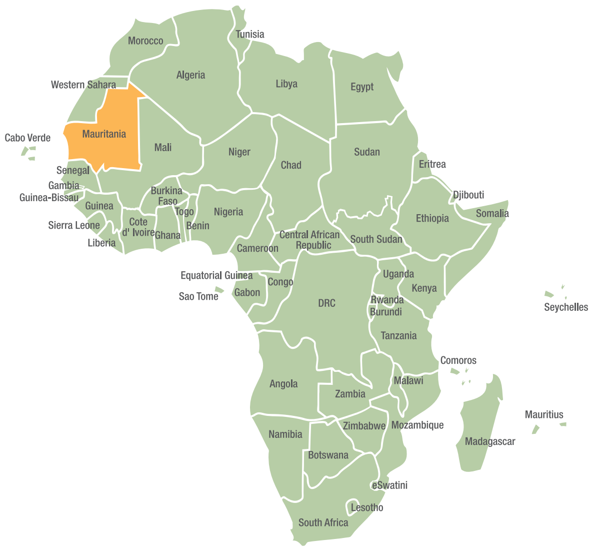
Mauritania



KEY FIGURES

Main urban centres	Noukchott Nouadhibou
Exchange rate: 1 US$ = [a] 9 Jul 2018	355.52 Ouguiya
PPP Exchange rate (Local currency/PPP$) 1 Ouguiya = [b]	102.90
Inflation 2016 [c] | Inflation 2017 [c] | Inflation 2018 [d]	1.50 | 2.30 | 3.30
Population [e] | Urban population size [e]	4 568 285 | 685 938
Population growth rate [e] | Urbanisation rate [e]	2.17% | 3.20%
Percentage of the total population below National Poverty Line [f]	40.50%
Unemployment rate [d]	11.80%
GDP (Current US$) 2017 [g] | GDP growth rate annual 2017 [d]	US$5 440 million | 3.1%
GDP per capita (Current US$) 2017 [g]	US$1 370
GNI per capita (Current US$) 2017 [b]	US$1 100
Gini co-efficient 2016 [b]	40.50
HDI global ranking 2017 [h] | HD country index score 2017 [h]	159 | 0.520
Is there a deeds registry?	Yes
Number of residential properties that have a title deed	27 000
Lending interest rate [d]	9.00%
Mortgage interest rate | Mortgage term (years)	8% | 10
Downpayment	35.00%
Mortgage book as a percentage of the GDP	n/a
Estimated number of mortgages	n/a
Price to Rent Ratio in City Centre | Outside City Centre	n/a | n/a
Gross Rental Yield in City Centre | Outside City Centre	n/a | n/a
Construction as a % of GDP	n/a
What is the cost of standard 50kg bag of cement?	US$7.74
What is the price of the cheapest, newly built house by a formal developer or contractor? (Local currency)	10 371 229 Ouguiya
What is the price of the cheapest, newly built house by a formal developer or contractor? (US$)	US$29 172
What is the size of this house (m^2)?	120m^2
What is the average rental price for this unit (US$)?	n/a
What is the minimum stand or plot size for residential property?	n/a
Ease of Doing Business Rank [i]	150
Number of procedures to register property [i]	4
Time to register property (days) [i]	49 days
Cost to register property (as % of property value) [i]	4.60%

NB: Figures are for 2018 unless stated otherwise.

[a] Coinmill.com
[b] World Bank World Development Indicators
[c] Knoema.com
[d] Trading Economics
[e] Worldometers
[f] Indexmundi
[g] IMF World Economic Outlook Database
[h] Countryeconomy.com
[i] World Bank Doing Business

Overview

Mauritania is classified as a lower middle income country with an economy dominated by natural resources and agriculture. The country connects the Maghreb region and Sub-Sahara Africa with a population mainly dependent on agriculture and livestock. Despite its relatively low GDP, the country's mineral resources include iron ore, gold, copper and phosphate rock. According to the IMF country report, Mauritania's economy continues to recover at three percent projected growth for 2018.[1] On average, inflation is slated to remain moderate at 2.7 percent with the current account deficit contracting due to a surge in mining and fishing exports. Mauritania plans to enhance its strategies to fight corruption, improve the business environment as well as ensure financial sector reforms with sound fiscal policy and a judicious borrowing strategy.

