

# BTI 2016 | Mauritius Country Report

|                          | scale | score       | rank        | trend |
|--------------------------|-------|-------------|-------------|-------|
| <b>Status Index</b>      | 1-10  | <b>8.09</b> | # 13 of 129 |       |
| Political Transformation | 1-10  | 8.60        | # 12 of 129 | ➔     |
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This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2016 – Mauritius Country Report. Gütersloh: Bertelsmann Stiftung, 2016.

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### Key Indicators

|                          |        |      |                                |       |                      |         |
|--------------------------|--------|------|--------------------------------|-------|----------------------|---------|
| Population               | M      | 1.3  | HDI                            | 0.771 | GDP p.c., PPP \$     | 18585.4 |
| Pop. growth <sup>1</sup> | % p.a. | 0.2  | HDI rank of 187                | 63    | Gini Index           | 35.8    |
| Life expectancy          | years  | 74.5 | UN Education Index             | 0.718 | Poverty <sup>3</sup> | % 3.0   |
| Urban population         | %      | 39.8 | Gender inequality <sup>2</sup> | 0.375 | Aid per capita \$    | 117.8   |

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

## Executive Summary

Mauritius is not a transformation country in the classic sense. The island state that lies in the middle of the Indian Ocean, some 1,100 kilometers away from Madagascar and 2,300 kilometers from mainland Africa, has established a viable democracy and market economy since its independence from Britain in 1968. There have been several changes of government through free and fair elections and the latest elections which took place in December 2014 have provided further proof of the viability of the democratic culture of the country. The alliance Lepep (Alliance of the People), comprising the Mouvement Socialiste Militant, the Parti Mauricien Social Démocrate, and the Muvman Libérateur, ran against an alliance of the Labor Party and the Mouvement Militant Mauricien (MMM). The latter alliance, whose leader was the incumbent Prime Minister Navin Ramgoolam, secured some 38.5% of the vote, while its main contender won 49.8%. This meant a defeat of the incumbent government under Prime Minister Ramgoolam, who was accused of being out of touch with reality and everyday life. The election victory of the Alliance Lepep placed former Prime Minister and President Anerood Jugnauth back into the position of head of government, a position which wields more power than the mostly ceremonial functions of head of state. The election results provide Jugnauth with a stable majority in parliament, in which his alliance has a total of 51 seats out of the current 69 seats, due to the first-past-the-post electoral system.

The return of Anerood Jugnauth points to one concern regarding the country's democracy: the persistence of a few families in politics, which regularly take turns occupying the top positions. Another more serious concern for Mauritius's politics and society and hence for the consolidation of democracy is the spread of corruption, which, if not checked, is likely to scale down the country's high performance. Besides petty corruption, there are also allegations of corruption among the political elite. The former health minister, Santi Bai Hanoomanjee, was charged with corruption but was absolved in court. The former finance minister and now ICT minister, Pravind Jugnauth, son of Prime Minister Jugnauth, is facing corruption charges. Both these instances are related to the purchase by the government, at an inflated price, of a clinic which belonged to the

brother-in-law of Pravind Jugnauth. Ramgoolam is currently under investigation for certain alleged malpractices and has been provisionally charged with money laundering. The image of the country's democracy, both domestically and internationally, suffers from such allegations. The fact that women are still drastically underrepresented at almost all levels of the political and economic spheres adds to Mauritius's poor image. (1) The recent introduction of a quota for gender representation for local elections has not been applied to the national elections. However, public service has a high percentage of female employees including at the very top level. What is more, the Creole community, the descendants of those slaves that were brought to Mauritius from mainland Africa during the colonial period, is marginalized in the political and economic arena. (2) That remains true despite important steps taken to improve this community's situation over the past decade.

Mauritius's then Prime Minister Navin Ramgoolam argued on the occasion of an U.N. general assembly meeting in September 2013 that environmental protection and the fight against climate change must become priorities on the agenda of governments around the globe. Yet, Mauritius itself has so far fallen short of effectively protecting the environment. Economic concerns mostly trump ecological ones, as in several other countries around the globe.

Mauritius's foreign policy is dominated by its economic interests. It maintains cordial relations with several states and is especially interested in strengthening its relations with other African countries, Asian countries, China and India in particular, as well as the European Union. The objective of Mauritius is to position itself as a bridge between Asia and Africa and become a gateway for investment in Africa. Some relative success has been recorded to that effect. Certain Asian countries, but also European ones, like Britain, have been using facilities offered by Mauritius. An expression of the country's peaceful foreign policy is its decision not to have a standing army. Mauritius is thus one of the few countries in the world without a military. Only some paramilitary units have been established.

There is, however, a persistent tag on Mauritius, arising from the accusation of it being a tax haven. Such accusations persist despite the OECD's finding that Mauritius belongs to the group of countries with "jurisdictions that have substantially implemented the internationally agreed tax standard." Mauritius's finance minister defended Mauritius's tax system in 2013, saying, "We're not a tax haven, because there is no secrecy. You cannot open a bank account here without giving your full details. We are happy to exchange tax information with all our partners."

## History and Characteristics of Transformation

Since independence from Britain in 1968, Mauritius has witnessed successful economic development and the building of a well-functioning market economy, as well as the establishment and consolidation of a viable democracy. Unlike several other African states, Mauritius has never

had a violent conflict within its borders (except for a short spell of ethnic-based riots in 1968, prior to independence, and in 1999, leading to loss of life, destruction of property and displacement of people) – in fact it does not maintain a military force – and has avoided the trap of being dependent on foreign aid. Instead, it has been ranked high in several indexes that measure political and economic development, including this one, for years and often as the most successful country within Africa. This came to many as a surprise given the bleak outlook of the colony's economic and social situation at the time of independence. Indeed, Nobel laureate James Meade predicted in 1961 that Mauritius's economic future would be bleak given its overpopulation and heavy dependence on sugar, by far the most important trading product of Mauritius at that time.

Mauritius had been an uninhabited island when the Arabs and the Portuguese discovered it a few centuries ago. It was with the arrival of the Dutch in the very late 16th century that the first permanent settlement of Mauritius began, only taking shape in 1638. Seeing more strategic importance in its Cape Colony (today's Cape Town in South Africa), the Dutch abandoned Mauritius in 1710. Five years later, the French claimed the island and settled permanently on Mauritius, and named it Ile de France. Following a French defeat during the Napoleonic Wars, Britain took over the island in 1810 and claimed mainland Mauritius and its dependencies, namely the Agalega Islands, the Chagos Archipelago, the Cargados Carajos Shoals (Saint Brandon) and Rodrigues as colonial territory. Given Britain's laissez-faire rule over the island, the French language prevailed as the lingua franca. French colonial heritage is still visible today, as is British heritage, in the political, administrative, judicial and educational systems. As such, the colonial period left Mauritius with the Westminster model of parliamentary democracy. Three years prior to independence, in 1965, Britain excised part of the Mauritius territory, the Chagos Archipelago, calling it the British Indian Ocean Territory, which it leased to the U.S. for the establishment of a military base on its main island, Diego Garcia. The dispute over the sovereignty of the Chagos Archipelago remains a major bone of contention between Mauritius and Britain today. Mauritius also has a territorial dispute with the French over the tiny island of Tromelin. Negotiations for its joint exploitation at the economic level are ongoing. The issue of sovereignty is yet to be settled.

France had shipped slaves from mainland Africa, Madagascar, and some from India, among other sources, to Mauritius. More Indians arrived, mostly as indentured laborers, following the abolition of slavery. Chinese also came, mainly to open shops and as local traders. The descendants of these settlers, together with those of the European colonizers who chose to remain on the island, form today's multicultural and ethnically diversified society. The Hindu community constitutes the largest ethnic group on the island nowadays. Together with the small Franco-Mauritian minority, they are the most influential group and dominate business and politics. The Creoles, mostly descendants of slaves, drifted into the background, giving rise to what was termed as the "malaise créole." However, over the past decade or so, some notable improvements have been made to advance their situation. This includes the introduction of Creole as a formal language taught in certain schools on demand and the introduction of February first as a public holiday to commemorate the abolition of slavery. The second of November has likewise been decreed a public holiday to commemorate the arrival of the first indentured laborers. What is more, a Truth and Justice Commission was established in 2009 to investigate the country's past and the

consequences of slavery. This commission published its report in 2011 and made some further recommendations on how to deal with the challenges that arose. As a matter of fact, the economic success of Mauritius and its relative prosperity, having the world's 64th highest GDP per capita according to World Bank data overshadows the situation of the Creoles, who for various reasons cannot yet participate in the country's prosperity to the extent that other groups can, despite some significant improvements in their situation in recent years.

