Financing for SDGs
Mauritius – An Example
10 – 12 July
Cairo, Egypt
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- Financing in Mauritius
Republic of Mauritius: A Macroeconomic Overview

### Selected Indicators 2017

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth (%)</td>
<td>3.8</td>
</tr>
<tr>
<td>Inflation Rate as at end December (%)</td>
<td>3.7</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>7.1</td>
</tr>
<tr>
<td>Investment Rate (%)</td>
<td>17.6</td>
</tr>
</tbody>
</table>

### Contribution of Traditional Sectors to GDP 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro-Industry</td>
<td>3.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13.4</td>
</tr>
<tr>
<td>Construction</td>
<td>4.3</td>
</tr>
<tr>
<td>Financial Services</td>
<td>11.9</td>
</tr>
<tr>
<td>Tourism</td>
<td>8.0</td>
</tr>
<tr>
<td>ICT</td>
<td>5.6</td>
</tr>
</tbody>
</table>

### Emerging Economic Sectors

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

### Global Rank

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

In March 2018, Moody’s re-affirmed the Baa1 rating for Mauritius.
Implementation Process of National Policies

Vision 2030

3 Year Strategic Plan

Yearly Budgetary Exercise

Public Sector Investment Programme (PSIP)

5 Year Rolling Plan
SDGs & Vision 2030

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

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 & Concession al 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
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%.”
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 SDGs.
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 transportation system**
   - Construction of the Metro Express System (India)

7. **Gender Budgeting** introduced with Budget 2018/19.
Private Investment in Mauritius

- 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:
  i. An approved NGO
  ii. A Special Purpose Vehicle (SPV) - such as a Foundation
  iii. 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

- The sector contributes around 10.5% and grows at a rate of 5.5%.
- Gross Value Addition is expected to growth 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