



Economic Analysis



Driving competitiveness

Announcement of measures supporting the need for more qualified human capital in our quest for a modern business environment and key sector initiatives to facilitate business and competitiveness.

Key statistics



Real GDP

+8.7% in 2022

+3.4% in 2021



Current Account

% of GDP

-7.6% in 2022-23

-12.0% in 2021-22



FDI

MUR27.7bn in 2022

MUR18.5 billion in 2021



o/w Real estate FDI

MUR15.4bn in 2022

MUR8.9 billion in 2021



Tourist arrival

c.1 million in 2022

c.180,000 in 2021



Gross tourism earnings

MUR64.8bn in 2022

MUR15.3 billion in 2021

Sources: Mauritius Budget speech 2023/2024,
Bank of Mauritius

Measures announced

Business facilitation

- Unique identification number for companies encompassing business registration, VAT, tax and employee number.
- Streamlining of 38 existing licences for tourism-related activities.
- Support to SMEs through (i) increase in grants, (ii) extension of existing loan & support schemes up to June 2024, and (iii) extension of employment scheme.
- Opening of economy to foreign talents by lowering of income threshold for occupation permit to MUR30k for professionals and streamlining the process for application of work permits.

Key sectoral measures

- Support to the agricultural sector through (i) public investments of MUR2 billion, (ii) increase of grants for purchase of equipment (iii) introduction of new loan schemes by DBM and (iv) incentives to support the cane industry.
- Boosting the export sector with extension of numerous schemes and reduction in port charges.
- Facilitate setting up of Special Economic Zones to position Mauritius as gateway for African markets.
- Beneficial tax rate of 3% for producers of medical devices.
- New set of legislative amendments to reinforce existing AML/CFT legal framework while removing some categories of financial institutions from FIAMLA.
- Extending the scope of the Variable Capital Companies to allow their use for family offices and wealth management.
- New framework for Electronic Money Institutions.
- Introduction of a Wealth Manager and Family Office Licence to extend offering of Mauritius IFC.
- Rolling out of the Digital rupee on pilot basis in November 2023.
- 25% increase in Promotion and Destination Marketing budget of MTPA to increase tourism arrivals.
- Support medical tourism and silver economy by supporting medical patients and retirees through premium visa.
- MUR7.7 billion in construction of new runway project at Plaine Corail airport in Rodrigues.
- Series of measures under the Gambling Regulatory Authority on horse racing, licensing and registration and prohibitions.
- Measures have been announced to boost food security on blue, livestock and crop sectors.

The green agenda (1/2)

The government reaffirmed its commitment to the transition to a green economy by announcing a series of measures touching holistically our Cop26 commitments.

Key statistics

Our Cop26 Commitments



Reduce gas emission
By 40% by 2030



60% of green energy in
our energy mix by 2030



Phasing out coal in
electricity generation
before 2030



Circular economy
involving 70% of landfills'
waste by 2030



Encouraging the use
of electric vehicles



Promoting smart
agriculture and island
wide tree planting
program

Measures announced

Reducing gas emissions

- Sensitization campaigns on energy efficiency initiatives with respect to lighting, air conditioning, electric motors and labelling.
- Mandatory energy labelling for television sets, washer dryers and tumble dryers.
- Guidelines for energy efficiency and conservation will be developed for the industrial and commercial sectors.
- Solar powered street lighting will be installed across the island to replace LED and other lighting.

Achieving 60% of green energy in our energy mix by 2030 / Phasing out of coal in electricity generation

- Funds have been allocated for the operationalisation of the Biomass Framework and cane trash and woody biomass will be remunerated at MUR3.5/kWh.
- CEB will implement a series of measures including the introduction of renewable schemes for hotels, commercial centres, shopping malls and the agricultural sector, extending the carbon neutral scheme for the ICT sector, solar PV systems installations, developing a Pump Storage hydropower plant and setting up a 1MW Thermal Energy Conversion power plant.
- Other initiatives include the installation of solar PV on rooftop of 200 state schools and the Airports of Mauritius, the extension of the Green Loan scheme to SMEs for the production of electricity and the preparation of a strategic plan for green hydrogen.
- To support the decarbonisation of the manufacturing sector, a 50% waiver on the increase in electricity prices for the next two years for companies moving towards 100% renewable energy and a 75% subsidy for the conduct of energy audits will be provided.
- CIDB Act will be amended to provide for a new category of registration for foreign contractors implementing utility scale renewable energy projects.

