10-Year Master Plan
For The SME Sector in Mauritius

Accelerating SME Innovation & Growth
FOREWORD BY THE MINISTER

With a contribution of about 40% to the country’s GDP and representing 54.6% of total employment, SMEs in Mauritius are bound to become a major pillar of the economy. Indeed, as per the Budgets to date and Vision 2030, SMEs are called to assume a more impactful role in the economy not only as an enabler but as a key driver of inclusive and balanced growth.

Challenges in the sector are however multi-dimensional and against such a complex backdrop, SMEs, support institutions, the private sector and Government have to adopt new approaches and invent novel ways of working together to foster SME competitiveness.

Given the heterogeneous nature of the sector, it is obvious that building a strong base of vibrant and resilient SMEs is a daunting task calling for a holistic SME support framework. For our SMEs to play the expected leading role in our economic architecture, we need to devise the appropriate mechanisms to support the creation of an ecosystem which is conducive to this outcome. And for this, we need to address issues of strategic importance so that our policies can be more entrepreneur-centric in the long run.

The 10-Year SME Master Plan addresses this need to trigger major paradigm and structural shifts towards an entrepreneurial economy. Government is thereby introducing a ‘game changer’ so as to encourage the emergence of a new breed of SMEs that can foster market and technology-driven advancements to create more high-skilled jobs in all economic sectors. It is a tool that will be key in building a ‘nation d’entrepreneurs’ and that will bring the expected “quantum leap” for the sector.

Based on evidence and sound analysis of growth levers for SMEs and adopting an outcome-based approach, the Master Plan addresses the multiple challenges faced by our SMEs with a view to unleashing the growth potential of those enterprises. The high adaptability of the proposed Master Plan is to be highlighted - far from providing a rigid code of conduct for SMEs for the coming 10 years, the Master Plan follows a ‘live plan’ concept that will remain relevant with changing times, by fine tuning to environmental and structural changes and evidence of new data.

The Master Plan is meant to make recommendations to reshape the entrepreneur landscape against ambitious, yet realistic targets to be reached by 2026:

- raising SMEs’ contribution to GDP from 40% to 52%;
- raising SMEs’ share of total national employment from 55% to 64%; and
- increasing current exports from less than 3% to about 18%.

By providing the common thread that will formally define a fresh roadmap for our SMEs, this first of its kind initiative will create enabling conditions to reverse the pyramid so that there is a clear predominance of high-value generating SMEs over subsistence entities.

We are confident that the SME Master Plan is the stepping stone toward entrepreneurial vibrancy and that it will remain a landmark in the Mauritian economic panorama, setting the stage for a new beginning for the SME sector - a new beginning for greater heights.

Honourable Soomilduth Bholah
Minister of Business, Enterprise and Cooperatives
ACKNOWLEDGEMENTS

Empretec Mauritius feels privileged for having been selected, after a rigorous tendering exercise, by the Ministry of Business, Enterprise & Cooperatives (MoBEC) to provide its expertise for the development of this 10-Year Master Plan for the SME Sector in Mauritius. Through the use of independent and external resources to champion a new vision for SMEs, MoBEC has made a stout statement to drive this transformation process with strong leadership and governance.

We are therefore thankful to Honourable Soomilduth Bholah, Minister of Business, Enterprise and Cooperatives for sharing his vision for SMEs and giving the strategic orientation for charting the SME roadmap in this Master Plan. We would also like to thank Mr Vassoo Pushchay, Permanent Secretary for his valuable advice, guidance and support throughout this project.

Throughout this assignment, the Empretec Mauritius team of experts has been reporting to the Technical Monitoring Committee, chaired by Mr Dhanraj Conhye, Deputy Permanent Secretary. We are thankful to the Committee members for their views, critical assessment and feedback.

We would also like to place on record the valuable inputs and contribution of all the stakeholders who are involved with SMEs and entrepreneurship development in Mauritius. In the process of charting the roadmap for the SME sector, Empretec Mauritius has had several consultations and meetings and has received inputs and views from:

- more than 70 key stakeholders and opinion leaders, having direct or indirect involvement with SME development and promotion in Mauritius. This also included some 35 face to face meetings with key Ministries, Parastatal Bodies, Government Agencies, Banks, Private Sector Associations, SME Support Institutions and NGOS;
- the 410 respondents of the SME national survey and the young entrepreneurs participating in the Youth Entrepreneurship Survey held in view of the Master Plan;
- the 58 contributors and key informants of the various focus groups and the participants from 76 SMEs, public and private sector institutions who provided valuable suggestions during the consultative workshop; and
- the 78 participants who provided their critical yet forward looking inputs during the validation workshop.

Above all, we acknowledge the trust and confidence placed by MoBEC, all the SME stakeholders and the SMEs themselves in the Empretec Mauritius team of local and international experts. It is hoped that the SME sector will derive maximum benefits through the implementation of this Master Plan.

We look forward to a radically improved SME business landscape in the next ten years.

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<tbody>
<tr>
<td>BLP</td>
<td>Building and Land Use Permit</td>
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<tr>
<td>BOI</td>
<td>Board of Investment</td>
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<td>BPO</td>
<td>Business Process Outsourcing</td>
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<td>BRIC</td>
<td>Business Research Incubator Centre</td>
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<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>DBM</td>
<td>Development Bank of Mauritius</td>
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<td>DTAA</td>
<td>Double Taxation Avoidance Agreements</td>
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<td>DTF</td>
<td>Distance to Frontier</td>
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<td>EEBC</td>
<td>Energy Efficiency Business Coalition</td>
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<td>EEZ</td>
<td>Exclusive Economic Zone</td>
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<td>EM</td>
<td>Enterprise Mauritius</td>
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<td>EPA</td>
<td>Enterprise Promotion Agency</td>
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<td>EPZ</td>
<td>Export Process Zone</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>Free Trade Agreement</td>
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<td>Gross Domestic Product</td>
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<td>Global Entrepreneurship Index</td>
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<td>GEM</td>
<td>Global Entrepreneurship Monitor</td>
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<td>HACCP</td>
<td>Hazard Analysis and Critical Control Points</td>
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<td>High Growth Potentials</td>
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<td>High Impact Initiatives</td>
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<td>Human Resource Development Council</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IDG</td>
<td>Inclusive Development &amp; Growth</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IRR</td>
<td>Internal Rate of Return</td>
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<td>ISI</td>
<td>Import Substitution Industrialisation</td>
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<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<td>JEC</td>
<td>Joint Economic Council</td>
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<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>MAIFS</td>
<td>Ministry of Agro Industry and Food Security</td>
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<td>MARC</td>
<td>MCCI Arbitration and Mediation Center</td>
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<td>MBGS</td>
<td>Mauritius Business Growth Scheme</td>
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<td>MCCI</td>
<td>Mauritius Chamber of Commerce and Industry</td>
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<td>Multi-Fibre Agreement</td>
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<td>Mauritius Industrial Development Agency</td>
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<td>Mauritius Institute of Training &amp; Development</td>
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<tr>
<td>MNC</td>
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Executive Summary
1.1 The Mauritian SME Landscape

Mauritius has been a remarkable economic success story not just for Africa but for the whole world. With limited natural resources, a barely educated workforce, a multicultural society and a small isolated domestic market, Mauritius managed to grow its GDP by more than 35 fold since independence in 1968. This performance was achieved through courageous policy reforms, macro-economic stability and the creation of economic opportunities from top to the bottom of the Mauritian pyramid.

Today, however, Mauritius is caught in the mid-income trap and the growth model that has proved successful over the past decades has run out of steam. With rising labour costs and faltering productivity levels, value addition in the supply chain is increasingly restricted to matured large enterprises, with the consequence that the growth and employment opportunities have slowed down substantially. The engine therefore needs fresh and powerful propellers that will sustain the economic activity on a rising growth trajectory and eventually attain the league of high-income countries. Government Vision 2030 has identified the SME sector as one of these key propellers.

A thriving business ecosystem is made up of a large number of players of different sizes – large corporates, Small & Medium Enterprises (SMEs) and even micro enterprises – pursuing diverse range of activities that, in turn, breed opportunities for new business ideas. However, the limits of the conventional policies implemented so far, have in fact led to the polarisation of the economy around large vertically integrated conglomerates. In view to unlock the growth potential of the Mauritian economy, policymakers and the private sector must work together to re-energise the premises of an entrepreneurial economy, i.e. one that champions innovation and encourages start-up ventures to challenge established business models and experiment new approaches to the market. Hence, the ambitious vision set for SMEs through this Master Plan.

How does Mauritius measure up against the credentials of an entrepreneurial economy? On the face of it, the picture looks rather promising with a recorded number of 124 972\(^1\) small establishments. At a closer look however, the story is very different. A survey conducted in view of the Master Plan\(^2\) shows that (figure 1.1):

\begin{itemize}
  \item[i)] 47\% of SMEs are operating at almost subsistence level and are mostly managed by own account workers. Their annual turnovers are less than MUR 2 million and they have five or less employees; and
  \item[ii)] at the other extremity, only 7\% of SMEs employ more than 21 people and have turnovers of more than MUR 10 million.
\end{itemize}

\(^1\) Census of Economic Activities 2013, Statistics Mauritius, Provisional Figures
\(^2\) Survey conducted by Empretec Mauritius in view of the 10 - Year Master Plan
The SME landscape is thus highly skewed towards enterprises with low value addition and severely constrained prospects of adding jobs in large numbers to the economy. Swift and deep reforms are therefore needed to reverse this distribution pattern and significantly increase the share of high value SMEs in sync with a major structural shift towards an enterprising productive apparatus.

Over the past decade or so, Mauritius has introduced many pro-business reforms on various fronts – fiscal, monetary, business deregulation, labour markets, products markets, international trade, etc. Yet, SMEs have not been able to reap the full benefits of these generic reforms to improve their competitiveness. Entrepreneurs are still, by and large, stuck at the lower end of the ladder, whilst the larger corporates and conglomerates have continued to grow and make inroads in new markets and industries. SMEs therefore require deeper changes if they are to assume a far more prominent role in economic development. Existing policies are no longer conducive in this new entrepreneurial agenda.

Entrepreneurs are those who see opportunities in all spheres of life, especially in adversity. A society that claims to be inclusive should create conditions for talents to grow and achieve a purposeful mission which are acknowledged and rewarded in a way they deserve. Entrepreneurs are imaginative individuals who spot an opportunity and seek to turn it into a profitable and functioning business. With their unique talents, they transform the opportunity into a business concept and eventually into tangible product or service which they offer to a market or niche in view to earn a decent return on investment.

Not everyone is adequately skilled and equipped to capture an opportunity. Similarly, not everyone pursues opportunities, even if they are obvious. Those who have the talent to do so must be empowered to test their ideas on the market. Policies have a role to play in devising the right entrepreneurial ecosystem whereby talents take on opportunities and are rewarded for taking risks. Market forces alone will not do the job. Government policies must take care of the creative potential that exists outside the traditional business sector. Empowering entrepreneurs and would-be entrepreneurs during their different phases of growth is a policy choice. An entrepreneurial economy is the outcome of a combination of market forces at work, the breadth and depth of the country’s business culture and thoughtful positive discrimination policies in favour of the non-traditional private sector. Fundamentally, investible opportunities should not be the preserve of business elites, even if it makes economic sense that the degree of openness to small operators will vary from industry to industry.

