

APRM

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Republic of Mauritius



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1. BRIEF HISTORIC PERSPECTIVE

- 1.1. Mauritius was unknown and uninhabited for centuries. Some Arab sailors visited the island during the middle Ages. By 1500, the island was identified on maps as 'Dina Arobi'. The first European known to have visited Mauritius was Domingo Fernandez Pereira, a Portuguese sailor who landed on the island in about 1511. Early Portuguese maps called the island 'Cirne'. The French came to the island and ruled Mauritius directly between 1767 and 1810, except for a brief period of self-rule at the time of the French Revolution.
- 1.2. Later, the British ruled Mauritius from 1810 to 1968, during which they introduced rapid social and economic changes and even abolished slave trade. A small number of Chinese traders also moved to Mauritius during this period. The Mauritian population of African descent, including Madagascar, is often referred to as the 'Creole population' or as 'Creoles'. The ancestors of the Mauritian Creoles were slaves haphazardly brought to Mauritius from different parts of Africa. Mauritius adopted a new constitution on 12 March 1968. The country's independence from Britain was proclaimed on the same day.
- 1.3. Mauritius signed the Memorandum of Understanding (MoU) for accession to the APRM on 9 March 2003. The Country was peer reviewed at the 13th Summit of the Committee of Heads of State and Government Participating in the African Peer Review Mechanism [APR Forum] on 24 July 2010 in Kampala, Uganda.
- 1.4. The current Mauritian economy and political environment are strong. However, the country still faces a number of challenges. They include the following:
 - Much of the food and energy that the country uses is imported. Recent food and energy inflation on world markets has consequently had a negative effect on Mauritius.
 - The economy is concentrated in the hands of a few groups. Descendants of French settlers still control much of the economy, despite a recent initiative taken by the government to 'democratise the economy'.
 - There is no real competition in many business sectors, although the government has recently established a competition commission to better control anticompetitive practices.
 - The Creole community is underrepresented among the political and economic elites of Mauritius.

2. FINDINGS IN FOUR THEMATIC AREAS OF APRM

2.1 DEMOCRACY AND POLITICAL GOVERNANCE

- 2.1.1 Mauritius has signed and/or ratified more than 30 international standards and codes and about 20 regional instruments. The International Standards the Charter of the United Nations (UN) (adhered to in 1968); the Universal Declaration of Human Rights (adopted and proclaimed on 10 December 1948); the International Covenant on Civil and Political Rights (1966) (acceded to on 12 December 1973); and the International Covenant on Economic, Social and Cultural Rights (acceded to on 12 December 1973).
- 2.1.2 The signed or ratified regional instruments include the Constitutive Act of the AU (ratified in April 2001); the African Charter on Human and People's Rights (1990) (ratified in June 2002); the AU

Convention on Preventing and Combating Corruption (signed on 6 July 2004); and the Durban Declaration on Principles Governing Democratic Elections in Africa (2002), adopted by the AU Summit in July 2002.

- 2.1.3 However, many of the signed standards and codes are yet to be domesticated. For example, Mauritius has not yet ratified the AU Convention on Preventing and Combating Corruption. It is clearly necessary for Mauritius to ratify and domesticate the various conventions more rapidly.
- 2.1.4 Regarding conflicts, Mauritians come from diverse ethnic and religious backgrounds. Mauritius's diverse population is both an opportunity and a challenge. Mauritius has, so far, managed it carefully to ensure democracy, political stability and good governance. Mauritius has done so using several tools. However, the country needs to address perceptions that the Creole population is marginalised. They include the fact that most Creoles live in absolute poverty and in poorly developed Rodrigues, compared with the main island, and that the Mauritian government has not done enough to change this. On external threat, Mauritius has never been in conflict with any of its neighbours since independence. However, this should not lead to complacency. The potential for conflict is always present.
- 2.1.5 On Constitutional democracy, Mauritius has successfully established very strong democratic credentials on the African continent and globally. It is a multiparty parliamentary democracy designed after that in Britain. It has held nine general elections since 1968. A smooth transfer of power followed each election. However, two issues need to be urgently addressed: political Party funding and the type of electoral system. The Mauritius Police Force (MPF) must also enforce the law fairly, prevent crime and protect the community with integrity and sound judgement.
- 2.1.6 With regard to promoting Economic, Social and Cultural Rights, Mauritius acceded to the International Covenant on Economic, Social and Cultural Rights in 1973. The country has established institutions responsible for guaranteeing the rights of citizens. They include the National Human Rights Commission (NHRC, which has a Sexual Discrimination Control Division), the Office of the Ombudsperson, the Office of the Ombudsperson for Children, the Truth and Justice Commission, and the Human Rights Centre. However, some more improvements are needed. In particular, Mauritius should consider amending the constitution to include economic, social and cultural rights (like access to water, education and health). Mauritius therefore needs to increase legal protection, amend the Child Protection Act to improve the protection of children's rights, and clarify issues about the mentoring system and the placement of children with their next of kin.
- 2.1.7 On Separation of Powers, the 1968 Constitution has not changed much, except for establishing a Republic in 1992. The Constitution emphasises 'equal opportunity' and not 'affirmative action'. Section 16 (subsection 3) guarantees Mauritians protection from discrimination based on race, caste, place of origin, political opinions, colour, creed or sex. The Constitution implies 'separate powers', but does not state this. One must read the various parts of the constitution, including the manner of appointing and removing judges, to appreciate it.
- 2.1.8 On Accountability, efficiency and effectiveness of public officers and civil servants, the Ministry of Civil Service and Administrative Reforms (MCSAR) controls the 'traditional' Mauritian civil service. It has about 50,000 employees. The larger public service – which includes the 'traditional' civil service, local governments and parastatals – has about 80,000 employees at various grades. The