Promoting circular economy

- To encourage recycling of plastic bottles and aluminium cans, a deposit-refund scheme has been introduced and the refund rate was doubled for locally recycled PET bottles.
- Investment is planned into sewage infrastructure projects and refurbishment of wastewater treatment plants.
- The use of tertiary treated effluents for irrigation of lawns, golf courses and other green spaces will be encouraged.

The green agenda (2/2)

Key statistics



Renewable energy

40% in Mauritius by 2025
COP26 target: 60% by 2030



Energy Efficiency Target

+10%
By 2030 with 2019 as base year



Electric Vehicles

0.18%
of total vehicles in Mauritius as at April 2023



Environmental Performance Index

44.8 for Mauritius for FY 2022

Sources: EDB Mauritius Website, NLTA Mauritius & EPI Website

Measures announced

Encouraging the use of electric vehicles

- 30% subsidy up to a maximum of MUR3.5m on the purchase of electric buses by bus companies and a loan at a concessional rate of 2% for the purchase of electric buses.
- Negative Excise Duty of 10% for individuals purchasing an electric vehicle will be extended up to June 2024.
- Encouraging cycling by including cycle lanes in new roads.
- An Electric Vehicles Regulation to regulate the installation of charging infrastructure, connection to electricity grids, access to public charging points amongst others.

Smart Agriculture and tree planting programmes

- A 1 million Tree Plantation Programme has been launched.

Financial services sector initiatives

- The exemption of interest income derived from bonds to finance renewable energy projects is being extended to all sustainable projects.
- The Bank of Mauritius will develop a Carbon Trading framework for both blue and green credits.
- ESG-related projects will be included under the Premium Investor Certificate Scheme.

Green-Certified Destination

- The Tourism Authority will be reformed with a focus on fostering sustainable tourism development.

Measures against Climate Change

- Flood mitigation measures through drain projects with MUR3bn investments across the country are planned as part of the wider flood mitigation programme.
- Budget of MUR1.6bn has been earmarked for projects to address climate change.
- MUR278m has been allocated for beach rehabilitation works and cleaning of lagoons amongst other measures.

Clean water and sanitation

- Grants were allocated to increase household storage and encourage rain water harvesting.
- Construction and upgrade of existing infrastructure is planned: defective pipes, water treatment plants, service reservoirs.
- Water Resource Bill for efficient management of water resources.

A dominance of welfare economics (1/2)

The much awaited relief for households and continued measures around inclusiveness, well-being and employability of under-represented groups.

Key statistics

Unemployment (% of total labour force)



Population aged +65



Labour force female (% of total labor force)



Sources: IMF & The World Bank.

Measures announced

Putting people in the forefront

- Minimum wage of MUR15k and review of all basic pensions to MUR11k as from 1 July 2023.
- One-off grant of MUR20k to everyone reaching 18 years as from 1 January 2023.
- Reinforcement of regulatory framework for residential care institutions for victims of domestic violence and foster care.
- Development of Central Data Repository for improved coordination of interventions across government agencies and NGOs for protection and care of victims.
- Review of income threshold for inclusion in National Database for Vulnerable Groups and Social Register of Mauritius.
- Allowance of MUR1k monthly to individuals who have contracted loans of up to MUR5m for the purchase of their home, and Home Ownership Scheme and the Home Loan Scheme extended for another year.

Increasing purchasing power

- Removing VAT on 15 key items of everyday consumption.
- Reduction in price of “mogas” from MUR74.10 to MUR69 / L.
- Petrol allowance increased to MUR 3k.
- Increasing CSG Income Allowance to MUR2k for those earning up to MUR25k monthly.
- Abolition of the Solidarity Levy and adoption of progressive tax scale.

