MAURITIUS FINANCE

MAURITIUS INTERNATIONAL FINANCIAL CENTRE Years

Mauritius International Financial Centre

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Interview
Minister of Finance, Economic Planning and Development

Capital Raising
Mauritius as a strategic hub

ESG
Mauritius as a pioneer for sustainable finance in Africa

Bridging the finance gap in Africa


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Making a difference

What does the future hold for Africa, as a land of opportunity with a population of over 1.4 billion and economies with double-digit GDP growth, and how can Mauritius play its part in contributing to a prosperous future for the continent?

Since the setting up of the Mauritius International Financial Centre (IFC), three decades ago, it has built a successful track record by structuring USD 82 billion worth of investments across Africa, according to the Capital Economics report commissioned by the Economic Development Board in 2021.

Looking ahead, we will lay a strong emphasis on attracting and facilitating impact and sustainable investment, considering that Environmental, Social and Governance (ESG) indicators are increasingly being used as a baseline to measure success. Organisations are embedding the ESG component in their overarching business strategy with a view to creating value for all stakeholders, improving financial performance and avoiding green washing.

Green and impact investment has become a key focus for the international investment community. Development Finance Institutions (DFIs) and other institutional investors have a strong mandate in the field and taking advantage of the opportunities in Africa has clearly become a priority for governments and DFIs around the world. This has been illustrated by the European Union's commitment, taken during the AU-EU Summit, to invest EUR 150 billion in Africa by 2030. Meanwhile, the UK Government is gearing up to host the next edition of the UK-African Investment Summit in 2024, where clean energy transitions, infrastructure and green growth will be prominently featured as priority sectors.

We are convinced that Mauritius has what it takes to attract leading international investors and stands ready to play a key role as a Sustainable and Impact Investment Hub for the region, while contributing to the development of African economies through different impact investment and sustainable initiatives in the continent.

With work currently underway towards the development of an ESG framework for Mauritius, for which the Government of Mauritius has received the support of the African Development Bank, we will be in pole position to enhance our offering to promote the Mauritius IFC as the Sustainable and Impact Investment Hub for Africa and beyond.

Since the Stock Exchange of Mauritius (SEM) introduced ESG reporting requirements for listed companies and guidelines for Corporate and Green Bonds issued by the Financial Services Commission (FSC), several issuers have taken advantage of those incentives to issue Green bonds in Mauritius. The recent launch of the Sustainable Finance Framework also marked a milestone on our path to a sustainable and resilient future since green bonds and sustainable finance are also set to benefit from tax exemptions.

With the Mauritian government being strongly committed to the green agenda, including through the national target to achieve 60% of renewable energy in the energy mix by 2030, and to reduce greenhouse gas emissions by 40% in 2030, we will remain faithful to our sustainability pledges as we help to bridge the financing gap for the continent. The recently launched measures are paving the way for a clear roadmap indicating where we want to go and to ensure our efforts lead to the desired outcome. Creating greater awareness among investors, financial institutions and the general public will ensure access to sustainable finance and encourage the adoption of sustainable investment practices.

With the growing interest from the investment community, and leveraging on our 30 years of experience in facilitating investment and supporting investors, Mauritius has a key role to play in bridging the financing gap on the continent with the increasing demand for new projects and infrastructures to promote economic growth and contribute to the achievement of the Sustainable Development for the benefit of all stakeholders.

By Samade Jhummun,
CEO, Mauritius Finance

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Bridging the finance gap in Africa

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How investment flows from Mauritius are helping to build Africa, achieve impact

As impact investing for Africa becomes increasingly pivotal to ensuring that the continent grows in a sustainable and inclusive manner, while taking all economies and communities in its stride, the Mauritius International Financial Centre is fast emerging as a beacon of hope for structuring such investments to the best advantage of the region and its growing legion of entrepreneurs.

With the Economic Development Board of Mauritius having implemented a slew of policies and incentivisation programmes to attract investors and business owners in Africa, it is clear that the island economy offers access to a wealth of legal, tax and corporate structuring expertise for the continent.

No wonder then that Mauritius has entrenched itself as an attractive and inexpensive jurisdiction where start-ups can incorporate their companies and benefit from socio-political security, financial incentives and a best-in-class regulatory framework that boasts a cutting-edge legal framework for virtual asset service providers (VASPs) in the form of the regionally pioneering Virtual Assets and Initial Token Offering Services (VAITOS) Act.

Legislated in February 2022, there is no doubt that this act has positioned Mauritius for greater growth and sustainability in the technology space, with start-ups in Africa vying to incorporate their legal structures in the island economy and use its secure shores to attract investment and expand to the rest of the continent. It stands to reason then that Mauritius has retained its first position as a leading magnet for Innovation in Africa in the 2022 Global Innovation Index ("GII") published by the World Intellectual Property Organisation on 29 September 2022. Mauritius leapt 7 places up from its previous ranking to rank as the 45th most innovative economy globally as per the GII.

Moreover, speaking of conducive legislations, the Bank of Mauritius recently issued the National Payment System Regulations which will make it easier for the payment, clearing, and settling of payments in Mauritius and abroad. When it comes to support for start-ups incorporating in Mauritius, the island economy has seen a stellar rise in the service providers such as fund administrators and fiduciary firms that extend efficient and cost-effective management services for Africa-centric businesses. As an icing on the cake, the Mauritian government has also implemented the "Africa Innovation Initiative" as it looks to establish itself as Africa's leading destination from which to administer investment and treasury operations for expansion in Africa.

For the way forward, we see that Mauritius has begun to work with property developers to establish "Smart Cities" across the island providing modern spaces to work and live. In the latest budget, such "Smart Cities" have been taken a step further with non-citizens having the opportunity to acquire real estate in sustainable cities in line with the Sustainable City programme. It is clear then that Mauritius continues to lead the way as an IFC for the future, with founders being encouraged to set up abode here. Thus, for start-ups operating in Africa that are looking to expand their horizons, Mauritius offers the perfect shores to structure plans and accompanying investment flows to realise growth objectives.

Structuring innovative investments from safe shores

No wonder then that innovation-centric investments into Mauritius are fast becoming the norm. A case in point is the African Capital Alliance (ACA) whose investment into Accelerex Holdings in Mauritius was announced in November 2020 at the height of COVID.

As Ashraf Deenmahomed, Director & Chief Operating Officer at African Capital Alliance (Mauritius), explains, Accelerex Holdings is a leading payment terminal/payment solution services provider, with capabilities in agency banking and lending to Small and Medium-Scale enterprises (SMEs) based on its technology platforms. The business started operations in Nigeria and has expanded into other markets since.

"In making the investment into AH, ACA believed that the company was well positioned to grow significantly, becoming a Pan-African business, with strong potential to build out a payments platform which spans a wider suit of financial and payment services. As such, ACA's investment in Accelerex Holdings (AH) is one example of how we are partnering with innovative businesses with strong fundamentals to accelerate digital transformation in Africa. Backed by a strong management team and ACA's investment, the company has made good progress in actualising its potential, notwithstanding the pandemic. Indeed, the pandemic created an avenue to deepen financial solutions, as FinTech innovations helped reduce the need for face-to-face interactions while sustaining economic activity and livelihoods," notes Ashraf.

He further elaborates how ACA worked with the company's management team to establish in Mauritius, enabling the company to accelerate its income growth and diversification across key markets in the continent. He lauds the impact of this Mauritius-structured investment in allowing AH to expand its operations into Ghana. AH has also recently signed with a large East African bank to enter 6 East African markets, he adds.

Here, Ashraf signals that ACA is also investing in other technology-centric start-ups in Africa via Mauritius. He unfolds how ACA's funds have invested in businesses across Africa in sectors that align strongly with the fundamentals of the continent. For instance, ACA's largest fund, Capital Alliance Private Equity IV Limited ("CAPE IV") is investing in technology and technology-enabled businesses and businesses operating in digital infrastructure, financial services, fast moving consumer goods, and energy sectors.

"One of CAPE IV's most recent investments was in WIOCC, a provider of end-to-end international connectivity within African economies and between Africa and Europe (usage rights on over 75,000km of deep sea cables). CAPE IV, together with a consortium of other investors, made a US$200 million investment in WIOCC. WIOCC started as a connectivity business and is now expanding operations into Data Centers. We are pleased with

"COVID created an avenue to deepen financial solutions, as FinTech innovations reduced the need for face-to-face interactions while sustaining economic activity and livelihoods."

Ashraf Deenmahomed,
Director & Chief Operating Officer
at African Capital Alliance
(Mauritius)

the management team and the company is well poised to partner with international customers to deliver high-quality digital infrastructure across Africa, capitalising on the demand for data centers in Africa," he explains.

Fit for funding: Vehicles for growth

Moreover, it is increasingly seen that founders operating in Africa are beginning to think more critically about where to incorporate their company and what the best corporate structure would be for expansion.

Such founders find that they can mitigate and hedge against exposure to local currency fluctuations and volatile macro-economic and political conditions by setting up an investment vehicle in Mauritius through which investment capital can be deployed as they look to decrease their currency fluctuation risk; increase operating efficiency; establish a reliable structure to expand into Africa; or have control over their own funds for purposes of continental or global expansion. No wonder then that the list of African founders who are considering Mauritius-structured investments is increasing exponentially.

Indeed, the island economy is finding itself in huge demand from private equity investors eyeing Africa with a wide range of offerings. A robust example is the Mauritius-based AfricInvest, which has dedicated investment teams focused on North Africa and Sub-Saharan Africa and covers several lines of businesses such as private equity, venture capital, private credit, blended finance and listed equity.

Annabella Cesar, Senior Manager, AfricInvest Global Manco Mauritius, explains, "AfricInvest is a co-founder and active member of several organisations such as the Moroccan Association of Capital Investors (AMIC), the African Venture Capital Association (AVCA), France Invest (Africa Club), the Global Private Capital Association (GPCA), Tunisian Association of Capital Investors (ATIC), and the East Africa Venture Capital Association (EAVCA). AfricInvest provides local hands-on support, enhances governance, creates synergies with portfolio companies and provides assistance with geographic expansion for companies in Africa at various development stages, to deliver value and meaningful sustainable change for its investors, portfolio companies, and their communities."

Following this philosophy, Annabella unfolds that AfricInvest has raised over US$2bn Asset Under Management (AUM) across 21 funds, mostly based out of Mauritius. Indeed, with a track record of 30 years, AfricInvest is among the most experienced private equity investors in Africa.

"The Mauritius IFC has a proven track record in facilitating cross-border investments into Africa, leveraging its comprehensive suite of products and services. Its robust legal and regulatory framework, sophisticated banking system, highly skilled, bilingual finance and legal professionals, ease, and cost of doing business and political stability all contributed to this success. In 2004, we structured our first fund in Mauritius and since then we have proactively promoted the Mauritius IFC as a jurisdiction of choice to the global business community. Through our long-standing, strong and close relationships with leading Development Financial Institutions (DFIs), we have encouraged them to structure their investments via the Mauritius IFC and they have proved their trust and confidence in the jurisdiction through their recurrent investments into our funds domiciled in Mauritius," she emphasises.

For her part, Sangeetha Ramkelawon, Deputy CEO, BCP Bank (Mauritius), explains how, with a robust presence in 18 countries on the continent, leading pan African banking group Banque Centrale Populaire (BCP) is deeply committed to impact financing in Africa. "We integrate sustainability and ESG practices into our core strategies, particularly when it comes to sectors crucial for Africa's sustainable growth. The Mauritius IFC offers pivotal attributes that magnify BCP Bank's impact financing endeavors. Its transparency regulatory framework and strategic location empower us to efficiently structure and impactful transactions."

Why Mauritius is as an IFC of choice for Africa

Mauritius, being strategically located between Asia and Africa, has built a reputation as a safe, trusted and competitive financial centre on the back of one of the continent's most stable regulatory environments, which has enabled it to position itself as the preferred jurisdiction for Foreign Direct Investments (FDIs) flows to the continent, since the country can serve both Francophone and Anglophone Africa.

Moreover, Mauritius and the other Africa countries are long known for the ties they share, both politically and economically. Significantly, Mauritius is a

"Mauritius can boost Africa's development by capitalising on its strategic geographical position and historic ties with Asia and Africa to enhance trade and investment."

Annabella Cesar,
Senior Manager, AfricInvest Global Manco Mauritius


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member to two of the continent's most important trade blocs, namely the Southern African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA). Through these memberships, many foreign entrepreneurs have set up their businesses in Mauritius to gain from the trade advantages offered.

"Mauritius can boost Africa's development by capitalising on its strategic geographical position and its historic ties with both Asia and Africa to enhance trade and investment. The third edition of the India-Africa Entrepreneurship & Investment Summit held this year underscores Mauritius's potential role in facilitating this alliance. To retain its competitive edge, all the actors of the ecosystem should work collaboratively to offer top notch products and a seamless service to the global investors. In addition, it is essential for the Mauritius IFC to maintain open dialogue with African governments, showcasing how Mauritius can serve as a conduit for foreign investments in their respective countries. It is also important to remind international investors of Mauritius' expertise in directing investments towards developing African economies," avers Annabella of AfricInvest.

Apart from SADC and COMESA, Mauritius is now part of the African Continental Free Trade Area (AfCFTA). Launched on 1 January 2021, the AfCFTA is an exciting game changer for African trade. Currently, Africa accounts for only 2% of global trade and only 17% of African exports are intra-continental, compared with 59% for Asia and 68% for Europe. Enter the AfCFTA, as the world's largest free trade area in terms of the number of participating countries since the formation of the WTO with all African countries being signatories except for Eritrea. The main purpose of the agreement is for members to remove tariffs on90% of goods, allowing free access to commodities, goods, and services across the continent.

No wonder then that impact funds such as Acre Impact Capital, which is Africa-centric and London-based, are seeing the value in Mauritius for structuring their investments into the continent. Recently, the fund has secured a long-term partnership with the European Investment Bank (EIB). The specific funding received for Acre Impact Capital's Export Finance Fund I supports climate-aligned infrastructure finance that covers renewable power, health, food and water scarcity, sustainable cities, and green transport.

Acre Impact Capital co-founders Hussein Sefian and Faisal Khan explain how Acre Impact Capital leverages the Mauritius advantage to invest in climate-aligned essential infrastructure across the African continent with a strategy to address a specific financing gap in the Export Credit Agency (ECA) market.

"Due to a lack of capacity on the commercial debt tranche, transactions get delayed and at worst, the infrastructure is never built, denying underserved populations from essential services. By financing the commercial debt tranche, the Fund unlocks the ECA-guaranteed tranche and allows transactions to move forward, achieving a 5.6x capital mobilisation ratio. Mauritius, as a recognised IFC, provides the full infrastructure required to support the funds' strategy, providing comfort to investors given the well-established regulatory environment. This is the building block for our Funds to deliver their impact potential," emphasise Hussein and Faisal.

Joining the dots: Connecting impact-oriented investors to Africa

Thus, it is clear that over the past two decades, Mauritius has taken active steps toward becoming a recognised IFC. As a key investment vehicle for start-ups, venture capital funds often require the capital they commit and deploy to be held in a jurisdiction that is investor friendly. Mauritius has been proactive in establishing a favourable tax and investment jurisdiction, having concluded over 45 double taxation agreements and 29 investment promotion and protection agreements. The island also has a strong legal system which draws on elements of British Common Law and French Napoleonic Code Law. Mauritius boasts of a significant number of private equity funds domiciled on the island, allowing for direct deployment of capital to start-ups or medium-sized companies that have a Mauritian-based investment company.

Against this backdrop, Investment Vehicle Structures (IVSs) in Mauritius are common and have been used by global DFIs and multinational corporations alike to render impact and engender growth in African economies. By providing both SMEs and large businesses with a supportive, safe, dependable, and reliable corporate structure from which their investment activities are conducted, IVSs in Mauritius are gaining traction with investors and funds.

As a case in point, Ashraf Deenmahomed avers that ACA has a presence in Mauritius since 2001 and has

"The Mauritius IFC's commitment to sustainability resonates with our values, amplifying our efforts to finance meaningful projects in Africa."

Sangeetha Ramkelawon,
Deputy CEO, BCP Bank (Mauritius)

significantly increased its footprint in the country, since then, most of its private equity funds and other investment vehicles domiciled in Mauritius. Ashraf outlines the way forward for ACA by noting that, "Similar to the investment in WIOCC, ACA will be deepening its focus on the opportunities in the continent's technology ecosystem, building on its success in earlier technology, media and telecommunications (TMT) businesses such as the investment in the mobile communications giant, MTN Nigeria. Other areas of focus include energy transition/ infrastructure, as well as key growth sectors like financial services and consumer/industrial businesses. Overall, Mauritius remains a jurisdiction of choice for ACA," he affirms.

Moving from technology to climate change, it is insightful to note how, as an Africa-centric and London-based infrastructure fund that unlocks the first leg of commercial loan funding for the critical, 15% down-payment element of essential infrastructure projects across Africa, Acre Impact Capital finds Mauritius absolutely key to its investment strategy. "Indeed, Acre Impact Capital's Export Finance Funds are intended to invest in climate-aligned essential infrastructure projects across the African continent. We are pleased the strategy has attracted high profile investors from the development finance space, commercial investors including a number of South African banks and impact investors. These investors validate both the strong development impact potential of the strategy as well as the commercial case for such investments. Interestingly, this strategy brings together worlds that you don't often see together: export credit agencies, MDBs and DFIs, commercial and impact investors. All types of investors are required to address the infrastructure development and climate challenges on the continent and we are pleased that our funds can foster such collaboration," emphasise co-founders Hussein Sefian and Faisal Khan.

Moving from pressing matters of climate change to the equally crucial health arena, Annabella Cesar references the laudable milestone achieved by AfricInvest by launching the Transform Health Fund (THF) to support African economies to emerge from the throes of COVID. Their pan-African health-focused fund THF, launched together with the Health Finance Coalition, recently announced the close of the first US$50 million tranche, and Annabella explains that, being based in Mauritius, the THF offers debt and mezzanine financing to scale impactful health enterprises serving vulnerable communities in Africa while aiming to provide risk-adjusted returns.

"The Fund is poised to strengthen African healthcare systems, currently underfunded with only 1.6% of global impact investments in the sector, as per the Global Impact Investing Network (GIIN). This challenge has been heightened by COVID-19, and THF's role will further support the achievement of Universal Health Coverage (UHC). THF's investment strategy targets supply chain transformation, the advancement of innovative care delivery models and digital innovation to enhance access to quality healthcare in Africa, specifically in East, Southern and Francophone West Africa. The Fund's commitment to backing enterprises that expand access to affordable, quality healthcare and improve cost-efficiency contributes significantly towards achieving SDG 3 (Good health and well-being)," she emphasises.

Altogether, she explains that AfricInvest has built a rich investment expertise, an extensive pool of resources from its network and its physical presence across 10 regions through offices in Africa and EMEA including Abidjan, Algiers, Cairo, Casablanca, Dubai, Lagos, Moka, Nairobi, Paris, and Tunisia, towards creating sustainable impact across Africa.

For Sangeetha, it is noteworthy that BCP Bank has been able to leverage its location in Mauritius to support trade flows between Africa and Asia, with Proparco and DEG allocating a Euro 25m loan to BCP Bank (Mauritius) Ltd to this effect.

"Altogether, the funds provided by DEG and Proparco were directed towards supporting BCP Bank (Mauritius) in implementing its pan-African strategy. The loan also supported trade flows between Africa and Asia through the bank's trade finance activity, leading to increased trade and economic interactions between these two regions, thus boosting economic growth," she explains.

In addition, UN Women have lauded BCP Bank's social bond issuance in 2021 for women in Morocco. Sangeetha explains that, driven by an inclusive approach, BCP Bank's Social Bond Framework is testament to the group's dedication to fostering women's economic empowerment through targeted initiatives geared towards professional integration and financial inclusion. She elaborates that funds under the bond were issued through a private placement on December 31, 2021 and that this subordinated bond, with a maturity of 4 years, was

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Faisal Khan, co-founder,
Acre Impact Capital

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fully subscribed by national institutional investors for a total amount of approx. US$20.4 million.

"This ground-breaking operation in Africa primarily focuses on structuring and financing projects led by women as part of the development of solidarity finance. The funds raised were made available to the Micro-finance Foundation created by BCP, whose social mission aligns with this objective. The BCP's Micro-Finance Foundation – Attawfiq – indeed focuses on providing micro-credits to economically vulnerable individuals, especially women, who face challenges accessing the labour market and financing for income-generating activities. With more than 55% of their clients being women, Attawfiq actively contributes to promoting women's economic participation in the economy. This initiative not only uplifts women but also contributes to the nation's development/progress through job creation, entrepreneurship, and inclusive growth," she comments.

Sangeetha explains how this social project directly aligns with multiple Sustainable Development Goals (SDGs) – be it for fighting poverty, growing gender equality, promoting entrepreneurship and job creation, fostering industry innovation and infrastructure, or ensuring social and economic inclusion for all.

Sustainable growth shows the way forward

In the ultimate analysis, Mauritius is successfully serving as a sustainable hub for impact funds that have a strong foothold in Africa.

From the perspective of the African Capital Alliance, Ashraf ends his insightful commentary by describing Mauritius as a jurisdiction of choice, given the relative ease of doing business in the country. It is also a key consideration for investors who are rightly concerned with investing in a jurisdiction that meets relevant international standards, he adds.

"Our diverse base of investors – DFIs, African and International Pension Funds, sovereign wealth funds, funds-of-funds, and other international investors, invest comfortably through the Mauritius IFC due to the ease of doing business, legal framework, presence of international players (banks, law firms, audit firms, tax and advisory firms), Investment Promotion and Protection Agreements, good ratings in indexes, amongst others. In addition, the commitment from the local government, regulatory bodies, and all stakeholders for adapting to the macro environment and the work done to remove Mauritius from the EU list of high-risk third countries was well received. We urge that the country continues engagement with all relevant stakeholders likeservice providers, management companies, investors amongst others, in developing policies and taking into consideration all viewpoints, as it seeks to maintain its position," he concludes.

Next, both on behalf of BCP and in her capacity as Vice Chair of Mauritius Finance, Sangeetha remarks that the Mauritius IFC's connectivity to global markets facilitates the flow of resources, enabling banks in Mauritius to direct investments to priority sectors across Africa. "Moreover, the IFC's commitment to sustainability resonates with our values, amplifying our efforts to finance meaningful projects in Africa that drive positive change and sustainable growth on the continent," she says on a parting note.

For her part, Annabella explains that, over the years, Mauritius has successfully developed as a reputable international financial services sector, contributing 13% to the national GDP. Boasting an optimal ecosystem and credentials recognised by international regulatory bodies such as the FATF, EU and OECD, Mauritius also appeals to global investors and talents with its recently enhanced tax regime. "In conclusion, the Mauritius IFC should position itself as a specialist regional IFC-focused on Africa. It should also promote international private equity funds based in Mauritius to invest locally, increasing substance, and fostering growth through stronger integration with the African continent. Finally, at the level of AfricInvest, we firmly believe that we could raise more capital for our Mauritius-based funds,should the Mauritius IFC consider the benefits of passporting with other jurisdictions including Europe," she signs off on this thought-provoking note.

Finally, Acre Impact Capital co-founders Hussein and Faisal emphasise that investors seek to invest in reputable, strong jurisdictions that have a track-record of attracting global institutional investors. "A key decision factor is the existing ecosystem of service providers such as fund administrators, reputable law firms, banking providers, etc. Mauritius has successfully established itself as a key destination for funds investing into the rest of the African continent, in particular impact funds," they conclude.

"Mauritius has successfully established itself as a key destination for funds investing into the rest of the African continent, in particular impact funds."

Hussein Sefian, co-founder,
Acre Impact Capital

DR. THE HONOURABLE RENGANADEN PADAYACHY

MINISTER FOR FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

"Mauritius' economic success has been built on a strong collaboration between the public and private sectors"

Over the years, Mauritius has unleashed new pathways for development in the journey of charting the International Financial Centre (IFC) of choice. In this journey, Dr. The Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development, has played a vital role in paving the way for Mauritius to take significant strides and make substantial progress.

Under Dr Padayachy's guidance, a lot of effort has been deployed on numerous fronts for a favourable macroeconomic outturn and a healthy debt trajectory. This has been confirmed by the most recent sovereign ratings by both Moody's and Standard and Poor's which have reaffirmed the position of Mauritius as an investment grade jurisdiction. During the Budget 2023-24 announcement, Dr Padayachy mentioned that the IMF and Statistics Mauritius are aligned – Mauritius has exceeded by far its GDP growth forecasts for 2022. It is also worth noting that, according to the IMF's World Economic Outlook in April 2023, Mauritius was amongst the 20 fastest growing economies in the world last year. He has also underlined the immense potential of the African continent given that the population is expected to double by 2050 to reach 2.5 billion inhabitants.

Additionally, he was recently praised by the African Leadership Magazine (ALM) as an individual dedicated to making a positive impact in Africa, by being named the winner of the African Minister of the Year Award by the ALM.

In this in-depth interview, the Minister explains how the jurisdiction will grow significantly to become the ideal business and investment hub for Africa, undertake upgrades in conducive frameworks, reinforce economic diplomacy among the African states, new agreements, ESG framework and more. Excerpts:

Mauritius has forged a reputation as a safe, trusted, and competitive financial centre supported by strong institutional arrangements and good governance. This is evident from the growing relevance of the Mauritius IFC serving as a conduit for driving investment to Africa. Today, more than 450 private equity funds are domiciled in the Mauritius IFC and investing in the African continent. As of June 2021, nearly USD 40 billion investments directed to Africa were structured through Mauritius. Take us through your views of how you have seen the jurisdiction grow significantly to become the ideal business and investment hub for Africa?

The fund industry in Mauritius has developed a strong ecosystem of service providers, including fund administrators, custodians, legal advisors, and auditors with extensive experience in structuring and managing investment funds targeting the African continent. From a technology perspective, the Mauritius IFC is using the latest fund management and administration softwares. From a regulatory perspective, it is worth noting that the regulatory and supervisory framework for global funds in Mauritius complies with the global principles and practices of the International Organisation of Securities Commissions (IOSCO).

> There are currently some 967 global funds domiciled in Mauritius

There are currently some 967 global funds domiciled in the Mauritius jurisdiction consisting mainly of sovereign wealth funds, international investment funds, private equity firms and investment holdings.

Furthermore, leading Development Finance Institutions (DFIs) such as Proparco, British international Investments (BII), KfW, amongst others, have trusted the Mauritius jurisdiction. Funds are domiciled in Mauritius because of our conducive business environment, ideal time zone, cost competitiveness and efficiency, a professional infrastructure, availability of skilled professionals, coupled with our network of Double Taxation Avoidance Agreements and Investment Promotion and Protection Agreements with a host of African states.

As part of our efforts to continuously enhance the fund ecosystem, the Mauritius IFC has introduced the Variable Capital Company (VCC), which provides the framework for funds to carry out business through one or more sub-funds or Special Purpose Vehicles (SPVs), all within one structure.

Mauritius is also known as the preferred hub for investment into Africa, with about 4.2 million jobs in mainland Africa supported by foreign investment mediated by Mauritius. The Government has proactively upgraded appropriate frameworks, policies, licences and products as well as promoted technological solutions to raise the attractiveness of the Mauritius IFC on the regional and international front. Various measures have contributed to position the country as the number one destination for doing business in Africa and Mauritius is positioned among the top 10 performers on the World Bank Doing Business Index. Mauritius also fares well on a number of international indices such as the Global Competitiveness Report, Mo Ibrahim Index of African Governance and Economic Freedom Index, to name a few. What more upgrades and projects in the pipeline with regards to conducive frameworks is the Government looking at this year?

There is a significant potential for higher levels of development for Mauritius. To realise this potential, the country has to constantly improve its business and trade environment. A major reform that the Government has undertaken this year has been the move towards a more simplified procedure regarding our immigration policy. We have simplified the procedures for obtaining work permit for foreigners. We have also reviewed the process for occupation permits for professionals to bridge talent gaps as well as address jobs and skillset needs of companies.

The "silence is consent" principle has been introduced to ensure swift processing of permits and licences. Innovation continues to be an important way forward with new schemes and enhancements to existing ones to drive innovation and new capabilities as well as quality for our enterprises, MSMEs and workforce. This will help to safeguard our competitive position in the face of new challenges. The review of legal frameworks to strengthen our

Financial Services sector will further consolidate our position as an IFC of repute and contribute to attract more international players to our jurisdiction.

We have also restructured the Income Tax regime which is one key and bold fiscal reform aimed at restoring the economy's competitiveness and bringing about fairness and equity for earners. Income Tax will be imposed through the introduction of a marginal step application of the rates, leading to a reduction in total income tax paid.

African States are stepping into a phase of economic transition that urges an unprecedented opportunity for sustained growth, structural change, and accelerated development. As opportunities emerge and foreign partners flock to Africa, it is particularly important that Mauritius enters the fray. What are the pro-African policies that you are implementing to improve the investment climate, reinforcing economic diplomacy, and enlarging market access to consolidate the position of Mauritius as the strategic partner for African States?

Mauritius has and will always clearly affirm its status as a proud member of the African continent. This is why time and again we have continuously strived to improve our Africa Strategy.

We are already a member of SADC and COMESA, and trade relations have continuously strengthened over the years. With the advent of the AfCFTA, we face additional opportunities to further develop our economy through the potential that the continent offers, while at the same time allowing African countries to build on what we can offer to support their own development. Over and above trade in goods, there are opportunities to further bilateral collaborations with African economies in the services sector, in particular in professional and legal services, financial services and ICT.

Today, the Government is working towards positioning Mauritius as the preferred platform to finance infrastructure and energy projects in mainland Africa. The Economic Development Board already has offices in South Africa and Kenya to better service local operators willing to invest in Africa, find buyers for products manufactured in Mauritius and also attract investments from mainland Africa into our economy.

We will be going further in this strategy, and the Government and EDB will work towards building our capacity to additionally support and encourage cross border investments into the region by making our investment promotion agency a one stop shop for businesses in Mauritius and around the world to identify opportunities and realise them in Africa.

What is the government's Africa strategy to leverage on our unique geo-strategic position to ensure that Mauritius is poised as the conduit for driving investment to Africa through the MIFC?

Mauritius aims to position itself as the gateway for international investors looking to enter the African market. The country's well-established financial sector, complemented with economic, social and political stability, makes it an attractive destination for businesses seeking a base from which to access investment opportunities in Africa.

> The African continent is no doubt the most resource-abundant continent

Mauritius has cultivated a strong financial ecosystem over the years, including attractive tax incentives, and a comprehensive legal framework. To effectively drive investment into Africa, Mauritius has already established strategic partnerships with several African countries, with the objective to further enhance and foster diplomatic and economic cooperation with the continent.

The offerings of the Mauritius IFC are constantly being revamped to ensure its relevance in this dynamic global financial services era. A harmonised Environmental Social and Corporate Governance (ESG) framework has been developed to be promoted in the global investment value chain.

The Mauritius IFC is also looking into introducing the provision of funding or capital for the acquisition or use of movable assets, including aircrafts and shipping vessels.

These new lines of service would further add substance to the Mauritius jurisdiction and position the Mauritius IFC as an ideal platform to facilitate investments into Africa. The government's Africa strategy also focuses on defending and developing

existing financial products and markets, as well as developing new products and markets, through a series of targeted marketing campaigns, participation in international events, and networking opportunities with law firms, tax advisors and other financial intermediaries.

How do you plan to position Mauritius as the ideal trade platform, tapping on the network of agreements signed (CECPA, FTA China, FTA Turkey, PTA Pakistan, IEPA and AGOA) and the operationalisation of the AfCFTA?

There is always the need to diversify towards new markets. Recent preferential trade agreements such as the CECPA, the China FTA and the AfCFTA create huge opportunities in vast new markets that could provide demand for more complex Mauritian products. Today, the plethora of trade agreements that Mauritius has signed provides the country with preferential market access to nearly 75% of the world's population.

The Government is currently providing substantial support to the community of exporters to tap into new opportunities, namely through the Freight Rebate Scheme and the Trade Promotion and Marketing Scheme that provide incentives to increase our exports. We have also recently launched the Mauritius Expo Virtual Platform which is an innovative online portal that allows them to showcase their products to a global audience round the clock. This groundbreaking platform opens up new avenues for Mauritian companies to showcase and promote their products to a wider market, thus bolstering the nation's position as a reliable sourcing destination.

