



Mauritius Inc.:

Lighting the way to a bright future

March 2026 | No. 19



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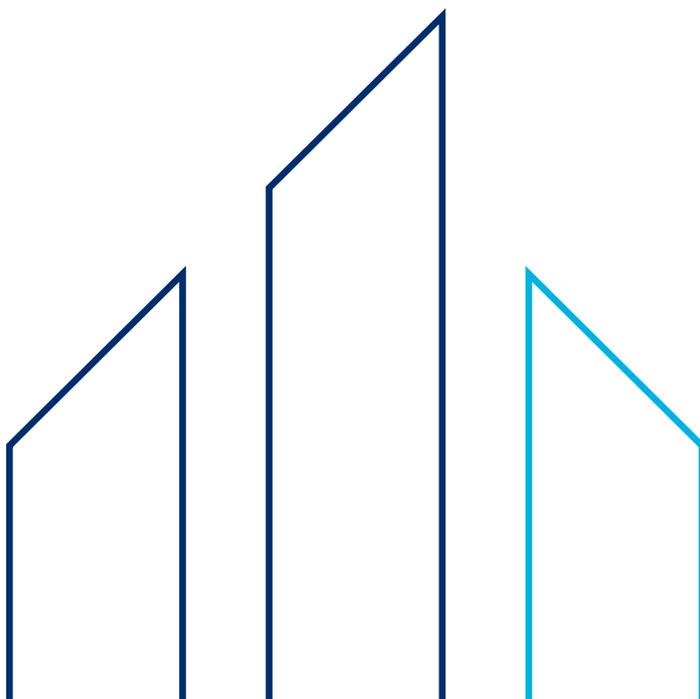
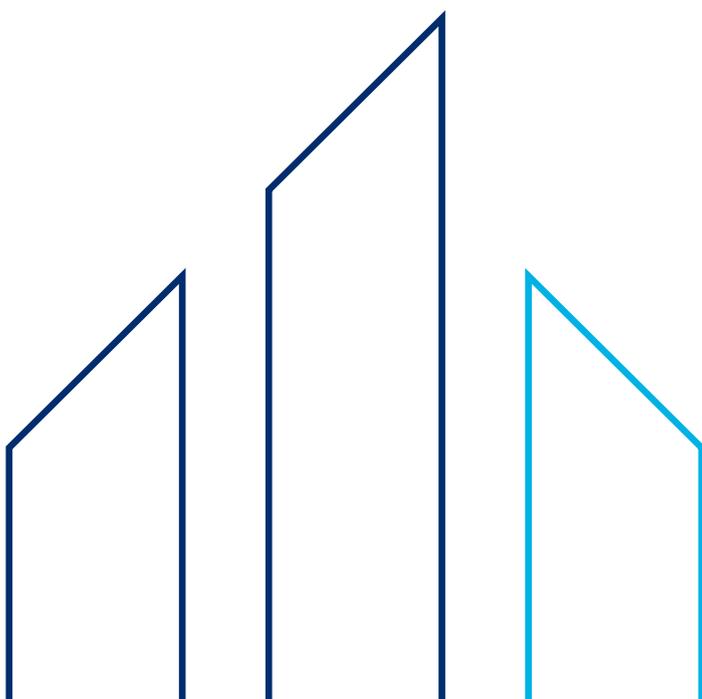


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> Foreword

The scope of the report

Alongside delivering an update on the macroeconomic environment, this SBM Insights edition seeks to contribute to ongoing national consultations in view of the formulation of the Vision 2050 for Mauritius, as the Government sets forward to determine a roadmap which is aimed at transforming the country into a high income, sustainable and inclusive nation. While acknowledging that several reform programmes and policy initiatives have already been launched and are being implemented or contemplated by the authorities, this SBM Insights edition proposes economic restructuring measures that can, in principle, help to underpin the sound advancement of Mauritius over the medium and long terms. Of note, these suggestions are not meant to be exhaustive and specific at all times, but to serve as broad-based guidance on the policy priorities suggested for the country's sustained progress.

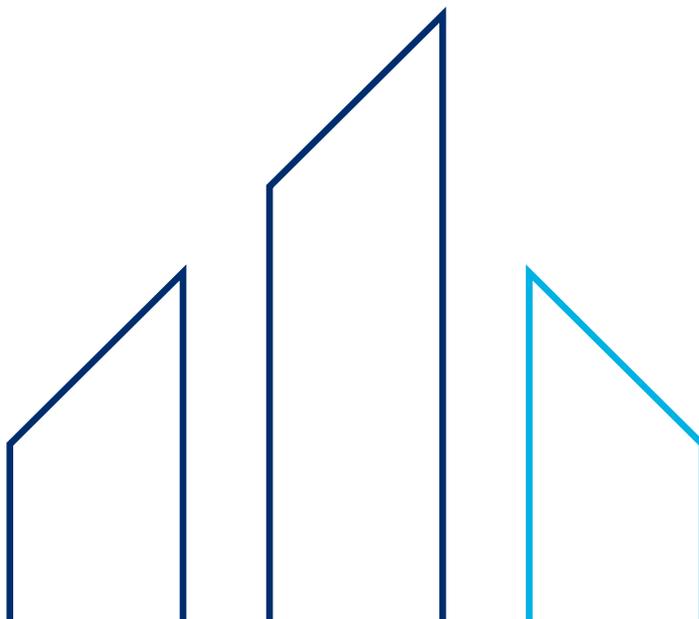
The underlying imperatives for Mauritius

The Middle East conflicts have more than ever underscored the need for Mauritius to further expand its economic space, bolster supply chain management and diversify the sources of key imports, alongside strengthening its energy and food security. It is calling upon Mauritius to further entrench its positioning as a secure and trustworthy jurisdiction and IFC, that can consistently attract global capital. Overall, the Mauritian economy finds itself at an inflection point today, insofar as it is being exposed to major undercurrents of change that can threaten to derail its socio-economic progress and increase its vulnerability to shocks over time if not opportunely addressed. Whilst several reform measures are already being formulated/executed by the authorities, the country remains confronted by key challenges that notably pertain to resource productivity, labour force participation, public debt and fiscal space, public infrastructure, external imbalances, climate change, demographic shifts and technology disruptions. As Mauritius deals with structural constraints and navigates an increasingly ambiguous global landscape, it is essential to boost its fiscal space and support its sound fundamentals, alongside upholding its investment grade credit rating and safeguarding the White Listing assigned to it by the FATF, the EU and the OECD. Beyond those imperatives, Mauritius is called upon to chart out a long-term policy blueprint that will forge its future, backed by forward-leaning and far-reaching structural transformations and economic reforms that are mainly grounded on home-grown ingenuity, citizen empowerment and smart ideas. Nobel Prize winning economist, Paul Romer, said, *“Every generation has underestimated the potential for finding new ideas...Possibilities do not add up. They multiply.”* As Mauritius embarks on this long-term journey of unlocking its potential, the onus is not only on the Government but also on all stakeholders to take the decisions that matter, while managing politically sensitive reforms, tackling policy trade-offs and steering the economy closer to its Pareto frontier.

Nuvin BALLOO

Group Chief Strategy Officer

17 March 2026



Updated macroeconomic forecasts



➤ GDP growth trajectory

Key trends for 2025

Notwithstanding the challenging and complex global environment, the Mauritian economy has upheld its resilience, with real GDP growth standing at 3.2% in 2025 as per latest official estimates, as compared to 4.9% in 2024. This performance was underpinned by the appreciable outturns of multiple key sectors, notably financial and business services, information and communication, transportation and storage, arts, entertainment and recreation, and tourism. Noticeably, despite beginning the year on a relatively slow note, total tourist arrivals attained 1,436,250 in 2025, representing an increase of 3.9% when compared to 2024, while gross tourism earnings have surpassed the Rs 100 billion mark.

Preliminary forecast for 2026

Scenario analysis

In line with observed trends and developments, our **baseline scenario** for Mauritius – i.e. our assumed most likely outcome – is that real GDP growth would stand at 3.2% in 2026. This outlook has been formulated against the backdrop of the ongoing conflicts in the Middle East. It can be recalled that the IMF had, in its last World Economic Outlook Update, highlighted that global growth continued to show resilience despite US-led trade disruptions and heightened uncertainty. In recent times however, the escalating military conflicts in the Middle East have given rise to additional layers of stress and economic risks, with repercussions on Mauritius to depend on the magnitude and duration of the crisis and supply shocks. Our baseline scenario assumes the following: (i) international oil markets face up to major disruptions during a relatively limited time period of four to six months – with no significant damage to production assets and with navigation through the Strait of Hormuz (via which a fifth of global oil supply and LNG trade normally transits) being operational in a sustained manner – thus contributing to average oil prices for 2026 being slightly higher than the figure for 2025; (ii) upward pressures on energy prices and inhibiting effects on the investment climate exert various, yet manageable, impacts on global economic, trade and financial conditions. As for our **adverse scenario** – i.e. our assumed less likely, yet plausible, outcome – we assume the following: (i) oil prices witness sustained increases in the months ahead amidst a full-scale, intense and protracted regional conflict, lasting damages to infrastructure facilities, continuous interruptions to energy supply (in view of an extended partial or full closure of the Strait of Hormuz), alongside triggering consistently dampened investor sentiment; and (ii) higher energy prices affect household consumption and the business climate worldwide in a systematic and enduring manner, while tightening financial conditions and hampering global growth. In the context of this adverse scenario and based on preliminary assumptions, we expect economic growth for Mauritius to stand within the 2.3% - 2.5% range in 2026, which should, nonetheless, be judged with caution, given the country's level of economic resilience and prospective policy responses from the authorities. See the illustration on the next pages where we frame our analysis for the scenarios.

Scenario analysis: Potential impacts of the Middle East crisis on projections for 2026

Note: While catering for local realities, the forecasts and preliminary observations shown below have been partly guided by insights gathered from the unfolding of past global crises. The outlook and analysis below should be treated with due caution insofar as we need to bear in mind the uncertain course of the Middle East conflicts and associated shocks, in addition to factoring in expected policy reactions from the authorities in Mauritius. Besides, evolving consumer and investor behaviours in response to the crisis need to be properly assessed.

	Baseline scenario	Adverse scenario
Real GDP growth	3.2%	2.3% - 2.5%
Headline inflation	Around 4%	Around 5.5%

The global economy

Oil prices	While oil prices averaged around USD 69 in 2025, they are likely to moderately surpass that level in 2026, on the back of the assumed temporary nature of the crisis (as per the scenario) and the timely resolution of supply-side constraints.	Oil prices would register sustained increases during the course of the year, while standing at around USD 100 on average in 2026 (or higher), on account of significant damages to oil production capacities, persistent blockages to energy supply and higher investor fickleness.
Growth	The global economy is projected to face notable headwinds that would exert pressures on its growth path. However, the impacts would remain limited and manageable, supported by progressively attenuating hostilities in the Middle East, reduced threats to energy security levels, policy buffers to be unleashed by several countries and the gradual recovery in key market-related and macroeconomic indicators towards pre-crisis levels. This global outlook particularly assumes that there is no persistent blockage to shipping and trade of oil during the year.	The global economy would witness a notable deceleration of its growth path (which could possibly oscillate just below 3% in the short term) due to the continuous regional escalation of the crisis and surges in oil and gas prices. This would lead to high inflation, alongside rattling consumer and investor confidence and impairing business sentiment, especially in the context of high uncertainty with regard to energy security. As per the IMF, as a rule of thumb, every 10% increase in oil prices – if persistent through most of this year – could result in a 40 basis point increase in global headline inflation and a 0.1% – 0.2% fall in the global output.

The Mauritian economy

Growth	Real GDP growth is foreseen to remain on par with last year's performance, reflecting the country's fundamentals. Growth would, in particular, be supported by the resilient performances of several key sectors, despite pressures on the tourism industry and other pillars.	In the context of dampened global growth, the Mauritian economy would be significantly impacted, while bearing the brunt of escalating inflation rates, surging input and production costs, hindered private investment (amidst high market uncertainty levels) and economic strains confronting our key export markets.
Tourism industry	The tourism industry would, to some extent, be impacted by the suspension of flights in and out of Dubai as well as the effect of the uncertain environment on	Notwithstanding its proven business model and competitiveness, the tourism industry would be exposed to exacerbated headwinds. It would grow only marginally or would post a flat

	travellers' behaviours and preferences. However, the industry would uphold a resilient growth path on account of its generally competitive and appealing value proposition, while potentially attracting tourists who would have, otherwise, preferred other destinations.	performance owing to the highly volatile and uncertain geopolitical events and disturbances. It could be also impacted by accentuated strains on private demand and consumption patterns in our key markets, as a result of testing economic conditions and a persisting resurgence of inflationary pressures.
Other sectors	By means of the transmission mechanisms, pressures on the tourism industry could yield some impacts on sectors closely involved in its ecosystem. Moreover, following global headwinds and supply-side disruptions, some sectors could be impacted with respect to their exports of goods and services, the availability of import supplies and lower-than-expected foreign investment.	A faltering global economy would have noticeable impacts on various economic sectors in Mauritius, such as travel and tourism, transportation, logistics, wholesale and retail trade, property development, food and domestic manufacturing industries. Some economic sectors could, in a non-negligible way, be affected by supply-side disturbances, an acute tightening of international financial conditions and changing market behaviours.
Consumption and investment	Rising energy prices are likely to adversely affect household disposable income and consumption. Household consumption could thus increase at a lower-than-expected, yet resilient, pace this year. Private investment can also be subject to some pressures on the back of the economic climate and the evolution of foreign investment in the current context.	The considerable and sustained surge in energy prices is anticipated to impact household consumption, the more so with deferred spending against the backdrop of a highly uncertain operating environment. As for private investment, it would be impacted in a non-negligible manner by a highly uncertain landscape, rising input costs, tighter financial conditions and impaired foreign investment.
Headline inflation	While headline inflation was previously foreseen to remain in a relatively manageable zone this year despite local and international influences, the recently-observed significant pressures on energy prices on the international scale have triggered upwardly revised inflation projections in Mauritius (after factoring in expected policy responses and buffers from the authorities), the more so given the likely knock-on effects on the prices of other consumer goods.	Notwithstanding expected policy responses and buffers from the authorities, inflation in Mauritius would be subject to significant shocks on the back of repeated and sustained increases in international oil and other energy prices (the more so in the context of heightened global freight charges in the wake of impacted trading routes) as well as the pass-through to a broad range of items, including utilities, transport, food, manufactured materials, etc. Inflation can also be fuelled by a depreciating rupee on account of US dollar strengthening.
Currency movements	The US dollar can remain quite strong in the periods ahead on the back of the following: (i) its status as a safe-haven asset during such conflicted times; (ii) the US benefitting from higher energy prices given its position as a net energy exporter; and (iii) the increased likelihood for the US Federal Reserve to refrain from cutting interest rates if inflation numbers go up. In the context of US dollar strengthening, the rupee is likely to lose some grounds.	Major global headwinds and tighter financial conditions could trigger a notable strengthening of the US dollar, with repercussions on the Mauritian rupee in the context of the country's worsening terms of trade, notwithstanding likely interventions by the authorities with a view to managing the currency and mitigating volatilities. The evolution of the Mauritian rupee would warrant close attention in the periods ahead, given potential impacts on the cost of living, trade patterns and private investment from abroad.