Women empowerment and child care

- Promotion of women entrepreneurship with a 10% increase in margin of preference for women owned Micro, Small and Medium Enterprises (MSMEs).
- Gender equality with a minimum of 25% of women on Board of listed companies.
- Enhanced access to childcare and inclusive workplace, including companies employing more than 250 employees to provide workplace-based child facilities.
- Increased allowance for children with special needs and under foster care and extension of child allowance to all basic retirement pension beneficiaries.

A dominance of welfare economics (2/2)

Key statistics

Human Development Index



Happiness Index



Fertility rate



Sources: IMF, The World Bank, The United Nations, The Global Economy

Measures announced

Women empowerment and child care (cont.)

- CSG child allowance of MUR2k for children aged up to 3 years.
- Household income ceiling to qualify for multiple birth allowance revised to MUR390k per annum.

Promoting learning and development

- Provision of free pre-primary education as from the 1st of January 2024.
- Training of 2000 individuals in fields such as agro-industry, construction, ICT/BPO, health and social care and renewable energy and increase in teaching staff in primary and secondary schools, as well as special needs schools.
- MUR600m provided for the construction, upgrading and maintenance of school infrastructure.

Improving the quality of life

- Vaccination of 80,000 individuals between 9 and 15 years against HPV.
- Budget of MUR2.2 billion for the modernisation of health infrastructure, namely through implementation of e-Health system as from July 2023 and acquisition of modern high-tech equipment.
- Full treatment costs coverage for medical treatment not available locally or treatment in local private hospitals for child cancer patients.
- Reinforcement of police force and judiciary through appointment of new judges and magistrates to create safe environment.
- New stand-alone leave of 5 days for workers who have experienced a pregnancy loss and possibility to use 10 days of sick leaves for children / parents / grand parents with health issues.