service has been true to its vision of “creating a modern and efficient public service to ensure good governance and achieve excellence in the delivery of public services”. It remains politically neutral. It has faithfully served nine governments and, since 1968, has played its role of assisting elected governments to develop policies and to implement them. The civil service has also introduced a number of measures to improve public services; and these include introducing quality management and customer care, setting standards for service delivery, securing International Organization for Standardization (ISO) certification, developing a citizens’ charter and a code of ethics, introducing the annual Public Service Excellence Award, and popularizing government.

- 2.1.9 On fighting corruption in politics, Mauritius has fought hard against corruption, especially since the 1990s. It has passed appropriate laws, like the Prevention of Corruption Act (POCA) of 2002, and established equally appropriate institutions like the Independent Commission against Corruption (ICAC). However, it needs to amend POCA to establish a body to supervise the investigative work of ICAC and extend the applicability of the law to everyone (private individuals, election candidates and advisers).
- 2.1.10 Regarding promotion and protection of the rights of women, Mauritius has progressed in protecting women’s rights. It established a ministry to handle women’s matters in 1982. The ministry went through several changes in name and mandate. It was finally called the Ministry of Women’s Rights, Child Development and Family Welfare (MWRCDFW) in July 2009. The ministry works with other institutions like the National Council of Women (NCW) and the National Women Entrepreneurs’ Council. The country has also signed various conventions that promote and protect women’s rights. However, Mauritian women still face challenges, particularly domestic violence, despite existing laws meant to protect women.
- 2.1.11 On the promotion and protection of the rights of children and young people, Mauritius acceded to the Convention on the Rights of the Child on 26 July 1990. The country has also established a legal and institutional system for promoting and protecting the Mauritian child. This includes the Ombudsman for Children Act of 2003.
- 2.1.12 Nevertheless, Mauritius still has a number of child-related problems. They include early marriage, the sexual exploitation of children, sexual violence, child prostitution, drug use and addiction, and general juvenile delinquency. Mauritius needs to take a number of measures to protect the rights of children and young people.
- 2.1.13 The Senior Citizens Council Act of 1985 ensures the protection of elderly people via a council. It is a corporate body that falls under the Ministry of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions. The Trust Fund for Disabled Persons Act of 1988 protects disabled people. It established a vocational training fund for disabled people. The Disabled Persons Training and Employment Act of 1996 includes a section on antidiscrimination. It is now an offence for employers to discriminate against disabled persons when they recruit employees, when they determine or allocate wages, salaries or pensions, or in any other employment-related matter. There are approximately 35,000 migrant workers in Mauritius. Most of them work in the export processing zone (EPZ). The Ministry of Labour, Industrial Relations and Employment (MLIRE) (Employment Division, Migrant Unit) looks after the interests of these workers. The Employment Rights Act of August 2008 (which came into force in 2009), the Employment

Relations Act of 2008 and 30 regulations for each sector are the labour laws that protect these workers and their non-migrant comrades.

- 2.1.14 The Chagossians are another vulnerable group. Britain administered Chagos Archipelago as a dependency of Mauritius between 1810 and 1965. Britain excised the Chagos Archipelago in 1965 and formed the British Indian Ocean Territory (BIOT) together with other islands under the Seychelles. The Seychelles recovered the other three islands that had formed BIOT when it became independent in 1976. The government of Mauritius has consistently claimed sovereignty over the Chagos Archipelago