Growth underpinnings and analysis

Coming back to our baseline scenario, growth in 2026 would be supported by the resilient performances of the tourism, financial and business services and ICT sectors on the back of their competitiveness headway, while construction is expected to pick up amidst earmarked investment projects. Besides, the non-sugar agriculture and domestic oriented manufacturing industries are foreseen to fare better this year on account of initiatives being deployed by the Government to boost local production at various levels. Of note also, the export oriented manufacturing sector is likely to depict relative healing signs, despite remaining subject to vulnerabilities and confronted by an uncertain international trade environment, notwithstanding the extension of the African Growth and Opportunity Act until 31 December 2026. From an expenditure perspective, growth will, in some respects, be underpinned by a relative pick-up in investment, despite bearing in mind the testing and uncertain economic environment. Whereas the extent and pace of execution would need to be monitored in the months ahead, national investment is, after last year's contraction, anticipated to register a positive growth in 2026. This forecast factors in expected public infrastructure undertakings and earmarked private sector projects, notably in relation to Smart Cities and property development as well as in the renewable energy field. The latter momentum is being observed in the wake of announced strategic projects aimed at speeding up the country's energy transition and ensuring energy security, with focus on solar, wind and biomass. On the other hand, growth for this year would, to some extent, be impacted by several factors, including (i) the short-term, albeit manageable, effects of fiscal consolidation measures on aggregate demand; (ii) structural constraints to activity levels; (iii) the pre-eminence of climate change shocks, with non-negligible influences on consumer prices, production and trade; and (iv) the delicate and wobbly economic and trade environment worldwide, with our main trading partners depicting sluggish growth, thus hindering the evolution of our exports of goods and services.

Overall, whilst our baseline growth outlook of 3.2% for 2026 would reflect a resilient economy with sound fundamentals, this prognosis needs to be carefully ascertained and contextualised, bearing in mind (i) the country's intrinsic economic potential; (ii) the importance of further accelerating GDP growth over time with a view to delivering fitting responses and buffers amidst increasingly tough and exigent global economic, financial and trade environments; (iii) the scope required to reduce national debt ratios in a consistent and gratifying manner; and (iv) the leeway which is needed to achieve earmarked socio-economic ambitions, particularly in relation to employment creation. Furthermore, the risks to our growth outlook are mainly tilted to the downside, with potential threats including (i) a dampened global context due to more acute geopolitical conflicts, trade tensions and higher-than-anticipated commodity prices; and (ii) exacerbation of domestic challenges, notably pertaining to climate change and supply-side bottlenecks. Therefore, our current growth forecast would be continuously reassessed during the year to factor in latest trends and dynamics to be witnessed on the domestic and international fronts.

Areas warranting close policy attention

Whilst the country's economic growth trajectory reflects its healthy fundamentals and resilience in the face of global headwinds, several trends and dynamics continue to deserve close scrutiny.

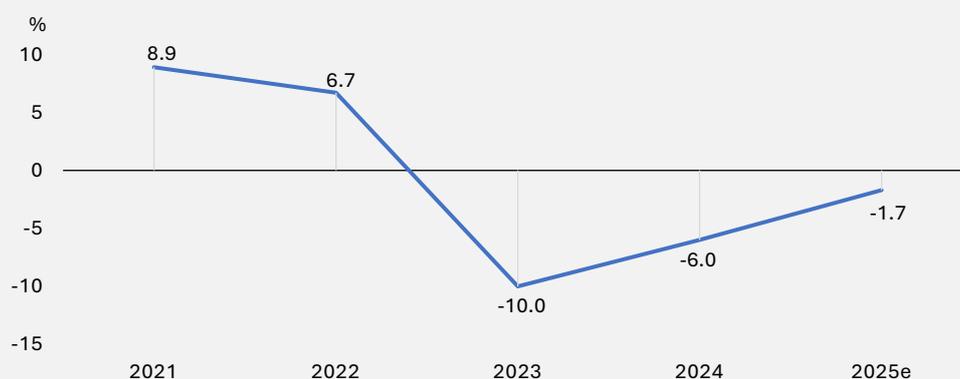
Economic growth

- Firstly, whereas the observed GDP growth pattern can be partly attributable to global events and the ramifications of the fiscal consolidation agenda on aggregate demand, it is imperative that the country's growth trajectory is gradually accelerated. This calls for an opportune improvement in the country's fiscal space, thus contributing to a stepping up of the GDP growth momentum in the medium term after withstanding the key challenges faced. As per the IMF in a report on Mauritius, which was released last year, "*The medium-term outlook is favorable but held back by demographic headwinds and labor shortages. Mauritius is facing fiscal and structural challenges from high public debt, significant public investment needs for climate, low productivity, and an ageing society.*"

Sectorial performances

- Secondly, some key sectors are being confronted by non-negligible headwinds, with repercussions on value creation and employment creation. Notably, while it had contracted by significant rates of 10.0% and 6.0% in 2023 and 2024 respectively, the textile manufacturing is estimated to have further declined in 2025. This performance can be appraised in the context of (i) the dimmed global trade landscape and associated vulnerabilities; and (ii) subdued private demand in key export markets. Furthermore, notwithstanding the multiple public and private sector projects that have unfolded in various fields, the construction sector registered a decline in value added in 2025, after making allowance for (i) the statistical impact of the preceding two years' elevated growth rates; and (ii) the current delicate fiscal ratios, with effects on capital spending by the Government.

Illustration 1: Real growth rate of textile manufacturing

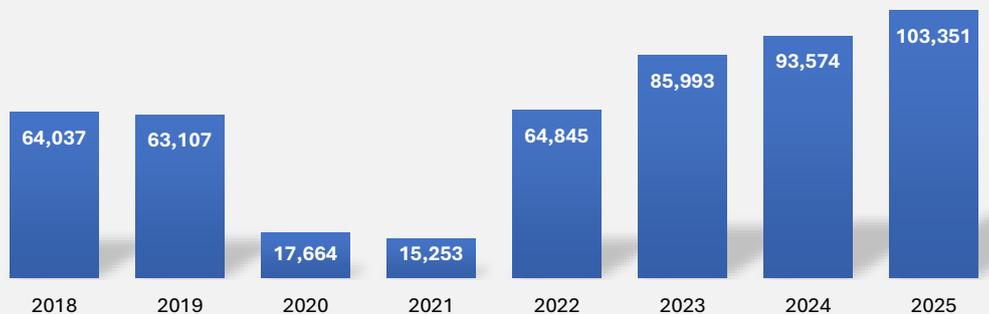


Source: National Accounts, Statistics Mauritius

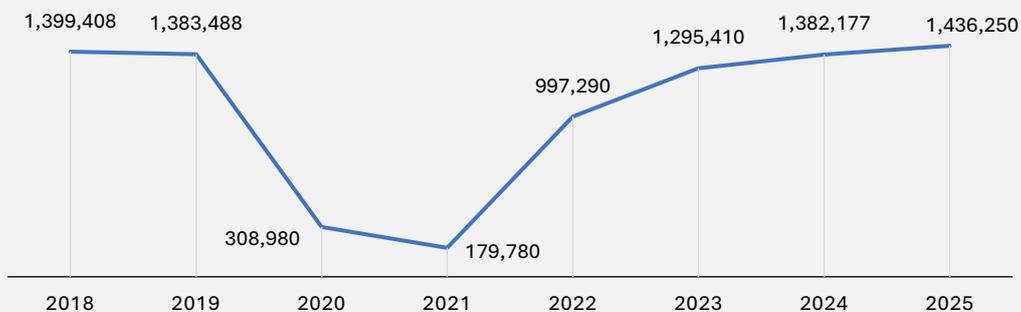
Illustration 2: Recent developments in the tourism sector

Performance of the tourism industry

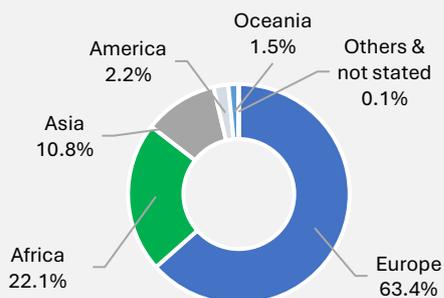
Gross tourism earnings (Rs million)



Tourist arrivals



Distribution and evolution of tourist arrivals in 2025



Top 10 sources of tourist arrivals

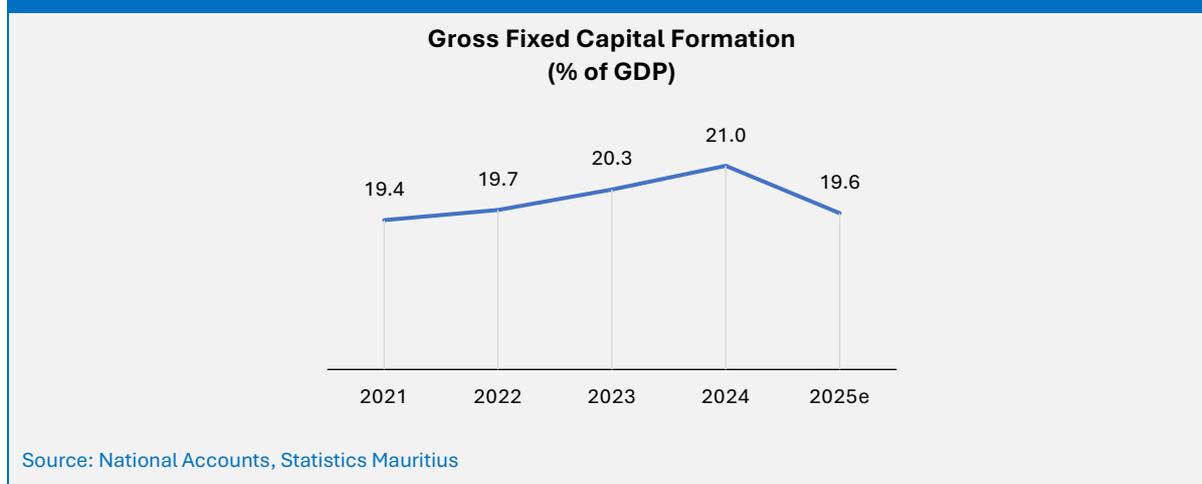
Country	2024	2025	% change
France	339,421	337,502	-0.6
United Kingdom	158,188	154,990	-2.0
Reunion Island	140,618	145,029	3.1
Germany	123,825	122,166	-1.3
South Africa, Rep. of	106,542	110,287	3.5
India	56,788	75,808	33.5
Switzerland	35,329	36,014	1.9
Italy	29,489	34,864	18.2
Russian Federation	28,750	29,828	3.7
Saudi Arabia	22,171	22,195	0.1

Sources: International Travel and Tourism, Statistics Mauritius; Bank of Mauritius

Investment

- Thirdly, the national investment ratio has evolved at a restrained pace in recent years, which thus calls for due consideration insofar as it is a key determinant of productivity enhancements, output growth and job creation over the long term. In fact, the country's gross fixed capital formation is estimated to have contracted last year, thus leading to its share of national income to slide below the 20% mark. Whilst being conscious of financial imperatives and resource adequacies, this outcome calls for accelerated efforts from both the public and private sectors to propel higher investment levels, as a *sine qua non* to achieve sound and sustained socio-economic progress.

