CPIA Detailed Report

Country: Mauritius

Exercise Year: CPIA Exercise 2023

Currency: Mauritian Rupee (MUR)

City: Port Luis

Income Group: Upper middle income

Lending Category: IBRD

Final CPIA Score: 4.524

(A) Economic Management

Cluster Score: 4.667

01. Fiscal Policy

Criteria Score: 4.5

1. Fiscal Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Public finances have been under pressure in recent years. The structural drivers of the budget deficit include insufficient mobilization of tax revenues combined with investment-inducing incentives and fiscal expansion associated with high development and social needs. Revenues have consistently been outpaced by the elevated expenditures.

The budget deficit reduced to 6.1% of GDP in 2022 from 10.4% in 2021 and 8.2% in 2020 on the back of contained public spending, while tax revenue increased in the wake of the economic recovery and growth resumption. However, the current level of the budget deficit remains well above pre-COVID levels of an average 3.2% of GDP during 2014-2019.

The 2020 budget deficit was due to shortfalls in revenue collection and expansionary fiscal policy against the backdrop of a necessary COVID-19 response plan. Total revenue is estimated to have risen to 35.2% of GDP in 2021 (inclusive of the exceptional contribution from the Bank of Mauritius of 12.6%) from 22.7% in 2020; and an average of 21% during 2014-2019. Although lower than budgeted, tax revenue was partly offset by higher remittances from state-owned enterprises (SOEs). Revenue collection underperformed due to the prolonged closure of borders, which impacted negatively on value?added tax (VAT) and excise duty collections. VAT contributes about 60% of total revenue. Total expenditure amounted to 35.2% of GDP in 2021. Accordingly, the fiscal deficit narrowed to 7% of GDP in 2021 from 11.8% in 2020. In 2022/23, total expenditure made up 28.9% of GDP (recurrent expenditure is estimated to have formed 25.6% of GDP, the bulk), with revenues at 24.6%., The fiscal deficit is expected to further reduce to about 4% of GDP in 2022/2023 fiscal year and about 3.5% in 2023/2024 in line with continued economic recovery.

The Mauritian economy has recovered after its worst-ever recession in 2020, brought about by the COVID-19 pandemic. Real GDP grew by 3.5% in 2021, after contracting sharply by 14.6% in 2020 amid strict lockdown measures imposed at the peak of the COVID-19 pandemic. Pre-pandemic, GDP growth averaged 3.7% during 2010-2019. Real GDP growth reached 8% in 2022 largely from the almost exponential recovery of tourism activity with a contribution to real GDP growth of 5.1% but also of the good performance of the manufacturing industry, in particular the non-sugar processing sector. Mauritius' economic outlook is favorable for 2023 and 2024. The economy is projected to grow, albeit at a slower rate of 5.4% and 4.2% in 2023 and 2024, respectively.

Before the COVID-19 pandemic, the Government embarked on fiscal consolidation through revenue mobilization and expenditure rationalization measures. The measures were suspended during the pandemic but will be revived from the FY2022/2023 including the introduction of social contributions and the solidarity levy and enhancing tax administration, in addition to expenditure measures. The large public deficit accumulated over the years has predominantly been financed through domestic borrowing, and to a lesser extent through external borrowing, contributing to the growing debt. Going forward, a credible fiscal consolidation may also depend on further efforts to reduce public spending by raising the efficiency of social protection through better and more targeted support. Additional opportunities exist around bringing in private financing and enhancing revenue mobilization, including the streamlining VAT exemptions.

Response to reviewer's comment

The data mentioned (on fiscal deficit) is provided in the assessment. Additional data from the shared link is used for the sub-components of the fiscal balance.

References:

https://www.afdb.org/sites/default/files/mauritus-country_strategy_paper_2022-2027.pdf

02. Monetary Policy

Criteria Score: 5.5

2. Monetary Policy

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Monetary policy, although largely accommodative in the past to support economic activity in the midst of external shocks in form of the now dissipating COVID-19 pandemic, has been tightened to contain the inflation pressures brought about by the removal of COVID-19 pandemic lockdown restrictions, and the disrupted global supply chains from Russia's invasion of Ukraine that started in February 2022. Inflation in Mauritius is, to a large extent, impacted by global price developments given the high degree of openness of the economy, its relatively high marginal propensity to import and the pass-through effect from foreign prices to domestic prices. Annual headline inflation, generally subdued over recent years, accelerated to 4% in 2021 from 2.5% in 2020, after averaging 2.2% during 2014-2019. Inflationary pressures rose further in 2022 to average 10.8%, driven by surging imported food and energy prices. Core inflation followed the same ascending trajectory to 8.3% in July 2022 from 4.3% in July 2021, confirming the structural anchoring of inflation in the Mauritian economy. The Bank of Mauritius (BoM) reacted by raising the Key Repo Rate (KRR) in consecutive MPC meetings of March, June September, and December 2022. In the latter, the BoM raised the KRR to 4.5% bringing the cumulative rate hike to 265 basis points. Since then, headline inflation has been on a declining trend for the six consecutive months ending August 2023. Year-on-year inflation eased from 7.9% in August 2022 to 5.9% in August 2023. On a y-o-y basis, core inflation dropped from 5.3% in May 2023 to 3.3% in August 2023. A decomposition of CPI across its main divisions showed that 'Food and non-alcoholic beverages', 'Transport' and 'Housing, water, electricity, gas and other fuel' which have an overall weight of 24.8%, 14.7% and 11.2%, respectively, in the overall CPI, accounted for more than half of headline inflation in August 2023. In June 2023, the BoM kept the Key Rate unchanged at 4.5%. The gradual normalization of monetary policy engineered during 2022 by the BoM is expected to work through the economy and keep core inflation from gaining traction. This policy normalization is also expected to keep inflation expectations well anchored. The Bank projects inflation for

2023 at 7.0%. Disruptions stemming from global price shocks could nonetheless tilt the balance of risks to inflation to the upside, should they materialize.

The Macroeconomic Environment for Monetary Policy

Real GDP grew by 5.5% in in 2023Q1, maintaining the strong performance of 8.9% in 2022. Growth remains broad-based and reflects buoyant sector-wide economic activity, especially for ‘Accommodation and food service activities’ which grew by around 60% and had positive trickle-down effects into other sectors of the economy, including retail trade, real estate, and construction. 803,300 tourists visited Mauritius (many from Europe – France, UK and Germany) from January to August 2023, representing 92% of the 2019 level (pre-COVID), and almost 45% higher compared to the corresponding period of 2022.There are strong signs of full economic recovery, with positive growths registered in the ‘Financial and insurance activities’, ‘Transportation’ and ‘Wholesale and retail trade’ sectors which are now close to their pre-pandemic levels. On the aggregate demand side, growth was supported by encouraging domestic and external demand results in 2023Q1. Household spending remained the largest contributor to GDP growth in 2023Q1 with positive spillover effects on various economic activities due to its multiplier effects. Investment, measured by the Gross Fixed Capital Formation, registered solid growth performance at 8.3%, from the ongoing implementation of large-scale infrastructural projects, namely the construction of smart cities, road de-congestion plans and property development, amongst others. The recovery in global demand provided impetus to exports of goods and services which grew at 15.7% in 2023Q1. The robustness of consumption generated higher imports of goods and services. The latter grew by 8.9% in the same period. These positive cyclical developments helped improve labor market conditions in 2023Q1.Unemployment dropped to 6.7% in 2023Q1, from 7.7% in 2022, with youth unemployment rate declining to 20.0%, the lowest it has been since 2010. The improvements in the external sector continued in 2023Q2. The current account deficit narrowed to 6.5% of GDP) from15.7% of GDP in 2022Q2. The robust performance of the tourism sector and elevated global interest rates, respectively, benefited the services and income accounts that, together, mitigated the impact of a widening trade deficit on the current account balance in 2023Q2. This trend looks set to continue until year end. Consequently, the current account deficit is projected to improve to 6.9% of GDP in 2023, from 11.5% of GDP in 2022.

Gross Official International Reserves (GOIR) as at end-August 2023 remained broadly adequate as a buffer against external shocks. Based on the imports of goods and services for calendar year 2022, GOIR represented 10.5 months of imports as at end-August 2023, an improvement compared to 10.0 months of imports as at end-May 2023. The level of safety provided by the country's GOIR, continues to remain higher than the safety threshold prescribed by regional trading blocs. The risk profile of the country's gross external debt is assessed to remain moderate by metrics capturing external vulnerabilities. The rupee exchange rate appreciated against the US dollar, euro, and Pound Sterling since June 2023. The evolution of the rupee was congruent to both international exchange rate movements as well as domestic demand and supply conditions. It is expected that the exchange rate of the rupee will be reflective of market forces and will evolve in line with domestic macroeconomic fundamentals over the medium-term.

GDP Growth for 2023 is projected in the range of 6.5 - 7.5% but is contingent on global developments as Mauritius is a small open economy.

Despite the hikes in the Bank's policy rate to mitigate inflationary pressures in 2022 which have raised debt servicing costs for both the household and the corporate sectors, credit flows to household and corporations have been positive in 2023Q2. Bank credit to the private sector expanded by 7.5% in July 2023, on an annual basis, relative to 9.3% in April 2023. The credit portfolio of the banking sector continues to remain sound. NPLs represented 4.2% of gross loans as at end-June 2023, marginally up from 4.1% as at end-March 2023

The new Monetary Policy Framework (MPF)

The Bank of Mauritius introduced the MPF effective 16 January 2023. The MPF aims to enhance the monetary policy transmission mechanism and strengthen the effectiveness of monetary policy. It is a flexible inflation targeting regime whereby headline inflation has, with the concurrence of the Minister of Finance, been set within a range of 2-5% with the aim of achieving the mid-point of 3.5% over the medium term. With the new framework, the existing Key Repo Rate is being replaced by the Key Rate as the policy rate is to be determined by the MPC. The Key Rate was introduced at the same rate as the KRR (4.5%). The implementation process of the new framework entails changes at the operational level, notably a review of monetary policy instruments to be used for effective management of liquidity conditions.

Under the MPF, the BoM undertakes open market operations to steer the overnight interbank rate, which is the new Operating Target, close to the KRR. Since January 2023, the open market operations instruments used have been the Bom weekly issuance of 7-Day BoM Bills and the BoM making available to Banks the Overnight Deposit Facility. The BoM also undertook longer term operations (instruments of maturities of up to three years) as part of the monetary policy toolkit to remove the structural excess liquidity from the banking system. BoM also mopped up liquidity through foreign exchange market interventions.

References

https://www.afdb.org/sites/default/files/mauritius-country_strategy_paper_2022-2027.pdf

https://www.bom.mu/monetary-policy/monetary-policy-framework/new-monetary-policy-framework-introduced-bank-mauritius

https://www.bom.mu/monetary-policy/minutes-of-the-monetary-policy-committee

Monetary policy remained largely accommodative to support economic activity. Annual inflation, generally subdued over recent years, accelerated to 4% in 2021 from 2.5% in 2020, after averaging 2.2% during 2014-2019. Inflationary pressures rose further in 2022 to average 10.8%, driven by surging imported food and energy prices because of Russia’s invasion of Ukraine. To contain the inflationary pressure against the backdrop of economic uncertainty caused by the outbreak of the war in Ukraine on 24 February 2022 and its impact on the price of commodities the Bank of Mauritius (BoM) reacted by raising the Key Repo Rate (KRR) by 115 bps, starting with the first hike of 15 bps in March 2022 followed by two hikes of 25 bps and 75 bps respectively in June and September 2022 bringing the KRR to 3%. Core inflation followed the same ascending trajectory to 8.3% in July 2022 from 4.3% in July 2021. The authorities increasingly faced with a delicate balancing act of monetary tightening to curb inflation while supporting growth.References https://www.afdb.org/sites/default/files/mauritius-country_strategy_paper_2022-2027.pdf

03. Debt Policy

Criteria Score: 4

3. Debt Policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The substantial fiscal stimulus and revenue losses coupled with GDP contraction amid the COVID-19 pandemic contributed to a public debt surge in Mauritius, prompting the authorities to repeal the debt ceiling. Unprecedented high borrowing requirements in FY2019/20, partly driven by a sharp increase in pensions, pushed the public debt to around 85% of GDP, from around 64% of GDP just two years earlier. The substantial fiscal stimulus to mitigate the health and economic impact of the pandemic, revenue losses, and the contraction in GDP further pushed debt to about 100% of GDP in FY2020/21. With debt well above the then medium-term ceiling of 60% of GDP, the Government repealed the ceiling in 2020 by activating an escape clause. The public sector debt-to-GDP ratio (gross) surged to 86.1% in June 2022 owing to increased COVID-related public spending and the contraction in GDP. As at end-June 2023, it had declined to 79%. External debt, mostly held by multilateral creditors on concessional terms, stood at 35.6% end June 2022 and is estimated to have reduced to 32.8% at end-June 2023, thanks to supportive strong economic recovery and improving fiscal position. The most recent Debt Sustainability Analysis for Mauritius conducted by the IMF in July 2022 suggested that although the country's public debt remains sustainable, public debt indicators are susceptible to a range of shocks, particularly the contingent liability shocks affecting the financial sector.

The overarching objective of the Debt Management Strategy 2023/24 for Mauritius is to minimize the cost of the public sector debt portfolio while maintain risks related to debt at a reasonable level. The strategy therefore has a host of benchmarks or targets on Government, Public Sector, and National (external) debt. These range from public sector debt as a proportion of GDP (65% limit; currently 79%); cost indicators (interest payments/GDP, a 3.5% limit; currently at 2.4%), to composition (foreign and domestic mix, 27%/73%; currently 23.7%/76.3%).

The Government plans to further enhancing public sector debt sustainability through the improvement in the indicators of liquidity and solvency. In particular, it will be attained through the lengthening of the average time to maturity and average time to re-fixing of Government debt while maintaining costs broadly at their current levels. The strategy will be operationalized a a strong and regular coordination between the Ministry of Finance and Economic Development, and the central bank; Bank of Mauritius. The BoM's annual issuance calendar is fully linked with the financing plan (domestic and foreign borrowing) in the the Fiscal Budget. The BoM in close coordination with the Finance Ministry will closely monitor the cost and risk indicators of the borrowing.

References

https://www.elibrary.imf.org/view/journals/002/2022/224/article-A001-en.xml#:~:text=To%20reduce%20the%20currently%20high,of%203%20percent%20of%20GDP.

https://mof.govmu.org/Pages/Debt-Data.aspx

Response to Reviewer comments

The section has been rewritten to emphasise the Debt Management Strategy of 2023/24.

Public debt has risen considerably in recent years, although it remains sustainable over the mediumterm. The public debt-to-GDP ratio averaged about 61.8% between 2014 and 2019, then surged to 91.8% in June 2021 from 81.1% in June 2020, owing to increased COVID-related public spending and the contraction in GDP. External debt, mostly held by multilateral creditors on concessional terms, rose from 13.7% of GDP in 2020 to 24.3% in 2021. The remaining 67.6% of the public debt was held domestically in line with Mauritius' Debt Management Strategy, which puts emphasis on reducing foreign exchange rate risks. Public debt peaked in 2021, with the public debt-to-GDP ratio starting a downward trend to 85.5% in 2022, thanks to projected strong economic recovery and fiscal position.Measures being pursued to reduce debt largely focus on fiscal reforms to raise revenue and contain spending. The Government also plans to dispose of some non-strategic assets to allow for early repayment of debt and reduce debt to less than 80% of GDP by 2025 and to 70% by 2030. These debt targets may be challenging to meet in the prevailing uncertain global economic environment -of increased energy and food prices, slow consumption, rising inflation and resultant reduced tourism from Europe - without a significant, fiscal adjustment in the medium term.The most recent Debt Sustainability Analysis for Mauritius conducted by the IMF in July 2022 suggested that although the country's public debt remains sustainable, public debt indicators are susceptible to a range of shocks, particularly the contingent liability shocks affecting the financial sector. In July 2022, for a second time since March 2021, Moody's announced a downgrade of Mauritius' sovereign long-term foreign and local currency issuer to Baa3 from Baa2 and changed the outlook to stable from negative.Referenceshttps://www.afdb.org/sites/default/files/mauritus-country_strategy_paper_2022-2027.pdf

(B) Structural Policy

Cluster Score: 5.055

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 5

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Due to its small domestic market, fostering integration with mainland Africa is a top priority for Mauritius as an enabler underpinning its Vision 2030. Regional integration also underpins the Mauritius-Africa Strategy, which aims at positioning the country as a gateway for investments into the continent, attracting manufacturers to operate and export from the country to Africa and setting up Special Economic Zones (SEZs) in several African countries. Mauritius is a member of the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Indian Ocean Commission (IOC), which provide opportunities for access to more significant markets and economies of scale required for the country to be able to attract investment in various sectors. The country also enjoys preferential access to several markets such as China (Free Trade Area (FTA)), India (Comprehensive Economic Cooperation and Partnership Agreement (CECPA)), and the UK (UK- Eastern and Southern African (ESA) Economic Partnership Agreement), the EU (through the Interim EU-ESA Economic Partnership Agreement), Turkey (FTA) and Pakistan (PTA), which are crucial for an export-oriented economy like Mauritius. However, despite being a member of COMESA and SADC, trade within these blocs remains limited, with South Africa and Kenya being Mauritius' biggest trading partners in the region in 2020, while the EU remains the country's major trading partner, followed by India and China. Limited intra-Africa trade is due to limited shipping lines and subsequent high transport costs making it cheaper to ship to Europe and Asia. In light of the multi-dimensional challenges inhibiting the growth of intra-regional trade, Mauritius has set up a National Co-ordination Committee for trade and investment promotion with the aim to identify and mitigate challenges, and to tap on the opportunities under the regional and bilateral trade agreements signed by the country.