2.2 ECONOMIC GOVERNANCE AND MANAGEMENT

- 2.2.1 Mauritius is a small island with few natural resources. It therefore relies heavily on its human resources. This most important asset has helped Mauritius to overcome its natural handicaps and transform its people into additional assets for the country's economic development. Mauritius has developed into a diversified economy. Its annual growth rates have averaged between 5 and 6 per cent since independence. With a per capita income of more than USD6, 700 in 2009, Mauritius has become an upper middle-income country. Good economic governance and management have been pivotal in Mauritius's success over the last three decades. It has used its resources well and its successes with regard to socioeconomic development are obvious.
- 2.2.2 The country is now facing new challenges that need the attention of the government and other stakeholders if the country is to enjoy further success. They include: (i) coping with the changing global economic environment, which requires addressing issues concerning sustaining the growth pattern, and vulnerability to external shocks; (ii) defining and implementing the Mauritius of tomorrow, based on a clear vision of its future and its image, and which needs to be converted into coherent operational strategies aimed at achieving much-needed structural change; (iii) consolidating the economic achievements and their social effects while rethinking and exploring new avenues for diversifying the economy and improving national and regional economic integration; (iv) sustaining high economic growth which is characterised by social, geographic and regional equity; (v) transforming natural handicaps by building on geographical advantages; and (vi) continuously building and mobilising the capacity required for the Mauritius of tomorrow.
- 2.2.3 Regarding signing and ratifying Standards and codes on Economic Governance and Management, Mauritius has complied with and ratified most of the international and regional agreements and conventions. However, there are some notable exceptions, like the AU Convention on Preventing and Combating Corruption. On the other hand, Mauritius has yet to ratify a number of signed conventions. They include the Southern African Development Community (SADC) MoU on Macroeconomic Convergence. Apart from the fact that Mauritius has not ratified, signed or complied with some of the economic governance and management standards and codes, one of its most important failures is its poor domestication of conventions and agreements.
- 2.2.4 On promoting macroeconomic policies that support sustainable development, Mauritius has made tremendous efforts and successful achievements. They include a sustained average economic growth of between 5 and 6 per cent for the last two to three decades, and significant improvement in the living conditions of the Mauritian people. The country is commendable for this remarkable transition from a poor and 'desperate' country – according to some commentators – to a vibrant, upper middle-income country in three decades.

- 2.2.5 With the end of the preferential treatment of Mauritian sugar and textile exports and its easy access to the European Community market, which were the two main drivers of national economic growth, the country had to rethink its growth policy in order to tackle its structural crisis and some unfavourable developments. These include balance of payments, terms of trade, recurrent budget deficits and inflation. The government chose a knowledge-based economy, information and communication technology (ICT) and business process outsourcing (BPO) as its new driving forces to become a duty free island, regional centre and world service hub.
- 2.2.6 The 'very good' FDI trend in Mauritius should be analysed thoroughly. Export-oriented growth in a free market, which heavy foreign investment supports, may have negative consequences because it is vulnerable and runs the risk of allocating huge resources to salvage export-oriented enterprises (EOEs). It may be better to concentrate on building an integrated economy.
- 2.2.7 The debt issue deserves attention from the government and other stakeholders because of the consequences of high public debt. It is 65.8 per cent of gross domestic product (GDP) and 30.3 per cent of government revenue. Seventeen per cent of public expenditure goes to reducing debt. The debt structure is an important element of domestic debt. This situation may affect development and business prospects negatively.
- 2.2.8 Economic democratisation is the cornerstone of the Mauritian development philosophy. Some might see it as a good approach. However, an analysis of the achievements of this philosophy raises doubts about its effectiveness. One cannot get a clear understanding of the socioeconomic forces that underpin the democratisation of the economy, and its Empowerment Programme (EP), without acknowledging the socioeconomic and political fabric of Mauritian society and the chemistry between the ethnic, political and economic dynamics that have led to the 'business-led' approach. In the view of the aforementioned, the APR Panel made several recommendations aimed at filling the gap in strategic thinking and planning and defining structural changes that Mauritius should make to build the Mauritius of tomorrow. These recommendations include operational strategies to ensure high, sustained and inclusive economic growth; to address the sustainability of a business-led development approach; to develop instruments and models for macroeconomic forecasting, regularly updating parameters and basic coefficients.
- 2.2.9 On implementing sound, transparent and predictable economic policies, the President of the Republic presented to Parliament in 2004 that reflected the desire to promote a new model of economic democratisation. Given the economic crisis, the government decided to accelerate the adoption of the reforms and initiate relevant policies within the framework of the 2006 to 2010 multiannual programme, particularly in public finance and tax administration. The objective was to reduce the budget deficit and maintain public debt at a sustainable level, and to ensure sound and transparent management. The most important reform was to provide the government with relevant budget programming and management tools. These included the Medium-Term Expenditure Framework (MTEF) and programme-based budgeting (PBB) in order to promote the efficiency and performance of budget management.
- 2.2.10 Another major challenge to economic governance is the management of parastatal enterprises. The government feels that these entities continue to play a regulatory role in the labour market and that they contribute to safeguarding social cohesion. However, it becomes a problem in a completely liberal economy where the private sector is the main driver of sustainable growth. The

public sector debt (of Rs122.9 million) will always create risk because of the weight of the debt of parastatal enterprises (Rs31.5 million).