Illustration 3. National investment



Exports

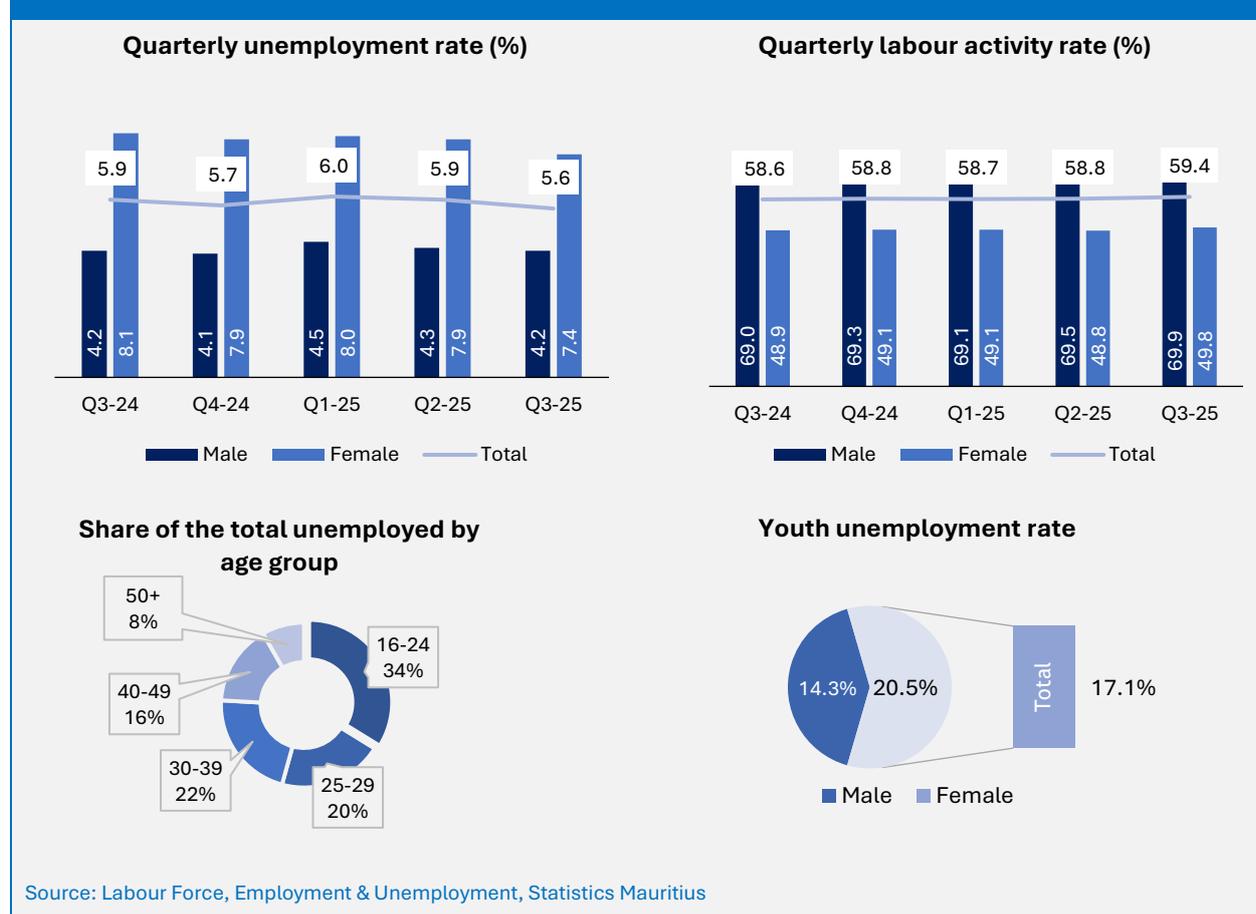
- Fourthly, whilst the exogenous pressures exerted by the lukewarm global trade landscape need to be accounted for in the analysis, the country's external trade performance has continued to deserve close attention. Noticeably, the net exports of goods and services stood in a deficit zone in 2025 as per latest estimates. This imbalance represented 8.9% of GDP at market prices last year, with a corresponding annual ratio of 9.1% being posted over the past decade. Official data on Export Oriented Enterprises (EOE) depict subdued trends for key performance indicators such as growth patterns, the share in the national economy, export levels, the number of enterprises and the employment base. When measured as a share of the country's Gross Value Added, the significance of EOE in the Mauritian economy has declined to eventually attain 3.5% in 2025, compared to 5.9% in 2015 and 6.2% in 2010. It is also worth noting that total employment in the EOE sector fell from 53,601 as at December 2015 to 28,434 as at September 2025. Over the same period, the total number of enterprises declined from 284 to 224. These figures are a cause for concern given the importance of exports as a chief growth engine for Mauritius. As per empirical evidence, international trade has, over the past decades, helped developing countries to (i) boost investment and productivity, while allowing for economies of scale and fast innovation spread; (ii) spur growth and poverty alleviation; and (iii) reduce the development gap vis-à-vis advanced economies.

➤ Other macroeconomic indicators

Labour market

As per latest official estimates, the country's unemployment rate declined to 5.6% in the third quarter of 2025, compared to 5.9% in the corresponding quarter of the previous year. Though gradually improving on the back of dedicated measures implemented by the authorities, labour statistics still reflect market inadequacies at some levels and restrained job creation in specific industries. Of note, the female unemployment rate remained relatively high at 7.4% during the period under review, while youth unemployment rate stayed elevated at 17.1% (though encouragingly declining when compared to the rates of 17.7% and 20.1% registered in the third quarter of 2024 and the second quarter of 2025 respectively), with the rates for men and women standing at 14.3% and 20.5% respectively. The labour activity rate in the country – calculated as the ratio of the labour force to the population aged 16 years and above – stood at 59.4%, with the corresponding rate for women (at 49.8%) warranting policy attention, given the need to boost labour supply in the economy to gear up GDP growth prospects.

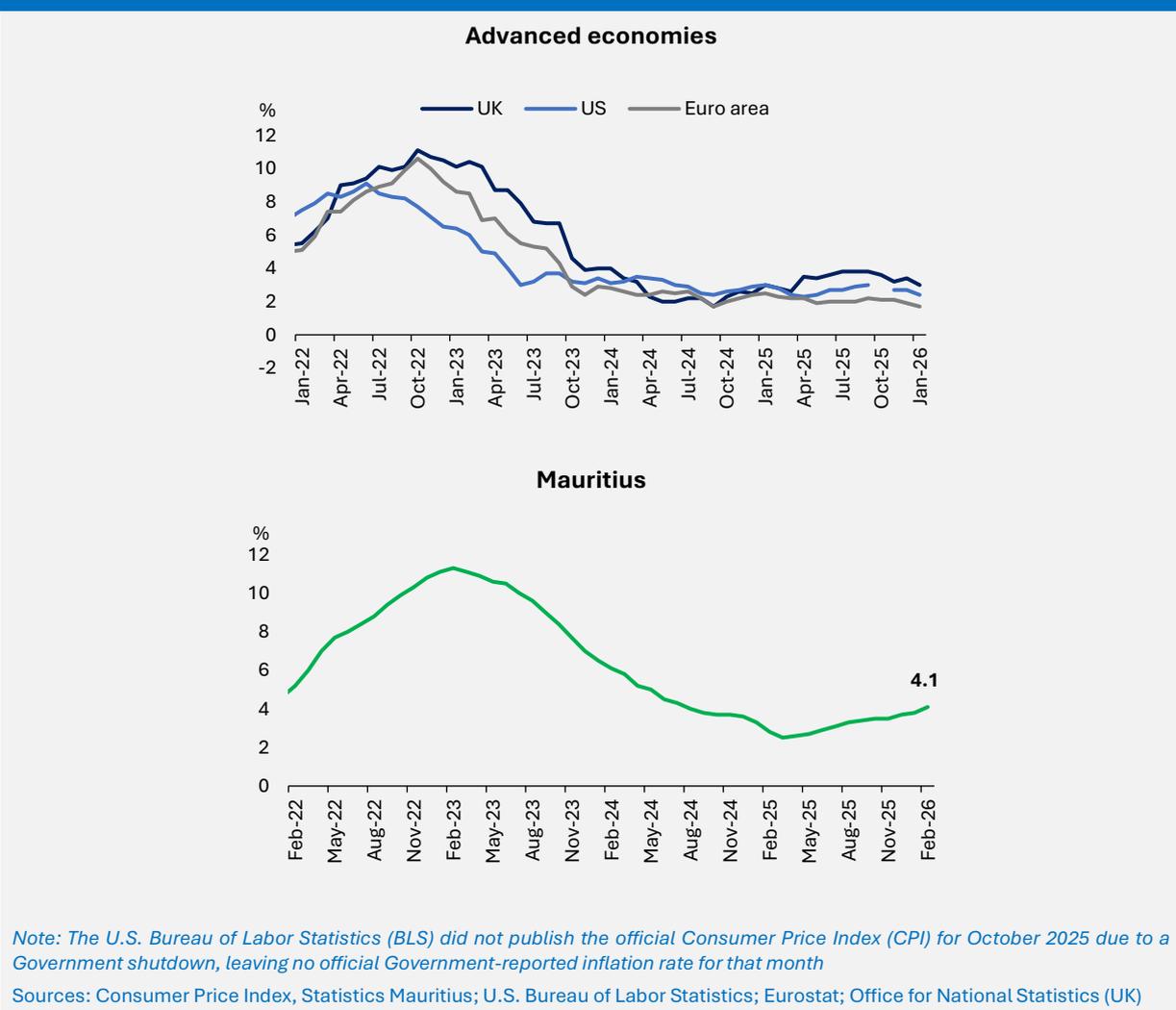
Illustration 4. Selected labour market statistics



Inflation

After declining during the first quarter of 2025, headline inflation embarked onto a sustained upward trend to reach 4.1% in February 2026. As per the Bank of Mauritius, services inflation and domestically-generated inflation remained the main contributors to overall headline and core inflation, whilst imported inflation has been contained by the absence of significant external price shocks and relatively stable exchange rate of the rupee vis-à-vis the US dollar. Moving ahead, headline inflation is, as per our baseline scenario, foreseen to oscillate around 4% by the end of 2026, after factoring in the ramifications of the ongoing geopolitical conflicts in the Middle East, though dependent on their severity and duration. If these conflicts linger and deepen, the prolonged disruptions to oil and gas supplies would, in conjunction with any acute increases in global freight charges, have a noticeable and lasting repercussion on energy prices, with spillover effects on the prices of a broad range of consumer goods and on input costs. The inflation trajectory is also likely to be dependent on currency dynamics and any climate-related disruptions, though the latter situation has been under control so far this year.

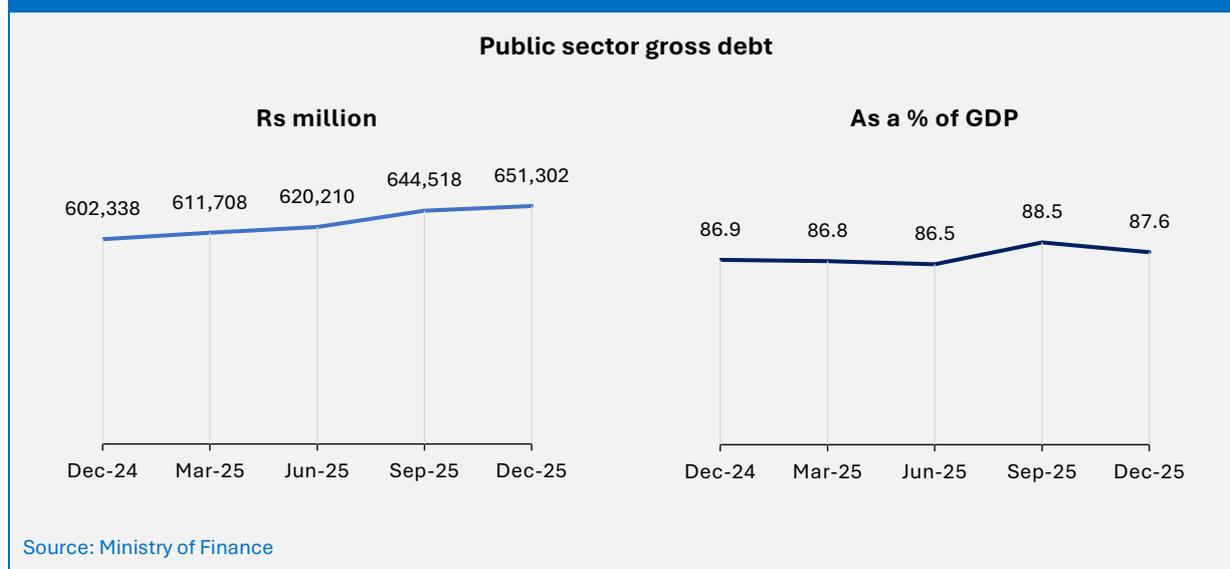
Illustration 5. Evolution of headline inflation



Public finance

Latest official figures show that the public sector gross debt attained 87.6% of GDP at market prices as at December 2025. It can be recalled that the country's budget deficit and debt levels had risen by non-negligible margins over the years. Against this backdrop, the Government has set out to implement a multi-faceted fiscal consolidation agenda with a view to upholding the country's investment grade credit rating and supporting sustained economic growth, alongside meeting social objectives. Yet, while future budget balance and debt metrics need to be meticulously supervised after considering the impact of fiscal adjustment measures on both the revenue and expenditure sides, the authorities face up to a challenging context, especially given the likely adverse repercussions of the wobbly global environment on domestic growth, particularly if the Middle East conflicts exert continued pressures on GDP growth, investment, consumption and, thus, on tax revenue generation eventually. As stressed by Moody's in its Credit Opinion Update on Mauritius, *"We expect the debt burden to plateau at over 80% over FY2026-2027 as a consequence of the government's front-loaded fiscal adjustment efforts, and thereafter we expect the debt burden gradually to fall as primary deficits shrinks. However, the debt burden trajectory faces downside risks if tighter fiscal policy slows growth more than expected or if weaker external demand from key trading partners undermines both growth and revenue targets. At the same time, we continue to see material downside risks to fiscal consolidation stemming from political economy constraints and potential reform fatigue."* That said, it is encouraging to take stock of Government endeavours to meeting its medium-term target of bringing the public sector debt ratio down to 75% by 2030, with priority given to fiscal responsibility and to spending that delivers the greatest development impacts, alongside minimising pressures on public finances.

Illustration 6. Evolution of public sector debt



External front

The country's balance of trade deficit deteriorated to attain Rs 211.3 billion in 2025, which represented 28.4% of GDP. This performance can be assessed in a context of declining total exports. Whereas an improvement in revenue generated by ship's stores and bunkers was witnessed, both domestic exports and re-exports declined during the period. Tellingly, this performance was mainly attributable to decreases with respect to articles of apparel and clothing (-8.2%) – owing to the uncertain environment, tepid foreign market conditions and heightened competitive pressures on the global scale – cane sugar (-13.1%) as well as fish and fish preparations (-9.8%). Total imports rose marginally in 2025, essentially led by broad-based increases at the level of food products, beverages and tobacco, refined petroleum products, machinery and equipment and road vehicles. As per the Bank of Mauritius, the current account deficit is estimated at 6.7% of GDP in 2025 compared to 6.4% in 2024, owing to a wider trade deficit, partly offset by higher services account surplus, while being boosted by record tourism earnings and a noticeable growth in primary income surplus. Moving on, despite an expected gradual recovery in the textile industry, measures identified by the Government to boost exports and possible lower purchases of road vehicles, the country's balance of trade deficit would remain in a challenging zone this year, on the back of the demanding global landscape and notable pressures on the import bill as a result of rising commodity prices, alongside factoring in higher spending to support nationwide growth, investment projects and business development endeavours. The current account deficit would, therefore, continue to warrant attention, though it could benefit from the likely continued favourable performances of the tourism, financial and business sectors despite pressures faced.