This shift in the way wealth creation for the nation is approached requires strong policy and political leadership. It also rests on sound governance so that the government-backed entrepreneurship policies and programmes are not monopolised by interests groups closed to the political and large business establishments at the expense of the wider population. In a recent past, Mauritius has seen policies and programmes meant to support economic democratisation having limited impacts and effectiveness, leaving entrepreneurs and SMEs with little resources on the ground. It is therefore vital that sound governance and transparency prevail at all times.

The Ministry of Business, Enterprise & Cooperatives (MoBEC), whilst commissioning this Master Plan and championing a new vision for SMEs, is making a strong statement to drive the transformation with strong leadership and governance.

This process of transformation has already started. The 2016-17 National Budget has proposed audacious measures to infuse new competitive strengths into SMEs in the face of challenges they face. The 10 - Year Master Plan will therefore also give substance, purpose and direction to this impetus.
The Master Plan is meant to be the Game Changer as it charts the way forward to churn promising SMEs into globally-competitive players. But for reforms to be effective and deliver on their promises, they will henceforth have to take into account segregation of SMEs based on their value addition capabilities and their stages of growth. A one-size-fits-all approach is counter-productive and will end up throwing good public money after ineffective projects. Government policy resources must prioritize high growth potential SMEs over low value establishments.

The 10-Year Master Plan envisions SMEs as a key driving force of the country’s productive apparatus and makes recommendations to achieve a quantum leap towards ambitious targets (figure 1.2), that is:

- raising SMEs’ contribution to GDP, currently from 40%, to 52% by 2026;
- raising SMEs’ share of total national employment from 55% to 64%;
- increasing current exports from less than 3% to about 18%; and
- increasing value addition from MUR 175 billion to 388 billion.

Figure 1.2: 10-Year SME Master Plan Targets

A large share of the additional contribution to national output will come from increased export business, higher productivity and a greater participation of entrepreneurs in high value added activities such as healthcare, bio-farming, green energies, ICT and a range of knowledge and technology-intensive businesses.

Mauritius has had a successful experiment with SMEs in the 1980s and early 1990s which saw a surge in entrepreneurial activities alongside a phase of rapid growth and employment creation. Many of the then SMEs have now become large industrial groups. The entrepreneurs of the 1980s and early 1990s drew mainly on low-cost labour to fuel their growth. Today, the competitive conditions have changed drastically as the cheap manpower advantage has long been arbitraged away. Competition
both domestically and overseas has grown fiercer. SMEs that are able to profitably garner other sources of competitiveness such as higher productivity gains, innovation in product development and in production processes, are more likely to secure market share and create lasting presence in new market niches.

1.2 The New SME Framework

The Master Plan is driven by an ambitious strategic vision to make SME the engine of growth to position Mauritius as a High-Income Economy. It will be achieved through the emergence of innovative and globally competitive SMEs for job creation, value addition and economic democratisation, as illustrated in the new framework (figure 1.3).
Figure 1.3: The New Framework for SME Development

**Mauritius as a High-Income Economy**

- **Vision 2030**
- **Targets 2026**
- **Mission**

**Foster the Emergence of Innovative, Sustainable and Globally-Competitive SMEs**

- **GDP 52%**
- **Employment 64%**
- **Export 18%**
- **Value Added MUR 388 Billion**

**Action Plan**

- **Sectoral Actions (SAs)**
  - High Growth Potential Entrepreneurs (HGP)
- **Thematic Actions (TAs)**
  - High Impact Initiatives (HIIs)

**Performance Drivers**

- Regulatory & Institutional Framework
- National Entrepreneurship Strategy
- Human Capital & Skills Development
- Innovation, Technology Transfer & Green SMEs
- Access to Finance & Equity Participation
- Marketing & Regional Exports Capacity Building

**Development Levels**

**National**

- Sectoral / Thematic
- Enterprise
- Entrepreneur

**SME DEVELOPMENT FRAMEWORK 10 - YEAR MASTER PLAN**
The vision and mission of the new SME framework, which remain the bedrock of the Master Plan, are:

**Vision**

SMEs as the Engine of Growth to Position
Mauritius as a High-Income Economy

**Mission**

Foster the Emergence of
Innovative, Sustainable and Globally Competitive SMEs
for Job Creation, Value Addition and Economic Democratisation

**Five Underlying Objectives**

The vision and mission will be accomplished by leveraging on five main objectives, which will impact directly on the targets of the Master Plan. These objectives will support the transformation of SMEs into sustainable and value creation entities. The objectives are:

- **Objective 1**
  Improve SME competitiveness and growth by transforming SMEs into agile players with improved productivity, better quality products and resiliency to compete in the global economy.

- **Objective 2**
  Foster high growth potential SMEs by nurturing start-ups, fostering entrepreneurship, supporting knowledge-based activities and disruptive (innovators) SMEs.

- **Objective 3**
  Upgrade skills and job opportunities by supporting SMEs to address skill mismatch and upgrade human capital to respond to new market demands.

- **Objective 4**
  Improve design and value addition by supporting SMEs in research and development, innovation and brand identity to move into niche markets.

- **Objective 5**
  Increase market access and exports by providing SMEs with intelligence, market development supports and logistics to integrate the global supply chain.
Strategies Shaping SME Performances

The desired combined outcomes of the five objectives lead towards target 2026 of the Master Plan which are GDP growth, employment creation, increased exports and value addition.

To achieve these objectives, the pathway is crafted by six strategic thrusts which address the main constraints to SMEs development and which constitute the six pillars of the new framework. These strategic thrusts are:

1.3 The Paradigm Shift

A robust entrepreneurial fabric adds vibrancy to the economy and accelerates growth in emerging and existing industries alike. The focus of the six strategic thrusts is to fundamentally reengineer the foundations of SME definition and SME support institutions, so as to mainstream the participation of SME in the Mauritian Economy.

An unprecedented effort is required to achieve this shift in focus for SMEs to become the core of the Mauritian competitive advantage, mobilizing the best brains from all segments of the population. A strong and performing entrepreneurship model makes the economy work for the masses and widens the circle of opportunities to the grass-roots levels of the community.

High Impact Initiatives (HIIs)

The HIIs are the core of the Master Plan and stem out from the six strategic thrusts. There are nine HIIs which are recommended and they comprise of 46 Key Actions which are Short (0 – 2 years), Medium (2 – 5 years) or Long Term (5 – 10 Years).

Within these nine HIIs, there are also six Quick Wins, consisting of small groups of Key Actions that can be started in the short term by creating entrepreneurial buzz and which will start yielding results almost immediately. The six strategic thrusts and some underlying key actions are briefly described as follows:
Improving the Institutional and Regulatory Framework

- Rationalisation and improvement of SME support services is a critical pre-requisite of the reform process. The 2016-17 National Budget already proposed the merger of Enterprise Mauritius, Small and Medium Enterprise Development Authority and National Women Entrepreneur Council into one organisation for greater coherence, more efficiency and effectiveness. This laudable initiative will not only improve access to resources, but will also reduce the information asymmetry that SMEs face. The Master Plan recommends the way forward for this merger process through a new structure called SME Mauritius. It should be in charge of all SME support programmes to circumvent the current situation of information asymmetry and lack of synergies between different SME support institutions and Ministries responsible for the development of SMEs.
- Recommendations are also made for further improving the interface between business and government as well as the quality and timeliness of government services and transparency of procedures. In that regard, particular attention is given to encourage local authorities to comply with national standards and timeline objectives.

Instilling an Entrepreneurial Attitude

- Encouraging successful entrepreneurs to showcase their ventures in order to promote entrepreneurship as a career option since peers’ success is a major motivator. Risk-taking attitudes and business acumen should over time become distinct traits of the Mauritian DNA.
- Physical infrastructures such as incubators and industrial parks amongst others should be improved, especially for start-ups initiated by young graduates and women entrepreneurs to enhance their chances for business success. Incubators are not just buildings, but a unique and highly integrated combination of mentorship, Business Development Services (BDS) and financial support.

Reinforcing Human Capital and Skills Development

- Identify the skills required by SMEs and building capacity to bridge skill mismatch is recommended. Recommendation is also made for regular (yearly) SMEs Skills Needs Assessment. SME Mauritius on its side must develop and maintain a database of skills requirements by SMEs.
- Revamp of apprenticeship and TVET programmes is recommended based on SMEs Skills Needs Assessment and national economic priorities.
- Rebrand TVET, from the current rhetoric associated with let-downs to one putting graduates on their way to success.
- Mainstream entrepreneurship education in the national educational curriculum at all levels to instigate the concept of making Mauritius a nation of entrepreneurs.

Encouraging Innovation, Technology Transfer and Greening of SMEs

- Encourage linkages with Multinational Corporations, large corporations, universities and technology institutes.
- Define priority areas and ensure all publicly funded research projects are focused on them.
- Develop infrastructures and services to encourage SME clusters.
- Define a proper framework for eco-labelling and eco-certification and ensure relevant public authorities are equipped with adequate capacities to effectively enforce regulations.
- Implement projects identified through the Switch Africa Green (SAG) initiative.
Improving Access to Finance and Equity Participation

- Expand SMEs funding opportunities with new and innovative financial instruments such as Angel Investments and Crowdfunding.
- Increase SMEs capacity and financial awareness.

Improving Marketing and Regional Exports Capacity

- Ensure SME products and services comply with international standards to enable them to penetrate markets, foreign ones in particular.
- Develop and implement a comprehensive SME Export Development Programme (SEDP), to provide advisory, market intelligence, training, networking, as well as support to attend international fairs and exhibitions.
- Develop a comprehensive Africa SME Strategy to enable Mauritian SMEs to take advantage of growing opportunities in Africa. This strategy should target specific countries, sectors and markets and assemble the required resources and supports.

Sectoral Actions (SAs)

- Recognising sectoral opportunities, the Master Plan proposes **27 Sectoral actions**, including high value added activities, in nine identified sectors or sectoral drivers.
- The resource-based approach has been adopted to identify specific strengths and skills available which can be used as leverage to develop new products and economic sub sectors.
- In the transformation process of the SME landscape, other industry drivers will also emerge in the supply chain of these sectors.
- Expansion of the economic space in the context of sectoral actions requires a coordinated effort to create new avenues of growth for SMEs in the local market whilst developing economic linkages with targeted countries in the region to expand access to resources and markets.

Thematic Actions (TAs)

- There are **13 Thematic Actions** which are recommended either having multi-sectoral development potentials or targeting specific inclusive, sustainable or competitiveness issues and which are also likely to be part of the high growth potential strategy. Thematic Actions recognize the specificities of particular groups such as the women or the youth and propose actions that specifically address their needs.

1.4 The Way Forward

To achieve the status of a high-income economy by 2030, Mauritius must tap on all the available levers for development and the SME sector is an important component in the business landscape. This new Framework for SME Development will guide effective change in relation to set objectives. Instead of an incremental approach, whether for policies, fiscal measures or institutional capacity building, the Master Plan adopts a long term perspective through the definition of specific objectives, proposal of key actions and establishment of appropriate implementation and monitoring measures.