Mauritania is highly urbanised with 53.7 percent of its population concentrated in urban areas. The capital city, Nouakchot, hosts 37.6 percent of the urban population. The rate of urbanisation was at 4.28 percent in 2018 according to the World Fact Book.[2] Initially planned and built as an administrative capital in 1958 for fewer than 15 000 people, Nouakchott now has a population of over one million. As more people moved to the urban areas, the nomadic lifestyle that was prevalent before this period decreased extensively to approximately seven percent of the population, posing capacity challenges at the local government level for city planning, economic integration, and the provision of basic services and infrastructure. Approximately a quarter of the urban population is connected to electricity, half to water, and only a small fraction to sanitation networks.

Mauritania has a population of 4.4 million and a Human Development Index of 0.513 with a ranking of 157.[3] The GNI per capita growth was 2.04 in 2017 and is projected at 3.1 percent for 2018 and 3.9 percent for 2019. This is indicative that Mauritania is a relatively poor country and still has high levels of income inequality. Unemployment rates in Mauritania are estimated at 10.2 percent as at December 2017 with youth unemployment higher at 18.57 percent. Youth constitute 60 percent of the population. In Mauritania, 31 percent of the population live in relative poverty and 16.6 percent of the population is living in extreme poverty mostly in rural areas.[4]

Mauritania continues to improve its ranking in the World Bank's Doing Business at 150 out of 190 countries, gaining 10 ranks from the previous year.[5] This is mainly due to the consistent elimination of the minimum capital requirements and for expanding borrower coverage in the credit registry. With the support of the World Bank and African Development Bank, the country continues to use the action plan that focuses on clearer property rights; simpler administrative procedures and taxation; streamlined investor protection; and an updated judicial system.

Access to finance

Mauritania has established a roadmap to preserve financial stability for the financial sector in line with the IMF's Financial Sector Assessment Program to deepen the financial markets. This is in accordance with existing strategies to commence risk-based bank supervision with actions to improve on the regulatory framework. In 2014, Mauritania attempted via a charter to implement a stock exchange. To date, the efforts have proven fruitless as there is no stocks and bonds market. Mauritanians generally rely on commercial bank loans for credit. Recently, there has been a rise of microfinance institutions that offer mostly short-term loans with high interest rates. Access to housing finance in Mauritania through the formal banking system is still exceptionally difficult as financial services are not accessible to the majority of the population as most of the citizens are informally employed and remain either unbanked or underbanked.[6] Only 17 percent of the population is included in the formal economy. Although the World Bank cites access to finance as the top constraint to the Mauritanian private sector, the IMF country report for the Extended Credit Facility Arrangement on Mauritania in March 2018 shows there are signs of improvement to the economy through sizable policy adjustments on finance. Cash is the most common means of payment in the domestic economy. Lending to both the private sector and individual households continues to be low, while limited access to credit and high costs of financing constrain entrepreneurial activity.

Business regulatory reforms have made it considerably easier to do business in the country. The World Bank's 2018 Doing Business Report's 'ease of getting credit' category ranking decreased two points from 157 to 159. The credit registry coverage for Mauritania's adult population has increased from 6.6 percent in 2017 to 7.1 percent. Ordinarily, agglomeration yields visible positive effects, however, in Mauritania these are few due to a fragmented, shallow and extremely informal credit market. Urban centres are characterised by informality, poor infrastructure, and poor service coverage, self-employment and weak human capital – characteristics which are neither favourable for attracting the private sector to invest nor for creating an enabling environment for the development of higher-productivity services and tertiary sectors. Although the government promotes privatisation to attract foreign investment, the World Bank noted that access to finance remains a drawback to investing in Mauritania.

The number of banking institutions remains unchanged with 25 national and foreign banks operating in Mauritania, even though only some 15 percent of the population holds bank accounts.7 In May 2018, Attijari Bank launched its first digital/mobile bank as an initiative to innovate and diversify banking products currently available in the market. Attijari Bank is said to have 40 branches and 8 000 customers in its portfolio.8 In 2018, there were 21 registered microfinance institutions; two specialised financial institutions: Caisse de Dépôts et de Développement, a public development bank created in 2011 with special legal status, and Finance, Conseils, et Investissement; two pension funds; 12 insurance companies; two active microfinance networks, the largest Agence de Promotion des Caisses Populaires d'Epargne et de Crédit with 51 offices, and Oasis Mutual and Investment Credit; and 32 exchange bureaus. These institutions operate under the purview of the Central Bank of Mauritania.