Illustration 7. Current account balance

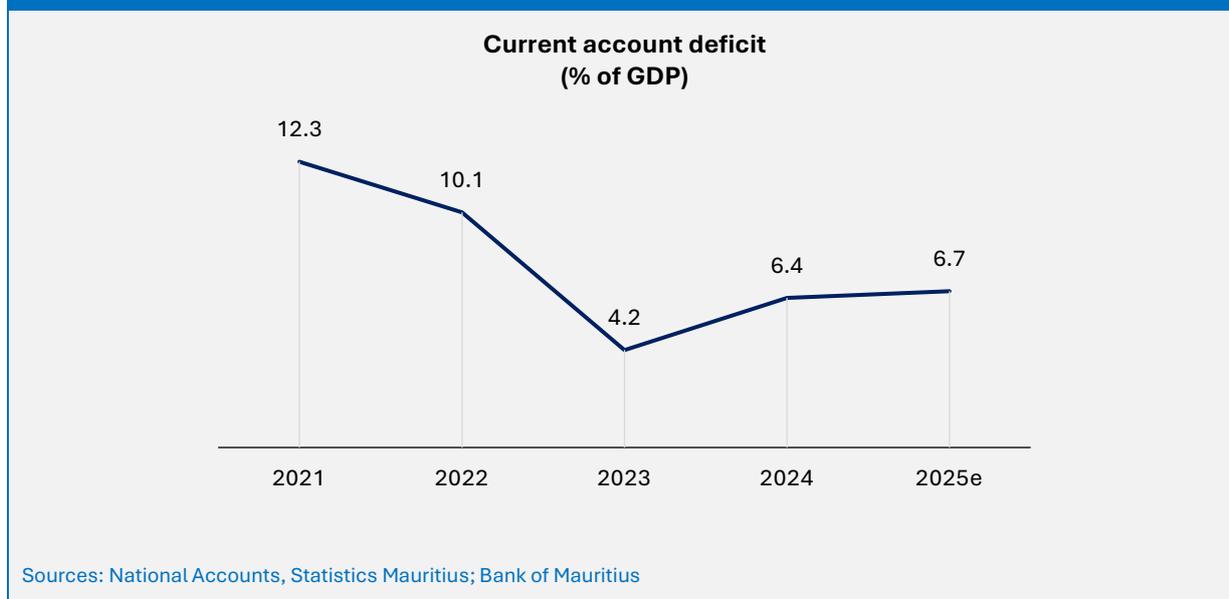
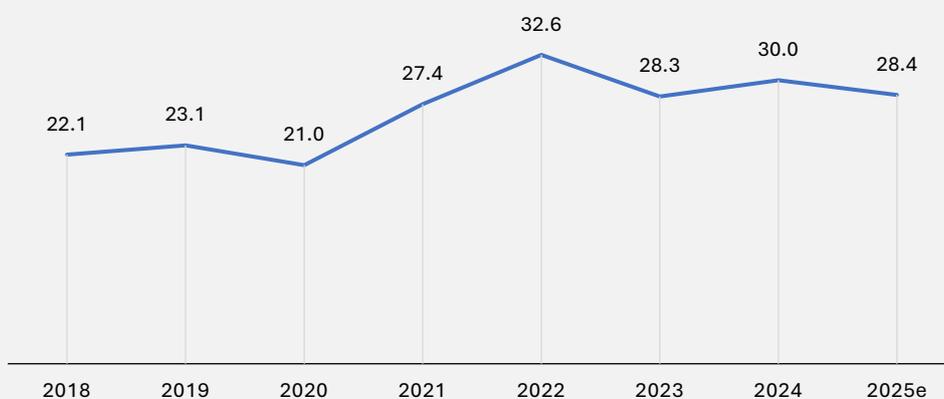


Illustration 8. Balance of visible trade

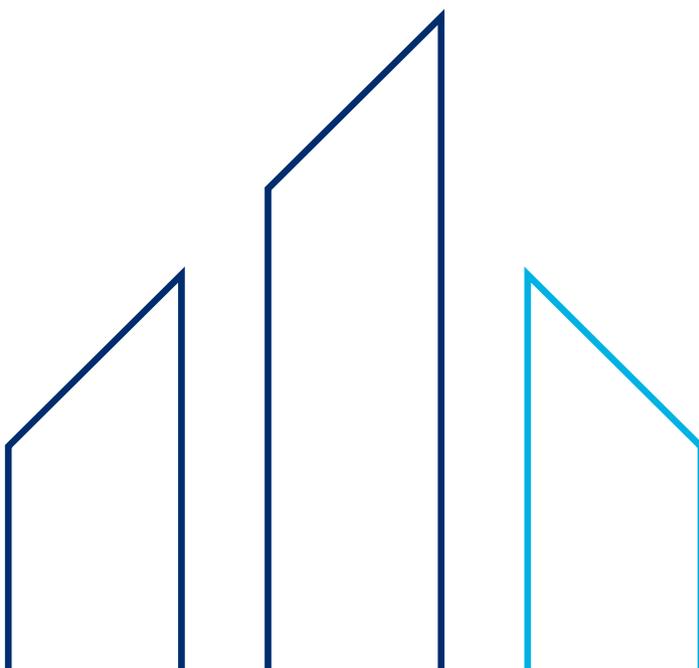
Balance of visible trade deficit (% of GDP)



Balance of visible trade (Rs million)

	2024	2025	% Change
Exports of goods	80,615	75,385	-6.5
Domestic exports	60,172	56,084	-6.8
<i>of which Food and live animals</i>	30,093	28,763	-4.4
<i>of which Fish and fish preparations</i>	12,218	11,976	-2.0
<i>Miscellaneous manufactured articles</i>	18,415	16,636	-9.7
<i>of which Articles of apparel & clothing accessories</i>	12,352	11,230	-9.1
<i>Manufactured goods classified chiefly by material</i>	8,035	7,558	-5.9
<i>of which Textile yarns, fabrics, made up articles</i>	5,987	5,788	-3.3
<i>Crude materials, inedible, except fuels</i>	1,440	1,098	-23.8
<i>Chemicals and related products, n.e.s.</i>	1,338	1,265	-5.5
Re-exports	20,443	19,301	-5.6
Ship's Stores and Bunkers	29,350	32,318	10.1
A. Total exports (f.o.b.)	109,965	107,703	-2.1
B. Total imports (c.i.f.)	317,802	318,962	0.4
<i>of which Machinery & transport equipment</i>	75,173	75,069	-0.1
<i>Mineral fuels, lubricants, & related products</i>	72,388	73,015	0.9
<i>Food and live animals</i>	57,894	61,504	6.2
<i>Manufactured goods classified chiefly by material</i>	39,933	37,201	-6.8
<i>Miscellaneous manufactured articles</i>	29,128	29,482	1.2
Balance of visible trade (A-B)	-207,837	-211,259	1.6

Sources: External Trade and National Accounts, Statistics Mauritius



The image features three vibrant green leaves, each covered in fine water droplets, set against a dark teal background. A complex network of glowing green lines and nodes is overlaid on the scene, creating a digital or technological aesthetic. The text is centered in the upper portion of the image.

Key medium and long-term strategic priorities for Mauritius

About the Government-led Vision 2050

Underlying ambitions

As a significant move, the Government has set forward to determine Vision 2050, which would reflect the collective aspirations of the population while preparing the country to meet global challenges and seize emerging opportunities. Vision 2050 is expected to serve as a medium and long-term roadmap for Mauritius and will be designed to define what the country aims to become in the coming decades. As per the authorities, Vision 2050 will define the goals and development priorities of Mauritius towards an inclusive, resilient and sustainable future. It will provide a coherent and forward-looking policy framework guiding socio-economic transformation for the country, alongside fostering long-term resilience and driving inclusive growth. In this context, a 10-Year Development Plan is earmarked to translate the strategic goals of Vision 2050 into concrete actions, targets and milestones to be implemented, with key performance indicators to be articulated to support monitoring and evaluation.

Main pillars and objectives

Three key pillars of national development have been identified as overarching themes for Vision 2050, namely prosperity, sustainability and inclusion. The specific goals to be achieved include the following:

- To join the league of advanced economies by 2050 by rightly embracing the technologies such as Artificial Intelligence (AI), robotics and digital services
- To uplift the country from an upper-middle-income to a high income country with an inclusive and sustainable agenda
- To transition the economy to a high-wage model, creating resilient jobs in FinTech and medical science, amongst others
- To open new engines of growth such as AI, digital services, blue economy, renewable energy, the creative industry, advanced manufacturing, green and sustainable finance and high value tourism
- To revitalise our traditional sectors, fully operationalise long-standing priorities – from the blue, green and circular economies to fostering innovation – and ensure that opportunities expand for our youth, women and local talent
- To reduce our reliance on food imports
- To redesign education and lifelong learning; to address labour shortages
- To strengthen local talent; to expand opportunities for youth and women
- To strengthen climate resilience and accelerate the shift to renewable energy
- To promote sustainable and circular agriculture
- To ensure the protection of the lagoon and marine ecosystems
- To commit to robust and accessible healthcare
- To reaffirm the shared values of respect, justice, meritocracy and tolerance; to promote active citizenship; to deepen democracy; to modernise public administration

National consultations and strategic dialogue

The intention of the Government is to adopt an inclusive and participatory consultation framework to support the preparation of Vision 2050, alongside aiming to strengthen the country's long-term planning and strategic capacity. The national consultation process for Vision 2050 has kick-started in January 2026, with a meeting bringing together industry operators, economic stakeholders and representatives of the public and private sectors. Consultations will be carried out both thematically and regionally, thus paving the way for the preparation of the national roadmap by around mid-year. The main points highlighted by the authorities are as follows:

- The consultation process will be conducted through three main channels: regional consultations, thematic consultations and online consultations, including contributions from the diaspora, expatriates and the wider public.
- Regional consultations will involve village and municipal councillors, civil society organisations, including youth groups, senior citizens and NGOs, as well as economic operators such as large firms, small and medium enterprises, micro-enterprises, planters, fishermen, hoteliers and entrepreneurs, who will be invited to share their views at district and municipal levels. The thematic consultations will bring together line ministries, industry representatives, academia, NGOs and the civil society to provide expert input on key development priorities.
- A dedicated website has been set up to allow the public to submit their views and proposals.

➤ Vision 2050: Crafting a sound future for Mauritius

The backdrop

Striving for a renewed future

Essentially, the formulation of **Vision 2050 for Mauritius** by the Government would *per se* represent a meaningful step for a greater and stronger nation insofar as it would deliver a frame of reference and clear direction on where the country aspires to be by mid-century. This endeavour is aligned with international practices, as countries seek to strategise for the future. Notably, the vision of **Viksit Bharat** is to transform India into a developed entity characterised by economic prosperity, social advancement, environmental sustainability and effective governance. India aspires to emerge as a leading global power, offering its citizens high standards of living and ensuring equitable growth for all. The initiative is structured around five broad themes that provide a comprehensive approach to achieving the set objectives and which are as follows: Empowered Indians; Thriving and Sustainable Economy; Innovation, Science and Technology; Good Governance and Security; and India in the World. With a sharp focus on self-reliance, innovation and citizen empowerment, Indian Prime Minister Shri Narendra Modi has highlighted India's journey from a nation dependent on others to a globally confident, technologically advanced and economically resilient country. In another respect, **Vision 2050 for**

Rwanda articulates the long-term strategic direction for the country. While the underlying goals are economic growth and prosperity as well as high quality and standards of life, the specific pillars are (i) human development; (ii) competitiveness and integration; (iii) agriculture for wealth creation; (iv) urbanisation and agglomeration; and (v) accountable and capable State institutions. Moreover, **Australia's Progress 2050** is a framework for engagement and is an initiative which is being led by the Committee for Economic Development of Australia (CEDA) with the aim to imagine and help create a prosperous future for all Australians. This programme is being centred around two mutually reliant and reinforcing pillars, which are as follows: (i) A Strong Economy (Productivity, Investment and Innovation; Knowledge Skills and Workforce; Energy Transition and Climate Adaptation); and (ii) A Strong Social Compact (Wellbeing Security and Participation; Disadvantage and Opportunity; Inclusion and Equity).

Successful implementation for sustained and decisive national benefits

After the medium and long-term vision for Mauritius is formulated, its timely and judicious implementation within a clear agenda could remain a test for the authorities. In fact, the success of the economic and societal transformation agenda for the country will depend on several prerequisites, including (i) deciding on whether to focus on prioritised and high-impact reforms at the outset, while not spreading out efforts and resources across too many purposes; (ii) the proper sequencing of earmarked initiatives along with ensuring proper resource allocation, mindful of budgetary limitations and available fiscal space; (iii) the well-engineered conceptualisation and packaging of reform measures; (iv) the robustness and agility of project execution at the public sector level; (v) the ability to combat any instances of reform fatigue; (vi) the rigorous tracking and monitoring of identified objectives and targets; (vii) consistency and transparency in the official decision-making model; (viii) the mobilisation of relevant stakeholders across the economic, social, environmental and governance domains, including public sector bodies, the business community, development partners, NGOs, academia and research agencies, the civil society, the youth; and (ix) making allowance for global and regional development agendas, including the UN Sustainable Development Goals and the treaties ratified by the country.

Over time, as reform measures are gradually put in place, they should enable public and private sector stakeholders to (i) address the deep-rooted structural challenges confronting the country; (ii) strengthen the economy's fundamentals and resilience; and (iii) elevate medium-term GDP growth prospects. This would generate favourable and sustained conditions for sound and indiscriminate socio-economic advancement. In a nutshell, this *in fine* implies achieving the following aspirations for the country:

National aspirations for purposeful change

- ✓ Sustained improvements in the population's living standards
- ✓ Sound and relatively resilient macroeconomic fundamentals
- ✓ High and balanced GDP growth, leading to value-adding jobs
- ✓ Diversified economic space and value chain mobility for sectors
- ✓ Meaningful emphasis on private investment, technology and innovation
- ✓ Solid employment generation across age groups, sectors and gender
- ✓ Top-notch public and social services, amenities and infrastructures

➤ Prerequisites for envisioning and crafting the reform agenda for long-term advancement

Background

In the context of ongoing national debates for crafting a plan underpinning the country's medium and long-term advancement, this **SBM Insights edition** outlines a series of non-exhaustive reforms and policy measures that are, in principle, being suggested as humble contribution to relevant discussions. These measures have been put forward given their ability to contest the status quo and pave the way for a revitalised era of prosperity for Mauritius, supported by decisive actions for meaningful economic and social transformation. The challenge would then be to mobilise citizens, businesses and institutions in a spirit of national unity towards realising overarching goals, on the basis of satisfactory fiscal space.