Effective implementation of the recommended policy measures and actions will be of paramount importance and beneficial to all SMEs. Further targeting high growth potential SMEs for special supports will rapidly spur economic activities and job creation. To benefit from the proposed actions of the 10-Year Master Plan, a paradigm shift is required and there is an urgent call for all stakeholders, public or private, to collaborate under the leadership of MoBEC.
SME Master Plan: The Game Changer for Mauritius
2.1 Short History on Industrial Evolution

Stemming at independence in 1968, from a mono crop agricultural economy, with a per capita GDP of USD 260, Mauritius has been a remarkable success story not just for Africa but for the whole world. With limited natural resources, a small domestic market, inherent population concerns and a high vulnerability to external shocks, Mauritius somehow managed to have real GDP growth by an average of just below 6% and then stabilizing to just below 5% (as compared to 2.4% for rest of Africa) over the last two decades. This growth, despite Meade’s gloomy prophecy of doom for Mauritius, was achieved through macro-economic stability, coupled with a policy of diversification and creation of economic opportunities from the top to the bottom of the Mauritian pyramid.

The predominantly export-oriented sugar economy was, by early 1970s, showing signs of vulnerability and offering limited capabilities to offer jobs for a growing population. The Government, therefore, embarked on a diversification programme through the creation of the Export Process Zones (EPZ), the promotion of Mauritius as a high end tourist destination, whilst, at the same time, encouraging the establishment of import substitution industries. These policies allowed the country to emerge from a period of macro-economic instability during 1978-82, after having faced two devaluations, inflation of about 15% and severe IMF-backed structural reforms.

The Government in 1982, backed by stable democracy and ethnic harmony, engaged further in a series of sound macro-economic policy reforms. Personal and corporate taxes were lowered, interest rates were gradually liberalised and the financial sector was expanded. These fiscal adjustments provided easier access to finance for the rapidly expanding private sector. Fiscal, administrative and logistical incentives fostered the emergence of an export-oriented manufacturing sector, dominated by textile and garment factories. In parallel, the tourism sector benefited from generous concessions for setting up hotels, targeting the high end tourist market. Other pillars such as the financial services and freeport activities became part of the business landscape.

The dire state of affairs, during that time, also created a scenario, which adversely turned favourable, for the emergence of a new breed of entrepreneurs, because of:

- the availability of a large pool of highly educated, yet unemployed or underpaid workforce, including many young graduates; and
- those having been forced to take subsistence activities, already acquired the basic entrepreneurial skill sets and were highly motivated to start their own businesses.

With the advent of the Ebene Cyber City, the authorities stamped another landmark towards making Mauritius a service-oriented economy by having up to date technological and logistical infrastructures, including high speed connectivity through fiber cable networks.

The Government Vision 2030 lays out the next wave of economic growth. Increased focus is placed on high growth potential sectors such as ICT, the seafood and marine industry, as well as financial, business and biomedical services. The manufacturing sector is encouraged to move into high-tech and high precision activities whilst tourism will remain an integral part of the national development strategy. Other avenues include the development of ‘smart cities’ and the ‘ocean economy’. Mauritius is also exploiting its strategic location, to become a finance and connection hub between Africa and Asia.
Learning Experiences

The incentives and facilities offered to companies during the 1980s triggered the emergence of a new breed of entrepreneurs, who integrated the value chain of larger enterprises or provided services to the population at large. Micro, Small and Medium Enterprises (MSMEs) emerged as direct service providers to textile and garment factories, providing value added and support services such as embroidery, screen printing, maintenance, etc., as well as indirect supports such as transport and food and catering. Other sectors, besides providing premium jobs, rapidly enabled SMEs in agribusinesses, restaurants and catering services, the entertainment industry as well as ITC and IT Enabled Services, to integrate their supply chain.

2.2 Importance of SMEs to the Mauritian Economy

According to latest Census of Economic Activities (2013), the contribution of SMEs is estimated to have reached 40% of GDP and 55% of total employment, as indicated in table 2.1.

<table>
<thead>
<tr>
<th>2002</th>
<th>2007</th>
<th>2013¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added of SMEs (MUR million)</td>
<td>43,400</td>
<td>83,640</td>
</tr>
<tr>
<td>GDP at basic prices (MUR million)</td>
<td>125,777</td>
<td>215,449</td>
</tr>
<tr>
<td>% Contribution of SMEs to GDP</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>Employment in SMEs</td>
<td>235,000</td>
<td>268,900</td>
</tr>
<tr>
<td>Total Employment</td>
<td>493,000</td>
<td>523,700</td>
</tr>
<tr>
<td>% of Employment in SMEs</td>
<td>48</td>
<td>51</td>
</tr>
</tbody>
</table>

¹ Provisional

The Government of Mauritius, through the incumbent authority, that is the Ministry of Business, Enterprise & Cooperatives (MoBEC) has clearly identified SMEs as the engine of growth and from which the next generation of impactors and disruptors will stem out.

Going forward, high growth potential SMEs will assume a higher role in the economy over the next ten years. The sector presents unique opportunities for the country to create quality jobs, diversify and democratise the economy, leverage innovation and increase export earnings.

2.3 Scope of Work

This assignment for the development of a 10 - Year Master Plan for the SME Sector has been carried out, guided by the following Terms of References (ToR):

- Review the current strategies, priorities and strategic objectives for SME development, especially the sectors with high potential for growth, in the light of Government’s vision and mission for the sector;
- Evaluate the current support institutions for SMEs and make appropriate recommendations;
- Make an analysis of the factors that influence SME performance, which are innovation and technology adoption, human capital development, access to financing, access to market, proper legal and regulatory environment and infrastructure, and make appropriate recommendations on how to address the challenges faced in these areas;
- Chart a roadmap for the development of SMEs in the short, medium and long term;
- Formulate clear strategic objectives and propose appropriate action plans for each sector; and
- Examine the current monitoring and evaluation system and make proposal for a reliable system that would enable the assessment of the overall effectiveness of programmes and funding for the development of SMEs.

### 2.4 Methodology Adopted in Developing the Master Plan

Consultation was a central part of the methodology adopted for this assignment and the process ensured effectiveness, coherence as well as a broad buy-in of all major stakeholders. Among others, the following key actions were undertaken (figure 2.1):

- Review of current strategies, policies and legal framework within which SMEs operate;
- Collection of local and international data, information and trends;
- Consultation with some 70 public and private sector institutions, having direct or indirect involvement with SMEs development and promotion in Mauritius. This was done primarily through data collection questionnaires and was followed up by 35 face to face meetings with key public and private sector SME support institutions;
- A national survey was conducted to which 410 SMEs responded, as appropriate, to the 73 directly relevant questions;
- A youth entrepreneurship survey was also conducted to ascertain youth readiness and assess the inclination of young graduates to take entrepreneurship as a career option;
- A focus workshop with 58 SMEs was organised, where their grievances and proposed remedial actions were noted. This led to the development of a national SME analysis of strengths, weaknesses, opportunities and threats (SWOTs);
- A consultative workshop was organised with 76 SMEs, public and private sector institutions and key informants. This led to the charting of a new SMEs development & growth roadmap; and
- A validation workshop was organised with 78 SMEs, public and private sector institutions who provided their critical yet forward looking inputs leading to completion of the Master Plan.
**Figure 2.1: SME Master Plan Methodology**

  - **Legal Framework & Policy**
    - Reviews of current National Strategy
      - Desk research & Statistics (GDP, etc.)
      - Legal framework
      - Existing policy including Development Certificate Scheme
      - SMEDA/institutions
      - Finance/MauBank/MyBiz
  - **Field Observations**
    - Meetings, visits and investigations
      - Opinion leaders
      - Lessons learned from past policies
      - Impacts of Previous Programmes
      - Benchmarking framework for SME Development
      - On Site visits/Meetings/Interviews, etc.

- **Engaging SMEs in a participative approach**
  - 1 to 1 Meeting
  - Focus Group Meeting
  - Pre-consultative Workshop

- **National SME Survey & Current SME Support Institutions Review**
  - Online Survey Application – customized to target both SMEs and SME Support Institutions with 2 different set of objectives and questions for
    - SMEs & cooperatives
    - Youth Entrepreneurship
    - SME Support Institutions

- **Stakeholders Meetings, Analysis & Impacts**
  - Meeting public and private sector support institutions
  - Walkthrough visits and review references & impacts
  - Stakeholders Consultative Workshop

- **Chart Roadmap for SME Development**

- **Strategic Thrust 1:** Improving the Institutional & Regulatory framework
- **Strategic Thrust 2:** Instilling an Entrepreneurial Attitude
- **Strategic Thrust 3:** Reinforce Human Capital & Skills Development
- **Strategic Thrust 4:** Encourage Innovation, Technology Transfer & Green SMEs
- **Strategic Thrust 5:** Improving Access to Finance & Equity Participation
- **Strategic Thrust 6:** Improving Marketing & Regional Exports Capacity

- **3. Define Action Plan**
  - High Impact Actions
  - Sectoral and Thematic Interventions
  - Inclusive Development & Green SMEs
2.5 SME Master Plan: A Timely Initiative

Mauritius, like some East Asian and Latin American countries, is stuck in the middle-income trap where it is squeezed between low-wage countries that dominate in mature industries and rich-country innovators that dominate in industries undergoing rapid technological change⁴.

As highlighted by World Bank⁵, since 2010, the country has been facing headwinds amid an uncertain external environment. Real GDP growth has slowed, job growth has been weak, preferences have eroded, inequalities have risen and the impacts of reforms implemented in the 2000s have waned.

To escape the trap, Mauritius has to innovate and use labour and capital more productively which means an entirely different way of doing business. The 10-Year Master Plan is therefore positioned as a ‘Game Changer’ for Mauritius and it advocates structural transformation, entrepreneurship and innovation that are the sine qua non policy directions for moving Mauritius up the income ladder.

The Master Plan is driven by an ambitious strategic vision:

**Vision**

SMEs as the Engine of Growth to Position Mauritius as a High-Income Economy

The vision aligns SME development to the broader national vision and the nation’s aspiration of making Mauritius again a seedbed for entrepreneurship with SMEs as the backbone for job and wealth creation.

To achieve this vision, the Master Plan defines a mission for all SME stakeholders that is to:

**Mission**

Foster the Emergence of Innovative, Sustainable and Globally Competitive SMEs for Job Creation, Value Addition and Economic Democratisation

The mission will be accomplished by leveraging on five main objectives (figure 2.2) that aim towards growing SMEs, enhancing their sustainability and improving innovation and competitiveness.

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⁵ Mauritius, Systematic Country Diagnostic Report, World Bank, 2015
Objective 1: Improve SME Competitiveness

Improve SME performance and growth by transforming SMEs into agile players with improved productivity, better quality products and resiliency to compete in the global economy.

Objective 2: Foster High Growth Potential SMEs

Encourage high growth potential ventures by nurturing startups, fostering entrepreneurship, supporting knowledge-based activities and disruptive (innovators) SMEs.

Objective 3: Upgrade Skills & Job Opportunities

Increase productive employment by supporting SMEs to address skill mismatch and upgrade human capital to respond to new market demands.

Objective 4: Improve Value Addition

Improve design and value addition by supporting SMEs in research and development, innovation and brand identity to move to niche markets.

Objective 5: Increase Market Share

Increase market access and exports by providing SMEs with intelligence, market development supports and logistics to integrate the global supply chain.
Targets

The Master Plan sets ambitious, yet realistic targets for a quantum leap of the entrepreneurial vibrancy over a 10-year horizon. It also aligns with Government Vision 2030 aiming to double the national GDP currently at MUR 434,615 billion.