Further, how will this boost export of services to Africa, harnessing Africa's demographic dividend, its growing middle class, increasing use of technology, and its rapid urbanisation?
As the African youth are increasingly embracing technology for innovation and entrepreneurship, this presents an opportunity for the emergence of emerging and innovative services onto the continent such as FinTech solutions, Ecommerce, AgriTech, and digital content, among others. As per Global Systems for Mobile Communications (GSMA), Africa will have 120 million new mobile subscribers by 2025, taking the total number of subscribers to 615 million. This provides a thriving market for services and can serve as a foundation for businesses to expand their offerings to international / African clients through the trade platform.

As the middle class grows in Africa, there is also an increased demand for various services, such as technology, education, healthcare, finance, entertainment and more. Trade platforms can facilitate the connection of middle-class consumers with local and regional service providers. It can also help African service providers to improve their offerings to meet the higher expectations of this target pool.

Urbanisation in Africa is also occurring at a rapid pace, with more people moving to cities in search of better opportunities. Urban areas tend to have higher connectivity, better infrastructure, and greater demand for specialised services. Targeting these urban centers with relevant and customised services can lead to increased export opportunities.

By strategically capitalising on Africa's demographic dividend, growing middle class, technological advancements, rapid urbanisation, and fostering local partnerships, businesses can undoubtedly boost the export of services to Africa.

The Government is working in close collaboration with the private sector, mainly with Mauritius Finance. With regards to specific focus on segments such as funds, FinTech and sustainability as the driving force of the financial services sector for Mauritius, what further steps is the Government going to take to assess the areas where we can be the pioneers for Africa? How do you plan to continue to place value and reliance on our public-private partnership?
Mauritius' economic success has been built on a strong collaboration between the public and private sectors, driving inclusive and sustainable development.

To sustain its financial ecosystem's evolution, Mauritius is expanding its financial instruments and embracing FinTech innovation in collaboration with both the government and private sector stakeholders, solidifying its position as a diverse and forward-looking financial hub.

This partnership facilitated the country's swift removal from the FATF, UK, and EU watchlists, bolstering confidence in the Mauritian IFC. The government's proactive stance is evident through the establishment of a Public Private Joint Committee, chaired by me, which convenes quarterly to openly address economic challenges and opportunities.

This forum brings together diverse perspectives and sector-specific bodies like Mauritius Finance and the Mauritius Bankers Association, ensuring comprehensive and specialised discussions. Sectoral committees at various levels, such as the Bank of Mauritius and the Ministry of Financial Services, further strengthen this collaboration, contributing to targeted problem-solving and continuous dialogue. The commitment to regular meetings reflects a dedication to maintaining an adaptive and resilient economy.

In addition, with the setting up of Maurice Stratégie, we aim at putting in place a permanent platform to ensure constant dialogue between the Government and the private sector to deal with challenges and threats in real time and identify future growth areas with a view to put in place the right incentives and ecosystem to tap into them.

How does the Government plan on taking full advantage of technological developments to ensure that ease of doing business is enhanced for the benefit of investors and stakeholders? What series of activities are in the pipeline with the aim to put in place the right eco-system to attract businesses?

Recognising that digital transformation is a key driver for innovation, resilience and strengthening of the Mauritian economy, the Government, over the last couple of years, has leveraged on technology to implement reforms to transform public sector service delivery into an efficient and reliable ecosystem by speeding up services and reducing transaction costs. The streamlining of procedures for permits and licenses, the automation of the public sector and the exchange of information among government agencies through the Information Highway are at the heart of the move towards the digitalisation and upgrade of the public service, in line with international best practices.

> Mauritius is committed to incorporate ESG principles into its policies, regulations, and practices

The National Electronic Licensing System (NELS) is one of the many initiatives which has brought about significant efficiency in the way businesses and people transact on a daily basis and improved interaction among public institutions in determining application for licences and permits. Established in October 2018, NELS is a central repository of all business licences and permits and it provides a transparent and rule-based application process. The system allows online submission, processing and approval of applications and is equipped with an in-built audit trail as well as an associated electronic payment mechanism.

The Companies and Business Registration Integrated System (CBRIS), e-services at the Mauritius Revenue Authority and the Mauritius E-Registry System (MERS), allowing the registration of immovable and immovable property transactions, have also contributed to the ever-evolving business climate.

Initiatives in the pipeline include the development of a Business Obstacle Alert Mechanism (BOAM) which is an online tool designed to facilitate the identification and elimination of obstacles faced by the business community. The platform provides a formal mechanism for registering, monitoring and resolution of business obstacles through enhanced coordination between the public and private sector.

On the trade facilitation front, the National Single Window (Mauritius Trade link) connects importers and exporters to the MRA Customs and import and export permit and clearance issuing agencies. As part of strategies to revitalise the port system, a Maritime Single Window is presently under development to allow for the online submission and determination of vessel arrival and departure.

With the view to modernise Mauritius' regulatory system and align with best practices, the Government is currently implementing the recommendations of the Regulatory Review project. This landmark project aims to review existing regulatory practices to identify novel regulatory approaches that support growth and innovation in the following sectors: Land Use and Construction, Tourism, Healthcare & Lifesciences, and Trade & Logistics. The Government is also in the process of reviewing the insolvency framework and, with a view to facilitate access to finance especially for MSMEs, the Government is currently working on the legislative framework to promote Movable Asset Based Lending.

With regards to the ESG framework for the island economy, could you comment on how such a move positions Mauritius to become the sustainable IFC of the future?

Mauritius, being a Small Island Developing State (SIDS), is committed towards incorporating ESG principles into its policies, regulations, and practices. To recall, the National Budget 2022-23 had announced the implementation of a sustainability roadmap for Mauritius, which included the development of a Sustainable Finance Framework which has been launched recently. This framework will not only provide necessary comfort to DFIs using Mauritius for their investments but also ensure that there is a proper mechanism whereby investments are channeled into impactful projects.

Additionally, in the National Budget 2023/2024, I had announced the development of a Carbon trading framework to enable the trading for both Blue and Green credits, which will act as a catalyst for the greening of Mauritius' economy.

Furthermore, ESG-related projects will be covered by the Premium Investor Certificate Scheme in order to better position Mauritius as an ESG-rated investment destination platform according to the ESG Index Risk Map, support climate-smart development in Africa, and encourage potential investors and companies to adopt climate-smart solutions for their upcoming projects.

These initiatives, whilst aligning the jurisdiction with global trends, will undoubtedly position Mauritius as a sustainable IFC.

What is the horizon for the financial services sector looking like, especially as an enabler of growth and as a gateway to Africa?
The African continent is no doubt the most resource-abundant continent, with over 30% of the world's mineral reserves. Yet, Africa has the lowest GDP per capita income representing only 3% of the world's income.

However, Africa's GDP has the potential to increase from USD 2 trillion to USD 29 trillion by 2060.

Today, the Mauritius IFC could play a more significant role in facilitating cross-border investments into Africa and make the continent more attractive and investor-friendly by de-risking African investments and enable global investors to achieve the highest returns.

As per the Capital Economics report, it is estimated that investments from Mauritius to the African continent accounted for USD 82 billion to date, generating USD 6 billion in annual tax revenues for African States and supporting 4.2 million jobs in the Continent.

The Mauritius jurisdiction remains more than ever committed to accompany the international investing community on the journey of growth and prosperity.

On a concluding note, what is your appreciation of the Mauritian economy, and what are the prospects for the future?
We have seen how the reforms and initiatives put in place have supported a strong and sustained recovery following the onset of the COVID-19 pandemic.

Today, Mauritius is anticipated to outpace global growth in 2023 according to the World Bank, IMF, and AfDB. Maurice Stratégie has recently undertaken a forecasting exercise, and according to their analysis, GDP growth for 2023 is expected to reach 7.3 percent.

> Maurice Stratégie forecasts show that GDP growth for 2023 is expected to reach 7.3%

All the main economic indicators support these estimates. On one hand, trade expanded with total goods exports growing by 2.1 percent, reaching MUR 50.56 billion in the first half of 2023 compared to MUR 49.52 billion in the first half of 2022. On the other hand, the tourism sector experienced a remarkable surge, with arrivals increasing by 58 percent, from 376,556 in H1 2022 to 596,466 in H1 2023. Tourism earnings for the first five months of 2023 reached MUR 35.8 billion, up 41.5 percent from H1 2022, accounting for 55.2 percent of total 2022 earnings.

Moreover, Foreign Direct Investment inflows rose significantly, reaching MUR 7.24 billion in Q1 2023 compared to MUR 5.24 billion in Q1 2022, a 38 percent increase. Furthermore, unemployment declined to 6.7 percent in Q1 2023 from 8.7 percent in Q1 2022 while inflation also demonstrated a downward trajectory, registering at 7.9 percent in June 2023, down from 9.6 percent in June 2022. Collectively, these trends depict a positive economic outlook for Mauritius.

The Mauritius International Financial Centre: A dynamic platform for plugging the finance gap in Africa

Vinay Guddye of the Economic Development Board (EDB) of Mauritius traces the evolution of its financial services sector and speaks about the value proposition of the island economy as an International Financial Centre (IFC) of choice for Africa.

The Mauritian financial services sector has substantially evolved since its inception in 1992 with the promulgation of the Mauritius Offshore Business Activities Act (MOBA Act).

In 2001, the MOBA Act was repealed and replaced by the Financial Services Development Act. Over the years, further amendments were brought in, and the Financial Services Act 2007 allowed for the Mauritius IFC to embark on an era of diversification, moving up the value chain and becoming a recognised, trusted, well-regulated and robust IFC of choice.

Taking innovation in its stride

Today, after successfully addressing several challenges, such as exiting the Financial Action Task Force (FATF) list of jurisdictions under enhanced monitoring in record time, Mauritius is positioning itself as one the few countries in the world to be classified as largely compliant or compliant with all 40 FATF recommendations. This includes Recommendation 15 which requires Virtual Assets (VAs), Virtual Asset Service Providers (VASPs) and issuers of Initial Token Offerings (ITOs) to be regulated for anti-money laundering and countering the financing of terrorism (AML/CFT) purposes.

Along this journey, the EDB, in collaboration with several institutions, launched and administered the Regulatory Sandbox License (RSL) in 2016. The RSL has been critical to building the understanding of, and embracing, new and innovative financial products and services. This framework eventually contributed towards the introduction of a comprehensive legislation in 2021 on Virtual Assets and Initial Token Offerings (VAITOS) compliant with the FATF and AML/CFT regimes.

Facilitating trade and investments into India, Africa

Following a series of meticulous revisions and enhancements to the business landscape, the Mauritius IFC today serves as a promising gateway for trade and investments into India and Africa.

Over the past three decades, a cumulative value of nearly USD 190 billion worth of investments has been structured to India through the Mauritius IFC, while simultaneously, a total value of USD 82 billion worth of investments have successfully been structured across Africa as per the Capital Economics report commissioned by the EDB in 2021.

As various jurisdictions around the world, driven by the evolving dynamics of the industry, seek to establish their own IFCs, it becomes crucial for the

Mauritius IFC to re-engineer and reinvent itself to re-assert its relevance as a complementary jurisdiction for India and Africa.

Honing its value proposition for Africa, the emerging continent

Subsequently, an evolutive approach will need to be adopted for the African continent. Today, Africa is home to some 30% of the world's mineral reserves, 17% of the world population and 60% of the world's uncultivated arable land. The African continent is no doubt the most resource-abundant continent. Yet, Africa has the lowest GDP per capita representing only 3% of the world's income.

This is even more pertinent considering that, pre-COVID, the World Bank stated that "Africa could be on the brink of an economic takeoff, much like China was 30 years ago, and India 20 years ago".

It is therefore logical for the Mauritius IFC to seriously consider market development across the continent while establishing clear business development strategies to maintain the Indian market, harmonising its trajectory with the evolution of the Mauritius IFC.

A three-pronged approach to sharpen Mauritius' value-add as an IFC

The EDB has thus developed a three-pronged approach to promote and enhance the significance of the Mauritius IFC.

The first part of the strategy revolves around defending and revamping existing financial products and markets. This will underscore the perception and image building of the Mauritius IFC in its existing markets such as India, South Africa, and Europe, to a larger extent. Revamping existing products such as global business companies; global headquarter administration; fund administration and management; trusts and foundations; wealth and asset management solutions (including family offices); as well as newly introduced licenses under VAITOS; and new structures for funds and wealth management such as variable capital companies (VCC) as part of a targeted promotional campaign across these markets.

The second leg of the approach is developing new products and markets, through exploratory missions to the USA, China, Hong Kong, and several African countries. On top of promoting the existing products that have served the Mauritius IFC so well in the past three decades, several studies will also be conducted to advocate for the introduction of new frameworks and encourage international players to set up in the jurisdiction.

The third component of the strategy involves undertaking comprehensive and diligent market research, acquiring relevant business intelligence for developing sustainable business models and staying ahead in this dynamic financial landscape.

Welcoming all stakeholders to the EDB's Africa Partnership Conference

Building on the set of objectives outlined above, the Economic Development Board shall host the Africa Partnership Conference (APC) themed "Unity in Partnership: Enabling Sustainable & Inclusive Investment" on the 2nd and 3rd of October 2023.

This flagship event will bring together Investment Promotion experts from several states of Africa, along with some 400 professionals from across the globe to discuss on current issues hindering trade and investment financing across the continent and propose solutions to plug the finance gap in investment and international trade.

> Africa could be on the brink of an economic takeoff

Some 24 Investment Promotion Agencies (IPAs) have already registered for the event from across Africa, along with key operators from the USA, UK, Europe, and Asia. Complemented by industry specialists from international organisations such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic Commission for Africa (UNECA), amongst others, the APC will truly be a unique high-level gathering that will firmly position the Mauritius IFC as a key link in establishing a risk-mitigating investment platform for the African continent.

I am therefore pleased to invite stakeholders having a particular interest in Africa to attend the APC on the 2nd and 3rd of October 2023 at the Intercontinental Balaclava Fort, Mauritius. More information on the conference and the registration details are available on www.apcmauritius.com.

**By Vinay Guddye,
Director of Financial Services & Africa, Economic Development Board Mauritius**

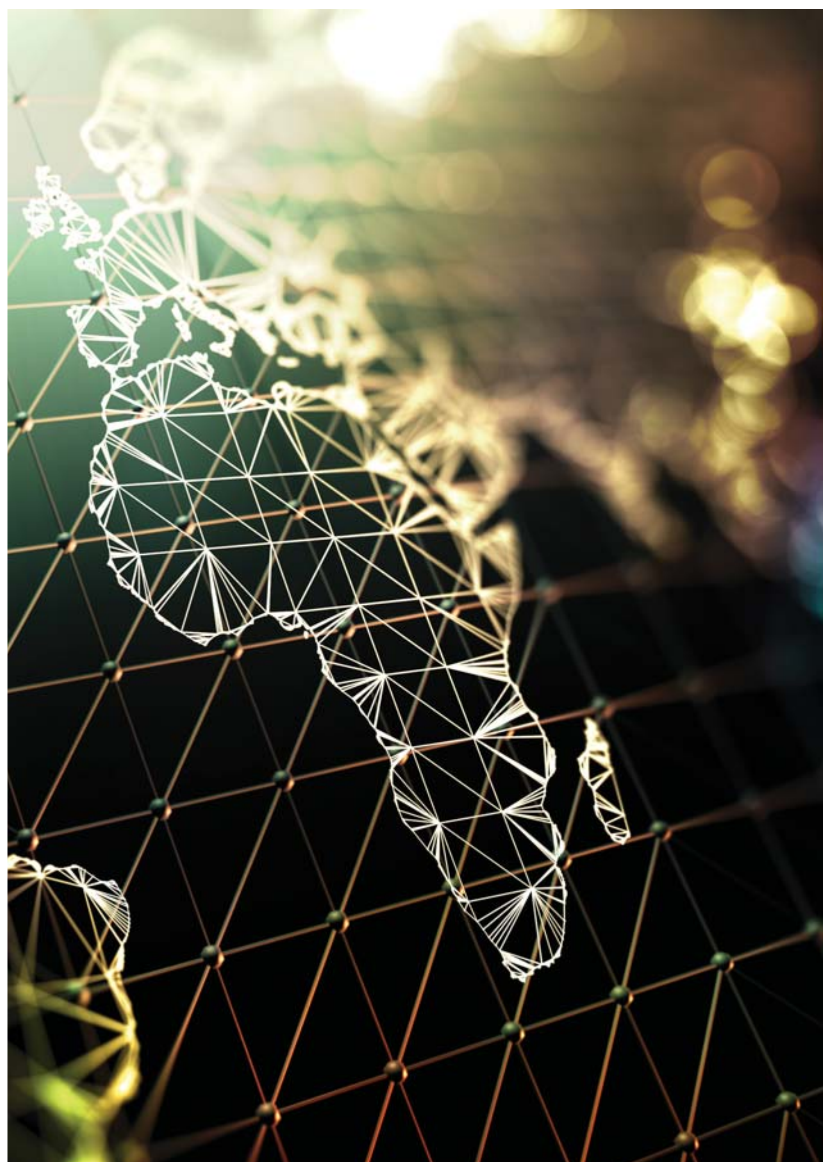
The African Continental Free Trade Area: What progress is Africa's free trade pact making?

Nousrath Bhugeloo of Nexus Global Financial Services Limited looks at how the African Continental Free Trade Area (AfCFTA), poised to become the world's largest single market, is unfolding in practice, and what benefits the implementation of this pact will bring to the continent.

The African Continental Free Trade Area (AfCFTA) is an ambitious trade agreement that will witness the creation of the world's largest free trade area. It will in fact connect almost 1.4 billion people across 55 African states.

The AfCFTA's strategic objectives are to expand intra-African trade in goods and services; increase competitiveness through economies of scale and diversification; promote industrialisation, structural transformation and gender equality; and lay the foundations for a future customs union and single market.

Launched officially at the 10th Extraordinary Session of the African Union (AU) in March 2018, the AfCFTA in its operational phase was officially kicked off at the 12th Extraordinary Session of the AU in July 2019. As of March 2023, 46 countries had ratified and deposited their instruments of ratification with the African Union Commission. The African Union theme for 2023 is the acceleration of AfCFTA implementation as ways are explored to enhance integration across the continent and boost trade.



Trade under the African Continental Free Trade Area is yet to take off

As of February 2022, eight countries representing the five regions of the continent – Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia – had participated in the AfCFTA's Guided Trade Initiative, which seeks to facilitate trade among interested AfCFTA state parties that have met the minimum requirements for trade under the Agreement.

On a broader scale, by July 2022, rules of origin had been agreed for 88% of goods (with remaining goods relating to automobiles, textiles, and clothing) and 46 countries had submitted their tariff schedules. Additionally, signatories have agreed to reduce non-tariff measures to trade via the creation of institutional structures for the elimination of such barriers and reporting and monitoring tools. State parties have committed to reduce tariffs on 90% of goods traded among themselves in equal annual instalments until they are eliminated within 5 years for non-Least Developed Countries (LDCs) and 10 years for Least Developed Countries. For an additional 7% of "sensitive" goods, tariffs will be eliminated within 10 years for non-LDCs and 13 years for LDCs. A final 3% of "Excluded" products are to retain their tariffs to allow flexibilities for state parties with particular sensitivities but will be subject to review every 5 years.

Regarding trade in services, signatories have agreed on a protocol that provides for comprehensive liberalisation of this type of trade, covering all service sectors and all modes of supply. Member countries are presently making proposals for national treatment and market access in five key services sectors – business services, communication, transportation, tourism and financial services. So far, 25 countries have submitted their proposals.

Phase II of the AfCFTA negotiations covers intellectual property rights, investment protection and competition policies, as well as digital trade and the topic of women and youth in trade. So far, draft protocols have been prepared for the first three of these areas which will contribute to enhancing economic integration in Africa.

What are the predicted benefits of the AfCFTA?

While understandably the impact of the AfCFTA will not be uniform across countries, the World Bank estimates that by 2035, real income gains from the full implementation of the agreement could be 7%, or nearly US$450bn. By 2035, intra-continental exports are expected to surge by more than 81%, while exports to non-African countries could rise by 19%.

Additionally, the Bank predicts that the AfCFTA could contribute to lifting an additional 30 million people out of extreme poverty and 68 million people out of moderate poverty, with the potential to develop more supportive and sustainable social systems across the continent.

Much more than a trade agreement, the AfCFTA should be seen as an instrument for Africa's development. In particular, by driving the continent's integration, the agreement will result in wider and deeper regional value chains (RVCs), according to the authors of the AfCFTA 2021 Futures Report published by the UNDP and the AfCFTA Secretariat. A number of such RVCs have been identified that will enable countries to participate in industries from which they would otherwise be excluded: automotives; leather and leather products; cocoa; soya; textiles and apparel;

> Leveraging the full potential of Africa's combined GDP of US$2.9trn is a powerful accelerator

pharmaceuticals; vaccine manufacturing; lithium-ion batteries; mobile financial services; cultural and creative industries. The potential for a "Made in Africa" revolution is made real by the AfCFTA.

How AfCFTA promises to unlock the full potential of Africa's combined economic power

With 10 million to 12 million youth joining Africa's labour force each year, the continent needs to be transformed now, not in 5 years. Leveraging the full potential of a continent with an estimated combined GDP of US$2.9trn can be a powerful accelerator.

At the same time, Africa as a unified bloc will be in a stronger position in trade and investment negotiations with the rest of the world. However, delays in the implementation of the agreement could run the risk of eroding the impulsion needed to see the AfCFTA through.

Ultimately, when the AfCFTA gets going, it will be a powerful engine of economic transformation for the whole continent, unlocking long-overdue African industrialisation.

By Nousrath Bhugeloo, Executive Chairperson, Nexus Global Financial Services Limited

Mauritius' strategy to leverage opportunities in Africa

Africa is full of promise and potential, infusing a new dynamism to the economic development of the continent. Facilities such as EU Africa RISE are helping in advancing investments across 25 countries in the eastern and southern African region, while bilateral ties between Mauritius and countries such as South Africa, Madagascar and Rwanda are providing a wealth of opportunities.

EU Africa RISE and the EDB Mauritius welcoming representatives of the Economic Development Board of Madagascar for a peer-to-peer learning workshop on public-private dialogue.

Mauritius has forged a reputation as a safe, trusted, and competitive financial centre supported by strong institutional arrangements and good governance. This is evident with the growing relevance of the Mauritius International Financial Centre (IFC) in serving as a conduit for driving investment to Africa. Today, more than 450 private equity funds are domiciled in the Mauritius IFC and investing in the African continent. Facilities such as EU-funded Africa RISE are helping advance investments across 25 countries in the eastern and southern African region.

Mauritius has earned international recognition and is on the OECD "whitelist" of jurisdictions that have substantially implemented internationally agreed tax standards and has also been adhering to compliance regulations. Mauritius is seen as a model of stability and economic prosperity in the region and envisions to consolidate its position as a regional platform.

Over the years, successive Governments have adopted bold policies to develop new economic pillars, foster a conducive business environment, and establish good governance practices, thus laying the foundations for attracting higher levels of foreign investment. This is one of the reasons Mauritius has been successfully building on its ties with African nations such as South Africa, Rwanda and Madagascar, among many others. Besides, these measures have contributed to position the country as the number one destination for doing business in Africa and Mauritius is positioned among the top 10 performers on the World Bank Doing Business Index.

> Mauritius is seen as a model of stability and economic prosperity in the region

Mauritius also fares well on international indices such as the Global Competitiveness Report, Ibrahim Index of African Governance and Economic Freedom Index, to name a few. Beyond these countries, there exist increasingly large investment opportunities like those that the EU Africa RISE team has been working upon.

Africa RISE - Expanding Investment Opportunities in the region

Looking at the regional perspective, the EU-funded Africa RISE facility supports inclusive and sustainable growth, job creation and decent work in Eastern Africa, Southern Africa and the Indian Ocean region and covers 25 countries across the region, including Rwanda, Madagascar and Mauritius. So far, Africa RISE has implemented or has under implementation 72 projects. Over 501 million EUR in investment is projected to be generated from only 39 completed projects, of which 380 million EUR investment has already been committed. The major contributor is the MAU-008 biopharma project with 201.2 million EUR.

The work that Africa RISE has supported on access to finance has led to recommendations that over 890 million EUR should be made available for the private sector to access. In case of the biopharma project, the Mauritius Institute of Biotechnology is putting in 200 million EUR of co-financing/Equity instruments. These funds will be used for private sector-led pharmaceutical projects, to support with implementation of the MAU-008 pharmaceutical project recommendations.

In Mauritius, the Facility invested in 4 initiatives such as the development of a biopharma framework. In the medium- to long-term, the Africa RISE report proposed a coordinated approach from each angle to ensure Mauritius is established as a centre of excellence for clinical trials, R&D and manufacturing. There is a similar project in Botswana on developments in the biopharma sector.

In Madagasacar, the Facility supported 4 initiatives such as the support for better use of guarantee instruments initiative. In Namibia, Eswatini, and Botswana, Africa RISE teams have been working on the development of e-commerce and the ICT sector. In Rwanda, the Facility also supported 4 initiatives, such as the Economic Intelligence Project which supported and built capacity of the Rwanda Development Board (RDB) staff towards the development of the economic intelligence data unit project at the RDB Strategy and Competitiveness Department. In Seychelles, Africa RISE has supported the digitalisation process of the port while in Tanzania, their teams have identified projects for investment in the Blue Economy sector.

Exploring opportunities with South Africa

The Republic of South Africa represents a significant source of revenue and intellectual capital to Mauritius. With its favorable business environment, first-world infrastructure and stable economic and political situation, Mauritius represents an enticing investment destination for South Africans. Over the years, this journey has unfolded and as far as trade and bilateral ties are concerned, H.E Dr Hlamalani Nelly Manzini shares, "Mauritius and South Africa have been trading between themselves even before the establishment of the bilateral relations. The foundation of the two countries relations were established by the first democratically elected president, Nelson Rolihlahla Mandela in 1998 when he signed the first memorandum of agreement that

H.E Mr Albert Camille Vital, Ambassador of the Republic of Madagascar to Mauritius

established the bilateral relations we enjoy today. Since then, the two countries have had an exciting bilateral and trade journey full of possibilities."

It should be noted that the Minister of International Relations and Cooperation, Dr Naledi Pandor, had a successful Working Visit to Mauritius in May this year, where she and her Mauritian counterpart, Hon. Minister Alan Ganoo, signed the General Cooperation Agreement (GCA) between Mauritius and South Africa, ushering in a new era of relations between the two Southern African states. The GCA provides for the establishment of a Joint Commission at Senior Officials' level.

The Joint Commission will serve as the mechanism through which the two countries work to increase levels of cooperation across various sectors.

Dr Manzini shares, "As of now, we have 13 operational agreements on a variety of sectors, amongst others, General Cooperation Agreement, Economic Agreement, Education, Science and Technological, Social Development, Sports, Arts and Cultural Heritage. The General Cooperation Agreement has provided a mechanism to better explore and expand our trade relations. Throughout our journey our trade has increased from R4 billion in 1998 to the current R10 billion. Were it not for the drawback, posed by the COVID-19 pandemic, the trade figures would have been higher."

In 2022, trade activities further improved where both exports and imports of goods increased by 18.9% and 36.1%, respectively. From January to December 2022 South Africa imported goods and merchandise worth R4.3 bn, mainly consisting of textiles (R3.3 bn), iron and steel products (R288m), plastic and timber products (R213m). During the same period, Mauritius's imports from South Africa were goods and merchandise worth over (R10 bn). The main products imported were mineral products (R4.9 bn), wood products (R832m), prepared foodstuff (R737m), machinery (R633m) and iron and steel products (R626m).

South Africa has played a pivotal role in sustaining the traditional economic pillars of the Mauritian business ecosystem, making significant contributions over the past decades, notably in clothing, textiles, sugar and plastics. In recent years, this economic partnership has been further amplified as Mauritius positions itself as a leading business and financial hub, facilitating trade and investment flows throughout Africa.

Trade and investment relations between South Africa and Mauritius continue to strengthen with the signing of a memorandum of understanding in promising sectors. Additionally, Dr Manzini says, "South African financial institutions have a footprint in the Mauritian international financial centre thus making the financial support and funding to local enterprises in Mauritius accessible to all, to fulfil their trade and funding requirement."

Now, both countries belong to the Southern African Development Community and enjoy underlying beneficial agreements to promote economic growth. Dr Manzini highlights that the agreements have favoured better opportunities for the business framework for offshore investment locally and into the rest of Africa. She says, "The SADC agreements have generally increased the market size of its member states. The reduction of customs duties and other trade barriers on imports amongst members have given favourable opportunities for both countries. The SADC Free Trade Agreement has also led to increased domestic production and business opportunities. Through regional integration, the member states are able to diversify their economies and are giving them an opportunity to penetrate the African market." In terms of further collaboration, she adds, "Both nations have accumulated a wealth of experience in the business ecosystems, and it stands to reason that the sharing of such comprehensive experience through collaboration would benefit both. As an open market economy, South Africa encourages its business sector to explore opportunities in Africa. South Africa continues to support the rolling out of multi-year projects in property development and other innovative projects in Mauritius and applauds South African businesses for the foresight."

South Africa and Mauritius have emerged as prominent financial centres in Africa, serving as catalysts for the continent's economic growth. Instead of competing for capital and trade flows, the two nations have complemented each other in their respective financial domains. The future for South Africa and Mauritius as prominent financial centres is to enhance their footprint in Africa within the confines of the Africa Continental Free Trade Area and take a lead in ensuring that African Countries benefit from both countries' experience in the financial space. Dr Manzini strongly emphasizes on the fact that, "The relationship of Mauritius and South Africa is driven by shared vision of people-centered development, advanced Information Technology, improved infrastructure, inclusive economic growth

High Commissioner of the Republic of South Africa to Mauritius, Dr Hlamalani Nelly Manzini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and human capital development, underpinned by basic principles of good governance and ethical leadership."

Continuing to strengthen relations with Madagascar

Mauritius and Madagascar have multi-faceted relations ranging from political, cultural, strategic to economic and commercial. The economic relations between Mauritius and Madagascar in the form of bilateral investments and trade constitute important elements in the regional integration process. Commenting on the journey so far, H.E Mr. Albert Camille Vital said that Madagascar and Mauritius share close and dynamic economic ties, fostering a cordial understanding. He says, "This dynamism is evident in both parties' commitment to consistently strengthen these bonds through numerous agreements and memoranda of understanding, encompassing various sectors such as commerce, air transport, technical cooperation, and agriculture. Despite the temporary setback in exchanges caused by the COVID-19 pandemic, they have regained momentum, presenting new opportunities for further collaboration."

Madagascar is the second largest trading partner of Mauritius in Africa, with exports amounting to 135 million US dollars and Madagascar's exports to Mauritius reached 59 million US dollars. It is believed that Madagascar can become an economic giant in the Indian Ocean region. The country has huge potential and investment opportunities in the following sectors: Agro-industry, mining sector, manufacturing and services, among others. Mauritius has also signed various bilateral agreements with Madagascar with a view to strengthening economic and commercial relations, including the promotion of investment and trade between both countries. When it comes to the Trade Agreements, notably the SADC Trade Protocol, the COMESA Free Trade Area (FTA), and the IOC trade regime, these have benefitted both nations in terms of investment and business opportunities.

Mr Vital notes that "Madagascar and Mauritius have always been guided by their ambition to strengthen their economic and commercial relations. These various trade protocols have indeed facilitated the enhancement and improved traceability of exchanged products and the establishment of an origin certificate. Furthermore, the customs duty-free regime ensures free trade within the region and has promoted investments between our two countries. The key sectors where these investments are concentrated include customs, maritime and air transport, tourism, agriculture, fishing, livestock, the Blue Economy, and the energy sector."