- 2.2.11 Regarding promotion of sound public financial management, the government has begun to reform the legal and institutional framework in order to: (i) improve efficiency and transparency in public finance; (ii) ensure that PBB is better coordinated from the time macroeconomic projections are made to the time the budget is prepared; and (iii) coordinate the implementation of the MTEF and PBB. However, Mauritius is still developing these tools in isolation, and the government should consolidate these reforms to ensure that there is effective articulation and overall coherence between these tools.
- 2.2.12 There are still considerable weaknesses in implementing the tools effectively. They include differences in how well the tools have been mastered, and the fact that the sector ministries do not have monitoring mechanisms. Furthermore, the MTEF and its related budgets should be based on economic policies that reflect the goals of the state at both macroeconomic and sectoral levels if they are to be efficient and effective. In addition, the programme budget is still prepared without considering the sector strategies. It therefore does not reflect sector costs. The quality of the MTEF and PBB suffers from an absence of modelling methods that help to tie the budget to the macroeconomic projections.
- 2.2.13 Mauritius began new and more rigorous reforms in 2006. They aimed particularly at increasing revenue and reducing current and extra budgetary expenditure. They were directed mainly at: (i) fiscal and customs administration; (ii) debt management; (iii) public resource management; (iv) internal audits of accounting operations; (v) external control, which relies mainly on Parliament and the NAO; (vi) public sector procurement; and (vii) decentralisation. Institutional and methodological weaknesses reduce the efficiency and effectiveness of these reforms. Productivity and the efficiency of public spending remain concerns.
- 2.2.14 With regard to combating corruption and money laundering, there is no doubt that there are corruption and money laundering in Mauritius. However, opinions differ about the size of the problem and about how it is developing. The World Bank and Transparency International studies confirm it. The CRM learnt on several occasions that corruption is a serious problem in the country. Most stakeholders believe that corruption is particularly prevalent among ministers, politicians and high-level civil servants, and that it has trickled down to lower levels. The perception is widespread that 'big fish' and well-connected people are immune to prosecution. In addition to the Customs Department, the police and the National Transport Authority, stakeholders say that corruption is widespread when contracts are awarded under the capital budget through collusion between government officials, contractors and suppliers. There is therefore need to strengthen efforts to convince key stakeholders and the public that the government is serious about fighting corruption and that nobody is immune from prosecution.
- 2.2.15 On promoting regional integration, the Trade volumes between Mauritius and both the SADC and the Common Market for Eastern and Southern Africa (CO-MESA) are low, and trade is concentrated in a few countries. South Africa, Madagascar and the Seychelles are by far Mauritius's most important trading partners in Africa. Consequently, one major challenge facing Mauritius is how to increase trade with African countries in a balanced and diversified manner. However, Mauritius is very committed to economic cooperation in Africa at both sub regional and regional levels. Mauritius wants to be a bridge between Asia and Africa. The country has close economic, cultural and historical links with Asian countries, especially India and China.

