



Republic of Mauritius

Financing for SDGs

Mauritius – An Example

10 – 12 July

Cairo, Egypt



Contents of Presentation

-
- Republic of Mauritius: A Macroeconomic Overview
 - Implementation Process of National Policies
 - SDGs & Vision 2030
 - Sources of Financing
 - Special Funds: CSR & NEF
 - Financial Services in Mauritius
 - Financing in Mauritius

Republic of Mauritius: A Macroeconomic Overview

Selected Indicators	2017
Real GDP Growth (%)	3.8
Inflation Rate as at end December (%)	3.7
Unemployment Rate (%)	7.1
Investment Rate (%)	17.6

Contribution of Traditional Sectors to GDP	2017
Agro-Industry	3.5
Manufacturing	13.4
Construction	4.3
Financial Services	11.9
Tourism	8.0
ICT	5.6

	Global Rank	Africa Rank
World Bank Doing Business Report 2018	25 th out of 190 countries	1 st
Global Competitiveness Index 2017-18	45 th out of 137 countries	1 st
Mo Ibrahim Index of African Governance Index 2017	-	1 st
UN Human Development Index 2016	64 out of 188 countries	2 nd
Social Progress Index 2016	40 th out of 133 countries	1 st

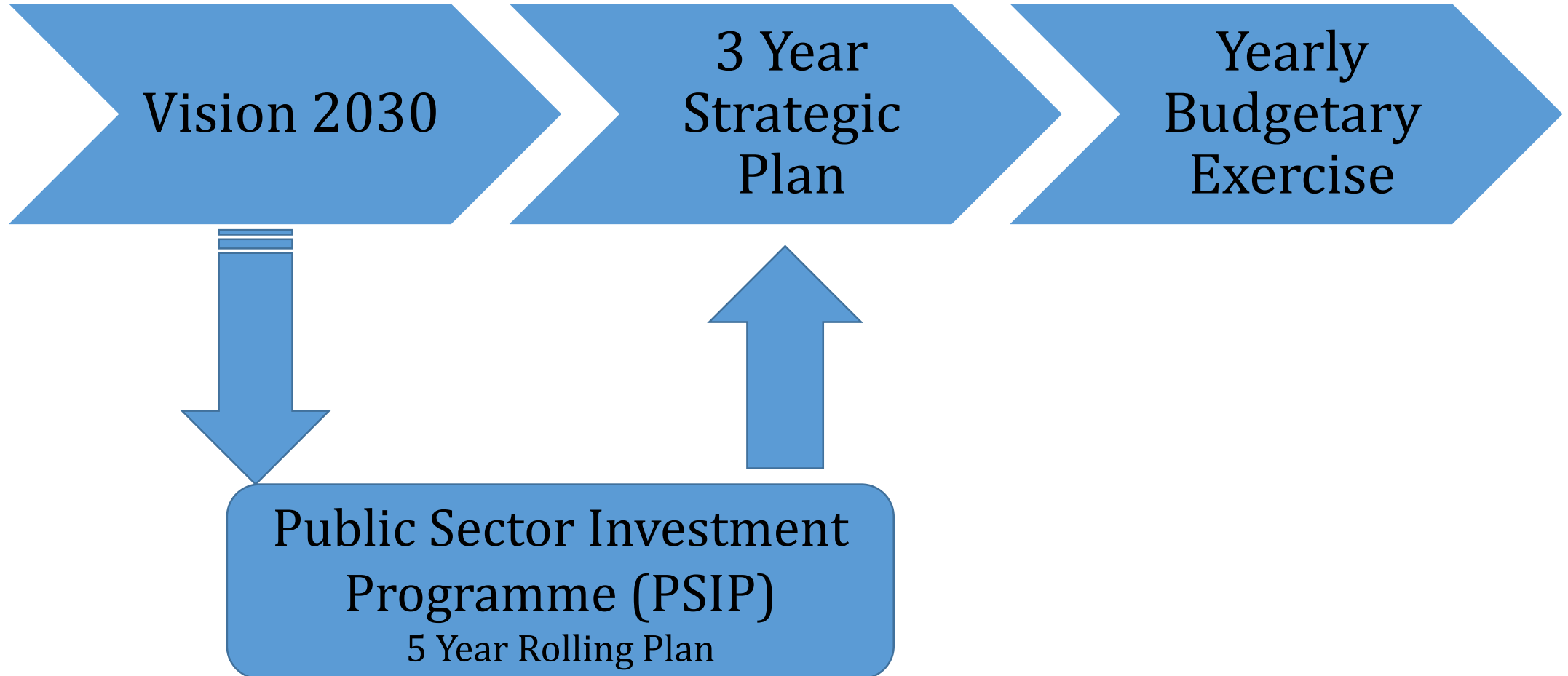
Emerging Economic Sectors

1. Knowledge Centre of Excellence
2. Blue Economy
3. Medical Hub
4. Renewable Energy
5. Creative Industry



In March 2018, Moody's re-affirmed the **Baa1** rating for Mauritius.

Implementation Process of National Policies



SDGs & Vision 2030

The UN 2030 Agenda, commonly known as SDGs – adopted in September 2015



Performance Measures

- Income**
 The growth drivers will propel the economy to higher GNI per capita values, measured using the World Bank method to classify countries according to income groups.
- Equality**