Having said that, the setting up of special economic zones will further provide opportunities to both countries to attract foreign investments in different key sectors while close collaboration will additionally lead to the expansion of economic and commercial exchanges. "The establishment of Special Economic Zones (SEZs) was extensively discussed during the Joint Commission meeting in Mauritius in 2016. A memorandum of understanding regarding the implementation of SEZs in Madagascar was signed between the two countries. These zones will facilitate the creation of a free-trade area. However, the expansion of these exchanges will occur within the framework of mutual respect and compliance with the rules of origin applied at the level of SADC, COMESA, COI, and even IORA," His Excellency explains.

> Once our financial centres are able to provide the additional benefit of helping businesses raise capital quickly and efficiently, this will be a very strong USP to the business community

Additionally, the Economic Development Board of Mauritius and the Economic Development Board of Madagascar have the mission to work in close collaboration with the authorities of the two countries to set up the legal and operational framework that will facilitate the movement of people, capital and products. In terms of realising this ambition of both Governments as an interface , Mr Vital says, "The Embassy endeavours to facilitate relations between various stakeholders and foster meetings between potential partners. In the pursuit of establishing a sustainable and prosperous regional economy, the Malagasy Government advocates for increased investments in the agriculture sector as well as industrial development to bolster growth. Nevertheless, to achieve this objective, it is crucial to invest in human capital as well."

Lastly, speaking of the future outlook for both countries in terms of trade and development, Mr Vital says that in its current trajectory, it is undeniable that the relations between the two countries will continue to intensify, encompassing all areas of cooperation that interest both parties. He said, "Valuable lessons can be drawn from the COVID-19 pandemic and the evolving global geopolitical context, making it more necessary than ever to strengthen the ties between the two islands. Our nations possess significant potential that deserves to be harnessed for mutual benefit. For instance, Madagascar's vast arable land can address wheat supply issues and position it as the breadbasket of the Indian Ocean. On the other hand, Mauritius's expertise in development remains a solid support for its sister islands. As long-standing partners, the existing synergy will work towards the development of each country and the collective progress of both nations within the Indian Ocean. Madagascar and Mauritius are set to play crucial roles in regional cooperation, further enhancing their significance in the region."

Boosting business ties with Rwanda

Rwanda and Mauritius have both, over the last few years, shared Africa's top rankings for ease of doing business. The two countries also share an amicable working relationship that builds on their competitive advantage in this regard and have entered into a Double Taxation Agreement (DTA) ever since 2014. The DTA was meant to promote commerce, trade and business generally between the two nations, which have also signed an Investment Promotion and Protection Agreement (IPPA) in 2001. Commenting on this, the Honorary Consul of Rwanda to Mauritius, Nikesh Patel, said, "In fact the DTA was first signed between the two countries in 2001 and renegotiated in 2014. A General Cooperation Agreement between the two countries is also now about to be signed. All the ingredients and framework have been set up by the governments of both countries to facilitate and enhance trade and business. But, at the end of the day, governments can do only so much. The actual trade and business have to be undertaken by private sector players."

Through COMESA, Mauritius benefits from duty free and quota free trade with Rwanda. Mr Patel notes that while the various common markets and free trade agreements are a necessary step in the right direction, at the practical level, unless there is better connectivity, actual trade is difficult to conduct. "Try sending a container of anything duty or quota free from Mauritius to Rwanda (or vice versa). You will find that the exporter will wait quite some time for a shipping line to provide a service. The service will involve transshipment (sometimes via Singapore and, prior to conflict, via Yemen), then the inland carriage from either Mombasa in Kenya or Dar-es-Salaam in Tanzania some 2000km inland to Rwanda. All this leads to a costly and time-consuming exercise. Any savings from duty-free are lost. Air connectivity is also challenging," he says.

Furthermore, there are now many service providers to the Mauritian IFC setting up branch offices or subsidiaries in Kigali. In terms of encouraging multinationals doing work in Africa to venture more into cross-border transactions with Mauritius and Rwanda, Mr Patel believes that better awareness of the benefits provided by using the Mauritius and Kigali IFCs amongst the investor & business communities will help in this regard. Along the same lines, the EDB of Mauritius hosted a high-level delegation from the Rwanda Development Board from 12 to 14 June 2023. This visit served as an opportunity for the RDB to gain valuable insights from the remarkable achievements of Mauritius in its successful economic diversification and establishing a vibrant economic eco-system encompassing a world-class business climate and global recognition. At the core of this visit, lies the objective of establishing a robust framework for cooperation, consultation, and exchange of information between the two organisations. The EDB and RDB have an MOU under which very good cooperation and relationships are being further deepened.

Speaking about how it will further harness the combined knowledge and expertise of both the EDB and RDB, Mr Patel shared, "I believe combining knowledge and expertise will help prospective businesses get good support and service in any cross-border transaction and investment. Ultimately, businesses will look for tangible benefits such as ease of doing business, low cost of doing business, an environment where they will get a good return on investments, safety of investments etc. when deciding upon a domicile. In this regard, the MIFC and KIFC are well positioned. I believe once our financial centres are able to provide the additional benefit of helping businesses raise capital quickly and efficiently, this will be a very strong USP to the business community."

Nikesh Patel, Honorary Consul of Rwanda to Mauritius

According to the latest Capital Economics report, the Mauritius International Finance Centre (MIFC) is both an enabler and facilitator of growth and employment across the African continent.

Around USD 82 Billion of investment from Mauritius into Africa contributed to roughly USD 6 Billion of tax revenues annually.

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Mauritius: Africa's strategic hub for raising capital

Daren Solan Moonesamy of StraFin Corporate Services Ltd explains how Mauritius is serving as a springboard for African businesses to access global markets, raise capital, and scale to the next level.

By Daren Solan Moonesamy, Manager, StraFin Corporate Services Ltd

Mauritius and Africa have always shared a manifold and vibrant relationship, characterised by historical, cultural, economic, and diplomatic ties. Geographically positioned off the southeast coast of Africa, Mauritius has historical knots tying it to the African continent through trade, migration, and colonisation. These connections have led to cultural exchanges and the enrichment of the island's diverse heritage.

Mauritius has economically emerged as a vital partner for African nations. Leveraging its strategic location and well-developed infrastructure, Mauritius serves as a gateway for African businesses looking to access global markets and investors seeking entry points into Africa. The island's financial expertise, including a well-regulated banking sector and tax treaties with various African countries, has contributed to its role as a financial hub for cross-border investments.

Diplomatically, Mauritius maintains political ties with many African nations, collaborating on regional initiatives, trade agreements, and development projects. The country's commitment to fostering these relationships is evident through its participation in organisations like the African Union, Southern African Development Community (SADC), and Indian Ocean Rim Association (IORA).

Launch of AFRINEX heralds new era of capital raising

The need for significant capital to fuel modernisation, innovation, infrastructure and development at a time of unprecedented economic growth on the African continent has never been greater. Mauritius has established itself as a strategic and valuable destination for Africans looking to raise capital in this landscape of opportunity.

The Mauritius Stock Exchange offers companies a platform for accessing equity capital through IPOs and secondary listings. This comprehensive financial ecosystem ensures that entrepreneurs have a range of options for raising capital. In fact, Mauritius has a highly advanced financial system that makes it possible to use a range of fund-raising strategies. The financial landscape is diversified and flexible enough to meet the demands of African firms, ranging from private equity players to venture capitalists. This comprehensive financial ecosystem ensures that entrepreneurs have a wide range of options for raising capital.

In a landmark move to fortify Mauritius as an International Financial Centre (IFC), the Government of Mauritius in collaboration with the Bombay Stock Exchange (BSE) launched the AFRINEX Stock Exchange in 2021. AFRINEX has redefined the art of capital raising with its multi-currency, multi-asset universal exchange, facilitating everything from equities to derivatives. With a staggering cumulative listing of over USD 13.3 billion within just 18 months, AFRINEX has set the pace for efficient and transparent fundraising.

Business-friendly and innovative jurisdiction

The strategic depth of Mauritius as an IFC is further highlighted by its network of Investment Promotion and Protection Agreements (IPPAs) with over 45 countries, including numerous African nations. These accords not only encourage investment but also provide a framework for the free repatriation of capital and returns. Amidst the unpredictable political and economic climates that often characterise African countries, the assurance provided by IPPAs makes Mauritius an ideal funnel for investments into the continent.

In keeping with global digital transformation, Mauritius has enacted the Virtual Asset and Initial

Token Offerings Services (VAITOS) Act in 2022 to regulate the issuance and trading of virtual assets and initial token offerings (ITOs) in Mauritius. An ITO is a fundraising method in which a company sells tokens to investors in exchange for cryptocurrency or fiat currency. This legislation has endorsed Mauritius as a regulated arena for blockchain-based fundraising, instilling further investor confidence.

> Mauritius has economically emerged as a vital partner for African nations

Mauritius' reputation as a business-friendly jurisdiction cannot be overstated with its regulatory structure designed to attract both local and international investors. The government's commitment to maintaining this investor-friendly atmosphere further strengthens Mauritius' position as the preferred choice for those seeking capital. The ease of doing business, the fluidity of administrative procedures and investor protection mechanisms create an environment where raising capital becomes an efficient and satisfying process.

Strategic positioning in the Indian Ocean, linking multiple markets

Mauritius acts as a bridge between African companies and global markets, thanks to its strategic location in the Indian Ocean. This geographical advantage translates into easier access to international investors, business partners and networks. Having a foothold in Mauritius can significantly enhance a company's reach and visibility, facilitating not only capital raising, but also international expansion, as African economies continue to integrate into the global economy.

One of Mauritius' key advantages lies in its extensive network of double taxation treaties with numerous African countries and international partners. These treaties reduce the burden of double taxation and create an environment conducive to cross-border investment. For African entrepreneurs seeking capital, the existence of these treaties not only simplifies tax issues, but also enhances Mauritius' attractiveness as a base for financial operations.

Mauritius' strategic positioning has not only enabled it to connect African companies with international investors but has also facilitated access to global markets. The country's membership of trading blocs and participation in bilateral trade agreements offer African companies a preferential access to markets spanning several continents. This level of global connectivity can significantly boost the growth potential of companies seeking capital to expand their activities.

Why Mauritius emerges as an IFC of choice for Africa

The need for capital to support growth becomes paramount as African economies continue to grow and evolve. In this quest, Mauritius stands out as a beacon of opportunity, offering a convergence of strategic advantages, a favourable regulatory environment and a robust financial infrastructure.
For Africans looking to raise capital, Mauritius is more than just an island paradise; it's a springboard that enables them to elevate their businesses to a global scale. With its dynamic ecosystem, Mauritius serves as a strategic hub to realise African ambitions and propel them to success.

Banking on the Mauritius IFC to explore opportunities in Africa

Over the past three decades, Mauritius has matured into a reputable and resilient International Financial Centre (IFC). Strategically located along air and sea routes that connect Asia, Europe and Africa, the country emerged as a hub capable of unlocking business opportunities worldwide, especially in buoyant African markets.

Today, Mauritius stands out in the region for its conducive business environment, characterised by modern legislative and regulatory frameworks, a robust democracy, and an investment-grade credit rating. To exemplify its commitment to applying international banking standards and norms, especially with regard to Anti-Money Laundering/Combating the Financing of Terrorism, the Mauritian jurisdiction has signed and ratified several international conventions, protocols, and treaties.

Mauritius is party to trade agreements – multilateral, regional and bilateral – that provide preferential access to key markets in Africa, the US, EU, India, China, Pakistan, and Turkey. Among these, three are worth underlining given their scope and potential. First, the African Continental Free Trade Area offers new growth opportunities for companies operating in or trading via Mauritius. Second, the Mauritius-China Free Trade Agreement plays a bridging role for trade and investment channels between Africa and Asia. And third, the India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement – which is the first trade agreement between India and an African country – gives Mauritius preferential access to a market of 1.3 billion inhabitants.

Besides the domestic economy, the Mauritius IFC services regional and international clients across all segments. In 2022, its activities accounted for 13% of the Gross Domestic Product, of which 6.6% were generated by financial intermediation (mainly banks and capital market activities). In fact, one of the main strengths of the Mauritius IFC is its robust and well-regulated banking sector. During the past decades, this sector has experienced unabated growth to reach a size of over four times the country's GDP with cumulative assets totalling just under MUR 2.2 trillion.

Thanks to its dynamism, openness to change and 100-year legacy on the island, Absa Bank (Mauritius) Limited remains at the forefront of innovation, hence constantly strengthening its capabilities to serve the domestic and regional economies through the Mauritius IFC.

Absa Mauritius is part of Absa Group, a fully-fledged African bank, present in 12 countries across the continent, and with securities entities in the UK and US. Leveraging the Group's leading position on African capital markets and Mauritius' strategic location, Absa Mauritius is well-equipped to address regional challenges and drive connectivity across key channels in the UK, Europe, United States, and China, into and within Africa. Over the years, the bank has built a solid track record in supporting domestic and global corporates in realising their growth ambitions. Furthermore, as the pioneer of international banking in Mauritius, Absa Mauritius is well-positioned to partner with global corporates to help them seize emerging opportunities in Africa. The bank is committed to being a partner of choice for its clients, whether they are willing to settle in Mauritius, or expand or invest in Africa and beyond through the Mauritius IFC. The institution's ambition is to become a one-stop-shop for all inbound and outbound African trade and investment flows.

> The bank is committed to being a partner of choice for its clients, whether they are willing to settle in Mauritius, or expand or invest in Africa

Ravin Dajee, Managing Director of ABSA Bank (Mauritius) Ltd

Absa Mauritius is the only subsidiary of Absa Group that operates from an active IFC, thereby playing a strategic role within the Group. Absa Mauritius acts as a gateway for clients, through its comprehensive suite - Corporate and International Banking, Wealth, Custody Services, etc. Absa Mauritius' set of banking products and services is extensive and includes Transactional Banking, Cash Management, Global Markets (FX and Derivatives), Trade Finance, Commercial Property Finance, Project Finance, Term Debt and more.

Considering changing consumers' expectations and needs, the bank has accelerated its digitalisation process across all segments with a view to creating value-added experiences. Through a customer-centred approach, the bank has been constantly pushing digital boundaries – digital solutions are now fully embedded in the operating model to make optimal use of technology and data to simplify and customise client experience. Absa Mauritius has made forward-looking investments in modern technologies such as artificial intelligence (AI), machine learning and Internet of Things (IoT), to revolutionise client experience for individuals as well as for corporates.

The bank has introduced digital onboarding solutions across all segments – Corporate and International Banking, Wealth, SMEs, and Retail. These solutions harness cutting-edge technologies such as AI-based chat support, co-browsing and digital KYC based on facial recognition.

For corporates, a comprehensive digital suite fosters a seamless experience. Through the Trade Management Online platform and Absa Access Online, they benefit from a connected Pan-African digital experience. The Host-to-host and SWIFT Integrated solutions, pioneered by the bank on the local market for large corporates, also complement the digital suite.

Other firsts for Absa Mauritius include the introduction of an AI-powered Digital Personal Banker and WhatsApp Banking for retail customers. All these continuous technological improvements have broadened our range of products and services that comprehensively address customers' financial needs and help them experience banking-on-the-go, anytime, anywhere.

Absa aims to develop value-added solutions to attend to some of Africa's economic, social, and environmental imperatives. As an active force for good, the bank endeavours to shape a sustainable future for its employees, shareholders, clients, and the community at large. This commitment aligns with Absa's purpose: *Empowering Africa's tomorrow, together...one story at a time.*

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How the Mauritius IFC paves the way for continental growth

The Mauritius IFC, in its unique position, continues to play its part in helping to shape Africa's economic narrative, according to Sayyad Khayrattee of Axis Fiduciary Ltd and, while challenges remain, the collective efforts of Mauritius and African nations may pave the way to a brighter future for the continent.

In recent years, the African continent has experienced rapid economic growth and development. This has been characterised by a dynamic blend of emerging markets, vast natural resources and a young generation passionately pushing for progress and driving change. During this transformative journey, the financial services sector has played a pivotal role, as evidenced by an expanding banking outreach, innovative digital financial solutions, fintech related initiatives, substantial investments in renewable energy and various social impact investments, amongst others. All these factors have collectively attracted a lot of foreign investments, thereby positioning the continent as the land of opportunities.

FDIs in Africa

As outlined in the UNCTAD's World Investment Report 2023 (the "Report"), investment flows to Africa in 2022 amounted to USD 45 billion. Notably, the value of announced greenfield projects in Africa increased to a remarkable USD 195 billion, as compared to USD 52 billion in 2021; and the number of announced greenfield projects rose to 766 (an increase of 39%) with 6 of the 15 top worldwide mega greenfield investments being rooted in Africa. Such an increase was primarily in the energy and gas supply, representing USD 120 billion; for the construction industry it was USD 24 billion; and in the extractive industries, it rose to USD 21 billion. Over the past five years, FDI inflows have risen in four of the regional economic groupings on the continent, as follows:

- Common Market for Eastern and Southern Africa grew by 14% to USD 22 billion;
- Southern African Development Community rose to USD 10 billion;
- West African Economic and Monetary Union rose to USD 5.2 billion; and
- East African Community grew by 9% to USD 3.8 billion.

According to the Report, the European investors remain, by far, the largest holders of FDI stock in Africa, led by the United Kingdom (USD 60 billion), France (USD 54 billion) and the Netherlands (USD 54 billion).

Private Equity deals in Africa

The AVCA's 2022 Annual African Private Capital Activity Report ("AAPCA") outlines the vibrant private equity landscape in Africa. As highlighted in the AAPCA, the total value of private capital deals reported in Africa reached a record high of USD 7.6 billion in 2022. Additionally, the continent recorded a total of 626 private capital deals. Remarkably, 2022 has become the peak year for deal volumes in Africa over the past decade, with a substantial 46% year-on-year increase.

Challenges of doing business in Africa

While Africa has seen rapid growth and development in recent years, investing and doing business on the continent presents various challenges, prompting the investors and the business community to use international financial centres like Mauritius to navigate these complexities. These challenges include inter alia:

- Risk Management: Cross-Border investments in Africa are affected by diverse legal & regulatory environments, political & security risks, infrastructure concerns, currency fluctuations, and exit risks.

> Mauritius has emerged as a leading IFC in Africa

- Legal, judicial and regulatory framework: Africa's 54 distinct countries each possess unique legal, regulatory and governance frameworks. The diversity in legal and court systems combined with bureaucratic intricacies makes litigation challenging. Thus, investors must plan for legal disputes from the start to ensure that any dispute takes place on a ground of their choosing.
- Investment protection: One of the main concerns for investors looking to invest in Africa is the high level of political and regulatory risk, which raises concerns about investment protection.
- Fund repatriation limitations: Investors often face restrictions related to exchange control requirements or other local requirements in several African countries.
- Exit Challenges: the exit process can be cumbersome with potential tax implications.

As such, the structuring of cross border investments requires careful consideration and it become imperative to structure with care and foresight. This sets the stage for the pivotal role of Mauritius as an International Financial Centre ("IFC"), which positions itself as a gateway to Africa, offering solutions to navigate these hurdles effectively.

Mauritius as the gateway to Africa

Mauritius has emerged as a leading IFC in Africa and boasts more than three decades' track record in cross-border investment and finance. It offers a well-regulated and transparent platform through an ingenious combination of fiscal and non-fiscal benefits and a diverse product base. From a fiscal perspective, it offers attractive tax rates and has signed Double Taxation Avoidance Agreements (DTAs) with many African countries, providing treaty benefits such as reduced withholding taxes on dividends, interests, and royalties; and, providing for Mauritius to have taxing rights on capital gains.

The non-fiscal advantages encompass the following:

- Ease of Doing Business: Mauritius offers a stable political and economic regime, there are no requirements for local ownership, and capital and profits can be freely repatriated. It has also secured preferential access to African markets through its membership of regional groups such as COMESA (Common Market for Eastern and Southern Africa), SADC (Southern African Development Community) and Indian Ocean-Rim Association for Regional Cooperation (IOR-ARC).
- Risk Mitigation and Legal Framework: Mauritius has a robust legal, judicial, and regulatory framework (derived from a hybrid legal system of both Civil and Common law) which provides a business-friendly environment for investors. It has signed Investment Promotion and Protection Agreements (IPPAs) with many African countries. The presence of the Privy Council of the United Kingdom as the highest Court of Appeal adds an additional layer of legal certainty and confidence for investors.
- Compliance & Governance: Mauritius maintains a strong focus on compliance and governance, aligning with international standards such as Anti-Money Laundering and Terrorist Financing measures. This commitment to regulatory

By Sayyad Khayrattee – Associate Director Business Development, Axis Fiduciary Ltd

compliance instills investor confidence in the corporate governance framework.

- **Simplicity and flexibility in structuring:** The use of a Mauritius entity is very practical, and the requirements are not complex or onerous. The Mauritius IFC caters for a wide range of structuring possibilities to meet the specific requirements of investors and the business community. This includes investment holding companies, special purpose vehicles (SPVs), funds, partnerships, and limited partnerships.
- **Business Ecosystem:** The Mauritius IFC has an established and comprehensive business eco-system which nests all the relevant services and offerings within the IFC. It is home to a number of international banks, legal firms, corporate services, investment funds and private equity funds.

How the Mauritius IFC paves the way for Africa's economic development and growth

Mauritius, with its deep-rooted historical, cultural, and geographical ties to Africa, has throughout the years played an important role in facilitating economic integration, fostering investment, and driving financial innovation across the region. It is poised to play an important role in supporting Africa's progress towards achieving the UN Sustainable Development Goals. The "Capital Economics Report – Facilitating Growth, Employment & Prosperity in Africa" (the "CER") provides some good insights into the profound impact of the Mauritius IFC for Africa:

- **Economic and Employment Catalyst:** Investments facilitated through the Mauritius IFC have backed over 4.2 million jobs in mainland Africa. It contributes to Africa's GDP and generates significant tax revenues. 9% of FDI into Africa comes from the Mauritius IFC, and this represents around USD 82 Billion which in turn generates around USD 6 billion of tax revenues for African governments each year. Also, despite representing only 0.1% of Africa's population, Mauritius contributes 0.6% to the continent's GDP.
- **Strategic Partner for Investment and stimulating growth and development:** Mauritius channels over three-quarters of its investment into Africa through corporate clients, with almost three fifths of this foreign investment being in the form of shareholdings, loans, or debt securities in African corporates. A further one-quarter is in the form of portfolio investments in shares of African businesses or debt securities. Mauritius is also the intermediary for 13% of the total reported investment in Central Africa and at least 10% in East, West, and Southern Africa regions.
- **Tax Efficiency and Compliance:** Up to 47% of investments into Africa (excluding South Africa) have been facilitated under DTAs. Over 53% of the investments from Mauritius into Africa (excluding South Africa) are not covered by a DTA, which means there is little or no scope for domestic taxes to be avoided by booking incomes or profits in Mauritius. Mauritius is also committed to international standards to combat illicit financial activities, and to improve financial transparency, with Mauritius having signed up to the FATCA and CRS.

The structuring of cross border investments requires careful consideration

- **Balanced and Real Economy:** Mauritius is a thriving trading economy with 12 trade agreements, including 7 with African regions, granting it access to a vast segment of the global population. Its membership with the African Continental Free Trade Area is an important catalyst for Mauritius to achieve its 'Africa Strategy', and to deepen its economic ties and strengthen its partnership with the continent.
- **Sophisticated Financial Services Hub:** The IFC in Mauritius boasts a comprehensive suite of financial and professional services, including banking, corporate, funds, insurance, legal services and accounting, thereby providing a secure and efficient platform to help capital flow into the rest of Africa to support growth and development. There is a dedicated global business regime which offers services for cross-border activity.

Conclusion

The Mauritius IFC, in its unique position, continues to play its part in helping to shape Africa's economic narrative. The partnership between Mauritius and Africa symbolises a fusion of mutual growth and shared prosperity. While challenges remain, with the collective efforts of Mauritius and African nations, a brighter horizon awaits the continent.

Unlocking Africa's agricultural potential for sustainable growth and prosperity

John Félicité, Business Development Director at Ocorian Corporate Services (Mauritius) Ltd, explains how the continent can leverage growth factors to boost productivity while overcoming obstacles in the way of climate-smart agricultural success to pave the path for sustainable growth and prosperity in the region.

The African continent offers vast opportunities and untapped potential for sustainable growth and prosperity. It boasts the youngest and fastest-growing population globally, making it a promising hub for economic growth. If Africa can match the productivity growth seen in Asia, it has the potential to add a staggering US$1.4 trillion to its economy.

One of the key drivers of this growth lies in industrialisation and the promotion of intracontinental trade, which will also help bolster agricultural productivity, ensuring the livelihoods of millions of African farmers.

A continent rife for harvesting economic gains

Over the past two decades, nearly half of Africa's population has experienced economic growth in their respective countries. The continent has witnessed rapid urbanisation, with an estimated 500 million people expected to migrate from rural areas to cities by 2040. This transition will demand increased investments in infrastructure, housing, jobs, and food production to meet the needs of burgeoning urban populations. Focusing on the development of smaller secondary cities will lead to improved productivity across the continent.

At present, at least 345 companies in Africa boast revenue exceeding US$1bn annually. By 2030, more than half of these could collectively increase their annual revenues by an impressive US$550 billion US dollars through accessing new markets and increased productivity. The enablers of this growth will be digitisation, regional collaboration, and nurturing local business champions, fostering robust and sustainable expansion.

How African agriculture is expected to contribute to the continent's growth

Looking ahead, Africa's population is projected to reach 2.5 billion by 2050, presenting even more opportunities for economic growth and development. In stark contrast to many northern hemisphere countries with aging populations and aging infrastructures requiring maintenance, Africa will experience a larger workforce than both India and China, with an additional 796 million people expected to join the workforce by 2050.

Agriculture serves as the backbone of many African economies, providing more than 70% of employment in rural areas and 49% of the continent's total employment - contributing 15% of total value added. Whist productivity and output have improved over the past two decades, Africa remains a net food importer. The trade balance in agricultural products has improved, with net imports decreasing from nearly US$30 billion in 2011 to approximately US$6 billion in 2021.

Throughout history, agriculture has played a pivotal role in shaping African societies and economies. However, the continent's agricultural policies were once characterised by small-scale, rain-fed farming, relying on traditional methods that resulted in low yields and vulnerability to climate changes. Limited access to markets, technology, and financial resources impeded agricultural growth. Nevertheless, Africa possesses immense agricultural potential with diverse agro-ecological areas providing a rich

By John Félicité, Business Development Director, Ocorian Corporate Services (Mauritius) Ltd

selection of crops.

Successes abound, but challenges remain in the way of reaping true dividends

In the present, African countries are increasingly recognising the significance of agriculture for economic growth, poverty reduction, and food security. Governments and development agencies are implementing transformative policies and initiatives like the Comprehensive Africa Agriculture Development Programme (CAAPD), which aims to achieve 6% growth annually through increased investment in agri-research, infrastructure, and farmer capacity building.

Several countries have experienced notable success stories in recent years, including Nigeria, Rwanda, and Ethiopia, which have boosted productivity through investments in irrigation systems, improved access to credit, and adoption of modern technologies. The rise in cooperatives has also facilitated better market linkages, allowing farmers to earn higher incomes. As a result, there has been increased food production, reduced import dependency, and improved livelihoods for millions of smallholder farmers.

Looking to the future of agriculture in Africa, the continent faces both challenges and opportunities. Climate change remains a significant concern, with rising temperatures, erratic rainfall, increased pests, and diseases threatening productivity. Addressing these issues requires investment in climate-smart agricultural practices, including the cultivation of drought-resistant crops. Conservation agricultural techniques and sustainable water management will also play a crucial role. Harnessing the potential of technology will also be critical for agricultural transformation, with mobile phone applications, remote sensing, and data analytics providing real-time weather information and market prices to improve transparency and farming practices, thereby enhancing productivity, and optimising natural resources.

Sustainable practices are gaining momentum, with a greater focus on agro-ecology, organic farming, and regenerative agriculture. This prioritises soil health, increased biodiversity, and a more resilient ecosystem, ensuring the long-term viability of agricultural systems.

Value addition in agro-processing represents the next area of agricultural development, allowing Africa to capture more value from its agricultural commodities beyond primary production. This move will create additional employment opportunities, enhance food security, and reduce post-harvest losses, further bolstering the continent's agricultural sector.

A crucial element that encourages investment in African agriculture is political stability and democracy. According to the Africa Country Benchmark Report in 2017, the top ten countries demonstrating food security were Tunisia, Mauritius, Morocco, Algeria, Egypt, Gabon, South Africa, Ghana, Senegal, and Namibia. Notably, these countries have historic trade routes with foreign markets and are not geographically landlocked. Their governments prioritise the needs of their populations, and their export-driven trading economies have sustained food movement for centuries, serving as a lifeline during times of local crop failure or natural disasters.

Linking past, present and future: Unlocking the true potential of African agriculture

In conclusion, the past, present, and future of agriculture in Africa highlight a journey filled with challenges, progress, and opportunities. To achieve long-term sustainability and harness the continent's full agricultural potential, prioritising climate resilience, digital innovation, and value addition will be essential.

Through strategic efforts and collaborations, Africa can unlock its vast resources and pave the way for sustainable growth and prosperity for its people and the world.

> Governments & development agencies are implementing transformative policies and initiatives

Sources: https://www.inonafrica.com/wp-content/uploads/2017/11/FS-Table.jpg
McKinsey Global Institute, Reimagining Economic growth in Africa

UK-Africa
Building our future together

With the UK being one of the largest international investors in Africa, H.E. Charlotte Pierre, British High Commissioner to Mauritius, charts how the UK is supporting African partners in unlocking their potential through a number of trade and investment initiatives, in the run up to the UK-African Investment Summit to be held in April 2024.

The UK Minister of Foreign Affairs, the Rt Hon James Cleverly, visits Kenya.

The UK fosters relationships in Africa that sustainably promote and develop the dynamism and energy of African markets and are based on mutual respect and benefit. The UK's Minister of Foreign Affairs, the Rt Hon James Cleverly, concluded a four-day tour in August of three African nations – Ghana, Nigeria and Zambia. During his visit, he announced £40 million of investment for small businesses in Ghana, one of the UK's biggest export markets in sub-Saharan Africa, and pledged £55 million to support Nigeria's agricultural sector. In Zambia, Minister Cleverly announced a UK funded clean energy partnership, including green investment of up to £2.5 billion of UK private sector funding, and UK government backed investments of up to £500 million. So what? The "what" is that we want to support African partners' responses to global challenges, their ability to unlock their own potential, and their efforts to growing their economies. The UK also recognises that African partners play a pivotal role in shaping the international order, and that our working closely together benefits the continent, its people, the UK and the world.

Investment Opportunities

The facts speak for themselves – the UK is one of the biggest international investors in Africa. According to the United Nations Conference on Trade and Development, British companies collectively hold the largest stock of Foreign Direct Investment in African countries. Total trade in goods and services between the UK and Africa reached £44.7 billion in 2022 – an increase of 32.5% on the previous year. British International Investment (BII), the UK Government's arms-length development investor and the world's first development finance institution, has supported companies to grow in Africa for nearly 70 years. BII invested close to £2.2 billion in total in

> The UK is one of the biggest international investors in Africa

African businesses in 2020 and 2021 and intends to invest between £1.5 and £2 billion per annum until 2026. Sustainability is a BII priority and this finance would make the UK the largest climate investor in Africa. On climate investment here in Mauritius, we are proud to have committed to provide up to £12 million to help Mauritius access more international resource to deliver its ambitious Nationally Determined Contributions (NDC).

Regional Trade

The UK is a strong supporter of the African Continental Free Trade Area (AfCFTA), the African Union's most ambitious regional economic integration initiative. The AfCFTA is a potential game-changer for Africa's economic growth, driving industrialisation, jobs and prosperity. It brings together 54 member states of the African Union and connects 1.3 billion people with a combined GDP of US $3.4 trillion. We know that improved intra-regional trade that creates jobs and prosperity will make Africa an even more attractive place for UK investors. To date, the UK has secured Trade Agreements with 18 African countries, including the Southern African Customs Union and Mozambique (SACUM); Eastern and Southern Africa states (ESA) which includes Mauritius and the Seychelles; Cameroon, Ghana, Côte d'Ivoire, Egypt, Kenya, Morocco and Tunisia. These arrangements enable preferential access into UK markets for products from these countries.