This economic success was not predestined at independence, as noted above. In the 1960s and 1970s, Mauritius had been dependent on sugar cane production. The post-independence government then started to diversify the economy and build a strong secondary sector with a quickly flourishing textiles industry. Moreover, tourism began to expand. In addition, financial services turned into another component of the service sector. In the 1990s, the fourth pillar of Mauritius's economy, the IT sector, was developed.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Question  
Score

The state's monopoly on the use of force a priority in Mauritius and covers the entire territory. There are no challengers. Unlike most other countries in the world, Mauritius has no standing military. All security-related activities are carried out by the National Police Force, as well as by a Special Mobile Force and the National Coast Guard. The Special Mobile Force includes some 1,500 members and the National Coast Guard comprises some 500 men. Both also serve as paramilitary units in Mauritius. The police and paramilitary forces are considered well trained and disciplined, despite some incidents in the past years.

Monopoly on the  
use of force  
10

The vast majority of the population accepts the nation-state as legitimate. In essence, there are four ethnic groups living on the Mauritian islands: the Indo-Mauritians as the largest group, the Creoles, the Franco-Mauritians and the Sino-Mauritians. The constitution distinguishes between the Hindu community, the Muslim community and the Sino-Mauritian community. Moreover, "[e]very person who does not appear, from his way of life, to belong to one other of those three communities shall be regarded as belonging to the General Population, which shall itself be regarded as a fourth community."

State identity  
9

These groups live in peaceful coexistence and the formation of a Mauritian identity has gathered pace over past decades. There are, however, some outstanding issues regarding the full integration of the Creole community into society and their full and equal participation in the business sector, which hamper such identity building.

The Creole community, the second largest ethnic group comprises some 27% of the population, whereas the Indo-Mauritians account for 69% of the population. The Creoles' ancestors were brought to Mauritius as slaves to work the plantations, mostly coming from East Africa and, in smaller numbers, from West Africa. Their language, a patois of French and Afro-Malagasy languages, is spoken by almost all people in Mauritius. The previously, often wildly different, orthographies have recently been formalized, shaping a codified Creole language. The codification was supported by the government. More and more publications are found in Creole.

Given that Indo-Mauritians are the vast majority in the country, it might come as surprise that only 48.5% of the population are Hindu. Roman Catholics form the second largest religious group with some 26.3% of the population, while other Christians make up another 6.4% of the population. Moreover, 17.3% are Muslims. The percentage of Muslims has grown slowly from 16.6% in 2000 to 17.3% at present, while the number of Hindus has decreased during the same period of time by 3.5%. The Muslims in Mauritius are mostly of Indian descent, yet cases of both Hindus and Creoles converting to Islam are an increasing phenomenon.

No interference of religious dogmas  
8

Although the state is secular and religious freedom is guaranteed, there are nevertheless some religious dogmas and, even more so, caste thinking that determine politics and the economy to a notable extent. The composition of the country's leadership is one example for this.

Mauritius has developed a differentiated administrative structure throughout the entire country, providing all basic public services. Due to the small size of the state, there is no center-periphery problem regarding access to state administration.

Basic administration  
9

Mauritius's administrative division is a legacy of its colonial past and shows nine administrative districts (Black River, Flacq, Grand Port, Moka, Pamplemousses, Plaines Wilhems, Port Louis, Riviere du Rempart and Savanne) and three dependencies (Agalega Islands, Cargados Carajos Shoals and Rodrigues).

Mauritius's second island, Rodrigues, lying some 600 kilometers away from the main island, has gained notably autonomy and has its own regional assembly. However, given the absence of business opportunities apart from tourism, the island depends on the central government for funding.

## 2 | Political Participation

General elections are regularly conducted and universal suffrage by secret ballot is ensured. Several political parties with different political standings and positions run during elections and are able to fill the political posts according to election outcomes. Alliances among otherwise independent parties are usually formed before election days, with voters able to choose among such alliances.

Free and fair elections  
9

There is no doubt about the trustworthiness of elections and neither domestic stakeholders nor the international community question their outcomes. Some, however, have accused the formerly ruling alliance under Prime Minister Narvin Ramgoolam of using state radio and television as propaganda machinery, particularly before elections. However, for the December 2014 elections, once an alliance was formed between the Ramgoolams' Labor Party and the MMM, the latter, in fairness, demanded and obtained equitable coverage of the other alliances and political parties registered to run.

The National Assembly usually has 70 members. Sixty-two members are elected in multi-member constituencies and up to eight additional members are chosen through the so-called “Best Loser System,” designed to ensure the representation of all four groups in society in the national parliament. Following the vote (each voter has three votes in his/her constituency), the Electoral Supervisory Commission can nominate up to eight “Best Losers” to correct any imbalance in community representation that may stem from election results. A change to this system has been debated for over a decade. The prime minister published a white paper on electoral reform in March 2014. The publication was preceded by the assessment of a group of international experts commissioned by the government to consider electoral changes. This group suggested the abolition of the “Best Loser System” and the replacement of the first-past-the-post system with a system of proportional representation. These recommendations faced resistance both from the government and the opposition. Instead of major changes, politicians agreed on mini-amendments to the constitution. The published white paper foresees the continuance of the first-past-the-post system with three candidates chosen in each constituency. Moreover, the “Best Loser System” shall prevail and be integrated into a proportional representation system. Individuals running now have the choice to not declare to which group of the society they belong. This, however, has the effect that they cannot obtain one of the “Best Loser” seats.

The electoral reform proposal, which constituted a major platform of the Labor Party/MMM Alliance and in the event of a victory would have transformed the “Best Loser System” into a proportional representation electoral system. But this proposal has been postponed. As it is, the Alliance Lepep, which won the elections held on 10 December 2014, against all odds, has indicated an electoral reform in its government program. As a matter of fact, it has more than a comfortable majority.

The democratically elected government can effectively govern the country, and in fact does so. There are no individuals or groups, which have a veto power. The aforementioned tendency to form alliances of political parties means that the government comprises two or more political parties – a necessity for obtaining a majority in parliament. Such coalition governments are dependent on inter-party consensus. The opposition is an important pillar in Mauritius’s political system, with the post of the opposition leader being explicitly provided for in the country’s constitution. This position confers some consultative powers to the leader of the opposition when it comes to certain institutional appointments, such as the members of the Electoral Supervisory Commission, the body which bears general responsibility for the electoral process and chooses the “Best Losers.”

Effective power to govern

10

Article 3 of Mauritius's Constitution guarantees, inter alia, freedom of conscience and expression as well as freedom of assembly and association. There are occasional incidents when the freedom of assembly has been challenged. In May 2013, for instance, Mauritius's police arrested four social workers, who had reportedly protested against poor infrastructure. These workers repeatedly did not have the opportunity to contact a lawyer during their detainment.

Association /  
assembly rights  
9

Trade unions have lately been trying to grow stronger and unite the worker population. This occurs against a background in which several thousand foreign workers, who are employed in the country's exports-processing zones, find themselves suffering from rather poor living and working conditions.

Overall, freedom of expression is guaranteed in Mauritius, not only in the constitution but also in daily life. There are several private newspapers and magazines willing to criticize both the government and the opposition, and do so. At the same time, the state-owned Mauritius Broadcasting Corporation was accused of turning into a mouthpiece for the then-government of Navin Ramgoolam. The head of the Mauritius Broadcasting Corporation, Dan Callikhan, came under heavy attack from the then-opposition.

Freedom of  
expression  
7

In January 2015, a court sentenced Showutally Soodhun, now vice prime minister of the Mouvement Socialiste Militant, and number three in the present government hierarchy to a meager monetary fine for having led an illegal demonstration in front of a daily newspaper, L'Express, in 2009, where he burned a copy of the newspaper and damaged some window panes of the building.

Prime Minister Ramgoolam used aggressive language writing a personal attack against Raj Meetarbhan, the editor of the daily newspaper L'Express, describing him as not being worthy to "shine my shoes." Meetarbhan himself remembered the time he stayed in Zimbabwe in the early 1980s and warned about the situation in Mauritius, "The virus of repression is there, the signs are evident and I fear that the independent media in Mauritius will have a somber future." This incident occurred in 2011. Yet, things have not changed much for the better. Mauritius now ranks 70th out of 180 countries in the Reporters beyond Borders Freedom of the Press Index 2014, behind Hungary (ranked 64th) and several African states including Burkina Faso, Botswana, Mauritania, Niger, Senegal and South Africa. Mauritius is again on the downward path in this index, after being ranked 34th in 2005, 65th in 2010, 54th in 2011 and 62nd in 2013.

However, there is also a perception that, under the cover of the freedom of expression, some journalists take pleasure in casting aspersions on certain public figures. But overall, the tendency is on the mend.

### 3 | Rule of Law

Mauritius has a clear separation of powers with mutual checks and balances. The government forms the executive, the National Assembly the legislative and the Supreme Court the judicial branch. It is particularly the opposition in the parliament that checks the government. Moreover, the country's Supreme Court "shall have unlimited jurisdiction to hear and determine any civil or criminal proceedings under any law other than a disciplinary law and such jurisdiction and powers as may be conferred upon it by [the] constitution or any other law," according to the constitution. The court has been criticized in the past for being influenced by the government. Yet, its general independence is not questioned.