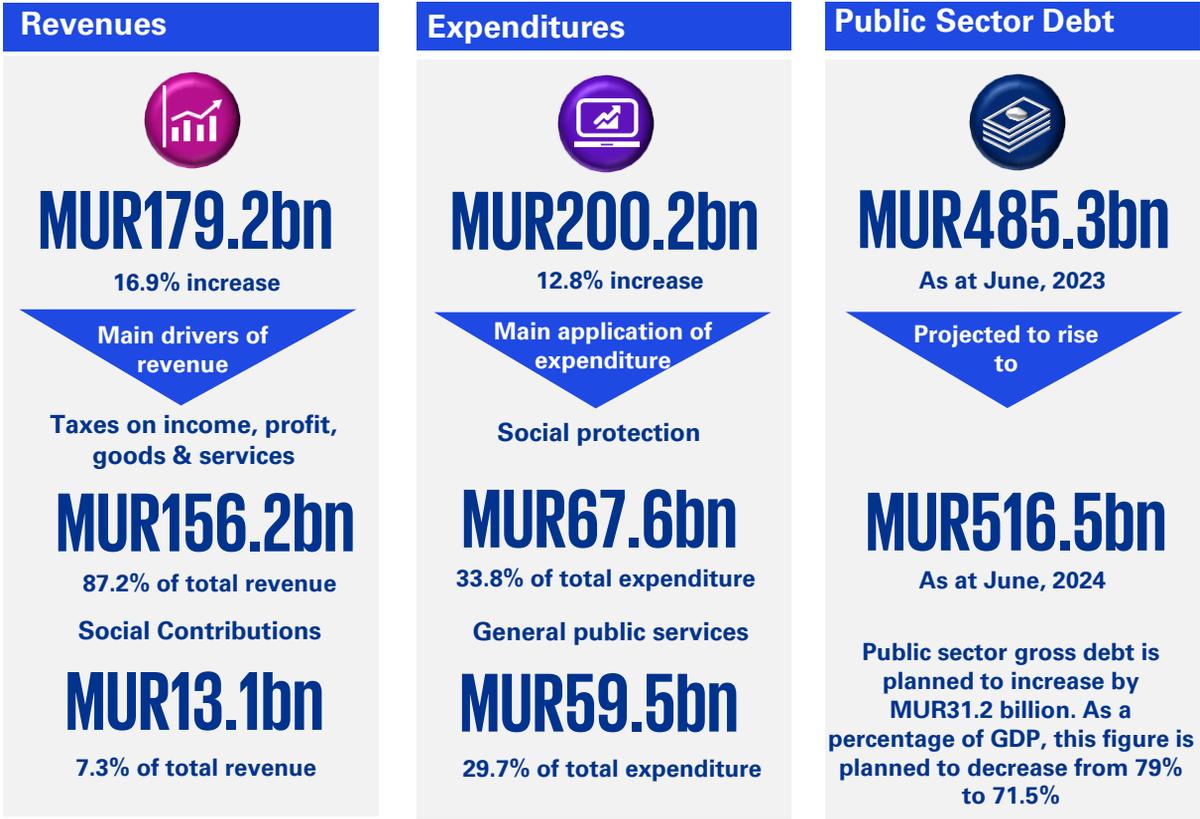
Promoting sports

- Investments in construction and upgrading of sports infrastructures (swimming pools, soccer pitches, football grounds, health tracks) and community wellness centers.
- Supporting athletes through allocation of MUR 53m for participation in Indian Ocean Island Games 2023, and incentivising high level athletes by providing a monthly allowance of MUR 30k over one year to prepare for Games and special cash prizes incentives.

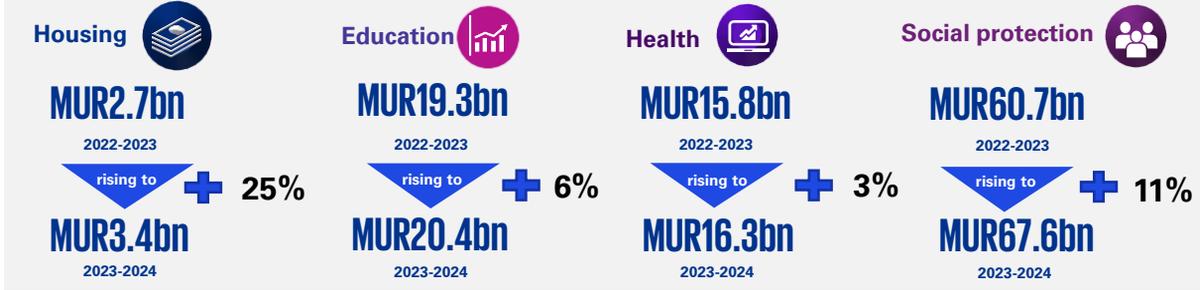
Safeguarding the artistic and culture heritage

- Extending support to the professional and registered local artists through grants and state recognition allowances.
- Elimination of VAT on musical instruments.
- Introduction of a pension scheme for retired registered artists.
- Creation, revalorisation and protection of cultural landscape of Mauritius.

Budget Financials



Lifting standard and quality of living



How do we compare



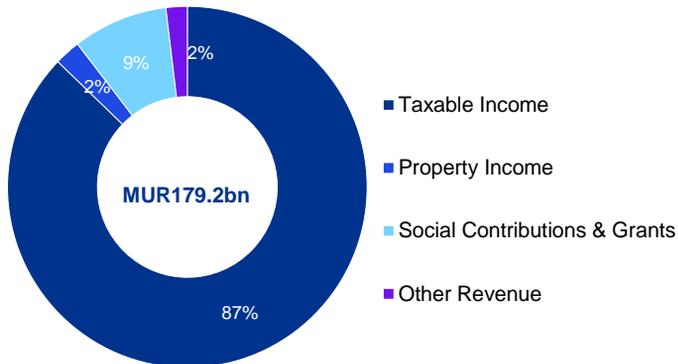
Sources: Singapore Budget 2023/2024, South Africa Budget review 2023, Mauritius Budget speech 2023/2024