UK in Mauritius

Our excellent partnership with Mauritius exemplifies the UK's commitment to building genuine and sustainable ties for a freer, safer, more prosperous, healthier, and greener continent. Mauritius is much more than the term 'small island developing state' suggests – it is a big ocean nation, whose trade and investment potential is enormous. Ranked number one in Africa on the Ease of Doing Business Index, Mauritius is a regional leader and is increasingly looked to as a model for others to follow. Mauritius is the UK's sixth biggest trade partner in Africa. As another island trading nation, we have been working closely with our Mauritian partners to further deepen our trade partnership, worth £1 billion annually. In April this year, I was proud to join the then Acting Finance Minister, Hon. Soomilduth Bholah, to launch the UK-Mauritius Strategic Trade Partnership (STP). The STP will boost trade in six sectors where the UK/Mauritius partnership is either well established or most likely to generate significant economic gain for us both: financial and professional services, green economy, education, cyber, pharmaceuticals, and agritech.

The signing of the STP took place in the presence of Andrew Selous MP, the first UK Prime Minister's Trade Envoy to Mauritius. The Trade Envoy Programme, founded by Prime Minister David Cameron in 2012, works to drive economic growth by building on the UK's existing relations with international markets and help UK businesses take advantage of the opportunities arising from our global trade agenda. Our Prime Minister's Trade Envoys champion the UK in the wider world, while deepening relationships with priority friends and partners like Mauritius. These efforts have been spearheaded by our brilliant Department of Business and Trade team in the British High Commission, led by Director Deeptee K. Bungaree-Gooheeram. Deeptee's team supports businesses to invest, grow, and export while also creating mutually beneficial opportunities for both the UK and Mauritius.

Progress

Recent months have seen the first tangible results of the STP. In June 2023, we welcomed Dirk Van den

H.E. Charlotte Pierre
British High Commissioner to Mauritius

Berg, the Head of UK's Export Finance (UKEF) for Southern Africa. UKEF is the UK's export credit agency. It provides export finance support to ensure viable exports do not fail due to lack of finance or insurance from the private sector. It supports more business in Africa than any other region overseas. While in Mauritius, Dirk had the opportunity to present UKEF's unparalleled export finance offer to key stakeholders from public and private sector institutions, including how Mauritius can access up to £3 billion to finance local projects.

At the 2022 Africa Investment Conference (AIC), which brought together over 3,000 UK and African delegates to boost growth opportunities across Africa, UKEF announced that its financing for projects on the continent had significantly increased from £600 million in 2018-2019 to over £2.3 billion in 2020-21 - the highest amount provided to Africa in a single year since 2000. In the last decade, UKEF has provided more than £5 billion of support to UK exports to Africa and connected nearly 1,500 UK companies with international opportunities through supplier fairs. UKEF can offer financing in the currencies of up to 14 African countries and has expanded its support in the region with billions of pounds in capacity to support projects in African markets that source from the UK. Their offer differs from other export finance offers; a minimum of only 20% UK content helps enable local exporters become more competitive.

The Future

The UK is delighted to support the Ministry of Finance, Economic Planning and Development, and the Economic Development Board Mauritius as it prepares to host the Africa Partnership Conference in October. We are excited to announce that the UK Prime Minister's Trade Envoy to Mauritius, Andrew Selous, will attend. We are also looking forward to welcoming John Humphrey, His Majesty's Trade Commissioner to Africa, along with a business delegation from the UK in the coming months. These senior visits demonstrate the UK's commitment to deepening the trade relationship with Mauritius.

The UK recognises that the benefits of trade and investment can only be unlocked when businesses know they are competing on a level playing field, and where investors know their funds will be managed in accordance with international compliance best practice. In recent years, the UK has passed legislation to close gaps in the City of London's legislative framework. Also, the UK is working with other major financial centres to further strengthen our resilience to financial crime, money laundering and international sanctions evasion. As international financial centres with significant regional and global footprints, both the UK and Mauritius take seriously their responsibilities to safely and securely oversee their financial ecosystems. The UK supported Mauritius' response to the FATF de-listing, including through regulatory reform and capacity building reform in priority areas. We will continue to develop this work with priority agencies, ministries and business in the coming years.

> British companies collectively hold the largest stock of Foreign Direct Investment in African countries

The UK-African Investment Summit (UK-AIS) will take place in London in April next year and will be hosted by Prime Minister Sunak himself. Only 25 priority African partners have been invited. I am delighted and grateful that the Honourable Prime Minister has confirmed he will attend. During the last UK-AIS in 2020, over £6.5 billion worth of trade deals were agreed from across African markets. The UK-AIS 2024 will secure even more significant investments, including through a combination of British Investment Partnership tools and private sector finance. Priority sectors will be clean energy transitions, infrastructure, and green growth.

Our approach in Africa is based on respect and mutual benefit, and it is driven by the needs and perspectives of our partners across the continent. Be it development, security, sustainability or green and clean infrastructure, we are working shoulder to shoulder with our African partners including Mauritius. We know the continent has lots of prospective partners and that we need to work hard to secure our ambition of becoming Africa's partner of choice. I am proud to be part of that effort here in Mauritius.


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MIFC: Moving up the value chain along the Africa-India corridor

The Mauritius International Financial Centre (MIFC) has made a significant contribution over the past three decades to the tune of USD 200 million in direct investments structured into India and USD 82 billion in Africa.

The sector has come a long way by deepening capacity and implementing an appropriate eco-system to make cost-effective structured investments with products seeing a huge evolution tailor-made to the industry needs while facilitating global capital and investment into Africa and India, according to the Director of Financial Services & Africa at the Economic Development Board (EDB), Vinay Guddye.

The discussion at the India-Africa Entrepreneurship Forum, themed "Facilitating Global Capital into Africa & India - the role of the MIFC", saw a panel comprised of Priscilla Balgobin-Bhoyrul, Senior Partner at Dentons Mauritius; Shailendra Sreekissoon, CEO at SBM (NBFC) Holdings Ltd; Mahen Govinda, CEO at MITCO; and Dovina Pillay-Naiken, Financial Services Manager at the Ministry of Financial Services & Good Governance; chaired by Vinay Guddye.

Evolution of financial offerings by the MIFC, One SPV, and One Market

Speaking of the evolution of products and services offered by the jurisdiction, the entire spectrum has changed over the years. Right from the time the MIFC was set up in 1992 under the Mauritius Offshore Business Activities Act (MOBA), its operations have undergone a significant transformation, seeing the jurisdiction tapping into FDI channelled into India, relying on SPVs set up locally, and encompassing funds from advanced jurisdictions such as Delaware and Cayman Islands. This positive assertion was made by Mahen Govinda, who further stated that there is one SPV and one market in India.

He argues: "There has been an evolution in terms of product offerings and services where the eco-system was structured around corporate law, fiscal system, skills and players. A similar eco-system can be used in Africa, given that we have seen a surge in the MNCs and DFIs foraying into the continent."

"What is happening now for investment into Africa is that we have witnessed funds pooled in Mauritius such as venture capital and investment funds flowing into multiple markets. The sophistication of financial services has progressed, with a slew of legal work being conducted on the local shores and due diligence for corporate finance, which builds substantially upon earlier efforts," he notes, as he sheds light on how significantly the landscape has changed for the better.

As the expert speakers discuss Mauritius as a jurisdiction successfully making the shift in harnessing value addition in terms of a wide range of products offered, where its attractiveness can be enhanced in terms of M&As, investments and alliances, Dentons' Priscilla Balgobin-Bhoyrul asks, "We all have the same story to tell and it now begets the question: Is Mauritius the perfect gateway or getaway?"

Multi-currency trading, and scope for investment banking and treasury

The role that Mauritius is expected to play in the future to help facilitate global capital into both Africa and India is explained by Shailendra Sreekissoon who remarks that, historically speaking, Mauritius has leveraged its strengths as a trade partner. Here, its economic strategy has always been built around merchandise trade and has finally evolved to specialising in financial services. "The island was used as a trade port since the time the first settlers came in," he explains.

Of course, he argues that Mauritius can play its role most efficiently when it engages in sophisticated services such as multi-currency trading and showcases its innate ability to forge strong relationships with correspondent banks, thus enabling global payments across the world with same-day settlements into Indian rupees and KYC reporting 24/7, free of charge. "Competitiveness remains our forte," he avers.

Today, the balance has tilted in favor of the jurisdiction taking a leap to harness the eco-system towards demonstrating decision-making capabilities for investment banking and treasury management services anchored on the local shores. Here, Shailendra underlines that the eco-system is present to enable transactions in Mauritius and facilitate global currency transactions in real-time which has led to treasury management and custodian services witnessing increasing flows.

"At SBM, across non-banking financial services, we have started operating a trading desk for 20 hours to help capture both the US and Asian markets from opening to closing time in spurring the volume of international activities constituting the bulk of the trading business," he explains. The bank has taken the lead across asset management and setting up funds, which undoubtedly represents two areas where the jurisdiction can see mammoth growth in the future.

Predictability and certainty: Key for investors' needs

Transition and evolution remain key to the success of Mauritius as an IFC, notes the Financial Services

▲ *(From left) Entrepreneur and Investment Advisor, Launch Africa Baljinder Sharma who is behind the IAEF, Chief Executive Officer at EDB Ken Poonoosamy, Chairman of the India – Africa Summit, Mr Yaduvendra Mathur, His Excellency Head of State H.E Prithvirajsing Roopun, Indian High Commissioner H.E Nandini K Singla, the Chairman of the India – Africa Summit Tomi Davies and a guest pose for a photo during the summit.*

Manager at the Ministry of Financial Services and Good Governance, Dovina Pillay-Naiken.

She then goes on to enumerate the efforts spearheaded by the Government in leaving no stone unturned to build strength and adaptation, culminating in innovation to fulfill investors' needs. "What is required is to help ensure that we provide predictability and certainty as we speak about regulatory safety. We cannot emphasise enough that the jurisdiction is compliant with 40 out of 40 recommendations pertaining to AML and OECD standards from a fiscal perspective, while at the same time adhering to compliance standards in relation to international laws."

She lists several initiatives where the Government, along with stakeholders such as the Economic Development Board (EDB) and the Financial Services Commission (FSC), is helping to ensure the right level of service. Here, she shares that a case in point is the implementation of the streamlining process to reduce the application turnaround time in response to several requests received on that front.

Dovina refers to the a communique that was published by the FSC, entitled new procedures in respect of applications for Collective Investment Schemes (CIS) and Closed-End Funds (CEF) which emphasised that such funds would take only 15 days to be approved with the aim being to ensure that the investor gets the right level of service.

Of course, stability and sustainability remain key for business given that, being a small island with 1.2 million people, Mauritius offers the much-needed leeway and flexibility to amend regulations and legislations. She says: "The financial services sector has been incepted 30 years ago where it initially started by relying on support. Today there is an ever-changing market dynamic calling for new products set against the context of a rising number of IFCs coming with a panoply of different products. In this context, there is a need for the jurisdiction to maintain its competitive advantage and the reason why a series of innovative products – such as VAITOS and the VCC – was implemented in 2022 soon after Singapore pioneered it."

She enumerates several innovative measures spearheaded to help ensure that the jurisdiction is ahead of the curve where a case in point is strengthening FinTech offerings with the relevant virtual asset legislation. She emphasises that Mauritius has made its mark on a global scale by implementing dedicated framework legislations for virtual assets over and above being complaint with the requirements of FATF Recommendation 15 on New Technologies.

Dovina explains that the Government is currently working on the elaboration of what constitutes a FinTech City together with the ESG framework that would help ensure the right dimension and create value addition to leverage for African nations with funds structured from Mauritius to Africa. That will help ensure Mauritius ticks the right boxes for ESG projects for impactful investment, she underlines.

For his part, Mahen Govinda says that, for many years, the jurisdiction has acted as a point of consolidation for multiple groups of investors, where many choose to opt for it on account of several incentives offered such as ease of movement, holding special licences whether it's FinTech or VAITOS, coupled with a potential for insurance management and capital markets. "It's not only about being an IFC but also about Mauritius positioning itself as an international business centre."

He further added that Mauritius as a jurisdiction boasts of several attributes such as being the only African country having inked the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India, where it exports a slew of products into the Asian economic major together with the concept of Freeport. He says: "Freeport aims to help attract businesses not just restricted to the IFC and also to position itself as an international business centre, as a nexus between Africa and India."

▲ *(From left) Director of Financial Services & Africa Vinay Guddye hosted the session on "Facilitating Global Capital into Africa & India - the role of the MIFC", with Senior Partner at Dentons Mauritius Priscilla Balgobin-Bhoyrul, CEO at MITCO Mahen Govinda, CEO at SBM (NBFC) Holdings Ltd Shailendra Sreekeessoon, and Dovina Pillay-Naiken, Financial Services Manager at the Ministry of Financial Services and Good Governance.*

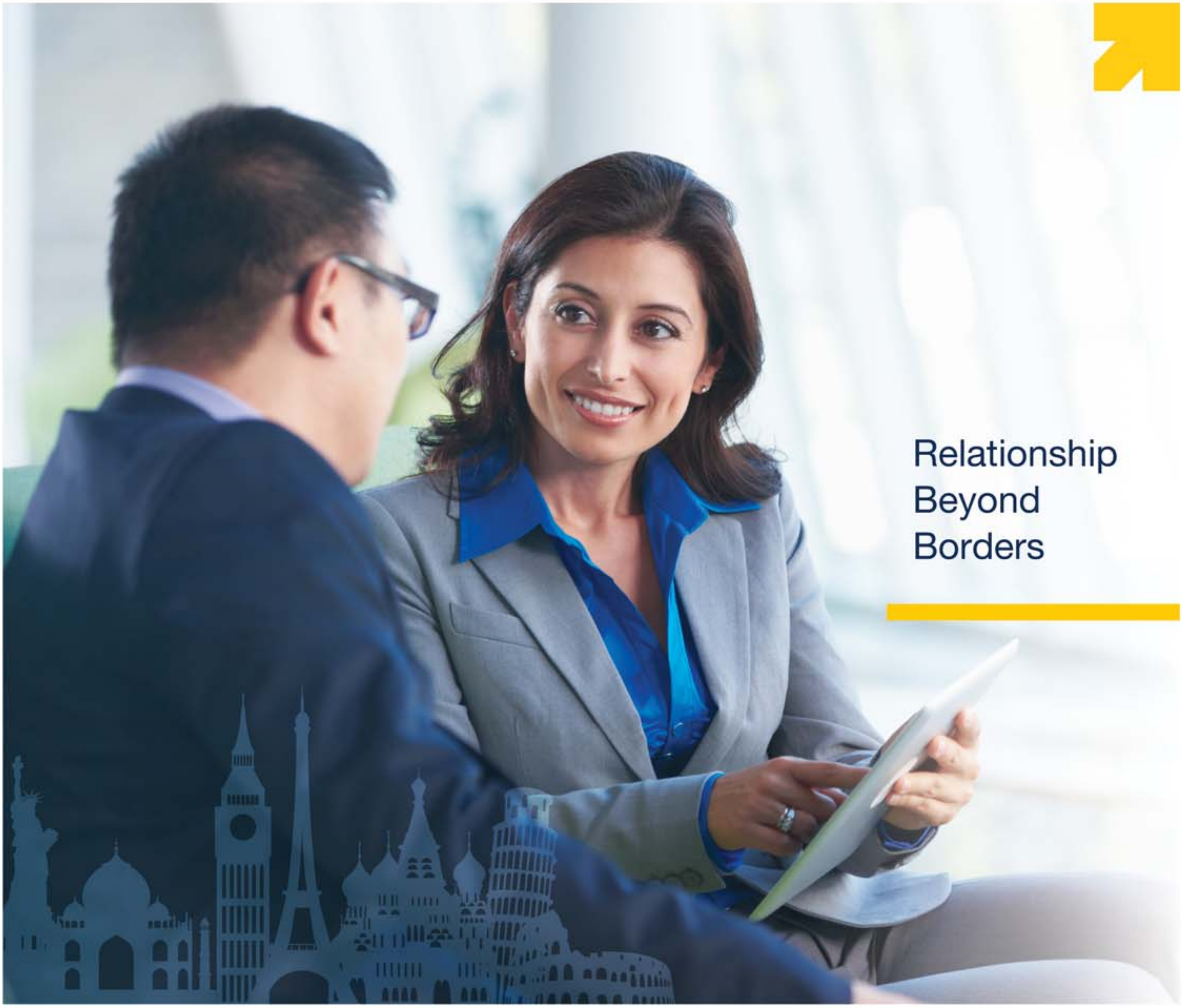
GIFT CITY: Cooperation over competition

Over time, the Gujarat International Finance Tec-City (GIFT City) has positioned itself as a jurisdiction of choice in India to help attract global financial services firms and it's only natural to discuss its impact on the Mauritius jurisdiction. The moot question is: How well is Mauritius prepared to leverage this development?

Mahen Govinda observed that while India is a huge market, set against the context that the time is now for Africa, there is a need to look at cooperation and partnership from Mauritius. "The bottom line is to promote the concept of shared prosperity among Africa, India, and Mauritius," he concludes.

It's one argument with which Shailendra Sreekissoon agrees by emphasising Africa for Africa, where cooperation with India is key. Finally, Dovina Pillay-Naiken affirms that Mauritius can play a pivotal role along the India-Africa corridor to not only work together but also fulfill the requirements of both corridors.

On a parting note, Vinay Guddye explains that while over time the GIFT City has picked up with lots of Indian investment set against the concept of the master feeder structure, once again it is cooperation rather than competition between India and Mauritius that should dictate the terms for the way forward. On the anvil is an MOU between the MIFC and the GIFT City that will help spur collaboration between both jurisdictions, he concludes.


Relationship
Beyond
Borders

Mauritius' sustainability landscape: "Towards corporate actions and reporting that matters"

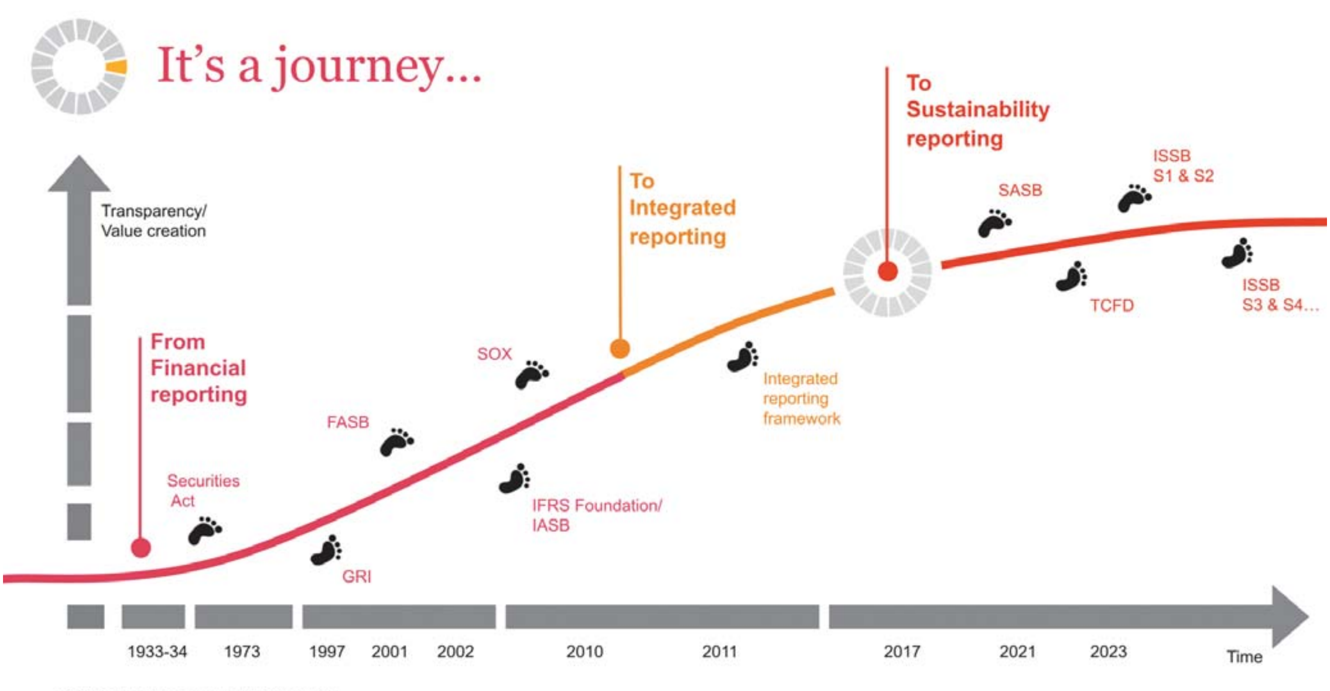
Anish Chandra of PwC Mauritius explains how sustainability reporting is the next frontier and why it is crucial that such standards make us "think and act better" about the risks and opportunities that make companies in Mauritius sustainable over the long-term horizon.

The world is changing rapidly and sustainability is a growing area of focus for a wide range of stakeholders from both the public and private sector. Regulators across the globe have been busy implementing new disclosure regimes while investors have been pushing for information as they develop and refine ESG-based investing strategies.

Numerous institutions, such as the Sustainability Accounting Standards Board or the Global Reporting Initiative, have been working to form standards. The objective is to foster environmental and social stewardship in the corporate world, especially in a country that is highly vulnerable from a climate change perspective, being a Small Island Developing State (SIDS).

The "Big Three" of Sustainability Reporting - Convergence of standards

As sustainability reporting standards around the world are converging into what is looking more and



The next frontier is sustainability reporting that will pave the way for a new era in the ways of doing business and corporate reporting.

more like the "big three", it is important to bridge the gap between corporate reporting and the sustainability agenda.

Our view is that, before even considering the reporting aspect, these standards should first make us "think and act better" about risks and opportunities to make our companies more sustainable over the longer term. In simple terms, the standards should allow for better understanding of forward risks and opportunities.

In concrete terms, US$ 6 trillion is needed in climate-related investments by the end of this decade and a lot of these investments will be needed in emerging markets.

The following infographic illustrates what the major global jurisdictions are adopting as their primary frameworks:

Are we prepared?

The momentum seems to be going in the right direction towards adopting the agenda of sustainability. A recent study undertaken by PwC Mauritius highlights the following positive trends:

1. There is a growing commitment towards sustainability. Some organisations with smaller budgets have surpassed what could have been expected of them.
2. Although the immediate repercussions of climate change cannot be reversed, we can hopefully expect significant improvements in terms of actions and reporting in the coming years.
3. Companies do not need to be big to make a big impact. There are some fabulous initiatives from small and medium sized companies to create high societal impact from small investments.

However, there are big gaps to fill:

1. Sustainability is not sufficiently considered as a strategy. Some organisations appear to see it as a compliance cost.
2. Projects remain largely piecemeal and scattered. This is especially true for larger organisations where there is no overarching sustainability ecosystem bringing synergy around capabilities and value creation.
3. Many sustainability teams fall short of what will be required from them to meet expectations. Many organisations have a huge capacity building challenge.
4. There is a low level of adoption of new technologies to increase efficiency and generate the right data.

The objective is to foster environmental and social stewardship in the corporate world

By Anish Chandra,
Director for Sustainability & Climate Change,
PwC Mauritius

A deep dive into two of the most systemically important sectors for the Mauritian economy brings the following insights:

Financial Services: The size of opportunity is huge, but gaps remain

Sustainability is inherent in the nature of the business through the twin actions of creating many jobs and stimulating investments. This sector plays a crucial role in building our reputation as an International Financial Centre and that, in itself, brings along cascading advantages. With the pressing need for climate financing, this sector holds hope for making Mauritius a gateway for sustainable finance in Africa and beyond. Being heavily regulated, it has an advantage over the other sectors on sustainability, and this is already happening through the roll out of the climate risk guidelines by the Bank of Mauritius. Adoption of technology innovation is also an opportunity for this sector to drive sustainable growth.

However, only a handful of banks are making a real effort in coming forward and embracing the agenda of sustainability in its true spirit. Other forms of financial services institutions like the insurance companies, are conspicuously absent from the scene.

The financial services sector in Mauritius is still lagging if benchmarked with some global and regional peers in terms of reported data aligned to global standards. The sector faces a mammoth challenge in skill development in relation to sustainability concepts in the near- to mid-term future.

Hospitality and Tourism: Early adopter, but more can be done

This industry has a huge impact on our natural resources and local communities. Owing to customer demands and international norms, the sector has been an early adopter of sustainability. Given its large contribution to GDP, it offers the biggest potential to help Mauritius transition to a low carbon economy and protect its nature.

Most of the prominent players in this sector have acquired global industry certifications like EarthCheck and are relatively prudent in their environmental disclosures that include data around emissions, waste management and water management. However, the concept of ecotourism is yet to gain traction and the industry has an uphill battle to promote tourism that does not harm our natural resources. This is of paramount importance considering the fragile biodiversity of our island nation. Given the industry's relative maturity on sustainability due to expectations from international stakeholders, more can be done to consider its impact on the environment and society, and to better prepare our workforce for a future where new skills will be required to serve this sector.

Challenging sustainability landscape demands soul-searching, targeted investments

The CEOs of today are faced with a number of challenges from the agenda of sustainability:

- Investors want actions on sustainability but are still unwilling to accept lower returns.
- Customers are pushing companies to change but don't want to give up on convenience and lower prices.
- Every business has to strive hard to acquire the 'licence to operate'.
- Finding the right balance between short-term results and meeting longer-term goals is a tough one.

In order to address the above, companies may consider the following:

- **Finding the company's true sustainability purpose is essential:** Where does the company position itself in the ambition spectrum? Is it an idealist or just meeting regulatory requirements while being a sceptic? It may even choose to take a conservative route by either being a pragmatist or strategist. At the end, all these decisions will depend on the level of maturity of the business and the risk appetite.
- **Telling the story, their own way:** Connect the demands of the stakeholders (and not just shareholders) with the company's sustainability purpose. Then talk about it. The world needs to know.
- **Building trust:** Clearly understand the expectations, identify and internalise all possible emerging risks, show how they have been considered, and report on all of this transparently. Avoid greenwashing at all costs.
- **Putting money where the impact is:** Focus investments where there will be the greatest impact on the organisation's long-term prosperity and stakeholder value.

Indeed, stakeholders must recognise that spreading their bets is not always the best approach and it is most useful to focus efforts where the potential for return from sustainable investments is the highest.

How Mauritius is pioneering sustainable finance in Africa

With the island economy taking a lead in sustainable finance, stakeholders from regulatory, banking, fund administration and capacity building spheres explain how Mauritius can entrench itself as a sustainable finance hub for the region.

The government of Mauritius has set a target to achieve 35% of renewable energy in its energy mix by 2025. The country's commitment to sustainable development, coupled with the proactive engagement of financial institutions and the support of financial authorities, creates a conducive environment for the growth of sustainable finance. Further, its updated NDC (Nationally Determined Contribution) under the Paris Agreement notes that Mauritius has pledged to reduce greenhouse gas (GHG) emissions by 40% in 2030 compared to business-as-usual, instead of the initial target of 30%.

The United Nations Development Programme (UNDP) estimates that cutting down its GHG emissions by 40% by 2030 will cost the jurisdiction US$6.5 billion. While the government and the corporate sector will provide US$2.3 billion (35% of the expected need), as much as US$4.2 billion will need to be funded from the international community and donor organisations.

At the outset, it is important to acknowledge that a comprehensive regulatory framework to govern sustainability efforts in Mauritius is still evolving. Here, Dentons Mauritius Senior Partner Priscilla Balgobin-Bhoyrul notes that, "As announced by the Prime Minister, Mauritius intends to develop an Environmental, Social and Corporate Governance (ESG) framework to position the country as a sustainable international financial centre (IFC). By including ESG-related projects, Mauritius is encouraging investments in projects that will have a positive impact on the environment and society."

For her part, Shamima Mallam-Hassam, Managing Director, Trident Trust (Company) Mauritius Ltd, traces the evolution of the sustainable financing regulatory framework by noting that June 2021 saw the Bank of Mauritius (BoM) release a Guide for the Issue of Sustainable Bonds in Mauritius as a significant step in its commitment to build a green and sustainable financial ecosystem. She adds that the Financial Services Commission followed this up by issuing a set of Guidelines in 2021 relating to Green Bonds to provide guidance on the regulatory framework for the issue of green bonds and consequences of green washing. "Those initiatives are in line with the Government's sustainability agenda and showcases its endeavour to highlight the jurisdiction's focus on sustainable finance. At the recent Public-Private sector joint committee, the Minister of Finance and Economic Development, Dr. the Honourable Renganaden Padayachy, launched the Sustainable Finance Framework."

Under this framework, the government will have the ability to issue green, social, and thematic bonds, including blue bonds. Furthermore, existing projects can be refinanced to align sustainable finance with fiscal consolidation, contributing to the reduction of public debt.

At the same time, Shamima emphasises that it is time for Mauritius to have a formal ESG framework. Speaking further in her capacity as chairperson of Mauritius Finance, she notes, "At the level of Mauritius Finance, we have already submitted proposals in this direction. It is clear to us that investors using Mauritius as an investment platform need access to products that are ESG compliant and sustainable."

Regulating on sustainability

It is clear from the above that a key aspect determining the island economy's sustainability success is the government's efforts in setting conducive regulations in place. Hearteningly, in Dentons' coverage of the latest budget, the law firm notes that the government of Mauritius has been focusing on ESG since 2021, but mainly on the environmental aspect with measures to promote green energy and address climate change vulnerabilities – while this budget seeks to go beyond.

At the outset, Dentons Mauritius Senior Partner Priscilla focuses on the main environmental measures that this budget builds upon, before going on to elaborate the elements of Social and Governance that have additionally been taken up with renewed thrust.

Environmental rules to energise the island economy

Priscilla explains that a key environmental measure is a strategy aimed at achieving 60% of production from renewable energy. The government will provide a 50% waiver on increase in electricity prices for the next two years for companies moving to 100% renewable energy.

"It is also planned that the CEB will introduce renewable energy schemes for hotels, malls, and the agricultural sector; and a carbon neutral scheme will be extended to the ICT sector. Also, measures such as

"With an increasingly robust ESG landscape in Mauritius, one can see opportunities opening up for fund administrators to support fund managers along their journey of implementing their ESG strategies."

Shamima Mallam-Hassam, Managing Director, Trident Trust (Company) Mauritius Ltd solar powered street lighting and mandatory energy labelling for television sets, washer dryers and tumble dryers will be adopted, for transitioning to a low carbon renewable energy-led economy," she says.

She also comments on the role of the public transport decarbonisation programme in supporting sustainability, where subsidies and loans at concessional rates are to be provided for purchasing fully electric buses. For the Small Island Developing State, other environmental measures relate to flood management, beach rehabilitation works, lagoons and coral reefs programmes, she adds.

In other measures, she notes that the island is seeking to mitigate climate change by recycling PET bottles as well as rainwater harvesting.

Straddling the full spectrum of ESG considerations

The latest budget focuses on the social and governance pillars, as the first to go beyond environmental considerations and truly straddle the full spectrum of ESG. Here, Priscilla notes the budgetary thrust on inclusive gender policies at the workplace, signalling that this truly transforms the environment for working women.

"The announcement of the introduction of mandatory nursing rooms in malls, offices, and hotels, as well as workplace-based childcare facilities for companies with over 250 employees is welcome. Women-owned SMEs will also benefit from a 10% preference margin in public procurement. The "Prime à L'emploi" scheme has been extended with the objective to bring women and persons with disabilities in employment. Under this scheme, for those qualifying under certain criteria, the government will provide a monthly "Prime à L'emploi" of up to Rs15000 for the first two years of employment," she emphasises.

She lauds too the announcement that all listed companies must have at least 25% women on their boards. She goes on to note that the S of ESG has further been addressed by expanding opportunities for human capital, be it through providing for measures for equality and inclusion, or creating access to education and work. For example, she explains that a company may be measured not only against traditional Human Capital Management metrics such as fair wages and employee engagement, but also by the impact on the communities in which it operates.

Banking on sustainability

Showing sustainable finance in action, the financial sector in Mauritius acknowledges its role in the transition towards a more sustainable economic model. Indeed, despite a regulatory framework for sustainability still being a work in progress, a significant portion of the banking sector is actively engaged in championing green banking and sustainability issues.