Importantly, the economic reform and policy measures that have been enunciated across the following pages of this **SBM Insights edition** should be read in conjunction with the following points:

- ✓ Already, several economic restructuring strategies and sustainable development policies and reforms have been identified by the Government, with some being currently executed. They notably pertain to private investment stimulation, spending in productive infrastructures, exports diversification, sectorial development, energy transition projects, National Blue Economy Strategy, smart agricultural practices, port and maritime capacity development, National Fintech Strategy, promotion of AI, digital services and technological advancements, food security, circular economy roadmap, achieving climate resilience, external trade development, etc. Importantly, the Honourable Prime Minister recently mentioned about the planned setting up of a Special Economic Zone at Côte d'Or, to attract investment and promote the digital economy. He emphasised that, in line with the Digital Transformation Blueprint 2025-2029, Mauritius will accelerate its transition towards a high-income, innovation-driven and digitally-enabled economy and is looking forward to entering into strategic partnerships with high-end companies in the field of AI, Data Centres, Cloud Infrastructure and Fintech.
- ✓ The economic policies mentioned in this report are, in various instances, of a high-level nature and would need to be further fleshed out in terms of their scope, depth and intended outcomes. Also, once endorsed, the identified economic reforms need to be properly appraised in terms of their priority levels, with decisions to be eventually reached on the span and speed of their implementation, after bearing in mind available fiscal space and resource readiness. Moreover, the putting in motion of economic measures should make allowance for nationwide and sectorial realities, alongside bearing in mind evolving global challenges and imperatives.
- ✓ After the series of economic policies and reforms are articulated and endorsed, their implementation should be accompanied by the disciplined tracking and monitoring of progress realised over time, accompanied by the establishment of specific objectives and targets.

Making allowance for the underlying challenges faced by Mauritius

Before articulating reform measures, it is essential to identify and appraise the long-standing structural constraints facing the economy, to guide strategic thinking and provide an informed basis for change.

Key challenges confronting Mauritius	Main developments and explanations
Endogenous challenges	
Economic space	While the economy has, over the years, made headway in expanding its sectorial base, its ability to strengthen its resilience and achieve high GDP growth will, in several respects, hinge on the emergence and maturity development of new sectors and industries. Another challenge pertains to the country's narrow export base, which exacerbates exposure to trade and market dynamics internationally. Overall, reliance on a relatively limited range of goods, services and export markets can eventually leave Mauritius quite vulnerable to price volatility and global shocks.
Debt sustainability	The Government is implementing a fiscal consolidation agenda with a view to bringing the budget deficit, the borrowing requirement and the public sector debt to more sustainable levels in the years ahead, which would help to rebuild fiscal space and uphold the country's investment grade credit rating. This approach is explained by current challenging fiscal metrics. Public sector gross debt remained elevated over time, while accounting for 87.6% of GDP as at December 2025. Lately, Moody's underscored the country's high debt burden compared with its Baa-rated peers, which limits the Government's shock absorption capacity.
Resource productivity	As per official statistics, the country's multifactor productivity – which shows the rate of change in productive efficiency levels and reflects qualitative factors such as better management and improved quality of inputs through training and technology – registered a relatively low annual average growth rate of 0.8% over the 2014-2024 period, on the back of the flat evolution of capital productivity. Overall, subdued productivity levels tend <i>ceteris paribus</i> to stifle the country's competitiveness on international markets, after considering the consistent and non-negligible rise of the economy's unit labour cost during the decade under review.
Labour force participation	Latest official figures show that the nationwide labour activity rate – which is the ratio of the labour force to the population aged 16 years and above – stood at a relatively low 59.4% in the third quarter of 2025. This points out to a notable pool of untapped human resources and the relative deficiency of labour supply to boost aggregate demand and long-term GDP growth. Strikingly also, the women labour activity rate (49.8%) has remained significantly lower than for men (69.9%), which is reflective of the high gender gap prevalent in labour force participation. This situation can be viewed in a context of labour shortages that are being persistently witnessed in specific sectors such as tourism and construction.
External position	The country's balance of trade deficit has continuously deteriorated over time on the back of various local and international influences. As per official statistics, the trade deficit is estimated at Rs 211.3 billion in 2025, thus representing 28.4% of GDP at market prices, as compared to 18% a decade ago. This situation, which prevails amidst intrinsically high

	dependence on imports and slowing exports, can be viewed with some concern as it tends to (i) exert downward pressures on the rupee; and (ii) lead to leakages from the economic system, thus yielding a dampening impact on GDP, the growth pattern and the job creation impetus.
Public infrastructure	Over time, notwithstanding modernisation efforts deployed at different levels, the continuous growth of economic and business activities has, in several respects, weighed on the effectiveness and dependability of public infrastructures in terms of the road network, electricity and water supply, and the seaport. Infrastructural bottlenecks are, in some respects, impacting the country's productivity and competitiveness.
Ageing population and demographic shifts	The ageing of the population has come up as a significant structural challenge for Mauritius given the potential repercussions on public finances, socio-economic policies, social facilities, labour supply and economic growth. The share of old population is expected to rise from 14% in 2024 to 25% in 2064. As for the dependency ratio, it is forecasted to increase from 431.7 in 2024 to 634.2 in 2064. Overall, Mauritius needs to pay attention to the demographic bifurcation process, which refers to changes in the size, structure and growth of the population, with effects on social and economic paradigms. The ageing population phenomenon – along with changing dependency ratios and fertility rates – underscores the urgency of boosting the financial sustainability of the pension system.
Exogenous challenges	
Climate change and resource availability	Mauritius remains highly vulnerable to the ongoing climate change phenomenon. Climate change exacerbates the intensity and frequency of weather and weather-related events (e.g. floods, droughts, coastal erosion, rise in sea level, resource scarcity, environment degradation), with impacts on key economic sectors (e.g. tourism, agriculture, financial services industry), the infrastructure set-up, consumer prices, economic growth and the biodiversity landscape. This calls for strengthened efforts that will shore up the country's inherent resilience and its adaptation to extreme weather events and environmental challenges.
Technological progress and Artificial Intelligence	On the international scale, advanced technologies, new innovations and generative AI are engendering unprecedented opportunities for business development and economic growth, with momentous avenues in terms of sectorial value added and long-term productivity enhancements. In its reports, the OECD has explored the economics of AI, focusing on its potential as a new General-Purpose Technology that can significantly influence economic productivity and societal wellbeing.
Global and geostrategic landscape	As per the World Economic Forum (WEF) in its Global Risks Report 2026, the multilateral system is under pressure, with the increasing prominence of geostrategic shifts. The latter encompass global and regional alliances and relations, the offensive and defensive projection of different sources of power (including economic), and national attitudes relating to key actors, governance mechanisms and strategic goals. The WEF highlighted that declining trust and diminishing transparency and respect for the rule of law, along with heightened protectionism, are threatening longstanding international relations, trade and investment and increasing the propensity for conflict. According to the WEF, geoeconomic confrontation is on course to deepen, with Governments likely to draw on a widening array of economic tools, often in service of national security goals.

Key strategic pillars that can guide the Mauritian reform agenda

Bearing in mind the multifaceted challenges faced by the country, the following sections call upon the pursuance of four transformational pillars by Mauritius, namely (i) High Income Economy; (ii) Tech-led Country; (iii) Sustainable Nation; and (iv) Inclusive Society. Spread across these pillars, a high-level list of economic measures that Mauritius can consider in view of achieving its medium and long-term socio-economic aspirations has been proposed across the following pages, while being guided by (i) country-level realities; (ii) international empirical evidence and postures advocated by organisations such as the IMF, the World Bank, the UN and the OECD; and (iii) the strategic plans and visions adopted by other countries worldwide, albeit customised for local realities and specificities. Amongst the various country experiences and reform agendas assessed, Operation Vulindlela is a joint initiative of the Presidency and National Treasury in South Africa to accelerate the implementation of structural reforms and support economic recovery. It aims to modernise and transform network industries, including electricity, water, transport and digital communications, underpinned by rigorous analysis and progress tracking.

Of note, the policy proposals elicited across the following pages are not meant to be exhaustive and specific at all times, but to serve as broad-based guidance on suggested policy priorities for the country.

Overarching goals for Mauritius as part of a Whole-of-Nation movement

High Income Economy

Propel higher trajectories for GDP growth and income per capita, spurred by economic resilience

Tech-led Country

Embed innovation and digitalisation as the nucleus of the country's value and wealth creation journey

Sustainable Nation

Strike a proper balance between economic growth, social equity and environment protection

Inclusive Society

Promote equality of access and opportunity, while ensuring diversity, respect and sense of belonging

➤ Graduate to a high income economy

Achieving high income status as per the World Bank methodology

In support of GDP growth, job creation and higher living standards, Mauritius is called upon to graduate to high income status over time on the back of a productive and competitive economy. Achieving high income status will depend on continued execution of well-engineered structural reforms, especially those that are aimed at buttressing private investment and driving economic diversification.

A country's GDP at market prices can be computed in USD terms for international growth comparability purposes and to undertake a suitable appraisal of the extent to which the population's living standards are evolving over time. While catering for exchange rate dynamics, there has been a decline in both real GDP and per capita GDP in recent years, when compared to pre-pandemic statistics (e.g. overall contraction of 19.7% in USD-denominated GDP). The World Bank categorises countries in income groups on the basis of their Gross National Income (i.e. GDP + net primary income from abroad) per capita (in USD), with Mauritius presently featuring in the upper middle-income group. As per official figures, the GNI per capita of Mauritius evolved from USD 10,062 in 2020 to USD 13,290 in 2024. The metric has been revised to USD 12,970 by the World Bank when using its Atlas methodology, whereas the threshold set by the World Bank to achieve high income status is currently set at USD 13,935 (it should yet be noted that the latter figure is subject to change by the World Bank every year).

Broaden and diversify the country's economic space

- Preserve and further strengthen the competitiveness and value-creating capabilities of the different segments of the country's established economic sectors – e.g. tourism, ICT, export oriented manufacturing, financial and business services, agriculture – while fostering the reinvention of their business models and main growth anchors where need be, in line with market trends and realities; support the development of the tourism industry as a major engine of growth in Mauritius, while tackling the numerous challenges being faced, including (1) dealing with staff shortages to keep pace with market demand and quality requirements; (2) adapting to evolving client needs, which are, to an increasing extent, been geared towards favouring sustainable destinations; (3) further diversifying and enriching the value proposition of hotels and other operators; (4) confronting the repercussions of climate change; and (5) smartly capitalising on the national air access strategy
- Propel the Mauritius IFC into a more advanced growth trajectory, with committed fiscal and non-fiscal incentives to spur private investment, while actively positioning Mauritius as a jurisdiction of substance and a gateway for investing into Africa on the basis of an attractive and diversified value

proposition, heterogeneity of markets, a strong network of tax treaties and investment promotion and protection agreements, a stimulating regulatory environment, compliance with international norms and standards, human resource capacity building, clear/coherent strategic communication campaigns to improve brand image and visibility; reinforce the AML/CFT risk-based supervision of cross-border activities and capital flows, while having proper oversight on financial players' exposures to non-residents and global business companies domiciled in Mauritius and managing any spillover impacts across different economic layers, thus contributing to mitigate any macro-financial risks and promote the transparency of business activities amidst a fast-changing global environment – this will deliver strong impetus to preserve the White Listing of Mauritius, as assigned by the FATF, the EU and the OECD

- Spearhead the maturity development and sustained growth of emerging economic sectors, including the green economy and renewable energy, blue biotechnology, digital services, innovative agriculture, education hub, medical hub, transshipment hub, silver economy, etc., with ambitious incentives to spur private and foreign investments; pursue vertical integration and promote the development of higher value-added industries; develop the MICE (Meetings, Incentives, Conferences and Exhibitions) industry, to firmly boost the credentials of Mauritius as a business centre and an Asia-Africa gateway alongside accompanying the hospitality and accommodation industry and spurring the inflow of foreign currency; support the economic space widening by means of a competitive business climate, a favourable ease of doing business environment and an upgrade of the institutional framework, which are conducive to attracting investment; fast-track FDI in productive and innovative sectors carrying promising long-term and inclusive growth potential
- Further boost national openness to trade as response to limited domestic market size, insofar as this would allow access to broadened business/export development opportunities, alongside enabling the achievement of economies of scale as well as knowledge and technology transfers
- Pursue export market diversification as an essential growth strategy and introduce new products and services in the Mauritian value proposition to be delivered to an increasing range of trading partners on the regional and international scales, while increasingly tapping into the opportunities made possible by the African continent across regions, after tackling structural challenges faced – as per the IMF, most small states face numerous inherent constraints in seeking to diversify their exports, including scarce resources, inadequate economic infrastructure, acute skills shortage and high transportation costs due to geographical isolation from main trading partners; as per the UN Trade and Development, technological advancements and emerging high-growth sectors, like digitally delivered services, renewable energies and environmentally friendly products, also offer diversification opportunities. The services sector, especially knowledge-intensive ones, like telecommunications and financial services, can help drive economic transformation by providing essential productive inputs, supporting critical physical and digital infrastructure and fostering innovation. Harnessing these opportunities requires significant investment, new skills and better access to technology, along with gender-inclusive approaches to ensure women's full participation

- Strengthen the country's connectivity to key markets served/targeted by deepening diplomatic and trading partnerships, upgrading transport and logistics infrastructures, further modernising the port with improved cargo handling and customer facilities and reinforcement of shipping and air freight capacity, investing in digital connectivity avenues, strengthening export capacity on local soil, etc.

UNCTAD: Economic diversification for sustainable development and lasting progress

The UNCTAD encourages developing countries to integrate diversification into their growth strategies for long-term resilience, while giving close attention to social and environmental factors. Key recommendations include:

- **Enhance global support for commodity-dependent developing countries:** This includes easing market access, increasing the availability of technology and capital goods and making credit more affordable.
- **Improve government coordination:** Enhance coordination across different government areas, as diversification involves policies across trade, industrialisation, export and investment promotion, infrastructure development, education, finance and energy.
- **Reduce barriers to trade:** Lowering trade costs can boost export diversification by providing access to new markets, reducing input costs, supporting technology transfer and technological upgrading, and increasing investments. It is also important to address costs related to non-tariff measures through, for example, trade facilitation initiatives and regional integration agreements.
- **Target appropriate sectors:** Identify and target appropriate sectors and products based on each country's productive structure and global demand changes.
- **Build, maintain and utilise productive capacities:** They are essential for transforming economies towards production practices that have higher added value and are more knowledge-intensive and technology-driven.
- **Move up value chains:** Developing countries should advance in global value chains, especially in critical energy transition minerals like cobalt, lithium and copper. This not only enhances economic diversification but also strengthens supply chain resilience while contributing to climate change mitigation.
- **Promote green industrial policies:** These are essential for transitioning to more energy-efficient and low-carbon economies while also developing productive and technological capabilities, creating high-quality jobs, promoting social cohesion, ensuring a just transition and achieving gender equality.
- **Ensure sustainable and fair trade of critical minerals:** Establish principles for fair and sustainable production and trade of critical minerals to ensure the energy transition does not undermine diversification efforts in mineral-rich countries.
- **Bolster creative value chains:** Craft and implement policies that support the entire creative value chain, from content creation to distribution, domestically and abroad.
- **Integrate climate adaptation:** This includes building infrastructure that withstands extreme weather, investing in sustainable agriculture and other biodiversity-based sectors, and developing renewable energy sources.
- **Enhance access to finance:** Improve access to capital coupled with financial literacy programmes to empower small businesses and entrepreneurs, key to diversification efforts.
- **Invest in digital infrastructure** and ensure widespread access to digital technologies.
- **Strengthen social measures:** This is key to supporting vulnerable groups and communities affected by diversification. Strategies should improve access to education, healthcare and skills-building programs.
- **Incorporate a gender perspective:** It is important to understand the different ways economic diversification impacts men and women and recognise the positive contribution of women's increased participation in the economy.