In terms of external merchandise trade, Mauritius' balance of visible trade showed a deficit of Rs 17,314 million in August 2023, higher by 17.2% compared to the previous month and by 4.8% compared to the corresponding month of 2022. In the same month, total imports increased by 14.4% compared to July 2023 and by 6.4% compared to August 2022. Likewise, total exports increased by 9.9% compared to July 2023 and by 9.4% compared to August 2022. In terms of composition of trade, total imports in August 2023 comprised Machinery and transport equipment (23.3%), followed by Food and live animals (22.1%), and Mineral fuels, lubricants, and related materials (20.9%). In August 2022, these products maintained their top positions, but with Food and live animals making up the bulk (21.9%), followed by Mineral fuels, lubricants, and related materials (18.7%), and then Machinery and transport equipment (17.7%). Food and live animals dominated the export basket in the same month, making up 36.1% of the total followed by miscellaneous manufactured articles (25.0%) and Manufactured goods classified chiefly by material (10.7%). The same products formed the top three exports in August 2022 with a 25.7%, 28.2% and 13.9%

distribution. In terms of direction of trade, United States (10.5%), South Africa (10.2%), United Kingdom (9.6%), France (8.7%), Madagascar (8.0%) and Spain (7.9%) were Mauritius's major export destinations while its imports were mainly from China (14.4%), Oman (12.2%), India (7.2%), U.A.E. (6.7%), South Africa (6.6%) and France (4.8%), in August 2023. In August 2022, South Africa (15.3%), Madagascar (12.2%), United States (8.5%), United Kingdom (7.8%), France (7.6%) and Spain (5.7%) were the major export destinations while the imports were mainly from China (15.5%), U.A.E. (10.1%), India (9.0%), Oman (7.8%), France (5.1%) and South Africa (5.1%).

The AfCFTA presents an important opportunity for diversification of Mauritius' export markets by providing access to new markets in North and West Africa, where trade with those regions is still nascent. Mauritius is a signatory to the AfCFTA, which it ratified in October 2019, and has developed its National Response Strategy to help maximize opportunities arising under the AfCFTA. It has also established SEZs in large markets on the continent such as Côte d'Ivoire, Ghana, Senegal, and Kenya, which should provide huge opportunities for boosting regional value chains and overall industrial development.

References

https://www.afdb.org/sites/default/files/mauritus-country_strategy_paper_2022-2027.pdf

https://statsmauritius.govmu.org/Pages/Statistics/Monthly/Monthly-Trade.aspx

4.b. Trade restrictiveness

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Mauritius was ranked 69th out of 133 countries in the 2022 Economic Complexity Index. Although the Mauritian goods export structure does not overly rely on the export of raw materials as many other African countries do, it is still highly depended on light manufacturing and agro-based food production, while higher value-added sectors are quite limited. While the share of the garment and textile industry has been falling, it still accounts for about 37% of Mauritius' total exports of goods.Like most island nations, Mauritius faces significant geographical barriers to trade including high shipping costs, which is the main obstacle to effective participation in regional and international value chains and cost-effective sourcing of raw materials for local businesses. Thus, its ability to leverage growing regional market opportunities hinges on addressing this constraintTags: , and the obstacles to private sector development discussed above. Establishing athe proposed regional shipping line, would reduce reliance on the few existing shipping lines serving the region, opening access to major markets in West Africa and, most importantly, minimize freight and transport costs. Referenceshttps://www.afdb.org/sites/default/files/mauritius-country_strategy_paper_2022-2027.pdf

Mauritius has built its success on a free market economy. The 2023 Index of Economic Freedom, which measures the impact of liberty and free markets around the globe, scored Mauritius 70.6, making its economy the 26th freest out of 183 global countries, and classified in the "mostly free" category. Its score is 0.3 point lower than in 2022, but a more significant 7.0 point lower than in 2021. The country is also ranked 1st out of 47 countries in the Sub-Saharan African region. Mauritius's trade-weighted average tariff rate is 1.1%. It has several nontariff measures – generally defined as policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both – in force related mainly to the Standards of Trade. The Mauritius Standards Bureau (MSB) is the national body that develops standards for the manufacturing and service sectors. MSB is also responsible for providing conformity assessment services, including metrology, testing, and certification of management systems and products. The development of standards is carried out by consensus of all stakeholders grouped under various technical committees. Compliance with standards referred to in legislation is mandatory. For example, there are minimum standards laid out for Basmati rice of the following types: husked rice, brown (cargo rice), brown parboiled rice, milled white rice (raw) and milled parboiled rice suitable for human consumption, directly or after processing, and which is the subject of international trade. An efficient and transparent investment framework supports foreign investment inflows. The open investment regime is underpinned by a nondiscriminatory legal system. Private banks dominate the financial sector.

Mauritius has a relatively streamlined trade regime, and over the past several years the government has taken steps to liberalize trade by lowering import tariffs over a wide range of products. Import tariffs are levied as specific tariffs and ad valorem tariffs. The ad valorem tariff rates currently range from zero to 30%, while the number of tariff bands currently stands at five (zero, 5%, 10%, 15%, and 30%). Customs duties are normally imposed on the CIF (Cost, Insurance, and Freight) value of imported goods. Vehicles, petroleum, alcoholic drinks, and cigarettes are subject to excise duties. With some exceptions, goods imported into Mauritius are also subject to a 15% Value Added Tax (VAT). The Mauritius Customs Department may authorize the temporary entry of goods for six months. The importer furnishes adequate security to cover the duty and other taxes (if applicable), which would otherwise be payable. In addition, the Mauritius trade policy does not include non-tariff barriers (NTBs) – that is, restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly. NTBs also include unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade. The Mauritius Chamber of Commerce and Industry actively encourages the reporting of NTBs on its website by directing operators to directly report any encountered specifically in the AFCFTA region through the Continental online Mechanism for Non-Tariff Trade Barriers, which also allows for monitoring of the resolution of the complaint filed.

References

https://www.afdb.org/sites/default/files/mauritius-country_strategy_paper_2022-2027.pdf

https://www.tradebarriers.org/measures

https://www.mcci.org/en/global-marketplace/trade-agreements/african-continental-free-trade-area-afcfta/

https://www.trade.gov/country-commercial-guides/mauritius-import-tariffs

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Customs Administration

Customs in Mauritius is administered by the Customs department of the Mauritius Revenue Authority (MRA Customs). In line with MRA strategic objectives, the MRA Customs collects revenue for the government, ensures national security, protects the society and prevention of illicit financial flows while facilitating the legitimate movement of people and goods across the border. All efforts are geared towards managing the Customs functions effectively and efficiently with the optimum use of risk management, automation and post control audit for the assessment and collection of Customs duties, excise duties, VAT and other taxes levied under customs laws, among other functions. For an effective and efficient border control, MRA Customs works in close collaboration with the other government agencies namely, the Ministry of Agro-Industry and Food Security, the Ministry of Health and Quality of Life, the Government Pharmacist, the Veterinary Services, and the Mauritius Police Force.

Corruption

The Corruption Perceptions Index (CPI) is the most widely used global corruption ranking in the world. It measures how corrupt each country's public sector is perceived to be, according to experts and businesspeople. In the 2022 CPI edition, Mauritius was ranked 57/100 countries with a score of 50%; 4-point decline from 2021, as corruption – which is intertwined with the paths of democracy, security, and development – in Sub-Saharan Africa was compounded by multiple global and domestic crises in 2022. The pandemic affected the livelihoods of people, deepened inequalities, and increased graft risks across the region, including in Mauritius. The 2022 Ibrahim Index of African Governance (IIAG) by the Mo Ibrahim Foundation scored Mauritius 74.9%; its lowest ever score compared to its performance in the past ten years,) for overall governance, with an increasingly deteriorating trend (especially in the Foundations of Economic Opportunity grouping - Mauritius' concerning trend has largely been driven by deterioration in the Public Administration sub-category, due to declines in the effectiveness of administration and the capacity of the statistical system. Declines in Business & Labor Environment driven by deteriorating labor relations have also played a role). That noted, Mauritius remains the highest scorer in Africa, and was ranked by the Index as the 1st out of the 54 African Countries in 2021.

Trade Facilitation Performance

The 2023 Logistic Performance Index (LPI) of the World Bank ranked Mauritius 97th out of 139 countries with an overall score of 2.5 (1=low; 5=high), down from 78/160 countries and 2.83 score in 2018. The performance of Mauritius is, therefore, below to the world average. However, since 2007 Mauritius has drastically improved its performance in the LPI, moving from the 132nd rank in 2007 to the 78th rank in 2018 despite a severe drop to the 115th rank in 2014 resulting from severe deterioration of Mauritius's customs facilitation performance.

Comparing its 2023 performance to that in 2018, Mauritius' ranking has Improved in some logistics performance sub-indicators, and deteriorated in others: customs facilitation (90th in 2023; 59th in 2018), infrastructure (80th in 2023; 59th in 2018), international shipments (138th in 2023; 151st in 2018), logistics competence and quality (103rd in 2023; 59th in 2018)); Tracking & Tracing (72nd in 2023; 63rd in 2018)), and timeliness (76th in 2023; 99th in 2018)).

Specifically, on AfCFTA: African Continental Free Trade Area (AFCFTA) Agreement was signed in March 2018 and entered into force on 01st January 2021. The AFCFTA comprises of three protocols which pertain to Trade in Goods, Trade in Services, and Rules and Procedures on the Settlement of Disputes. Trade under the AfCFTA starts on 01 January 2021 among countries having submitted their market access offers and ratified the Agreement. With regard to trade in goods, upon entry into force of the Agreement, Mauritius would benefit from preferential access on those products whereby the rule of origin exists. In principle, countries, and members of Customs Unions with which Mauritius can trade on preferential terms under the AfCFTA as from 1st January 2021 are Cabo Verde, Cameroon, Chad, Egypt, Equatorial Guinea, Eswatini, Gabon, Gambia, Ghana, Ivory Coast, Kenya, Mali, Mauritania, Namibia, Niger, Nigeria, Republic of Congo, Rwanda, Sao Tome and Principe, Sierra Leone, South Africa, Togo and Uganda. The AFCFTA Certificate of Origin (CoO) is issued and approved by MRA Customs. The online application for the AFCFTA CoO can be made via the TradeNet System. All imports entering Mauritius from an AFCFTA Member State with a valid CoO are completely exempt from customs duties.

References

https://lpi.worldbank.org/international/global

https://www.mra.mu/index.php/customs1/more-topics/customs

https://mo.ibrahim.foundation/sites/default/files/2023-01/2022-index-report.pdf

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The 2023 Logistic Performance Index (LPI) of the World Bank ranked Mauritius 97th out of 139 countries with an overall score of 2.5 (1=low; 5=high), down from 78/160 countries and 2.83 score in 2018. The performance of Mauritius is, therefore, below to the world average. However, since 2007 Mauritius has drastically improved its performance in the LPI, moving from the 132nd rank in 2007 to the 78th rank in

2018 despite a severe drop to the 115th rank in 2014 resulting from severe deterioration of Mauritius's customs facilitation performance.Comparing its 2023 performance to that in 2018, Mauritius' ranking has Improved in some logistics performance sub-indicators, and deteriorated in others: customs facilitation (90th in 2023; 59th in 2018), infrastructure (80th in 2023; 59th in 2018), international shipments (138th in 2023; 151st in 2018), logistics competence and quality (103rd in 2023; 59th in 2018)); Tracking & tracing (72nd in 2023; 63rd in 2018)), and timeliness (76th in 2023; 99th in 2018)). References https://lpi.worldbank.org/international/global

05. Financial Sector Development

Criteria Score: 5.333

5.a. Financial stability

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

At the end of 2022, 19 banks were operating in Mauritius, of which six are domestic-owned, ten are foreign-owned subsidiaries, and three are branches of foreign banks. The sector's total assets represented around 374.0 percent of GDP at the end of June 2022 compared to 420.7 percent as at end-December 2021. The banking landscape remains relatively concentrated, with the two largest banks – domestically owned - accounting for over 46.1 percent of market shares for total deposits, 52.7 percent of advances, and 47.0 percent of assets . GBC deposits – which are, by nature, somewhat more volatile - accounted for nearly 33 percent of total liabilities. The Capital Adequacy Ratio (CAR) of banks stood at 19.3 percent as of June 2022 representing an increase from 18.2 percent at the end of March 2020, but a drop by 0.5 percentage points from end of December 2021. Common Equity Tier 1 (CET1) ratio, which is indicative of the strength of banks' core capital structure, stood at 17.6 percent as of June 2022.. The Non-Performing Loans (NPL) ratio stood at 2.4 percent for households – down from 2.8 percent at the end of December 2021 - and 5.8 percent for corporates end of June 2022 against 6.4 percent at the end of December 2021. As measured by post-tax return on equity and pre-tax return on assets, profitability stood at 11.2 percent and 1.2 percent, respectively, as of June 2022. The banking sector remained liquid as of end-March 2020, with liquidity indicators, namely liquid assets to total assets and liquid assets to short-term liabilities standing at 47.8 percent and 53.6 percent, respectively. The Liquidity Coverage Ratio (LCR) for the banking sector stood at 235.8 percent at end-June 2022, compared to 237.2 percent at end-December 2021 . Taken together, the LCR of banks in both MUR and other significant currencies stayed above the regulatory requirements. Different prudential ratios were satisfactorily met, such as the Foreign Exposure Limit as a percentage of Tier 1 Capital and Credit Concentration Limits.

References:

Bank of Mauritius, 2022, Financial Stability Report 2022.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Mauritius is a highly financially integrated economy, with the financial services sector being a vital pillar of the economy. Mauritius has one of the most developed banking markets in Sub-Saharan Africa, with the highest banking services penetration and a wide range of services. Besides traditional banking facilities, Mauritian banks offer specialized services such as fund administration, custodial services, trusteeship, structured lending, structured trade finance, international portfolio management, investment banking, private client activities, treasury, and specialized finance.

The performance of the Global Business sector (GB) improved after Mauritius was removed from the FATF, UK and EU list of non-conforming countries in the last quarter of 2021 and beginning of 2022 respectively. The offshore industry aggregated assets are valued at USD 687 billion. The vast majority of the assets held by the GBCs are in the form of equity investment in non-resident enterprises. Deposits from the GB sector (offshore) accounted for over 37 percent of total bank deposits on average over the past ten years . They account for 52 percent of Foreign Exchange deposits.

Regarding the mobilization of resources, the private saving rate in Mauritius has been declining for years, contributing to a lower national saving rate and a sizable current account deficit. Personal savings have fallen from a peak of 32 percent of GDP in the early 2000s to about 18 percent of GDP over the last decade. This rate is lower than the average private saving rate for other emerging market and developing countries (EMDEs) and the average for Mauritius' middle-income peers in the region. National savings fell sharply during the global financial crisis in 2008-09 but recovered somewhat in 2011 and have averaged about 17 percent of GDP since then. However, this ratio is one of the lowest among middle-income sub-Saharan African countries. According to IMF, given the economic and demographic characteristics, the private saving rate is about 3 percent of GDP lower than potential in Mauritius. However, this evolution is primarily the result of a combination of factors, mainly demographic and not necessarily a result of the financial or banking sector's inefficiency in reaching saving clients. Mauritius has a banking rate of close to 90% in 2021. The number of payment cards in Mauritius (1.8 million) is greater than the size of the population (1.3 million). Financial authorities have been authorized to accelerate the digitalization of financial services, including through mobile banking. Microfinance is recent but getting momentum progressively. The commercial banking sector develops it through specialized subsidiaries (Mauritius Commercial Bank (MCB), State Bank of Mauritius (SBM microfinance). These financing vehicles provide investment and working capital loans ranging from 15.000 to 800.000 MRU.

References IMF, April 2019, Mauritius – Selected issues - https://www.elibrary.imf.org/view/journals/002/2019/109/article-A003-en.xml

5.c. Access to financial services

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

According to the 2021 report from the Global Financial Inclusion (GFI) index of the World Bank, 20 percent of Mauritians 15 years of age and older own a credit card and 81 percent own a debit card, but only 12 percent and 55 percent respectively make use of these cards. While owning and using debit cards is up compared to 2017 from 74 percent and 45 percent respectively, it decreased by four percentage points for credit cards from 24 per cent and 16 percent respectively. 80 percent 68.5 percent of Mauritians were making or receiving digital payments in 2021 compared to 69 per cent in 2017 . It can be also noted that the Number of ATMs per 100,000 adults was equal to 42.52 in 2021 which represent a slight increase from 42,06 a year earlier and above the world average of 39.49 . The percentage of adults above the age of 15 years who borrowed from a financial institution in Mauritius was 20 percent, which was higher than the sub-Saharan average of 14.0 percent. 13 percent of Mauritians had an outstanding housing loan in 2017, and 90 percent of adults could obtain access to financial institution accounts. With a ratio of 15 branches per 100.000 adults in 2021, Mauritius was well above the SSA average of 4.1 and the world average of 11.2. However, it marks a steady decline from 22.5 in 2014. This might be the result of the population increase on the island and the reshuffling of the banking sector in Mauritius following the increased digitalization of financial services and the generalization of e-banking practices.

