, but also aspirations with regard to financial services, reservations FDPs might have when it comes to banking, and plans for potential onward or return movement, or local integration.

### STRENGTHEN ENGAGEMENT, COORDINATION, AND COLLABORATION WITH “NEW” STAKEHOLDERS

It is necessary to strengthen the alignment between the financial inclusion agenda and the forced displacement response in the country. Financial inclusion stakeholders involved in NFIS formulation and implementation will benefit from learning more about the potential for enhancing financial inclusion through existing government and humanitarian agency strategies, action plans, and programs in response to forced displacement. This will allow for the exchange of expertise and experience towards achieving the common goal of enhancing the financial inclusion, economic empowerment, and self-reliance of refugees living in Mauritania.

National and local CSOs that have fully integrated displaced persons as part of their programming such as the AMDH and CGTM in addition to migrants’ associations, local refugee representatives and the AFCF need to be included in any conversation regarding the financial inclusion of the displaced.

National multi-stakeholder consultative workshops are a useful mechanism to strengthen engagement, coordination, and collaboration among and across stakeholder groups and ensure concerted action. This was demonstrated by the BCM-led national NFIS stakeholder workshops conducted in 2019, whereby forced displacement stakeholders were invited and consulted in the preliminary discussions on the NFIS.

These should be continued to ensure consistent and effective coordination. Furthermore, a working group dedicated to the financial inclusion of displaced persons and composed of relevant institutions and individuals would keep national stakeholders apprised of all pertinent activities. It would be helpful to agree on fixed timelines and set dates for periodic meetings or workshops to enhance accountability.

### INCLUDE THE VOICES OF THE DISPLACED

Too often, policies and programs for displaced persons are made without their inputs. This not only undermines the legitimacy of the policies and programs, but also their effectiveness. The contributions of displaced persons can take the form of stakeholder consultations with local CSOs comprising FDPs, as well as institutions and organizations that work closely with them such as the MIDECC, IGOs and NGOs. More creative avenues of engagement can be incorporated - participatory forums can include businesses run by displaced persons.

### INVOLVE THE INFORMAL SECTOR

The informal financial sector remains the avenue for many Mauritians to access financial services, including credit and transfers. Including Mawala actors in financial inclusion thinking will enhance efforts to provide quality, affordable, transparent and sustainable financial services to displaced persons and the broader population.

## CUSTOMER IDENTIFICATION AND RELATED INTERNATIONAL STANDARDS ON AML/CFT

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### INITIATE MEASURES TO DEVELOP A RISK-BASED, PROPORTIONATE REGIME FOR SIMPLIFIED KYC AND CDD

The NFIS should present clear guidance on providing formal financial services in compliance with international AML/CFT standards for displaced persons, if, for example, they are able to access SIM cards and mobile money with UNHCR and IOM identity documents. In the absence of a risk-based, tiered KYC regime, the authorities should work towards conducting a national AML/CFT risk assessment that includes considerations for displaced persons, and use the results to formulate a risk-based, tiered KYC regime. Once that is established, it would help to provide guidance to FSPs in the country where restrictions such as proof of identity and address can be relaxed (i.e. simplified customer due diligence). If not, it is likely that FSPs will not apply any simplified due diligence and therefore AML-CFT measures would still be an impediment to access, at least to some extent.

## **BRIDGING HUMANITARIAN RESPONSE AND DEVELOPMENT APPROACHES WITH DIGITIZED PAYMENTS**

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### **EXTEND SOCIAL TRANSFER PROGRAMS FOR REFUGEES TO ENHANCE FINANCIAL INCLUSION**

Social transfer programs that have been targeted to refugees by the GoM in collaboration with development or humanitarian agencies (eg. World Bank, WFP), if sent directly to their own regulated financial accounts opened in their own name - including mobile wallets and bank accounts - can be harnessed to enhance financial inclusion. For instance, these accounts can be used to provide access to the formal financial services that refugees need to build economic opportunities such as savings, payments, remittances or even credit. However, feasibility studies and technical dialogue between relevant public and development and humanitarian sector stakeholders must first be conducted so that sustainable and responsible measures can be put in place. These can be undertaken as part of the NFIS formulation process for example during multi-stakeholder consultations.

## **ECONOMIC PARTICIPATION**

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### **STRENGTHEN THE CAPACITY OF MFIS**

The NFIS should outline a strategy for MFI support, closely related to the updated national microfinance strategy of which the development is underway. MFIs are a potential ally in the financial inclusion of displaced persons, but their potential is limited by a lack of funds and capacity. Searching for partners in a project designed to improve access to finances and the financial literacy of aspiring young microentrepreneurs, the ILO struggled to find a microfinance institution which was financially sound and had the capacity to implement this type of programming. The type of services offered by MFIs were found to be inappropriate for young potential clients. Technical assistance is being designed by the ILO - other actors should contribute to the efforts of making MFIs a stronger presence in the Mauritanian stakeholder landscape, building capacity and offering financial investment.

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## ACRONYMS AND ABBREVIATIONS

<b>AML/CFT</b>	Anti-Money Laundering and Countering the Financing of Terrorism
<b>BCM</b>	Banque Centrale de Mauritanie
<b>CDD</b>	Customer Due Diligence
<b>CRRF</b>	Comprehensive Refugee Response Framework
<b>FATF</b>	Financial Action Task Force
<b>FDPs</b>	Forcibly Displaced Persons
<b>FSPs</b>	Formal Financial Service Providers
<b>GCR</b>	Global Compact on Refugees
<b>GoM</b>	Government of Mauritania
<b>IDPs</b>	Internally Displaced Persons
<b>KYC</b>	Know Your Customer
<b>ML/TF</b>	Money Laundering and Terrorist Financing
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NFIS</b>	National Financial Inclusion Strategy
<b>NRA</b>	National Risk Assessment
<b>RBA</b>	Risk-Based Approach
<b>SDGs</b>	Sustainable Development Goals
<b>UNHCR</b>	United Nations High Commissioner for Refugees



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