At pan-African banking major, Banque Centrale Populaire (BCP), the Mauritius office is leading sustainability efforts. BCP Bank (Mauritius) Deputy CEO Sangeetha Ramkelawon states that the bank aims to be an active contributor to Africa's growth and success story, and emphasises that promoting sustainability is not just a responsibility but a pathway to shared growth and prosperity.

Green pathway to shared prosperity

Sangeetha explains that the banking sector in Mauritius must take a lead in fostering responsible business practices and investing in projects that enhance environmental and social wellbeing – towards shaping a prosperous future for Africa. Here, she stresses that 'igniting a chain reaction of economic expansion and financial inclusivity' will truly determine Mauritius' ability to cater for small entrepreneurs in Africa.

She remarks that BCP Bank underwent a strategic realignment in 2022 to reinforce its underlying emphasis on accompanying traders and investors into Africa, thus ensuring a more active participation in Africa's growth story. As such, she urges the importance of providing financial solutions that drive sustainable economic progress and of bank boards that reinforce ESG considerations by actively championing them in a top-down approach.

Green framework fit for purpose

She adds that the bank's commitment to sustainability directly influences its lending practices, guiding its hand to place a strong emphasis on project finance and trade finance, both of which play a pivotal role in the development of Africa.

"By financing projects that align with sustainable goals, we contribute to economic growth while upholding environmental and social responsibility. Our sustainability framework is not just a statement

"Sustainability-linked loans create a win-win scenario, where financial incentives are provided for achieving sustainability targets, fostering a virtuous cycle of responsible business practices."

Sangeetha Ramkelawon,
Deputy CEO, BCP Bank (Mauritius)

of intent – it is an integrated approach that shapes our risk assessment, investment decisions and operations. It is about driving positive impact while achieving financial success. Furthermore, our approach is guided by our Group's ESG charter, which they continually update to reflect evolving sustainability priorities," she explains, noting that instruments such as green and sustainable bonds have proved crucial in not only raising capital for sustainable projects but also setting benchmarks for responsible investing and corporate behaviour.

Countering climate change as a priority

With climate change being a pressing consideration, Sangeetha harks to Gunvor Singapore Pte. Ltd (Guvnor) as a compelling example of the Mauritian IFC's commitment to climate change finance. She explains that the globally renowned commodities trading house turned to Mauritius for securing a US$1.125 billion sustainability-linked syndicated revolving credit facility.

"Sustainability-linked loans create a win-win scenario, where financial incentives are provided for achieving sustainability targets, fostering a virtuous cycle of responsible business practices. Gunvor utilises the sustainability-linked loan structure to enhance the environmental performance of its trading operations. It aims to decrease GHG emissions and improve the energy efficiency of its shipping fleet, showcasing the tangible impact of sustainable finance in action," she explains.

Here, Shamima adds that for the fund management space, the interest of investors to the climate change issue is also a topic of growing importance. Indeed, she emphasises that investors are becoming more aware of the risks and opportunities that climate change poses to their portfolios and are taking actions to align their investments with a low-carbon future.

"Shareholders are increasingly demanding that companies disclose their climate risks and how they plan to mitigate them. This can help investors make more informed decisions and also create incentives for companies to adopt more sustainable practices. Investors are also awakening to the opportunities that climate change offers, such as investing in clean energy, green infrastructure, and low-carbon technologies. These sectors are expected to grow rapidly in the coming years, as the world shifts to a more resilient and circular economy," she elaborates.

In this way, she postulates that investors are therefore playing a vital role in addressing the climate change issue, both by pressuring companies and governments to act, and by supporting the solutions that can make a difference.

Collaborations are key to succeed

Finally, Sangeetha remarks that effective partnerships with key stakeholders such as the government, Regulatory bodies, financial institutions, the Stock Exchange, clients, boards of directors, and local communities are pivotal in realising the IFC's destiny as a hub for sustainable finance.

"Although it is too early to provide a comprehensive assessment, we can aptly say that the journey of positioning Mauritius as a sustainable finance hub for Africa is well underway. Progress and awareness have been fostered across stakeholders. The commitment to responsible business practices, sustainable procurement processes, has catalysed a transformative movement within the financial sector. It is obvious that stakeholders have embraced the urgency of integrating sustainability into their practices. Many have taken significant strides along this journey, exemplifying a commitment to responsible finance," she remarks.

Reporting on sustainability

Next, in addition to providing sustainable finance, the exercise of reporting on such sustainable efforts must form a core thrust of any sustainability-linked initiative.

As such, global investor services provider, IQ-EQ, which has a sizeable presence in Mauritius, recently set a laudable example by launching their first-ever sustainability report in July 2023. Sridhar Nagarajan, Regional Managing Director, IQ-EQ notes that this report represents a conscious effort to formalise their ESG thrust and to concertedly focus on the importance of sustainability.

A much-needed call to action

Sridhar explains: "While we have consistently been taking steps to mitigate our social and environmental impacts for several years across our many jurisdictions, including Mauritius, we had not until this point really collated all that information together in a meaningful way. Mauritius, for example, has been on the forefront on sustainability related issues – drastically reducing paper usage and printing, mental

"Robust data is imperative in the journey to becoming a net-zero business and Mauritius has again been at the forefront in collation and timely submission of comprehensive data."

Sridhar Nagarajan,
Regional Managing Director,
IQ-EQ

health initiatives for staff, optimising energy consumption etc. The contribution that Mauritius has made and continues to make is significant both in measurement and measures."

Another reason behind producing this report is that, whilst IQ-EQ has taken steps forward, "we needed a way to galvanise the business to do more. We believe that the sustainability report gives us this impetus towards continuous improvement and Mauritius will certainly keep contributing to the Group journey going forward," Sridhar unfolds.

Data is key to make a case for sustainable finance

In opening remarks to the report, IQ-EQ states that it believes in its corporate responsibility to protect the planet and aims to be a net zero business by 2035. Here, Sridhar emphasises the importance of data in making a case for sustainable finance, and achieving aspirations set for this purpose.

"In terms of us reaching the net-zero goal, each region/office location is going to have to be part of the journey, and this will certainly be true for Mauritius as well – but first, we need data. As you'll note from the report, we are working with Greenstone+ as a business partner, to establish our energy consumption and carbon inventory. Robust data is imperative in the journey to becoming a net-zero business and Mauritius has again been at the forefront in collation and timely submission of comprehensive data required for this groupwide initiative," he avers.

In addition, Shamima-Mallam Hassam notes that ESG data is playing an increasingly important role across the professional investment community – and that this evolution is creating compelling technology driven opportunities for savvy institutional investors, analysts and ESG advisors to leverage ESG data to improve their investment outcomes, manage risk and advise clients.

"Companies with better ESG metrics have been shown to deliver higher returns on equity, lower risk and a lower cost of capital. In addition, investors can use ESG data to identify investment opportunities in companies that are financially sound while also meeting their social responsibility objectives. Companies can also establish transparency and trust by managing and reporting on their ESG data," she explains, emphasising the importance of data in helping socially-conscious investors and shareholders to screen investments and assess a company's impact on the world.

She explains that fund administrators may offer services for collecting ESG-level data on portfolio companies, and providing statistics to fund managers to accurately assess performance against set goals and help produce reports that allow investors to measure how far such goals have been achieved. "Looking ahead, savvy fund administrators can also provide technology and analytical tools to the investment manager to empower them to make more informed decisions. By applying the actionable data and analysis provided, the fund manager can then implement an ESG strategy that creates value throughout the investment lifecycle," she unfolds.

Bringing it all together under the guidance of the Mauritius IFC

At Mauritius Finance, it is our understanding that bringing together all sustainable efforts under the aegis of the Mauritius IFC requires a critical thrust on capacity building in the green finance space. The recently held masterclass in partnership with the African Private Capital Association (AVCA) went a long way in creating capacity among our members in this important arena. On Day 3 of the masterclass, a dedicated module on ESG was delivered by Maëva Ternel, Senior Consultant at IBIS Consulting, covering common emerging environmental and social issues.

After addressing aspects such as defining ESG, why the movement is important, the benefits of an ESG thrust, ESG value drivers as well as ESG standards and frameworks, Maeva emphasised that firms must develop practical policies and procedures to manage ESG performance in line with international best practice. "This is represented through the Social and Environmental Management System (SEMS) and a Corporate Governance Code in line with global best practice frameworks. Among these frameworks are the IFC Performance Standards and the Impact Principles where we focus on the assessment of the fund in line with ILPA / PRI ESG DD checklist, and IFC Impact Principles," she explained.

The Chief Operating Officer at Mauritius Finance, Vinod Bussawah, notes that MF has signed an industry partnership agreement with AVCA, and that one field of collaboration is providing training and capacity building support to members. As such, the AVCA masterclass was organised with the overall aim

"In line with the sustainability agenda and to promote a greener Mauritian economy, the government plans to extend the current exemption of interest income derived from bonds to finance all sustainable projects."

Priscilla Balgobin-Bhoyrul,
Senior Partner, Dentons Mauritius

of providing participants with practical insights into the private equity and venture capital asset class in the African context. The training was interactive and included live examples, case studies, role plays and group discussions, he elaborates.

"With DFIs and other corporate investors laying more stress on ESG backed investment, ESG reporting to the board has become a regular feature just like reporting on financials and compliance. As such, the Masterclass was organised following requests from members and saw 25 participants from management companies, banks, and legal firms, comprising of CEOs and senior staff. We received very positive feedback from members who remarked that it led to a better understanding on how the whole investment process takes place, including raising of funds as well as managing such funds and investments in projects, whilst always having ESG targets as one of their major KPIs," he explains, adding that Mauritius Finance is planning similar workshops in the future on some of the key emerging topics in the ESG space, and that these can be targeted to professionals at different levels of the organisation to ensure that the entire firm benefits from such sessions.

Key stakeholders in the Mauritius IFC to work together for a greener island

On a final note, Sangeetha explains that the central bank in Mauritius has played a key role in promoting sustainability by issuing relevant guidelines for players seeking to expand green credentials.

"We have observed that the private sector, financial institutions, regulatory bodies, and industry experts are fully engaged and aware of the transformative potential of sustainable finance. Mauritius, with its acute awareness of its vulnerabilities in the face of climate change and environmental challenges, is steering itself on the right trajectory. By aligning its financial sector with the principles of sustainability, Mauritius is poised to not only mitigate risks but also position itself as a beacon of responsible finance in Africa," she explains. Nevertheless, Sangeetha cautions that the jurisdiction must not rest on its laurels, stressing that the journey towards transformation to a greener economy is an ongoing process, driven by the commitment of multiple stakeholders.

"As Mauritius diligently works towards its vision of becoming a recognised and suitable sustainable finance hub, it stands to largely benefit from the momentum created by a landmark event such as the Africa Partnership Conference, organised by EDB, taking place this year, to which we were proud to bring our support as a sponsor. We believe that such get togethers will help shape the landscape for responsible finance through constructive and insightful debates, and position the Mauritian IFC as a sustainable finance hub for Africa," says Sangeetha, as she signs off on this optimistic note.

For her part, Shamima explains how fund managers and large portfolio companies are responding to the investor mandate to report on ESG measures that allow such investors to make informed decisions. "Indeed, ESG considerations are now integrated into decision-making, risk assessment and opportunity analysis. As facilitators, management companies develop tools to support clients, such as ESG health checks to assess compliance, and strategies to reinforce positive impact. With an increasingly robust ESG landscape in Mauritius, one can see opportunities opening up for fund administrators to support fund managers along their journey of implementing their ESG strategies."

She also uses the space to highlight that climate change and ESG factors have come under increasing scrutiny from financial authorities given their potential to threaten financial stability. "It is to be noted that policymakers are moving forward to strengthen practices with respect to sustainable finance in several ways. The next step for Mauritius is to implement a framework for ESG disclosures and ESG Risk Management. Without a common regulatory framework, investors face a great deal of risk. Mauritius is well placed to help fund managers and investors demonstrate robust governance and reporting to satisfy these increasingly sophisticated demands," she concludes.

Finally, looking to the future of eco-friendly regulations, Priscilla is pleased to draw attention to one of the cutting-edge practical actions announced in Budget 2023-24 in the form of the BoM developing a Carbon Trading Framework for both blue and green credits. "In line with the sustainability agenda and to promote a greener Mauritian economy, the government also plans to extend the current exemption of interest income derived from bonds to finance all sustainable projects as opposed to only renewable energy projects," she concludes, painting a bright future for sustainable finance in Mauritius based on conducive regulation that places the IFC on a pioneering footing in Africa.

"With DFIs and other corporate investors laying more stress on ESG backed investment, ESG reporting to the board has become a regular feature just like reporting on financials and compliance."

Vinod Bussawah,
Chief Operating Officer,
Mauritius Finance

A "giant leap on climate ambition" and small steps the Mauritius IFC must take to integrate the carbon trading market

Ashveen Gopee and Anjulie Soobramanien of PwC Legal (Mauritius) unfold how the Mauritius International Financial Centre (IFC) must enact a few adjustments to its existing frameworks to pioneer sustainable financial solutions that resonate with both African and global interests.

"The world still needs a giant leap on climate ambition" were the words of UN Secretary-General António Guterres at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), when expressing his concern that more had to be done to drastically reduce carbon emissions.

One of the highlights of the COP27 was the inauguration of the Africa Carbon Markets Initiative (ACMI) which aims to support the expansion of carbon trading production in Africa through the growth of the African voluntary carbon markets (VCM).

Implications of the African carbon trading initiative at COP27

The aims are to produce, inter alia:

- 300 million carbon credits annually by 2030, and 1.5 billion credits annually by 2050.
- Generate USD 6 billion in revenue by 2030 and over USD 120 billion by 2050.
- Support the establishment of 30 million jobs by 2030 and over 110 million jobs by 2050.

To provide a context, carbon trading is a trading mechanism that is put into place for countries, companies to buy and sell carbon credits with a goal to reduce the global greenhouse gas emissions by trading carbon credits. It is viewed as a crucial instrument for addressing climate change and fostering economic growth.

Africa – the world's second lung

Africa's ecosystems hold a lot of carbon, especially the Congo forest. This forest can absorb about 1.2 billion tons of CO_2 every year and has around 29 billion tons of carbon stored. This is like the amount of carbon emissions the whole world produces in about three years.

The Congo Basin, which spans across six countries- Cameroon, Central African Republic, Democratic Republic of the Congo, Congo, Equatorial Guinea and Gabon – holds roughly 8% of the world's forest-based carbon.

As eloquently said by Doreen Robinson, who leads the Biodiversity and Land division at the United Nations Environment Programme, "The Congo Basin is one of the world's last regions that absorbs more carbon than it emits".

And where does Mauritius, with its patches of greens, fit into this picture?

Located at the crossroads of Africa and Asia, Mauritius is well positioned to act as a gateway for carbon trading between continents on a global scale. Carbon trading offers Mauritius a golden opportunity to turn its environmental challenges into its economic opportunities.

Furthermore, the success of an effective implementation of an African carbon market is not a task of the few but of the "United Africa" with all its nations bringing their complementary competence and resources together for a greater common good. As rightly pointed out in the Africa Carbon Markets Initiative (ACMI) Roadmap Report 'Harnessing carbon markets in Africa': "Voluntary carbon markets represent a major opportunity to accelerate economic development and simultaneously curb greenhouse gas emissions. But seizing this opportunity will take thoughtful and deliberate action, especially by African stakeholders".

Though geographically very small compared to the continent, Mauritius has much to contribute with respect to the above, in terms of know-how, competence, resources, logistics it has gathered over the 30 years it built itself as an IFC of excellence.

Such a long-lasting legacy places Mauritius in a prime position, allowing it to take small steps by enacting some adjustments to and build upon its existing frameworks to lead the way in crafting sustainable financial solutions that resonate with both African and global interests.

Small steps to pick low hanging fruits

One of the challenges highlighted by the ACMI Roadmap Report is the "lack of access to adapted financial instruments for project developers to access early-stage financing … and for investors to de-risk investment and hedge against country, counterparty, project, and market risks". Utilising Mauritius for financing in this new area is a chance the country should take. Since Mauritius is an international financial hub following all 40 recommendations from the Financial Action Task Force, this should be highlighted when attracting global funders and carbon credit/trading investors. This might involve a slight shift in repacking Mauritius as an eco-friendly "Green" IFC and considering extra benefits for its current financial services.

This one step towards the diversification of the economy can create new business opportunities that would ultimately enhance the overall economic resilience of Mauritius as a whole. Mauritius also carries with its legacy a well-established and reputable international financial sector that is supported by a robust regulatory framework. The aforementioned only adds to the list of why Mauritius is the ideal hub for carbon trading on a global scale.

Furthermore, the success of the Mauritius IFC rests heavily on a culture of implementation of strong regulatory frameworks and the adoption of a corporate governance ethos of international calibre. The implementation of the right regulatory framework lies at the heart of the success of the setting up of an international carbon market. From a regulatory perspective, the mindset is well present but will require some adaptations to capture the new opportunities that the carbon markets open access to.

In contrast to larger economic players, the entry of the Mauritius IFC into the realm of carbon trading underscores the idea that every individual contribution holds significance in the battle against climate change. The Mauritius IFC's involvement in carbon trading is important not only for its immediate impact but also for its potential to inspire others. Mauritius is internationally known for its expertise in this field and, by signing the Paris Agreement, Mauritius has actively taken part in various efforts related to carbon credits. Creating a space for establishing "green funds" is crucial for the carbon market and all that may be required is some tweaking to build upon and reinforce the existing fund frameworks.

Great changes come through small steps

Every great leap is composed of countless individual strides. Similarly, our progress in the carbon market hinges on various contributions of nations, industries, and communities. The resources and general know-how are already existent, requiring only subtle and incremental adjustments to the system to help propel Africa towards its transformative leap forward.

Ultimately, great changes to address global climatic changes could come from the small steps that Mauritius can effectively take.

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INTERVIEW: HENRY V. JARDINE

U.S. AMBASSADOR TO MAURITIUS

“We want to provide more opportunities for Mauritians to connect with counterparts in the United States”

The United States of America established diplomatic relations with Mauritius in 1968. Since then, Mauritius has become one of Africa’s most stable and developed economies with a multi-party democracy and free market orientation.

The United States of America and Mauritius have been collaborating closely on bilateral, regional, and multilateral issues. Moreover, Mauritius is a leading beneficiary of the African Growth and Opportunity Act (AGOA) and a U.S. partner in combating maritime piracy in the Indian Ocean.

This year, Ambassador Henry V. Jardine officially presented his credentials to the President of the Republic of Mauritius as the new Ambassador to Mauritius on February 22, 2023. He was nominated to be the Ambassador to Mauritius and Seychelles on July 11, 2022, and his nomination was confirmed on December 13, 2022. Ambassador Jardine is a member of the U.S. Senior Foreign Service with the rank of Minister Counselor. Prior to his work with the U.S. Department of State, Ambassador Jardine was a Captain in the U.S. Army and served as Headquarters Company Executive Officer for the 2/327th Infantry Battalion, 101st Airborne Division (Air Assault) and as a Platoon Leader with the 3/8th Infantry Battalion, 8th Infantry Division (Mechanized).

In this interview, Ambassador Jardine sheds more light into the USA's Assistance to Mauritius, bilateral ties, investment opportunities, youth empowerment, entrepreneurship and combatting maritime piracy in the Indian Ocean. Excerpts:

Mauritius has become one of Africa's most stable and developed economies with a multi-party democracy and free market orientation. Relations between the United States and Mauritius are cordial, and they collaborate closely on bilateral, regional, and multilateral issues. Can you take us through the USA-Mauritius' bilateral ties and trade agreements to date? How do you view the partnership with Mauritian private and public sector organisations?

Mauritius has always been a friend of the United States. Our relations with Mauritius are almost as old as the United States itself. The U.S. first established a U.S. consulate in Mauritius during George Washington’s presidency in 1794. George Washington was the first president of the United States, so that’s how far back we go. Our friendship and relations have remained strong and lasted for this long because they are rooted in our shared values as democracies with free and open societies and our commitment to peace and prosperity for our citizens.

> The United States is committed to continue and elevate our engagement with Mauritius

The United States is committed to continue and elevate our engagement with Mauritius, and the recent groundbreaking of the $300-million New U.S. Embassy Compound in Bagatelle, Moka, is the perfect symbol of that commitment. Once completed, the new embassy compound will be the single-largest U.S. investment in Mauritius ever.

One of the main objectives for the U.S. Government in Mauritius is expanding the commercial relationship between the U.S. and Mauritius and to

promote free and fair trade and investment and reducing barriers to commerce. We want to provide more opportunities for Mauritians to connect with counterparts in the United States, expand their networks, and learn best practices. We also support women and young leaders as they grow their businesses through the African Women's Entrepreneurship Program and the Young African Leaders Initiative. Another important aspect of the U.S.-Mauritius relationship is security. The U.S. and Mauritius have partnered and collaborated in many ways, including through training and professional exchange programs, to confront regional threats.

The United States is currently the fourth-largest export market for Mauritius, receiving 10 percent of total Mauritian exports. Mauritius benefits from duty-free and quota-free access to the United States on approximately 6,500 tariff lines through the African Growth and Opportunity Act (AGOA). Exports to the United States under AGOA totaled $68 million in 2022, up from $63 million in 2021. AGOA exports account for approximately 24 percent of all Mauritian exports to the United States. AGOA has also allowed other industries to access U.S. markets, such as precious stones/jewelry and sunglasses, and fish products. In 2006, Mauritius and the United States also signed a Trade and Investment Framework Agreement (TIFA) aimed at strengthening and expanding trade and investment ties between the two countries."

Trade relations between Africa and the United States are being reshaped by policies and strategic re-engagement. Vice President Kamala Harris made her first visit in office to Africa in March this year, where she sought to encourage more American businesses to invest in African nations. The United States has been keen to strengthen partnerships in the region and to collaborate in areas including trade, health, security, climate change, innovation, and peace. What is the US Government's primary focus for Africa? What opportunities do you see and how can long term partnerships be fostered and maintained?

In his remarks during the U.S.-Africa Leaders' Summit, U.S. President Joseph R. Biden emphasized that the United States is committed to supporting every aspect of Africa's inclusive growth and creating the best possible environment for sustained commercial engagement between African and American companies: "The United States is all in on Africa's future." The intention of Vice President Kamala Harris' visit in Africa in March was to reinforce that point.

Working closely with the U.S. Congress, the Biden-Harris Administration plans to invest at least $55 billion in Africa over the next three years in economic, health, and security support. To ensure the implementation of these measures and commitments, a Special Presidential Representative for U.S.-Africa Leaders Summit Implementation, Ambassador Johnnie Carson, was appointed by the U.S. State Department.

The U.S. International Development Finance Corporation (DFC) announced active commitments across Africa totaling more than $11 billion, including $369 million of new active commitments to support projects in healthcare, renewable energy, entrepreneurship, and agriculture. Vice President Kamala Harris announced plans to provide $1 million for the African Women's Entrepreneurship Program. The program will provide small grants to train women entrepreneurs and support women-owned businesses in sub-Saharan Africa.

Promoting good governance, protecting, and expanding democracy is also a core value for the Biden-Harris administration and part of conversations between the U.S. and Africa.

When it comes to increasing investments into Africa, how do you see the position of Mauritius as a leading International Financial Centre for the region? How do you see the potential for more USA-based funds and companies to use Mauritius as the domicile for their investments into Africa?

Mauritius is historically considered to be in a strategic geographical location in the Indian Ocean and in the Eastern African region. This region has one-third of the global population, one-fifth of global fish production, one-third of global cargo transits, two-thirds of global oil shipments, and accounted for one-fifth of global GDP in 2025. The United States is committed to modernizing our long-standing alliances, strengthening emerging partnerships, and investing in regional organizations to help empower this region to adapt to the 21st century's challenges and seize its opportunities.

How is the USA promoting Mauritian entrepreneurship?

As I mentioned earlier, supporting women as they grow their business is one of the main objectives of the U.S. Embassy. We have been promoting Mauritian entrepreneurship in several ways, including through the African Women's Entrepreneurship Program, the Mandela Washington Fellowship program, trainings, workshops and grants that we have provided.

Furthermore, advancing women's economic security and mitigating the impacts of climate change are two core components of U.S. foreign policy. On August 9, the Embassy hosted a forum for Women in Green Technologies, which was supported through funding from the U.S. Department of State Economic Bureau, and co-sponsored by the American Chamber of Commerce in Mauritius. The purpose of the forum was to empower women to lead sustainability initiatives, and the event provided a platform for fruitful discussions and networking among women entrepreneurs in Mauritius as well as U.S. experts from the U.S. Trade and Development Agency (USTDA).

> One of the main objectives for the U.S. Government in Mauritius is expanding the commercial relationship between the U.S. and Mauritius and to promote free and fair trade and investment and reducing barriers to commerce

What are the major projects in the pipeline for Mauritius and the USA? What contribution is the USA making in relation to training and capacity building?

We are committed to fighting corruption, combatting trafficking in persons, promoting peace and security, ending the scourge of gender-based violence, and improving food security. We are also working together with partners in Mauritius's private, public, and non-governmental and non-profit sectors to counter a number of other current and emerging threats. We are supporting ongoing efforts by Mauritian NGOs to preserve coastal ecosystems. We routinely collaborate with Mauritian security forces

to improve our countries capabilities to combat illegal, unreported, and unregulated (IUU) fishing, address illicit trafficking and smuggling, and deter piracy in the Indian Ocean.

Mauritius is a leading beneficiary of the African Growth and Opportunity Act (AGOA) and a US partner in combating maritime piracy in the Indian Ocean. How is the USA assisting Mauritius in focusing on strengthening the coastal and maritime security capabilities?

The U.S. law enforcement agencies including the FBI and DEA conduct regular trainings with Mauritian counterparts, including the Mauritius Revenue Authority, to provide enhanced skills to disrupt regional smuggling and trafficking operations. In 2022, the State Department's Bureau of International Narcotics and Law Enforcement (INL) signed $735,000 assistance program in this area with law enforcement agencies in four Western Indian Ocean countries. Working together with UNODC and UNOPS, the U.S. Embassy has also supported training for the Mauritius Police Force, focusing on rule of law and professionalization of the police force.

The U.S. Department of Defense has sponsored the annual Cutlass Express exercises for the last two decades. This has been an important tool for building capacity for partners in the region to disrupt trafficking and piracy the Indian Ocean region and support the development of maritime security forces in Mauritius and neighboring countries.

How can the US-Mauritius-Africa axis be strengthened to encourage growth and prosperity across the African continent?

There is always going to be continued discussions and collaborations to encourage growth across Africa. During the U.S.-Africa Leaders' Summit, the United States signed an historic memorandum of understanding with the new African Continental Free Trade Area Secretariat to unlock new opportunities for trade and investment between African countries and the United States. This represents one of the largest free trade areas in the world, 1.3 billion people, and a continent-wide market totaling $3.4 trillion.

Financial inclusion through FinTech: How Mauritius can play an even greater role for Africa

Janesh Chuttoo of Orison Legal Mauritius explains how Mauritius is pioneering FinTech regulation in Africa towards becoming the digital financial services hub of choice for the continent and spurring financial inclusion for unbanked populations across Africa in the process.

According to World Bank estimates, around 60% of adults in sub-Saharan Africa are unbanked. Lack of money, distance to the nearest financial institution and insufficient documentation are some of the major hurdles preventing these people from accessing banking services.

However, with the advent of FinTech, Africans now have increased access to banking and financial services, albeit not in the traditional 'brick and mortar' way.

FinTech and financial inclusion

Financial inclusion refers to businesses and individuals having access to useful and affordable financial services that meet their needs. The adoption of financial technologies like mobile money has opened a plethora of possibilities for Africans in making or receiving digital payments, as well as saving money.

According to the latest Global Findex Report, FinTech has now become an important enabler of financial inclusion in Sub-Saharan Africa. According to a study conducted by the Boston Consulting Group, Africa's FinTech market is projected to reach USD 65 billion by 2030, representing a 13-fold increase over the 2022 market.

Role of Mauritius in advancing the African financial inclusion agenda

Over the last few years, Mauritius has been actively positioning itself as the gateway for FinTech service providers looking to tap into the burgeoning African market. The Bank of Mauritius (BOM) and the Financial Services Commission (FSC) are the

regulators that oversee the development, regulation and supervision of the FinTech services industry in Mauritius.

While the BOM supervises payment systems operators and payment service providers, the FSC is responsible for inter alia overseeing the activities of crowdfunding platforms, peer-to-peer lending operators and virtual asset service providers. This article focuses on the FinTech products that are regulated by the FSC and which are helping to enhance the financial inclusion agenda on the African continent.

Peer-to-Peer Lending

Peer-to-Peer (P2P) lending enables individuals or businesses to obtain loans directly from other individuals without going through a financial institution. While P2P lending is a relatively new concept in Africa, it has gained popularity in recent years as it is particularly attractive to small business owners and entrepreneurs who may not have the collateral or credit score required for traditional bank loans.

The Financial Services (Peer-to-Peer) Lending Rules (the P2P Lending Rules), which were issued by the FSC in August 2020, provide a modern and comprehensive framework for regulating the operations of P2P operators. A few of the salient features of the P2P Lending Rules are the requirements by the P2P Operator to:

(i) disclose key information relating to the conduct of its business on its website which include the platform's applicable costs and charges, AML/CFT measures, dispute resolution process and the inclusion of two general risk statements; and

(ii) comply with the Guidelines for Advertising and Marketing of Financial Products issued by the FSC (the Guidelines).

Additionally, in line with ensuring the soundness and stability of the financial system in Mauritius:

(i) the P2P operators are required to conduct due diligence on lenders from an AML/CFT perspective and on borrowers from a credit-worthiness perspective, and

(ii) Both borrowers and lenders cannot borrow and lend over a certain amount of money unless the borrower has reimbursed at least a third of the amount borrowed or a period of 12 months has elapsed since the lender lent money on the P2P platform. The lending limits do not however apply to expert investors lending through the P2P operator.

Crowdfunding

Crowdfunding is the use of online platforms to raise money for business ventures from a large base of investors. As per the World Bank's latest statistics on the funding requirements for SMEs, it is estimated that SMEs in Africa need access to approximately USD 330 million to finance their operations and growth. In seeking to close this funding gap, small businesses and entrepreneurs are turning to crowdfunding platforms to raise capital.

Similar to the P2P Lending Rules, the Financial Services (Crowdfunding) Rules (the Crowdfunding Rules), which were issued by the FSC in September 2021, provide a specific regulatory framework for ensuring that the crowdfunding operator, the investor and the entity seeking funding on the platform (the Issuer) are adequately protected. The Crowdfunding Rules, amongst other mandatory requirements, granularly prescribe the unimpaired stated capital requirements, the aggregate amount that can be lent and borrowed, as well as other governance and risk parameters that need to be complied with by the crowdfunding operator.

Virtual Assets

By promulgating the Virtual Assets and Initial Token Offering Services Act (VAITOS Act) in February 2022, Mauritius became amongst the first countries in the Eastern and Southern African region to adopt an umbrella legislation on the regulation of virtual assets. At a time when certain international financial centres are still weighing up whether a virtual asset amounts to a security or not, the legislator brings clarity by excluding the digital representation of securities from the purview of the VAITOS Act.

Over and above the VAITOS Act, the FSC has also issued no less than 8 rules, covering inter alia custody of client assets, capital and other prudential requirements and risk management and a host of other guidance notes.

Future forward: FinTech poised for bright horizons in Mauritius

FinTech is already helping to lift millions of Africans out of poverty. With the market for FinTech services in Africa going through a period of exceptional boom, Mauritius can play a vital role in acting as a launchpad for those FinTech businesses looking towards Africa.

Although there is increasing competition from jurisdictions such as Rwanda and Kenya, Mauritius has the right business climate, stability and regulatory advantage in ensuring that it becomes the jurisdiction of choice for those FinTech operators. If Mauritius is to emulate the success it has achieved over the past two decades as a regional IFC, policy makers, regulators and captains of industry need to imperatively work together to keep pushing the standards higher in the FinTech industry.