References

World Bank Group, The Global Findex Database 2021.

https://data.worldbank.org/indicator/FB.ATM.TOTL.P5

https://data.worldbank.org/indicator/FB.CBK.BRCH.P5?view=chart&locations=MU

06. Business Regulatory Environment

Criteria Score: 4.833

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

According to several global surveys, Mauritius continues to be among the most accessible and business-friendly countries in Africa. Market competition has a solid institutional framework in Mauritius. There are state-guaranteed rules for market competition with equal opportunities for all market participants. The 2007 Competition Act protects competition in Mauritius. It regulates the prohibition of restrictive collusive and non-collusive agreements, the abuse of dominance, and the merger review. The government established the Competition Commission of Mauritius in 2009 to promote competition in the interest of Mauritian consumers, businesses, and the economy. The commission is linked to the prime minister's office yet is independent of the government in its decision-making, performed by five commissioners. While the commission's work has gained some momentum, a few oligarchic families dominate the Mauritian economy. This is particularly true for the agricultural sector, as well as the trade and telecommunications sectors. Moreover, there are instances where mergers within established parameters have resulted in quasi-monopolistic control of the market (BTI, 2022). Mauritius maintained its score of seven out of ten in the BTI 2022 from the BTI 2020. Despite its unfavorable geographic location in the middle of the Indian Ocean, far away from other markets, the country has been highly successful over the past few decades in attracting investors and foreign capital because of a highly business-friendly environment. Mauritius took advantage of a long history of political stability, a good governance record, and an open and flexible regulatory system. As a result, it overtook South Africa to become the continent's most competitive economy.

References:

Bertelsmann Stiftung’s Transformation Index (BTI) 2022

https://bti-project.org/en/reports/country-dashboard/MUS

Response to reviewer comments

The ease of doing business improvements by Mauritius from the now discontinued/suspended WB DB 2020 index would have already fed into the 2021 score. There is therefore no additional information to warrant the upward adjustment. The score has therefore been maintained.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Mauritius has a strong track record of reform implementation to improve its business environment. In 2020, Dealing with Construction Permits: Mauritius streamlined the process of dealing with construction permits by simplifying the process of plan approvals from utilities and reducing the time to apply for wastewater connection; Registering Property: Mauritius made property registration faster by making it easier to check for encumbrances. Mauritius also improved the quality of its land administration system by publishing official service standards and court statistics on land disputes for the previous calendar year. Enforcing Contracts: Mauritius made enforcing contracts easier by publishing performance measurement reports for the commercial division of the Supreme Court. Resolving Insolvency: Mauritius made resolving insolvency easier by improving the continuation of the debtor’s business during insolvency proceedings. Other reforms that have supported private sector development include those that expedited trade fee payments, streamlined business licenses, and trade facilitation, among others.

Announced in the Mauritius National Budget 2023-2024, the Development Bank of Mauritius is to extend an SME interest-free loan scheme and the COVID-19 Special Support Scheme until June 2024, and also write off outstanding loans of more than 20 years and loans to deceased micro-entrepreneurs. This measure simplifies the way of doing business and supports local entrepreneurs in Mauritius by facilitating the funding and support of SMEs, while promoting inclusivity. Other measures in the budget included: the streamlining of 38 existing licences for registration of different activities in the tourism sector; adoption of e-signatures with the ICTA allowed to recognise Certifications including DocuSign and Adobe Sign.

The Companies Act 2001 continues to provide a modern vehicle for domestic and international investors to invest in and from Mauritius. The updated Business Registration Act 2002 continues to provide for the registration of persons carrying on business in Mauritius and their business names, the allocation of a single business registration number, and the issue of a business registration card. The two laws are complimented by the Business-Facilitation Act 2017, which aims to eliminate regulatory and administrative bottlenecks to investment. The law addresses seven key areas: Starting a Business, Registering Property, Paying Taxes, Resolving Insolvency, Construction Permits, Exit Procedures, and Cross Border Trade. Also, it promotes the use of information technology in various areas, such as the issuance of e-certificates of incorporation, which allows businesses to start their operations expeditiously. Other improvements relate to the process for registering property and initiatives undertaken to enhance transparency. Other important legislation regulating the activity of businesses in Mauritius are Code du Commerce, Code civil Mauricien, the Local Government Act 2011, which stipulates legal and administrative obligations businesses setting up in municipalities have to abide by, and finally, the Small Enterprises and Handicraft Development Authority Act 2005. In addition, a new Code of Corporate Governance for Mauritius was introduced on 13 February 2017. The code comprises a set of principles and guidance aimed at improving and guiding organizations' governance practices within Mauritius. The Corporate Governance Code applies to Public Interest Entities as defined by the Financial Reporting Act 2004 and Public Sector organizations, including state-owned enterprises, statutory corporations, and parastatal bodies. Other companies are also encouraged to give due consideration to applying this code insofar as the principles are applicable.

References

https://budgetmof.govmu.org/

https://www.mcci.org/media/35748/the-business-registration-act-2002-updated.pdf

https://www.mcci.org/media/35749/the-companies-act-2001.pdf

http://bizweek.mu/en/info/ease-doing-business-2008-2020-measures-which-helped-climbed-ladder

December 2020 Guidelines for the payment of Trade Fees

https://companies.govmu.org/Documents/Guidelines/Guidelines%20for%20the%20payment%20of%20trade%20fees.pdf

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The main piece of legislation governing employment law in Mauritius is the Workers' Rights Act 2019, and it is amended annually. It provides a modern and comprehensive legislative framework for the protection of workers and matters related to that. It covers such issues as - Measures Against Discrimination in Employment and Occupation, Minimum Age for Employment, Work Agreements, and General Conditions of Employment. Part XII contains details specific to Entitlements of Workers in the Sugar Industry. The Act also provides for payment of additional remuneration to employees of the private sector to compensate for the rise in the cost of living/inflation. The National minimum wage payable to a full-time employee for the calendar year ending 31 December 2023 for an employee of a Non-Export Enterprise is MUR 11,575 and MUR 10,875 for an employee of an Export Enterprise. Workers also have access to additional remuneration as per the Additional Remuneration and Other Allowances Act – MUR 2,125 rupees for export workers and MUR 1,475 rupees for non-export workers to bring the total monthly remuneration to MUR 13,000 from July to December 2023.

The Workers' Rights Act 2019 provides for employees to be consulted through trade union representatives. Tripartite consultations are through the regulation of Wages and Conditions of Employment (Amendment) Act 1971, which also contains penalties for employers failing to comply with wages regulation orders. There are also various pieces of legislation regulating conditions of employment in multiple sectors, including catering and tourism industries, factory employees, the Sugar Industry (Agricultural and non-Agricultural workers), Export Enterprises, Banking, and Nursing, among others.

According to the Non-Citizen Property Restriction Act regarding access to land, non-citizens cannot hold, acquire or purchase property in Mauritius. Nevertheless, the issue of state land being granted to cronies was the source of an important scandal with the past government. Attribution of such land was mainly made to people with a close affinity to the previous government (principally the then prime minister) but who had no capital for developing such land. Some of them conveniently used their title deeds to attract investors, who then paid a lot to acquire the land for development purposes. Regarding property registration, the process is relatively straightforward. In 2011, the Registrar General Department embarked on the Mauritius eRegistry Project, a visionary system to transform the department into an e-service body. This project provided the Registrar General and its stakeholders (including the general public) with an electronic dashboard to carry out registry searches, submit documents for registration, pay the registration fees online, and receive their registered documents in electronic form. Documents are now written on a quasi-real-time basis. Apart from data accuracy, the system allows for greater transparency since any stakeholder or member of the public can access land records, on payment of a nominal search fee. These developments have helped Mauritius to improve on Global rankings on competitiveness and investment.

References Government Notice No. 6 of 2023, The National Wage Consultative Council Act. Mauritius Revenue Authority - https://www.mra.mu/index.php/eservices1/individual/special-allowance-employees

(C) Policies for Social Inclusion/Equity

Cluster Score: 4.187

07. Gender Equality

Criteria Score: 3.5

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

With an overall score of 0,665, Mauritius' ranking in the Global Gender Index (GGI) of the World Economic Forum (WEF) has deteriorated in 2020 compared with 2017 moving from 113 to 115 out of 153 countries. However, this trend was reversed in the following years. Mauritius improved her ranking by seven places in 2023 compared to 2022 and moved to Rank 98 while the score improved by 0.011 to 0.689. Overall, Mauritius is ranked 20th in Sub-Saharan Africa. Mauritius scores particularly well in two out of four indicators that form the GGI: Educational Attainment (score: 0,993; rank: 71) and Health and Survival (Score: 0.98; rank: 1). Concerning the first indicator, there remains total gender equality regarding access to primary, secondary, and tertiary education (average score: 1; rank 1) . Regarding the second indicator, women in Mauritius benefit from a higher average life expectancy (68.2 years for women vs. 63.6 years for men), an essential mark of social progress owing to better access to health and social protection.

Response to Reviewer's comment

Based on the GGI there is gender parity in education. This would even justify a score of 5 according to the score guidelines. The higher life expectancy for women is also indicative of the access to health services for women. Hence a score of at least 4 would be justified but not a score of 3.

References

World economic Forum, 2023, Global Gender Gap Report 2023.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Mauritius globally adheres to internationally recognized standards and practices in terms of equal access to resources. Under the Civil Code, women and men in Mauritius have equal rights to own and manage the property (Art. 537, 546, rev. 2011). The property regime ultimately determines the ownership of marital property decided upon marriage, where the default is the joint property regime. Under this regime, property owned before the marriage remains the sole property of the original owner of the spouse. Everything acquired after the wedding is considered jointly held property shared between the spouses (Civil Code, rev. 2011). The jointly owned marital property is managed by each spouse equally (Civil Code, rev. 2011). In Mauritius, women and men have equal access to formal financial resources, including opening a bank account and accessing credit (World Bank, 2016; US Department of State, 2017). In 1999, the Ministry of Gender Equality, Child Development, and Family Welfare established the National Women Entrepreneur Council to expand women's access to credit and increase their capacity to open their businesses.

However, the absence of discrimination against girls and women regarding access to education and health does not trigger their active participation in economic and political life as the Global Gender Gap Index reveals. Mauritius' overall ranking has deteriorated since 2006 regarding the other two GGI sub-indicators: Economic Participation and Opportunity (score: 0,637; rank: 100) and Political Empowerment (score: 0.148; rank: 97), proximity to 0 reflecting an essential lack of gender equality. However, both scores and rankings marked an improvement compared to 2020 when the country was ranked 116 and 124 respectively with scores of 0.592 and 0.09 respectively. Regarding economic participation, women account for only 38% of the labor force compared to 60% men placing Mauritius on Rank 116, its worst rank in the GGI. Women also earn considerably less than men resulting in Mauritius ranking of 113 globally. Although women generally hold fewer managerial, senior, and legislatorial positions (39.4% for women vs. 60.6% for men), Mauritius takes a comfortable 40th place globally. As for political life, only 20% of parliamentarians are women in the current legislature, and existing ministerial positions are primarily occupied by men (86%). Again, both percentages have improved from 12% and 8% respectively in 2020.Mauritius is ranked 96th and 101st globally respectively.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5

Second Draft Score	3.5
Final Score	3.5

Country Notes:

Mauritius signed and ratified the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) and its Optional Protocol in 2008 and other international conventions such as the Beijing Platform for Action. According to the OECD's Social Institutions and Gender Index 2023 dashboard , women hold equal legal status to men in the household, including the right to be recognized as the head of household, the right to decide where to live, and the right to determine one's occupation (Civil Code, rev. 2011). There are also laws to ensure that women, in particular, are protected in the household. These include laws that criminalize the abonnement of a pregnant spouse or one's family for more than two months, the habitual drunkenness or ill conduct of a spouse, and the failure to pay court-ordered alimony. While rape is also a criminal offence and protection of sexual harassment includes the workplace, the legal definition of rape does not include marital rape . In addition, under the state's Civil Code, women benefit from men's rights to initiate and finalize a divorce. Divorce by mutual consent was approved in 2011, and the Civil Code was amended accordingly. In real life, though, discriminatory attitudes and cultural norms persist in Mauritian society as men appear as the breadwinners and head of the household. At the same time, women are the caretakers for the children and household (CEDAW, 2011).

Very often, women drop out of the workforce once married due to household responsibilities. Regarding inheritance, women and men have equal rights to create a will to outline the succession of their property (Civil Code, Art. 967, 1805). Women and men also have the same rights to inheritance (Civil Code, Art 731-733), extending to female and male surviving spouses, regardless of a written will (Civil Code, Art 767-770). However, this equality is breached by religious criteria. Mauritius signed the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (The Maputo Protocol) in 2005 and ratified the protocol with reservations in 2017 . However, the country has enacted some laws about different forms of violence against women, such as domestic violence and rape. There is, however, no single bill that comprehensively addresses violence against women. In 2011, the government established a National Platform and a costed National Action Plan to end Gender-Based Violence (GBV) from 2012 to 2015. However, to date, violence and discrimination against women remain one of the country's most significant human rights issues.

References
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2023-legal-survey_dashboard.xlsx&wdOrigin=BROWSELINK https://www.chr.up.ac.za/news-archive/2017/1265-ratification-of-the-maputo-protocol-by-mauritius-reflections-expectations-and-next-steps

08. Equity of Public Resource Use

Criteria Score: 4

8.a. Poverty Measurement

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Poverty in Mauritius has specific characteristics. It is historical, generational, regionalized, and associated with social exclusion. Although severe poverty is rare in Mauritius compared to other parts of Africa, the country contains a minority of disadvantaged households located in rural areas. According to the Ministry of Finance and Economic Development (MOFED) statistics, 33,600 families representing 122,700 Mauritians would live below poverty levels in 2019 against 23,800 households and 92,700 people in 1996. Recent studies (UNDP, World Bank) have shown that over the past 15 years, the degree of poverty of those families has increased while, at the same time, the material well-being of the population as a whole has improved. The economic growth model chosen by Mauritius has fuelled a rise in inequality while extreme poverty is on the increase despite a very generous welfare system set up by the Government to redistribute wealth. As defined by the World Bank, extreme poverty affects families living on less than $1.25 per adult per day ('adult equivalent'). This equates to MUR 3,500 per adult per month in Mauritius. Extreme poverty would affect 1.2% of the Mauritian population today against 0.4% in 2004. Using the USD3.20 per day poverty line (Lower middle-income class), 2.1 percent of the Mauritian population would have been classified as being poor in 2017, which is very low. Even when applying the USD5.50 per day poverty line (Upper middle-income class), poverty was projected to rise to 12 percent in 2020, but drop to 9.5 percent in 2022 . The poverty threshold in the 2023/24 budget is set at MUR3,575 per month per adult and MUR2,500 per month per child. Hence the maximum household income threshold will increase to MUR14,650 per month from MUR10,500 to be eligible for support through the Social Register of Mauritius . It is estimated that the average monthly income of those poorest households is MUR.9,800, i.e., one-tenth of the average income of 10% of the most well-off Mauritian households. Within the low-income families, MUR 8,300 of this revenue is spent on consumer goods. During recent years, debt has eroded the poorest households' available income. It is estimated that one family out of five is repaying debts for an average amount of MUR 3200. Those families are also victims of unemployment, most notably women, youths, and poorly qualified individuals. These vulnerable groups are well identified by the authorities and consist very often of families with three or more children, single-parent families, namely those where the head is a woman; families of divorced or separated parents; families whose parents themselves failed at school; families in which an adult alone provides for another unmarried child. The monitoring of these vulnerable groups is done regularly through extensive Household Budget Surveys conducted by MOFED, which help authorities adjust their social aid system. Even though extreme poverty remains a problem, social security programs and safety nets put in place by the Government of Mauritius and executed by NGOs and social workers represent an important step towards alleviating the current state of poverty.

In the 2023/24 National Budget, the Government announced that it is going to estimate a new relative poverty line for Mauritius as well as establishing the criteria for identifying vulnerable households. Furthermore, the Proxy Means Test will be reviewed in order to account for changes in the circumstances of persons living in absolute poverty .

References

World Bank, April 2020, Poverty and Equity Brief - Mauritius

Ministry of Finance, Economic Planning and Development, Budget 2023/24: Budget Statement

Ministry of Finance, Economic Planning and Development, Budget 2023/24: Budget measures – Explanatory notes.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

During the preparation of the FY 2017 budget, the government decided to tackle the root causes of poverty through a Marshall Plan to eradicate poverty. Along with other budget documents in 2017/18, the authorities introduced a Three-Year Strategic Plan 2018/2019-2020/21 functioning as an annual rolling plan within a clear strategic framework to fight poverty. A Social Integration and Empowerment Bill was enacted as part of the plan to address persistent pockets of poverty and social exclusion by working with poor communities, and others left behind to access better essential services such as health and education, social protection measures, and empowerment initiatives women and youth. In what can be described as an innovative approach to social protection in Africa, Mauritians living in absolute poverty (less than US$ 4.30 per person per day) receive cash transfers. Social workers accompany them to overcome life challenges such as children's education, skills training, job search or placement, setting up or improving a small business, social housing, childcare, remedial courses, disabilities care, drug addiction treatment, etc. In addition, the plan incorporates innovations such as the School Completion Premium that encourages youth from disadvantaged backgrounds to complete secondary education by providing them with a cash award once they reach 18 years of age. With its emphasis on the social inclusion of traditionally underprivileged populations, the Marshall Plan contributes to the country's Vision 2030, a policy vehicle for translating the global Sustainable Development Goals and the African Union's Agenda 2063 into action in Mauritius.

