

Forging an ambitious and a sustainable future for the Mauritius IFC

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Over more than two decades, Mauritius has achieved remarkable success in attaining rapid economic growth and significant diversification. It has built a robust domestic financial system and a thriving global business and professional services sector. Financial services and insurance activities presently account for approximately 12% of the GDP. Projections from authorities suggest that this contribution is expected to double by the year 2030.

Mauritius has emerged as a prominent and trustworthy International Financial Centre (IFC), building its reputation on key attributes - an ideal time zone, political and social stability, modern legislation, and a vast network of treaties and investment promotion agreements. Mauritius boasts an exceptional pool of highly skilled human resources, distinguishing it from other IFCs heavily reliant on expatriates. Local expertise has flourished, complemented by the invaluable contributions of expatriates who have enhanced our capacity to handle increasingly complex financial products.

To continue positioning the Mauritius IFC as a reputable and resilient jurisdiction with a broader economic space, the global strategy is about reinforcing the public-private sector collaboration to build on the attributes required to make Mauritius Africa's undisputed trade and investment platform and maintain the country's competitiveness on an international landscape.

Strengthening our role as the hub for Africa

Presently, the Mauritius IFC is fortified with significant trade agreements, notably the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India, the China Free Trade Agreement (FTA), and the African Continental Free Trade Area (AfCFTA). Leveraging these agreements, along with our memberships in regional trading blocks such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), these strategic alliances are set to expand our influence across the African continent and foster increased trade

prospects connecting Asia, Africa, and the Middle East through Mauritius.

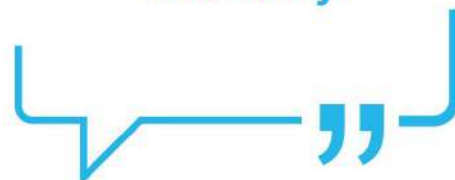
The Africa Wealth Report 2023 refers to Mauritius as "a millionaire magnet", establishing itself as a premier investment location in Africa, a thriving business hub and a highly sought-after destination for HNWIs. The report reveals that Mauritius boasts an impressive total investable wealth of USD 48 billion and the highest average wealth of USD 37,500 per person as of December 2022. The country is expected to experience the highest wealth growth rate at 75% over the next decade to 2032. Alongside its growing wealth, Mauritius holds the distinction of possessing one of the most powerful passports in Africa, granting its holders visa-free entry to 148 countries across the globe. This unlocks substantial business and investment prospects for both individuals and corporates aspiring to extend their reach beyond Africa.

Mauritius is set to maintain a pivotal and influential position in unlocking multibillion-dollar investment opportunities across Africa. The Mauritius IFC plays a fundamental role in facilitating high-quality indirect investments on the African continent. Cross-border corporate banking, which includes deposits from investment vehicles and revenue accrued from reinvestment of these deposits, accounts for 32% of the IFC's economic value add. After India, Africa stands as the second-largest recipient of investments from Mauritius, with a total of USD 82 billion, accounting for 9% of overall investment into the continent. Mauritius has all the ingredients to become a regional treasury and trade finance hub: free capital flows, availability and convertibility of foreign currency, attractive tax regime, and a relatively stable political climate and economy. A noteworthy example is Singapore, which has emerged as a reference case in becoming the finance and treasury hub in Asia. The country has taken strategic initiatives to attract corporates to establish their regional headquarters, regional treasury centres, and corporate procurement centres. Singapore's growth has been fortified by special initiatives such as headquarters and global trader

programmes, offering benefits ranging from tax incentives to company set-up assistance. While Mauritius faces competition from Dubai IFC and Kigali IFC, we have to build an ecosystem with a distinct value proposition characterised by streamlined administrative processes, investor-friendly regulations, digital transformation, and a sustainable environment. Mauritius remains dedicated to fulfilling its commitment to achieve the vision of the African Union's Agenda 2063, contributing to the realisation of 'The Africa We Want'.



The future progression of our financial sector revolves around redefining our value proposition as Mauritius is called upon to gradually transition to a low-carbon, resource-efficient and climate-resilient economy





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Digitalisation as an enabler

As we continue to reinforce our position as a leading IFC for the Africa-Asia corridor, digitalisation will play an increasingly important role in the Fintech and metaverse spaces to be one of our pillars of growth. Mauritius needs to welcome new companies and their pioneering solutions while nurturing home-grown Fintech innovators. This approach fosters an enabling environment that empowers the financial sector to drive innovation and introduce novel products and services. While the Bank of Mauritius is working towards the establishment of a Fintech innovation hub and digital lab, these initiatives will accelerate the development of Fintech and support the Digital Mauritius 2030 Strategic Plan with the ambition of making Mauritius a regional Fintech hub.

Given our significant involvement in investment fund and capital markets activities, it is imperative for Mauritius to adopt a strategic stance on the tokenisation era. This transformative trend has the potential to revolutionise the capital raising

process. We should facilitate connections between Mauritius-based Fintech start-ups and overseas venture capital funds and attract them to establish their operations within Mauritius. The Virtual Asset and Initial Token Offering Services (VAITOS) Act and the Variable Capital Company (VCC) Act are significant legislative developments which demonstrate Mauritius' commitment to promoting innovation.

Investing with impact

We are more than ever committed to embracing a sustainable economy and recognise the importance of investing to generate positive and measurable social and environmental impact. The Sustainable Development Goals (SDGs) and the Paris Climate Accord have given new impetus to sustainable finance and investing with impact. The impact investing market reached an estimated size of USD 1.164 trillion as of October 2022, and Mauritius is steadily gaining prominence as a destination of choice for structuring

and directing impact investments towards Africa. As published by Mauritius Finance, over 600 funds with a focus on Africa have already selected Mauritius as their platform for structuring these investments.

With African Union's Agenda 2063, African countries can leverage the global momentum for impact investing and the ratification of the SDGs to mobilise domestic and external impact capital. Crucial to our success is the collaboration between Government and the private sector in formulating a national strategy to enhance Mauritius' position as a global hub for sustainable finance. This strategy will encompass incentives for climate-related financial services, introducing new green financial products in banking, asset management, and insurance, and establishing the necessary frameworks to support these initiatives.

Investors and multilateral institutions are attaching great significance to how projects address Environmental, Social, and Governance (ESG) considerations. The African continent offers a promising future for renewable energy, particularly solar power. Despite possessing as much as 40% of the world's solar potential, the continent currently accounts for only 1% of the world's solar panels. With the impending ESG framework, Mauritius is well positioned to play a pivotal role in facilitating impact investing throughout Africa.

Paving the way for tomorrow's growth

Our success over the past 10 years have laid solid foundations to continue to grow in an international environment that has fundamentally evolved to cater for investors' sophisticated needs. The 2023-2024 National Budget has reinforced grounds for opening the economy to foreign talents with the aim to sustain high levels of growth and job creation while nurturing new economic sectors. Leveraging the opportunities presented by technological advancements and digital transformation, especially through AI innovations, has the potential to be the cornerstone of the country's long-term growth.

The future of our financial sector revolves around redefining our value proposition as Mauritius is called upon to gradually transition to a low-carbon, resource-efficient and climate-resilient economy. Preserving Moody's Investment Grade credit rating status, continuously improving the AML/CFT legal and regulatory frameworks as well as maintaining the attractiveness of our fiscal regime are also essential to consolidate our country's position as the IFC for trade and investment within the 'Golden Triangle' linking the Middle East, Asia and Africa.

As Mauritius endeavours to build a resilient and sustainable future, we hold a positive outlook on our capacity to contribute significantly towards creating new economic opportunities for our nation and promoting the well-being of our citizens.