Separation of powers

9

The state's president, on the contrary, has only limited power both in constitutional terms, as well as in political reality. His office is largely ceremonial. However, the prime minister meets with him at least once a week for consultations. If the president refuses to sign a bill, which has gone through the legislative process a second time and comes unaltered to his desk, he is left with two choices: sign or resign, which is an indication of his limited power.

Mauritius's judiciary system is independent and free from unconstitutional intervention. It is a hybrid system, having its roots both in the country's French and British colonial past. There is a Supreme Court, with the highest judicial authority, the Intermediate Court, holding jurisdiction over civil and criminal cases; and the district courts, which try civil and criminal cases within their jurisdictions. As in several other political systems around the globe, the Supreme Court's chief justice is appointed by the president, following consultations with the prime minister. In the same vein, the senior puisne judge is also appointed by the president, after taking the recommendations of the chief justice into consideration. All the other members of the Supreme Court are also appointed by the president, acting in accordance with recommendations from the Judicial and Legal Service Commission. Mauritius's colonial past and its British Commonwealth membership are still reflected by the fact that the country's supreme court of appeal is the Privy Council in London.

Independent judiciary

9

There is a general consensus concerning the establishment of a Court of Appeal, separate from the Supreme Court. However, access and recourse to the Privy Council will most likely be maintained.

Corruption has turned into a visible and major problem for the political establishment in Mauritius. In a leaked cable from the U.S. Embassy in 2008, corruption in Mauritius is described as “often overlooked,” even though the graft problem is “pervasive and ingrained.” The issue reached the highest level of government in 2011 when the country’s health minister, Santi Bai Hanoomanjee, was accused of favoritism and inflating the government’s bid on a hospital. The Independent Commission Against Corruption advanced the charges, which were however dropped in April 2013 owing to insufficient evidence. Shortly after the allegations against the health minister were voiced, the country’s finance minister and head of one of Mauritius’s larger political parties, the Mouvement Socialiste Militant, Pravind Jugnauth, was also arrested on charges of corruption. The matter is still being prosecuted. Being dissatisfied with the level of corruption in politics, thousands took to streets in the country’s capital Port Louis. It should also be underscored that former Prime Minister Ramgoolam has been charged, among others, with money laundering.

Prosecution of  
office abuse

7

Within the country itself, corruption is not necessarily viewed as a pressing problem. According to Afrobarometer data from 2014, only 6% said that corruption was the most important problem Mauritius is facing.

Civil rights are codified by law and respected by state institutions, which prevent discrimination. The “Best Loser System” is one indication of these prevention measures, as is the strengthening of the Creole community in politics and the economy.

Civil rights

8

Security forces have been accused of committing human rights abuses in the recent past, such as abuses of suspects and detainees. Allegedly, there have also been arbitrary arrests and overcrowded prisons. There is an independent ombudsman who can investigate security force abuses. The National Human Rights Commission, which has for a long time remained ineffective on account of the non-replacement of two (retired) Commissioners, received some 128 complaints of physical or verbal abuse by police during the year 2012. Ninety-three cases remain under investigation, while the others have been dropped due to a lack of evidence.

#### 4 | Stability of Democratic Institutions

Undoubtedly, Mauritius has functioning democratic institutions. Any political decision is prepared, made, implemented and reviewed in legitimate procedures by the appropriate authorities.

It is particularly Mauritius's parliament that remains vocal, despite some tactical maneuvers by the government parties during the years 2012-2014 to weaken the opposition, and vice versa. This eagerness to debate politics reaches far beyond the parliament. Some Mauritians say that there are two favorite pastimes in their country: politics and football. As a matter of fact, politics is very much ingrained in the national psyche so that people discuss political issues almost daily and thus participate in political discourse. Call-in radio shows are one expression of this.

Mauritian politics is nevertheless tied to a few families, undermining the legitimacy of the country's political leadership to a certain extent. Family roots matter, if a name is not associated with the political elite, it is generally difficult to obtain top government positions. Also, individuals remain in power for decades, shifting positions regularly either following elections or as tactical maneuvers to eventually win elections. The resignation of Sir Anerood Jugnauth as president in 2012 with the aim of returning to the far more influential position of prime minister is a case in point.

Democratic institutions are accepted as legitimate by all relevant actors. Notwithstanding, political actors use some institutions to serve their political interests. As such, the media, the Mauritius Broadcasting Cooperation in particular, has been widely seen as a tool of the formerly ruling party.

Although democratic institutions are unchallenged, the political system may come under pressure in the future given the overrepresentation of men. Slightly more than half of the country's population is female, yet it was reported that in 2012 women only accounted for 6.4% of the positions at the local government level and 18.8% at the national parliamentary level, thus lacking adequate representation. The problem eased at the local level, following the introduction of a quota system in these elections, raising the percentage of females to 26.2%, quadrupling the percentage (up from 6.4%). The quota system required that, at the local government level at least, one-third of the candidates presented by any party or alliance must be of either gender. As matter of fact, following the 2012 local government elections, in at least one municipal council (Quatre Bornes), the female councilors are in majority. The topic of female representation is on the agenda. In the electoral manifesto of the Labor Party and Mouvement Militant Mauricien for the December 2014 elections, higher female representation at parliament level was a major topic.

Performance of  
democratic  
institutions

9

Commitment to  
democratic  
institutions

10

## 5 | Political and Social Integration

The party system of Mauritius is stable and socially rooted. It is, by and large, able to articulate and aggregate societal interest with low fragmentation.

Party system  
8

Before the latest elections, held in December 2014, two major alliances were formed, an alliance comprising the Labor Party and the Mouvement Militant Mauricien (MMM), on the one hand, as well the Alliance Lepep (Alliance of the People) comprising the Mouvement Socialiste Militant (MSM), the Parti Mauricien Social Démocrate and Muvman Liberator, on the other hand. These alliances together won almost 88% of the total vote. The Mauritian Solidarity Front achieved the third place with only some 2% of the total votes.

Some 44 parties or party alliances participated in the 2014 elections. The largest parties within the two aforementioned alliances are the Labor Party, the MSM and the MMM. Those parties are particular capable of accommodating the vast majority of Mauritius's citizens and are deeply rooted in society. Notwithstanding their democratic credentials, it remains true that these parties are leader-centric and are guided by a few families, as the return of Sir Anerood Jugnauth, former prime minister (1982-1995 and 2000-2003) and president (2003-2012), to the position of the prime minister reveals.

Both the MSM and the Labor Party draw most Hindu voters, and the MSM has been accused of becoming primarily a Hindu party. As a matter of fact, the Hindu majority dominates public administration, politics and the political parties themselves, and other groups find it hard to reach the highest political positions. Notwithstanding it is also true that the two other parties in alliance with the MSM, the Parti Mauricien Social Démocrate and the Mouvement Liberator, have non-Hindus as leader. Paul Bérenger, a Franco-Mauritian, was once prime minister and thus the only white political leader in Africa (2003-2005). Yet, there was some rumor in the context of the 2014 elections that the Hindu majority would not allow a non-Hindu to head Mauritius when Bérenger found himself in a favorable position in the lead-up to the elections.

The Mauritius Council of Social Service serves as national umbrella organization for all civil society organizations in the Republic in Mauritius. Among those non-governmental organizations (NGOs) that are part of the Council of Social Services are mainly NGOs dealing with human rights, HIV/AIDS, the promotion of women's rights, and the rights of the lesbian, gay, bisexual, and transgender community. In addition, NGOs dealing with environmental questions are large in number, as environmental protection has been and remains a pressing issue on the island state. Given its strong economic performance, business associations are crucial players among Mauritius's interest groups. In addition, the sociocultural groups of religious

Interest groups  
8

denominations play some role. It is particularly the business associations that try to interfere in government decisions. Lastly, some Creole groups have also gained considerable prominence and successfully pushed the agenda of Creoles.

Approval of democratic norms and procedures is very high. The high voter turnout of 74% in the December 2014 national elections is an indication. It must be noted, however, that the voter turnout was previously higher (roughly 85% in 2005 and roughly 78% in 2010). The lower figure in 2014 is largely explained by the fact that a considerable number of traditional MMM supporters opted to abstain from voting to demonstrate their rejection of the alliance between their party and the Labor Party, which they had criticized for the past nine years when it led the government.

Approval of  
democracy  
9

The Afrobarometer concludes its 2014 report by noting, “Mauritians are torn between long standing political traditions and reforms, which could arguably bring about greater fairness and stability.” The wish for some political reforms is not new. In an earlier assessment, Afrobarometer showed that 85% of respondents preferred democracy to any other kind of government, but only 22% considered Mauritius to be a “a full democracy.” Some 54% called it “a democracy, but with minor problems.” On the question of whether the 2010 elections were free and fair, 34% of the respondents said “free and fair, but with minor problems” and 56% said “completely free and fair.”

Trust in other members of the society is rather low, as Afrobarometer data from 2012 indicates. A total of 86% of respondents said that one “must be very careful” when asked whether they say that most people can be trusted or that you must be very careful in dealing with people. Trust is much higher within the families, yet, even there, 25% of respondents said that they “somewhat” trust their family while 66% noted that they trust “a lot.” Trust among neighbors lies somewhere in the middle between the figures for trust within the family and general trust; 23% say they trust their neighbors “just a little”, 49% trust “somewhat” while 22% trust their neighbors “a lot.”