Economic Outlook



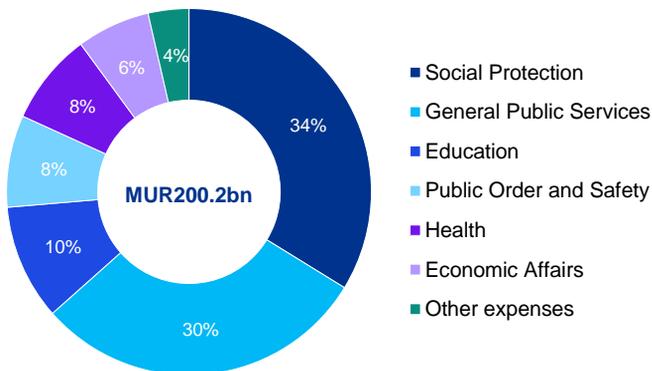
Economic Outlook (1/3)

Government Revenue (FY23/24)



The Mauritian Government forecasts revenue of MUR179.2 billion for FY23/24. Revenue drivers mainly include (i) 'Taxable Income' of MUR156.2 billion (87%), (ii) 'Social Contributions and Grants' of MUR15.3 billion (9%), (iii) 'Property Income' of MUR4.2 billion (2%) and (iv) 'Other Revenue' of MUR3.4 billion (2%).

Government Expenditures (FY23/24)

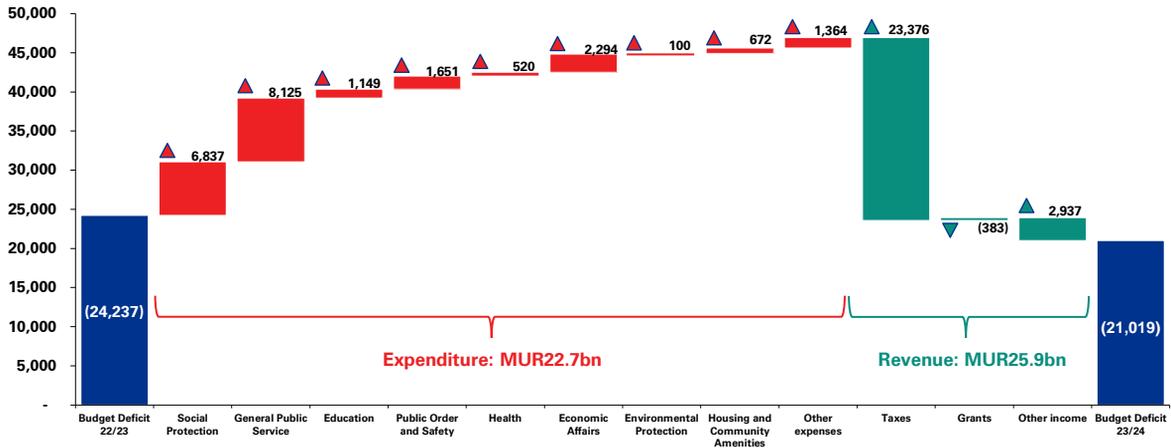


Government expenditures are expected to increase by MUR22.7 billion for FY23/24, representing an increase of 12.8% from MUR177.5 billion expended in FY22/23. The most significant expenditures consist of (i) 'Social Protection' of MUR67.6 billion (34%), (ii) 'General Public Services' of MUR59.5 billion (30%), (iii) 'Education' of MUR20.4 billion (10%), (iv) 'Health' of MUR16.3 billion (8%) and (v) 'Public Order and Safety' of MUR16.3 billion (8%).

Amount in MUR' billion	Budget 22/23	Actual 22/23	Variance
Revenue	150.0	153.2	3.2
Expenditure	172.9	177.5	4.6
Budget surplus / (deficit)	(22.9)	(24.3)	(1.4)
As % of GDP	-4.0%	-3.9%	0.1%

