



Africa's hub for business and investment

Mauritius' diverse and forward-focused economy continues to advance, with the best place to do business in Africa becoming a regional reference point for innovation

Firmly established as the business and cross-border investment hub of choice for Africa, Mauritius has one of the continent's most dynamic economies. Between 2015 and 2019, its gross domestic product (GDP) rose by an average 3.8% a year. Foreign direct investment is also on the up, reaching \$472 million in 2019 compared to \$372 the previous year.

Reasons for its success include the Indian Ocean island nation's location between mainland Africa and Asia. It capitalizes on this

through a wide network of double-taxation and free trade agreements, which include membership of regional economic blocs. Mauritius is also a highly stable democracy, with Prime Minister Pravind Jugnauth being reelected in November with a clear mandate to continue his reforming agenda.

Many of his government's reforms aim to maintain the country as a leader for business facilitation by rapidly adapting to changes in the global environment. This approach has proved successful:

Mauritius leapt seven places to 13th overall in the World Bank Doing Business Report 2020 and remains 1st in Africa.

Mauritius is also fiscally stable, with a world-class financial system overseen by its central bank. "As a result of our trusted and efficient systems, Mauritius has long been one of Africa's biggest and most respected international financial centers," says Harvesh Seegolam, governor of the Bank of Mauritius. An extensive financial services sector is embracing fintech and measures are in place to encourage that sector. For example, a framework for digital banking is being developed and a licensing regime for digital asset custodians has been created. In addition, "Unlike most countries, we provide licenses to test new fintech products," says Deepak Balgobin, Minister of Information Technology, Communication and Innovation.

The economy as a whole is moving toward innovation-technology- and knowledge-based sectors, including high-tech agribusiness, IT, business process outsourcing and logistics. Export-oriented manufacturing, a traditional strength contributing 12.3% of GDP, is also moving up the value chain with new technologies being adopted by garment, sugar and many other manufacturers.

With 90% of the country covered by high-speed internet, the country is well placed to foster an innovative economy. But the government is going further by investing in "Digital Mauritius." "This year we will add two more

submarine cables and will be one of the first countries to adopt 5G. We have comprehensive strategies for digitalization that cover government, society and artificial intelligence (AI). Our government transformation is well underway, with around 130 e-services already launched," states Balgobin.

The government has also revamped its research council as the Mauritius Research and Innovation Council (MRIC) to "emphasize that we seek innovative ideas

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Minister of Information Technology,
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for the research we fund through various schemes," says its chairman, Michael Atchia. Balgobin details some of those initiatives: "We offer matching grants with private companies to make sure projects have real-life use, the MRIC has been given \$2.62 million to provide grants to startups and small- and medium-sized enterprises, we have a national incubator scheme and international research partnerships in areas like robotics, blockchain, AI and cloud computing."

One unique aspect of these programs is that intellectual property rights remain with researchers. "We want to encourage entrepreneurs to come to Mauritius and innovate," Balgobin explains.

THE MAURITIUS RESEARCH AND INNOVATION COUNCIL

Accelerating innovation

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Energizing Mauritius' economic progress

An increasingly digital economy is being encouraged by state-of-the-art electricity and communications systems

As Mauritius' economy advances, so does its need for electricity: by 2030, the population of around 1.2 million is expected to consume over 600MW at peak times, a steep climb from 2019's figure of 500MW. That year, 78% of Mauritius' electricity was generated from imported fossil fuels, with the remainder coming from renewable sources such as hydropower, solar, wind and bagasse, the sugar industry's waste product. The government is determined that power generation capacity grows and becomes more sustainable quickly, and has set targets of 35% renewables by 2025 and 40% by 2030.

The private sector will play an important part in achieving these targets, with the government's comprehensive Renewable Energy Roadmap 2030 offering an insight into numerous investment opportunities in areas like solar, onshore and offshore wind, biomass, waste-to-energy, hydropower, wave energy and storage. To attract more investors to the

sector, the Mauritius Renewable Energy Agency has been established, fiscal incentives introduced and the process for approving renewable energy projects has been simplified.

The country has also accessed funding from, for example, the Green Climate Fund, which has granted \$28 million for battery storage, a smart grid, 300 solar mini-grids and 25MW of rooftop solar panels. These initiatives are having an impact: renewables are expected to be providing 25% of the country's electricity mix by the end of this year, with the contribution of solar rising from under 1% in 2014 to 8%.

Transformed networks

Leading the industry's transition to a green future is the government-owned Central Electricity Board (CEB), which is responsible for the transmission and distribution of Mauritius' electricity and around 54% of its generation, with the other 46% being purchased

from independent power producers. Today, CEB generates most of its electricity at four thermal plants and ten hydropower stations, but it is increasingly investing in wind and solar capacity.

To facilitate the move to renewables, CEB has set up a dedicated subsidiary: CEB Green Energy. Unsurprisingly, given the amount of sun that hits tropical Mauritius, this has a particular focus on solar. Its most important contribution to date has been the innovative and internationally acclaimed Home Solar Project that was awarded \$10 million by the Abu Dhabi Fund for Development. Through this, CEB is installing 10,000 grid-connected photovoltaic systems on the rooftops of low-income households at no cost. The recipients benefit from free electricity, while any excess goes back to CEB's grid. To date, over 1,000 households have profited from this program, 48% of which are headed by women.

CEB Green Energy has also been actively assisting small- and medium-sized enterprises, cooperatives, institutions and schools to set up solar systems. Some of its other projects include the development of an 8MW solar plant that is being financed by the Indian government and a 15MW agri-energy facility that will combine electricity production with farming.

As well as investing in renewables, Mauritius is keen to boost

the use of clean, non-renewable energy sources such as liquefied natural gas (LNG) for electricity, transportation and other purposes. And with around 33 thousand ships passing Mauritius every year, LNG bunkering is a clear opportunity that would probably require some form of public-private partnership to realize.

Already world class, CEB's transmission network that covers 100% of the country is being upgraded to smartly manage increasing amounts of renewable energy. In addition to carrying electricity, the power lines in that network contain a fiber-optic system that has recently become Mauritius' second broadband backbone.

Overseen by another subsidiary, CEB Fibernet, this is being used to help develop the government's digitalization projects but will be more widely available in the near future. In fact, CEB will soon provide Mauritius with end-to-end state-of-the-art communication connectivity, as it also has a 15% stake in the consortium installing a submarine cable system to connect the country to South Africa and the rest of the world.

CEB's transformation from utility to utility-telecom operator has garnered plaudits and its expertise in this area is likely to be called upon by other countries. In the meantime, it is proving instrumental to the development of Mauritius as a digital economy.

SHAPING A SUSTAINABLE ENERGY FUTURE

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