Social capital  
5

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Question  
Score

Socioeconomic  
barriers

7

Poverty is not a big issue in Mauritius, as the vast majority of its citizens can benefit from the country's wealth. The U.N.'s Human Development Index of 2013 sees Mauritius as a "high achiever" with a "high human development" and a score of 0.737 (in 1990 it stood at 0.626). Libya is the only African country that is ranked higher in the Human Development Index and, within the sub-Saharan region, Mauritius stands at the top, ranked 80th out of all states around the globe. The country's GINI coefficient, which measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution, stands at 35.9 which is below the global average of 39.8, thus indicating that equal distribution of the country's wealth can still be improved, yet that it is still better in Mauritius than in other parts of the world. Notwithstanding these figures, some 1.9% of the people in Mauritius live below the poverty line (on \$2 a day) according to World Bank data. This percentage is smaller than that for the European Union member state Latvia (2.0%) and it is far below other African states.

Mauritius's diversified economy, with a stable secondary and tertiary sector, is part of the explanation for these figures. The textile industry, as well as the finance and tourism sectors, are the important pillars of Mauritius's economy, while sugar production, the traditional pillar of the island's economy, has declined relatively in importance. With Ethiopia, Mozambique and Sudan planning to massively expand their sugar production, Mauritian sugar might face strong competitors and shrinking market prices in the years to come. The so-called export processing zones, which promote the production of goods solely designated for export, have played and still play a notable role in the country's economy, and more and more states in the region and the global south copy this model.

The unemployment rate stood at 7.8% in the second quarter of 2014. Yet, this figure masks the unequal distribution of unemployment across society. Thus, 45% of the unemployed were males as compared to 55% females. Eighteen percent of the unemployed had not reached the Certificate of Primary Education level or equivalent, and a further 36% did not have the Cambridge School Certificate or equivalent. While 20% had been looking for a job for more than a year, 27% were looking for their first job. Most alarming is that 42% of those unemployed were aged below 25 years. Even those with university degrees are finding it difficult to find employment commensurate with their aspirations and education. In fact, youth unemployment is a pressing problem and has been noted as an important issue to be dealt with. Moreover, a program for women called "Back to Work" was implemented as part of the 2014 budget.

| Economic indicators        |          | 2005   | 2010    | 2013    | 2014           |
|----------------------------|----------|--------|---------|---------|----------------|
| GDP                        | \$ M     | 6283.8 | 9718.2  | 11928.1 | <b>12616.4</b> |
| GDP growth                 | %        | 1.2    | 4.1     | 3.2     | <b>3.6</b>     |
| Inflation (CPI)            | %        | 4.9    | 2.9     | 3.5     | <b>3.2</b>     |
| Unemployment               | %        | 9.6    | 7.7     | 8.3     | -              |
| Foreign direct investment  | % of GDP | 0.7    | 4.4     | 2.2     | -              |
| Export growth              | %        | 10.6   | 14.3    | 4.4     | <b>3.4</b>     |
| Import growth              | %        | 6.4    | 9.5     | 5.9     | <b>1.6</b>     |
| Current account balance    | \$ M     | -324.0 | -1005.8 | -1180.3 | <b>-1289.4</b> |
| Public debt                | % of GDP | 53.5   | 51.9    | 53.9    | <b>56.2</b>    |
| External debt              | \$ M     | 805.0  | 2733.9  | 10919.5 | -              |
| Total debt service         | \$ M     | 227.5  | 155.8   | 3394.0  | -              |
| Cash surplus or deficit    | % of GDP | -      | -2.4    | -       | -              |
| Tax revenue                | % of GDP | -      | 18.5    | -       | -              |
| Government consumption     | % of GDP | 14.8   | 13.9    | 14.4    | <b>14.5</b>    |
| Public expnd. on education | % of GDP | 4.2    | 3.7     | 3.7     | -              |
| Public expnd. on health    | % of GDP | 2.2    | 2.5     | 2.4     | -              |
| R&D expenditure            | % of GDP | 0.37   | -       | -       | -              |
| Military expenditure       | % of GDP | 0.2    | 0.2     | 0.2     | <b>0.3</b>     |

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

## 7 | Organization of the Market and Competition

Market competition has a strong institutional framework. There are state-guaranteed rules for market competition with equal opportunities for all market participants. The World Trade Organization considers Mauritius's investment regime as "open and transparent." Mauritius, despite its unfavorable geographic location in the middle of the Indian Ocean far away from other markets, has been highly successful over past decades in attracting investors and foreign capital. One reason for this is the business-friendly environment. In the World Bank's Doing Business 2015, Mauritius remains in the world's top 30, now ranked at 28th out of 189 countries.

Market-based  
competition

9

The introduction of Mauritius's export processing zones was helpful for boosting the island's economic development. These zones allow for state-subsidized processing of imported materials that will be exported. Incentives for investors to invest in such zones include the exemption of duties on imported raw material, low energy costs and free repatriation of capital, profits and dividends.

The informal sector is relatively small, though a phenomenon, which has had an impact on politics and continues to do so, is the complex issue of "street vendors." The number of these street vendors increases near the end of the year, practically constituting an invasion of the main streets of the capital and other major towns. This obviously affects the licensed traders, many of whom have had no alternative but to close shop.

Mauritius has a fairly liberalized economy and is in line with WTO regulations, to the extent that the authorities are often accused of being over generous with an open market, to the detriment of local enterprises.

The government established the Competition Commission of Mauritius in 2009 with the aim of promoting competition in the interest of Mauritian consumers, businesses and the economy. The commission is linked to the prime minister's office, yet is independent from the government in its decision-making, which is performed by five commissioners. It has so far heard 19 cases, including alleged abuse of monopoly power in the supply of secondary school books, the cement market, and mergers of businesses.

Anti-monopoly  
policy  
7

While this commission's work has gained some momentum, it remains true that a few oligarchic families continue to dominate the Mauritian economy. This is specifically true for the agricultural sector, as well as the trade and telecommunication sectors.

A government-led (previous) policy of "Democratization of the Economy" produced no significant change.

Trade has been more liberalized recently. Measures include tariff cuts, dismantlement of several subsidy schemes, and reduction in imports licensing. Moreover, foreign equity caps have been removed in the tourism sector. Yet, such caps remain in television broadcasting, sugar production and for diving centers. Overall, however, as the World Trade Organization reports, there have been efforts made to improve the environment for trade and investment. This includes measures to improve the processing of permit approvals for large investment projects by introducing a fast-track option. Also, the legal protection of investors has been strengthened. Mauritius has so far not been part of any dispute settlement case at the World Trade Organization. Notwithstanding this record, Mauritius continues using an import permit system in order to protect the producers of some agricultural products, such as chicken, pork and tea. Moreover, the imports of some products, such as onions and potatoes, are controlled by the Agricultural Marketing Board, which implements an import quota system.

Liberalization of  
foreign trade  
9

Mauritius's economic outlook is broad. It is member of no less than five regional trade agreements, including the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Moreover, it entered into an interim Economic Partnership agreement with the European Union in 2009, which came into effect in 2012. This agreement provides duty and quota free access to the market of the European Union for exports from Mauritius (and from Madagascar, Seychelles and Zimbabwe, which signed the agreement together with Mauritius). Inversely, the Mauritius market is open to practically all EU goods. In general terms, 90% of tariffs for goods, from all sources, have already been eliminated in Mauritius. As a consequence, only 5% of tariffs remains to be liberalized under the Economic Partnership Agreement signed with the EU.

The new government has ambitions to make Mauritius a duty-free island.

The banking system is solid and oriented toward international standards with functional banking supervision. There are 22 banks operating in Mauritius including several foreign banks such as Barclays, Deutsche Bank, HSBC and Standard Bank. At the heart of the banking system is the Mauritian Central Bank, which is modeled on the Bank of England. Senior officers of the Bank of England assisted in setting up the bank some decades ago. The functions the central bank has to fulfill are, among others, the formulation and implementation of monetary policy, the issuing of currency, the provision of efficient payments, the settlement and clearing system, the management of the public debt and of foreign exchange reserves, as well as the regulation and supervision of Mauritian banks.

Banking system  
9

Mauritius is among the first countries to have implemented the BASEL III guidelines in July 2014.

As regards non-performing loans, these are within acceptable norms. A high proportion of bad loans is linked to transborder exposure.

## 8 | Currency and Price Stability

Inflation was a major problem during the past decade, with inflation rates as high as 9.7% and 8.9% in the years 2006-2008. Thereafter came a decline in the inflation rate, with the figures dropping to 3.9% in 2012 and 3.5% in 2013, according to World Bank data. Official statistics from the Mauritian government for 2014 see the inflation rate remaining in the same range, standing at 3.9% in September 2014.