By Janesh Chuttoo,
Partner,
Orison Legal Mauritius

FinTech is already helping to lift millions of Africans out of poverty

Mauritius boosts opportunities for foreign talent under Finance Act 2023

On 2 June 2023, Dr. the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development, presented his budgetary speech for the year 2023-2024 with a common theme "to dare and to care", ushering in a slew of positive changes for foreigners living in Mauritius and for those planning to visit the paradise island and eventually settle on its shores.

As of date, Mauritius has about 30,000 expatriates, coming from South Africa, India, China, Madagascar, France, Germany, United Kingdom, Switzerland, and other European countries. With its tropical climate and ideal living environment, the Mauritian business ecosystem offers an attractive work-life balance.

Residence permits, occupation permits (OPs), the 'Young Professional' occupation permit, work permits, visas, tax measures and acquisition of immovable property and land by non-citizens are some of the new measures in the Finance (Miscellaneous Provisions) Act 2023 that is making the paradise island a popular destination for foreigners to visit, relocate, live, work and invest. The Government is always encouraging skilled entrepreneurs and talented professionals together with their families to live and work here as well. Moreover, the Mauritian passport is one of the most powerful among African countries on the Henley Passport Index. These are a few of the reasons why a number of High-Net-Worth Individuals (HNWIs) invest, relocate and retire in Mauritius.

Over the years, Mauritius has built a strong reputation as an International Financial Centre (IFC), favourable to foreign companies looking to do business from the island. Mauritius has a conducive business environment that consists of several elements like its diversified, robust and stable economy; its bilateral and multilateral relations; its hybrid legal system; its international arbitration centre; and its effective system of good governance, amongst others. Additionally, from a tax perspective,

the advantages include no capital gains tax, tax exemption on dividends paid by a Mauritian company, no withholding tax on dividends paid, and no inheritance tax. Moving to Mauritius allows businesses established as Global Business Companies to benefit from a partial exemption regime whereby 80% of the income streams are tax-exempt, subject to meeting substance requirements.

Expats exploring new and long-term avenues

The Government of Mauritius has crafted policies conducive to keeping the family of expatriates together in the country. For returning Mauritians through the diaspora scheme and foreigners based here for the long term, the new measures, investment and development opportunities that they have witnessed have been extraordinary.

Meenakshi Saxena, Executive Director of AMG Solutions, says, "I am happily residing in Mauritius for the last 14 years with my family. It is truly encouraging to see the Mauritius Government continuously thinking of expat-friendly measures and personally I have welcomed recent changes. To name a few - easy processes to get Occupational, Investor and Dependent permits; granting these permits for a long term; lowering salary thresholds; and allowing investment in residential properties, among others. Besides this, I have witnessed a lifestyle change which is making Mauritius more vibrant and attractive for foreigners and expats. A big relief to Occupation Permit holders is that they are now allowed to have their dependents live with them in Mauritius. At the same time, Permanent Residency is now granted for 20 years instead of 10 years. All the above have come together to reduce many hassles for expats."

Similarly, Muralidhar Shenoy, Director of Westridge Capital, notes that Mauritius has made significant progress towards attracting foreign talent in various sectors such as technology, financial services, manufacturing and construction. He says, "I have been working in Mauritius for the last 16 years. With increased focus on ease of doing business and attracting foreign capital, the Government has announced various measures such as tax incentives for businesses, investment tax credit in manufacturing sectors, tax clarity on PCC and VCC structures, insurance sector reforms, recognition of digital signatures etc. Further, to attract foreign talent, the budget has addressed some of the key issues such as reduction in minimum basic salary to MUR 30,000 for professionals applying for an OP; an OP applicant being issued a 120-day business visa to avoid having to leave and re-enter the country to obtain the concerned OP; and introduction of silent consent of 4 weeks for professionals who apply to professional bodies. All these measures will certainly help attract both businesses and talent to Mauritius."

Individuals like Abrar Anwar, Chief Executive Officer of Standard Chartered Bank (Mauritius) Limited, and Kunda Neill, Head of Corporate Affairs and Brand & Marketing of Standard Chartered Bank (Mauritius) Limited, too note that Mauritius has a lot to offer to expats.

Abrar says, "I can be considered fairly new to Mauritius, having moved here in April this year from Malaysia where I had been CEO of Standard Chartered for five years. Despite my relatively short time on the ground, through my engagements, I have witnessed a progressive mindset in how the jurisdiction plans to remain in the forefront in the region and collaborating globally."

Along the same lines, Kunda shares, "I have been in Mauritius for 14 months, having moved here from Botswana where I have been with Standard Chartered for six years. During this relatively short stay, the rate of continuous enhancements to conditions of stay and integration initiatives has been notable. They point to concerted efforts to allow someone coming in from outside to arrive, settle and be a value-adding contributor to the economy as quickly and smoothly as possible."

Additionally, with the Diaspora Scheme, many Mauritians abroad have also returned to enjoy life here. Fazeel Soyfoo, Partner at Andersen, relocated in 2016. "The plans to come back were already in the pipeline before I learnt about the Diaspora scheme – so it was a welcome bonus. Having spent almost 15 years abroad, the time was right to move closer to my family back in Mauritius. Professionally, I was excited to explore new opportunities where I could get to share the expertise and experience I acquired while abroad," he says.

Mauritius connecting and opening up to the world

Mauritius has been able to diversify its approach beyond the tourism & hospitality sector, expanding its resources to include technology, education, renewable energy, ocean economy, and even the finance sector, by working with a qualified, multi-ethnic, and multi-cultural workforce. The number of expats in Mauritius is an indication of the island's progressive culture and its attractiveness.

"The IFC has leveraged a compelling value proposition across its 30-year journey."

Abrar Anwar, Chief Executive Officer of Standard Chartered Bank (Mauritius) Limited

"We shall have to rely on foreign manpower and talent for the country's next phase of development."

Fazeel Soyfoo,
Partner at Andersen

In terms of how the Finance (Miscellaneous Provisions) Act 2023 highlights the potential implications for foreign professionals, retirees and investors, Meenakshi notes that, with the simplest application and documentation process, self-employment permits now can be obtained with an initial investment of USD 35,000; and for investors the limit of investment has reduced recently to USD 50,000 from USD 100,000. Certainly, these are magnetic changes for expats, she remarks. She adds, "The other positive change was the removal of the solidarity levy which was a big dampener to both the investors and talent seeking to work here. The promise to streamline labour permits is another beneficial action by the government."

For his part, Kunda notes, "Being able to bring as diverse a pool of experience, expertise and approach around the table offers a richness to the quality of decisions and outputs. It can be seen as the difference between viewing something in monochrome versus full colour. The efforts being made by the jurisdiction to encourage the gathering and collaboration of a multi-ethnic workforce will ultimately benefit the attractiveness, efficiency and efficacy of the Mauritius IFC."

Along similar lines, Abrar feels that the Mauritius IFC is taking informed and necessary steps to remain not just competitive but also attractive to the investor community. "The IFC has leveraged a compelling value proposition across its 30-year journey and recognises that there is increasing competition from emerging IFCs. The changes that are being implemented are augmenting the strengths of the IFC – a sound rule of law, an agile regulatory environment, and the ease of doing business, amongst others. Focusing on these key strengths will go a long way towards enhancing an already compelling value proposition."

Fazeel highlights that the Finance Act contains a number of promising changes to help boost investment and attract more talent to Mauritius. "These are required more than ever as the country battles with a shortage of talent in almost all sectors, amid continued "brain drain". It is no secret that, with an ageing population and limited local resources, we shall have to rely on foreign manpower and talent for the country's next phase of development. Just look at places like Singapore and Dubai and we realise that this is inevitable to achieve the lofty ambitions of a high-income country. The main benefit is indeed the 10-year income tax holiday, which is quite generous and serves as a major incentive for the diaspora when considering moving back," he says.

A conducive business environment

Mauritius has built a strong reputation as an IFC, favourable to foreign companies looking to do business from the island. Its conducive business environment consists of several elements. In its final Business Enabling Environment Report (2020), the World Bank listed Mauritius as the 13th best place in the world to do business. For Meenakshi, when it comes to the compliance space, she notes that regulators, institutions like banks and the industries are constantly striving to improve. "There is a persistent commitment to prioritise and implement the necessary procedures-cum-controls to monitor and mitigate all the AML/CFT risks. While we talk about business environment and compliance, I must say that compliance is not a box to check but a continuous journey towards ethical business conduct which must have a strategic and proactive approach to risk identification and monitoring."

Additionally, Foreign Direct Investment (FDI) flows have now increased and the main sectors benefitting from this rising tide of investments are real estate, financial and insurance services, and construction. With this, the Occupational Permit allows more foreign talent to benefit from a wide network of treaties like Double Taxation Agreements (DTAs) and Investment Promotion and Protection Agreements (IPPAs) and the business-friendly environment. Muralidhar highlights that the Budget 2023-2024 has addressed certain key issues pertaining to expats setting up businesses or working in Mauritius.

He says, "The key considerations for an expat to move to Mauritius, whether to set up a business or to work, would include - good connectivity to the world, availability of skilled labour, developed financial markets, better educational system etc. With the opening up of the economy, the Government has made significant changes to its policies pertaining to immigration, taxation, financial sector, sustainable energy and manufacturing."

He goes on to add, "The Economic Development Board, being a single point of contact, plays an important role for expats looking to set up businesses in Mauritius. Extension of premium visa to promote medical tourism, streamlining the process for professionals to register with professional bodies, extension of the young professional occupation permit to all fields, opening up of the real estate sector

"The way forward is that the island continues to be promising as Africa expands."

Caoilfhionn van der Walt from Regan Van Rooy

"The rate of continuous enhancements to conditions of stay and integration initiatives has been notable."

Kunda Neill, Head of Corporate Affairs and Brand & Marketing of Standard Chartered Bank (Mauritius) Limited to expats to acquire residential properties, renowned focus to become a green certified destination by 2030, enhanced focus on tourism, and increased investments in transport and water infrastructure – all these measures will provide greater opportunities for global businesses and expats and could act as a deciding factor in setting up base in Mauritius."

Muralidhar also notes that the business and investment developments in the India-Mauritius corridor are vastly beneficial for both nations. He says, "Mauritius is viewed as a gateway to Africa and Asia. In the new era of modern technology, there is ample scope for Indians to invest/work in Mauritius. We have already witnessed an exponential rise in Indian expats setting up businesses here. With the government's push for ease of doing business, tax incentives and rationalisation of taxation like replacement of solidarity tax with progressive tax from 2-20%, policy changes in issuance of work permits etc., there is ample scope for Indian professionals in the field of medicines, science and technology, infrastructure and manufacturing to set up their base in Mauritius."

He further adds, "There are a few challenges faced by expats and these are: limited availability of skilled local talent, an expensive destination compared to India, challenges in achieving economies of scale due to limited market size, and absence of large global banks. However, the government and other professional bodies are working to bridge this gap by promoting schemes such as skill development, scholarships in higher education, and immigration policy changes to import labour, amongst others."

It should be noted that Mauritius consistently ranks first among African countries every year, particularly in terms of ease of doing business (13th internationally on the World Bank's 'Ease of Doing Business' ranking), political stability, economic freedom and good governance. This clearly demonstrates that Mauritius is a favourable and preferred platform for investments in Africa. It is one of the reasons why over 20,000 international companies chose to set up in or move to Mauritius.

Caoilfhionn van der Walt from Regan Van Rooy, an international tax and structuring firm focusing on Africa, both inbound and outbound, notes that Mauritius remains a very attractive location to run a pan-African business from. She says, "I have been in Mauritius almost five years. The OP programme and various ways of obtaining residency are great and provide multiple opportunities to come to work in Mauritius, whether you are employed, running your own business or want to retire. The way forward is that the island continues to be promising as Africa expands, and builds on its business and banking infrastructure which make it attractive to run a pan-African business from here. It has an extensive network of DTAs with African countries, as well as stable and favourable tax regimes and relatively attractive withholding taxes. Mauritius also has no exchange controls, so there is free movement of capital and businesses can transact in foreign currencies, which is a key benefit when operating across Africa. Mauritius also has a variety of work permits enabling staff to be based there."

The way forward: Partnering with expats and entrepreneurs in their growth journey

With the newly amended rules, Mauritius now offers more flexibility than ever for expatriates seeking to live and work here, coupled with an ideal time zone to carry out business operations across the world.

Standard Chartered's CEO Abrar Anwar notes, "Anytime a jurisdiction is leveraging its strengths and collaborating with all its key stakeholders – public and private – to improve, it provides a platform for optimism. The Mauritius IFC is a tried, tested and proven platform, and the proposed changes are intended to ensure that awareness to new corners of the global investor community to its value proposition is heightened and that the proposition is as attractive and mutually beneficial as possible. When all these factors align as they are intended to, the jurisdiction increases opportunities for sustained growth."

Ultimately, by lowering the barriers to entry for non-citizens wishing to work and live in Mauritius in terms of minimum salary requirements, investing in local businesses, ability to bring dependent parents, and right to purchase property, the decision to live and work in Mauritius will become more easier for expatriates than ever before.

Muralidhar concludes, "The Government has presented a visionary budget with focus on tourism, infrastructure, technology, sustainable energy and blue economy, etc. There is tremendous scope for professionals and businesses to become partners with Mauritius in their growth journey. I anticipate a positive response from expat communities globally to make Mauritius a sustainable and favourable business destination."

"While we talk about business environment and compliance, I must say that compliance is not a box to check but a continuous journey towards ethical business conduct."

Meenakshi Saxena, Executive Director of AMG Solutions

"Mauritius is viewed as a gateway to Africa and Asia."

Muralidhar Shenoy, Director of Westridge Capital

Future of Trade 2030: New opportunities in high-growth corridors

New research by Standard Chartered reveals trade corridors in Asia, Africa and the Middle East are set to outpace the global growth rate by close to four percentage points, driving export volumes in these regions from USD9tn in 2021 to USD14.4tn by 2030.

Global trade over the same period is set to reach USD32.6tn, from USD21tn in 2021, according to the report titled Future of Trade 2030: New opportunities in high-growth corridors.

The report, prepared by PwC Singapore, provides a view on global trade over the next decade and identifies high growth corridors in Asia, Africa and the Middle East as well as 13 key markets that will define the way ahead. The study is based on qualitative and quantitative analysis from various sources, including historical trade data and trade projections until 2030. All trade figures used in the report are for trade of goods only and do not include trade in services.

The report reveals that thirteen key markets are expected to account for 73 per cent of all exports and 69 per cent of all imports in Asia, Africa, and the Middle East by 2030, with a combined total trade value of USD19.7tn, based on analysis of historical trade data and projections until 2030. Mainland China, India and South Korea top the list by volume.

Simon Cooper, CEO of Corporate, Commercial &

Global trade continues to present growth opportunities within and across some of the world's most dynamic regions

Institutional Banking and CEO, Europe and Americas, Standard Chartered, said: "Global trade continues to present growth opportunities within and across some of the world's most dynamic regions. This research underlines how businesses are diversifying their sourcing and manufacturing decisions and offers practical insights into how this is playing out around the globe. In particular, the adoption of digital supply chain finance solutions could have a game-changing impact on export growth."

International trade is projected to move away from the west, shifting southward and outward. South Asia will be the fastest growing export region, driven by strong trade ties with neighbouring regions, including a recent free trade agreement between India and the UAE and Bangladesh's plans to establish more than 100 special economic zones by 2030.

Standard Chartered surveyed over 100 C-suite and senior leaders from global companies to understand the key drivers of trade growth, as well as the challenges they face. The research revealed the top five concerns of business leaders as being rising geopolitical conflicts and tensions (54 per cent); high and volatile energy and commodity prices (52 per cent); poor infrastructure quality (46 per cent); high inflation (45 per cent); and sanctions, tariffs and export bans (44 per cent).

Using this data and lessons learned from the Bank's 2021 report, Standard Chartered introduces a response framework that focusses on three areas:

- Rebalance – diversify risks through supply chain reconfigurations
- Technology in operation – increase reliability, transparency and resilience
- Sustainable trade – enable end-to-end ESG compliant supply chains

Corridor	Average Annual Growth Rate (2021-2030)	Size (USD 2030)
Intra - ASEAN	8.7%	0.8tn
South Asia - ASEAN	8.6%	0.3tn
South Asia - Africa	8.2%	0.2tn
South Asia – Middle East	7.0%	0.5tn
East Asia - ASEAN	6.3%	2.1tn
Intra – East Asia	3.4%	2.2tn

Table: High-growth corridors in ASEAN, South Asia, Africa and the Middle East will outpace the global trade growth rate of 5 per cent by 2030

These areas, supported by a combination of ten initiatives, give businesses the tools to effectively formulate a well-rounded strategy to deal with the rapidly changing currents of trade and navigate new and emerging trade flows.

One such tool is the adoption of digital supply chain finance (SCF) solutions which offer wide-ranging benefits from better visibility of capital flows and tracking of ESG commitments, to greater SME participation and increasing trade. Research reveals

International trade is projected to move away from the west

SCF solutions could boost exports by USD791bn by 2030 across 13 key markets in Asia, Africa, and the Middle East, having the potential to help bridge the global trade finance gap that the Asian Development Bank estimated topped USD2tn by 2022.

The full report is available for download on the Standard Chartered website – www.sc.com/en/banking/banking-for-companies/future-of-trade-2030

Standard Chartered Bank Mauritius

The key role of a sophisticated financial market in the Mauritius IFC

Anju Issur of SBM Bank (Mauritius) Ltd traces the evolution of financial markets from facilitating traditional payments to becoming more innovation and solutions-driven, explaining why the deepening and diversification of the financial market in Mauritius is key to its successful functioning as an International Financial Centre (IFC) of reckoning.

By Anju Issur,
Head of Financial Markets at
SBM Bank (Mauritius) Ltd

Last year, Mauritius celebrated 30 successful years as a tested and proven IFC. During this period, Mauritius has transformed into a mature and dependable financial and business services jurisdiction, while strengthening its expertise in terms of value-added products and solutions. There is no doubt that the sophistication and the agility of the IFC plays a vital role in underpinning the success and relevance of the hub.

As the jurisdiction is positioning itself as a regional hub for trade, investment and business services, including as a Regional Treasury Centre, Wealth Management platform and Alternative Investments hub, there is a pressing need for the banking industry to avail itself of a competent, flexible and specialised talent pool to meet the specific requirements of the client base.

Why a sophisticated financial market is key to the development of the Mauritius IFC

As we enter a new era of development, financial markets have a key and responsible role to play in the functioning of a leading IFC. Over the years, financial markets in Mauritius have evolved from facilitating traditional transactional payments – in multi-currency across borders and delivering money market solutions – to being more innovative and solution-driven. The value proposition has been enhanced to encompass the offering of expert advice on financial management solutions, including tools for risk management, financing, trade execution facilitation and investment across multiple asset classes such as foreign exchange, debt instruments and commodities hedge solutions. In this way, financial markets contribute to the diversification and deepening of the MIFC's involvement and significance, with positive spillover effects on the economy at large.

> Harnessing and capitalising on the right talent and expertise are crucial

"It goes without saying that the financial markets must always seek to be one step ahead and continuously develop state-of-the-art financial solutions". Financial markets experts help clients to explore the most adaptable and the best-suited solutions in alignment with their risk tolerance and return expectations. These clients comprise Corporate, Institutional, Private Banks, Multi-Family Office, Hedge Funds, Venture Capital Funds, Private Equity, and Open or Close-ended Funds. There are strong linkages between the development of financial markets and the growth of the Global Business industry and the Mauritius IFC.

As we position ourselves as a jurisdiction that aspires to attract regional treasuries or aims to act as a private wealth hub, it is fundamentally important to complement and accompany clients onboarded and deliver the most suited financial market solutions to meet their banking and financial needs. These clients, irrespective of their segments, might have treasury requirements, either in the form of managing their FX needs or mitigating the risk of their exposures. They might also require assistance in realising their investment objectives, in relation to ETF, Equities, Debt Instruments or Structured Solutions. A sophisticated financial market needs to have the agility and expertise to understand client requirements, in tune with the evolution of global markets, before structuring the most adaptable solutions whilst offering flexibility and ease with respect to the execution mechanisms. Harnessing and capitalising on the right talent and expertise are crucial for the effective functioning and development of financial markets.

Engineering innovative and disruptive financial markets solutions

It is important for key players in the Mauritius IFC to put in place a supportive ecosystem in the form of sophisticated financial markets teams to accompany their clients and serve as a connector between markets, while leveraging the full potential of the Mauritius IFC.

A sophisticated financial market needs to have the agility to understand client requirements

Such teams must be equipped with skilled financial markets experts, who are supported by the relevant architectures and infrastructures to meet the needs of their clients, along with a wide range of product suites and solutions across multiple asset classes to respond to the requirements of local and foreign clients and partners alike. Such teams must be open to the development of talents having forward-looking skill sets, the articulation of innovative products and solutions, and the deployment of up-to-date technology aimed at facilitating coverage across various jurisdictions and time zones.

In this journey, SBM Bank (Mauritius) Ltd remains strongly committed to contributing to the competitiveness, trustworthiness, and advancement of the Mauritian IFC and the country at large, while navigating into a highly competitive and fast-paced global landscape.

How international banking from Mauritius is transforming the economic landscape in Sub-Saharan Africa

Thavin Audit, Acting Head of International Banking, Bank One, tells us about the key role that Mauritius-based banks are playing in Africa by structuring transactions through their international banking divisions to shape investor interest and channel funds towards impactful projects being run by Financial Institutions (FIs), Central Banks, Sovereigns, and top corporates alike.

By Thavin Audit, Acting Head of International Banking, Bank One

An IMF working paper from April 2023 estimates that Sub-Saharan Africa could find itself caught in the crossfire as geo-economic fragmentation sees fault lines between nations deepening. It postulates that, in a world fully split into two isolated trading blocs, Sub-Saharan Africa would be hit especially hard because it would lose access to a large share of current trade partners. The report soberingly notes that about half of the region's value of international trade would be affected in a scenario where the world is split between trading blocs centred around the US & EU, and another around China.

The report, however, holds out a ray of hope when it notes that deepening domestic financial markets can broaden the sources of financing and lower the volatility associated with excessive reliance on foreign inflows. By upgrading domestic financial market infrastructure — including through digitalisation, transparency, and regulation, and expanding financial product diversity — Sub-Saharan African countries can expand financial inclusion, build a broader domestic investor base, and increase attractiveness to a larger set of external investors, it underlines.

It is here that we believe Mauritius has a pivotal role to play in supporting Sub-Saharan African economies to realise their true growth potential by using its expertise as an International Financial Centre (IFC) to extend sophisticated financial instruments to fund the continent's economic development.

Why are banks from Mauritius going into Sub-Saharan Africa?

A case in point is the Sub-Saharan African strategy being pursued by Bank One for the last three years, coincidentally dating from just before the outbreak of COVID. I&M Group PLC, a Kenya-listed financial services group holding 50% of Bank One, having a strong presence in key East African markets such as Tanzania, Kenya, Rwanda, and Uganda combined with significant demographic changes underway in Sub-Saharan Africa, creates a compelling story to address rapidly expanding customer needs in the region. As such, one had to adopt the strategy of leveraging shareholder footprints in the region to provide solutions to both Mauritian and Sub-Saharan African businesses looking to grow.

For instance, while the slogan of Bank One is to bring "African solutions to African challenges", looking at Sub-Saharan Africa, we know it isn't an easy journey, as each country has its own characteristics, and these emerging economies are not rated as well as those from more advanced regions by credit agencies. However, if one looks at the space of Financial

> Leading microfinance outfits in Africa are being supported by Mauritius-based banks

Institutions (FIs), Central Banks, Sovereigns, or top corporates where our shareholders sit – and scrutinise the individual entities within, it is clear that the probability of default for such large institutions tend to be very low due to the stringent regulations around the banking sector.

Hence, looking at the top-tier financial institutions in Africa, I believe that they are comparable to the highest-rated banks in the global arena. For instance, even if the Nigerian economy itself has unfortunately been downgraded to Caa1 from B3 by Moody's as recently as February, its banks are still comparable to the best banks in the world.

As global banks search for international projects spread across the world, it creates a window for banks based on African soil, such as those in Mauritius, to leverage upon opportunities emerging on the continent. Indeed, Africa's trade finance gap, estimated to be between US$80bn to US$120bn, has widened further over the past decade, exacerbated by the disruption to global supply chains caused by the COVID pandemic. In this space, it is only those that are too big to fail – large Financial Institutions, Sovereigns and large corporates – that have been able to make a difference to high-impact but long-gestation projects on the ground.

Lessons from this journey to support FIs into Sub-Saharan Africa

Post COVID, supply chains have been further disrupted, and demand is only now picking up. So, big banks based in key African economies need funding for their clients, and most Letters of Credit for trade finance range in tenor between 90 days to one year. That funding space gives banks in Mauritius an opportunity to leverage on those transactions efficiently. For instance, if banks in Nigeria or Tanzania have continuous trade finance requirements, Mauritius-based banks can fulfil those by putting together a small syndication.

In addition, Mauritian banks can leverage on speed of execution, project management skills and low turnaround time to deliver value to the Development Finance Institutions (DFIs) that are seeking to fund projects in Africa. Within the DFI funding the space, a key lesson for banks is that sustainable financing is the way forward. Operating from a Small Island Developing State that is heavily reliant on nature, one must be alert and on guard against extending finance to any project that is harmful to the environment. Addressing the climate crisis and reaching net zero emissions by 2050 is not going to be cheap – but to manage the increasing impacts of climate change on people's lives, all countries including the sub-Saharan region will need funding and Banks have a crucial part to play.

It is also critical to attend the right events and conferences that create the opportunity to the network with right partners for the region. It is important for banks in Mauritius to invest time and effort into attending Global Trade Reviews and leadership platforms such as the Africa CEO Forum that provide the necessary space to build relationships, engage with various institutions including the regulators, and look for opportunities where Mauritius-based banks can create impact financing and position themselves as responsible and trusted funders. On this note, it is heartening to report that the AFSIC conference last year has proven very successful for the Mauritian delegation.

At Bank One, our key takeaway from AFSIC was creating a window to structure transactions by dealing with best-in-class insurance counterparties to diffuse risk on Africa-centric transactions – in a process termed 'risk deficient' through insurance support. A best practice for all banks eyeing Africa would then be to collaborate with Moody's-rated insurance companies on the platform for diffusion of risk, give relief on capital allocation, and make the structured transaction less risky for global partners.

What is the impact being achieved on the ground

Back in 2020 when COVID first broke out and Bank One was on its first-year trajectory of the long-term journey of its Sub-Saharan Africa strategy, we witnessed pressing issues around shortage of forex (FX) for central banks amid deep disruptions in supply chains. As such, we pioneered a currency swap for central banks. The solution is scalable, profitable, and replicable for other central banks in Sub-Saharan Africa facing FX seasonality challenges. Bank One invited other Mauritian banks to participate in the syndication to expand the space and resources within. Such currency swaps hold the potential to extend powerful assistance to the central banks of the concerned countries to come out of their forex shortages and build their currency reserves. Finally, the funds raised from the currency swaps made significant impact by helping the countries in question to finance food and medicines for their burgeoning populations.

> Mauritius is well placed to support African economies to realise their growth potential

Indeed, going beyond our immediate neighbours in East Africa, our experience has shown us that Mauritius-based banks are also well placed to support banks in West Africa, which are particularly struggling with setting the right frameworks in place and are not necessarily IFRS-compliant based on their adherence to French GAAP instead. Thus, with most banks in West Africa being Francophone, the fact that Mauritius is bilingual and has a legal framework that imbeds both English and French laws, gives us the opportunity and competence to reach out to markets in West Africa where we can help central banks structure their potential transactions.

In the Non-Banking Financial Institutions (NBFI) space, there are leading microfinance outfits in Africa that are being supported by Mauritius-based banks, such as Bank One, as funders. Here again, the Mauritius IFC is making a clear contribution towards inclusive financing to improve conditions for low-income groups in Africa, be it for buying a small vehicle; investing in home-based agriculture for self-consumption; or improving standards of living for children. A case in point was the funding raised by Bank One for the Letshego Group, one of the leading microfinance institutions in Africa, for a syndication of US$60 million. The first tranche, valued at US$30 million, was successfully completed last year exclusively with a consortium of Mauritian banks. The funding raised allowed the Letshego Group to support 11,000 households in terms of income, as well as assist in business generation and education plans.

Finally, with a view to supporting Sub-Saharan African trade flows, to boost intra-African trade and bridge the region's trade finance gap, a key milestone achieved by Bank One was the successful facilitation of a US$35 million trade finance facility for a leading oil & gas player, Dalbit International Ltd. By empowering Dalbit's working capital, this transaction supports the trading of refined petroleum products across East Africa and creates impact at the level of both businesses and households.

Exploring the right synergies: Collaborating to deepen impact

Ultimately, as the international banking arms of Mauritian banks foray deeper into Africa, it is important for us to acknowledge that the right partners on this journey would be not only local banks in Mauritius but also investment banks in other countries. Given that the appetite for Africa by banks in Mauritius is limited, let alone those based internationally, we must be willing and able to share stories of lessons learnt and create pathways into Africa for other banks. As local banks in Mauritius, we might not have the biggest balance sheets, but we do have the knowledge and capacity to provide funding. We must build capacity in the space, as, together, we can achieve broader and deeper impact.

To conclude, it is not a journey that is paved with overnight success, and it is only over time that we can slowly but surely build our way upwards. Every bank has their own governance and credit appetite, but Africa is a success story that is waiting to happen, and Mauritius can definitely be a key player in accelerating Africa's transition to higher growth and economic development by spreading the word.

FINANCIAL SERVICES COMMISSION MAURITIUS:
A dynamic, innovative and forward-looking regulator

FSC regulated activities:
- Global Business
- FinTech
- Insurance
- Pension
- Capital Markets
- Investment Funds and Intermediaries
- Virtual Assets and Initial Token Offering Services

Global Business Entities: (GBCs & Authorised Companies) over 19,000

Investment Funds: over 1000

The FSC regulates the non-banking financial services sector and Global Business in Mauritius

The FSC has, over the years, been a dynamic, innovation-driven regulator which has been instrumental in the establishment of Mauritius as a jurisdiction of substance in the regional landscape. Driven by its vision to be an internationally-recognised financial supervisor, while being committed to the sustained development of Mauritius, the FSC has successfully responded to new challenges, and is now a pioneer among its African peers.

International Cooperation

The FSC is member to international standard-setting bodies and proactively aligns its policies and practices with international best practices and standards with organisations such as the: International Organization for Securities Commissions (IOSCO); International Association of Insurance Supervisors (IAIS); and International Organisation of Pension Supervisors (IOPS) amongst others. It is also signatory to a number of Memoranda of Understanding with key regulatory local, regional, and international counterparts.

Embracing Innovation

To keep pace with the evolving technologies, the FSC has put in place a modern regulatory framework for a spectrum of innovative financial products and services such as Peer-to-Peer Lending, Crowdfunding, Special Purpose Fund, Robotic and Artificial Intelligence-enabled Advisory Services, Guidelines for the issue of Green Bonds and Virtual Asset and Initial Token Offering Services.

To foster a culture of innovation towards digital transformation, the FSC launched the FSC One Platform, a digital tool to process online applications, thereby enabling the FSC to deliver international financial services through cutting-edge technical solutions.

In terms of business facilitation, the FSC has launched a one-stop-shop for all licensing and operation permit needs through the FSC Single Window with the aim to create a simpler and user-friendly process to serve financial institutions, corporates and high net worth individuals. This further reinforces the reputation of Mauritius as a leader in ease of doing business in Africa, with continuous solutions to reduce lead-time with streamlined procedures.

“ The FSC Mauritius has already embarked on its digital transformational journey and will endeavor to improve the financial ecosystem through the digitalization of its regulatory process.

The Virtual Asset and Initial Token Offerings (VAITOS) Act is expected to create new opportunities for business promoters and investors with virtual asset (including crypto) business in Mauritius.

The jurisdiction boasts a robust financial system, sound regulation and an efficient and competitive ecosystem of global business services, structures and solution offerings. Over the years, Mauritius has built a culture of compliance and embraced enhanced security, thus bringing confidence in the Mauritian jurisdiction.