- Deepen regional integration strategies and initiatives as an important means to spur exports and economic growth over time, backed by committed efforts aimed at optimising tariff and non-tariff barriers, boosting participation in regional value chains, reinforcing institutional capabilities, investing in digital connectivity, adopting the necessary policy and regulatory environments, reinforcing cross-border infrastructures and resource mobility, and harmonising/streamlining trade standards and processes; smartly capitalise on international trade avenues that are associated with the country's adherence to regional trade blocs such as the SADC and COMESA as well as its involvement in the African Continental Free Trade Area, the Mauritius-China Free Trade Agreement, and the Comprehensive Economic Cooperation and Partnership Agreement with India
- Position active and thoughtful economic diplomacy as a judicious lever for economic growth, with the well-planned support of Embassies and Consulates; this concept can help to forge attractive bilateral and multilateral agreements that are in the best interest of Mauritius

Buttress SMEs as a decisive contributor to nationwide value generation

- Position SMEs as an essential vector of nationwide value creation, with local entrepreneurs having a major role across economic sectors and being closely involved in national development projects in line with their expertise; as per the OECD, empowering SMEs and entrepreneurs is crucial to sustainable and inclusive growth. They fuel innovation and competition, sustain competitiveness in global markets and value chains, provide a main source of employment, champion inclusion and represent the lifeblood of local economies and communities. SMEs and entrepreneurs are key drivers of green and digital transitions, owing to their large weight in the economy, their role in developing and propagating innovation as well as their collective environmental footprint
- Boost local production and entrepreneurship, by providing tailor-made fiscal and non-fiscal incentives to producers, facilitating investment and adopting import-substitution policies (alongside ensuring the quality of local produce) in a calculated manner; gear up the competitiveness of the local manufacturing sector and endorse a robust industrial policy, with focus on the following: institutional support, a conducive regulatory environment, skill and capacity development, access to finance, investment in R&D, ecosystem and networking management, digital transformation, market access and integration, technology and knowledge transfer, supply chain management, etc.
- Improve SME access to finance while finding innovative solutions (e.g. green finance, leasing, factoring, crowdfunding) so as to unlock sources of capital in view of growth and transformation objectives; as per the OECD, SMEs require access to appropriate sources of financing across all stages of their life cycle – for their creation, development and growth. Swings and shocks in credit markets impact SME access to bank finance. Furthermore, long-standing challenges, such as information asymmetries, high transaction costs and insufficient financial skills and knowledge among small business owners, persist. In addition, the potential of financing instruments other than

straight debt often remains underdeveloped. Micro-enterprises, innovative ventures, start-ups and SMEs run by underrepresented groups tend to face particular difficulties in accessing finance

Reinforce the country's resource productivity and market competitiveness levels, while boosting the investment climate and business environment

- Instill competitive environments across markets by means of legal and regulatory enhancements, to trigger higher productivity, boost business confidence and promote private investments; achieve higher productivity and competitiveness levels by propelling a strong and trusted institutional framework, anchored on principles of transparency, accountability, good governance and integrity – while being led by specialist resources, key public sector bodies can benefit from reforms and restructuring exercises which would go some way in revisiting their strategic intents and operational efficiency levels, notably institutions mandated to promote the Mauritian destination and jurisdiction, bolster the country's competitiveness and instill a stimulating investment climate
- Accelerate and widen infrastructure investments to buttress the quality and accessibility of services in relation to electricity (consistency of supply, sustainable energy mix, robust infrastructure) and water supply (water capture, retention, treatment and delivery), digital connectivity (enhancing the cost, speed and convenience of Internet connectivity and digital communication; re-imagining services delivered to the public) and the seaport (port governance, logistics, services to shippers and shipping lines, container terminals, stimulation of private investment and competition, improving operational indicators such as average turnaround time, average pre-berthing waiting time and average percentage of idle time at berth); harness fruitful linkages with foreign strategic partners and Development Finance Institutions with a view to facilitating/enabling investment endeavours
- Maintain a clear and coherent medium-term fiscal consolidation programme towards securing fiscal sustainability and replenishing fiscal buffers in favour of investor confidence and economic growth, alongside preserving important social spending to support the vulnerable sections of society; adopt growth-inducing and competitiveness-supporting personal and corporate income tax regimes that are low, simple and predictable; ensure that the country's tax rates and policies are aligned with international standards, alongside striving to attract foreign labour and capital

Establish the core foundations for sound and sustained economic resilience

- Buttress the country's ability to prevent, withstand and quickly recover from major disruptions and shocks to its economic base; as per the U.S. Economic Development Association, establishing economic resilience requires the ability to anticipate risk, evaluate how that risk can impact key economic assets and build a responsive capacity. All communities, whether those in locations likely to experience significant natural disasters or those dealing with immediate or pending economic

shifts, must be able to recognise their vulnerabilities. They should develop goals, strategies, and actions that can mitigate the effects of an economic incident and support long-term recovery efforts

- Foster proactive investment in economic resilience; as per the Productivity Commission mandated to identify policies/interventions to enhance the resilience of New Zealand's economy, economic resilience is the capacity of industries and associated communities to anticipate, prepare, absorb, recover and learn from supply chain disruptions. Investments in anticipation, preparation and learning can happen by means of the following: strengthening relationships and networks focused on resilience and innovation, building institutions and policy settings to support more effective information sharing, implementing more effective supply-chain management, promoting focused innovation, establishing effective bottom-up decision-making in times of disruption, complementing trade data analysis with industry expert insights to identify vulnerable goods, services, and markets, strengthening networks between industry and Government to align investment intentions, leading a focused innovation policy to support firms to export high-value products at scale, and enabling businesses to diversify export markets and increase resilience towards trade shocks
- Promote the country's food security in terms of availability, access, utilisation and stability, while reducing dependence on imports as far as possible; increase food security levels by boosting entrepreneurship and the activities of local producers by means of incentives, spearheading sustainable agricultural and farming practices (notably to ensure alignment with climate change and achieve sound soil health management), laying due focus on efficient water management, investing in R&D to promote output diversification and innovative production and sales techniques, expanding the options for producers to finance and train while empowering them in terms of strategic planning and decision-making, reinforcing the supply chain and bolstering the quality/adequacy of infrastructures (e.g. storage facilities and transportation), while reducing waste

Shore up the quality and supply of labour in the economy

- Work towards a transformed, versatile and growth-friendly nationwide labour force which is harnessed in adequation with the country's growth and sectorial development ambitions and trajectories, with focus on skills sets, productivity, employability, engagement and empowerment; boost the recourse to foreign labour (for both mundane and highly complex job positions), while acting in a cautious way and ensuring that this is not undertaken to the detriment of the locals; support economic growth by ensuring the filling of innovative jobs in high-value-added and high-growth-potential industries engaged in the delivery of specialised products and services, backed by measures to promote adaptable and market-driven school curricula and training courses
- Boost female labour force participation rates, by investing in training/education, tackling skills mismatches, reducing information asymmetries in the market, increasing the availability of affordable childcare and eldercare facilities, promoting the adoption of flexible working

arrangements, and enforcing employment and equality of opportunity laws and regulations; tackle youth unemployment by dissecting their requirements, fostering entrepreneurship, incentivising businesses to come forward with customised job openings, creating entry-level employment avenues and implementing school-to-work apprenticeships, and stimulating the creation of enterprise incubation programmes

- Shore up the skills sets of the employment base, supported by reinforced access to higher education and dedicated training programmes; strengthen multi-pronged training and capacity building programmes at the national level for continuous labour upskilling and reskilling, alongside boosting efforts in favour of creativity and innovation; reduce skills mismatches in the labour market and tackle labour market inefficiencies; forge strategic public-private sector partnerships to bridge the gap between supply and demand of labour, alongside propelling customised off- and on-the-job learning for high labour productivity; ensure that appropriate labour market and wage-related laws and regulations are enacted to boost private sector competitiveness and demand for labour

Uplift the quality and percussion of nationwide policy formulation and execution

- Strengthen the policy and reform execution capabilities of the Central Government and public sector bodies; foster empowered and accountable public institutions and agencies, which can adapt to the operating environment and are guided by good governance principles; continuously boost institutional quality at the public sector level as it plays a crucial role in igniting growth, with focus on: (1) revamping the strategic mandates, key focus areas and operational imperatives of parastatal bodies, with strong performance monitoring; (2) instilling consistency in decision-making mechanisms; (3) embedding a transparent and results-oriented performance monitoring framework (with clearly-set objectives, targets and KPIs to oversee the delivery of results/outcomes); (4) capitalising on technological advancements, e-Government tools and platforms and Artificial Intelligence; (5) reducing bureaucracy and red-tape along with accelerating the speed of service to the private sector; and (6) upholding the confidence of investors in the public sector's ability to deliver as per expectations; as per the World Bank, critical measures to strengthen accountability and build the administrative capacity of the Government to deliver critical reforms and investments include: (1) strengthening institutions for effective national policy coordination; (2) improving processes for public sector appointment, performance management and tenure to enhance incentives for delivery; (3) enhancing digitalisation and e-Government to improve efficiency and reduce opportunities for corruption; (4) increasing e-Government transparency through improved availability of information and establishment of performance targets for key Government entities; and (5) implementation of a clear vision for effective devolution to reinforce local-level accountability
- Anchor national policy-making on accurate and reliable official statistics (in terms of data coverage, periodicity, timeliness and accessibility) that align with internationally advocated practices across all domains; strengthen the legal framework and leverage the technical assistance of international

bodies such as the IMF to support the effective production and dissemination of official statistics, while preserving the independence, transparency, confidentiality and integrity of the overall process; modernise existing structures, mechanisms, IT platforms and inter-agency collaboration with a view to underpinning the robust compilation, classification and treatment of data by public sector bodies, supported by adequate training to staff and solid capacity building at all levels

- Undertake the well-planned reform of the country's fiscal management framework in view of reducing debt levels and boosting the country's growth path, with dedicated initiatives aimed at strengthening revenue mobilisation and streamlining recurrent expenditures along with protecting the vulnerable people of society; prioritise public expenditures, promote proper cost management and enhance spending efficiency, while allowing automatic stabilisers to function properly; ensure proper technical conceptualisation, financial structuring and prioritisation of public sector capital investments, aided by the recourse to Public-Private Partnerships; reinforce multi-year fiscal planning and macroeconomic forecasting to allow for realistic evaluations of the effects of fiscal measures on socio-economic growth; strengthen fiscal reporting structures, alongside boosting the efficiency of public expenditures, helped by a review of the strategic mandates, financial positions and growth initiatives of public sector bodies for more efficiency in strategic and financial planning
- Uphold financial stability on the basis of a further enhancement of regulatory rules and practices, alongside exercising a close monitoring of industry trends, performances and emerging risks; reinforce the monetary policy framework and boost the efficiency of markets, while enabling sound banking sector activities and preserving ample liquidity reserves; ensure that the monetary policy set-up is calibrated in such a way that embeds solid macroprudential, crisis management and resolution and supervisory frameworks that underpin financial resilience, alongside anchoring inflation expectations and shielding the economy from the effects of any external shocks
- Secure political ownership and commitment to enhance the credibility of reforms, backed by a robust governance set-up and smart communication strategies; adopt clear, transparent and impactful strategic communication in order to boost stakeholder trust and buy-in, notably for the most challenging reforms, and build-up a healthy consensus amongst the population; as per the IMF, effective communication, civic engagement and earning the public's trust are the keys to advancing pro-growth reforms. To build trust and public support, policymakers need to improve communication, engage the public when designing reforms and recognise that some people may need support if reforms hurt them. Policymakers must convincingly explain the need for changes, the expected effects and how they might be achieved. Providing clear and nonpartisan information that corrects misperceptions significantly increases public support. Allowing people to help shape policies and voice out concerns fosters a sense of community ownership over reforms

➤ Strive for a Tech-led Country

Technology featuring high up on the agenda for economic and societal transformation

Shaping a tech-led nation implies driving meaningful economic and production paradigm shifts, underpinned by advanced technologies, digital transformation, appealing innovations and high productivity levels. A tech-led nation relies on revitalised mindsets, a renewed culture and positive behaviours geared towards making things happen, while fuelling meaningful change for everyone.

The IMF has highlighted that technology investment helps the global economy to remain resilient despite geopolitical tensions, while adding that digital technology acts as a 'general-purpose technology'. As per UN Trade and Development, Artificial Intelligence (AI) can fast-track the UN Sustainable Development Goals (SDGs), while powering smart agriculture and energy grids, optimising production and supply chains, improving water and city planning – and more. According to Joseph Schumpeter, innovation is a key factor contributing to long-term economic development, alongside boosting productivity and shifting market dynamics, supported by new products, new methods of production, opening new markets, new sources of supply and new organisational structures.

Implement full-fledged, ambitious and fitting national strategies for digital transformation and Frontier technology adoption

- Execute long-term digital transformation strategies for Mauritius along with achieving structural transformations (i.e. the process of moving resources from low productivity to higher productivity and skill-intensive sectors, supported by the production and exports of technology-intensive, high-value and sophisticated goods), with focus on digital infrastructures and skills, digital Government administration and public services, transformation of industries and economic sectors, and innovation, while boosting the adoption of Frontier technologies (i.e. those advanced and emerging technologies that have strong transformative potential and offer new opportunities for economic development and sustainability); anchor national strategies on judicious public-private partnerships that help to mobilise capital and resources for technological adoption and diffusion; support national policies by means of hard and soft infrastructures, such as electricity, reliable and high-speed Internet connectivity and digital skills, as prerequisites for application of technologies; ensure that national digital transformation trajectories are based on sound grounds – as per the World Bank, fulfilling the promise of digital requires balancing risks and opportunities. As the world goes digital, safeguards are crucial to promote trust. Data protection, cybersecurity laws, and solid institutions must be in place to develop and enable strong interconnected digital systems that can verify identities, quickly and safely transfer payments, and responsibly exchange data

The World Bank: Closing the global digital divide and making sure countries can take full advantage of the ongoing digital revolution

The World Bank has identified the key **elements** which, combined, form the basis for strong, inclusive and responsible digital transformation for economies, Governments and societies. These include:

Broadband Connectivity, Access, and Use: Promoting universal access to inclusive, affordable, safe, and resilient broadband connectivity and usage through effective telecommunications policy and regulation, stimulating broadband infrastructure investment, and boosting digital literacy and access to internet-connected devices.