Anti-inflation /  
forex policy  
8

With the inflation rate under control as compared to past years, the members of the Monetary Policy Committee are of the view that economic conditions and the inflation outlook in Mauritius did not call for a change in the monetary policy of the island, when they met in 2014.

The Mauritian rupee is a floating currency. The central bank has over past years demonstrated independence of action and resisted government interference. Under the previous governor, there was a clear demarcation between the central bank and the government, leading quite often to a tussle between him and the minister of finance. A new governor, Ramesh Basant Roi, was appointed by the new government. Roi had already held that position prior to the appointment of Rundheersing Bheenick.

Mauritius's account balance, which is the sum of net exports of goods, services, net income and net current transfers, stood at \$-1,199 million in 2012, according to World Bank data. It steadily rose during the past decade from \$-324 million in 2005 to \$-975 million in 2008 and has since 2010 moved between \$-1,506 million and \$-1,005.8 million.

Macrostability  
8

At the same time, public debt in percentage of GDP rose above the 50% threshold in 2010 (50.5%), after being as low as between 44.0% and 47.3% in the previous three years. Since 2010, the public debt rate has not moved below the 50% threshold, but in 2013 stood at 53.8% (51.5% in 2012 and 52.1% in 2011), according to statistics from the International Monetary Fund. The current public debt rate stands at an alarming 60% plus. The Public Debt Management Act of 2008 foresees the long-term goal of reducing the country's public debt to 50% of its GDP by 2018. The crisis in Europe, however, could make it harder for Mauritius to attain that goal.

Mauritius's foreign debt went up at the same time. While it stood at \$1,225 million in 2010, it rose sharply in 2011 to \$3,133 million and again in 2012 to \$4,459 million, according to World Bank data.

The government's final consumption expenditure (in percentage of GDP) continues to hover around 14%, standing at 14.4% in 2013.

## 9 | Private Property

Private property is protected through Article 3 of the constitution which postulates "the right of the individual to protection for the privacy of his home and other property and from deprivation of property without compensation." There has been no tampering with these revisions in the past. While property is protected in general terms, the constitution nevertheless allows for deprivation of property in case of higher national interests, including defense, public safety, public health, as well as town and country planning. Under such circumstances, compensation is offered and also the right to appeal to the Supreme Court is provided.

Property rights  
8

According to the Non-Citizen Property Restriction Act, non-citizens cannot hold, acquire or purchase property in Mauritius. There are, however, some notable exceptions to this rule, such as for a spouse of a Mauritian and, more importantly, the

acquisition of property for business purposes. Following a government reform more than a decade ago, non-citizens can also purchase property through the so-called Integrated Resort Scheme. This scheme allows non-Mauritians to buy luxury villas which cost \$500,000 or more. Furthermore, non-Mauritians working in Mauritius, who have resided in the country for more than three years, can also purchase apartments. Particularly the acquisition of luxury villas needs approval of the Board of Investment of Mauritius. When it comes to property for business purposes, it is also this board and also the prime minister's office, which can grant authorization to acquire property.

The issue of state land being granted to cronies of the past government has become a public scandal. Attribution of such lands was made mostly to people with a close affinity to the previous government (principally the then-prime minister), but who had no capital for the development of such lands. Some of them conveniently used their title deeds to attract investors, who then paid heavily for acquisition of said lands for development purposes. Prominent cases in this respect are the cases of Jin Fei and Neotown. In both cases, Chinese and Indian investors did not keep their promises to develop prime land they received when the former inhabitants were ejected from it. Heavy government infrastructure investment was lost because the investors did not use the land properly.

Private companies are viewed institutionally as primary engines of economic production and are given appropriate legal safeguards. The privatization of state companies proceeds consistently with market principles. As early as in the 1980s, large-scale privatization took place. This policy has not lost momentum. In 2001, the government sold 40% of its assets in Mauritius's Telecom to France Telecom and, three years later, it transformed the Mauritius Postal Services into Mauritius Post Ltd., which in the long run has resulted in better services. The sale of the telecommunication company, however, did not go well and has been described by a trade unionist as "total failure and political fraud." Finance Minister Xavier-Luc Duval announced the disinvestment of the state from enterprises such as casinos, tourist villages and retail outlets in 2012. There are further privatization plans, including the privatization of the National Transport Corporation, the main transport enterprise with a fleet of more than 500 buses. In addition, because several routes are not profitable, and because the government likes to keep control over the public transport system, these privatization plans have not yet taken place.

Private enterprise  
8

## 10 | Welfare Regime

Mauritius maintains a well-developed and well-functioning social welfare regime. As such, 2.4% of the country's GDP is spent on health care. Life expectancy has risen steadily over the past years and was 73.6 years in 2012, compared to 72.1 years in 2003.

The higher life expectancy, coupled with a low fertility rate estimated at 1.77 children born per woman in 2014, give Mauritius a rank of 160th in the world. Plus, high unemployment increases pressure on Mauritius's pension schemes. There is a three-tiered pension system with a universal non-contributory basic old age pension (60 years and above), mandatory income-related pension schemes and a voluntary private pension scheme. Furthermore, there is a special pension for the disabled.

Education from pre-primary to tertiary levels is free in Mauritius, leading an impressed journalist of the British Guardian, who looked into the country's education and health care systems to cheer in 2011, to write, "The Mauritius miracle, or how to make a big success of a small economy."

The poor are not only helped through the free education system, but also by the provision of pre-paid electric meters and subsidized water tanks. A system of pre-vocational schooling also exists for children who do not fare well in the classical education system, with free meals provided. Transport is free for students (primary to tertiary) traveling to and from school, as well as for senior citizens.

Subsidized housing schemes have also been put in place for those at the lower rung of the social ladder.

Despite all the welfare policies, including the social security safety nets, poverty remains a matter of concern – although extreme poverty is marginal, as outlined above. Notwithstanding, the issue is yet to be adequately resolved.

Equal opportunity remains an issue in Mauritius. There are particularly two larger communities that are not fully represented in all spheres of life: Creoles and women. Women are notably absent in the higher political posts, which have been dominated by males. What is more, the ratio of female to male enrollment (i.e., the percentage of girls to boys enrolled in public and private schools) stands at 98.6% in primary schools, yet drops to 104.2% in secondary schools and even to 132.4% in tertiary schools. This trend is also reflected in the country's literacy rate. 89.2% of the total population is literate. However, while 92% of all males are literate, the figure for females is significantly lower, at 86.7%. It remains true that cultural factors continue to hinder gender equality. While the last local elections were praised as a major step forward since a quota was introduced to secure several seats to women, such a quota system has not yet been implemented on the national level.

Social safety nets  
8

Equal opportunity  
6

The situation of the Creole community still calls for improvement, despite those being made and described above. It remains a fact that Creoles have been and still are disadvantaged. At the time of independence, Creoles had opposed the separation from Britain, as they feared hegemony of the majority Hindu population. At that time, Creoles were even encouraged to leave Mauritius, and the Creole elite in particular followed this call. Only over the past 20 years, a new Creole elite has started to emerge. As mentioned above, the fact that Creole is being recognized as a formal language is a step towards more inclusion of Creoles. The Truth and Justice Commission, set up some years ago mainly to study the slave trade, put the structural disadvantages and current challenges of Creoles in historical context.

An Equal Opportunity Commission has been established and is operational.

## 11 | Economic Performance

Mauritius's economic performance is remarkable against the background of its isolated location and the fact that the country has no natural resources, other than sugar production. No other African country except Libya has as high a GDP per capita as Mauritius. What is more, Mauritius has not been significantly affected by the economic crisis that spread around the globe after 2007.

Its GDP per capita has grown steadily over the past decades, reaching \$17,200 in 2013. The GDP growth rate in both 2012 and 2013 stood at 3.2%. Mauritius, however, has seen higher GDP growth rates during the past decade, as high as 5.9%. The slightly lower growth rates, as compared to previous years, are also reflected in the country's unemployment rate, which climbed to 8.7% in 2012 from 7.9% and 7.7% in 2011 and 2010, respectively.

Foreign direct investment (i.e., net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor) stood at 2.2% of GDP in 2013. While it had been much lower in the past (0.2% in 2004), foreign direct investment also reached a height of 5.1% of GDP in 2012. A matter of concern remains the falling level of domestic savings.

Mauritius's tax revenues, that is to say, compulsory transfers to the central government for public purposes, has risen steadily over the past several years, reaching 19.0% of GDP in 2012, up from 18.4%, 18.5%, and 18.7% in the previous years.

An issue requiring urgent attention is the public debt ratio which has attained 60%+. The objective set is to bring it down to 50% by 2018.

Output strength  
8

## 12 | Sustainability

Environmental issues in Mauritius are not properly addressed, despite some visions to turn the country into a green island. In fact, environmental issues remain a grave concern. A report published in 2011 by the Mauritian Ministry of Environment and Sustainable Development named several contemporary ecological challenges. The most pressing issues are water pollution, soil erosion and preservation of its wildlife. Further challenges include air pollution, waste management, chemicals and hazardous waste, energy and climate change.