Mauritius experienced one of its highest economic growth rates in 2022 of 8.7 percent compared to an estimated growth of 7.7 percent. In order to maintain a strong economy, the Government is going to improve the Ease of Doing Business by, among others, setting up a B-Ready Coordination Committee to coordinate and ensure the implementation of necessary reforms, streamlining the registration of tourism businesses, and supporting local SME with various initiatives. In addition, the Government will strive to reach full employment, in particular including women in the workforce. Sectoral policies will focus among other on the agricultural sector, the Blue Economy, the manufacturing sector as well as the ICT and tourism sectors.

Furthermore, Government intends to estimate a new relative poverty line to assess vulnerable households and to review the Proxy Meant Test that determines the eligibility of households for support. It will also revamp and repaint all Government schools over the next five years. In order to increase effective coordination and address the needs of the public more efficiently the Citizen Support Unit and the Citizen Advice Bureau will be brought under one roof.

8.c. Regressive Tax

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Mauritius has one of the lowest tax regimes in the world. This regime has attracted considerable criticism from local unions and leftist politicians for widening income inequality as high-income earners pay the same proportional tax rate as low-income earners. Corporate income is taxed at 15% as was the individual income before 2023 (10% introductory tax rate + 5% Solidarity Levy), and until 2020 the tax regime could be considered somehow as regressive. Corporate income on the exports of goods is taxed at three percent. It remains to be seen, whether Mauritius is going to change this tax after an agreement among 140 countries to introduce a minimum 15% corporate tax rate starting 2024 in order to reduce base erosion and profit shifting. The VAT rate is also at 15%. In addition, the island boasts an extensive network of double tax treaties and offers significant incentives to offshore companies resident in Mauritius for tax purposes. Given all existing tax exemptions and without progressivity, high-net-worth taxpayers may end up paying no taxes.Meanwhile, Mauritius cannot be assimilated to a tax haven. The tax-to-GDP ratio in Mauritius increased by 0.5 percentage points from 19.9% in 2017 to 20.4% in 2018 (OECD, 2020). In comparison, the average for the 30 African countries increased by just under 0.1 percentage points over the same period and was 16.5% in 2018. The highest tax-to-GDP ratio in Mauritius was 20.4% in 2018, with the lowest being 16.0% in 2002. On a quarterly basis, the tax-to-GDP ratio varies significantly. During 2022 it fluctuated between 18.1% in 3Q2022 and 24.8% in 2Q2022 but ended the year at 21.9% . Given the need to mobilize additional financial resources to cope with the fiscal consequences of COVID 19, the government introduced a critical fiscal reform during the preparation of the FY 2020/2021 budget consisting of the introduction of some measure of progressivity in the personal income tax system. The reform proposed a 25% Solidarity Levy on the highest income earners, setting a top marginal tax rate of 40%. The application of this reform would have generated Rs 3.5 billion. However, due to protests from the private sector and the wealthiest segments of the population, the government backtracked, and the levy was brought back to 10% instead of 25%. The 3000 HNWIs who will pay the top marginal tax rate of 25% represent only 0,2 % of the population. The 25% top marginal tax rate compares favorably to the maximum marginal tax rate in other countries such as India (30%), Canada (46%), USA (43%), France (55%), Denmark (56%), and the UK (45%). While contributing to social justice, this tax increase decided in 2020 represents only a minimal step towards a more equitable progressive fiscal system in Mauritius.

The Government of Mauritius has acknowledged that the income tax regime does not comply to fairness and equity. It therefore introduced a ‘completely progressive ’ income tax regime in 2023 and abolished the solidarity levy. The individual income tax starts with zero percent and is capped at 20%. The first MUR390,000 are taxed at zero percent, while a two percent tax is applied on the next MUR40,000 and four percent on the next MUR40,000 that exceed MUR430,000. The marginal tax rate increases by two percentage points while the additional income taxed rises considerably up to MUR500,000 in the 18-percent bracket that applies to income between MUR1.89 and MUR2.39 million. Income above MUR2.39 million is taxed at 20% . The Ministry expects the tax reform to result in economic growth of 0.9 percent and the creation of almost 17,000 jobs since more spending power is left to employees. The income tax rates and the tax brackets are low by African as well as international standard.

References

https://www.ceicdata.com/en/indicator/mauritius/tax-revenue--of-gdp#:~:text=Mauritius%20Tax%20revenue%3A%20%25%20of%20GDP%20was%20reported%20at%2021.9%20%25,D

Ministry of Finance, Economic Planning and Development, Budget 2023/24: Budget Statement

09. Building Human Resources

Criteria Score: 3.833

9.a. Health and nutrition services

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Mauritius’ universal public healthcare system is well structured, free and of high-quality. Nearly 100% of births are attended by skilled health staff, but mortality and stunting rates are still high compared with peer high income countries. The under-five mortality rate fell from 23 per 1,000 live births in 1990 to about 16 in 2020(compared to average of 43 and 11 for middle income countries and high income countries, respectively), while 17.1% of infants had a low weight at birth in 2020. In 2020, Mauritius scored 0.62 on the World Bank’s Human Capital Index (0 is lowest and 1 is highest), a slight improvement from 0.60 in 2010. Mauritius’ disease burden is concentrated on noncommunicable diseases, with the World Health Organization reporting that the main cause of death in 2020 was cardiovascular problems (33%) followed by complication due to diabetes mellitus (21%), cancer (13%) and respiratory diseases (11%).The National Health Sector Strategic Plan 2020 addresses the forthcoming challenges related to an ageing population, the accelerated use of new technologies in the dissemination of efficient medical care and the probability of a new disease outbreak.

Mauritius has performed exceptionally well in drastically reducing infectious diseases over the last decade and addressing maternal mortality, which remains a significant challenge among its peers in Southern Africa. In addition, with a vaccine coverage of 98 percent in 2022, vaccine-preventable illnesses are all but eliminated. Mauritians live longer and enjoy superior health outcomes than those of their middle-income peers in Southern Africa, namely South Africa and Botswana. However, as morbidity and mortality from infectious diseases have become almost negligible in Mauritius, the burden of non-communicable diseases (NCD) is the biggest threat in terms of DALYs and healthcare expenditure. According to WHO's 2021 NCD Profile for Mauritius, the five leading causes of death in Mauritius are non-communicable diseases and accounted for two-third of all death . Treatment of NCDs exerts a considerable burden on the Mauritius health system. According to the 2017 Mauritius National Health Accounts (NHA), out of 25,3 billion Rupees (MUR) spent on health care in 2016, MUR 16.50 billion or 65.2% was spent on treatment of NCDs. The NHA report further attributes the drivers of health care expenditure to the aging population, costly treatment of chronic conditions associated with non-communicable diseases, health sector price inflation, medical advances, and new products and techniques. Mauritius has a two-tier health system of healthcare services, comprising a government-led and funded public sector and a thriving private sector. The public sector caters, free of any user cost, to the bulk of the population's healthcare needs (73%). The remaining healthcare needs of the people (27%) are managed by the private sector, on a user fee basis, either through out-of-pocket payments or through private health insurers. According to 2022 data, the public healthcare services comprise five regional hospitals, four specialized hospitals, two district hospitals, seven Mediclinics, 19 Area health centers, 113 Community health centers, and 20 private hospitals / clinics . The country's hospital bed density of 3.95 per 1,000 population is much higher than the Africa average of 1.3. The country fares equally well with respect to human health resources with 3,0 doctors per 1,000 population above the WHO recommended minimum acceptable threshold of 2.3 per 1,000 population. However, criticisms are intermittently addressed against the universal quality of public health care. Despite the wide range of facilities, the public health care service is perceived as being subpar to the costly medical services provided by private clinics despite the fact that very often the specialists in various fields practice in both the public and private health care sectors. In addition, apart from the quality of medical care provided, medical insurance cover is the key factor, which determines the choice of treatment of patients in private clinics. Equality in terms of access to the best available treatments is conditioned by what patients are likely to invest in for their health protection. Population aging and geriatric diseases (Alzheimer's; Parkinson's) will expose the health system too daunting challenges, which health authorities apprehend not totally and pragmatically. Regarding nutrition, in the 2023 Global Hunger Index (GHI), Mauritius ranked 61st out of 125 qualifying countries with a score of 13.4 and hence, was considered a moderate level of hunger country. The prevalence of undernourished in the population, which had decreased between 2000 and 2010 from 5% to 3%, increased to 6% in 2019.

However, the prevalence of stunting and wasting in children under five years has decreased over the last decade from 12% in 2010 to 7.8 percent in 2020. The under-five mortality rate remains extremely low at 16.5 per 1,000 live births . Mauritius National Plan of Action for Nutrition covered the period 2016 to 2020. Its objectives included: (1) To reduce underweight, as measured by growth indices, to half the 2012 level in children aged 5-11 years. (2) To reduce nutritional anemia in female adolescents 12-19 years as indicated by hemoglobin levels under 12 g/dl, to 10%. (3) To establish dietary recommendations for adults for the prevention of chronic diet-related diseases. It could not be established whether an evaluation of the report has since been conducted or if a new Plan of Action was developed.

References

Republic of Mauritius, Ministry of Health and Wellness, 2022, Mauritius Non-Communicable Diseases Survey 2021.

Ministry of Health and Wellness, 2023, Health Statistics Report 2023
https://idea.usaid.gov/cd/mauritius/health

World Health Organisation, Global Database on the Implementation of Nutrition Action - https://extranet.who.int/nutrition/gina/en/node/36207

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Education and training are a top priority for the GoM, and the sector policy is to provide free- education to all citizens from pre-primary to tertiary levels. Education is mandatory for students up to the age of 16. The education system is largely based on the British system and is structured around four main areas: pre-primary, primary, secondary, and tertiary. The system also provides pre-vocational and vocational education and training for school leavers and students outside of the academic stream. The literacy rates in the country are 93.9% for men and 90.5% for women. The rates are well above Sub-Saharan Africa averages of 73.8% and 60.9%, but below the equivalents for upper middle-income countries of 97.2% and 94.7% respectively . The literacy rate is highest amongst the 10-14 years age group, at 98.5%, and decreases gradually with each subsequent cohort to 64.0% among those that are 65 years and older. Literacy rates are slightly higher for women in each cohort between 10-44 years but lower from 45 years of age and older. Mauritius's Human Development Index (HDI) improved from of 0.796 in 2019 to 0.802 in the HDR 2021/22, putting Mauritius on Rank 63 up from 66 in 2019 out of 191 and 189 countries respectively. Mauritius tops the list of African countries and is the only African with a very high human development index . This high ranking is reflected in education enrolment rates. In 2021, the gross enrolment ratio (GER) for pre-primary education stood at 92.5% down from 98.1% in 2018.. For the same year in primary education, the GER was 102.9%, and the net enrolment rate (NER) was 98.6 % . The private sector accounted for 396.9% of total primary enrolment in 2021 . The GER is 93.7% for secondary education, and the NER is 84.31% (87.06% and 81.66% male). The private sector accounted for 56. 9% of secondary enrolment in 2020. The GER for tertiary education stood at 45.3% in 2021 up from 40.6% in 2017. Another striking feature of the country's education system is the declining trend in pupil-teacher ratios in recent times, particularly at the primary level. The learner to trained teacher ratio stood at 14.2 in primary and 20.4 in secondary schools . The government has implemented various strategies and reforms in the education sector, thus allocating additional resources to schools and hiring more staff to work at these establishments. Furthermore, students at the primary level have been divided into small workgroups, thus receiving more attention from school workers and improving academic results. Despite its successes, the educational and training system faces some constraints and challenges. The system is characterized by a low internal efficiency resulting in a significant number of dropouts. It is elitist and examination-driven, forcing teachers to focus on the tests and students to resort to rote learning and mass private tuition with a detrimental impact on curriculum development, teacher training, and school administration. The curriculum is highly centralized, compartmentalized, and students are not encouraged to pursue alternative curricula according to their interests and needs. Students joining the pre-vocational classes are often branded and stigmatized as rejects of the system. Moreover, skills mismatch remains one of the major challenges that the Mauritian economy currently faces in terms of human capital. Skills mismatch causes the country's high economic and social cost due to structural unemployment and sluggish GDP growth resulting from workforce underutilization and a decrease in productivity, which affect labor market outcomes, workers productivity, enterprise competitiveness, and economic growth. Reforms in the education and training sector need to address key structural issues such as skills mismatch to enable Mauritius to develop skills and competencies for competitive economic advantage and make the leap to a High-Income Economy by 2030. Unemployed youth are increasingly more educated, resulting in "over-education" as a growing concern. The unemployment rate decreased by two percentage points between 3Q 2021 and 3Q 2022 to 7.5 percent. However, youth unemployment is a serious problem. The youth unemployment rate was more than threefold the general unemployment rate and stood at 24.8 percent in 3Q 2022 and also dropped by 1.6 percentage points and hence less than the general unemployment rate . A persistent skills mismatch in the labor market is contributing to the rates of youth unemployment. Education mismatch captures the fact that the educational level of workers does not match the educational level required in the jobs they perform. While unemployment is high among human and social science students, art and Indian language disciplines dominate current university programs. There is a need to diversify programs, focusing more on studies in the scientific and technical domains. Furthermore, the share of "over-educated" workers has increased from 8 to 13 percent over the last 20 years, and it rose more rapidly, from 10 to 20 percent, among youth aged 16-24. Rising wage inequality is mainly attributable to structural adjustments of the economy that led to an expanding skills shortage. Economic transformation determined a rapid increase in the demand for modern skills unmet by a growing supply. Thus, improving higher education in Mauritius requires modifying its structure to adapt it to the local labor market. Youth unemployment remains high, notably among the highly educated. Hence, the quality of learning needs to be reviewed. Technical and Vocational Education and Training (TVET) needs to be made relevant to the changing needs of the labor market and more attractive to youth, who often view such curricula as considerably less valuable. The government can create collaboration incentives in skills development with line ministries, technical institutions, and universities. Learning centers can reshape their curriculum and close the education-market gap by providing courses and degree programs that correspond to the industries' needs. Industries should be allowed and encouraged to contribute with consultants and foreign experts to provide specialized courses in key areas. The degree programs should also have fully integrated apprenticeships/internships along with job placement. It is crucial to accompany small farmers and agro-entrepreneurs to modernize their production methods, upgrade their skills, and professionalize their activities.

References

https://genderdata.worldbank.org/countries/mauritius/

UNDP, 2022, Human Development Report 2021/2022.

https://idea.usaid.gov/cd/mauritius/education

https://tradingeconomics.com/mauritius/school-enrollment-primary-private-percent-of-total-primary-wb-data.html

https://idea.usaid.gov/cd/mauritius/education

Statistics Mauritius, 2022, Economic and Social Indicators, Issue 1697

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Mortality from infectious, parasitic, and water-borne diseases has dramatically decreased from 7% in 1976 to 2.8% in 2019, except for the year 2006, during which the country witnessed an outbreak of chikungunya. AH1N1 influenza, which was a world pandemic in 2009, was also successfully controlled. Most vaccine-preventable, water-borne, and other infectious diseases are no longer a matter of critical concern for Mauritius. Mauritius was declared a malaria-free country in 1973 except for imported cases. This is attributed to the implementation of an efficient surveillance program and the National Expanded Program of Immunization. Between 2006 and 2019, the incidence rate of pulmonary tuberculosis increased from 9.0 per 100,000 to 10.2 in 2012, declined to 9.0 in 2019, but increased again to 12 cases in 2021. The tuberculosis mortality rate stood at 1.1 per 100,000 population in 2021. In addition, there is a high relationship between tuberculosis and HIV; between 15% and 20% of patients with HIV/AIDS also suffer from tuberculosis. The number of HIV/AIDS cases has exploded since 1998 and 2008 (1,000 vs.10,000). However, since 2008, the number of cases has been stalling at 11.000. Based on WHO data, 3,088 persons in Mauritius were receiving antiretroviral treatment in 2020. Mauritius, however, falls very short on the 95-95-95 target with 56-26-18 . Based on this data, there are about 21,200 persons living with HIV in Mauritius.

References

World Health Organisation, August 2023, Country Disease Outlook – Mauritius.

10. Social Protection and Labor

Criteria Score: 4.6

10.a. Social safety net programs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The social protection system is well-anchored in the Mauritian economy and is characterized by a generous welfare state. With social protection accounting for almost 30 percent of total public spending (29.7 percent in 2023/24), the system includes universal and targeted cash transfer programs. Social protection spending contributes to reducing poverty and inequality. Mauritius's social protection schemes provide free education from pre-primary to tertiary level, free health services, including costly tertiary health care procedures like heart surgery. They also offer free public transport to the elderly, the disabled, and all students and provide subsidies on basic foodstuffs like rice and flour and cooking gas. The COVID-19 shock pushed more people down into the poorest quintile, depending on their level of resilience, overstretching de facto the existing social protection coverage with over 310,000 beneficiaries supported through various social assistance programs and schemes under the Ministry of Social Security and National Solidarity, the Ministry of Social Integration and Economic Empowerment and the Ministry of Gender Equality, Child Development and Family Welfare. In the 2020/2021 fiscal year, the Government announced new social protection schemes such as market stalls fee waivers, household debt subsidies, wage subsidies, and self-employed assistance schemes to cushion new vulnerabilities arising from COVID-19. To implement its social protection programs, the Government of Mauritius (GoM) established in 2012 a special agency - the National Social Inclusion Foundation (NSIF) - working under the Ministry of

Social Integration and Economic Empowerment umbrella. The objective of NSIF is to undertake programs and projects for the benefit of individuals and families registered under the Social Register of Mauritius (SRM) and vulnerable groups. NSIF implements its social protection programs with the support of Non-Governmental Organizations (NGOs) acting as service providers.