 An inclusive growth model would ensure that the needs of all are taken into account, providing everybody with equal opportunities. Measured by the Gini Coefficient.
- Quality of Life**
 Higher and more inclusive growth will raise the economic standard of living of all Mauritians. Measured by the Human Development Index (HDI).

Vision 2030, an initiative of the Government of Mauritius, incorporates the SDGs

Vision 2030 - Pillars



Pillar 1: Strong Economy

- A Mauritius transformed into a High Income Country with a standard of living comparable to that of Advanced Economies
- A high-value added service economy
- A fully fledged ocean economy
- Full employment for both men and women



Pillar 2: A Fully Open Economy

- A strong and vast network of diplomatic relations
- A thriving Africa partnership that redefines our trade and cross border economic relations
- Open air space
- An appropriate immigration policy



Pillar 3: Coherent Social Development & Inclusive Society

- No absolute poverty
- A fairer distribution of income and wealth
- Country with modern infrastructure
- Education and appropriate training for our youths
- Providing the best health care that the country can afford
- A decent house for every family
- No gender gap in the society



Pillar 4: A safer living environment for all and higher quality of life

- Much lower crimes
- Curtailing the scourge of drugs
- Much safer roads



Pillar 5: Sustainable Development

- A clean and green Mauritius for future generations as well

Sources of Financing



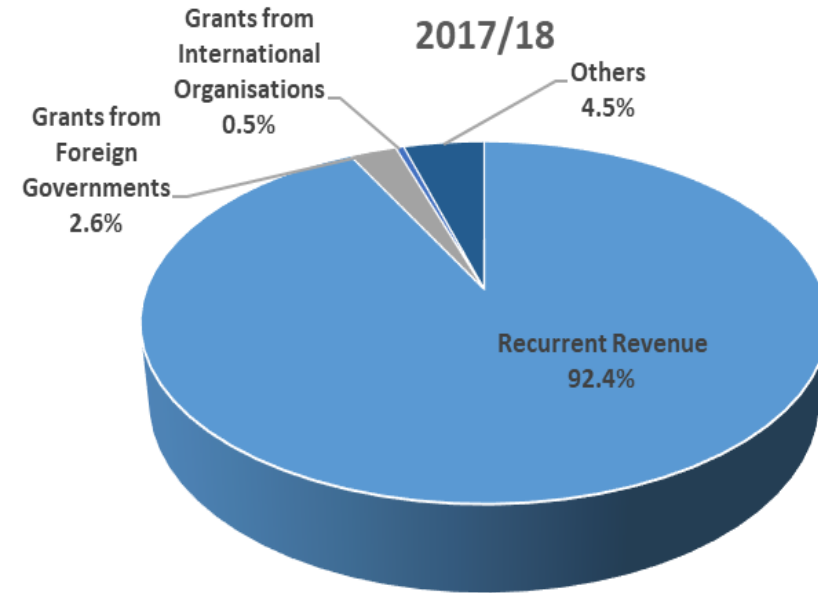
Internal

- Tax Revenue
- Public Private Partnerships (PPP)
- Domestic Borrowing – Issuance of Bonds
- Corporate Social Responsibility (CSR)
- National Environment Fund (NEF)