The equilibrium between economic success, concerns and needs, on the one side, and ecological concerns, on the other side, is too often seen as unimportant, and economic concerns dominate. Thus, the tourism industry is encouraged to expand significantly over the next decade. More tourists will put further pressure on the island's fragile ecological system. Most of the coral reefs close to the coastlines have already died.

Mauritius is considered to have one of the most endangered biodiversities in the world and the extinction of the now-famous dodo bird is just the most prominent example of its fragility. Over past years, some efforts have been made in collaboration with environmental NGOs to save some bird species from extinction. These include the Mauritius kestrel and the pink pigeon, as well as the Rodrigues fody and the Rodrigues warbler.

One solution to fight air pollution, a light rail system linking the capital city, Port Louis, with residential areas on the central plateau, has been discussed for years with little progress. The present government has decided to shelve the project.

During his speech at the U.N. General Assembly on 28 September 2013, then Prime Minister Ramgoolam said, "Climate change should be one of the top priorities on the global agenda." Whether the policy of Mauritius will change accordingly is yet to be seen. The launch of the "Maurice Ile Durable" project has not delivered as expected.

Mauritius's education system follows the worldwide found model of primary and secondary schooling. There are two optional years of pre-primary schooling, six years of compulsory primary schooling and either five years of compulsory secondary schooling or three years of pre-vocational education. There are 117 pre-primary schools on the island with boys representing around 65% of children in these schools. There are 957 primary schools in the country (with roughly equal enrollment rates for boys and girls) and 176 schools providing secondary education. There are also tertiary institutions, including primarily the University of Mauritius and the University of Technology of Mauritius. These institutions cannot compete with larger and better-financed institutions in Europe, North America and Australia. University enrollment is in reality socially based, although education is free, in principle.

Environmental  
policy  
6

Education policy /  
R&D  
7

Public expenditure on education in percentages of GDP went down over the past decade, from 4.5% in 2004 to 3.5% in 2012. The government invested 13.5% of its spending in education, according to official Mauritian statistics.

Not much importance has been accorded to R&D.

Despite its generally good figures, Mauritius's government could do more. Public expenditure on education remains low in comparison to other well-developed countries and the gender imbalance also needs to be addressed. For Mauritius to maintain its progress curve, it has do more in terms of education and training to satisfy employment market demands.

# Transformation Management

## I. Level of Difficulty

The structural constraints on governance are fairly limited and restricted to Mauritius's unfavorable geographic location in the middle of the Indian Ocean, the risk of natural disasters and the lack of natural resources. Indeed, Mauritius is far away from other countries and thus also from other markets. It lies some 1,100 kilometers away from Madagascar and more than 2,300 kilometers away from mainland Africa. This structural constraint is, however, transformed into an advantage for Mauritius's economy as Mauritius is positioning itself as gateway from Asia into Africa. The fact that the vast majority of its population has roots in Asia, India in particular, helps to promote such a strategic orientation as a bridge between the two continents, as does the fact that Creoles, the country's second largest group, have their origins mainly in Africa. Mauritians, for instance, assist investors from Asian countries with their businesses in Africa. What is more, Mauritius is close to the European Union, in so far as it is located next to the French department Réunion. It has a long-time association with the EU market through the various instruments of cooperation, but principally the erstwhile Lomé Conventions and the Cotonou Accord, among others. It has signed an interim economic partnership agreement with the European Union.

Structural  
constraints  
3

Its location in the middle of the Indian Ocean also makes it vulnerable to natural disasters. Cyclones visit the island regularly. Cyclone Giovanna came close to the island in early 2012, but did not pose an immediate threat to Mauritius's citizens. On the contrary, the rain was welcomed as a way to fight water shortages during the dry season. Notwithstanding, cyclones have the potential to destroy agricultural production and are therefore a potential risk to the island. Cyclone Gamede hit the island in 2007, killed two people and destroyed parts of the infrastructure and agricultural production. On neighboring Réunion, Gamede caused material damage of about €20 million.

Apart from some fishing grounds, some agricultural production – sugar in particular – and its natural beauty, Mauritius has no natural resources. Its citizens and its economy, to a large extent, depend on imports and Mauritius has thus turned into a “nation of traders,” with the aforementioned export processing zones being just one example.

There is a vocal civil society and its tradition is fairly strong. It is not only the vocal parliament and active NGOs, which are mostly based on ethnic or special interests, that are expressions of that but more lately trade unions are also gaining some strength, having been fragmented and marginalized for decades. The rising popularity of the trade union movement arrived amid the harsher economic climate over the past few years.

Civil society traditions

4

More notable to the public was the emergence of large-scale protests in 2011, inspired by those protests that occurred in countries affected by the Arab Spring. Protestors that took to the streets by the thousands in Mauritius united under the slogan “stop messing with our future.” They confronted corruption and high unemployment, particularly among the youth.

The introduction of numerical-digital identity cards also caused an outcry and gave rise to judicial questions. A civil society initiative, the Platform No to ID, collected more than 10,000 signatures against the new ID cards and another coalition, an association of social workers and civil society groups, collected an additional 70,000 signatures. These groups considered the new ID cards a violation of the country’s constitution. Mauritians had to replace their old ID cards with new ones prior to a September 2014 deadline, providing fingerprints and other data for the new ID cards. As a result of the outcry both by the opposition and civil society, the deadline was continuously delayed. The matter is in court. However, a majority of citizens have opted to have their old ID cards replaced meanwhile.

Such protests are, however, rare in Mauritius. The Afrobarometer reveals a key reason for this: a fairly limited interest among Mauritians in actively participating in civil society organizations. While 78% claim not to be a member of a voluntary association or community group, 15% say they are active members in a voluntary association. What is more, 6% say they often attend a community meeting, 13% say several times, 15% say once or twice, 28% claim they would do so if they had the chance, and 37% say they would never do this. In other words, despite having a vocal civil society, a significant number of Mauritians tend not to become actively engaged in civil society activities.

There are no notable violent incidents based on social, ethnic or religious differences. Being on its way to sustainably improve the situation of Creoles, Mauritius is about to remove a larger stumbling block towards creating a society less hierarchical along ethnic lines. As Afrobarometer data shows, the overwhelming majority in Mauritians does not see violence as a means to solve disputes. No immediate risk of any political, social, ethnic or religious violence is currently foreseeable. As a matter of fact, the large-scale protests of 2012 were peaceful. Only in 1999, the first since the pre-independence riots of 1968, did a violent clash occur on the island, following the death of a Creole singer in a jail cell. The protest quickly took on a social dimension when the Creole community seized the opportunity to demand a betterment of their lot in general.

Conflict intensity

2

## II. Management Performance

### 14 | Steering Capability

Question  
Score

With regard to long-term political and economic strategies, there has been a remarkable continuity among the various ruling parties since independence. They proved to have the political capability to take on a long-term perspective, often going beyond the immediate concerns of electoral competition. Moreover, the governments have shown their strategic capacity to prioritize and organize policy measures without putting off domestic and international partners. The long-term strategy has always been to move the economy forward and increase and protect the country's economic wealth. This goal came into conflict with another goal, environmental protection, and has not necessarily been resolved to the environment's advantage. Moreover, corruption undermines the country's political and economic achievements. It is too early to judge whether the new government, elected in 2014, will follow the same path with regard to economic and social policy. Yet, given the government's personal continuity and the fact that the new prime minister had already served as prime minister, there are strong indications that little will change in this regard. In fact, the broad political lines are, by and large, consensus in Mauritius.

Prioritization  
9

The government is able to implement its policies effectively. It can thereby rely on an effective public administration, staffed with professional bureaucrats across all ranks. With the exception of some high positions, such as in the diplomatic corps and parastatal bodies, where personal ties and political calculations trump qualification, it is by and large qualifications that matter in the public sector. Indeed, recruitment is done for most positions on a competitive basis, carried out by the Public Service Commission or through delegated powers for certain non-executive positions. The prevalence of the Hindu community in the public service is explained by it being the majority component of the population, and also by its culture of seeking security of employment, which is provided by public service.

Implementation  
8

However, the issue of political appointees as ambassadors and chairpersons of parastatal bodies, mostly on account of cronyism, nepotism and clientelism rather than recognized competence, contributed to a large extent to the poor image of the outgoing government, as policy objectives became skewed.

Mauritians' ability to be innovative and flexible – both politically and even more so in the economic realm – is part of the country's success. When Mauritius became independent, its economic and political outlook was bleak, and many thought it would eventually turn into a poor and ill-performing state. Notwithstanding this outlook, Mauritius's economic development soon began. It started with sugar trade deals negotiated with the European Community, the European Union's forerunner. These favorable deals for Mauritius laid the financial basis for further development. Mauritius then copied parts of the Taiwanese economic model and built an export-oriented economy. The textile industry emerged and became the backbone of the secondary sector. In developing the third sector of the economy, Mauritius had an eye on Singapore, also a small state like Mauritius with a strong financial services sector, which Mauritius started fortifying. Moving further ahead, Mauritius has taken some steps to copying the Indian Bangalore experience by building up a cyber-industry. This economic development was coupled with the establishment of post-colonial democracy, and arguably, each reinforced the other.