The sector remains underdeveloped with more than 80 percent of the financial sector's assets held by commercial banks. Due to fiscal and external trends at the end of 2017, the IMF estimated the debt-to-service ratio to be at 14.7 percent. Although the banking system seems well-capitalised overall, some banks are still not meeting the minimum capital requirement and are under-provisioned. Asset quality remains weak.[9] Increased non-performing loans (NPLs) naturally lead banks to lend less credit. In March 2018, Mauritania drafted a law on loan recovery "aimed at improving mechanisms for credit recovery and enforcement of collateral by banks."[10] The draft law, which is currently sitting with parliament, will facilitate the removal of NPLs from bank balance sheets. With Mauritania's already chronically low mortgage lending rates, a decrease in NPLs will inadvertently promote credit for housing finance.

Mauritania still has an extremely small mortgage market with no specialist housing lending banks, essentially new limiting instruments to facilitate the financing of housing. According to the 2014 Financial Sector Assessment Program, Mauritania lacks vital instruments such as a housing loans fund; a housing loans refinancing fund; long-term housing loans with periodically re-negotiable rates that minimise interest rate risks due to a mismatch between assets and liabilities; housing savings plans that provide stable resources; and microcredit for housing. CAPECs have undertaken limited operations in financing housing.

The Central Bank of Mauritania continues to strengthen its regulatory framework and supervision capacity to support the continued development and stability of the financial system. However, opening branches outside the main urban centres of Nouakchott and Nouadhibou has not encouraged an increase in the use of banking services. The World Bank's 2018 Ease of Doing Business Report indicates that there are no private bureaus and only 7.1 percent of adults are registered on a public credit registry. Household credit was at 38 percent in June 2016 and dominated by credit to the private sector. The effectiveness of mortgages has been hampered by banks' lack of diligence in registering mortgages, given high registration fees. In response, the authorities reduced the registration fees in 2006.

Affordability

There are two main types of housing. First, substandard dwellings (tents, shacks/huts, baraques and m'bar) representing 32.5 percent of all housing and second, formal dwellings comprising the remaining 67.5 percent. Since independence, the government has placed enormous emphasis on housing development and the eradication of slums, making homeownership relatively high despite the high incidence of poverty.

The Urban Development Project aims to combat poverty in precarious settlements in Nouakchott and Nouadhibou, combining access to housing, access to credit, vocational training, and local development. It was launched in outlying settlements and land parcels around Nouakchott and enabled long-term residents of city slums to move to an improved urban environment on rationalised plot patterns with registered land titles in a test environment. The results of this project were as follows: outcomes were satisfactory, risk to development outcome was moderate, bank performance was satisfactory, and borrower performance was satisfactory.

Certain lessons learned include that the project method is not the most efficient way for workable capacity building. Developing local governmental capacities needs a national programme, based on sustainable resources and strong political commitment that ultimately will be reinforced by donors. The project revealed the viability and sustainability of microcredit operations for creating income activities in Mauritania. Slum upgrading has limitations when there is a lack of established appropriate regulatory frameworks for land development in an urban environment.

Accommodation is the one of the most expensive items of household expenditure. The average one-bedroom flat in the city centre costs approximately MRO90 000 and MRO80 000 outside the city.[11]

Mauritania's GNI is very low at US$1 120, and remains higher than its GDP, suggesting more foreign investments within the country than external investments, making it unlikely that most Mauritanians would be able to afford these properties.

Housing supply

The Mauritanian housing sector remains largely unchanged since 1975 when the government introduced regulations, which included persuading government employees to purchase their own property to reduce the demand for public housing and attract developers to start work on private development. Construction remains a relatively small portion of GDP, and is included in the industry category in the World Bank indicators.[12] However, it is difficult to extrapolate the exact percentage from the latest available figures. Housing resources are strained, and a large percentage of the urban population lives in substandard housing, such as tents, huts, or shacks. Self-construction has therefore continued to be the main method of building houses in Mauritania.

At present, the top end of the residential development market is wholly local and still dominated by the ad hoc construction of buildings for owner-occupation or leasing mainly to the expat market in Tevragh Zeina. Many diplomatic staff are housed in accommodation that has been built within embassy compounds.[13]

A low cost housing microcredit system was instituted under PDU, the Urban Development Project, which helped to produce 5 000 housing units in Nouakchott and Nouadhibou. The determination of the government authorities to clear squatter settlements and offer people more decent housing led to the development and implementation of neighbourhood-based integrated restructuring programmes. The first of these between 2003 and 2007 was a pilot in El Mina. Subsequently, government opted for a more affordable, participatory approach to rehabilitate the other informal settlements of Nouakchott and Nouadhibou. This entailed engaging with representatives in awareness raising and