External

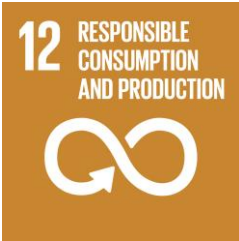
- FDI flows
- Grants & Concessional Loans



Recurrent Revenue consists mostly of Tax Revenue of which **31%** from VAT collection.

Other types of taxes include:

- Alcoholic drinks & Tobacco
- Petroleum Products
- PET Bottles & Other Plastic Products
- Energy Inefficient Electrical Appliances
- Environment Protection fee
- Levies on Banks & Telecommunication Companies





Fiscal Strategy



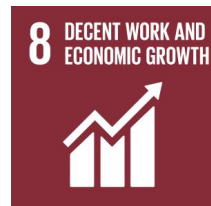
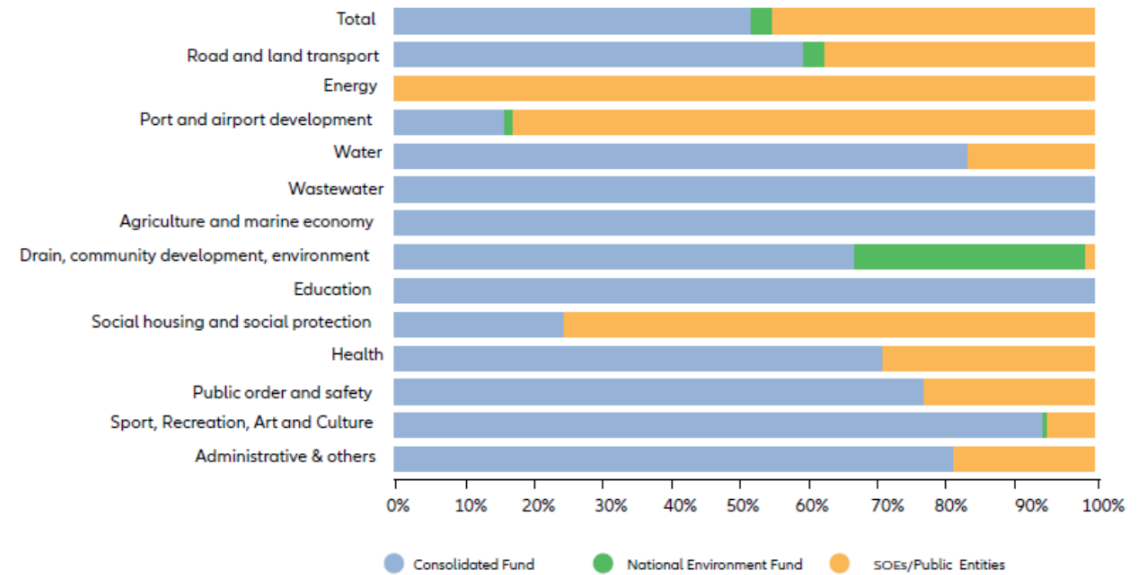
- The Fiscal Strategy is geared towards **maintaining macroeconomic stability to support inclusive growth, employment creation and uplifting the quality of life of the population.**

- Golden rule** in public finance:

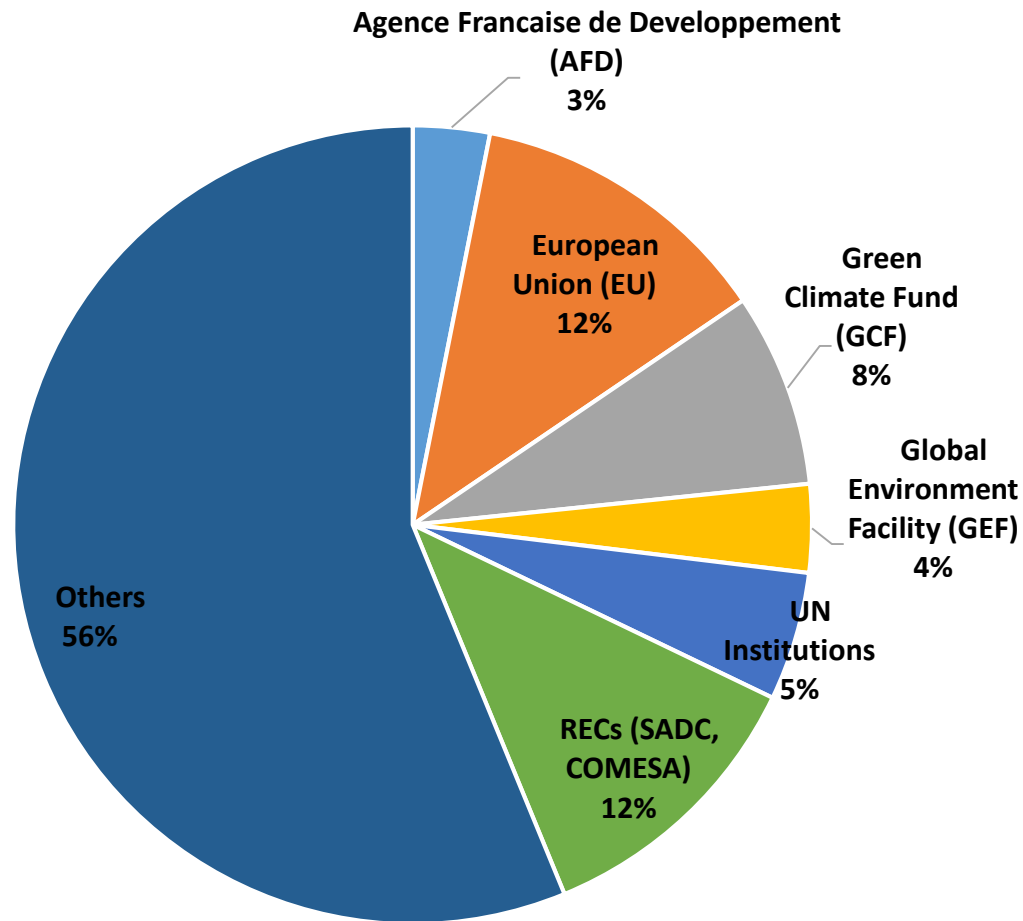
“Borrowing is made only to finance investment expenditure, thereby ensuring the sustainability of public finance and maintaining public sector gross debt below the statutory debt ceiling i.e 60%.”

Public Sector Investment Programme (PSIP)

Funding Mix for Capital Projects by Sector



Grants/Concessional Loans Received



- Mauritius has been able to tap funding via its excellent bilateral relations with friendly countries such as **India, China, Australia, Japan** and more recently **Saudi Arabia**.
- Funding is also available from various International Organisations such as the **AFD, EU, GFC, GEF, UNEP, UNDP, SADC** and **COMESA**.
- These funding are used to finance projects and programmes undertaken in the National Budget and hence address all **17** SGDs.

Some Examples:



- 1. Marshall Plan Against Poverty** being implemented in phase-wise manner.
 - Mauritius is tackling the root causes of poverty and exclusion by working with poor communities and others left behind to better access basic services such as health and education, social protection measures, and empowerment initiatives for women and youth.
 - It is an innovative approach to social protection where Mauritians living in absolute poverty – defined nationally as US\$ 4.30 per person per day - receive cash transfers, and are accompanied by social workers as they tackle life challenges such as education of children, skills training, job search or placement, setting up or improving a small business, social housing, child care, remedial courses, disabilities care, drug addiction treatment, among others.
 - This is addressing SDGs 1, 2, 3, 4, 5, 6, 8 and 10 at the same time.
 - The project is mostly financed by tax revenue and line of credit from India.