In April 2020, significant reform was introduced, making NSIF the only recipient of public resources, including compulsory resources made available by the private sector under their Corporate Social responsibility (CSR) obligations. Under the FY 2020/2021, the NSIF government provided MUR 700 million to support NGOs in implementing specific projects and programs aimed at vulnerable groups particularly affected by the economic and social consequences of the COVID 19 Pandemic. This amount was increased to Rs 845 million in the 2021/2022 national budget and is given through the National Social Inclusion Foundation to support programs and projects that alleviate poverty and ensure a more inclusive society.

The budget provisions for social protection increased steadily over the past years, in part due to the COVID 19 outbreak from MURs 26 billion in 2018/19 (20% of total expenditure) to MURs 48.7 billion (32.1% of total budget) in 2020/201 and MURs 50.5 billion in 2021/2022 representing 33.8 percent of the total government expenditure. The amount has been increased further in the FY2023/24 to MUR67.6 billion of which MUR47.7 billion is allocated to Old Age grants representing some 70.5% of the social protection budget .

In order to fight against poverty, to integrate of the most vulnerable of society, improve the quality of life of the disabled, and eradicate absolute poverty in Mauritius, the Government introduced in the 2016/2017 budget a historic monthly subsistence allowance for a family of two adults and three children with a maximum threshold of MUR9,520. 300 to benefit the most vulnerable families in the country. This threshold was increased from MUR 9,520 to MUR 10,500 as of the 1st of July 2021. Households earning a monthly income of between MUR14,650 and MUR 18,860 are eligible to register for support under the National Database for Vulnerable Groups. The monthly orphan pension has been increased to MUR 11,000 for those aged up to 23 years old in the FY2023/24. The Government has also extended the incontinence allowance currently paid at 70 years and above to all eligible bed-ridden persons irrespective of age including those suffering from cancer, Alzheimer and stroke. In addition, the monthly incontinence allowance has been increased from MUR 1,500 to MUR1,800 . In addition to the existing grant under the Per Capita Subsidy Scheme and the Fixed Grant Scheme, the Government of Mauritius is also providing once-off assistance of MUR 10 million to religious bodies.

References: Ministry of Finance, Economic Planning and Development, Budget 2023/24: Appendix B – Expenditure. Ministry of Finance, Economic Planning and Development, Budget Statement 2023/2024.

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5

Final Score	4.5

Country Notes:

Mauritius was one of the first African countries to join the ILO. It has ratified all the ten ILO fundamental Conventions. To date, 52 ILO Conventions have been ratified by Mauritius, the latest being Violence and Harassment Convention, 2019 (No. 190) in the world of work ratified in July 2021. Mauritius is the first country in the Indian Ocean and the third in Africa to ratify this important convention that guarantees a friendly working environment free from violence and harassment. Mauritius adheres to the ILO Reporting Schedule and submits all reports due within specified time limits. Over the last decade, in national social dialogue, positive advancements have been reached towards improving workers' conditions. The Workers' Rights Act 2019, proclaimed in the Government Gazette on 24 October 2019, has repealed the Employment Rights Act (ERA) enacted in 2008 considered at that time as an essential pull-back in terms of social dialogue and social justice. WRA was rightfully enacted to correct existing flaws and biases against workers and provide a modern, comprehensive, and equitable legislative framework to improve their global protection.

References

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:103106

10.c. Labour market regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Labour market regulations in Mauritius are broadly appropriate and enforced for an increasing number of workers. Active labour market programs (e.g., retraining, public works) are improving in quality and coverage, although weaknesses remain.

The Finance (Miscellaneous Provisions) Act 2022 came into force on 2 August 2022 and amended the legal landscape of the employment sector in Mauritius. It clarified issues like the definition of a "worker";

allowances payble for work perofrmed on the day when a cyclone warning class III or IV is in force; free meal or meal allowance; removed the ceiling for accumulating outstanding sick days; leave to take care of a sick child was introduced; indicated the minimum increase in petrol allowance; addressed the termination of employment based on poor performance of an injured employee; among others.

Mauritius established the National Wage Consultative Council in 2016. The guaranteed income under the National Minimum Wage (NMW) increased from 30.2 percent in 2019 to 37.4 percent in 2020 of the per-capita income due to the contraction of the economy. Since the economy picked up again, it is expected that the NMW amounts to 33.5 percent of the per-capita GDP in 2022. There is reportedly evidence that the introduction of the NMW has not affected employment negatively.

Response to Reviewer's comment

The reviewer does not provide a justification for his suggestion to keep the score at 3.5 while the score of 4 is in line with the reviewer's comment last time.

References https://www.dentons.com/en/insights/articles/2022/august/4/employment-legal-highlight-new-amendments-to-the-legislation-in-mauritius   National Wage Consultative Council, 2023, Fifth Report on the Impact of the Implementation of the National Minimum Wage 2021/2022.

10.d. Community driven initiatives

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Democratic life in Mauritius is highly decentralized. However, citizens' voice matters, and people can express themselves freely and make proposals regarding issues affecting their livelihoods. Their concerns can be voiced at the local level in municipalities or through their representatives at the Parliament. Local NGOs also play an essential role in supporting local communities and individuals regarding social aid and economic development, especially small entrepreneurship. The Ministry of Social Security and National

Solidarity is in charge of community participation in development initiatives. Mauritius has an estimated 6,000 civil society organizations (CSOs) that work with local communities in different areas of development, focusing on the poorest and most vulnerable communities in the 229 "pockets of poverty" identified on the island Mauritius and the island of Rodrigues. In addition, individuals and communities can voice their concerns and needs directly with the Citizen Support Portal (CSP). Created at the initiative of the Prime Minister's Office in 2017 administered by the Citizen Support Unit (CSU), CSP is an online service that allows citizens to transmit their requests directly, share their concerns and ideas with Ministries, departments, parastatals, and local authorities through Citizen's Advice Bureaus (CABs). In addition, citizens can keep track of their requests through a ticketing system. More than just a platform to address individual requests of citizens, the CSP provides a broad picture of the needs of the population and is a guiding tool enabling the Government to allocate resources more efficiently based on the different categories of requests and complaints received in the other regions. In order to increase coordination and improve public consultation, the CSU and CAB are being brought under one roof in 2023.

References

Ministry of Finance, Economic Planning and Development, Budget 2023/24: Budget measures – Explanatory notes.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Social protection in Mauritius plays an important role in mitigating poverty and income inequality and maintaining social cohesion. The most significant budget chapter is social benefits, which accounted for 29% on average of total expenditure in recent years. Noncontributory benefits include (i) basic pensions, which cover the elderly, persons with disabilities, widows, and orphans, irrespective of their economic status, and (ii) more targeted allowances, such as social aid, food aid, and income support, unemployment hardship relief, and funeral grants. In December 2016, the Social Integration and Empowerment Act introduced a targeted antipoverty scheme under which every adult on the Social Register of Mauritius (SRM), who is living below the absolute poverty line of MUR 2,720 (USD 63, for one adult) and has signed a Marshall Plan Social Contract (see below), is entitled to a monthly subsistence allowance. In 2021, the threshold for eligibility under SRM was reviewed from Rs 2,720 to Rs 3,000 for an adult and from Rs 1,360 to Rs 1,500 for a child after adjusting for cumulative inflation over the period 2017-2020 (Budget Speech 2021/22). A National Database for Vulnerable Groups has also been set up provide support to households earning a monthly income between Rs 10,501 and Rs 14,000 and who are at risk of falling in absolute poverty. A National Programme is currently being designed at the level of the National Social Inclusion

Foundation to provide support to such households on a case to case basis.

Programs such as Social Aid and the Marshall Plan Social Contract directly target the poor and provide effective social protection at a fraction of the cost of the BRP. The Social Aid Program, which is targeted at households temporarily unable to earn a livelihood, is pro-poor since about 85% of this transfer is absorbed by households in the bottom 40% of the income distribution. Pre-Covid-19, it covered approximately 30,000 beneficiaries. The Marshall Plan Social Contract provides a monthly allowance to low-income households and 100% of the cash transfers provided under this scheme are absorbed by households in the bottom 40%. Before Covid-19, approximately 11,000 households (some 40,000 individuals) benefitted from this program. These targeted measures generate a more equal distribution of income and are superior to untargeted transfers because they can achieve the same degree of poverty and inequality reduction with fewer resources.

In 2020/21, a pension reform was introduced, the Contribution Sociale Generalisée (CSG) was introduced. While universal Basic Retirement Pension (BRP) payable under the National Pensions Act was maintained at the age of 60, provision was made under the Social Contribution and Social Benefit Act for the payment of a Retirement Benefit to individuals aged 65 and above, in addition to their BRP. The CSG replaced the current contributory pension system under the National Pension Fund (NPF) with a redistributive mechanism that pays a flat benefit to all Mauritians, regardless of whether they have contributed or not, and is financed through a tax on labor. While CSG represents a step towards raising the retirement age, abolishing the contributory system exacerbates the conflict between fiscal sustainability and wage replacement pension adequacy. This is because workers at all income levels seek wage replacement, so that they will likely push for higher pensions and might no longer see pensions as something that have to be earned but something that the Government provides through political decisions since benefits are not linked to contributions. Pension increases over the last few years have routinely exceeded GDP growth. A rule-based system can help: simulation results show the importance of restraint in the increase formula, ideally based on CSG revenue or inflation.

As of March 2021, the contributory system rates ranged from 1.5% to 3% of the employee's monthly salary. Mauritius also has a mandatory "first-pillar" contributory system for civil servants and parastatal employees, and private employees to a certain extent. The civil service pension in Mauritius was considered exceptionally generous both by international standards and in comparison with private-sector pensions. After 400 months of service (33.3 years), retirement benefits equal 60% of the final salary. Other occupational mandatory schemes consist of: the NSF, which provides for the payment of a lump sum to every employee on their retirement at the age of 60 or earlier or to the beneficiary on his death. Contribution to NSF is mandatory for all employees, except non-citizens, of both the public and private sectors. The employer contributes 2.5 percent and the employee 1.0 percent of the monthly basic salary to NSF. The third Pillar - Occupational Voluntary Pension Schemes – concerns Private Pension Schemes subscribed by remote workers and is governed by the Private Pension Schemes Act 2012 capturing all private pension schemes operating in Mauritius. Contributors receive a monthly pension based on their accumulated fund value. Members may choose to commute up to 25% of their allowance for a lump sum. Finally, other individual and voluntary private pension plans are also offered by insurance companies.

The reduction in inequality in Mauritius is estimated at 4.5 Gini points, essentially due to the Basic Retirement Package (BRP). Therefore, despite the pressure on the fiscus, the Government has decided to increase the basic pensions by 10 percent to MUR11,000 per month for those aged 60 years and above in the 2023/24 national budget. The Government has increased the budget for basic retirement pensions from MUR 28.9 billion in 2021 to MUR47.7 billion in FY2023/24. BRP alone accounts for over 70 percent of social protection spending. Although poverty and inequality are reducing, BRP also reaches the most affluent households and represents ineffective public resources.

11. Environmental Policies and Regulations

Criteria Score: 5

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Mauritius is highly vulnerable to climate change and its impacts on socio-economic development. The National Climate Change Adaptation Policy Framework, updated in 2021, focuses on naturebased solutions for adaptation and provides a new policy orientation in key adaptation sectors, to build resilience to climate change impacts. Mauritius is party to several multilateral environmental agreements relating to climate change such as the Paris Agreement and the United Nations Convention to Combat Desertification (UNCCD). To prepare for a climate emergency, the Climate Change Act of 20210 called for the establishment of the inter-ministerial council on climate change, with the view of making Mauritius a climate-resilient and low-emission country. The Council is chaired by the prime minister to set national targets and objectives. The cabinet must approve all decisions that fall under this law. This act also provided for the creation of a Department on Climate Change under the Ministry of Environment, which is now operational. In addition, the National Disaster Risk Reduction and Management Act called for the establishment of the National Disaster Risk Reduction and Management Council, the National Disaster Risk Reduction and Management Centre and the National Crisis Committee to handle any emergency services in disaster response operations.

In November 2021, at the Conference of Parties 26 (COP 26), the GoM pledged to reduce its greenhouse gas emissions to 40 percent by 2030. To achieve this target, the government plans to undertake major reforms in its energy, transport, waste, refrigeration and air-conditioning, agriculture, and conservation sectors. The Ministry of Environment is also working on policies to reach net-zero carbon emissions by 2070, and on a national mitigation strategy and action plan. The latter includes the development of an online NDC registry to record data on Mauritius' adaptation and mitigation actions as well as financial and technological support required and received. The current NDC indicates that the government plans to finance part of the $ 6.5 billion required to implement the NDC targets through private sector contributions.

The private sector in Mauritius has indicated interest in investing in solar, hydro, and biomass renewable energy technologies. Regulatory incentives that preserve clean air and biodiversity include: (i) exemption on excise duty applied for the purchase of a 180-kw electric car; (ii) 50 percent excise duty applied for the purchase of a hybrid car; (iii) 50 percent of registration fee applied for the purchase of both a 180-kw electric car and a hybrid car; (iv) excise duty on PET plastic bottles; (v) a petroleum levy on petroleum products; (vi) an environmental protection fee for battery and tyres upon purchase of an electric or hybrid car, (vii) a carbon levy upon purchase of a conventional motor car; and (viii) a permit fee for companies operating in a marine protected area.

The government also offers tax incentives to companies who make clean energy investments through provisions in the Income Tax Act 1995, the Customs Act, and the Value Added Tax Act. The tax incentives for a company include (i) double deduction of the expenditure of a fast charger for an electric car; (ii) an annual allowance of 100 percent on the capital expenditure for the acquisition of a solar energy unit; (iii) an annual allowance of 50 percent (straight line) on the capital expenditure for the acquisition of green technology equipment; (iv) tax exemption on interest perceived by a company that invests in renewable energy projects through debentures and bonds; (v) eight-year tax holiday for companies that use deep ocean water for providing air conditioning services; (vi) customs duty and value added tax exemptions on any purchases of photovoltaic systems and chargers for electric vehicles. The tax incentives government provided on solar energy equipment encouraged investments in power production from solar energy. Statistics indicate that solar energy power production increased by 3.5 percent from 2018 to 2020.

The government announced additional incentives in its 2022-2023 budget: (i) introduction of a Carbon Neutral Loan Scheme by the Industrial Finance Corporation of Mauritius Ltd (IFCM) over 7 years at a preferential rate of 3 per cent; (ii) concessionary leasing at 3.5 per cent per annum by IFCM to companies renewing their company fleet to electric only; (iii) leasing facilities of 3 per cent per annum over 10 years to transport operators for the acquisition of electric vehicles and charging infrastructure; (iv) loan of up to Rs 3 million at the rate of 0.5 per cent to taxis and van operators over a period of 7 years for the purchase of electric vehicles; (v) abolition of excise duty on hybrid and electric vehicles (vi) a Negative Excise Duty Scheme to encourage the purchase of electric vehicles. The introduction of mandatory Minimum Energy Performance Standards for Air Conditioners was also announced. The European Union is currently providing technical assistance to the government to improve its public procurement policies under the ‘Switch to Green’ facility.

Mauritius has a robust environmental and social safeguards management framework which is among the best examples in Africa. The environmental management aspect is anchored on the Environment Protection Act (EPA). The EPA sets out comprehensive enforcement procedures and development control mechanisms that promulgate regulations and standards for environmental protection. The act was first enacted in 1991 as the primary legislation for the protection and management of the country's environmental assets. This act was reviewed in 2002 and amended in 2008. Since the promulgation of the EPA, the country has developed comprehensive environmental regulations and standards covering most aspects of environmental protection consistent with good international standards. The country also developed comprehensive guidelines for scheduled and unscheduled undertakings under EPA 2002. All these regulations adequately cover all aspects required by the AfDB operational safeguards (OS) on environmental and social assessment (OS-1), biodiversity and ecosystem services (OS-3), pollution prevention and control, hazardous materials, and resource efficiency (OS-4). Regarding the land acquisition, the Government of Mauritius (GoM) has adopted a land acquisition act in 1973, which was subsequently amended in 2013. This act governs compulsory land acquisition and compensation, which is consistent with the requirements of OS-2. The country has also adopted an occupational safety and health act in 2005, which regulates labor conditions, health, and safety consistent with the requirements of OS-5. Significant ongoing updates and reforms that are worth mentioning are the: (i) current review of EPA 2002 to account for lessons learned over the past decades, emerging challenges, and the loopholes; (ii) decision of the Government to ban plastic bags for making Mauritius a plastic bag free country by 2030; (iii) preparation of the Master Plan on the Environment for Mauritius for the next decade, which comprises a 10-year policy and strategy, as well as a 5-year Action Plan. This plan will be finalized by the end of August 2021; (iv) promulgation of the climate change act 2020 establishing the legal framework towards making Mauritius a climate-change resilient and low emission country; (v) full electronic processing of EIA licensing. The above contributes to further strengthening the environmental and social safeguards regulatory framework in the country. Since 1 March 2021 various types of non-biodegradable plastic bags are banned and the possession, use, sales, etc. thereof will be fined.