The targets will be achieved through a major overhaul of the SME ecosystem, combined with an improved definition of SMEs in Mauritius. It will also encompass the expected outcomes of the recommended 46 Key Actions, 13 Thematic Actions and 27 Sectoral Actions, mostly targeting high growth potential subsectors as well as export markets.

An effective and thorough implementation of the Master Plan will subsidise current economic and social strategies and will result by 2026 in raising SMEs contribution to the economy as follows (figure 2.3):

- **GDP Contribution**: 40% in 2016, 52% with an average overall GDP growth of 5% and 8% for the SME sector in 2026.
- **Share of Employment**: 55% in 2016, 64% in 2026.
- **Exports (Products & Services)**: Less than 3% in 2016, 18% in 2026.
- **Value Addition (MUR)**: 175 Billion in 2016, 388 Billion in 2026.

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![Figure 2.3: SME Master Plan Targets](image-url)

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6 Census of Economic Activities 2013 Small Establishments and Provisional Figures from Large Establishments, Statistics Mauritius, 2016
2.6 A New SME Development Strategy

Developing a competitive and resilient SME sector is a key component of Mauritius’ economic growth strategy. Yet, despite many initiatives, public or private, the SMEs’ population in Mauritius remains very atypical with a large proportion of “own account workers” whose contribution to the economic activity is very limited. In addition, the SME ecosystem, in its current form, presents numerous constraints and does not provide targeted supports for the development of high growth potential enterprises. Consequently, a majority of SMEs have not been successful in moving up the ladder of value added activities to enhance their global competitiveness and contribute significantly to the GDP. An in-depth analysis of the situation further reveals that the business models of most SMEs remain focused on opportunities provided by the domestic market and/or benefits provided by preferential economic and trade agreements.

The challenge, at this juncture, is to adopt a new approach for SME development that accelerates growth and innovation whilst taking into account the ever changing and disruptive forces shaping the global environment. There is a need to create a more conducive business environment where both Government and the private sector assume synergistic and complementary roles. On one hand, Government must lead by becoming the enabler and facilitator, leaving the private sector to become accountable service provider. On the other hand, Government must provide the required incentives and supports so that SMEs enter the supply chain of larger enterprises and that of MNCs, whilst also nurturing SMEs with high growth potentials.

The Master Plan gives a new strategic direction for SME development over the next ten years. It is in sync with Government Vision 2030 and other national development programmes linking SMEs.

The philosophy behind the Master Plan can therefore be encapsulated under the following:

- development of a conducive ecosystem, where all SMEs are empowered to operate efficiently in a hassle free business environment;
- a strategic reorientation, moving away from public sector push and input-based approach for SME support services, to demand driven, KPI-based, private sector led services; and
- liberalisation of resources that are more efficiently used to support the emergence of a new breed of high growth potential and/or export oriented high value SMEs.

Assessment Framework

The Master Plan sets forth an enabling ecosystem propelled by six ‘SME performance drivers’, namely:

- Regulatory and Institutional Framework;
- National Entrepreneurship Strategy;
- Human Capital and Skills Development;
- Innovation, Technology Transfer and Green SMEs;
- Access to Finance and Equity Participation; and
- Marketing and Regional Exports Capacity Building.

Assessment of the current situation of the SME sector reveals that SMEs are still facing numerous constraints across these performance drivers (vertical factors) in the ecosystem. More in-depth
analysis shows that these vertical factors have cross cutting influences, and act at different levels in the ecosystem, namely: national, sectoral and/or thematic, or even at the individual level of enterprises and entrepreneurs (figure 2.4).

**National**

The first level defines the essential elements of the ecosystem in which entrepreneurs and SMEs operate. This refers to national and macro-economic issues that impact the ease and speed at which businesses start and grow. At this level, the vertical factors are assessed in view of constraints that are preventing SMEs to achieve high performances.

**Sectoral and Thematic**

The second level is related to sectoral and thematic issues that have an impact on the development of the SME sector. There are principally three important elements at this stage: market structure, innovation, sector specific strategies and regulations. At this level, there are also general thematic issues such as greening of SMEs and women & youth economic empowerment that come into play.

**Enterprise**

The third level defines the elements impacting the performance at enterprise level, such as availability of finance and cash flow, labour skills, level of productivity and quality, technology absorption, marketing strategy, etc.

**Entrepreneur and or MSME**

The fourth level defines the characteristics of entrepreneurs and constraining factors that prevent MSMEs to emerge as high growth potential enterprises. Factors such as entrepreneurship skills and attitudes, educational background, risk taking abilities, business opportunities, mentoring and supports, marketing capabilities, etc. are scrutinised.

*Figure 2.4: Levels within the SME Ecosystem*

This structured four-level analysis also enables a cognitive understanding of the different stages of evolution across the life cycle of enterprises and entrepreneurs.
In addressing the constraints and challenges faced by SMEs, the Master Plan translates the performance drivers into strategic thrusts and puts forward bold strategies and recommendations.

**Shifting Focus on High Growth Potential Enterprises**

Refocusing SME support programmes on high-growth potential SMEs must not be seen as a strategy that could penalise traditional sectors. Indeed, high-growth potential SMEs can be active in every sector of the economy, ranging from production of basic goods to the provision of highly specialized professional services.

Still, it must also be acknowledged that eventually only a small group of innovative and high-growth enterprises can significantly contribute to job creation and economic prosperity. This was the case in the 1980s and 1990s when a handful of SMEs started operations, took advantage of government supports, quickly adapted to changing market demands and established themselves as leaders by creating most jobs and having the greatest economic impacts.

Public money should be spent on effective projects so that they create value for the society. The Pareto principle (which states that 20% of the invested input is responsible of 80% of the results obtained) must therefore be applied. Scarce resources must be mainly geared towards high-impact initiatives and towards programmes targeting high growth SMEs engaged into high value addition activities.

*Figure 2.5: Shifting the Entrepreneurial Mind Set*
The Master Plan will nevertheless be relevant to all SMEs, across all sectors and strategic areas. It will bring a transformation to the SME sector through a paradigm shift (figure 2.5), unleashing a new momentum that will pull up micro and subsistence enterprises into the mainstream economy, alongside their high growth counterparts. This desired scenario will obviously contribute to more significant growth of the national GDP.

The Master Plan also recommends sectoral opportunities to develop high growth potential sectors such as healthcare, bio-farming, green energy, the ocean economy as well as ICT, without penalising traditional SMEs. The strategies put forward will enable the creation of higher value added products in established manufacturing and service sectors as well as in downstream resource-based industries. These new sources of growth will inter alia rely on innovation and the use of technology, entrepreneurship, skilled human capital, access to appropriate finance and market and a supportive ecosystem.

2.7 Structure of the Master Plan

The Master Plan is structured as follows:

- Chapter 1 presents the executive summary which provides a snapshot of the Master Plan, highlighting its importance, vision, strategies, targets, key recommendations and action plan;
- Chapter 2 sets the scene, introducing the Master Plan and the reason why Mauritius needs this change in strategy and the intended impacts that it will entail;
- Chapter 3 describes the key structural characteristics of the Mauritian SMEs, pinpointing areas for reinforcement;
- Chapter 4 provides a critical review of the current strategies as well as an evaluation of the main public institutions involved in the provision of support services to SMEs, including deficiencies in the current institutional framework;
- Chapter 5 takes stock of factors impacting on SME performances which are exogenous and present in the six performance drivers;
- Chapter 6 describes the New Development Framework in details with comprehensive strategies formulated to address constraints and recommendations;
- Chapter 7 presents the Action Plan with the list of proposed Quick wins, High Impact Initiatives, Sectoral and Thematic Interventions. A timeline of the actions and the roadmap towards achieving the intended targets are also given;
- Chapter 8 provides the Monitoring and Evaluation Framework which is an output-based (KPI) approach; and
- Annex A provides details of various studies made as well as a summary of the various schemes developed for SMEs.
3.0

Characteristics of Mauritian SMEs

Don’t find fault, find a remedy.
Henry Ford
3.1 What is an SME in Mauritius?

In Mauritius, the concept of SME is vague and definitions and designations remain elusive, even among government agencies themselves. In this context, it is quite difficult to get a complete grasp of the extent of the impact of those enterprises - sometimes identified as ‘SMEs’ and other times as ‘small establishments’. There is an issue with the denominations and with the definitions. One must agree that a one-size-fits-all definition may not adequately describe the distinctive features of the whole range of MSMEs (Micro and Small and Medium-sized Enterprises).

Generally, a standard definition for SMEs is an important component in developing the national strategy and is typically devised to achieve one or several objectives, including:

- Statistical and data analysis of the country’s economic structure and development of associated strategies;
- Defining thresholds for regulatory services and administrative facilitation from a broad range of obligations (e.g., tax procedures, exemptions, etc.);
- Designing, developing and implementing schemes and programmes to specific sectors and areas;
- Targeting policy measures for SMEs to take advantage of (e.g. government procurements); and
- Set thresholds so that country characteristics and performances can be benchmarked internationally.

Small Establishments

In the absence of explicit data about SMEs, information available from Statistics Mauritius for small establishments and household farmer holdings has been used to partially understand the dynamics of this segment of the SME sector. 7

Figure 3.1 shows both the number of establishments and employment by sector are skewed towards low value added enterprises - wholesale and retail trade represents 31.5% of active enterprises and employ 30.5% of the workforce; traditional agriculture accounts for 15.8% of establishments and 13.0% of employment and transport and storage accounts for 14.1% and 11.3% respectively. Manufacturing, construction and food services follow suit.

This situation depicts the profile of an old economy where low value added industries represent the highest ratio of active enterprises and provide most of the employment opportunities and where high growth potential sectors such as financial services (with 0.1% of establishment and 0.2% of employment) and ICT (0.4% of establishment and 0.6% of employment) is significantly under represented.

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Figure 3.1: Distribution of small establishments and employment by sector
SME Master Plan Survey

An SME Survey has been conducted to accurately identify and assess the various constraints faced by SMEs in the current ecosystem. The sample frame was devised to adequately cover all the sectors, from the conventional industry, to the textile and garment as well as emerging and high growth potential sectors. The questionnaire was administered to SMEs from all the major economic sectors, formal and informal enterprises, and others falling under SMEDA’s definition of SMEs. There were 410 validated responses representing 91.1% of the targeted SMEs.

In addition, a Youth Entrepreneurship Survey (YES) was conducted to ascertain the views and attitudes of Mauritian youth and young graduates towards business in general and taking entrepreneurship as a career option, in particular. There were 147 responses, from age groups between 18 to 30 years.

Some key findings from the survey, relating to SME characteristics are given in this section. However other findings concerning strategic matters are ventilated across other sections, especially when they relate to causes of deficient strategic focuses and the effects or constraints which are felt.

3.2 Key SME Characteristics

Motivations to Start Business

75% of all respondents started their business because they wanted to be independent or be their own boss (figure 3.2) and 35% because they were jobless or just lost their job. These figures demonstrate that very few businesses were launched as a consequence of a real entrepreneurship venture, stemming from the implementation of a business idea or with the view to size market opportunity.

These facts further demonstrate the high prevalence of subsistence SMEs in the SME sector and therefore the need to circumvent the country’s strategy insofar as SME supports and inclusive assistances are concerned.