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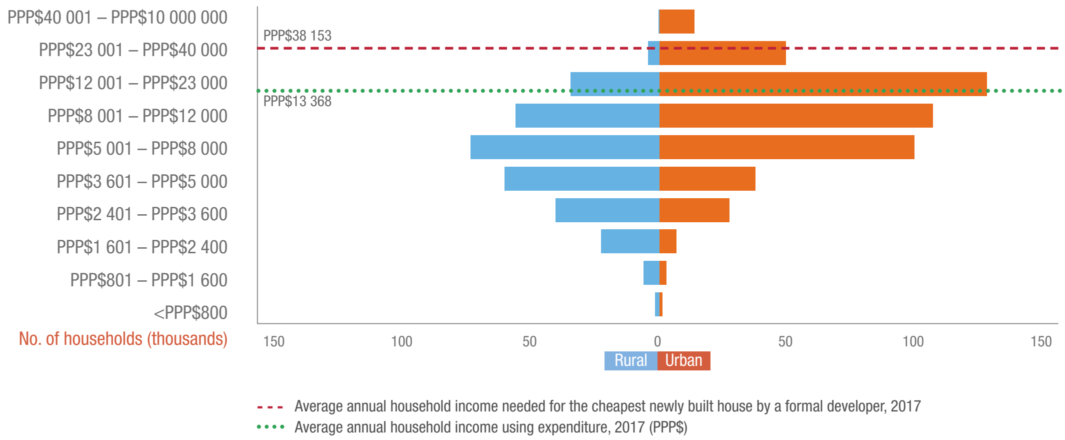
Annual income profile for rural and urban households based on consumption (PPP$)



Population:	4 568 285
Urbanisation rate:	3.20%
Cost of cheapest newly built house:	10 371 229 MRO PPP$100 789
Urban households that could afford this house with finance:	2.89%
1 PPP$:	102.9 Ouguiya

Source https://www.cgidd.com/

information sharing as well as a broad enumeration of households. The programme has been successful in both the Arafat and Hay Saken informal settlements.

The kebbe and the gazra, the two types of informal housing still prevalent in the urban areas, were initially the result of spontaneous settlements; yet they are still standing, and similar construction continues.[14] Government efforts to eliminate the problem of informal settlements have not yielded the desired results. To fight against the proliferation of slums, the Mauritanian government implemented policy evictions, which were a scheme or plan to evict squatters in the early 1980s. However, with the spread of kebbes, politicians still prefer to preserve social peace and consider more consensual solutions. Despite these efforts, high levels of mistrust between government officials and informal sector dwellers remain.

In 2017, external investment into the property market appeared to be materialising and, according to the Middle East Monitor, Qatari-funded housing projects were being developed in the municipality of Jadir Al-Mahkan in the southern state of Tarrza consisting of 100 housing units.[15] The project was suspended due to the accusation of Qatar supporting terrorism. No further information appears to be available about the project.

Property markets

Article 15 of Mauritania's 1991 constitution guarantees private property and the 2012 Investments Code, which was reformed in 2016, further outlining the protection of private property rights. The 1983 Law on land Tenure which was clarified in a decree in 2000 in terms of its concrete application regulates land property in Mauritania. However, it is important to note there are still inefficiencies in the judicial capacity to settle land disputes, given the challenge in accessing and registering land. According to the World Bank, Mauritania has made great strides in addressing these challenges with more transparent systems. This makes purchase or leasing of land less precarious as the ambiguity between state and customary land laws gets restructured.

Private property is one of the most politically critical and perilous aspects of Mauritania where the majority of the population lives in rural areas, as well as on partly-registered on non-registered land in urban areas. Information on property rights continues to be mixed, with cases of state agents attributing plots of land to individuals not related to settlement programmes as well the fact that three agencies are in charge of land designation with overlapping responsibilities: the Ministry of Housing, Urbanisation and Planning (responsible for land management), the Ministry of Finance (responsible for land allocation), and the Agency for Urban Development.[16]

Recently, Mauritania launched a land registry website that provides details on registry services such as property transfer regulations, procedures and fees as well as other pertinent information to the public. Previously, the lack of cadastral information and cumbersome legal procedures hampered the transfer of property titles to Mauritanians. The digital registry was established in 2015 by the Ministry of Economy to provide more transparent land allocation. The Land Registry Agency within the Ministry of Habitat maintains all information regarding property titles, mortgages and other tax related matters. Due diligence is performed prior to the final title transfer to register a property. Owners require a notarised sale agreement and a title certificate.[17] According to the World Bank's Ease of Doing Business 2018 data, Mauritania is ranked 98 of 190 countries for registering a property. The process requires four procedures, takes 49 days to complete the transfer of property, and costs 4.6 percent of the property value.