2.3 CORPORATE GOVERNANCE

- 2.3.1 Mauritius has ratified and adopted a significant number of standards and codes. They include the Minimum Age Convention, the Worst Forms of Child Labour Convention, the Declaration on Control of Illicit Drug Trafficking and Abuse in Africa, and the Treaty Establishing the African Economic Community. However, a major challenge facing Mauritius is implementing and enforcing these standards and codes, as well as their related laws, because of a lack of capacity at the lower levels to support top-level decisions. The country has not implemented the recommendations of the World Bank Reports on the Observance of Standards and Codes (ROSCs). Another challenge, which devolves to the Financial Reporting Council (FRC), is to ensure that the codes of corporate governance in the country are effectively enforced. Their enforcement is rather lax at present.
- 2.3.2 Mauritius relies on trade to grow its economy. It has therefore introduced excellent measures to promote economic and business activities. Its policies are business-friendly and the World Bank's 2008 Doing Business Survey rates Mauritius as the best sub-Saharan African country on the ease of doing business. Mauritius has consequently succeeded in attracting significant FDI. The country's Business Facilitation Act of 2006 is the legal framework that provides clear guidelines for starting and operating businesses in Mauritius. The Board of Investment (BOI) is the agency responsible for promoting and facilitating investment in the country. Despite the country's profuseness environment, family-owned companies dominate the Mauritian market. This poses significant challenges to corporate governance. There are many instances, for example, where senior managers are also major shareholders or are related to them.
- 2.3.3 Corporate social responsibility (CSR) is important in today's business environment. The Mauritian authorities are becoming increasingly aware of the importance of CSR and the effect it could have on their efforts to make Mauritius the primary business destination in Africa. The government is therefore revising its laws to make them current, to improve CSR practices, and to highlight environmental and labour concerns in the country. However, the CRM observed that there is no legal framework to regulate CSR. There is adequate provision for protecting the environment in Mauritius. The Environment Protection Act (EPA) of 2008 provides adequately for environmental protection in the country. However, it cannot be emphasised enough that the trade unions in the country see the new revision of legal codes as employer- friendly and therefore hostile to the employee. They also mention the Public Gathering Act, a code that the government reportedly uses to prevent trade unions from going on strike.
- 2.3.4 The Mauritian government deserves praise for its efforts to promote codes of good business ethics to regulate the corporate sector. The government passed the Code of Ethics for Public Officers in 2000. It sets the standards required of public sector officials when they carry out their duties. The code also presents the principles and guidelines that aim to instill a high standard of good behaviour in the public sector. The country also has a Code of Corporate Governance that applies to large private companies. According to this code, Mauritian companies should consider and address issues about ethical practices that are relevant to their particular environments and circumstances. The CRM discovered that Mauritius has the necessary written codes, but that enforcing them in practice is a challenge. The APR Panel recommended that the Mauritian authorities consider enforcing and implementing the country's codes as the priority for improving

the business climate in a competitive global business environment where countries are competing for FDI.

- 2.3.5 The Companies Act of 2001 protects shareholder rights in Mauritius. The act states that each company must give its shareholders, on request, a statement that specifies the class of shares that they hold in the company. The act also lists shareholder obligations and liabilities, and provides for the rights of minority shareholders.
- 2.3.6 The Consumer Protection Act of 1991, the Fair Trading Act of 1979, the Price Control Act of 1998 and the Hire Purchase and Credit Sales Act of 1964 protect consumers in Mauritius. The government is currently revising all these instruments. Despite the protection the acts give to shareholders and stakeholders in the country, companies can still block the transfer of shares by giving notice of refusal within 28 days. The CRM also learnt that shareholder meetings can proceed even if there is an accidental failure to notify a shareholder. Finally, whereas the Companies Act of 2001 protects small shareholders, the CRM learnt that small shareholders cannot actually influence the decisions that the boards of private sector companies make. This makes it difficult for shareholders to defend their rights. The Mauritian authorities should consider new measures to protect shareholder rights, particularly those of small shareholders. The Mauritian corporate governance framework should treat minority and foreign shareholders equally. All shareholders should have the same voting rights. The authorities should also consider studying the Sarbanes-Oxley Act of 2002 to improve public company governance in the country.
- 2.3.7 The Code of Corporate Governance and the Companies Act of 2001 list the roles and responsibilities of boards of directors of companies in the country. However, many companies are family-owned and senior managers are often board members. The CRM also learnt that the directors of most of the government parastatals were political appointees, rather than professionals appointed for their competence. This therefore raises doubts about their competence and objectivity. The same directors may sit on numerous boards of listed companies. This concentration of board membership in a few hands affects their independence and decision making. The Mauritian authorities should consider making the Code of Corporate Governance compulsory rather than voluntary. The Financial Services Commission (FSC) told the CRM that the government is considering doing so. The authorities should also consider providing the newly established Mauritius Institute of Directors (MIoD) with adequate resources to enable it to offer training on corporate governance to new and current members of public and private sector boards. They should also consider limiting the number of boards on which one person can sit.
- 2.3.8 In summary, despite the challenges that Mauritius faces in entrenching good corporate governance in the country, its efforts so far are laudable, even though corporate governance is a fairly new concept in the country. Corporate governance is important to the authorities' plans to attract FDI in order to grow the national economy. It is therefore one of the driving forces behind the government's efforts to do so. The revisions to the laws that support this effort and the business climate are also laudable. The authorities should therefore seriously consider enforcing the new and updated laws and codes.