There must indeed be a clear distinction between general support and measures steered towards subsistence and low-potential SMEs (mostly own account workers) as compared to initiatives targeted at real entrepreneurial ventures, leading to high growth potential SMEs.
Legal Status of SMEs

Contrary to the common belief that a large segment of SMEs are operating in the informal sector, the survey (figure 3.3) found that:

- only 7% of businesses had no legal status whatsoever, which clearly indicate that informal businesses are not necessarily a major cause of concern, although the place where they operate may well be;
- only 9% held a Trade Licence;
- 38% had a Business Registration Number; and
- 42% were fully incorporated companies and 2% were registered cooperatives.

Further, only 41% of all respondents had at least one business partner at start-up. Out of these, 55% of the business partners were family members.
Figure 3.3: Business Registration and Partnership Status

**Business Registration Status**

- 42% Not Registered (informal)
- 38% Business registration card (BRN only)
- 7% Trade License
- 9% Company, partnership /registered entity (incorporated with registrar of companies)
- 2% Cooperative society
- 2% Other

**Type of Partnership**

- 55% Family member
- 31% External partner
- 13% Financial or equity partner
- 1% Other
The fact that less than 19% of all SMEs have external partners shows that Mauritians still favour the everlasting owner-manager model of businesses. This model obviously has its limitations due to its over reliance on the owner for technical competencies, marketing acumen and other professional traits. It also reflects the low value adding capability of SMEs. Typically, higher growth potential ventures often rely on the skills and competencies of several partners and professionals.

3.3 SME Growth and Development in the Local Context

SME Turnover and Employment

The trend in employment, captured by the survey, corroborates with the findings of the Census of Economic Activities carried out by Statistics Mauritius (figure 3.4). It validates the observation that enterprises with five or less employees constitute the majority (60%) of SMEs. Likewise, 59% of all SMEs have a turnover of MUR 2 million or less. To any standard, this is quite poor and limiting for a country aspiring to move to the high income league.

Figure 3.4: Distribution of SMEs by turnover and number of people engaged
Classifying SMEs by Employment and Turnover

Figure 3.5 shows that in Mauritius:

- 47% of SMEs having five or less employees have an annual turnover of less than MUR 2 million;
- 61% of all SMEs have a turnover of less than MUR 2 million; and
- Only 10% of all SMEs employ more than 21 people and a meagre 1% employ 51 or more people.

These figures confirm that the SME sector is highly skewed towards enterprises with low value addition and job creation potentials. The situation represents a major cause for concern and needs to be addressed urgently, especially at a time of rising unemployment.

![Number of Employees vs Turnover of SMEs](image)

On a more positive note figure 3.5 also shows that:

- 2% of SMEs employing five or less employees have a turnover of MUR 10 to 50 million; and
- 15% of all SMEs in Mauritius have a turnover of MUR 10 to 50 million, which represent the high value or growth potential fraction and where targeted efforts must be provided to enhance growth and develop export potential.
Years of Existence vs Turnover

Figure 3.6 shows that most Mauritian SMEs are stagnating, some from the very start-up stage. The fact that no SME, under 2 years, recorded turnover of more than MUR 5 million and that only very matured SMEs are able to pass these turnover thresholds is alarming because global experience shows that it is mostly young SMEs under four years old, which are creating jobs and are more disruptive in their ability to add value.

![Figure 3.6: Distribution of Turnover vs Years of existence](image)

Employment vs Years of Existence

Figure 3.7 depicts the ability of SMEs to recruit along their growth path down the years. Some important trends that stem out are as follows:

- 43% of all SMEs have 10 or more years;
- 22.5% of SMEs have less than 2 years and employ 20 people or less. No SME in this age bracket employs more than 20 people; and
- General assumptions can lead to believe that there is a lack of innovativeness and/or market penetrability of new SMEs coming in the business landscape; almost none are able to create tangible number of jobs beyond the stage of 2 years.
SME Development Phases

In the absence of an ecosystem conducive to highly impacting enterprises, attention has to be given to the development stages of SMEs, especially in the local context, to identify and customise the right types of support required. Figure 3.8 illustrates the development phases of SMEs in the local ecosystem and how they are faring along the growth line.

Figure 3.8: Stages of Business Development & Growth
A high percentage (45%) of SMEs indicated that their businesses have either reached maturity or stagnation. This is a cause for concern given that, already, at this stage, the businesses will neither increase in turnover nor employ significantly more people. As nearly half of all SMEs in Mauritius are concerned, this state of affairs calls for urgent actions. It will only be through productivity improvement programmes and value addition that these SMEs can be put back on the growth trajectory.

Figure 3.8 also confirms that 43% of all SMEs indicated that they are growing. But considering that some 60% of these are micro-enterprises, the long term impact on the economy will be insignificant. Again, it therefore becomes critical that a system of segregating these SMEs from high potential ones is put in place to ensure targeted and adequate support.

**Investments**

Figure 3.9 shows that 38% of all SMEs do not intend to invest over the next 2 years, 31% over the next 2 to 5 years and 32% over the next 5 to 10 years. These data substantiate the high prevalence of subsistence and low value-creation SMEs that have no plan to reinforce or transform their business model to enhance their performance and eventually increase their economic contribution.

![Figure 3.9: Business projecting to Invest](image)

Among those SMEs planning to invest, the areas in which investment is sought are given in figure 3.10. This information is coupled with the age of the business to identify any potential trends.
Figure 3.10: Areas of Investment by Years of Existence

A positive observation is that new businesses (0 to 2 years) are more inclined to invest and the investments cut across several needs: new machines, land and building but also in new production methods and market development. As these SMEs typically have limited or no collaterals, future funding schemes will have to take this factor into consideration.

3.4 Levels in the SME Ecosystem

As in any other country, SMEs in Mauritius are operating under an ecosystem, the dynamism of which interrelates with several (vertical) factors and at different levels. As it will be demonstrated later, these factors have cross cutting influences, and act at different levels in the ecosystem, namely:

- Own Account Workers / Entrepreneur
- Enterprise
- Sector, and
- Macroeconomic (National)

Each of the above level builds on the other and is influenced differently by the ecosystem.

Own Account Worker vs Entrepreneur

In Mauritius, the challenge stems from the need to differentiate between an SME owner, an own account worker and an entrepreneur. The own account worker is usually driven by necessity to earn a living and for whatever resources deployed, a very limited number will ever scale up and make any significant contribution to the economy. In fact, many own account workers are struggling and end up fishing for incentives, grants and supports for survival. Typically they earn less than if they were employed in a flourishing sector (figure 3.11). However, in the interest of
inclusive development and poverty alleviation, especially at a time of high unemployment, structural policy reforms must be inclusive and cater for all categories of enterprises.

**Figure 3.11: Graph indicating earning of Own Account Worker**

An entrepreneur is one who identifies opportunities, takes calculated risks, grows his business and reaps success. As such, an entrepreneur elevates himself or herself from the status of an Own Account worker, to being a successful businessperson.

In Mauritius, there is currently no proper classification mechanism to identify, demarcate and mentor high-growth potential entrepreneurs from the traditional or subsistence ones. Whilst it is almost impossible to identify one at the very start-up phase, table 3.1 provides some key characteristics enabling one to profile them as early as possible for the purpose of providing special attention and targeted supports.
Table 3.1: Distinctive features of three types of entrepreneurship

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Subsistence Entrepreneurs</th>
<th>Traditional Entrepreneurs</th>
<th>Growth-Oriented Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of Business</td>
<td>Involved in basic activities, function on survival mode</td>
<td>Engaged in production or trade in goods and services, focused on operation and management</td>
<td>Discover and innovate new businesses/ventures and exploit opportunities independently</td>
</tr>
<tr>
<td>Size of business</td>
<td>Micro</td>
<td>Small and Medium</td>
<td>Small to large</td>
</tr>
<tr>
<td>Purpose</td>
<td>Survival</td>
<td>Produce, buy and sell</td>
<td>Create businesses</td>
</tr>
<tr>
<td>Risk taking</td>
<td>Low</td>
<td>Low / moderate risks</td>
<td>Varies from small to high</td>
</tr>
<tr>
<td>Sector</td>
<td>Private and informal Typically low level processing and trading</td>
<td>Private Some processing and medium value addition</td>
<td>In any sector, including private or social enterprises</td>
</tr>
<tr>
<td>Key attributes</td>
<td>Need for subsistence Low management skills No innovation Low or no growth</td>
<td>Moderate need for achievement Some management skills Little or no innovation Moderate growth</td>
<td>High need for achievement Internal locus of control Creativity and innovation Growth</td>
</tr>
<tr>
<td>Growth Focus</td>
<td>Low or none</td>
<td>Variable</td>
<td>High</td>
</tr>
</tbody>
</table>

High Growth-Oriented or transformational entrepreneurs are innovators, even industry disruptors with the potential to grow their business, create value and generate employment opportunities. They adopt growth strategies by venturing into new markets and with value-added products or services, whilst traditional entrepreneurs operate in their comfort zone, avoid much risk-taking and are averse to change.

In the Mauritian context, a high-growth potential enterprise can be considered as any enterprise employing more than five people and recording an average annual growth higher than 20%, over three consecutive years, either in terms of employment or turnover⁸.

As per this broadly accepted definition, the potential of an enterprise to become high growth cannot be empirically measured at start-up phase. However, there are parameters that can indicate the predisposition of firms to achieve high growth. Some of these conditions are:

- Innovative value proposition properly identifying and addressing needs of customers;
- Targeting high growth market segment, typically using innovative technologies;
- Customer relations clearly demonstrated and creation of customer fidelity and referrals;
- Foreseen affiliation to supply chains and strategy to break into new markets;
- Positive cash flow projections and re-investment of major profit & earnings clearly demonstrated;
- Absence of long term debt as business is geared towards alternative sources of cheap equity and growth financing;
- Business plan caters for the inclusion of professionals at all levels in the company structure;

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⁸ Definition adapted in the Mauritian context based on Eurostat and OECD
- Well defined team with complementary expertise and experience and a high level of human capital and skills;
- Local markets targeted at start, but international marketing perspectives prevail; and
- Access to resources and intellectual property including trademarks.

The Master Plan lays great emphasis on identifying and supporting these entrepreneurs, as they are the ones who will eventually start and develop high growth potential businesses.

**Business Stages: Seed to Maturity**

As mentioned in previous section, 60% of all SMEs are stagnating and will either die or will never have turnovers exceeding MUR 2 million. It is therefore critical to fully understand the causes of their stagnation to develop the relevant support.