Response to the reviewer's comment

While policies and regulations are in place, the Government's slow response to the MV Wakashio oil spill in July 2020 indicated the Government was not prepared for such an accident. Hence, a higher score would not be justified.

References

https://www.mcci.org/en/media-news-events/business-updates/communiqu%C3%A9environment-protection-banning-of-plastic-bags-regulations-2020/

https://www.state.gov/reports/2023-investment-climate-statements/mauritius/

(D) Public Sector Management and Institutions

Cluster Score: 4.4

12. Property Rights and Rule-based Governance

Criteria Score: 4.75

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Mauritius has made respect for the rule of law one of the fundamental bases of its society and its economic development. Respect for the rule of law translates economically into property law, contract law, and the possibility of taking legal action either to seek arbitration or to assert one's rights. In the case of Mauritius, respect for property rights is of capital importance because of the strategy of the Mauritian authorities of attracting foreign investments, mainly corporate and/or industrial ones, but also because of real estate development centered on high-income foreign individual investors in the context of the Integrated Resort Scheme (IRS) and the Real Estate Schemes (RES).

The property rights index for Mauritius from the Heritage Foundation in its 2023 Index of economic Freedom report reflects the ability of individuals to accumulate private property secured by clear laws that are fully enforced by the state. It also measures the likelihood of expropriation in Mauritius and the extent of corruption in the judiciary, and the enforcement of contracts. Mauritius is ranked at number 26th globally and first in Africa with a score of 70.6 out of 100 compared to 74.8 in 2020. In terms of Property Rights, Mauritius improved the score from 75.8 out of 100 in 2020 to 87.0 in 2023. The country's property rights score is above the world average. The Government also takes the protection of Intellectual Property Rights seriously. Parliament passed the Industrial Property Bill in July 2019. The Industrail Property Act 2019 provides for the protection of industrial property rights, namely, patents, utility models, layout-designs of integrated circuits, breeder's rights, industrial designs, marks, trade names and geographical indications. It also provides for an Industrial Property Office headed by a Director, for the setting up of an Intellectual Property Council which is advisory in nature, for the jurisdiction of the Industrial Property Tribunal, and for related matters. The Act therefore consolidates all industrial property-related issues in one statute.

References:

https://www.heritage.org/index/country/mauritius

https://www.mauritiustrade.mu/ressources/pdf/industrial-property-act-2019.pdf

Mauritius Economy: Population, GDP, Inflation, Business, Trade, FDI, Corruption (heritage.org)

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Government promotes Mauritius as a safe, secure place to do business due to its favorable investment climate and tradition as a stable democracy. Polices are pro-trade and investment. For example, the Government has concluded 46 tax treaties and is party to a series of treaties under negotiation. The China-Mauritius free-trade agreement went into effect on January 1, 2021. Mauritius also signed a preferential trade agreement with India, which went into effect in April 2021.Corruption in Mauritius relatively low by regional standards, albeit with a few political and economic corruption scandals in the recent past. However the FY2023/24 national budget speech indicates that Muaritus will introduce a new set of legislative amendments to reinforce the Whistleblowing Act to sustain the fight against corruption.

There are essential links between governments and representative organizations of the private sector, including Business Mauritius, the Mauritius Chamber of Commerce and Industry (CCIM), and the central trade unions. Consultations on any bill affecting economic activity are formally or informally through ad hoc or official consultation frameworks. All proposed regulations are published on the Legislative Assembly's website and are publicly available. The judiciary is independent, and the domestic legal system is generally non-discriminatory and transparent. However, graft and nepotism are an increasingly a source of public frustration. Several high-profile cases involving corruption have reinforced the perception that corruption exists at the highest political levels, despite the fact that Mauritian law provides for criminal penalties for corruption by officials. In general, the need to protect the economy has so far transcended political currents.

That noted, the fact that Mauritius ranks as number one in Africa in the Ibrahim Index of African Governance 2021 underlines the efforts of the Government. Mauritius scored 74.9 out of 100, which is below the average between 2012 and 2021 of 77.1. It ranks fourth in terms of Rule of law and third in terms of Anti-Corruption. However, the drop in the score by five points compared to the 2012 to 2021 average indicates that there have been challenges with corruption.

References

https://www.mra.mu/index.php/taxes-duties/international-taxation/double-taxation-agreements
https://budgetmof.govmu.org/documents/2023_24budgetspeech_english.pdf Mo Ibrahim Foundation, 2023, 2022 Ibrahim Index of African Governance.

https://www.state.gov/reports/2023-investment-climate-statements/mauritius/

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Over the past decades, Mauritius has constantly worked to improve the business and investment climate and to make business creation and the attraction of foreign direct investment the main levers of its economic development. Businesses in Mauritius are registered under the Business Registration Act 2002, with the process generally taking half a day. The law applies to any person carrying out business in Mauritius and Rodrigues. The registration can be completed online (following similar steps as for the incorporation of a company) or by submitting the required documents at the office of the Registrar of Companies. The guidelines for incorporation of a company and registration of a business outline the steps for business registration. Registration fees for companies range in 2023 between MUR500 (Small private company with turnover not exceeding MUR30 million) and MUR13,500 for foreign and public companies. In 2019, the Business Facilitation (Miscellaneous Provisions) Act entered into force. The main reforms brought about by this legislation were expediting trade fee payments, reviewing procedures for construction permits, reviewing fire safety compliance requirements, streamlining of business licenses, and implementing numerous trade facilitation measures. In partnership with the Corporate and Business Registration Department (a division of the Ministry of Finance and Economic Development), the Mauritius Network Services (MNS) has implemented the Companies and Business Registration Integrated System, a web-based portal that allows electronic submission for incorporation of companies and application for the Business Registration Number, file statutory returns, pay yearly fees, register businesses, and search for business information. In March 2019, the National Electronic Licensing System (NELS), which is co-financed by the European Union, was officially launched. NELS is a single point of entry for the processing of permits and licenses needed to start and operate a business. The submission of business licensing (including Building and Land Use Permit, Occupation Certificate, etc.) can now be done electronically with the implementation of the National Electronic Licensing System. In 2020, the Economic Development Board Act was amended to allow companies to log any obstacles relating to obtaining licenses, permits, authorizations, or other clearances; to enquire about any issue and make recommendations to government agencies; and to report and publish any actions taken. Mauritius also implemented the e-Registry System, where a national register of real estate properties and statistics on land dispute resolutions were publicly available. A mechanism for filing of complaints was also implemented. The e-Registry System featured an electronic dashboard for registry searches, submission of documents, online payment of registration fees, and electronic copies of registered documents.

References

Corporate and business registration department - https://companies.govmu.org/Communique/Press%20Communique%202022%20new.pdf

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Like many emerging countries that have recorded accelerated economic development, often a source of economic and social distortions, Mauritius is not spared by crime despite a very generous social policy. However, the overall crime rate remains low. Ensuring the security of goods and people remains the permanent concern of the Mauritian authorities, whose development strategy is primarily based on the attraction of foreign investors. The luxury real estate sector, which has experienced significant growth in recent years, cannot survive without maximum security and responsive police forces. The same goes for the strategic tourism sector, which, in regular times, contributes more than 22% to the GDP with significant spillover. While maximum security is ensured in large hotels welcoming an international clientele, increased crime has been recorded in recent years affecting tourists living outside these structures. In 2018, the American Gallup Institute ranked Mauritius as the 6th safest destination in Africa and the 66th globally. The Ibrahim Index of Governance in Africa (IIGA), for its part, ranked Mauritius 6th for security and safety out of 54 African countries with a score of 88.4 out of 100. However, in terms of trend, the IIGA also pointed to a deterioration in the security situation over the last decade 2012 to 2021 as the decline in score by 4.2 points indicates.

Conclusion: Mauritius, while experiencing some crime typically associated with rapidly developing economies, largely maintains a low overall crime rate. The Mauritian authorities emphasize the importance of security, especially considering its reliance on foreign investments and the tourism sector. Despite the increased incidents targeting tourists outside major hotels, established international indices have ranked Mauritius fairly high in terms of safety, such as the American Gallup Institute's ranking and the IIGA's security rating. However, the decline observed in the IIGA's trend over the past decade indicates there are challenges that need addressing. Taking all this into account, Mauritius falls into the category where "the state is able to protect the lives and property of most citizens from crime and violence most of the time."

References

Mo Ibrahim Foundation, 2023, 2022 Ibrahim Index of African Governance.

Republic of Mauritius (govmu.org)

https://pmo.govmu.org/Pages/My_Cabinet.aspx

13. Quality of Budgetary and Financial Management

Criteria Score: 4.75

13.a. Comprehensive and credible budget

Score Type	Value

Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

Fiscal Budgets in Mauritius remain comprehensive and credible.

Annually, a budget circular is issued to provide detailed guidance to line ministries and departments in the preparation of their budget submissions, and the entire budget process follows a clear calendar which is generally adhered to. The Budget classification system uses the GFSM 2001 standards, and program-based budgeting is in use. The budget is forward-looking and incorporates strategies to deal with everyday social ills like poverty, and its preparation involves multiple layers of stakeholders. The budget classification follows administrative, functional, and programmatic categories, which facilitates assessing budgetary resources' financial and non-financial performance. Budget estimates are provided for the medium term (three years consisting of the coming year plus two forward years).A 3-year Medium-term Macroeconomic Framework (MTMF) is actively used in the budget process. During execution, there are no extra-budgetary expenditures, meaning that all funds are reflected in the budget. A transparent budget compilation process exists, and in the majority of instances, budgets are generally approved by the National Assembly well before the start of the new fiscal year.

During the three years assessed by the last available PEFA, outturns of expenditures and revenues were relatively close to the original budget projections in aggregate. However, there was significant variance in actual spending compared to budget for some ministries and departments, due in part to slower-than expected implementation of capital projects. A common problem in some countries, expenditure arrears, appears to be under control in Mauritius, with no pervasive evidence of a stock of expenditure payment arrears at the fiscal year-end. In practice, the potential for accumulating such arrears is minimized by the exercise of active control on commitments, and satisfactory year end guidelines which ensure the efficient closing of accounts.

In 2016, the Government launched the Marshall Plan Against Poverty, an ambitious reform plan specifically designed to address persistent pockets of poverty and social exclusion in the high-income country. Based on certain poverty metrics, the Government also established the Social Register of Mauritius to support the most vulnerable of society. Despite the fiscal pressures from recent shocks (the COVID 19 pandemic and Russia’s invasion of Ukraine), Mauritius has maintained the proportion of total expenditure devoted to social security and national solidarity as well as social welfare and community-based activities at about 30%, a demonstration of its commitment to end poverty in the country.

References

The AfDB Country Fiduciary Risk Assessment (CFRA) – 2021 Update

https://www.mauritiusbudget.com/wp-content/uploads/2023/03/Budget-Circular-2023-2024.pdf

13.b. Effective financial management systems

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The country's PFM system is regulated by the Constitution, including the following Acts of Parliament: the Consolidated Finance and Audit Act, the Public Debt Management Act and the Public Procurement Act. To aid the implementation of the Acts, a 2011 Financial Management kit elaborates duties and responsibilities in the management of public finances, along with a range of instructions and circulars which are issued from time to time by the Ministry of Finance. Treasury is also governed by the Consolidated Finance and Audit Act.

The central government PFM system comprises a centralized treasury accounting system (TAS) for budgetary central government units and individual budget and financial management system arrangements for units outside central government (extra budgetary units or EBUs).

Ministries and departments prepare their annual cash flow forecasts once the appropriation Act is passed, and before the beginning of the applicable fiscal year. The forecasts are disaggregated by month and in line with their appropriation amounts, taking into account their expected revenue and expenditure flows. The forecasts are captured in the TAS, and adjusted monthly to reflect changes in actual spending patterns, with the revisions also entered in the TAS. Active monitoring of cash flows during the year is carried out by both Treasury, which prepares daily forecasts of aggregate receipts and payments for at least three months in advance, and a dedicated cash and debt management committee, comprising representatives from the Finance Ministry, Treasury, the Bank of Mauritius (BoM). The Cash and Debt Management committee meets weekly.

Ministries' and departments' authority to incur expenditures is in line with their appropriation, while taking into account their cash flow forecasts. Treasury maintains one main account at the BoM plus several foreign currency accounts. The ministries and departments that are self-accounting (EBUs) are restricted to two bank accounts (a revenue account and an expense account) at the State Bank of Mauritius (SBM). Treasury has a direct link to the BoM and therefore is aware of the balance on the main account in real time. Although the system does not sweep funds on a nightly basis, the bank accounts of self-accounting ministries/departments are only replenished on a daily basis for the amount to be paid out on that particular day, thus leaving minimal balances overnight. However, any extra budgetary funds (EBF) are not included in this process.

Both Domestic and External debt data is maintained by BoM in the Debt Recording and Management System, whose integrity of information is reinforced by regular (monthly) reconciliations against other sources of information. All debt-related payments are made by the Central Bank and recorded in the TAS by the Accountant General.

Risks include the continued operation of several bank accounts, which do not 'sweep' into the main account; and the separate cash management arrangements for EBFs. Mitigation measures include the close collaboration between the BOM and Treasury, and the existence of an effective cash and debt management committee effectively minimizes the existing risks, given that the excluded EBFs are proportionately not considered material.

In terms of budget execution rate, the FY2022/23 budget had a projected 4.0% of GDP deficit. The estimated outturn was about 3.9%, which was an almost perfect execution.

References

The AfDB Country Fiduciary Risk Assessment (CFRA) – 2021 Update

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Fiscal Accounting and Reporting is guided by the Finance and Audit Act, the Public Debt Management Act, together with supporting instructions and circulars. Accounting is prepared using Cash Basis Accounting, incorporating elements of Accrual Accounting. In-year budget execution reports, both monthly and quarterly, are prepared regularly and in a timely fashion, and the data is considered reliable.

The picture is however not always complete, as information on commitments and encumbrances is not always provided. Required bank and other reconciliations are performed regularly and timeously, with a process for clearing reconciling items to minimize uncleared balances (in value terms) carried forward. The annual financial statements are comprehensive in the information provided and are prepared as far as possible, in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are generally prepared and sent for audit within the statutory time period.

Receipts from donor financing are generally limited in proportion to overall resources, given that Mauritius is an upper middle income country. Where provided, this comes in the form of general budget support, and is accounted for using country systems. The Government has already embarked on the implementation of accrual basis International Public Sector Accounting Standards on a gradual basis.

Risks pertain primarily to possible improvements to accounting for commitments and encumbrances. Mitigation will require only modest additions to current information, to include contingencies and commitments would improve the quality of the financial reports, and the Accountant General has started actively compiling information thereon for inclusion in the financial reports. The Government has put in place a roadmap for the implementation of the International Public Sector Accounting Standards which will further reinforce the quality of financial accounting and reporting.

References

The AfDB Country Fiduciary Risk Assessment (CFRA) – 2021 Update

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The assignment of expenditures and revenues to each level of Government is unchanged.

There are 13 sub-national governments in Mauritius, made up of five (5) municipal councils in urban areas and seven district councils in rural areas on the main island of Mauritius, plus one regional assembly on the smaller island of Rodrigues - the Rodrigues Regional Assembly (RRA), which is responsible for all services on Rodrigues.

The sub-national authorities are responsible for local services such as refuse collection, street lighting, and maintenance of local roads and infrastructure, e.g., markets, public buildings, sporting facilities, and related. The sub-national authorities receive grants from the central government to finance service delivery. For Rodrigues, the principal amount received each year is agreed upon during budget discussions with the Finance Ministry. The Rodrigues Assembly approves this amount before final approval by the National Assembly. The rest of the Municipal and District Councils usually receive a budget circular from the Ministry of Local Government setting out the budget preparation processes. This circular refers only to the need to base their submissions for grants in aid on the current year's budget, thus not taking into account any subsequent changes in circumstances, e.g., centrally determined salary increases or whether actual current year expenditure is exceeding the budgeted allocation.

The budgets for the municipal and district councils are approved by their respective Municipal and District Councils before the approval of the main central government budget and allocations by the National Assembly. This definitive information on the amount of the grants to be provided by the central government is therefore not available to local decision-makers when the budget is discussed, resulting in actual transfers frequently deviating from originally budgeted transfers (variances of 1 to 9% on average; although higher in a few instances).

References

https://www.mauritiusbudget.com/wp-content/uploads/2023/03/Budget-Circular-2023-2024.pdf

14. Efficiency of Revenue Mobilization

Criteria Score: 5

14.a. Tax policy

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Mauritius has a harmonized tax regime, currently applying a 15% tax rate across the board (income, corporate, and VAT). There is no tax on capital gains or dividends of companies headquartered in Mauritius. There is no inheritence tax. If a company exports goods, they are taxed at the low rate of 3%. There is no surtax nor alternative minimum tax. Additionally, there is no transfer pricing. Regarding dividends, they are exempt from withholding tax. However, interest and royalties are subject to a 15% withholding tax.