- 2. Access to Potable Water:**

- Construction of the Bagatelle Dam (EXIM Bank China)
- Sewerage Projects (JICA & AFD)
- Rehabilitation of La Ferme Dam (India)
- Replacement programme of waterpipes (India)

- 3. Improve Access to Health Services:**

- Flacq Teaching Hospital (BADEA & Saudi Arabia)
- New Cancer Centre (India)
- Mediclinics (India)

- 4. Renewable Energy**

- Solar Photovoltaic Farm (India)

- 5. Climate Change**

- Land Drainage System (Saudi Arabia)

- 6. Improved transportations system**

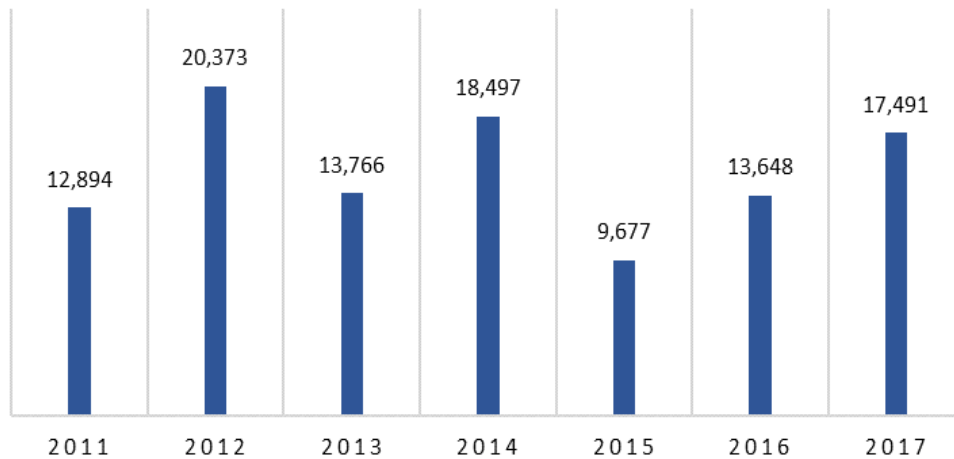
- Construction of the Metro Express System (India)

- 7. Gender Budgeting** introduced with Budget 2018/19.

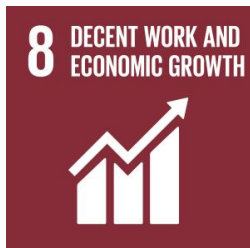


Private Investment in Mauritius

FDI flows into Mauritius
(in Rs millions)



- FDI flows into Mauritius, *excluding GBCs*, increased by almost 1.8 times during the 3-year period – from Rs 9.68 billion in 2015 to Rs 17.5 billion in 2017.
- Foreign investments were made mainly in
 - Real estate development (50.3%) and
 - Financial and insurance activities (37.7%).
- These together accounted for almost **88%** of total FDI flows into the country.
- The main sources of FDI in 2017 were **France** and **Luxembourg**.
- In view of encouraging more active participation of the Private Sector in large public sector infrastructure projects, Govt enacted the **Build Operate Transfer (BOT) Projects Act** in 2016.
- The BOT Act provides for a simple, transparent and more practical process to implement infrastructure projects, while creating employment and achieving high economic growth.



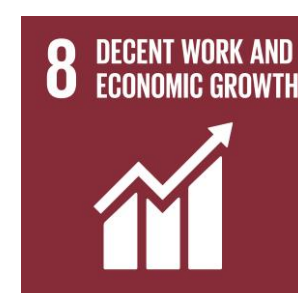
Corporate Social Responsibility (CSR)

- Introduced in the Income Tax Act in 2009
- Profitable companies are required to devote 2% of their book profits for carrying out CSR activities under approved programmes as per published guidelines.
- These activities could be carried out either directly by the companies or through the following:
 - An approved NGO
 - A Special Purpose Vehicle (SPV) - such as a Foundation
 - A Corporate partner

- The Programmes approved are in the following areas of intervention:

- 1) Socio economic development
- 2) Health
- 3) Leisure and sports
- 4) Environment
- 5) Education & training
- 6) Natural Catastrophes
- 7) Social Housing
- 8) Poverty Alleviation

- The fund reunites the private sector, and NGOs in addressing the following SDGs:



National Environment Fund

The National Environment Fund is being revamped to include following essential Programmes:

- Rehabilitation, Protection and Management of Beaches and Lagoons Programme
- Flood Management Programme
- Clean Up Mauritius and Embellishment Programme – “Moris Nou Zoli Pei”
- Solid Waste Management Programme
- Landslide Management Programme
- Disaster Risk Reduction Operations.

- An initial contribution of Rs 2 billion has been made in the Budget exercise 2018/19.
- The fund is a public sector initiative and in particular addresses SDGs:



Mauritian Financial Services Sector

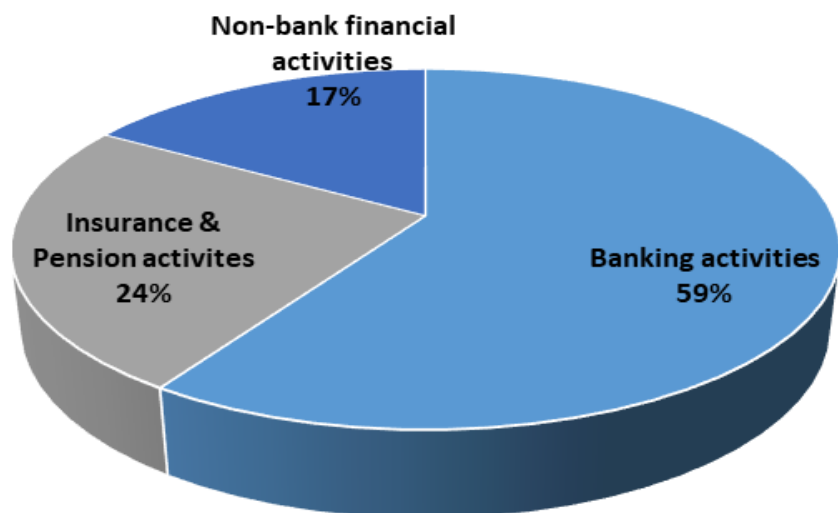


Gross Value Added for financial services (Rs billion)

2018	53
2020	59
2030	101

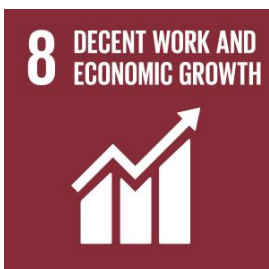


Contribution: 10.5%
Growth Rate: 5.5%



- The sector contributes around 10.5% and grows at a rate of 5.5%.
- Gross Value Addition is expected to grow from Rs 53 bn in 2018, i.e USD 1.5 bn to Rs 101 bn or USD 2.9 bn by 2030.
- In 2018, banking activities represent 59%; Insurance & pension activities 24%; while non-bank financial activities stood at 17%.
- With a contribution of 5.5% in itself, the importance of Global Business increased considerably over the years.
- It comprises of investment holdings, global management funds, fund administration, fund management, *Shariah* compliant funds and global asset management.
- Amendments are being made to the current regime in view of ensuring that the segment is in compliance with the best international norms and standards.

Innovative Financing Products Adopted



- **2005** – The banking legislation were modified in view of allowing *Shariah-compliant* platforms to emerge for investors looking for a cost-effective structure to launch their *Shariah-compliant* investments with different fund strategies via the Mauritius Jurisdiction.
- The first Islamic Bank, licensed by the Bank of Mauritius was launched in 2010.
- **2016** – Amendments were also made to allow **crowdfunding** activities to grow and in turn provide more access to financing.
- **2018** – Mauritius embarked on an ambitious **Green Bond Strategy**.
- A capacity building programme was organized in March 2018 by the Stock Exchange of Mauritius in collaboration with PAGE/UNEP FI.



Thank you...

Location: Le Morne '*underwater waterfall*', Mauritius