In that respect it is important to identity the various SME development stages and understand the specific characteristics of each stage. Table 3.2 highlights some key features of the development phase from the idea (SEED) stage, nascent SMEs (START-UP) to mature business and beyond. This dimension in the ecosystem requires meticulous understanding as it allows the limited and scarce resources available to be effectively used for the targeted enterprises, i.e. high growth potential SMEs.
Table 3.2: Stages of Business Development & Growth

<table>
<thead>
<tr>
<th>SEED STAGE</th>
<th>START UP STAGE</th>
<th>GROWTH/EXPANSION STAGE</th>
<th>MATURITY STAGE</th>
<th>NEXT WAVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Characteristics</strong></td>
<td><strong>Start developing prototypes or model services</strong></td>
<td><strong>Continuous improvements</strong></td>
<td><strong>Organised and structured business, based on operating procedures</strong></td>
<td><strong>Looking for other opportunities</strong></td>
</tr>
<tr>
<td><strong>Entrepreneurial Asment</strong></td>
<td><strong>Quickly adapt to clients feedbacks</strong></td>
<td><strong>Benchmarked on competitors</strong></td>
<td><strong>Identify new markets</strong></td>
<td><strong>Model business ready for replication in same or other sectors or in another country</strong></td>
</tr>
<tr>
<td><strong>Human &amp; Human Resources</strong></td>
<td><strong>Identify personal entrepreneurial gaps and work to close them</strong></td>
<td><strong>Seek adaptable tools &amp; technologies to optimize production</strong></td>
<td><strong>Build own capability / workers competencies</strong></td>
<td><strong>Good business exposure</strong></td>
</tr>
<tr>
<td><strong>Finance &amp; Capital</strong></td>
<td><strong>Supports from family &amp; friends</strong></td>
<td><strong>Achieve breakeven, then profitable</strong></td>
<td><strong>Highly networked</strong></td>
<td><strong>Effective succession planning</strong></td>
</tr>
<tr>
<td><strong>Skills &amp; Human Resources</strong></td>
<td><strong>Has “great idea” or discovers untapped market opportunity</strong></td>
<td><strong>Start taking advantages of schemes</strong></td>
<td><strong>Need additional fundings, typically loans</strong></td>
<td><strong>Macro management</strong></td>
</tr>
<tr>
<td><strong>Entrepreneurial Asment</strong></td>
<td><strong>Want to become own boss</strong></td>
<td><strong>Effective product costing</strong></td>
<td><strong>Increased external participation</strong></td>
<td><strong>Funding for replications</strong></td>
</tr>
<tr>
<td><strong>Skills &amp; Human Resources</strong></td>
<td><strong>Seek advice &amp; build intelligence</strong></td>
<td><strong>Achieve breakeven, then profitable</strong></td>
<td><strong>Seek alternative funding sources</strong></td>
<td><strong>Open equity to third parties</strong></td>
</tr>
</tbody>
</table>

- SEED STAGE: Good risk taking abilities, but limited entrepreneurial experiences
- START UP STAGE: Limited in everything
- GROWTH/EXPANSION STAGE: Seek adaptable tools & technologies to optimize production
- MATURITY STAGE: Proper controls
- NEXT WAVE: Looking for other opportunities

- STAGNATE
- DECLINE
- REPLICATE
3.5 Enterprise Level

Key Challenges faced by SMEs

There are several endogenous factors, at enterprise level, that allow an SME either to develop or to stagnate. In today’s competitive world, SMEs, though being a very important link in the supply chain, are facing several challenges and are struggling to adapt to the changing environment. Some of these challenges are:

*Over reliance on Owner Manager:* As shown in the survey, there is an over reliance on the owner, who despite being technically good, lacks several other entrepreneurial traits to make the business prosper. This is worsened by the fact that SMEs traditionally suffer from middle management gap. Furthermore, as Mauritius now has an ageing population, management succession in established businesses is also becoming a key issue.

*Lingering old economy:* Due to difficulties to compete on the market and their inability to raise funds, many SMEs are unable to modernise their production technologies, thereby staying uncompetitive and inadequately equipped to match quality requirements of the market. The same also applies for implementing innovative management practices.

*Low productivity:* Productivity levels are dreadfully low in many SMEs. In the garment sector, for instance, where larger enterprises would stack productivity levels of 85% or more, SMEs typically struggle with labour productivity of 50 to 65%.

*Economies of scale:* Low output volumes understandably prevent acquiring higher output technologies and prevent taking advantage of bulk sourcing. At the outset therefore, SMEs are penalised with higher purchasing prices, due to low order quantities.

*Skill mismatch coupled with versatility requirements:* SMEs not only face the typical skill mismatch deficiency faced by all enterprises, including larger ones, but given their small employment base, they, in addition, also require to hire workers who are multi-skilled and able to operate several machines or conduct several tasks.

*Limited appetite for external investors:* SMEs are not only reluctant to allow non-family member enter the capital of the company, but they also often fail to understand and tap alternative sources of capital. By turning to bank loans, they usually take the most expensive and collateral greedy options.

Other Challenges Faced During the Business Development Stages

There are several other challenges faced by SMEs. The survey tried to group and analyse how some of these challenges evolve during the lifetime of SMEs. Figure 3.12 illustrates the importance of four top most important challenges faced during the first ten years.
Some key observations are:

- Access to finance to expand business is relegated to the second most important constraint after the first 2 years of operation;
- The SME is on the lookout for appropriate premises (0 – 2 years), which becomes even more important thereafter (2 - 5 years), but this constraint is obviously phased out once the SME is settled; and
- Start-ups have challenges sourcing the right technology and therefore emphasis must be laid on the organisation of technology diffusion clinics and awareness sessions.

**Business Closures**

The survey was also administered to entrepreneurs who closed their businesses during the past two years. They represented 3.7% of all the respondents. Figure 3.13 gives the main reasons for their business closure.
Demotivation and continuous struggle without achieving the expected outcomes are the main causes of failure. Other challenges include market challenges, permits, regulations, etc. When the question was raised during focus group discussions, most of these entrepreneurs answered that they had to close because of a combination of exogenous factors. Whilst financial issues (11% in survey) were mentioned, administratice hurdles and market competition were amongst the main causes.

3.6 Sector Level

The Master Plan also took a sectoral approach, ensuring that high growth potential sectors are identified and targeted supports provided. The main objective is to reinvigorate SMEs to create productive jobs and enhance their growth patterns by targeting niche and export markets. However, there are structural constraints preventing SMEs to evolve properly. These constraints are elaborated in this section.

Restrictive Economic Space

During the early phase of Mauritius economic development, attention was given to create opportunities for every type of enterprises regardless of their size and development level. However, by mid-2005, the government had accentuated its policies towards high FDI and investment projects, mostly geared towards large projects such as Integrated Resort Schemes (IRS), Hotels and smart cities. These policies resulted in a high degree of polarisation around the large conglomerates. These economic champions further pursued their development through backward and forward integration, occupying the remaining market niches and emerging opportunities. Given the limited economic space in a small island, coupled with the global recessions of 2008 and the economic downturns in key sectors like textile and hospitality, new investment opportunities became scarce. This situation forced the emergence of two alarming trends, namely:

- at the lower end, there has been a growing number of survival own account workers and people in low paid jobs who are facing social disenfranchisement; and
- the middle class is trapped in a state of stagnation, with little career prospects for the subsequent generations of post-independence youth, whether in entrepreneurial endeavors or in the private sector.
Weak Labour Absorption & Value Addition Capabilities

Figure 3.14 shows that the sectoral distribution of small establishments\(^9\) is clearly skewed towards stagnating low skilled labour intensive sectors such as wholesale & retail, transportation & storage, manufacturing or even construction sectors.

Figure 3.14: Distribution by sector and employment capabilities

These trends tally with the outcomes from focus meetings, where it was observed that people losing employment or leaving jobs in the textile industry, for example, are purchasing vans or other vehicles to become transport providers. Planters are leaving their fields to become food vendors or catering service providers, and apparel or shoe manufacturers are turning to trading.

\(^9\) Statistics Mauritius, Census of Economic Activities 2013, Small Establishments
As Mauritius is shifting towards a consumer market, the overall value addition by wholesale and retail trade is high, but its real impact per unit, whether in terms of value addition or employment, remains very low. Figure 3.15 highlights the inability of small manufacturing establishments to generate high income, largely because they are engaged in low design, low value content products and competing in saturated markets, which explains the shift towards subsistence works.

**Figure 3.15: Value addition per unit and by sector of activities for small establishments**

![Graph showing value addition per unit and by sector of activities for small establishments]
Growth Potential Sectors

There are other sectors that have higher added value and growth potentials, but are currently not fully exploited inter alia because of the lack of coherent SME strategies and support programmes. These sector opportunities become more visible when their real GDP growth rates and contributions are analysed (figure 3.16). Some of these sectors could in addition significantly contribute to the Government objective to position Mauritius as a service economy.

Figure 3.16: Sector composition vs real growth by sector

The important sectors as identified above and their real growth rates are as follows:

- Information & Communication (7.0%)
- Accommodation & food Services (6.9%)
- Administration & Supports (6.4%)
- Professional, Scientific & Technical (6.0%)
- Financial & Insurance (5.4%)

It is important to take these factors into consideration and to propose a series of actions enabling the emergence of high growth potential SMEs. Though the financial sector (figure 3.17) may appear restrictive to SMEs due to the specialised skills, network and marketing investments required, it does nevertheless offer impactful opportunities for accountants, auditors and other highly qualified service providers.
The ICT sector has also been growing but the first wave of development, with emphasis on low skills jobs, in call and data centres, must now be replaced by medium to high skills impactful projects.

Other sectors such as manufacturing must also be revitalised, through the design and development of value added products. The wearing apparel sub-sector (figure 3.18), for example, still offers plenty of opportunities for niche markets, especially when allied with value added services such as embroideries, cultural and heritage screen printing or specialised tie and dye products.
Likewise, the professionalization of the food services sub-sector offers good value potential for under or unemployed people, provided they operate in the right hygienic conditions and position themselves in the health market segments (figure 3.19).
Overall Imports and Exports

During the 1970s and 1980s, import substitution was a successful strategy, on one hand to prevent hard currency from leaving the country and, on the other, to create employment. This strategy has served Mauritius very well and allowed the emergence of strong medium-sized industries. However with the advent of WTO and the government project of a duty free island, the manufacturing sector has suffered collateral damages. Some sub-sectors such as shoe manufacturing have had fatal blows struck to them.

Imports of manufactured goods remain a major challenge for Mauritian SMEs, who generally are limited volumes, domestic oriented enterprises across sectors as shown from the imports figures of 2015 (figure 3.20). With imports on the rise, many of the predominant sub-sectors, such as textile and apparel manufacturing, prepared foodstuff, footwear are unable to compete. Increasing local overheads and labour costs count among the major causes, but there are other reasons. For example, imported processed foods do not have to undergo the same stringent standards and hygienic conditions as laid down by the Food Act for local manufacturers.
Figure 3.20 also shows limited exports or re-exports. Given their agility and the domain expertise that many SMEs have developed, they have the potential to tap African markets, especially when taking advantage of commercial agreements within SADC and COMESA. However, in the absence of market information, coupled with their perceived fright of the African continent, the market penetration of Mauritian SME-made products is limited. However, it is generally accepted that quite some SMEs will be interested to take this venture, if customised and direct support mechanism is provided.

### 3.7 National Level

At the macroeconomic level, there are several factors that directly influence the performance of SMEs and their ability to develop into viable and robust businesses. These factors are thoroughly analysed in chapter 5 and appropriate actions are recommended in chapters 6 and 7.
Assessing the Current SME Development Strategy

Coming together is a beginning; keeping together is progress; working together is success

Henry Ford
4.1 Evolution of the SME Ecosystem

Mauritius started the nurturing of an indigenous SME ecosystem in the 1960s, prior to its independence in 1968, on the basis of an Import Substitution Industrialisation (ISI) policy. A dedicated legislation, the Development Certificate Scheme, was introduced in 1964 by the British colonial authorities in order to provide incentives to domestic manufacturing companies. Tariffs and non-tariffs barriers to imports were put in place with the primary objective of having domestic companies to supply the local market and, therefore, reducing dependency on imported products.