The FSC envisions a Mauritius International Financial Centre (MIFC) par excellence, by mobilising international investments and supporting the transformation of business, infrastructure, services and financial markets across Africa. ”

Mr Mardayah Kona Yerukunondu
Chairperson of the FSC Mauritius

“ The FSC has stayed ahead of the curve and has introduced a range of regulations to cater for innovative activities and add to the diversity, depth and competitiveness of the Mauritian jurisdiction whilst upholding its integrity.

To encourage innovation and diversity, the FSC has extended the scope of permissible activities of the Variable Capital Companies to allow their use for family offices. This reinforces the attractiveness of Mauritius as an IFC with a diversified and accessible product base.

The FSC remains committed to establishing strong cooperation with peer regulators as well as regional and international counterparts to position itself as a fully collaborative financial centre. ”

Mr Dhanesswurnath Thakoor
Chief Executive of the FSC Mauritius

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Financial Services Commission
MAURITIUS

Mauritius: An education hub for Africa

Mauritius has consistently been working to position itself as a knowledge hub for the region, a crossroads for tertiary education, attracting both high-quality international academic institutions and top-tier students from all over the world.

Against this backdrop, educational institutions at all levels have therefore played a prominent role in shaping the required human capital of tomorrow. With its unique lifestyle, safe and pleasant living environment, its internationally recognised qualifications and diverse programme offerings, Mauritius is also an attractive destination for international students.

Mauritius has been ranked first in UNESCO's list of African countries for tertiary education enrolment. The growing numbers of potential students on the African continent are another reason to sustain and grow the initiatives by Mauritius in the higher education arena. Institutions like Middlesex University, Polytechnics Mauritius, Charles Telfair Institute and the African Leadership University have set up branch campuses. Their aim: to offer quality degrees and diplomas to students on the local and African market at affordable prices.

The Vice-Prime Minister (VPM), Minister of Education, Tertiary Education, Science and Technology, Mrs Leela Devi Dookhun-Luchoomun, gave an overview saying, "When we talk about an education hub, we are positioning Mauritius as a centre of excellence for education. We are attracting foreign students and trying to ensure that our higher education sector is very much engaged in knowledge creation. And also, while talking about knowledge creation, we have been encouraging our institutions to link up with industry and to ensure that there is what we call a knowledge transfer office. It is important to bear in mind that we must uphold the Mauritius-Africa strategy."

Indeed, the Economic Development Board (EDB) is positioning Mauritius as a knowledge hub, and the Government is working on the Mauritius-Africa strategy. "We are already talking about the African Renaissance. This cannot occur without proper training and education. There will be a lot of young people looking for opportunities for higher education, and Mauritius is well positioned to respond to that demand," says the Minister.

Forging strategic partnerships with institutions

The paradise island has always been open to collaborating with various institutions across Africa and elsewhere. The Charles Telfair Education Group (CTE) is the pioneer of private tertiary education in Mauritius. With an outstanding reputation for providing quality education, the campus has forged strategic partnerships with major academic institutions.

Describing its journey so far, Dr Jeremy Charoux, Executive Director of Charles Telfair Campus explained: "This year we celebrate 25 years since our inception from our humble beginnings in Quatre Bornes. It is true that we are the pioneers of private tertiary education in Mauritius. The secret to our success, I believe, has been our relentless drive for excellence by always putting our students first. First and foremost, we have forged formidable partnerships with international institutions such as Curtin University, North and South Metropolitan TAFE (Australia) and the Vatel Tourism and Hospitality School (France). In addition to these world-class academic partners, we have built a state-of-the-art campus with world-class teaching facilities, and we have a staff compliment of over 170 staff members. I am also very proud of our diverse and growing range of programmes which include Business, Design, Interior design, Communication, IT, Psychology, Nursing and Education. Our differentiating factor has always been and continues to be our pedagogical approach, close collaboration with industry, modern infrastructure and highly qualified team of lecturers and admin staff."

Similarly, Middlesex University Mauritius, one of the country's most prominent tertiary institutions, was launched in November 2017. It is set over 2.5 hectares at the heart of Uniciti, the Medine Group's integrated city. It marks the completion of the Uniciti Education Hub, one of the Smart City's flagship projects, which aims to position Uniciti as a centre for education in the Indian Ocean region and for Africa. Professor Mari Jansen Van Rensburg, Campus Director of Middlesex University Mauritius shares, "The Middlesex University journey in Mauritius began with the opening of its Mauritius branch campus in 2010. In 2016, a Joint Venture agreement was formed with Medine, leading to the development of a purpose-built campus to replicate a UK learning experience. Over the past five years, the institution has grown significantly and is now one of the largest Private Higher Education Institutions on the island. With a diverse range of qualifications offered in the fields of computer sciences, business, law, psychology, and education, the university has welcomed more than 1,500 students this year on campus and successfully graduated 456 students in July. The students' high demand extends not only in Mauritius but also across the globe, further solidifying Middlesex University Mauritius' position as a reputable educational institution."

Bringing in the African flavour of education here, the African Leadership College (ALC), the Mauritius-based institution, holds the ambitious goal of training the continent's future leaders. Right from its inception, the African Leadership Group's programmes have been focused on reinventing African high school, university and graduate education while attempting to overcome the continent's many resource limitations.

"Our commitment to innovation sets us apart from traditional education models, while navigating accreditation hurdles with partners like HEC Mauritius and the Ministry of Education has been rewarding. Presently, we operate two campuses, the African Leadership College (ALC) in Mauritius and the African Leadership University (ALU) in Rwanda. We are proud to have over 1,900 enrolled students and have successfully graduated more than 860 individuals. Recently, I attended the graduation ceremony for our Class of 2019 ALU Rwanda cohort, reinforcing our dedication to this transformative mission," explains Veda Sunassee, Chief Executive Officer at ALU.

Bringing together the local, African and global flavour

Mauritius is perceived as a country with a good standing with regards to governance, international indices, for the Global Competitiveness Report, the

"When we talk about an education hub, we are positioning Mauritius as a centre of excellence for education"

Mrs Leela Devi Dookhun-Luchoomun, Vice-Prime Minister (VPM), Minister of Education, Tertiary Education, Science and Technology

Ibrahim Index of African Governance and others. Minister Leela Devi Dookhun-Luchoomun says, "Our institutions are establishing partnerships with foreign institutions. We are implementing academic models where students can do the first three years in their country of origin and complete their degree by taking the final year in Mauritius. We are establishing all sorts of collaborations between institutions on the mainland continent with Mauritius and we have come up with very interesting incentives. We have sought to make Mauritius' educational credentials globally recognised and accepted. For SADC students, when they come to Mauritius, they pay the same fees as Mauritian students and can access our different programmes of studies for more affordable fees."

She adds, "We have noted a large number of students from African countries joining not only our public institutions but also the private ones, such as the African Leadership College, Charles Telfair Institute, University of Mauritius and Université des Mascareignes. It's true that we have made significant strides in positioning ourselves as a higher education hub. We have not only allowed mobility of students, but are also funding the mobility of faculties from various institutions abroad. Our local institutions can leverage the services of faculties from higher education institutions, international universities and research institutions – and these collaborations facilitate exchanges. The industry-academia collaboration has also been enhanced."

Having said that, while around 60 percent of the student body consists of local students, Middlesex University has a diverse international student community from over 40 countries, including African nations like Kenya, Tanzania, Zimbabwe, South Africa, and Nigeria, as well as students from as far as Norway and the United States. This global representation has greatly enriched Middlesex University's educational environment, fostering cross-cultural exchange and valuable insights. "The diverse community creates a truly international experience," notes Mari. Furthermore, Middlesex University has created a knowledge cluster for Mauritius through its triple intense approach, under which, apart from focusing on teaching and learning, the university prioritises world-class research and collaborates closely with the local community to tackle complex issues.

Mari explains, "Hosting three significant international conferences in partnership with leading industry bodies this year has, for example, attracted renowned experts, encouraged the exchange of cutting-edge research and fostered global collaborations. Additionally, the university takes pride in student-led activities aimed at skill-building and fostering innovation, such as the 24-hour web development hackathon organised by the Middlesex University IEEE branch, which involved 22 teams from various local and international universities. This emphasis on excellence and collaborative learning sets Middlesex University apart from its competitors."

The Charles Telfair Education Group, together with its academic partners, is seen as an education hub for the African and Indian Ocean region. Equipped with the modern, contemporary accommodation that it offers its growing base of international students — most of whom hail from the African continent – the campus is becoming increasingly diverse, with students from over 22 countries.

"In addition to many African countries, I am also proud of the fact that we have a growing number of exchange students from France and Germany who are very impressed by the quality of the education and the student experience that we offer. We are increasingly becoming an education destination not only for Mauritian and African students but increasingly for European students as well. Our modern on-campus student accommodation is a critical component of our international student experience. In addition, we offer all students a wide range of on-campus experiences, student club choices and extra-curricular activities. We also offer students the opportunity to do an exchange at no extra cost at any of the Curtin campuses in Australia, Dubai, Singapore and Malaysia as well as exchange programmes in France, Spain or Morocco with the Toulouse Business School," explained Dr Charoux.

However, when we look at the African angle, Veda highlights that African students crave an education that empowers them to become disruptors and creators of change. "At ALU and ALC, we embrace this vision through our "missions not majors" approach. By encouraging students to choose a mission that aligns with their passions and higher purpose, we foster innovative problem-solvers. This commitment to empowering disruptors and creators is reflected in the remarkable achievements of our alumni. Over 40,000 jobs were created by 250 alumni entrepreneurs, while nearly 80% of graduates secured employment within six months. Our students have obtained over 850 internships across 50 countries and diverse industries, embracing the

"Students can study in Mauritius and obtain a world-class qualification at an affordable price."

Dr Jeremy Charoux,
Executive Director of
Charles Telfair Campus

opportunity to be impact-driven. By centering our education on nurturing creative thinkers and ethical leaders, ALU and ALC fulfill the aspirations of African students to lead transformational change."

Modern, start-of-the-art courses and global footprint

Unlike traditional graduate programmes, the centres can operate out of fairly low-cost set-ups such as co-working spaces and include career placements and incubator programmes for entrepreneurs. ALC has been focused on moving away from the conventional university programmes and unlocking Africa's leadership talent. With 70% of Africa's population under 30, ALU and ALC confront the reality of high unemployment rates in the continent's top ten countries. Departing from traditional programmes, ALU and ALC leverage pandemic-accelerated technology to connect people across distances. Veda says, "Our approach emphasises experiential learning, making internships a mandatory part of the education. Moving beyond physical campuses, students benefit from an intimate and distance-based education, learning from continent-wide peers, local practitioners, and global experts. This transformative shift lowers costs, improves quality, and enhances accessibility, empowering future leaders to address pressing challenges in Africa."

For its part, as a body corporate established under the aegis of the Ministry of Education, Polytechnics Mauritius is imbued with the objective of running training programmes to serve the emerging needs of Mauritius for a qualified and skilled human resource at mid-professional level. Programmes provided by PML are dynamic and customised to the needs of the world of work. "At the level of Polytechnics Mauritius, we have, in terms of our learning philosophy, two different instruments that we use extensively to craft competencies. One is the four-piece model – project-based learning, peer-to-peer, practice-based immersion, and portfolio. So, these are the four axes of the first instrument. And the second one is crafting the softer attitudinal skills that would be required to be more savvy and open to continuous learning," explains Yamal Matabadul, Polytechnics Mauritius' Chief Executive Officer.

The concept of Polytechnics Mauritius is equivalent to internationally well-known institutions like in Singapore, for example, the Ngee-Ann Polytechnic or Nanyang Polytechnic. The concept of the Singaporean Polytechnics came out of a very big transition in terms of training centres morphing to become first training institutions, then becoming colleges of further education, and finally becoming polytechnics. "When you are looking at education, you can use credentials. We usually build based on unit standards. That's the basic building block for education. And then we have certificates and diplomas such as bachelors, postgraduate diplomas, etc. So, what Singapore did differently is that they were able to create a skills framework for each occupational standard of the economy that transcends education. That tells you from the basic to intermediate, to skilled to higher skilled to expert, how do you craft this for any occupational standard, and they have done it for different sectors of the economy whether all the emerging sectors or their traditional sectors. As we have adopted this approach, we have traced that journey in terms of transitioning from education to skills in Mauritius," says Yamal.

Each Polytechnics Mauritius campus is endowed with State-of-the-Art and innovative "Skills Labs" and "Design Spaces" to create thinking doers. Polytechnics Mauritius' mandate is to make sure that students are ready for employment. "Last year we were at 100% placement in industry before graduation and this year we are about 95%. The curriculum solves the content issue of what they need to learn. The methodological approach – covering 50% in class, 30% in industry, and 20% in simulation – allows us to have a benchmark of how much time they ought to be sitting in class, how much time they need to go to the simulation labs, and how much time is required into industry," highlights Yamal.

For CTE, Dr Charoux points out that the key to extending their global footprint is by further diversifying their range of courses. He says, "Approximately 15% of our student population is international. Our overall ambition is to get to 50%. I am very confident that our new Faculty of Health will over time become an international educational reference point not only for Mauritius but for the broader region as well. Our Health faculty has launched a wide range of internationally recognised qualifications, delivered with the highest teaching quality benchmarks. Not only do we offer a range of Health certificate and diploma programmes from TAFE but we also offer a BSc in Nursing (Global), a top-up Curtin Nursing degree, and a BSc degree in Psychology from Curtin University. Students graduating with any of these qualifications can be

"The diverse community creates a truly international experience."

Professor Mari Jansen Van Rensburg, Campus Director of Middlesex University Mauritius reassured that they will have an internationally recognised qualification in line with the highest international standards."

Challenges and opportunities

Although Mauritius has ensured proper quality assurance institutions and proper institutions for accreditation, there are certain challenges that do hold them back. Minister Leela Devi Dookhun-Luchoomun explains that they do have to put in extra efforts to manage to welcome a maximum number of students due to the standards that the Government has put in place with regard to accreditation and qualification frameworks. She says, "We also have a major challenge – that of offering accommodation to all the students coming to Mauritius. But the Government has taken the steps to give facilities and incentives to people setting up hostels and providing accommodation to foreign students."

She also says that they have been working with the SADC qualification framework because when they offer 50 scholarships to African students, however, they do not manage to fill all the 50 seats – not because there is low demand, but because their qualifications are not in line with Mauritius' entry requirements. "So, we have decided to open up the scholarship for postgraduate courses as well.. We are trying to establish more educational equivalence agreements with African countries to enable the seamless recognition of degrees. Our visa and immigration policies have been streamlined to ensure that they can easily join."

Having said that, the African higher education also faces systemic, qualitative and quantitative challenges with too few universities to absorb the tens of millions of young applicants. For ALU and ALC, Veda points out that their "Imperative to scale" addresses Africa's higher education challenges by expanding capacity and reimagining education's design. "Our innovative approach deviates from traditional education, emphasising student-centered learning, individual growth, and potential. However, these transformative models face qualitative challenges in accreditation due to their departure from conventional norms. Despite this, we persist in our commitment to innovation, nurturing each student to meet the demands of scale while providing a quality education. Flexibility in accreditation is crucial to effectively implement these innovative learning models, ensuring African students receive education that prepares them for a changing world," explains Veda.

However, for Middlesex University, Mari explains that the challenges they face locally and regionally are primarily related to the aftermath of the COVID-19 pandemic, which caused disruptions to learning, and resulted in social and economic impacts. Furthermore, technology transformed the learning landscape for students. "As part of an established UK university with a global presence, we were able to draw on global expertise to reimagine our approaches and embrace necessary changes. To address these challenges effectively, flexibility is crucial. We must be adaptive and responsive to evolving circumstances. Building strong partnerships with stakeholders in the education sector will enable us to pool resources and expertise for innovative solutions. Moreover, an enabling regulatory framework is vital to support and facilitate the implementation of new strategies and practices, ensuring a seamless transition into the future of education," she says.

Here, Mari states that the establishment of a national strategy is essential to position Mauritius as a preferred study destination. This strategy should focus on communicating a compelling and shared value proposition to the international market, emphasising the unique advantages of studying in Mauritius. "Creating a student-friendly ecosystem is equally important to attract and retain international students. This involves providing comprehensive support services and facilities that cater to their needs, ensuring a welcoming and nurturing environment. Regarding private universities, it is essential to offer them increased support. Rather than solely focusing on attracting more universities, the government could assist existing private institutions to grow and flourish. This support can come in various forms, such as research funding opportunities, regulatory assistance, and partnerships with public institutions," she says.

The future outlook for Mauritius

The Government of the Republic of Mauritius is indeed committed to strengthening research and innovation. As such, they have increased the funding for research through the Higher Education Commission. Minister Leela Devi Dookhun-Luchoomun confirms that the Mauritius Research and Innovation Council also has funds for education-centric research. She says, "We are in fact investing in educational infrastructure in the Cote d'Or hub, the Open University, where the UTM will have new infrastructure, including new buildings. The MIE is also going to move to Cote d'Or. And we have state-

"African students crave an education that empowers them to become creators of change."

Mr Veda Sunassee,
Chief Executive Officer,
African Leadership University

of-the-art campuses over there as well as student accommodation. We are preparing our students not only to join the world of work as employees, but we are also trying to promote entrepreneurship and their entrepreneurial skills. We have also come up with a study of the job market, while at the same time we are trying to encourage young graduates to start their own enterprises."

Furthermore, she notes that the Government is encouraging all institutions to create avenues for entrepreneurship. "We encourage young researchers to come up with projects. They are provided with mentorship and funding, and these incubation spaces have fostered a vibrant start-up ecosystem. We are pushing our students to become more entrepreneurial and we are providing them with all the support required. We have requested our bright minds working abroad to come to Mauritius to collaborate and provide support to our public education institutions, so that we can conduct further research into areas of national importance." She goes on to add, "We are encouraging young people having completed their degrees in agriculture to start thinking about smart agriculture, to begin considering agri-tech and contribute in enhancing our productivity in agriculture, and, especially, bearing in mind that we are a small island developing states being highly vulnerable to food insecurity. We are also putting a lot of emphasis on green and sustainable education. We are coming up with micro credentials which will open avenues for people to join the ranks of formal education. We have also been collaborating with foreign institutions for shared modules . These modules are taken on board by a local institution and form part of the final qualification."

Apart from the infrastructure and courses on offer, Mari explained that the future here holds promising opportunities, despite some challenges. She said, "While the number of local qualified candidates has seen a decline due to demographic shifts and pandemic-related disruptions, our focus now lies on attracting international students. Collaborating with the Higher Education Commission and the Ministry of Education, Tertiary Education, Science, and Technology, leading institutions are working on a sector strategy to enhance the education sector and internationalisation. Though uncertainties remain, we acknowledge the factors influencing international students' study destination choices, such as institutional ranking, affordability, work opportunities, visa processing, and safety. In this regard, the latest changes to the young professional and occupation visas enhance career prospects for our international graduates."

It should be noted that the tax reforms also improve the attractiveness of Mauritius for working professionals. Mari said, "We firmly believe that Mauritius has immense potential to position itself as a sought-after education hub, offering a diverse and enriching learning experience to students from around the world. We are confident that by working together and leveraging our strengths, we can create a bright future for education in Mauritius."

Additionally, there are many case-studies from abroad which confirm that education is a vital pillar not only for economic and social development of the population but that, by increasingly attracting international students, this can help address critical skills shortages. The impact of an ageing population is already upon us, and Mauritius will increasingly need to attract skills and talent from abroad. Dr Charoux notes, "If we are able to establish ourselves as a credible tertiary education destination, this will present major benefits to the ongoing development of the country. Maintaining and increasing quality and capability is paramount to achieving this ambition. Students can study in Mauritius and obtain a world-class qualification at an affordable price when compared to most other countries."

As for Yamal, he believes that, with the sophistication around education, the education hub concept is going to come. He said, "For instance, we are going to define the new way of education. We are going to be partnering with a community college from Canada that is setting up by the end of the year, called the Centennial College, and we are currently in the process of working out research centres. I think the Government is fully onboard with this and is working very strongly along those lines."

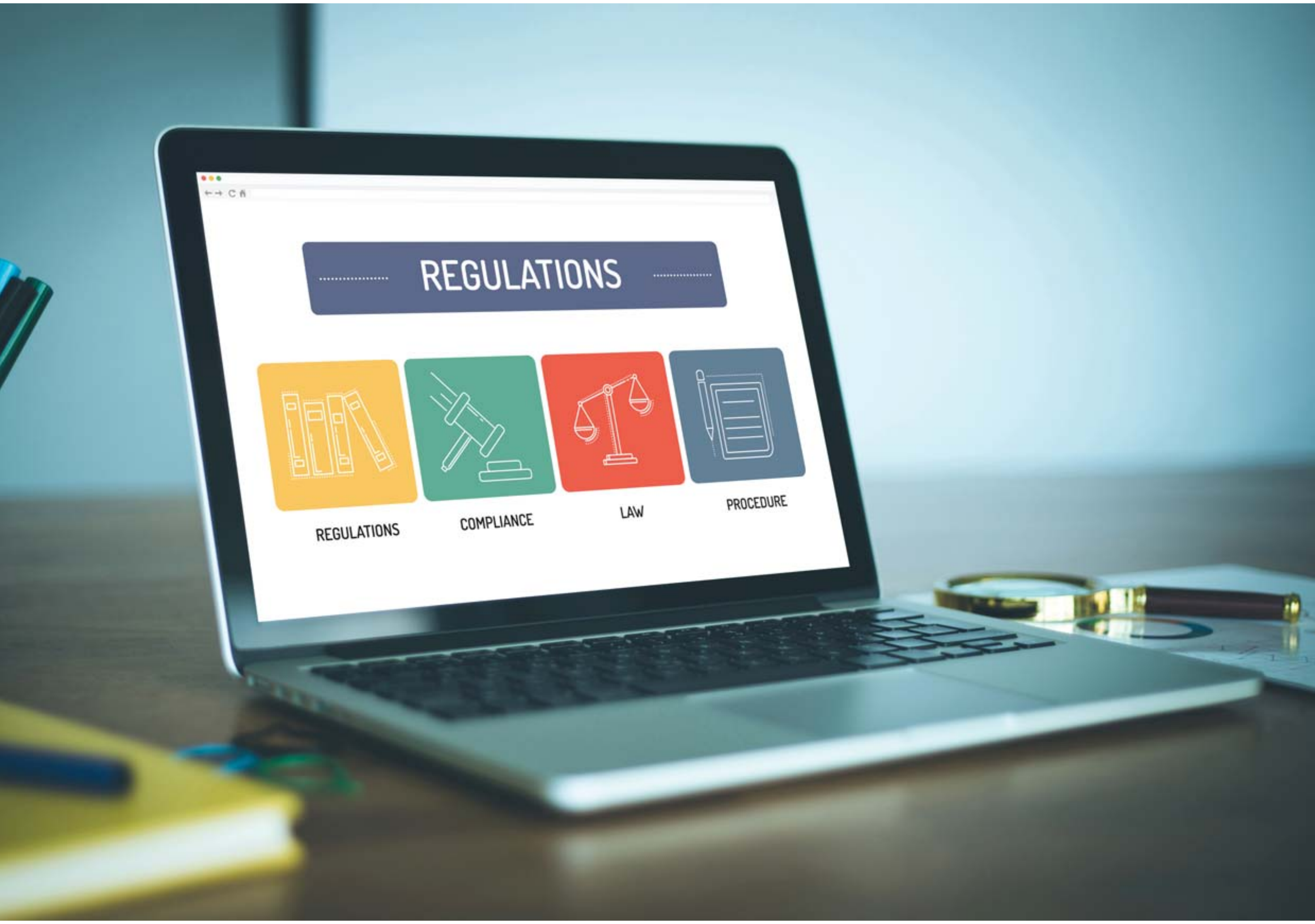
Lastly, concluding on a positive note, ALU's Veda shares that innovative approaches by institutions like HEC Mauritius set the stage for transformative educational experiences. "Conversations with Dr. Lawrence Schall from NECHE, responsible for accrediting US universities like Harvard and MIT, solidify Mauritius' position as a centre of excellence. Our partnership with Glasgow Caledonian University contributes to Mauritius' journey as a knowledge hub. The future outlook for education in Mauritius, as Africa's Education hub, is incredibly promising and fills us with excitement," he says.

"The concept of Polytechnics Mauritius is equivalent to international institutions such as Singapore's Ngee-Ann"

Mr Yamal Matabadul,
Chief Executive Officer of
Polytechnics Mauritius

Corporate and Governance: Striking the right balance

Nashreen Rojoa, Directrice Juridique & Company Secretary at BCP Bank (Mauritius) Ltd, comments on the application of Corporate Governance in Africa and Mauritius.



With the economic boom after World War II and the exponential expansion of corporations, the pathway to illicit payments and mismanagement also intensified its course, leading to tremendous losses, and, at times, even financial crashes. In a bid to protect investors, the era of Corporate Governance started.

In a nutshell, as explained by Sir Adrian Cadbury in the Report on Financial Aspects of Corporate Governance in the United Kingdom, 'Corporate Governance is concerned with holding the balance between economic and social goals, and between individual and communal goals.'

How Corporate and Governance can co-exist

The question that then begs to be answered is whether Corporate and Governance can co-exist. The straightforward answer is a simple yes.

Effective Corporate Governance ensures that a company operates transparently, ethically, and with accountability. As such, Governance provides the structure and mechanisms through which a corporation's objectives are set, pursued, and monitored.

> There have been regional efforts to standardise Corporate Governance principles across Africa

Therefore, in theory, the concept of Corporate Governance not only exists within a corporation, but also is essential for its healthy functioning. Emphasis is laid on the theoretical aspects, as the application of such principles in organisations are completely different in reality. For the purpose of this article, the focus shall be on the application of Corporate Governance in Africa and Mauritius.

How Corporate Governance applies to Africa

Corporate Governance in Africa varies by country, given the continent's diversity in terms of legal systems, economic development, and cultural contexts. However, there have been regional efforts to standardise Corporate Governance principles across the continent. Organisations like the Southern African Development Community (SADC), East African Community (EAC), and the Economic Community of West African States (ECOWAS) have been instrumental in promoting Corporate Governance best practices among member countries.

The African Peer Review Mechanism (APRM), established in 2003, is a mutually agreed instrument among African Union (AU) member states to self-monitor governance and leadership in participating countries. Corporate Governance is one of the areas of focus. Many African countries have also adopted national Corporate Governance codes that are either regulatory or operate on a "comply or explain" basis. These codes provide guidelines for boards, transparency, accountability, and stakeholder engagement.

The comprehensive Corporate Governance framework in Mauritius

Mauritius, recognised as an International Financial Centre, has been at the forefront of adopting best practices in terms of Corporate Governance. It has been lauded for its robust financial sector and has taken significant steps to ensure that Corporate Governance is at the core of its business environment.

- The Code of Corporate Governance for Mauritius (2016) is a comprehensive document that provides principles and guidelines for effective Corporate Governance in Mauritius. It was developed by the National Committee on Corporate Governance (NCCG). The code works on an "apply and explain" basis, requiring companies to apply the principles and explain how they did so in their annual reports.
- Regulatory Oversight: The Bank of Mauritius regulates and supervises financial institutions, namely banks, non-bank deposit taking institutions, and money changers and foreign exchange dealers and has its own guideline on Corporate Governance to which strict adherence is required. On the other hand, the Financial Services Commission in Mauritius oversees non-banking financial services and ensures adherence to Corporate Governance standards.
- Listing Rules: The Stock Exchange of Mauritius has specific listing rules that require companies to adhere to Corporate Governance standards.
- Audit and Reporting: Companies are required to undergo regular audits and produce annual reports detailing their adherence to Corporate Governance standards. External audits are mandatory for listed companies.

By Nashreen Rojoa,
Directrice Juridique &
Company Secretary,
BCP Bank (Mauritius) Ltd

- **Board Training:** There are several institutions in Mauritius offering training for directors to enhance their understanding and application of Corporate Governance principles.
- **Sustainability:** In line with global trends, Mauritius is emphasising the importance of sustainability in Corporate Governance, ensuring that companies take environmental, social, and governance (ESG) factors into account.

> Corporate Governance is essential for the healthy functioning of corporations

How Corporate Governance plays out behind closed doors

In theory, with the framework in place, it should have only been a plug and play exercise! However, is that the reality? Behind the formal facade of board meetings, annual reports, and regulatory filings, the inner workings of Corporate Governance can be quite intricate and face some unspoken realities that often play out behind closed doors.

- **Balancing Profit and Ethics:** Corporations are typically driven by the goal of maximising shareholder value. The pursuit of profits may sometimes conflict with ethical considerations or broader stakeholder interests. Governance mechanisms aim to ensure ethical behaviour, which might sometimes seem at odds with short-term profitability.
- **Bureaucracy and Agility:** Effective governance often involves setting up systems, processes, and checks and balances. These structures can make decision-making slower, potentially hindering a company's ability to respond quickly to market changes.
- **Boardroom Politics & power Dynamics:** Personalities, past experiences, and individual ambitions can lead to boardroom politics. Within the boardroom, power dynamics can be complex and heavily influence decisions, sometimes at the expense of broader stakeholder interests.
- **Information Asymmetry:** Management might sometimes withhold or present information in a way that casts the most favourable light on their actions, leading the board to make decisions based on incomplete or skewed data.
- **Cultural Norms:** The culture of a company, often set by its leadership, can influence what is deemed acceptable behind closed doors. In some companies, open debate might be encouraged, while in others, dissent could be frowned upon.
- **Short-term Pressures:** Behind closed doors, boards might face intense pressure to deliver short-term results, leading them to make decisions that prioritise immediate gains over long-term sustainability.
- **Cost Implications:** Setting up and maintaining robust governance structures, including audits, compliance mechanisms, and board meetings, can be costly.
- **Resistance to Change:** In companies with established cultures or ways of doing things, introducing governance reforms can meet with resistance from management or other employees. It is often deemed as a bureaucratic red tape that stifles agility and innovation.
- **Liabilities and Risks:** Strong governance mechanisms might expose companies to certain risks, especially if they reveal non-compliance or other issues. This can lead to potential legal actions or reputational damages.

Diving deeper to explore the true benefits of Corporate Governance

Some companies might treat governance as a box-ticking exercise, adhering to the letter of the law but not its spirit, leading to superficial compliance without real accountability or ethical behaviour.

While Corporate Governance frameworks and best practices are well defined, their real-world application is shaped by human dynamics, organisational cultures, and external pressures. This complex interplay, often shielded from public view, is crucial in determining the actual Governance outcomes of an organisation.

The fact remains that Corporate Governance being a collective responsibility often translates into a lack of ownership. Corporate Governance needs to be given the same weight as the Compliance and Audit functions. With a framework, the outcome of its application would be different.