This tax policy has been instrumental in attracting foreign companies to invest in the country, set up branches, and attract high-net-worth individuals to come and invest in real estate in the country or retire there and benefit from the very low tax rates. The attractiveness as a function of the promulgation and signature of Double Taxation Avoidance Agreements (DTAAs) and Investment Promotion and Protection Agreements (IPPAs) with several countries. The DTAA agreements are based on the OECD and UN Model and negotiated bilaterally with partner countries founded on mutual understanding. DTAAs are also supported by Tax Information Exchange Agreements (TIEAs) with several countries, disclosing information upon request. Mauritius also signed, in July 2017, the Multilateral Convention to implement the OECD measures to prevent Base Erosion and Profit Shifting (BEPS "Multilateral Instrument" or "MLI") and treaty abuses, which entered into force in February 2020.

There exists a single and user-friendly process for registering taxpayers, combined with links to information on potential new taxpayers, facilitate tax compliance, regular reconciliations of tax information, and a risk-based approach to tax audits and fiscal investigations provide reasonable controls over tax receipts.

Given the Government's essential financing needs during the COVID-19 pandemic, the Bank of Mauritius (BoM) provided a one-off contribution of 12.6% of GDP in 2021 to balance the budget and bring the deficit to zero. This means that in the context of such external shocks, the current tax structure and tax rate levels are not tailored to provide an efficient response and act as contra-cyclical tools and economic stabilizers.

The Government announced several tax policy reforms in its FY 2023/24 budget aimed at completely overhauling the tax regime. For example, the the personal income tax is to become completely progressive and the solidarity levy is being removed. For fiarness, all income is to be taxed incrementally. This means that the chargeable income is divided into different revenue brackets and each bracket will have a specific tax rate, from 0% and 20%. The maximum marginal tax rate will decrease from 40% to 20%; the maximum effective tax rate will go down from 25% to less than 20%. The income exemption threshold where no tax is paid was increased to MUR 50,000 from MUR 30,000 for individuals with no dependents. The tax reforms are anticipated to generate an additional GDP growth of 0.6 percentage points, and an additional 16,800 jobs.

References

https://budgetmof.govmu.org/documents/2023_24budgetspeech_english.pdf

14.b. Tax administration

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

As part of its initiatives to craft Mauritius as a more diversified, open, and internationally integrated economy, the Mauritian Government initiated a series of tax reforms in early 2000 to modernize this tax system and increase its efficiency to service economic development. Tax reforms were designed to improve revenue collection and bring about greater fairness in the tax system, increase transparency, and facilitate tax-payers compliance. The key element of these reforms was the Haut du formulaire establishment of the Mauritius Revenue Authority (MRA) which was set up to manage an effective revenue-raising system and proved to be a success story inspiring other countries such as Rwanda. Currently, MRA is responsible for approximately 90% of all taxes and the enforcement of the relevant revenue laws. In FY2022/23, the ratio of tax revenues on GDP was 21.6%%, and project to remain at these levels in FY2023/24 (Medium Term Macroeconomic Framework, F?isc?al Strategy? an?d Debt Management Strategy). In addition, leakages such as tax evasion or non-compliance with tax payments are reported as being extremely limited. This good performance is the result, among other things, of the accelerated digitalization strategy of the tax system allowing better control on corporate and individual tax-payers.

References

https://budgetmof.govmu.org/documents/V_00_092023_24MacroEconomic.pdf

15. Quality of Public Administration

Criteria Score: 3.833

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Since independence regarding long-term political and economic strategies, there has been remarkable continuity among the various ruling parties. They have had the political ability to focus on a long-term perspective, often going beyond the immediate concerns of electoral competition. Unlike other African countries, Governments in Mauritius have shown their strategic capacity to prioritize and organize policy measures without putting off domestic and international partners. In 2023, 26 ministries compose the government and 23 ministers including the Prime Minister. While the size of the Cabinet may appear overestimated given the size of the island, their field of intervention is coherent. A Minister can be responsible for several portfolios. Interministerial coordination placed under the Prime Minister's office is considered efficient. The final arbitrage rests with the Prime Minister's Office immunizing the country against possible operational and institutional blockages.

References

Republic of Mauritius (govmu.org)

https://pmo.govmu.org/Pages/My_Cabinet.aspx

BTI Mauritius Country Report 2022; https://bti-project.org/en/reports/country-report/MUS

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The aim of Government is to make Mauritius an innovation-driven high-income economy, based on inclusiveness and shared prosperity. However, the increasing deterioration over the last decade of the quality and the efficiency of the public service is reflected in the 2022 Ibrahim Index of African Governance (IIAG), where Mauritius is only ranked 18th in Africa for the Public Administration criteria with a score of 59.6 out of 100. Effective Administration scored just 49.2 out of 100 and the Tax and Revenue Mobilization sub-criteria 34.5 out of 100 placing Mauritius on rank 27 and 40 respectively. Of concern should be the drastic decline in the score for Effective Administration by 19.2 points compared to the average between 2012 and 2021.

The Bertelsmann Transformation Index (BTI) recorded a slightly lower score for Basic Administration in 2022 compared to 2020. It observed the following about the performance of democratic institutions in Mauritius. Democratic institutions are accepted as legitimate by all relevant actors. Nonetheless, political actors use some institutions to serve their political interests. As much as the tendency of the population at large is to accept the legitimacy of democratic institutions, the pervading perception is that they are headed by political appointees who owe their allegiance to the government of the day. There were some major protest movements following the environmental disaster caused by the Wakashio iron ore vessel in

2020 calling for a new model of governance for the Island and even for the leader and top officials to step down. Thus, though the democratic institutions are considered legitimate, it is at the level of their independence and efficacy that the contestation arises.

The Government has, in its new Programme 2020-2024 ,committed to, enhance transparency and accountability mechanisms within institutions; uphold the philosophy of equity to ensure merit-based selection and recruitment; and strengthen governance of parastatal institutions along with ensuring adequate and appropriate gender representation on their Board of Directors. Furthermore, as Public Sector Transformation occupies a prominent place in the 2020-2024 Programme, the Government is envisaging to pursue with the implementation of a cohesive Public Sector Business Transformation Strategy encompassing the Whole-of-Government Approach.

The annual Public Service Excellence Award is one of the many instruments used by The Ministry of Public Service, Administrative and Institutional Reforms to drive the Public Service towards becoming a more dynamic, customer-centric and highly performing institution. It serves as a motivational tool for the continuous improvement of public service delivery, and celebrates excellence by rewarding those who have adopted the best business practices.

Response to reviewer comment

The reference to the country's performance on the IIAG and BTI is reflcetive of the strength of the design of adminstrative structures and provides the necessary background for the score

References:

Mo Ibrahim Foundation, 2023, 2022 Ibrahim Index of African Governance

https://prb2021.govmu.org/document/vol1/reforms.pdf

BTI Mauritius Country Report 2022; https://bti-project.org/en/reports/country-report/MUS

https://civilservice.govmu.org/Pages/readmorenews.aspx?n=Public-Service-excellence-Award-2022.aspx

15.c. Merit and ethics

Score Type	**Value**
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5

Final Score	3.5

Country Notes:

The Ministry of Public Service, Administrative and Institutional Reforms is responsible for spearheading administrative reforms within the civil service to bring about excellence in delivering high-quality and customer-focused public services. Over the past decade, significant progress has been achieved by implementing a series of reform initiatives. These have been centered on five main themes: performance management; human resource management and development, good governance and ethical behavior; total quality management; and customer care, and improved service delivery.

The 2022 Bertelsmann Transformation Index (BTI) observed that Mauritius' democratic institutions function. Legitimate procedures are used by appropriate authorities to prepare, make and implement political decisions. However, politics is still tied to a few families, undermining to a certain extent the legitimacy of the country's political leadership. Family roots seem to matter. A person associated with the political elite is more likely to be appointed to top government positions than qualified candidates. Individuals also remain in power for decades, shifting positions regularly either following elections or as tactical maneuvers to eventually win elections. Such a system saps the credibility and efficiency of institutions. The dynastic nature of the political system, though legal, is far from being moral. Appointments based on cronyism and nepotism to the detriment of meritocracy frustrate the aspirations of more deserving candidates. The January 2000 Manual of good practice for the civil service contains a code of ethics for central government officers relating to their duties and responsibilities, political impartiality, and professional behavior, among other tenets. However, the provisions contained in the Code are not applied and enforced equally across the Mauritian civil service. Mauritius is slipping downward in terms of Anti-Corruption in the IIAG 2022. The score deteriorated in 2022 compared to the average between 2012 and 2021 by five points to 68.7. Mauritius scored (55.9) and was ranked lowest (19) concerning Absence of Corruption in State Institutions. Absence of Corruption in the Public Sector also scored lower than Absence of Corruption in the Private Sector – 75.1 compared to 80.2. Compared to other African countries, Mauritius is, however, doing well as the ranks of five and three illustrate.

References

BTI Mauritius Country Report 2022; https://bti-project.org/en/reports/country-report/MUS

Mo Ibrahim Foundation, 2023, 2022 Ibrahim Index of African Governance

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 3.667

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Mauritius slipped a few ranks in the 2023 Economic Freedom Index of the Heritage Foundation to 26 compared to 21 in 2020, with a score of 70.6 compared to 74.9 in 2020. Mauritius remains on Rank 1 among 47 countries in the Sub-Saharan Africa region, and its overall score is well above the regional and world averages. Mauritius is ranked 58 out of 180 in the 2022 Transparency International Corruption Perception Index with a score of 50 out of 100. This represents a slight decline by two ranks and two points compared to 2019. Mauritius takes 5th place in Africa and its score is well above the African average of 32 . The country combines a relatively low continental average on perceptions of corruption with a robust legal framework, anti-corruption solid institutions, and a free press. Some gaps that have been identified include the right to information or whistleblower protection laws and weaknesses in political party financing. Mauritius still does not have a Whistleblower Protection Act although Transparency Mauritius published a proposal in 2022. The latest Public Expenditure Financial Accountability (PEFA) assessment was conducted in 2015. Its findings dovetail with the Bank's current fiduciary risk assessment, which notes overall satisfactory performance across the PFM pillars. The combination of a robust PFM system, anti-corruption solid institutions, free press, and an accountable democratic dispensation with a history of holding public officials accountable for using public funds inform the rating of the Governance risk as low.

References:

https://www.heritage.org/index/country/mauritius

Transparency International, Corruption Perception Index 2022

https://www.pefa.org/country/mauritius

Transparency Mauritius, Proposal for a Whistleblower 's Act - https://www.transparencymauritius.org/wp-content/uploads/2023/03/Proposal-for-a-Whistleblowers-Protection-Act-2022.pdf

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The 2022 Global Change Data Lab's Civil society participation index combines information on the extent to which citizens are active in diverse organizations which choose and influence policy-makers. It ranges from 0 to 1 (most active). In 2022, the Index scored Mauritus 0.79, down from 0.86 in 2019. Civil society groups operate freely without influence in Mauritius. However, many are reliant on government funding that could compromise their independence. Mauritius ranks well (2nd out of 54 African countries) in the Ibrahim Index of African Governance 2023 in terms of Accountability & Transparency with a score of 73.9 out of 100. It is ranked the same in the sub-component Disclosure of Public Records with a score of 70.7, but lower in terms of Accessibility of Public Records – Rank 7 with a score of 47.3. Compared to the IIAG 2019, Mauritius slipped a place and some two points. Although the score for Civic checks and balances is higher with 68.7 the country's rank (10) indicates that other countries are doing better. In contrast, it is doing quite well regarding Civil Society Space – ranking 3rd and scoring 93.3.

The government openly debates the country's budget in the National Assembly, and it does publish the budget and other legislation both online and in the press. A National Open Data Portal is also available to the public. The constitution guarantees freedom of expression. Several private daily and weekly publications report on the ruling and opposition parties, but the state-owned Mauritius Broadcasting Corporation's radio and television services generally reflect government viewpoints. A small number of private radio stations compete with the state-run media. Journalists occasionally face legal pressure. Amendments to the Information and Communication Technologies (ICT) Act in 2018 expanded the types of online speech that could be deemed false, harmful, or illegal and increased the maximum penalty to ten years in prison. Several defamation suits and ICT Act complaints were filed against journalists and media outlets during 2019. In September 2019, Top FM and Top TV petitioned the Supreme Court to overturn the revisions to the ICT Act, claiming them to be unconstitutional.Reporters Without Borders' 2023 Press Freedom Index report ranks the country 63 out of 180 countries which represents a slight drop by two places compared to 2021, but an improvement by one place compared to 2022. This report raised concerns about the highly polarised media landscape and the increase in online attacks on journalists.

References

Mo Ibrahim Foundation, Ibrahim Index of African Governance 2023.

https://rsf.org/en/country/mauritius

https://ourworldindata.org/grapher/civil-society-participation-index

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The 2022 edition of the Ibrahim Index on Governance in Africa (IIGA), while confirming Mauritius' position as No. 2 in Africa in 2021 under Security and Rule of Law in the fight against corruption, confirms an incresing deterioration in the country's position since 2012. As a result, Mauritius continues to face a neo-patrimonialism drift. This is the confiscation by a group centered around a leading political figure of the cogs of state power, distributing privileges and prebends, and seizing economic and political resources for his benefit. Neo-patrimonialism is also characterized by maintaining a vast network of "customers" who confiscate economic modernization for the benefit of a happy few. The result is confusion between public offices and the personal interests of their holders, between state funds and private funds. All of this will undermine the very foundations of the rule of law, the structures of which are gradually being emptied of their content. Recently several scandals have tarnished Mauritius' image of virtue displayed in terms of anti-corruption and nepotism.For instance, a long-running commercial dispute between a U.S. investor and a parastatal partner that turned into a criminal investigation has raised questions of governmental impartiality, though charges were dropped in January 2023 and the investor left the country. Nevertheless, the investor has noted the government continues to pursue legal action against him. In June 2020, the prime minister dismissed his deputy prime minister following allegations of bribery and corruption in a public energy contract. In February 2021, the minister of commerce stepped down amid allegations of corruption and abuse of power. Based on the Afrobarometer report 2022, three-quarters of Mauritians feel that corruption increased over the past year and a similar percentage of respondents believe that those who report cases of corruption are at risk of “retaliation or other negative consequences” . Similarly, research conducted by Transparency Mauritius in 2020 found that “65% of the Mauritians are of the opinion that the level of corruption in Mauritius is high/very high” . In conclusion, corruption in Mauritius is low by regional standards, but recent political and economic corruption scandals have illustrated there was room for improvement in terms of transparency and accountability.

References

Straconsult, The Institute of Justice and Reconciliation, Afrobarometer, 8 July 2022, Mauritians see growing corruption and poor government performance, express mistrust of the political class.

Transparency Mauritius, 26 May 2020, Perception of corruption in Mauritius.

https://www.state.gov/reports/2023-investment-climate-statements/mauritius/

(E) Infrastructure and Regional Integration

Cluster Score: 4.667

17. Infrastructure Development

Criteria Score: 4.333

17.a. Sector strategy/policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

As part of its long-term strategy, Vision 2030, whose goal is about maintaining the pace of progress so that Mauritius can join the league of high-income countries by 2023 with a per capita GNI of USD 13,550 and to firmly anchor Mauritius on a rising income path to a GNI of some USD 19,000 by 2030, the Mauritian authorities have made the rehabilitation of existing infrastructure and the development of new physical infrastructure that determines the quality of life, the productivity level of the nation and its global competitiveness a central element of their economic growth strategy. The declared objective of the strategy pursued is to provide world-class inland transport, port, and airport infrastructure for increased connectivity and mobility as an engine of growth. Mauritius prepares Three Year Strategic Plan (TYSP) to achieve her Vision 2030. The TYSP 2023/24 to 2025/25 allocates investment to the tune of MAU76.3 billion to the economic sector and MUR60.7 billion to the social sector. The bulk of the investment budget for the economic sector is allocated to infrastructure projects (Air- and Seaports, Road, water light rail) with MUR48.1 billion followed by energy self-sufficiency with MUR169 billion . To manage these strategic infrastructure investments, the Government relies on the Ministry of National Infrastructure and Community Development, which regulates and facilitates the development of the construction sector and the practice of engineering, architecture, and quantity surveying. Two parastatals are placed under the jurisdiction of the Public Infrastructure Division: (a) The Road Development Authority (RDA) and (b) The

Construction Industry Development Board (CIDB). The RDA is responsible for the construction, care, maintenance, and improvement of motorways and main roads. The CIDB is accountable mainly to regulate and register providers of construction works and construction services, advising Government on matters regarding the construction industry, publishing regular reports on the construction industry, and encouraging the standardization of construction materials and techniques along with the best international standards.

On ICT, Mauritius was ranked overall 80th out of 121 countries in the 2023 edition of the Digital Quality of Life Index (DQL) with a score of 0.4149 which was below the global average of 0.4864. It offers the fourth best quality after South Africa (72nd), Marocco and Kenya. The country's strengths are in the areas of electronic security (63rd) and electronic Government (67th). Improvements are, however, possible in the areas of internet quality (101st) and internet affordability (95th) .