2.4 SOCIO-ECONOMIC DEVELOPMENT

- 2.4.1 Mauritius has achieved sustained growth since independence. This has enabled the country to achieve the status of an upper middle- income country, develop a resolute social policy to eradicate extreme poverty, and build a welfare state. It protects vulnerable social groups, and the people have free access to health and education at all levels (from preprimary to higher education). There is a basic pension benefit for the elderly, disabled persons, widows and orphans. There are also income support programmes, free public transport and subsidised consumer products.
- 2.4.2 Apart from universal and free access to public services and universal social protection, there is a contributory social protection scheme. It has covered retirement, occupational accidents and unemployment since February 2009.
- 2.4.3 Mauritius made these achievements possible through its firm collective will to transcend the difficulties inherent in an island that is far from the hubs of global production and consumption, limited in its land area and population, and endowed with few natural resources.
- 2.4.4 The country has gradually acquired human and institutional capacity. This has enabled it to develop a vision for planning its economic and social development, ensure the diversification of its economic base, promote its autonomy, and establish a resilient economy.
- 2.4.5 Mauritius is determined to develop by mobilising its own resources. It therefore searched for, and found, international support to deal with the exogenous shocks caused by the termination of the multi fibre accords and the abandonment of the commercial preferences for sugar. It embarked on the greatest investment programme in its history.
- 2.4.6 Relatively high public debt characterizes Mauritius's domestic finances and short-term commitments dominate them. The government developed a strategy to manage these internal finances. The government based its strategy on reducing their total volume rapidly and restructuring them in order to reduce short-term risks. The country's debt-servicing commitment to external finances seems moderate, and foreign exchange reserves offer reasonable security. The recently introduced budget management relies on rules that limit current expenditure, and on implementing programmes and achieving specific objectives in a triennial framework that the MOFEE coordinates.
- 2.4.7 Mauritius's progress in managing its budget rigorously must, however, be seen in terms of its longer-term vision. It should use this vision as the basis for all sectoral economic, social and other plans. They should all have the same time frames. Similarly, it should see infrastructure development within a medium- to long-term planning framework for land use and integrate it with the long-term vision and the broader sectoral economic and social plans.
- 2.4.8 With regard to reducing poverty, Mauritius is no longer suffering from extreme poverty. However, relative poverty persists. Furthermore, Mauritius has not really reduced the number of poor households in the past 15 years, despite various forms of aid and subsidies. The welfare state has benefited the poor and the less poor without distinction, although its efficiency has not been proved. Obviously, Mauritius needs a targeted aid and support policy in poverty-stricken areas

such as strengthening the free-education policy by providing lunches for all schoolchildren younger than 16, and providing school materials for primary school children.

- 2.4.9 Contributory social protection covers occupational accidents, disability and retirement. Mauritius extended this protection to unemployment in February 2009. The benefits for retirement and unemployment seem to be small. Retirement benefits make up one-third of average incomes after 40 years of contributions at the rate of 9 per cent, and half of average incomes for contributions of 13.5 per cent. Unemployment benefits are only paid for a maximum of one year. The rates are 90 per cent of the salary for the first quarter, 60 per cent for the second quarter and 30 per cent for the remaining two quarters. Mauritius urgently needs to review social protection to ensure better coverage. It should present all possible scenarios for contributions, benefits and sustainability to stakeholders for discussion.
- 2.4.10 Statistical data indicates some stability in income distribution for the last 20 years. However, the Gini Concentration Index shows that it has deteriorated during the past five years. The Gini Concentration Index increased from 0.371 to 0.388. The share of revenue paid to the richest 20 per cent of people increased from 44 per cent to 45.6 per cent. The share paid to the poorest 20 per cent declined from 6.4 per cent to 6.1 per cent. The percentage of households with an income equal to half the median income increased from 13.1 to 14. Two bodies implement the salary policy. The National Wage Council (NPC, or National Tripartite Forum, which comprises representatives of trade unions, employers and the government) deals with annual compensation, while the Pay Research Bureau (PRB) deals with the increases that should be granted every five years in the public sector. Annual increments were generally low throughout the past eight years. They only compensated partly for inflation, while the five-year increments (those of 2003 and 2008) were very high. The wage rate index increased from 109.7 to 128.2 in all sectors between the second and third quarters of 2008. It rose from 103.3 to 136.2 in the public service. Despite these increments, Mauritius has maintained the purchasing power of salaries. The productivity gains do not seem to have benefited the employees, because inflation is high. Mauritius needs another wage policy that is less erratic. It also needs to review salaries every year to protect the Mauritian economy from macroeconomic shocks and prevent salary frustrations. Social dialogue and a new social model – which considers competitiveness, the security of employees and their right to decent work – will be the key to general welfare, social peace and the successful integration of Mauritius with the world economy.
- 2.4.11 With regard to education, the enrolment rates in all cycles (from preprimary to higher education) are high and impressive for a developing country like Mauritius. Education is free and compulsory up to the age of 16. Of all the challenges faced by the country, three seem to be particularly important. The first is the thousands of school dropouts at the end of the primary school-leaving certificate examination. The second is the extra lessons that exclude school- children from low- and medium-income families because they cannot afford the tuition fees. These private lessons are capturing the interest of many teachers at the expense of public school education. The third challenge is higher education, whose quality and resources are obviously inadequate. A rapidly increasing number of Mauritians pursue their studies abroad. Their numbers now exceed 10,000. A very low proportion returns to the country, creating a real brain drain.
- 2.4.12 Access to health care is universal and free in the public health institutions. They have adequate equipment and staff on the whole. Mauritius has made remarkable progress at all levels of the health sector. The country's maternal and infant mortality rates are among the lowest in