Digital Data Infrastructure: Maximising the social and economic value of data by encouraging investment in data infrastructure and services, strengthening data governance, and development of integrated data management infrastructure, platforms, and analytical capabilities.

Digital Safeguards: Building and strengthening trust in usage of digital platforms and services among people, governments, and businesses by strengthening data protection, raising cyber awareness, and building capacity to protect critical infrastructure and systems from cyber threats.

Digital and Climate: Accelerating climate action with digital technologies in a way that is good for both people and the planet by greening digital infrastructure (by reducing greenhouse gas emissions and strengthening resilience) and by harnessing the power of digital technologies and data for climate action across sectors.

ICT Industry and Digital Jobs: Boosting economic growth and creating jobs by encouraging investment in ICT and ICT-enabled services industries and facilitating industry-academia partnerships to develop digital skills and job placement programs tailored to market demand.

Building the foundations of the digital economy requires capacity in multiple other fields, including finance, private sector development, education, labor and social protection, among others.

Endorse a judicious National AI Strategy to spur superior socio-economic gains

- Execute a well-calibrated National AI Strategy aimed at formulating comprehensive frameworks, policies and guidelines to foster the development, adoption, execution and ethical regulation of Artificial Intelligence tools and practices with a view to supporting the country's economic growth, resource productivity, public sector service delivery, market competitiveness and social welfare; ensure that the National AI Agenda makes allowance for the main prerequisites for national socio-economic development, including infrastructure and data, skills development, real life applications and integrations, and ethics and governance; of note, the Singapore National AI Strategy 2.0 represents the country's commitment to realise the benefits of AI as a force for good, uplift and empower people and businesses, develop the workforce and deliver a trusted environment that protects users and facilitates innovation; as for America's AI Action Plan, it is guided by three pillars, namely innovation, infrastructure, and international diplomacy and security, while gearing up to (1) enable Americans discover new materials, synthesise new chemicals, manufacture new drugs and develop new methods to harness energy; (2) give rise to radically new forms of education, media and communication; and (3) paving the way for new intellectual achievements, making breakthroughs in scientific and mathematical theory and creating new kinds of digital/physical art

Catalyse transformation from innovation and productivity enhancements

- Promote innovation through structural measures, including institutional support to the private sector, higher spending on R&D to underpin scientific knowledge and skills transfer, reorientation of educational mandates and increased focus on training and employee upskilling; as per the European Central Bank, innovation describes the development and application of ideas and technologies that improve goods and services or make their production more efficient. One of the major benefits of innovation is its contribution to economic growth. Simply put, innovation can lead to higher productivity, meaning that the same input generates a greater output. As productivity rises, more goods and services are produced – in other words, the economy grows. Innovation and productivity growth bring vast benefits for consumers and businesses. As productivity rises, the wages of workers increase. They can thus buy more goods and services. At the same time, businesses become more profitable, which enables them to invest and hire more employees

Gear up digital infrastructures for a more competitive economic model

- Build robust digital infrastructures to embed solid foundations for innovation and higher productivity levels across the country, with focus on supportive policies and institutional frameworks for technology adoption and dissemination, while providing for a competitive and innovative digital ecosystem, high-speed and reliable Internet connectivity and adoption of cloud technologies for enhanced scalability, reinforcement of cybersecurity through proper legal, regulatory and institutional safeguards (backed by comprehensive security protocols to protect users and ensure data security), workforce upskilling (training employees on new technologies, digital tools and infrastructure efficiency), operationalisation of standardised and interoperable digital public platforms and public-private sector collaboration to expand broadband; harness foundational digital infrastructures via investment in data centres and well-engineered Public Data Repositories

Build enabling capabilities and networks for strategy execution

- Harness a skilled, versatile and future-ready workforce, who will be able to spearhead scientific and technological advancements as well as contribute to a more digitally-savvy and competitive economy; integrate AI, data science and digital literacy in the education curricula; adopt reskilling programmes that will enable workers to timely and effectively transition to new roles and responsibilities in technologically-driven functions; launch National AI Learning Platforms; create a conducive legal and regulatory environment that establishes the necessary standards, protocols and guidelines that lead to the sound and sustained adoption and dissemination of technological tools across different fields of activity, while aligning with international norms and codes; foster investment and innovation ecosystems by promoting start-ups and entrepreneurship, while supporting the commercialisation of scientific research, optimising synergies and funding agreements between public institutions and private firms and local innovators, and facilitating

knowledge transfer; as per the World Bank, to compete in the digital economy, countries need to prioritise education and build the digital skills of their workforce while creating efficient safety nets to support those transitions

A Global Vision for Indian AI: Remarks by the IMF Managing Director

The context

AI has arrived; it is here. Investment is surging into data centers, power plants, and neural networks. It is like when the world was building the railways: the old ways of doing things will be changed forever, and this time it will be much faster.

The benefits and challenges

AI will bring opportunity and challenge—and it is for us to maximize the benefits.

First, the opportunities. We know that AI will lift productivity—but *by how much, and how will it impact the labor market?* We at the IMF estimate it has the potential to lift global annual GDP growth by up to 0.8 percentage points. *This is a vast upside potential.*

On a human level, we can expect countless small wins. For the woman in Nagaland far from the nearest oncologist, one photo of the tumor on her leg and her smartphone will give her a diagnosis. For the farmer in arid Kutch, AI will advise which crop to plant and when. *It fires up the imagination.*

Second, the challenges—AI will massively transform the world of work.

New research by IMF staff tells a fascinating story. People with the right talents will be in hot demand for jobs that will be enhanced by AI. These people will earn more. *What will they do?* They will spend more—on restaurants, on travel, you name it. *With what result?* More lower-skilled jobs, especially in services. For every one person hired into AI, we estimate that the net addition to jobs will be 1.3.

But there will also be dislocation linked to the sheer pace of change—many jobs in the middle that AI will not enhance but rather replace.

I worry about a hollowing out of the middle, for young call-center workers that may be replaced by bots, for IT graduates potentially replaced by algorithms. We must prepare, and the best preparation is to be open-eyed about the risks of AI and *invest in people.*

Here today, in this ancient yet dynamic land—a country bursting with optimism and creative energy—I want to salute an AI strategy centered on the human dimension, focused on delivering real wins for real people, never forgetting the least fortunate amongst us. *How befitting for the world's largest democracy!*

Where others pursue large language models with maximum complexity, you prioritize practicality, accessibility, and reach. Where others impose large user fees, you favor an open-source approach. This is the spirit that sets India apart.

Given the huge challenges of global AI diffusion, I find it especially admirable that India knows the good it can do for others—with its digital interfaces and human ingenuity, it is on the forefront of making things happen, offering a unique focus on democratizing AI. And India has extensive experience in creating practical solutions for rural and urban communities, which can benefit low-income and developing countries across the world.

UN Trade and Development: Three critical leverage points for AI adoption and development

To seize the opportunities offered by AI, developing countries need to strategically position themselves for structural transformation and provide a fertile environment in which AI-empowered businesses can thrive. Key to this is close cooperation among public authorities and ministries, such as those for Science, Technology and Innovation (STI), industry and education. These ministries can also work with stakeholders to identify and sustain AI applications for sustainable development, particularly those that incorporate social, economic and environmental considerations, such as creating and augmenting jobs and encouraging the green transition. The adoption and development of AI critically depend on the three leverage points of infrastructure, data and skills.

Infrastructure refers to digital connectivity and computing power, and the associated networks, architecture and resources necessary to create, train and use AI solutions across a community or country.

Data are necessary for training AI models, with dedicated data for applying models to different use cases. Data are not only an input but are also generated through AI systems.

Skills include basic digital and advanced AI specific skills, as well as the complementary skills needed for a cohesive workforce that can effectively create and use AI.

The elements of infrastructure, data and skills are needed in both adoption and development. Although some elements may be relevant to both processes, it helps to identify particular AI requirements for more detailed analyses. Each element contributes to technological progress, but only together can they fully catalyse AI diffusion. Such interactions have led to breakthroughs such as deep learning and GenAI that have redefined the technology landscape. By supporting development in these critical leverage points, decision makers can trigger transformational economic cascades. Policy and governance for AI can serve to determine the overall direction, setting institutional or cultural guardrails, and creating a socioeconomic and structural context favourable to the development of AI ecosystems.

➤ Forge a Sustainable Nation

Striving to craft and embed a Sustainable Nation

To position itself as a sustainable nation, Mauritius is called upon to progressively transition towards a low-carbon, resource efficient and inclusive development model, which assigns due priority to the quality and wholesomeness of human development, social progress and equity, and natural environment protection. This implies embracing the green economy model, anchored on people-centric economic wellbeing, good governance, justice and accountability, poverty alleviation, creation of decent jobs, energy security, environmental protection, ecological balance and prevention of biodiversity loss, etc. In this journey, a key ambition is to achieve long-term net-zero emissions and carbon neutrality. In the same spirit, the onus is to pave the way for becoming a Zero Waste Nation, with the prominence of a circular economy that propounds the 'Reduce, Reuse and Recycle' mantra.

Transforming into a sustainable nation implies harnessing prosperity and generating decent livelihoods for everyone. It is about propelling a country's holistic advancement, based on the shared visions and aspirations of inclusivity and development, without compromising the interests and wellbeing of future generations. In this journey, emphasis is laid on resource efficiency and sustainable consumption, while reducing waste generation and emissions across the full life cycle of processes and products.

Build a development- and growth-led green economy

- Achieve the mainstreaming of the green economy in relevant policy areas and strategies at national, regional and geographical levels, backed by the recourse to specialised tools and mechanisms, including environmental assessments, climate evaluations, social impact assessments, etc.
- Create an enabling environment and favourable market conditions to facilitate the transition to a green economy, including (1) the formulation of a holistic roadmap for national planning and policy-making; (2) the establishment of the necessary legal and regulatory set-up and frameworks that promote green investment (which will encourage green economic activities, remove barriers to investment and protect environmental assets); (3) reinforcing institutional capacity and governance to stimulate sound and sustained green activities; (4) creating attractive business and investment opportunities that are linked to the green economy by means of fiscal incentives; and (5) laying due focus on education, awareness and skills enhancement initiatives to smoothen the transition
- Stimulate green innovation and the adoption of low-carbon technologies by economic agents by means of fiscal incentives and R&D initiatives; green innovation will involve the endorsement of sustainable products and processes as well as production technologies that will minimise environmental risks and foster efficient resource usage and deployment; as per the OECD, the urgency of climate change and environmental degradation calls for the need to maximise the potential of green innovations (i.e. both technological and non-technological advancements) with a view to reducing greenhouse gas emissions, minimising pollution and preserving natural resources
- Establish incentives, guidelines and protocols that will achieve Sustainable Agriculture; this notably implies an environmentally viable agriculture that ensures good stewardship of natural systems and resources, with focus on land management, resource management, water conservation, resource efficiency, biodiversity conservation, waste minimisation and ecosystem integration
- Establish incentives, guidelines and protocols that will achieve Sustainable Tourism, focusing on job creation and local products; the World Tourism Organization defines sustainable tourism as ‘tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities’
- Establish incentives, guidelines and protocols that will achieve Sustainable Transportation; as per the UNDP, ‘Sustainable transport seeks to minimise greenhouse gas emissions and environmental impacts, while ensuring safety and affordability and providing equitable access to mobility for all. It integrates technology, infrastructure, planning, policy and behaviour change’.

- Work towards the adoption of a Green Procurement Policy by the authorities, which implies that the Central Government and public sector bodies will procure goods and services (including via physical investments) on the basis of sustainability-linked criteria (e.g. types and sourcing of materials used), while (1) minimising potential environment impacts throughout the life cycles of the projects involved; and (2) integrating social and ecological considerations in the contract terms
- Spearhead investment and facilitate the shift from 'brown' to 'green' jobs in relevant instances, while (1) instilling the necessary technical skills, knowledge and attitudes to thrive in a sustainable economy; (2) launching specialised capacity building and training programmes to boost skills development; and (3) fostering private investments in renewable energy and green projects
- Promote active capacity building, training programmes and policy dialogues that address green economy knowledge and skills gaps within the public and private sectors and amongst the population at large, alongside reinforcing the commitment to policy formulation, execution and oversight; build capacity for mainstreaming of eco-efficient production and consumption behaviours

Stimulate sustainable living and achieve improved quality of life

- Adopt an ambitious national policy for rejuvenating living environments across different geographical regions, which is guided by integrated policies and community-focused measures aimed at transforming different areas – notably the distressed, abandoned and underprivileged ones – with vibrant and high-quality amenities, infrastructures, transportation modes, green public spaces and parks as well as rehabilitated cultural spots showcasing the country's heritage and local identities; achieve urban rejuvenation, which pertains to strategic redevelopment, rehabilitation and conservation initiatives that are aimed at reversing urban decay and modernising infrastructures; according to the United Nations Human Settlements Programme (UN-Habitat), urban regeneration represents an integrative process and essential city planning instrument that should reflect the new trends of fast-moving climate change, urban health, accelerated digital transformation, shifting notion and products of culture and increasing spatial inequality. Regeneration processes around the world are seeking to transform urban areas into more diverse and vibrant neighbourhoods and extend those positive impacts into the wider city-scale. As an integrated and inclusive process that combines physical, environmental and socio-economic measures, urban regeneration has been recognised as one of the most comprehensive and effective tools that Governments can adopt to promote more inclusive, resilient, safer and sustainable cities; as per reports from the World Bank, urban regeneration projects are rarely implemented solely by the public sector. Participation from the private sector is a critical factor in determining whether a regeneration programme is successful, with initiatives that create urban areas where citizens can live, work and thrive