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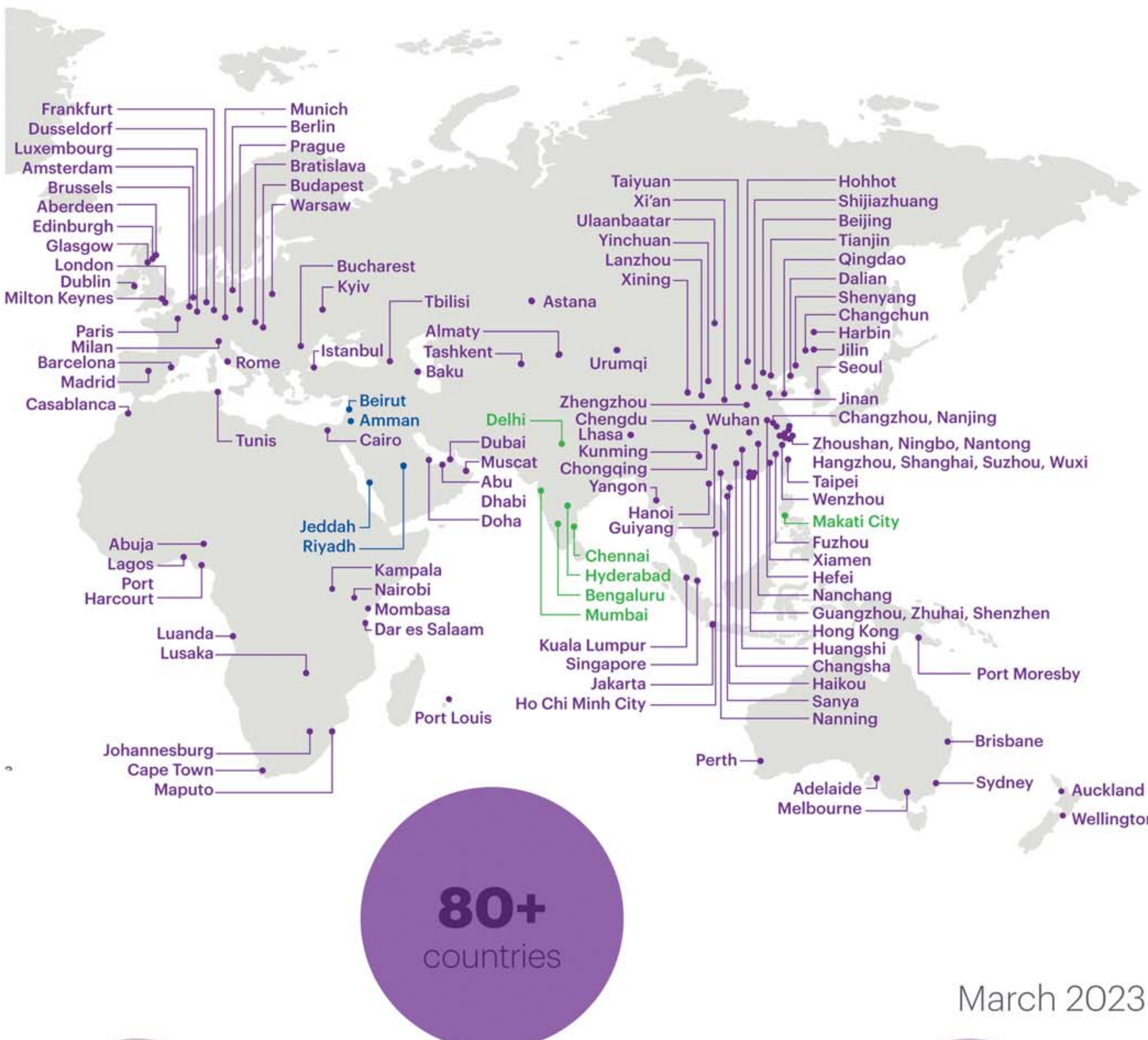

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Should management companies adopt broader fiduciary responsibilities?

Kamlesh Ramjee of Providentia Asset Managers Ltd explains how upholding the fiduciary duty is not only a legal requirement but a moral obligation, and how management companies in Mauritius can build a foundation of trust by adhering to best practices in following their fiduciary responsibilities towards clients.

By Kamlesh Ramjee,
Chief Investment Officer,
Providentia Asset
Managers Ltd

Every successful company is built on a foundation of trust, which is carefully woven with threads of fiduciary responsibility. Fiduciary responsibility refers to the obligation that one party has in a relationship with another one to act entirely on the other party's behalf and best interest. It is the standard of the highest care.

How can one best define fiduciary responsibility?

The interpretation of what constitutes a fiduciary responsibility is extensive and each jurisdiction has its own boundaries as defined by their local laws.

In Mauritius these are defined in the Companies Act 2001 and Trust Act 2001. Nonetheless, the primary underlying definition encompasses: "in the best interests of... and a duty of diligent care".

Hence, directors and trustees should be aware of what their fiduciary role entails. Is the setting up of structures alone sufficient? Or will inaction cut it? Or is putting all eggs in one basket considered as contrary to best interests?

The price of inaction

In the UK, the case of Wilkinson v Coverdale[1] established the principle that a fiduciary can be held liable for active misconduct as well as for failure to act or inaction that results in a breach of fiduciary responsibility. This principle was further reinforced by the case of Bray v Ford[2] which established that if a fiduciary fails to meet the standard of care expected of them in their role, they can be held accountable for any resulting losses or damages suffered by the beneficiaries.

In a nutshell, the decision to maintain funds in an inert state potentially deprives the beneficiaries of avenues to realise returns that could contribute to the attainment of their financial objectives. This failure to take proactive measures and secure optimal returns, whilst ensuring a prudent person's take on reducing risk, could be construed as a disregard for their responsibility to act in the paramount interests of the clients.

Unintentional neglect

Client funds held in a state of dormancy, devoid of risk management, are vulnerable to an array of risks that can significantly impact their value and efficacy.

1) Rampant Inflation

Inflation stands as a threat since it diminishes purchasing power over time. This erosion of value presents a pertinent concern, as idle funds under the stewardship of management companies run the risk of being left unattended and inadequately protected from the ravaging effects of inflation.

> Directors and trustees should be aware of what their fiduciary role entails

In a period where inflation was rampant, reaching double digits worldwide, what was the course of action adopted for clients' benefits? For instance, a laddered fixed income strategy for the conservative profiles would have enabled one to ride the wave of interest rate increases. As interest rates seem to be reaching a peak, what steps shall you take?

Consequently, the failure to proactively address the impact of inflation on idle funds can lead to an inadvertent devaluation of client holdings. Hence, it is incumbent upon fiduciaries to demonstrate a profound commitment to exercising due diligence, thereby ensuring that decisions are both well-informed and meticulously reasoned. As such, deciding where and in what proportion to allocate the clients' monies prudently should be natural.

2) Lack of Diversification

Failing to distribute clients' funds across multiple economic systems and diverse financial institutions demonstrates a lack of due care and diligence. A prudent approach necessitates the allocation of clients' assets according to their intended purpose, promoting maximum diversification across borders and financial institutions. Naturally, the amount of funds available and their economic feasibility must be evaluated before deployment.

Nevertheless, financial institutions and financial intermediaries in Mauritius offer abundant choices for management companies to lean on to exercise their fiduciary responsibility.

Client funds are diversified across financial institutions

The most straightforward method to achieve diversification involves distributing the funds among various financial institutions. Management companies can collaborate with banks exhibiting robust balance sheets and the ability to endure economic uncertainties.

A rapid assessment of a bank's strength can be conducted by examining whether their Capital Adequacy Ratios comfortably exceed mandated thresholds issued by Central Banks. Additionally, if accessible, considering ratings assigned by renowned International Rating Agencies like Moody's can provide valuable insights and comfort.

Client funds are diversified across asset classes

Irrespective of whether a client chooses a trust, a

company, or any alternative structure, they invariably harbour specific financial objectives. Grasping these objectives and recommending the suitable asset combination is an integral aspect of diligent duty. While the ultimate choice invariably rests with the clients, presenting pertinent choices to them represents the minimum expectation from management companies.

An array of options is available to investors:

a. Equities (Stocks)
b. Bonds
c. Real Estate
d. Cash and Cash Equivalents
e. Alternative Investments

Investors have the choice to invest in these options either directly or indirectly via mutual funds. Investment Advisors are typically in the optimal position to strategically distribute assets among these instruments.

With great trust comes great responsibility

Ultimately, the trust placed in management companies comes with a mandate to act with the utmost integrity, competence and vigilance. Upholding the fiduciary duty is not only a legal requirement but a moral obligation, reflecting the core principles of responsible stewardship.

By acknowledging the importance of these principles and actively fulfilling their fiduciary role, management companies can ensure the preservation and growth of clients' assets, thereby safeguarding the essence of the trust on which their success is built.

1. (1801) 170 ER 284 (B).
2. [1896] AC 44.

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Navigating the competitive landscape: Corporate Advisory's vital role in modern business

Nawaz Oozeer of SWAN Capital Solutions explains how corporate advisors play a key role in guiding enterprises with the benefit of their prudent decision-making, harmonious M&A orchestration, the precision of financial stewardship, the vigilance of risk guardianship, and the brilliance of strategic financial architecture.

In the rapidly evolving and unpredictable realm of modern commerce, enterprises confront an intricate tapestry of challenges that demand strategic prowess and agile decision-making. This is where the guiding hand of corporate advisory emerges as a linchpin, poised to elevate businesses from mere survival to resounding success. Corporate advisory, a symphony of strategic counsel and tactical guidance, orchestrates the intricate dance of navigating complexities and unlocking opportunities.

At Swan Capital Solutions, Swan Corporate Advisors Ltd (SCA) is our advisory firm dedicated to assisting corporations in navigating complex financial landscapes across critical areas, including capital raising, corporate restructurings, structured financing and strategic alternatives.

Capital advisory teams have specialists who diligently assess each organisation's unique circumstances, providing tailored and comprehensive corporate restructuring options

Corporate advisory emerges as a compass

through meticulous feasibility studies. It is their express objective to expedite deals, enabling clients to maintain their focus on core business and commercial objectives, and deliver strategic advice that streamlines the deal-making process, optimises efficiency and maximises value for all stakeholders.

Let us delve deeper into the multifaceted significance of corporate advisory within the contemporary business milieu.

Enriching decision-making

At the heart of corporate advisory lies a symphony of expert insights harmonised to amplify enterprise decision-making. Like maestros, corporate advisors diligently decipher market trends, dissect competitor strategies and decode the industry's ever-shifting dynamics.

Armed with this discernment, advisors orchestrate recommendations finely tuned to the company's aspirations and objectives. By infusing their expertise, businesses not only identify nascent avenues but also assess potential risks, resulting in the articulation of strategies that are both visionary and pragmatic.

Orchestrating mergers and acquisitions

Amidst the grand stage of mergers and acquisitions (M&A), corporate advisory assumes a commanding presence, wielding a conductor's baton to orchestrate the seamless transition process. Advisors guide enterprises through the intricate passages of M&A transactions. Their journey spans the meticulous evaluation of potential targets, the exhaustive execution of due diligence, the intricate navigation of negotiations, and the seamless integration of entities after the transaction's conclusion.

This orchestration leads to M&A engagements that culminate in the harmonious convergence of optimal synergies and the mitigation of risks, standing as a testament to their strategic acumen.

Capital mobilisation and financial stewardship

Corporate advisory follows the mantle of financial maestro, conducting a symphony of capital mobilisation and fiscal governance. Advisors deftly illuminate a spectrum of financing options, crafting bespoke financial blueprints that resonate with the enterprise's objectives. With clinical precision, they dissect financial statements, analyse fiscal health, and prescribe strategies to amplify cash flow, fortify profitability and augment shareholder value. The result is a harmonious balance sheet that not only navigates the present but also charts a course for sustainable growth.

One of the paramount considerations in this financial composition is the selection of relevant financing. Advisors carefully curate financing instruments to orchestrate optimal financial outcomes. Two significant financing avenues often explored are equity and debt instruments, each offering distinct advantages depending on the enterprise's circumstances.

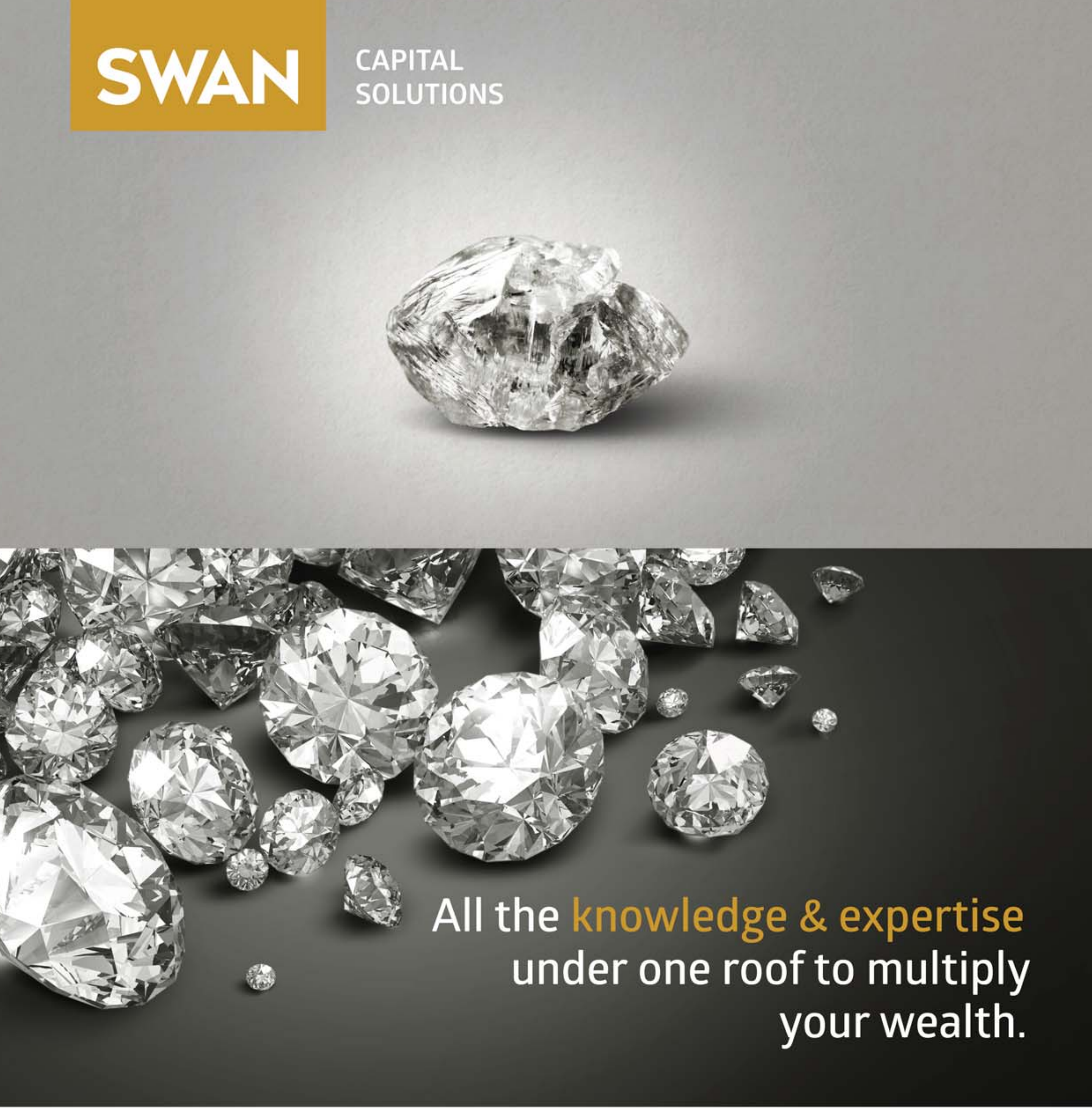
A journey beyond the horizon

In the tempestuous sea of modern business, corporate advisory emerges as a compass, guiding enterprises beyond the horizon of challenges towards the shores of prosperity. Corporate advisors resound through prudent decision-making, M&A orchestration, the precision of financial stewardship, the vigilance of risk guardianship, and the brilliance of strategic financial architecture. This composition transforms enterprises, endowing them with a competitive edge that becomes a lighthouse amidst the tumultuous waves of a dynamic marketplace.

As enterprises embrace the transformative power of corporate advisory, they navigate uncharted waters with renewed confidence, forging a legacy of resilience, innovation and enduring success.

> Corporate advisors orchestrate recommendations finely tuned to the company's aspirations and objectives

By Nawaz Oozeer,
Senior Corporate Advisor,
SWAN Capital Solutions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Venture Capital – an indubitable source of finance for start-ups

Shamin A. Sookia of Perigeum Capital Ltd unfolds the evolution of venture capital over the years – explaining how, from being a source of finance for high-risk start-ups, it has now moved to funding lower-risk, management buy-outs – and then goes beyond to assess how it can withstand the current challenging environment to again come into its own.

While the Venture Capital (VC) world consists of funds made available for the financing of new business ventures, in practice a much wider range of activities than purely start-up situations have been financed by VC funds. Indeed, the expansion of existing businesses and the provision of finance for management buy-outs may be funded by VC funds. Different stages of risk, different stages of investee maturity and consequently a different degree of post-investment active involvement by the venture capitalist are characteristic of these various investments.

Ultimately, venture capital is a way in which investors support entrepreneurial talent with finance and business skills to exploit market opportunities and thus to obtain long-term capital gain. However, VC firms have been criticised to some extent for moving away from high-risk start-up finance towards much lower risk management buy-outs (MBOs).

The provision of risk capital for young, high growth companies at an early stage in their development has, traditionally, involved venture capital. Also, VC investment in the early stages of maturity of an investee company usually involves managerial support until the investee company is in a position to raise further finance from conventional funding sources. This aspect of "hands on" investment distinguishes venture capital from other, more passive forms of investment.

A bit of history – the UK perspective

The acceleration in the rate of expansion of venture capital in the last decades has given the industry a much higher profile. In the UK, during the 1980s, there was a growing awareness of the rapid emergence of funds in the US that were providing finance for early-stage investees. The rapid growth in high-tech businesses requiring risk capital backing resulted in the development of these funds.

Also, during the economic recovery of the early to mid-eighties there was an increasing number of start-ups and management buy-outs. The attraction of riskier, longer-term investment increased with the increase in demand along with the general optimism of the eighties and the belief that the bull market would be sustained. Further, in order to fuel economic recovery as well as make inroads into the unemployment figures, the UK wanted to promote new enterprises and small businesses. The developments in the capital markets were an important factor influencing growth of venture capital as well.

A new exit route by which venture capitalists could realise the capital gains on their investments was provided by the creation of the Unlisted Securities Market and the Over-the-Counter (OTC) Market in the UK.

Growth of the VC market and related characteristics

Venture capital (VC) investment has clearly enjoyed substantial growth over the last three decades. There has been a significant shift away from start-up / early-stage finance toward MBO opportunities, although some would argue that this does not represent true VC investment as the extent of technical and managerial input from the venture capitalist are minimal in most MBO investments. This trend has serious implications for the entrepreneur trying to raise finance for a new or immature venture. It seems that it has become increasingly difficult to attract venture capital backing for such enterprises. It is therefore important for the entrepreneur to be fully aware of the types of investment that each fund will consider, and the methods that are utilised in appraising investment proposals, if the probability of success in security venture funding is to be maximised.

The following factors have been seen to be crucial for a VC investment to be successful:

- Investees' managerial experience in the sector
- Marketing skills of the management team
- Projected growth turnover
- Size of the entrepreneur's investment in relation to means
- Financial skills of the management team
- Market sector experience

Critical measures of success versus failure

Historical data relating to businesses seeking VC backing is often perceived as having limited relevance as an indicator of potential future performance due to the state of change of a business at a time when seeking VC investment. However, projections which display trends that differ noticeably from any available historical trends may be treated skeptically by some funds unless there is adequate explanation of the change.

> VC investment has clearly enjoyed substantial growth over the last three decades

Studies conducted on VCs have revealed that in the view of the investor the major contributory factor to failure is the inability to achieve the predicted turnover. Other factors include failure to control costs, lack of marketing skills and, often, the investees' underestimation of the time required to achieve targets.

So, in the overall evaluation, venture capitalists consider sector-specific experience amongst the investee management team to be very important. However, lack of sector-specific managerial skills is

By Shamin A. Sookia,
Managing Director,
Perigeum Capital Ltd

not widely thought to be a contributory factor to failure, thus indicating that sector-specific skill of the investee infers potential upside gain, rather than potential downside risk. In evaluating the risk involved, most venture capitalists evaluate the risk of an individual project in isolation, rather than in terms of its effect on the total risk of the funds' portfolio of investments, but many funds attempt to reduce the risk through diversification.

Whilst demanding a seat on the board of the investee company is seen to be the most important form of monitoring of and involvement in investments, monthly or quarterly accounts are other ways of monitoring investments. Few venture capital investors provide continuing managerial assistance to the investee companies. The most important factor governing the decision-making process of the venture capitalist is the experience and track record of the investee management. The venture capitalist sees such management expertise reducing the risk of failure and boosting potential returns. It can thus be argued that an entrepreneur seeking venture capital will be unlikely to gain financial backing if there is a lack of management experience in the specific sector.

Current situation of VC market – back to the dot-com bubble era

The situation that we are currently witnessing may imply a return to what has been observed in the past with the building of the VC industry on the back of the software sector in the context of the rise of digitalisation. Just as the dot-com bubble reset the sector in the year 2000, we have been seeing a similar reset from the bonanza of deals in 2021 and 2022. Software deal value dropped 71.8% year-on-year in Q2 2023, more than any other sector. In fact, software went from representing 40.2% of deal value in 2022 to 29.3% in 2023. Despite this trend, startups within the software segment that are linked to Artificial Intelligence (AI) may see significantly more dealmaking in future quarters, given the recent investment boom in that space.

As a matter of fact, European VC dealmaking dropped significantly in the first half of 2023 as the macroeconomic headwinds caught up with the VC ecosystem. Deal value in the first half of 2023 is down 60.8% compared with the same corresponding period in 2022 and 34.2% lower than in the second half of 2022. In fact, VC deal activity peaked in Q1 2022 and has been on a steady quarterly decline since.

All this may be attributed to the slow and steady decline to a shift in the macro environment as higher interest rates, high inflation, a closed IPO exit window, and tough fundraising conditions have all been significant decelerators to growth and dealmaking in the VC market. Public markets have started recovering in 2023, especially in the US where the Federal Reserve has hinted a movement towards an end in monetary tightening. The European monetary tightening cycle may continue for longer given that inflation has been persistently high in the UK and in the eurozone. This is in addition to the ongoing war between Russia and Ukraine, which continues to have inflationary consequences.

The way forward: Challenging headwinds force VCs to focus on cost reduction

The first half of year 2023 has witnessed investors accepting that VC dealmaking has decelerated, fundraising has become more challenging, and exiting unprofitable businesses through an IPO is no longer that popular. Instead, we have seen VCs work with their startups to restructure their operations in-house and extend runways as far down the line as they can, given the current situation and especially the dearth in funding. This has shifted company strategies from focusing solely on growth to cost reduction strategies, that is, prioritising cost management, leading to layoffs and hire freezes across the entire startup ecosystem, with the tech sector having the lion's share of layoffs.

> European VC dealmaking dropped significantly in the first half of 2023

Given the subdued dealmaking environment, in contrast with the not-too-far era of abundant capital and low interest rates, the data collected on the ground seems to indicate a trend towards larger deals. It can be reasonably expected that due to the stagnant exit environment coupled with rising interest rates, non-traditional investors will continue to reduce their participation in the VC ecosystem, and that venture capital funds will need to weather this challenging environment with a continuing focus on cost reduction strategies in the foreseeable future.

Key facts and figures*

People worldwide

5,000+

Worldwide locations

25

Assets under administration

$750+ bn

Funds under administration

800

Supporting top PE firms*

11/15

Minimum senior team experience

20 yrs

Our expertise

Private Equity & Venture Capital

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Hedge Funds

Long-only / Mutual Funds

Debt / Credit

Digital Assets

Hybrid Funds

*Information correct as of 6 October 2022.

Is there a need for transfer pricing legislation in Mauritius?

Feroz Hematally of IQ-EQ and Taxand Mauritius considers the implications of transfer pricing (TP) legislation for Mauritius and notes how domestic legislation on TP can provide the tax authority with the tools to fight artificial shifting of profits by MNCs out of Mauritius while providing MNCs themselves with greater certainty of tax treatment and make Mauritius a jurisdiction of choice for them.

With the increasing trend of multinational corporations (MNCs) basing their operations and holding entities in the Mauritius IFC, intra-group cross-border transactions are becoming increasingly important and transfer pricing is now a key issue for profits allocation amongst multinational group companies.

What is transfer pricing?

Transfer pricing (TP) is the pricing of transactions between associated enterprises. Many of the tax authorities around the world require such transactions to be at arm's length; that is, the price that would be set between unconnected parties. Mauritius is no exception.

Currently, the tax authority in Mauritius applies the arm's length test under Section 75 of the Income Tax Act 1995 to ensure that related party transactions are conducted on a commercial basis. In some cases, the tax authority also uses the anti-avoidance provision under Section 90 to challenge the arm's length nature of a transaction.

TP and anti-avoidance provisions are often linked, as TP can be perceived as a technique used by multinational corporations to shift profits out of the countries where they operate and pay less tax.

The need for TP in Mauritius

In a continuous effort to strengthen its image as a jurisdiction and IFC of substance and repute, Mauritius has implemented several measures to enhance substance whereby specific functions need to be physically carried out in Mauritius. Besides, Mauritius has signed up to the Global Minimum Tax which, when applicable, will ensure that multinationals pay any top-up tax which may be due to the tax authority. These measures and actions are important factors enhancing the country's image as an IFC. But are they enough for Mauritius to attract more investors?

> The government announced its intention to formalise the TP framework in Mauritius

When it comes to TP, the government announced its intention to formalise the TP framework in Mauritius. In the absence of formal legislation or guidelines, an element of tax uncertainty is created. In the Finance Act 2021, Section 75 (relating to the arm's length test) was amended to specifically apply to Global Business Licence (GBL) companies. Since there is no formal TP legislation in Mauritius yet, the OECD guidance is often sought when GBL companies are assessed by the tax authority.

What does the OECD's new guidance mean for TP intra-group transactions?

Intra-group financial transactions are popular within structures involving Mauritius GBL companies. The OECD issued its guidance concerning the TP aspect

By Feroz Hematally, Head of Tax, IQ-EQ, Mauritius, and Director of Taxand Mauritius

of intra-group financial transactions as a follow-up work to the G20/OECD Base Erosion and Profit Shifting (BEPS) Project reports.

The Financial Transaction report provides specific guidance on the TP aspects of financial transactions, which is a common area of conflict between taxpayers and tax authorities. The report covers various topics such as the TP framework to analyse risk, guidance for performing functional analysis and pricing guidance for intra-group loans.

In Mauritius, group companies often enter into intra-group loan agreements. The report further sets out that intra-group debt transactions must, at first instance, be accurately delineated. In other words, the terms and conditions of the intra-group debt must be considered for TP purposes before evaluating correct arm's length prices for those transactions. In practice, this means that the terms and conditions of the loans should reflect conditions that make commercial sense from both the perspective of a hypothetical third-party lender as well as that of a third-party borrower, considering their specific economic circumstances and business strategies.

What would TP legislation bring to the Mauritius IFC?

Transfer pricing is considered as one of the major international taxation issues faced by MNCs today. It is an important issue for many developing and developed countries. Even though responses to it will in some instances vary, TP is a complex and constantly evolving area, and proactive TP legislation would render the Mauritius IFC more robust and attractive from an ease of doing business perspective.

> Transfer pricing is an important issue for many developing and developed countries

As a principle, for TP measures to be effective, a tax jurisdiction must enforce them and ensure that taxpayers comply with the rules.

The introduction of domestic TP rules in Mauritius, in line with the internationally accepted principles set forth in the OECD transfer pricing guidelines, can provide the tax authority with the tools to fight artificial shifting of profits by MNCs out of Mauritius. On the other hand, it will provide MNCs with more certainty on tax treatment in Mauritius, thereby consolidating Mauritius as an IFC of choice. It is a fact that TP disputes are generally time consuming and expensive. Formal transfer pricing legislation will save both the tax authority's and the taxpayers' time and money.

How the progressive tax system promises to give a boost to the Mauritian economy

With the Budget 2023-24 having introduced progressive tax to bridge the income equality gap, Jayesh Ramloll of Andersen (Mauritius) Ltd explains how this measure is set to incentivise innovation as well as entrepreneurship in the Mauritius International Financial Centre (IFC)

**By Jayesh Ramloll,
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Unequal income distribution is a dilemma faced by many countries and a progressive personal income tax system is an option to bridge the income gap.

Excitingly for the Mauritius IFC, the Finance (Miscellaneous Provisions) Act 2023 has brought about a complete overhaul in the Mauritian personal income tax regime with the introduction of the progressive income tax for individuals and the abolition of the Solidarity Levy, which took effect as from 1 July 2023.

A distortion in the old tax system

Prior to 1 July 2023, lower income earners were subject to tax at the rate of 10%, 12.5% or 15%, while higher income earners were subject to tax at the rate ranging from 25% to 40% depending on their leviable income[1]. Whilst this gives the impression that the tax system is fair and equitable, the devil is always in the details.

The underlying problem was that in certain cases individuals earning more money ended up with less disposable income. For instance, an individual earning Rs 980,000 paid tax at the rate of 15% and ended up with a lower net salary than an individual earning Rs 970,00 being taxed at 12.5%. For high income earners, Solidarity Levy was a big deterring factor as those having a leviable income between Rs 3m and Rs 5m ended up paying more taxes relative to those earning more than Rs 5m and for whom the 10% solidarity levy cap was available. It was really a case of "the more you earn, the less you pay" in relative terms. The high tax rate contributed to the "brain drain" issue and discouraged foreign investment and expertise flowing in the country.

The aim of the new tax system is not only to instil a sense of fairness and equity for taxpayers, but it would also help retain and attract a highly skilled workforce to Mauritius. It would additionally help restore investors' confidence in Mauritius as an investment destination into Africa.

The progressive tax system: What is it and how does it work?

The progressive tax system operates on the principle that high-income earners contribute a greater proportion of their earnings in taxes, while low-income earners pay a smaller tax percentage. Embracing a progressive tax system in Mauritius presents an opportunity to address inequalities in income distribution and to promote economic harmony.

The progressive tax system is widely applied in other countries such as Japan, Australia, and UK. Although this tax system is welcomed, it requires additional administrative resources and creates compliance burdens for employers. Its implementation in the payroll system might be a challenge for some and it may require some period of adaptation to the new method of monthly Pay As You Earn (PAYE) calculation and other more complex computations such as the tax-on-tax benefit.

Boost or stymie for the economy?

The progressive tax system allows taxpayers to have more disposable income, which they are likely to spend and thus contribute to stimulating the economy in the process. One of the most significant

The table below shows the tax rates applicable under the progressive tax system:

Annual chargeable income (Rs)		Taxable amount at applicable tax rate (Rs)	Rate of income tax (%)
From	To		
0	390,000	First 390,000	0%
390,001	430,000	Next 40,000	2%
430,001	470,000	Next 40,000	4%
470,001	530,000	Next 60,000	6%
530,001	590,000	Next 60,000	8%
590,001	890,000	Next 300,000	10%
890,001	1,190,000	Next 300,000	12%
1,190,001	1,490,000	Next 300,000	14%
1,490,001	1,890,000	Next 400,000	16%
1,890,001	2,390,000	Next 500,000	18%
Above 2,390,000			20%

advantages of a progressive tax system is its capacity to promote equitable wealth distribution. With all other things being equal, individuals having an annual chargeable income of Rs 650,000 will now benefit from annual tax savings of Rs 15,700 and those individuals earning Rs 3m will benefit from annual tax savings of Rs 6,450[2]. The Effective Tax Rate (ETR) increases proportionately with a rise in the gross emoluments, which was previously not the case.

Shifting our attention to high income earners, those earning more than Rs 2.39m will pay tax at a maximum ETR of 20%. We can see that the progressive tax system attempts to correct the past anomalies by ensuring that individuals at different income levels are being taxed fairly.

Incentivising Entrepreneurship

A progressive tax system can also serve as a catalyst for entrepreneurship and innovation. As high-income earners are taxed more heavily, they generally have an increased incentive to invest in entrepreneurial ventures, philanthropic projects, and other forms of income-generating activities.

With the abolition of the Solidarity Levy, the effect of economic double taxation on local dividends paid out of profits – which have already been subject to corporate income tax – will no longer be an issue. This can encourage the re-investment of profits in other business opportunities. Overall, this could contribute to a self-sustaining cycle of economic growth and job creation in Mauritius.

How can the progressive tax system be made more effective?

The effectiveness of the progressive tax system in bridging the income inequality gap and thus boosting the Mauritian economy is dependent on whether the disposable income of taxpayers and the tax collected are well spent. The downside of this tax system for taxpayers in the long run is the "fiscal drag" it could create whereby inflation or income growth would move taxpayers into higher tax brackets and undermine the effectiveness of the tax system.

> The new tax system contributes to the retention of highly skilled talent in Mauritius

For now, it appears the progressive tax system is being well received all-round with its tax savings opportunities, potential increase in investment, and the retention of highly skilled people in Mauritius. For the way forward, it remains to be seen if Mauritius can harness the power of this tax system to help achieve sustainable economic growth.

1. Leviable income means the sum of the chargeable income of an individual, dividends to an individual by a resident company, the share of dividends of that individual in a resident société or succession. It does not include any lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury.

2. Deductions and reliefs are not being considered.


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