Policy learning  
8

## 15 | Resource Efficiency

The government makes efficient use of all available human, financial and organizational resources. Nevertheless, there is some space for improvement. This includes channeling more money into the education system and establishing a more efficient public administration, as some Mauritians request.

Efficient use of  
assets  
7

There are no publicly financed large-scale (prestige) projects found anywhere on the island. For instance, instead of building a new airport, it was decided to upgrade and modernize the existing one. Basic infrastructure, such as street lighting, roads and sidewalks, but also public security including police stations, has been improved during past years. The fact that Mauritius does not maintain a standing army – given the absence of any military threat – can also be seen as expression of the country's efficient use of its financial resources.

There is a National Audit Office in Mauritius, outlined in section 110 of the constitution. This office was established at the time of independence and audits government spending and publishes an annual report. In general, it does a good job, but, more often than not, the report is only used as a political instrument.

Despite this efficiency, the budget deficit is rising and so is public debt (see above). There is a link to the international financial and economic crisis, but this crisis cannot entirely explain the rise in debts, which is also linked to other political and economic shortcomings addressed in this report. Not much is done to redress the shortcomings highlighted and sanction those guilty of mismanagement. The same is true for the

reports by the Parliamentary Public Accounts Committee, which are tabled late and hardly ever debated in detail by parliament.

Also on the critical side, it is true that over the past few years there has been a growing tendency towards political interference in the administrative and general managerial system. The incidence of political appointments at the expense of the permanent administrative cadre has been on the rise, with poor performance results. Quite often, foreign nationals are preferred for certain important assignments, even when the expertise they bring is available locally.

At the local government level, the powers of elected officials have been curtailed and centralized in the Ministry of Local Government.

Taking Mauritius's economic and political success into consideration, one might assume that there is a coherent national policy. And indeed, several policy objectives have been reconciled in the past with environmental protection. However, this still requires more attention.

Policy  
coordination  
8

At the formulation and implementation level, there are, however, some frictions. Politics is institutionalized in Mauritius and there is coordination among the various actors involved, including the prime minister and the relevant ministry, its minister and public servants. More recently, there have been some accusations that politics became more centralized in the prime minister's office under Prime Minister Ramgoolam. The returning Prime Minister Jugnauth faced the same accusations during his rule in the 1990s, when he also served as head of government. Also within some political parties, there are strong party leaders who hold on to their power as hard as they can.

Frictions among politicians are similarly common, as they are among ministries and parastatal bodies, particularly if these institutions' chairpersons are political appointees. They are also often in conflict with the directors of parastatal institutions, pointing to internal frictions. Air Mauritius, the State Trading Corporation and Mauritius Telecom are examples of this, but also reminders that such frictions can undermine the proper functioning of these institutions.

Corruption has been and still is a widespread and growing problem in Mauritius. Several measures have been taken to fight this issue. As such, Mauritius was one of the first 30 states to sign the United Nations Convention Against Corruption in 2003. More importantly, the Independent Commission Against Corruption was established under the Prevention and Corruption Act 2002. This commission enforces laws against corruption, eliminates opportunities for corruption from systems and procedures, and prevents corruption through public education and support. According to this commission's statistics, some 118 individuals have been convicted and 354 complaints were lodged from 2003 to 2013. There are various ways to move a complaint forward to the commission including a (anonymous) hotline,

Anti-corruption  
policy  
5

(anonymous) letters and through the commission's website. Occasionally, the commission also takes action on its own. In 2013, the commission received 1,612 complaints, down from 1,747 and 1,725 in 2012 and 2011, respectively.

Charges of corruption have reached the cabinet. In 2011, the country's health minister faced such charges. Shortly thereafter, the Mouvement Socialiste Militant's leader and then finance minister Pravind Jugnauth, and son of Mauritius's then president, faced similar charges. Pravind Jugnauth subsequently stepped down and pulled his party out of the coalition government.

Corruption is to a notable extent chronic in Mauritius. Ten years after the establishment of the Independent Commission Against Corruption, the Mauritian newspaper *Le Mauricien* noted, "When it comes down to it, the everyday Mauritian is the "traceur" or "magouilleur" par excellence – familiar examples being falsifying a home address to get a child into a perceived "star school," bribing whoever it takes to pass a driving test or somehow manage to get more carry-on luggage than the allowed quota at an Air Mauritius counter."

Notwithstanding this appraisal, it is also true that Mauritius, together with Botswana and Cape Verde, is considered to be the least corrupt country in Africa. Taking solely such a positive perspective would, however, mask the depth of the corruption problem, which calls for more action.

The latest saga in the corruption trail is the arrest, detention and subsequent release on bail of former Prime Minister Ramgoolam, from whose residence and office phenomenal sums of money in local and foreign currency have been recovered. At the time of this review, the exact amount is yet to be determined and Ramgoolam is yet to account for the source of so much cash stashed away in his coffers and suitcases. This episode has undoubtedly sullied the image of the country and it will take a long time, perseverance and concrete convincing action on the part of government to correct the perception of pervasive corruption in the country.

There is yet to be a Freedom of Information Act, though there is a general political consensus that such an act should be passed. Party political funding has been an ongoing debate and during the last general elections, both political alliances pledged to address the issue conclusively.

## 16 | Consensus-Building

All major political actors agree on consolidating the country's democracy and indeed have succeeded in establishing a viable democracy that has been thriving since independence in 1968. The main political parties, all leaning to the left of the political spectrum, play an important role in this context. There are no radical tendencies within the country and no major party or other actors want to overthrow these achievements.

Consensus on goals  
10

The same is true for the market economy. Mauritius's economic well-being depends on a functioning market economy and all actors, the business community in particular, have a keen interest in maintaining the market economy.

Reformers are able to successfully exclude or co-opt actors with anti-democratic interests, yet there are very few who have such an anti-democratic position. The main political parties are able to accommodate the various interests of society and, even though Creoles were initially skeptical about politics after independence as they feared Hindu dominance, they are now also keen on seeing democratic culture thriving in Mauritius. However, some argue that the threat of so-called Hindu hegemony was only conjured by the Parti Mauricien Social Democrat, and its then leader Gaetan Duval, prior to independence as a political strategy to win the maximum number of votes from the Creole community. The scare was so powerful that many of the Creole elite emigrated just prior to and soon after independence. This stance of the Parti Mauricien Social Democrat contributed to depleting Mauritius of worthwhile cadres and impoverished the Creole community, for only those who could afford it made the move.

Anti-democratic  
actors  
9

A good, albeit rather old example of the ability of Mauritius's politics to exclude anti-democratic interests, is the expulsion of the Libyan ambassador in 1984 and the freezing of formal diplomatic relations with Gaddafi's regime. The ambassador was allegedly engaged in inciting the radicalization of the Muslim community. Mauritius only allowed the reopening of the Libyan diplomatic mission some months before the uprising in Libya, after much effort by the Libyan authorities to normalize relations.

The political leadership prevents cleavage-based conflicts from escalating. There are three cleavages that have the potential to become open conflicts, but which are less likely to turn into violent conflicts: The aforementioned continued de facto marginalization of the Creole community, the lack of adequate representation of women in politics and in the economy, and arguably most pressing, the high youth unemployment rate, which causes severe dissatisfaction and frustration among the younger generation. It is particularly the last issue that the government has not yet sufficiently addressed.

Cleavage /  
conflict  
management  
8

Beyond these issues, it must be stressed that the social security net reaches all parts of society and does not exclude any group of the population. The government is moreover assisted by civil society in its endeavors to fight any existing cleavages. Although some civil society organizations are organized along ethnic or religious lines, as mentioned above, there are many that are free of such alignments.

Civil society organizations have some influence in some policy realms, while in other realms their impact is marginal. For instance, environmentalists have by and large a difficult stance – despite some successes in protecting the country’s flora and fauna. The business community, on the contrary, also seen as part of civil society, has some influence on political actions bringing the above-mentioned tensions between economic and environmental interests to the fore. The government understands the importance of a well-functioning economy, also because this keeps the welfare regime functioning.

Civil society  
participation  
7

Past injustices in Mauritius are different from injustices in several other African countries in the sense that there were no violent clashes after independence between ethnic or religious groups, let alone a civil war or civil unrest. The only exception is the aforementioned ethnic-based riots of 1999. Past injustices therefore refer to the aforementioned marginalization of Creoles and the injustices during the colonial period, including the forceful resettlement of the people living on Chagos Island, formerly a part of Mauritian colonial territory. These injustices date back before the existence of the Republic of Mauritius, founded in 1968.

Reconciliation  
n/a

To deal with the long-term effects of the colonial period, in which several see the root causes of the continued marginalization of the Creole community, Mauritians established a Truth and Justice Commission in 2009. This commission published a 2,800-page report in late 2011. The commission assessed the consequences of slavery and indentured labor from the colonial period to the present. One of its findings was that people of slave descent are still poorly represented in all spheres of public life and in government institutions and that “people of slave descent are among...the less envious citizens of the Republic,” as they are poorly housed, their literacy rate remains low and because, “due to their low level of education and poor performance at school, few can get employed in government services and parastatals.” Moreover, the commission stated that there is an “over-concentration” of this group in the field of hard manual labor.