Figure 4.1: Evolution of the Mauritian Economic and Sectoral Landscape

However, at the start of 1970, the failure of the ISI approach was undeniable. Unemployment had reached 20% whilst only 70 firms were engaged in import-substituting activities. The overreliance on a predominantly mono crop sugar industry was putting the country at extreme risk as well.

Creation of the Export Processing Zone in 1971

In the face of such a situation and further to studies conducted on Export Processing Zones in East Asia, Mauritius decided to shift to a mix of ISI and Export-Oriented Industrialisation (EOI). An Export Processing Zone (EPZ) was created in 1971. Strong incentives such as a ten-year tax holiday and duty-free import of raw materials were made available to export-oriented manufacturers with the primary intention to boost the domestic textile and clothing industry through foreign investment. The adaptable and low-cost labour force, coupled with the signing of the Lomé Convention in 1975 and the Multi-Fibre Agreement (MFA) in 1974, which gave Mauritius preferential access to the European Community and to the USA markets, reinforced significantly the attractiveness of the Mauritian EPZ. Foreign investors, originating notably from Hong Kong, gave a definite boost to the take-off of the Mauritian EPZ.

Textile and clothing manufacturers from Hong Kong relocated to Mauritius with a view to circumventing limiting export quotas imposed on them by the European Community and USA under the MFA and to evading the possible retrocession of Hong Kong to the UK. These textile
manufacturers played a critical role in the development of domestic small enterprises through the provision of subcontracted works.

**The Development of Small-Scale Industries**

In spite of the export-oriented strategy, most small scale enterprises remained focused on the domestic market. In 1976, a Small Scale Industry Unit (SSIU) was set up within the Ministry of Industry and Commerce and in 1983, it was reorganised as the Small Industry Development Organisation (SIDO) with the mission to offer general guidance to small businesses. In the 1980s, the Mauritian Government further affirmed its commitment to develop the small-scale sector. The ten-year tax holiday given to EPZ companies was replaced by a low-tax rate of 15% and small domestic companies were encouraged to enter the EPZ through unsecured loans offered by the Development Bank. The Mauritius Export Development and Investment Authority, MEDIA (later renamed Mauritius Industrial Development Agency, MIDA) was also established to develop industrial sites and promote export-oriented manufacturing companies. An expert from the United Nations Industrial Development Organisation (UNIDO) was mandated to come forward with a plan to boost the contribution of the sector.

In 1988, the Small Scale Industry Act provided the legal framework for the promotion and development of small scale industries. A clear definition for small scale enterprises was adopted. Such enterprises had to be engaged in manufacturing activities and make use of production equipment. In addition, their aggregate CIF value was supposed not to exceed MUR 500,000.

- The registration of small scale enterprises was made voluntary.
- Duty exemption was provided on production equipment.
- An advisory board with regard to the sector was established.

**The SMIDO Act**

The concept of SME, as known today in Mauritius, was introduced in 1993 with the Industrial Expansion Act, which included the SMIDO Act. This Act provided for an apex parastatal body, SMIDO, to steer the development of the SME sector. SMEs were therein defined as “enterprises engaged in manufacturing and using production equipment in their manufacturing process” with a “maximum value production of MUR 5 million.” The focus remained on the manufacturing sector although, in 1998, the maximum level of value production was brought up to MUR 10 million with the enforcement of the SMIDO Act 1998.

**Economic Diversification and Trade Liberalisation**

In the early 2000s, faced with the fading trade preferences, leading to the end of the MFA in 2004 and the liberalisation process of world trade, the Government opted to move from a mix ISI-EOI strategy to a Globally-Competitive Industries (GCI) development strategy and accelerated the country’s transition towards further economic diversification. More efforts were concentrated on the strengthening of the services sector - tourism, financial services and ICT.

In 2005, the Government adopted three key initiatives:

- *Replacement of the SMIDO Act by the Small Enterprises and Handicraft Development (SEHDA) Act*: A new apex body, SEHDA, was established following the merger of SMIDO and the
National Handicraft Promotion Agency (NHPA) with the aim to rationalise the institutional support and development initiatives for the SME sector;

- **Adoption of the Duty-Free Island Concept:** The Government announced its ambition to transform Mauritius into the world’s first duty-free island. The 80% customs duty rate was removed on 1,850 items, including clothing, jewellery, leather, electronics and cosmetics; and

- **Creation of Enterprise Mauritius:** The competencies and experiences of the MIDA, the EPZDA and Subex-M were pooled into a new institution, Enterprise Mauritius, with a view to providing enhanced support to export-ready and export-oriented manufacturing companies.

### A New Impetus to the SME Sector

In 2006, the EPZ scheme was abolished. Benefits available to EPZ enterprises such as tax incentives and duty-free imports of equipment were extended to all manufacturing companies, whether export-oriented or domestic-oriented. The Business Facilitation Act was also introduced to establish a more business-friendly environment.

In 2008, Government further asserted its commitment to give a new impetus to the SME sector with the creation of the Ministry of Business, Enterprise and Cooperatives.

In 2009, the Small and Medium Enterprises Development Authority (SMEDA) Act was promulgated. It catered for the replacement of SEHDA by SMEDA and set a broader definition of SMEs. **Pursuant to this Act, which is still in force, an SME has been defined as any enterprise having a turnover not exceeding MUR 50 million.** No criterion with regard to the economic activity of the enterprise is specified.

Since 2015, a bold set of measures have been implemented by the Government in order to position the SME sector as a key driver of economic growth, leveraging on 6 levers:

- Ease of access to finance;
- Development of a new wave of modern and innovative entrepreneurs;
- Access to modern building infrastructure, facilities and equipment;
- Support to young and innovative entrepreneurs through mentoring;
- Rationalisation of support services and schemes from Government; and
- Fiscal incentives.

In December 2015, SMEDA launched MyBiz with a view to providing “an innovative solution to the administrative hassle of new and existing entrepreneurs, by grouping, under one roof, support services and facilities required for SMEs to start and grow their businesses.”

### A New Strategy for a New Era

As depicted in figure 4.2, the Mauritian Government has established over the past decades several institutions and implemented numerous initiatives to unlock and nurture the value-creation potential of the SME sector. As a consequence, a small group of SMEs established in the 1970s and 1980s have successfully graduated to become large and diversified business players.
However, with the liberalisation of world trade, the emergence of low-cost competitors and an increasingly complex business environment, a radical shift is required in the current national development strategy for SMEs in order to effectively support the burgeoning and development of a new wave of high-growth and globally competitive SMEs.

4.2 Critical Review of Current Strategies

Vision 2030

The Government of Mauritius presented in August 2015 an Economic Mission Statement, commonly known as the Vision 2030, which charts the way to the league of high-income countries. The document identifies four key focus themes which namely addresses unemployment, alleviating poverty, opening the country (via new air access policies) and promoting sustainable development and innovation.

The proposed substantial quantitative and qualitative transformation of the growth apparatus rests, among others, on the following core areas of economic activity:

- A revamped and dynamic manufacturing base for the country;
- Leveraging on the exclusive maritime economic zone to develop the Ocean Industry;
- Revisiting the services sector; and
- Renovating the innovation, technology and communication sector.

Vision 2030 aims to place Mauritius into the league of high income economies. To be able to achieve this objective, there are several budgetary measures which have been accounted and listed in table 4.1. Whilst the measures are obviously welcomed, care must be taken to ensure that the current gaps and weaknesses of the country’s productive capacity and apparatus are effectively addressed.
<table>
<thead>
<tr>
<th>Current Strategies</th>
<th>Related Actions and Supporting Initiatives</th>
<th>Key Constraints that need to be addressed</th>
<th>Way Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fostering a new wave of modern entrepreneurs</td>
<td>• Fiscal Incentives&lt;br&gt;• Incubation&lt;br&gt;• Modern production techniques&lt;br&gt;• Access to finance&lt;br&gt;• Micro-Enterprise focus</td>
<td>• Lack of entrepreneurial drive, persistence of subsistence entrepreneurship and stagnating SMEs&lt;br&gt;• Low productivity and competitiveness&lt;br&gt;• Difficulties to raise finance&lt;br&gt;• Limited technical capabilities&lt;br&gt;• Under capitalised cash flow problems</td>
<td>• Rationalise institutional support for a new development framework&lt;br&gt;• Boost start-up and growth of the SME sector through targeted incentives and support programmes&lt;br&gt;• Improve SME performance to grow GDP&lt;br&gt;• Change the attitude and focus of entrepreneurs towards high growth potential sectors and enterprises</td>
</tr>
<tr>
<td>Creating more job opportunities for all</td>
<td>• Better matching skills and creating more job opportunities for youth, women and men</td>
<td>• Shortage of adequately skilled labour&lt;br&gt;• Lack of investment in training&lt;br&gt;• Weak Employability of existing unemployed workforce</td>
<td>• Addressing the structural and attitudinal problems of SMEs&lt;br&gt;• Growth and employment creation in SMEs&lt;br&gt;• MITD, HRDC &amp; SDA to address skill mismatch</td>
</tr>
<tr>
<td>Entering a new economic cycle focusing on innovation, boosting exports and private investments.</td>
<td>• Productive sectors need to make a leap forward with new activities and modern ways of doing business</td>
<td>• Poor innovation capacities&lt;br&gt;• Limited research and development capabilities&lt;br&gt;• Irregular quality&lt;br&gt;• Lack or marketing and market entry support</td>
<td>• Boost innovative capacities of entrepreneurs and SMEs&lt;br&gt;• Improve productivity and technology usage for better competitiveness&lt;br&gt;• Identify niche African Markets &amp; provide market intelligence</td>
</tr>
<tr>
<td>Moving towards a fully-fledged digital society</td>
<td>• Digital economy and society</td>
<td>• Traditional operations with limited use of technology</td>
<td>• Technology as a driver to SME growth&lt;br&gt;• Increase SME participation in high tech areas and innovative business models</td>
</tr>
<tr>
<td>Fundamentally reforming business facilitation and expanding the economic horizon</td>
<td>• Permits and approvals lead-time&lt;br&gt;• Economic diplomacy&lt;br&gt;• Africa strategy</td>
<td>• low accountability and lack of visibility&lt;br&gt;• Lack of statistics and public reports to gauge performance</td>
<td>• Proposed complementary actions to strengthen the framework and build reporting mechanisms for compliance to government</td>
</tr>
<tr>
<td>Building the infrastructure that fits into the future</td>
<td>• Strengthen growth and raise productivity</td>
<td>• Infrastructural patches</td>
<td>• Strategies to increase startups and effective use of incubation to boost High Growth Potential sectors and enterprises</td>
</tr>
<tr>
<td>• Urban and rural planning</td>
<td>• Lack of supports and volume for exports</td>
<td>• Boosting sea links</td>
<td></td>
</tr>
</tbody>
</table>

| Lifting the quality of life for one and all | • Utilities | • Limited visible opportunities to create value from waste | • Engage entrepreneurs into the environmental dimension of business |
| • Waste Management | • Lack of support to promote waste transformation by SMEs or cooperatives | • Sectoral and thematic actions that promote valorisation of waste |

| Dealing with root causes of poverty | • Fight poverty and empower families | • Lack of employment opportunities for | • Inclusion of the triple bottom-line approach to entrepreneurship to empower the bottom of the pyramid and promote social enterprise creation |
| | • Lower education levels and unskilled workforce | | |
| | • Lack of aptitudes to develop self-employment | |

| Major public sector reform programme | • Efficiency and fast adaptation to change | • Fragmented and overlapping supports | • Creation of a new entity with flat structure, lean administration and adapted expertise to respond to the needs of the SME sector and changing economic landscape in general |
| • Institutional mergers | • Lack of coherence in SME support methodologies | |
| • Infrastructure | • Bureaucracy | |

| Ensuring macro-economic stability and sound public finances | • Taxation and revenues | • Stagnation of SMEs and sector of activity holding economic growth | • Incentives to motivate SMEs to formalise their activities and disclose their revenues |
| | | | |
Incremental Changes and Inept Competencies

Over the past decades, the national strategy for SME development has been revised many times in order to enhance its effectiveness and to eventually position the SME sector as a key engine for economic growth.