the developing world. However, the situation with regard to the human immunodeficiency virus (HIV) and acquired immune deficiency syndrome (AIDS) is an exception. The number of cases detected each year (more than 500) is not declining, despite the aggressive policy the country developed to combat this scourge. On the other hand, increasing demand confronts the public health institutions and they are noticeably saturated. Mauritians are increasingly turning away from public health. According to the last World Health Organization (WHO) World Report, private health spending in Mauritius is 51.1 per cent of total health expenditure. In fact, public health spending in Mauritius is very moderate. It makes up only 1.9 per cent of the country's GDP. In contrast, it is nearly double that in other upper middle-income countries. Government's budget supports this burden. There are no contributions to cover the risks of illness in the Mauritian social protection system. Mauritius needs to mobilise significantly more resources to ensure that public health care is sustainable.

- 2.4.13 Mauritius's social policy, its sustainability, and its capacity to eradicate poverty meet the basic needs of the education and health services. They protect the people against illness, unemployment and old age. However, Mauritius needs to reflect on its entire social system, which it built by accumulating benefits. The sources of inefficiency are numerous and there are many key challenges. However, the problems are not yet acute. This is the most appropriate time to tackle, discuss and resolve them.
- 2.4.14 The state is very involved in delivering potable water, proper sanitation, energy, ICTs, housing and land. Public enterprises deliver most of these services and provide them at affordable costs. The rates of access are quite high. Access to telecommunications and the Internet is the highest in Africa. With regard to access to housing, nearly 90 per cent of the houses are privately owned. The state has introduced different ways of providing plots of land and houses at affordable prices, or even free of charge, to poor families. The state has also made provision for housing credit facilities and subsidies to low-income households. The state grants subsidies to all, without distinction. This creates a problem, because there is no monitoring of the enterprises in charge of public services. Mauritius needs a targeted policy here. It also needs to introduce incentives to increase access to new ICTs and to personal computers.
- 2.4.15 The state has done much to ensure gender equality. It has strengthened the institutional and legal framework to promote the rights of women and achieve gender equality. It has signed or ratified all the international codes and standards on gender equality and their protocols. It amended the constitution in 1995 to make sexual discrimination illegal, and passed national legislation to increase the protection of women in several areas. It established a number of institutions to promote gender equality. They include the MWRCDFW and the NWC.
- 2.4.16 The situation of Mauritian women is contradictory when it comes to access to different services or levels of responsibility. With regard to education, the enrolment rate for girls is equal to, or higher than, that for boys, and girls have a significantly higher rate of success. With regard to health, there is good cover for maternal and infant health.
- 2.4.17 There are gender inequalities at several levels in the economic sector – like access to work and to positions of responsibility. Salaries and incomes for equivalent work are also unequal. There are also inequalities in politics. These are that: (i) women have a very low rate of participation in general elections (barely 8.8 per cent of the candidates are women); (ii) only 12 of the 70 parliamentarians (17.1 per cent) and only 6.4 per cent of municipal councillors are women; (iii) no

women are members of top trade union management at the national level; and (iv) only two of the 20 ministers are women. Finally, violence against women is rampant, despite the laws that make domestic violence a crime. Sexual harassment also persists, particularly in the workplace.

2.4.18 Mauritius must continue to improve its policies if it is to make progress in achieving gender equality. This means that it must meet the commitment of SADC members (including Mauritius) to the 30 per cent quota of women in the different structures of power (government, Parliament and political parties). It must provide more resources to the ministry responsible for women's rights and organisations. It must highlight the gender dimension in all areas and in all statistics. Political, labour and associated organisations should take the lead in implementing the 30 per cent quota and integrating the gender dimension with their activities.