In the water sector, Government's top priority is to ensure the continuous supply of clean and safe water to every citizen. The water sector is covered under infrastructure investment with investment in desalination plants, water treatment plants or pipe replacement programs. In the 2023/24 budget, the Government continues to invest in water storage capacities to face the effects of climate change and achieve long-term water security. To increase water storage at household level, the grant for water tank will be increased from Rs 8,000 to Rs 15,000 and extended to households with a monthly income of less than Rs 60,000. To encourage rainwater harvesting, the Government will provide a grant of Rs 10,000 to households with a monthly income of less than Rs 60,000 to install a rainwater harvesting system; and will put in place rainwater harvesting programs for several learner, recreational and community centres, among others. The Government also plans to invest in the construction of new and upgrading of existing infrastructures. For example, Rs 3 billion will be invested for the replacement of some 500 km of defective pipes over 3 years. Rs 200 million has been earmarked for the construction of new and upgrading of existing water treatment plants, and the 2022 construction of service reservoirs are to become operational by December 2023. Wastewater management is also a priority area for the Government. A Sewerage Master Plan provides an overall framework and strategy for improvements in the sanitation sector. In FY 2023/24, Rs 1.3 billion will be invested in the implementation of sewerage infrastructure projects in several regions. The Wastewater Management Authority also plans to refurbish existing wastewater treatment plants in some areas.Overall, Mauritius is doing very well regarding access to safe water and sanitation with Approximately 99.7% of the population connected to the water supply network, and about 99.8% having access to sanitation facilities with 27% connected to the sewerage network.

Under Energy, the access to electricity rate in Mauritius is relatively high at 98.8%. However, power supply remains heavily dependent on imported fossil fuels. The Government's energy policy encourages the use of renewable and clean energy to reduce the island's dependence on fossil fuels and decrease greenhouse gas (GHG) emissions. The target of renewable energy contributing 40% of the energy mix by 2030 was increased to 60%, and steps are being taken to bolster the incentive framework for private investors to meet the new target. The Government aims to foster the expansion of renewable electricity generation capacity and use of energy efficiency technologies. In the FY2022/23, the Government approved some 1,400 projects, representing 136 Megawatt of renewable energy and 7% of the country's electricity consumption. The FY2023/24 budget has several initiatives to increase renewable energy production, including renewable energy schemes for hotels, commercial centres, shopping malls and the agricultural sector; a carbon neutral scheme for the ICT sector, and solar PV kits on rooftops of social housing units.

References: R

Republic of Mauritius, Public Sector Investment Programme 2023 - 2024 to 2025 - 2026

2023 Digital Quality of Life Index - Surfshark

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The regulation and the oversight of infrastructure development is ensured by the Construction Industry Development Board (CIDB), whose responsibility is mainly to regulate and register providers of construction works and construction services, advise the Government on matters regarding the construction industry, publish regular reports on the construction industry and encourage the standardization of construction materials and techniques based on the best international standards. The Construction Industry Development Board Act and Regulations were amended in 2018 to enable the CIDB to exercise better control over consultants and contractors of the construction industry. The CIDB Collaboration Regulations require foreign bidders in public procurement processes to collaborate with local contractors and consultants, which could result in an entry barrier for foreign companies . The Building Control (Mandatory Guarantees) Regulations 2019, making it mandatory for a builder or a promoter to subscribe to an appropriate insurance cover, have been promulgated. With the assistance of the Japanese International Cooperation Agency (JICA), a regional Disaster Risk Reduction Management Platform has been set up to enhance cooperation in disaster risk management among countries of the region. Mauritius has an updated law in 2006 of public procurement contracts with several amendments until 2014, with a Public Procurement Control Agency "Procurement Policy Office." Mauritius has a legal and institutional framework for public-private partnerships (PPPs), which the Government plans to strengthen and improve. The Public-Private Partnership Law of 2004 covers the financial management, procurement, regulations, and procedures of PPPs. PPP unit attached to the Ministry of Finance and Economic Development published an orientation guide on PPPs in March 2006.

The PPP policy has also been effectively implemented and can be seen in the shared responsibility of providing goods and services to the public. As of 2021, the public and private sectors have cooperated to enhance economic recovery after the COVID-19 pandemic started. The Government made public investments in infrastructure and social housing, while the private sector ventured into agro-industry and the pharmaceutical sector. This close collaboration between the government and the private sector has given impetus to a progressive recovery of the economy.

The political oversight for the energy and water sector rests with the Minister of Energy and Public Utilities while the Minister of Land Transport and Light Rail is responsible for the Infrastructure and Transport sector. Solid waste management is included in the portfolio of the Minister of Environment, Solid Waste Management and Climate Change.

References:

MAPS - Methodology for Assessing Procurement Systems, 2022, Assessment of Mauritius' Public Procurement System - https://www.afdb.org/en/documents/assessment-mauritius-public-procurement-system-2022

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Public Procurement is authorized and regulated through the Public Procurement Act 2006 (PPA) and the Public Procurement Regulations of 2008. The PPA is based on the United Nations Commission on International Trade Law Model Law on Public Procurement (1994), with regular updates, including those based on the UNCITRAL Model Law on Public Procurement (2011). Three public bodies established under the PPA that operate independently under the aegis of the Ministry of Finance, Economic Planning and Development, namely (i) the Procurement Policy Office (PPO) responsible for formulation of policies, issue of standard bidding documents, regulations, directives and guidelines as well as training of public bodies and suppliers among others (ii) the Central Procurement Board which conducts Procurement above prescribed thresholds on behalf of public bodies (iii) the Independent Review Panel: acts as a Court of Appeal for aggrieved bidders. Under the aegis of the Ministry of Finance, Economic Planning and Development, and the African Development Bank, PPO assessed Mauritius's public procurement system. The assessment was carried out with the full involvement of Stakeholders, including Private Sector Entities, and using the Methodology for Assessing Procurement Systems. The broad development objective of the assessment was to support the Government of Mauritius in further improving the performance of the public procurement system and optimal yield results in the use of public funds and delivery of services to the citizens while maintaining high standards of integrity. An improved public procurement system is also expected to contribute towards the Public Procurement Reform Agenda and Vision 2030 and enable the country further increase its Global ranking for doing business, hence bringing more foreign investment, including to the Infrastructure sector. The assessment had the following objectives: (1) evaluate the strengths, weaknesses, and gaps of the public procurement system in Mauritius, and benchmark it against international best practices and standards; (2) guide the government to prioritize efforts in public procurement reform to enable: (i) balanced accountability mechanisms between the government, citizens, and private sectors; (ii) governance of risk management in the procurement cycle; (iii) application and monitoring of sustainable public Procurement; and (iv) integration of the public procurement system with the overall public finance management, budgeting, and service delivery processes; and (3) help the government benchmark its progress on the e-Procurement front and identify opportunities for improvements possible through the use of the Supplementary Module on e-Procurement after completion of the core assessment. PPO has embarked on the e-Procurement System (e-PS) in 2015, a web-based application hosted by the Government Online Centre that enables all public bodies and suppliers to electronically conduct procurement proceedings from invitation to bid up to contract award, thus ensuring maximum transparency.

The Assessment published in 2022, however, concluded that “the e-PS requires updating to deliver further benefits. The system would also benefit from improved lines of accountability, particularly in the context of major projects”. Furthermore, the Assessment found that the public procurement legal framework is fragmented and would require consolidation and simplification. Finally, "there is a need for substantial efforts on capacity building to enhance the knowledge and practical skills of public officials involved in public procurement at all the levels of state administration” .

Infrastructure development is generally undertaken in close consultation with the population through the 36 Citizens Advice Bureaus (CABs) available throughout the island, including Rodrigues. CAB's function is to inform citizens on their rights and responsibilities, the services offered by public agencies, and the procedures to be followed to avail these services. Requests for infrastructure and public utilities may concern: construction of roads, drains, pavements, laying of water pipelines, the extension of electric lines, provision for street lighting, the extension of sewerage facilities, etc.

The Environmental Assessment Division within the Ministry of Environment, Solid Waste Management and Climate Change is responsible for evaluating environmental impacts of major development projects and that these are being addressed and appropriate measures are taken to mitigate potential negative impacts.

References

https://www.gloverchambers.com/downloads/THE%20PUBLIC%20PROCUREMENT%20ACT%202006.pdf

MAPS - Methodology for Assessing Procurement Systems, 2022, Assessment of Mauritius’ Public Procurement System - https://www.afdb.org/en/documents/assessment-mauritius-public-procurement-system-2022

18. Regional Integration

Criteria Score: 5

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Movement of people across Mauritian borders:

As in many countries globally, entry into Mauritius is subject to obtaining an entry visa, especially for tourists, generally issued on arrival any port of entry. The visa requirements may be waived under international and regional member integration economic groupings.

Mauritius is a member of the African Continental Free Trade Area (AFCFTA), World Trade Organization, the African Union, the Commonwealth of Nations, La Francophonie, the Southern Africa Development Community (SADC), the Indian Ocean Commission (IOC), the Common Market for Eastern and Southern Africa (COMESA), and the Indian Ocean Rim Association (IORA).

Article 4 of the SADC Protocol on facilitation of movement of persons advocates for citizen of a member state to enter the territory of another member state as a visitor without the requirement of a visa for maximum period of ninety (90) days per year. The Protocol is not in force as yet as it has been signed by only nine member states (excluding Mauritius) and ratified by seven.

The COMESA Protocol on the Free Movement of Persons, Labor, Services, the Right of Establishment and Residence was adopted in 2001 by the COMESA Authority of Heads and States and is in the process of being signed and ratified. The Free Movement Protocol was developed with the vision towards the operationalization of the COMESA Common Market and its objective is to remove all restrictions to the free movement of persons, labor, and services and provide for the right of establishment and right of residence. Since the adoption of the Free Movement Protocol in June 1998, only Burundi, Kenya, Rwanda, and Zambia have signed it, and Burundi is the only country who has ratified it.Mauritius, Rwanda, and Seychelles have since waived visas to all COMESA citizens.

Right of Establishment in Mauritius

The management of movement of people and labor, and the right of establishment has remianed uncahnged.

Mauritius is a small economy open to the world. As such, it is involved in many flows of people entering and leaving its territory. As in many countries globally, entry into Mauritius is subject to obtaining an entry visa, especially for tourists, generally issued on arrival at the airport. The extension of this period is subject to specific conditions. Living in Mauritius requires having a job. The Non-citizens (Employment Restriction Act 1973) provides that a non-citizen must not engage in paid or gainful professional activity, nor in salaried activity, unless he has been issued a work permit valid or is employed in accordance with the conditions specified in the permit. There are two categories of permits that allow foreign nationals to establish themselves professionally and work in Mauritius and, therefore, to live there: (i) Work permits and (ii) Occupation permits. Foreign workers must have the skills, qualifications, and experience required for the job in question. Applications for a work permit can be made individually, either collectively (for workers/skilled workers, once a quota has been granted) and are instructed by the Ministry of Labor. A foreign national can work in Mauritius, or as an employee (“Professional”) of a Mauritian company, either for his account as an independent entrepreneur (“Self-employed”) or finally as an investor (“Investor”) by being a shareholder and director of his Mauritian company. Regarding obligations linked to Mauritius’ membership of the Southern African Development Commission (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the Indian Ocean Commission (IOC), Mauritius scores below 0.5 (score goes from 0 to 1 with fully integrated) regarding the Free movement of people in Africa and positions as an average performer in terms of regional integration. Citizens of SADC, COMESA, and IOC are not free to circulate and settle in Mauritius and must abide by the existing immigration laws.

18.b. Regional financial integration

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

At the end of 2022, 19 banks were operating in Mauritius, of which six are domestic-owned, ten are foreign-owned subsidiaries, and three are branches of foreign banks. The sector's total assets represented around 374.0% of GDP at the end of June 2022 compared to 420.7% as at end-December 2021. The banking landscape remains relatively concentrated, with the two largest banks – domestically owned - accounting for over 46.1% of market shares for total deposits, 52.7% of advances, and 47.0% of assets.

The Payment and Settlement Systems in Mauritius comprise two main payment infrastructures that enable all payment and settlement activities in Mauritius: 1. The Mauritius Automated and Clearing and Settlement System (MACSS); 2. The Port Louis Automated Clearing House (PLACH). Payment Systems Oversight is done by the central bank, the Bank of Mauritius (BoM). This function is directly linked to its core functions of maintaining monetary stability and ensuring the safety and soundness of the financial system. BoM uses a risk-based approach for payment systems oversight whose objective is to provide an effective process to monitor and assess the compliance of the payment systems with the obligations imposed under their respective operational rules, in particular the safety and efficiency requirements, on a continuing basis. The principles used in assessing the safety and efficiency of payment systems and in conducting oversight by BoM are based on the Principles for Financial Market Infrastructures issued jointly by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the International Organization of Securities Commissions.

The Southern African Development Community (SADC) actively promotes regional financial integration, of which Mauritius is a member. Although regional market integration is COMESA's backbone and raison d'être, regional financial integration does not explicitly appear as a strategic objective with a specific agenda. SADC is committed to improving the economy in Southern Africa as a means toward greater regional integration and eradication of poverty for the region's people. To support this economic growth, SADC developed a comprehensive agenda on various themes to facilitate the macroeconomic convergence of SADC economies towards creating a Monetary Union. The SADC secretariat defined a Protocol on Finance and Investment in 2006, which establishes the organization's policy on developing banking, financial regulation, and Investment. The Protocol on Finance and Investment focuses on harmonizing the financial and Investment policies of SADC's the Member States to build more robust Regional Integration and encourage the region's economic development. The protocol recommends increasing the cooperation between members, cooperating on various aspects of financial systems, including banking supervision, payment systems, exchange control policies, and stock exchanges. Mauritius signed this protocol in 2010 also endorsed the various proposed amendments on the initial protocol until the last one in 2019.

Mauritius suffered considerably after being placed on the grey list of Financial Action Task Force (FATF) in February 2020 and, later that year, on the European Union’s blacklist and the United Kingdom’s List of High Risk Third Countries. The FATF identified five key challenges in Mauritius’s anti-money laundering and combatting the financing of terrorism (AML/CFT) systems. The two main ones were shortcomings in the disclosure of the beneficial ownership of management companies and the need to ensure that the supervisory authorities in various sectors had effective supervision of their licensees. The repercussions of being perceived as a country with high money laundering and terrorism risk profile had serious implications for the country’s financial integration with the rest of the world. Doing business, especially with EU members, became increasingly difficult, which adversely affected the economy. The impact was particularly severe in the global business and banking sectors, which are major pillars of the island’s economy. The application of enhanced due diligence caused serious delays in payments by banks and in the conclusion of transactions. This had a negative impact on trade, increased cross-border transaction costs and limited the country’s ability to conduct business effectively. In some cases, investors opted to move the domicile of their businesses, while new investors looked for more compliant jurisdictions. The Government showed very strong political commitment, moving swiftly to reinforce the existing AML/CFT legislative and regulatory frameworks and working closely with the private sector.

Whereas it can take a country up to five years to move off the grey list, Mauritius did it in only two. By far the most important factor in achieving that was the strong commitment and willingness to work together from government and the private sector. Each regulator held training for their stakeholders on what is expected and how to apply the new rules. For example, the Financial Services Commission (FSC), which regulates the non-bank financial markets, provided guidance on money laundering and terrorist financing risks to its licensees. The FSC also updated its AML/CFT handbook and published an enforcement manual, a settlement framework and an administrative regulatory framework aligned with the AML/CFT international standards. In addition, the FSC applied sanctions and monetary penalties for AML/CFT breaches. The issue of beneficial owner disclosure was addressed by making it compulsory for management companies to disclose their beneficial owners to the regulator concerned, who keeps a register. Furthermore, any “reporting person”, including management companies and the administrators of global businesses, must conduct an annual independent compliance audit.

International business has rebounded since Mauritius was removed from the FATF grey list in January 2022, followed soon afterwards by delisting from the EU and UK lists. Mauritius no longer features on the non-compliant jurisdiction lists of any international supervisory bodies.With the high-level political commitment along with close collaboration of the private sector, Mauritius has made significant strides in enhancing its anti-money laundering and combatting the financing of terrorism (AML/CFT) framework, resulting in its removal from the FATF Grey List in October 2021 as well as the United Kingdom’s and European Union’s Lists of High-Risk Third Countries in November 2021 and March 2022, respectively. In addition, with the latest technical compliance upgrade on the FATF Recommendation 15 at the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Meetings held in September 2022, Mauritius is now among the top-tier jurisdictions which are “compliant” or “largely compliant” with all the 40 FATF Recommendations. Going forward, the focus of the jurisdiction is on addressing the remaining minor shortcomings with regard to the FATF Recommendations and further increasing the overall effectiveness of its AML/CFT regime in line with the FATF Immediate Outcomes. To this end, amongst other initiatives, a review of the National Risk Assessment (NRA) is being undertaken to keep its understanding of Money Laundering and Terrorism Financing threats and vulnerabilities up-todate and an AML/CFT (Miscellaneous Provisions) Bill will be introduced to also address the identified gaps in the NRA exercise.

References

https://www.theafricareport.com/247153/mauritius-has-fatf-grey-list-lessons-for-south-africa/

https://www.bom.mu/payment-systems/payment-systems-oversight

Response to Reviewer comments

The requsted information has been added. The 5.5 score is maintained especially given thepayment systems in place that follow international standards and the swiftness with which the Government moved to protect the integrity of its financial system in the face of the identified AML/CFT deficiences.