With regard to the Chagos Islanders, no reconciliation has been achieved. At independence, the Chagos Islands were split apart from the remainder of the territory that was the colony of Mauritius. One of the islands, Diego Garcia, soon became a U.S. military base. The islanders were forcefully resettled. The Mauritian government spares little effort to bring this topic to the international agenda, but faces severe resistance both from the British as well as the U.S. governments, also because the military base on Chagos Island has turned into a strategically important base for U.S. forces.

## 17 | International Cooperation

The political leadership makes well-focused use of its international partners to implement its long-term strategy of economic development. The most recent National Development Report for 2015 focuses on sustainable development. Core aims are to improve the country's record in environmental politics, to make Mauritius more efficient in energy use, to increase the number of people working in the green sector, to achieve a 100% literacy rate and to fight poverty so as to improve the Mauritius ranking with respect to poverty.

In its international relations, the country aims to communicate with its partners at eye-level and, instead of receiving development aid, Mauritius has turned into an important portal for Britain to channel development aid destined for Africa.

Mauritius's foreign policy concentrates on its role as bridge between Asia (China and India, in particular) and Africa, as well as its cooperation with Europe. This also reflects the country's population, with people of African, Asian and European decent living on an island that had no inhabitants when it was discovered. Another, albeit secondary pillar of the country's foreign policy, is the Chagos Island issue, with Mauritius trying to regain the island and to resettle its former inhabitants. The issue took a new turn in 2013 when the U.N. Tribunal on International Maritime Arbitration challenged Britain's refusal to allow the exiled inhabitants to return. The issue is, however, still pending.

Foreign policy is mainly driven by economic concerns. Because of that, Mauritius has entered into an economic partnership agreement with the European Union and is a member of such regional economic communities as the Common Market for Eastern and Southern Africa and the Southern African Development Community. Moreover, it is member of other international organizations, including the African Union, the Indian Ocean Commission, the Indian Rim Association for Regional Cooperation, the Commonwealth, the Organisation Internationale de la Francophonie, the United Nations and the World Trade Organization. Mauritius, like other small states, uses these organizations as platforms to promote its positions on the international stage and have its voice heard globally.

Effective use of  
support  
9

Not only because of ancestral ties is India a key partner. Mauritius and India agreed on a Comprehensive Double Taxation Avoidance Agreement in 1983 and later on signed the Double Taxation Avoidance Convention. This brought Indian capital into the Mauritian economy, particularly into the financial market. Both countries are currently negotiating a Comprehensive Economic Cooperation Partnership Agreement. Negotiations are, however, stalled as Mauritius would not accept Indian demands for amendments to the bilateral convention on double tax avoidance. The Indian government wants to tax capital gains made by Indian enterprises registered in Mauritius.

China is of similar importance to Mauritius, and vice versa. China foresees an important role for the island state as a regional hub and gateway for its economic expansion into Africa. Both countries have recently created a public-private venture to establish an airline that will serve the Southern African region. Moreover, China already provided a loan for a new terminal of Mauritius's international airport in 2009. Further loans are coming from China, inter alia, to finance the building of a dam to combat Mauritius's water shortages during the dry season. Regarding Mauritian-China relations, it remains, however, also true that the concession given to China for an area of prime land at the north end of the capital, near the harbor, today remains undeveloped. The farmers who occupied that land on lease from government for agricultural purposes for generations were displaced, despite their resistance and that of the opposition. The matter is now being reviewed with a view to finding a compromise between the Chinese firm, Jin Fei, which took over from the original enterprise, Tianli, and Mauritius.

Mauritius emerged as a credible and reliable partner in its relations with the international community. Almost a decade ago, in 2007, the South African-based Business Day wrote, "Governments of other countries should not be surprised to see their plumpest geese go flying off to this beautiful island [Mauritius] in the Indian Ocean to enjoy the sand, sea, golf, fishing and low taxes, where they will be gently plucked and not killed." This statement points to the fact that Mauritius's foreign policy is in many regards different from that of other African countries in that the country does not ask for development aid. What is more, Mauritius has built an image as a reliable and safe place for foreign investment and thus a credible partner. It has developed a "trade not aid" paradigm.

However, the corruption scandals that have shaken the highest level of governments darken this positive picture of Mauritius. Also the Mauritian judicial system came under attack from abroad following the murder of Michaela McAreavey, an Irish honeymoon tourist, who was found dead in her resort hotel in January 2011. The responsible Mauritian authorities were accused of sweeping the issue under the rug. It turned out that the judiciary saved its independence. The judge went as far to tell the jury during the trial, "You have been told that this will have an international ramification and will affect the image of Mauritius ... this is not your role....You

Credibility  
8

must not allow yourself to be influenced by this, you are not politicians, you have to base yourself on what has happened.” This trial also proved that Mauritius is dependent on its reputation and credibility and has to work hard to maintain it.

The political leadership actively and successfully builds and expands cooperative neighborly and international relationships. It promotes regional and international integration. Mauritians have a keen interest in any regional economic cooperation and hence have multiple memberships to several sub-regional organizations, most notably the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

Mauritius also maintains links with continental Africa, not only politically, but more importantly economic links.

Mauritians have invested in neighboring Madagascar, and also in South Africa, Zimbabwe, and other countries of the region. Several African countries, however, have a rather ambivalent relationship with Mauritius, as they do not always consider Mauritius to be an African state. The reported statement of a Francophone African leader, who went to a meeting of the Organization of African Unity held in Mauritius in 1976 still holds. At that time he said, “C’est magnifique: mais ce n’est pas l’Afrique.”

Within the region, the Seychelles have become a crucial partner lately. A decade ago, in 2005, Mauritius and the Seychelles signed a wide-ranging agreement on cooperation. Three years later, both countries signed a boundary agreement to define their exclusive economic zones. In December 2008, they submitted a joint claim under the U.N. Convention of the Law of the Seas and, in 2011, the U.N. Commission on the Limits of the Continental Shelf confirmed the claims of Mauritius and the Seychelles. These endeavors turned out to be the basis for the joint exploration of the continental shelf between both islands for oil and gas, which was agreed upon in 2013.

Regional  
cooperation  
9

## Strategic Outlook

Mauritius has proved to be a stable and viable democracy with a thriving market economy. There are no signs that this will change any time soon. Mauritius's governments have shown their creativity in the past at adapting to new geopolitical and geoeconomic circumstances.

Notwithstanding this positive outlook, the political elite might be confronted with a couple of challenges over the next decade which should and must be addressed. These challenges are concerned with a needed reconfiguration of the political leadership, including the promotion of women in politics, the high youth unemployment rate, environmental concerns and certain foreign policy issues.

As a matter of fact, a reconfiguration of the political leadership seems unavoidable in the medium-term. Most top politicians, both in the government and in the opposition, have been in politics for decades. The return of Anerood Jugnauth to the office of prime minister is a telling story, as is the continued presence of the Ramgoolam and Duval families and of Paul Bérenger. Accusations that Navin Ramgoolam, the defeated prime minister, is out of touch with everyday life and the charges of alleged corruption against Pravin Jugnauth, as well as Ramgoolam, underline the need for such change.

When reconfiguring the country's political leadership, women should be promoted. They remain underrepresented in parliament and a modern country like Mauritius cannot and should not afford the de facto marginalization of women in the long term. However, some positive changes have been recorded. The Local Government Act already provides for one third of all candidates to be of one gender or the other. All major parties agree on more female representation, but the much-flaunted electoral reform is yet to be concretized.

With regard to domestic politics, two main concerns remain: environmental protection and the fight against youth unemployment. The joint decision of Mauritius and the Seychelles to explore the continental shelf for oil and gas raises some environmental concerns, particularly as Mauritius has tended to favor its economic interests at the expense of its environment. It is way too early to judge how potential discoveries could impact the country's economy and increasing unemployment rate, particularly among youth. Therefore, other measures need to be taken urgently to fight high unemployment, which has the potential to spark public unrest. Similarly, a parallel strategy needs to be developed to protect the environment more sustainably and, ideally, reconcile this goal with that of further economic development. A project called "Maurice, Ile Durable" launched some years ago has not delivered to the extent desired.

In the foreign policy realm, stability is likely to be maintained. Mauritius should continue to take all measures necessary to fight the unfair image painted of it, in certain quarters, as a tax haven. Additional steps should be taken to increase its standing in the financial services sector. Also, having due regard to the G20 policy of zero tolerance and its challenge of countries deemed as tax havens, loopholes which may exist need to be plugged. Somehow linked to this is the issue of corruption that has distorted Mauritius's image abroad. More efforts need to be made to fight corruption. New and younger politicians, not strongly affiliated with the ruling elite, can help to further the country's image as a post-colonial success story, which is highly likely to continue.