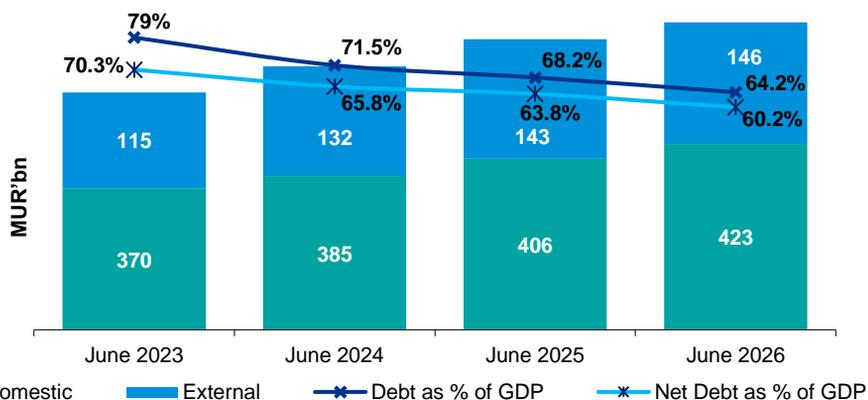
Economic Outlook (2/3)

Government Budget Deficit (2022/23 - 2023/24)



- The overall budget deficit is projected at MUR21.1 billion for 2024, translating into a 13.3% decrease compared to 2023. This is primarily driven by an increase of MUR25.9 billion in revenue, of which MUR23.4 billion will be from taxes on goods sold and services. Grants and other income, inclusive of social contribution are budgeted at MUR22.9 billion (MUR20.4 billion in 2023).
- In terms of expenditure, an increase of MUR6.8 billion in social protection costs has been budgeted to account for the increase in old age pension. Furthermore, an increase of MUR8.1 billion in general public services costs has been earmarked for financial and fiscal affairs.
- As a result, the budget deficit of 4% for FY23 is projected to decrease to 2.9% in FY24.

Debt analysis - June 2023 to June 2026



- Public sector debt is expected to increase over the next three years, driven by an increase in domestic debt levels from MUR370 billion in FY23 to MUR423 billion in FY26.
- Additionally, economic output is expected to increase over the coming years, resulting in a fall in gross debt to GDP ratio from 79% in FY23 to 64.2% in FY26.

Economic Outlook (3/3)

Budget Estimates	Unit	2022/23	2023/24	2024/25	2025/26
Real GDP growth	%	8.0	8.0	5.0	5.0
Investment rate	%	20.9	21.3	21.5	21.7
GDP Deflator	% change	9.0	9.0	6.0	5.0
Budget Deficit	% of GDP	(3.9)	(2.9)	(2.9)	(2.9)
Public Sector Net Debt	% of GDP	79.0	71.5	68.2	64.2
Unemployment rate	%	7.7	-	-	-

Economic trend & outlook

- **The Minister of Finance expects an 8% growth in GDP in FY24 compared to 4.6% forecasted by the IMF.** This outlook is primarily driven by the continued progress in the tourism sector with the expected number of tourists to be close to pre-pandemic level.
- Over the medium term, the construction sector is expected to boost the economy through the implementation of a number of projects such as construction of social housing units, implementation of drain infrastructure projects, extension of the Metro Express, the expansion of the road networks, construction of hospitals and upgrading of schools.
- The manufacturing sector is projected to expand at a higher pace compared to previous years, driven by food processing activities and other manufacturing activities in line with the Government's import substitution strategy.
- Growth in the renewable energy sector is likely to accelerate to achieve the target of 60% of the electricity mix generated from renewable sources by 2030.
- This medium term growth outlook is, however, exposed to downside factors such as uncertainties from the Ukraine war, persistent core inflation, required monetary policy tightening, increasing sovereign debt distress and financial constraints, and geopolitical fragmentation.
- **On the basis of the above continuing economic recovery, the overall budget deficit is expected to be 3.9% and projected to decline to 2.9% in FY24 and FY25 respectively.** This will be primarily driven by the introduction of reform in the tax system and new revenue raising measures, whilst on the expenditure side, the government will prioritise the implementation of projects in a timely manner to avoid cost overruns.
- In addition to reducing the budget deficit to a sustainable level, the Government also aims to enhance overall macroeconomic stability by putting the Debt to GDP ratio on a declining trend.

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