2.4.19 The government involves all stakeholders when developing policies and in order to promote participation in development at all levels. The government consults the NESC mainly in the pre-budget discussions. The most important ministries, trade unions and employers, the Regional Assembly of Rodrigues, and civil society organisations for the youth, women and the elderly are represented on the NESC. It plays an important and acknowledged role in promoting dialogue and national consensus about major socioeconomic issues and development programmes. The government consults civil society organisations about developing and implementing various national plans and programmes. However, they are not structured, have few resources and lack the capacity to make proposals. In contrast, the private sector is well organised and structured and has very strong intellectual capacity. The JEC and the Mauritius Chamber of Commerce and Industry (MCCI) are representative bodies of employers. They are privileged partners of the government and Parliament. They participate in labour-related consultations and often take the initiative in major issues. Trade union confederations are also participants in major consultations. They also sit on the NESC and many other bodies. Some Mauritian trade unions believe that the social reforms of the past few years have been more favourable to employers than to employees. The criticisms about them are the measures the government recently introduced to the legislation. These are reducing lay-off notice from three months to one month, restricting the right to strike and demonstrate, as well as the sanctions imposed on certain union leaders for exercising their right to demonstrate peacefully. There were also criticisms about the government's refusal to speak to trade union representatives. They have not had a meeting with the prime minister for a year and a half. The minister of finance and economic empowerment has also reportedly refused to reply to mail that union representatives have sent to him. The result of all this is that the purchasing power of employees has deteriorated. Employers and government officials are highly critical of the unions. They see the unions as opponents that are seriously out of touch with the requirements of changing times – competitiveness and globalisation. The weaknesses in dialogue are quite real, and Mauritius has no alternative but to establish a fertile partnership with the central stakeholders – the trade unions, employers and the government.

3. CROSSCUTTING ISSUES

The following are the crosscutting issues that emerged from the report:

- **Rodrigues Island:** A number of key government bodies are missing in Rodrigues, most noticeably the Independent Commission against Corruption (ICAC) and the National Human Rights Commission (NHRC). For instance, there is only one

magistrate in Rodrigues, which means that there are numerous cases pending as well as a case backlog. In addition, the constitutional provisions regarding the autonomy of Rodrigues should be abided by. Rodrigues is also plagued by high unemployment rates and low education incidence.

- **Corruption:** Despite the good image that Mauritius enjoys at the international level as one of the least corrupt countries in Africa, there is a broad consensus at the national level that corruption still affects a number of key democratic institutions. There is persistence of corruption in the Mauritius Police Force (MPF), the Customs Department of the Mauritius Revenue Authority (MRA), and the National Transport Authority.
- **Managing diversity:** Cultural, ethnic, racial and religious diversity is a characteristic of Mauritius. When effectively managed, diversity enriches a country's social fabric and heritage through the peaceful and vibrant coexistence of its different peoples.
- **Poverty:** In an effort to address relative poverty, Mauritius has developed a Relative Development Index (RDI) of each administrative area using data from the most recent Housing and Population Census survey in the year 2000. The RDI measures the relative development of municipal wards and village council areas.

4. GOOD AND BEST PRACTICES

The following are the six Good and Best Practices identified in the report:

- **Public Service Excellence Award:** This Award was introduced by the Ministry of Civil Service and Administrative Reforms in 2006, which public organizations aspire to participate. It has successfully contributed to promote the spirit of innovation, continual improvement and excellence within the Civil Service
- **The role and powers of the ombudsperson for children:** The Ombudsman for Children Act of 2003 established the position of ombudsperson for children in 2003. The ombudsperson represents and defends all Mauritian children in Mauritius, Rodrigues and Agaléga, and even those who are abroad. He/she also represents and defends foreign children on Mauritian territory.
- **The Migrant Unit of the Ministry of Labour, Industrial Relations and Employment (MLIRE):** The Migrant Unit of the MLIRE has powerful regulatory oversight functions designed to protect the rights of workers. The unit inspects the workplaces of migrant workers to ascertain whether employers comply with local laws.
- **The treatment of senior citizens in Mauritius:** There is free transport for the elderly, the disabled and students after September 2005. Senior citizens do not pay airport tax. In addition, medical domiciliary visits for those who are 90 years and older are guaranteed. The Ministry of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions maintains the elderly, who cannot afford housing, in homes for the elderly.
- **Financing the budget deficit in Mauritius:** Mauritius is one of the few African countries that have succeeded, since 2004, in making budget deficit financing the instrument that regulates the money market. The government now covers its funding needs through the money market by issuing treasury bills and bonds and interest-bearing instruments.

- **Public-private sector partnerships:** Mauritius is a country with effective and efficient public-private sector partnerships. The economic success of the country flows from these excellent partnerships and is led by the private sector.

5. CONCLUSION

The country in general, and the authorities in particular, are responsible for building on the country's assets and overcoming the obstacles to governance and socioeconomic development. This is a legitimate and realistic ambition, and the country must mobilise all stakeholders to achieve it. Mauritius needs a strong political will to address the challenges and constraints and to build on the country's strengths through a consensual approach to negotiations that involve all stakeholders of Mauritian society – government, political parties, the private sector, trade unions and civil society organisations. This will be the basis for building a strong and emerging Mauritius of tomorrow.

The stakes and challenges confronting present-day Mauritius call for firm agreement about its most essential objective. This is to lay the foundations for a modern and solid economy as well as a conscious and responsible Mauritian and African citizenship.