The latest available data from the Directorate of Land and State Assets is from 2016, which indicated that there was a total of 27 075 official deeds registered, of which 27 003 were in urban areas and 72 in rural areas. Of the 27 075 deeds, 92 percent were titled to men and eight percent to women. In terms of overall housing, there were 38 574 occupancy permits listed implying that the rental market has about 11 499 units making it 29 percent of the market. It was previously estimated that the city of Nouakchott had more than 500 000 provisional property deeds which were delayed in titling due to previous institutional overlap of jurisdictions.[18] This information remains unchanged with no new information available.

Policy and regulation

The policy and regulation framework in Mauritania has been improving in the housing finance sector, as risk associated with the lack of solid and unequivocal laws has been lowered due to increased transparency of information. Changes continue to be made to improve this, but the pace is not sufficiently swift to address the policy dichotomies. In 2018, Mauritania made starting a business easier by combining multiple registration procedures. To become an owner in Mauritania one must obtain permission to occupy the land by hakems (officials). The public often regards this licence as a property right in itself; however, it has no final legal value. It is issued against the price of land and the cost of demarcation. From this point, the beneficiary has two years to build (according to planning regulations) before claiming the outright ownership. This process is complex and slow. Many incidents of abuses, illegal occupation, land speculation and issuing of fraudulent title by hakems have been reported. In 2018, Mauritania made it easier to enforce contracts with the introduction of court automation, which allows for electronic payments to the courts as well as electronic publications of cases and judgements.

The rapid urbanisation that followed the droughts of the 1970s outstripped the ability of government to manage urban growth and the provision of housing. Some institutional mechanisms aimed at liberalising and promoting the sector together create a loose policy framework. Property-based local revenues are minimal and further hamper the ability of local governments to provide basic infrastructure, particularly to the informal settlements on the urban fringe where most of the urban growth is concentrated. The main policy and regulation frameworks governing the housing sector include:

- Mauritania Constitution of 1991 – Article 15 provides that the right to property is guaranteed; however, the law may limit the scope of the exercise of private property if the requirements of economic and social development require this;
- Land Code, ordinance 83-127 of 5 June 1983 – Article 2 "The State recognises and guarantees private ownership of land which in accordance with Sharia contribute to economic and social development of the country";
- Law No. 99-031 of 20 July 1990, as amended by Law No 2005-08 of 30 January 2005, and its implementing texts – established real estate development in the country; and
- World Bank/International Monetary Fund's Poverty Reduction Strategy Paper III (2011-2015) action plan – Part of this programme aims to improve living conditions by making decent low cost housing available and providing proper amenities and infrastructure. The approach has focused mainly on: 1) adopting and implementing a national housing strategy; 2) significantly increasing the supply of housing; 3) encouraging real estate development, with a view to quickly providing a diverse supply of dwellings at a cost that is accessible to households; 4) continuing and expanding the Twizé low cost housing programme to the major urban areas; and 5) implementing a system for financing housing taking into account the needs of households, as well as those of real estate developers.

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Opportunities

Mauritania continues to be one of the top 10 reformers worldwide in the World Bank's Doing Business ranking. There is opportunity to continue strengthening structural reforms to promote improved property rights and streamline investor protection with support from the World Bank and the African Development Bank. Mauritania has recently experienced growing revenues from the mineral resources sector, which should have a positive impact on the availability of credit to households, and promote investment opportunities in the financing of housing if these revenues can be redirected to investment that assists in diversifying the economy.

Historically, Mauritania has been relatively open to foreign direct investment (FDI). High-level government officials in Mauritania remain diligent about their objectives to improve the business climate in order to attract more FDI, particularly from Western countries. There is no law prohibiting or limiting foreign investment, which can target any sector of the economy. There are no laws or regulations specifically authorising private firms to adopt articles of incorporation or association, which limit or prohibit foreign investment, participation, or control. There are no other practices by private firms to restrict foreign investment.

Furthermore, there are always opportunities for both the public and private sectors to strengthen the development of housing finance and increase its supply. Efforts should continue to be targeted towards establishing refinancing and guarantee mechanisms and creating new products, such as housing savings plans, long-term mortgages and renegotiable mortgage products. The major players in this case would be commercials banks venturing into developing building societies that will support individual housing loans as well as favourable loan terms for construction companies. These would complement those recommended by the World Bank's Country Partnership Strategy for the government to explore the feasibility of establishing: 1) a loans recovery company and/or a mortgaged real property management company; 2) a mortgage refinancing fund; and 3) a mortgage guarantee fund.[19]

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