- Lay due emphasis on ecological restoration endeavours, which relate to the recovery of ecosystems that have been degraded (e.g. human impacts resulting in the loss of biodiversity and the disruption of an ecosystem's composition, functionality and structure), damaged (e.g. poaching, road building, invasions of non-invasive species, long-term overfishing) or destroyed (i.e. when damage or degradation removes all macroscopic life and ruins the physical environment) with a view to retrieving ecological sustainability, resilience, health and integrity, alongside preserving biodiversity; as per the UN Environment Programme, many ecosystems are crucial to human societies, providing people with water, food, building materials and a host of other essentials. They also provide planet-wide benefits like climate protection and biodiversity conservation. Key measures to revive the main ecosystems are: (1) Farmlands – Over-intensive use, soil erosion, excess fertilizer and pesticides are exhausting many farmlands. Ways to restore them include reducing tillage, using more natural fertilizer and pest control, and growing more diverse crops, including trees; (2) Forests – Forests and trees are being cleared to feed humanity's hunger for land and resources. Logging, firewood cutting, pollution, invasive pests and wildfires are damaging what remains. Restoring forest ecosystems means replanting and reducing the pressure on forests so that trees re-grow naturally; (3) Lakes and rivers: Safe and abundant water has become a luxury. Freshwater ecosystems have been degraded by pollution, overfishing and infrastructure as well as the extraction of more and more water for irrigation, industry and homes. Restoration means halting pollution, reducing and treating waste, managing demand for water and fish, and reviving vegetation above and below the surface; (4) Mountains: In mountain regions, clearing slopes for farming or houses can trigger dangerous erosion and pollute rivers at their source. Soaring temperatures are forcing species, ecosystems and people to adapt or move. Humanity can counter the trend by reviving forests and restoring the protection they provide against landslides and floods. Officials can plan dams and roads to avoid fragmenting rivers and other habitats. Farming techniques like agroforestry can be more resilient in the face of climate change; (5) Oceans and coasts: Marine ecosystems are under assault from pollution, climate change and overexploitation. But the solutions are as common as the threats. Governments and communities can make fishing and mangrove harvesting more sustainable. They can properly treat sewage and other waste and stop plastic trash from entering the water. Coral reefs, mangroves and seagrasses must be carefully managed and actively restored so that oceans can continue to support billions of livelihoods globally; and (6) Urban areas: Cities and towns can seem like ecological deserts. There is little room for vegetation amid the houses, roads and factories. Waste and pollution imperil waterways, soils and the air. But urban areas have huge potential for restoration. Citizen groups and municipal authorities can clean up waterways, let bee-friendly plants grow and create urban woodland and other wildlife habitats in parks, schools and public spaces. Mowing grass less frequently is cheaper for cities and allows nature to thrive. Permeable sidewalks and urban wetlands protect against flooding and pollution
- Promote nationwide policies, regulations and practices that assist to effectively combat air and water pollution as part of efforts to build a green living environment and healthy public spaces

- Shore up coastal and marine resource management, to preserve the quality and accessibility of beaches, while considering advanced solutions to preserve the country against any rising sea levels
- Encourage NGOs and the population to participate in large-scale national greening initiatives

Stimulate circular economy concept and practices

- Implement national strategies underpinning the well-engineered and sustained development of the circular economy, which involves the shift from a 'take-waste-make' model to the endorsement of a production and consumption paradigm that involves reusing, repairing, refurbishing and recycling existing materials and products as far as possible, while helping to regenerate natural systems; as highlighted by the European Environment Agency, to foster the circular economy, effective policies must be put in place to make it possible and easier to move to improved circularity. Successful development of a circular economy requires a systemic approach promoted in a coordinated and integrated manner, to maximise success and prevent unintended consequences. Returning substantial quantities of high-quality, safe secondary raw materials to productive use is fundamental to large-scale implementation of the circular economy. Waste management and recycling activities must be optimised at a sectoral level towards a material-supply business model
- Provide the institutional and legislative stimulus to encourage businesses and investors to move from single use to reuse, alongside favouring longer product lifespans and engaging with economic operators; promote technologies and business models that lead the way for repair, refurbishment and remanufacturing practices, while working towards sound supply chain management
- Encourage vertical integration and economies of scale within the business community, while ensuring, where applicable, that one firm's waste materials become another's raw materials; promote investment and innovation to support circular projects undertaken by private sector operators, while capitalising on financial support and technical expertise from international organisations
- Promote the demand for circular products and solutions, based on awareness campaigns; boost recycling behaviours and initiatives by the public and private sectors, based on the assessment of their quantifiable benefits, in terms of revenue generation (e.g. sales of recycles), avoidance of costs of disposal (for landfilling/incineration), and productivity gains (e.g. reduced idle capacity); create enabling markets for circular materials, while stimulating use of secondary raw materials

Achieve successful energy transition, while boosting renewable energy supply

- Diversify the energy supply mix and boost domestic production of clean and renewable energy, underpinned by delivery of financial incentives to producers while boosting private investment, the

stimulation of Public-Private Partnerships to accelerate project implementation, capacity building at the public sector level to ensure that set official targets and milestones are achieved within reasonable timelines, and the reduction in bureaucracy and the streamlining of processes when delivering permits to prospective investors; as per the World Economic Forum, the key channels to encourage renewable energy investment in developing countries are as follows: (1) Regulated, transparent power arrangements – Broadly, policies must establish transparency and predictability, which provides confidence for investors in the ability to recover investments in power generation; (2) Specific clean energy and climate incentives – Having an integrated, multi-year energy strategy with short-term targets for retiring fossil fuel plants, if applicable, and building renewable energy helps lay the foundation for conducive policies. Establishing a carbon market or other carbon-pricing mechanism, as well as governance/legislation around carbon removal, is also of value; (3) General business-friendly measures – Policies that can facilitate renewable energy investment include tax policy, allowing foreign direct investment, improved permitting processes, and boosting foreign currency/ability to repatriate profits; (4) Innovative financing mechanisms – Financing mechanisms of different types can be useful in mitigating risk, offering additional return potential or creating more investment opportunities; and (5) Early risk assumption – Several successful projects have included an early sponsor that was willing to assume various risks. Once certain risks in the project had been ameliorated, the sponsor was able to attract additional, or less expensive, capital.

- Improve energy security and efficiency, supported by relevant improvements to the policy environment and regulatory set-up, expansion of energy storage solutions, the modernisation of the grid infrastructure and technologies that help to manage energy consumption and demand in buildings, agriculture, transportation, industries, etc.; as per the World Economic Forum, connected actions across key dimensions can address energy security challenges and the energy transition: (1) Demand – Harnessing the value of demand for low-carbon energy can improve system flexibility and reliability, energy security and resiliency, and reward consumers. A just transition requires the society to prioritise energy efficiency. Enhancing efficiency offers immediate cost savings that can be reinvested in the clean energy system; (2) Regulation and incentives – Decisions about where to allocate funding must take three trade-offs into account: a) near-term action vs. long-term development of the future energy system; b) the provision of energy affordability and access vs. the scaling of low-carbon solutions; and c) the assurance that investments will be sustained for the lifetime of the assets vs. a focus on maintaining agility and continually enhancing the energy framework; (3) Trust and collaboration – For many countries, full decarbonisation will include actions that extend beyond national borders, such as sharing infrastructure or building multinational market mechanisms. The success of such initiatives – whether to enhance power system connectivity or develop connected supply chains – will depend on the effective sharing of technologies, resources and knowledge; (4) Supply – While fossil-based resources are geologically pre-set, countries can achieve supply security and even self-sufficiency through a combination of energy trading and fuel source diversification; and (5) Stability and resilience – Clean electricity is critical to delivering energy security while advancing the transition. However, introducing more wind

and solar can impact grid reliability. Grid modernisation, along with enhanced energy storage and backup generation capabilities, will be needed to accommodate dispatchable alternatives to current energy sources. Reimagined operations, circular supply chains, improved stakeholder communications and optimised workforce management practices are also critical to ensuring a strong and resilient grid

Boost climate adaptation endeavours in support of economic resilience

- Implement a National Climate Adaptation Plan and Strategy, to boost resilience in key sectors and areas such as agriculture and food systems, infrastructure, water and health, while being guided by informed Climate Change Vulnerability and Disaster Risk Management assessments; leverage the technical guidance and expertise of international institutions (e.g. the United Nations Environment Programme) to improve climate adaptation knowledge, tools and policy execution
- Adopt clear and coherent national climate adaptation policies that will help to determine the roles and responsibilities of the Government, the business community and socio-economic value chains in building and harnessing climate resilience in their initiatives – these policies would guide relevant legal, regulatory, fiscal and institutional backdrops for successful climate adaptation, alongside formulating a set of indicators to monitor the effectiveness of national adaptation initiatives; introduce solid guidelines and requirements that the relevant stakeholders should comply with as regard housing and infrastructure development projects, supported by climate mitigation structures
- Mobilise resources for distributing climate finance for adaptation and mitigation purposes, with innovative and customised financing mechanisms to accompany earmarked private sector projects; encourage the articulation and dissemination of dedicated insurance schemes to cater for damages engendered by natural disasters, while supporting the insurance industry in this perspective
- Tackle coastal adaptation imperatives, with the support of national authorities and the tourism industry; adapt water resource management strategies to ongoing and expected climate changes; support the resilience of the agricultural sector to climate shocks by means of sustainable land management, the development of Early Warning Systems and support to rural livelihoods

➤ Grow as an Inclusive Society

Prerequisites for an inclusive society

As per the United Nations Department of Economic and Social Affairs Division for Inclusive Social Development, an inclusive society is a society that over-rides differences of race, gender, class, generation and geography and ensures inclusion, equality of opportunity as well as capability of all members of the society to determine an agreed set of social institutions that govern social interaction.

The United Nations World Summit for Social Development has defined an inclusive society as a 'society for all in which every individual, each with rights and responsibilities, has an active role to play'. Such an inclusive society must be based on respect for all human rights and fundamental freedoms, cultural and religious diversity, social justice and the special needs of vulnerable and disadvantaged groups, democratic participation and the rule of law. It is promoted by social policies that seek to reduce inequality and create flexible and tolerant societies that embrace all people.

Achieve social inclusion and integration

- Champion nationwide principles and values of social inclusion and social integration, while creating enabling conditions for people to (1) be respected for and protected in their full rights and dignity; (2) participate and emancipate in the social, economic, cultural and political spheres; (3) have access to equal rights and opportunities so that they are in a position to achieve their full potential in their personal and professional lives; and (4) live in safe and stable communities; promote values, norms and institutions that duly cater for social and economic diversity, equity, inclusion, pluralism as well as non-discrimination for gender, ethnicity, skin colour and background; ensure that all people, including the vulnerable groups and the disadvantaged citizens, are properly supported in their endeavours and are fully backed to be active participants in the social and economic domains

Foster social cohesion and participation

- Advance nationwide principles and values of social cohesion and social participation, while creating enabling conditions for people to (1) be brought and held together via a common sense of belonging to the country and society; (2) live in harmony amidst different views, opinions and ideologies; and (3) participate in society and economic decision-making processes, helped by mutual trust and understanding as well as shared responsibilities towards the economy and society; achieve an inclusive economic growth path, with (1) universal/undiscriminated participation of different social groups in productive value creation across different sectors and integration in value-generation mechanisms; (2) creation of sustainable employment for people of different social strata to underpin their livelihoods and quality of life; and (3) harnessing of opportunities for people to move up the social ladder, on the basis of their job participation, economic achievements and incomes

Promote the indiscriminate and holistic wellbeing of members of the society

- Promote access to high-quality healthcare, including maternal and child healthcare, with emphasis *inter alia* on community-based healthcare systems and the application of advanced technologies for specialised treatments; attract investors in the medical and pharmaceutical industries; embed an inclusive and highly-effective educational system at the pre-primary, primary, secondary and tertiary levels; further reform the technical and vocational training system across the country; ensure that the education system provides children and the youth with the necessary skills, expertise, values and mindsets to embark on fulfilling careers and gradually move up the social ladder

United Nations Department of Economic and Social Affairs: 1995 United Nations World Summit for Social Development

The World Summit, held in Copenhagen, produced a landmark declaration prioritising people-centred sustainable development, while establishing **ten core commitments** (see below) on the basis of pursuing social development, which aims at social justice, solidarity, harmony and equality within and among countries.

1. Commitment to creating an economic, political, social, cultural and legal environment that will enable people to achieve social development.
2. Commitment to the goal of eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind.
3. Commitment to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.
4. Commitment to promoting social integration by fostering societies that are stable, safe and just and that are based on the promotion and protection of all human rights, as well as on non-discrimination, tolerance, respect for diversity, equality of opportunity, solidarity, security, and participation of all people, including disadvantaged and vulnerable groups and persons.
5. Commitment to promoting full respect for human dignity and to achieving equality and equity between women and men, and to recognising and enhancing the participation and leadership roles of women in political, civil, economic, social and cultural life and in development.
6. Commitment to promoting and attaining the goals of universal and equitable access to quality education, the highest attainable standard of physical and mental health, and the access of all to primary healthcare, making particular efforts to rectify inequalities relating to social conditions and without distinction as to race, national origin, gender, age or disability; respecting and promoting our common and particular cultures; striving to strengthen the role of culture in development; preserving the essential bases of people-centred sustainable development; and contributing to the full development of human resources and to social development. The purpose of these activities is to eradicate poverty, promote full and productive employment and foster social integration.
7. Commitment to accelerating the economic, social and human resource development of Africa and the least developed countries.
8. Commitment to ensuring that when structural adjustment programmes are agreed so that they include social development goals, in particular eradicating poverty, promoting full and productive employment, and enhancing social integration.
9. Commitment to increasing significantly and/or utilising more efficiently the resources allocated to social development in order to achieve the goals of the Summit through national action and regional and international cooperation.
10. Commitment to an improved and strengthened framework for international, regional and sub-regional cooperation for social development, in a spirit of partnership, through the United Nations and other multilateral institutions.

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> Acronyms

AI – Artificial Intelligence

AML/CFT – Anti-Money Laundering and Countering the Financing of Terrorism

COMESA – Common Market for Eastern and Southern Africa

EOE – Export Oriented Enterprises

EU – European Union

FATF – Financial Action Task Force

FDI – Foreign Direct Investment

GDP – Gross Domestic Product

GNI – Gross National Income

ICT – Information and Communication Technologies

IFC – International Financial Centre

IMF – International Monetary Fund

IT – Information Technology

KPI – Key Performance Indicator

NGO – Non-Governmental Organisation

OECD – Organisation for Economic Co-operation and Development

SADC – Southern African Development Community

SME – Small and Medium Enterprises

UK – United Kingdom

UN – United Nations

UNCTAD – United Nations Conference on Trade and Development

UNDP – United Nations Development Programme

US or U.S. – United States

USD – United States Dollar

WEF – World Economic Forum

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