These changes have been implemented via incremental moves, building upon existing institutions, facilities and competencies. No thorough revisions were conducted to align the national SME development strategy with the prevailing dynamics of the global business environment and the changing realities of the Mauritian economic landscape. For instance, SMEDA, the apex body for SMEs, has remained undermined by a cosmetic merger which only brought under the same roof the staffs of two public institutions, namely SMIDO and NHPA.

A new approach to the formulation and implementation of the national strategy for SME development must therefore be adopted. The existing foundations must be reinvented to incorporate the exigencies of the country’s new economic ambitions and the possibilities offered by digital technologies.

A Disarticulated Approach

The SME development strategy in Mauritius hinges on a disarticulated approach with five main ministries and six core public support institutions directly involved in the development of SMEs (figure 4.3). A clear example is to be observed with the SME Refund Scheme for the participation in international fairs which falls under the responsibility of Enterprise Mauritius for manufacturing enterprises whilst SMEs engaged in the services sector must channel their application via the Board of Investment. The NPCC which is entrusted with the mission of uplifting productivity and competitiveness of Mauritian enterprises falls under the Ministry of Financial Services, Governance and Institutional Reforms although the actions of this Ministry are focused on positioning Mauritius as an international financial centre of substance, promoting good governance practices and reforming public sector organisations.

Such inconsistencies are also apparent with incubation facilities which are provided by multiple institutions, including SMEDA, National Women Entrepreneur Council, Mauritius Research Council and National Computer Board.

Moreover, there exist limited formal synergistic relationships among these institutions with a view to coordinating their efforts and building upon their mutual strengths and capabilities. Each institution often functions independently under the purview of its parent ministry. Formal collaboration agreements among these institutions are however a pre-requisite for optimal and high-impact initiatives.

This disarticulated approach hampers the ability of the Mauritian Government to steer the development of the SME sector in an optimal and effective manner. It also poses a clear issue of accountability.
**Figure 4.3: SME Development, Key Ministries and Public Institutions**

<table>
<thead>
<tr>
<th>Ministries</th>
<th>Core Public Support Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ministry of Finance and Economic Development</td>
<td>1. Board of Investment</td>
</tr>
<tr>
<td>3. Ministry of Business, Enterprise and Cooperatives</td>
<td>3. SMEDA MyBiz</td>
</tr>
</tbody>
</table>

**Input-Based Perspective and No Evaluation Mechanism**

To date, the national development strategy geared towards SMEs has been devised and implemented with an input-based perspective. Public funds are allocated to relevant public institutions, schemes and other support programmes with no target deliverables and outputs. Moreover, no evaluation mechanism is in place to assess the impact of the services and support schemes provided.

The strategy for SME development must therefore move from an input-based perspective to a performance-based approach and comprehend a proper monitoring and evaluation system. The evaluation system must enable the capture, consolidation and in-depth analysis of SME performance data for strategy formulation purposes.

**A Polarised Economy and a Non-Targeted Strategy**

In spite of its remarkable economic performance since independence, Mauritius is still struggling to establish a more level playing field for enterprises and a more equal society. As highlighted in chapter 3, the Mauritian economy is today polarised around large corporate conglomerates and their affiliates which are present in all key sectors. Over the last decades, they have been pursuing horizontal and vertical integration strategies to gain full control of the value chains and to consolidate their competitive position. Although this has contributed to uplift the performance and competitiveness of the overall economy, the critical mass achieved by these large groups, their internal clustering, their lobbying power vis-à-vis government, their formal and informal inter-networking and intra trading constitute invisible barriers to entrants, notably SMEs. This situation is quenching the entrepreneurial flame in the country. The present national SME development strategy does not address this critical issue. Access to finance support programmes, for example, do not take on board the asymmetry in the initial starting point of entrepreneurs who do not have a fixed income and collateral, thus leading to a distorted playing field.

In addition, successive governments have adopted an open-support strategy, granting institutional support to all SMEs, including those related to large corporate groups and enterprises with limited contribution to the economy, whilst the focus should have been on the development of the next generation of innovative and high-growth SMEs.
Trade Promotion Strategy versus Trade Support Strategy

Effective market access is critical to the viability and ability of any enterprise to survive and thrive. Talented human resources, state-of-the-art equipment, unlimited funding are, in effect, of no use if there is no demand. SMEs, in particular, are confronted with high barriers to entry, asymmetry in market information and restrictive business development costs. In addition to their vulnerable size, SMEs also have limited sales and marketing capabilities and weak business networks. This contrasts sharply with larger firms, which have the ability to develop and strengthen their market presence, notably in export markets. The proactive networking or matching of SMEs with foreign business partners/importers is all the more important in the case of Mauritius since the domestic market is exiguous and that major sectors are locked by diversified and vertically-integrated conglomerates.

Yet, a clear distinction must be made between the concept of trade promotion and that of trade support. Whilst trade promotion aims at improving the trade performance of firmly established enterprises, trade support is concerned with developing the trade and marketing capacity of new and vulnerable SMEs through proactive capacity-building programmes and networking with potential domestic and foreign clients. In this respect, the current SME development strategy lays more emphasis on trade promotion. Enterprise Mauritius has, in effect, been operating as a Trade Promotion Organisation (TPO) over the past years and its efforts are mainly geared towards large and export-ready enterprises, leaving SMEs with export potential but weak capabilities on the side track. This approach tends to reinforce firmly established enterprises and impedes the internationalisation of new and weak SMEs with export potential. SMEs require an organisation that incorporates effective trade supports and development services, to nurture and develop business opportunities from concept to export.

Limited Incentives for Foreign Innovative Start-ups and Entrepreneurs

The current strategy to attract foreign investors and entrepreneurs focuses either on High Net Worth Individuals (HNWIs), through the “Occupation Permit Investor”, or business people holding low-value creation potential projects, through the “Occupation Permit Self-Employed”. It does not cater for young and innovative entrepreneurs who are prone to develop disruptive business ventures.

Yet, a vibrant domestic SME ecosystem requires dynamic and innovative entrepreneurs, albeit foreign, to operate in the SME space in Mauritius. Mauritius currently evolves in an increasingly interconnected world and in such an environment, the country cannot shun the value-creation potential of start-ups and SMEs driven by foreign entrepreneurs, particularly in sectors where the country does not have the required know-how and competencies such as virtual reality, artificial intelligence and high end food technology. Mauritius can leverage on its economic, political and social stability to position itself as a highly efficient and competitive international business-enabling platform and aggressively entice foreign entrepreneurs engaged in innovation-based and technology-intensive activities to (re)locate their start-ups or SMEs in Mauritius. These SMEs can act as powerful levers to transform the domestic SME ecosystem and uplift the innovativeness and competitiveness of Mauritian SMEs through emulation and cooperation.

The country’s immigration strategy must therefore be revisited to entice foreign innovators and industry disruptors to kick-start their projects in Mauritius. Investors and entrepreneurs with low value-creation potential projects, such as property agencies, restaurants and car-rental
companies, should be restrained as they have limited economic contribution and will only deprive Mauritians from easily accessible business opportunities.

**Ignored Services Sector**

Between 2010 and 2014, export of services increased by 18%. Export of ICT services rose by 82% over the same period. Through the past decades, Mauritius has developed solid competencies in the services sector, notably in tourism, finance, education, BPO activities, business advisory and real estate development. This represents an immense pool of know-how and competencies that can be leveraged to tap into business opportunities offered by the resurgence of Africa. In effect, African countries require specialist experts to support their move towards enhanced economic development. Yet, the current national strategy for SME development tends to ignore the potential of the services sector. For instance, the SME Development Scheme launched in February 2016 by the Government in collaboration with SMEDA and MauBank does not cover the services sector.

In addition, there is presently no lead trade support institution for the services sector in Mauritius, apart from few sector-specific institutions (MTPA and FSPA). Enterprise Mauritius is focused on the manufacturing sector. The Board of Investment is involved in the support of service-based SMEs through the “Participation in International Fairs SME Refund Scheme” but its mandate is principally geared towards attracting foreign investment. SMEDA, for its part, is not equipped to cater for the services sector.

**Unleveraged Information and Communication Technologies (ICTs)**

Despite the obvious benefits offered by ICTs, the current strategy for SME development does not fully leverage on them to ensure timely and effective implementation of earmarked measures and schemes. There is a definite lack of IT culture and knowledge among the staff of public institutions. The websites of Enterprise Mauritius and SMEDA, for instance, are static and do not enable online applications. There is no online platform to facilitate the communication between public support institutions and SMEs, whilst the “Live Chat Feature” has become the norm for service-based organisations. In addition, printed statutory documents are still required for registration by various regulatory bodies even though most information is readily available on the Central Business Registration Database.

**Fragmented Strategy for SME Parks and Incubators**

Despite several incubators and SME parks set up over the years through various public bodies, namely SMEDA, NCB, MRC, NWEC, DBM and SLDC, there are no measurable outcome to effectively demonstrate how far they have been beneficial to entrepreneurs in supporting them to develop commercial products or grow their business. The current issue is that incubators as well as SME parks are only building facilities that are made available to enterprises, particularly to those having difficulties in finding appropriate location for operating their business or space for storage of goods.

Presently the incubators have neither a defined incubation process including qualified staff, nor an effective monitoring system in terms of incubation period, incubatees’ selection criteria and incubatees’ performance. An integrated strategy has been missing that incorporates all the necessary business development supports (handholding, coaching, mentoring, networking,
visibility, product development, etc.) and financial support during the incubation process in addition to the physical infrastructures (offices, telecommunications, meeting rooms, etc.).

Future incubators and SME parks have to be set up in places where there is the largest number of entrepreneurs to attract a sufficient flow of relevant project promoters and investors. Incubators must be annexed to SME parks to allow successful incubatees to be transferred there to benefit from networking and clustering opportunities to develop their business ventures.

SME parks must be equipped to provide specialized services in high growth potential areas such as ICT, bio agriculture, phyto-pharmaceuticals and ocean technology. Technological parks must be equipped with modern equipment to allow SMEs from traditional manufacturing sectors to produce high value added products (e.g. equipment for extraction of essential oils).

4.3 Effectiveness of SME Support Institutions

Six Main SME Support Institutions

SME Support Institutions (SSIs) have a vital role to play as catalysts and facilitators in order to ensure that SMEs can effectively integrate and thrive in the local, regional and, eventually, global markets. As illustrated in figure 4.4, in Mauritius, there are six institutions which are providing support services either exclusively or partially to SMEs, depending on their mandate. Each one has a vital role to play to ensure that SMEs can effectively integrate and thrive in the local, regional and eventually, global market.

The effectiveness of these six SSIs was evaluated on the basis of the following approaches:
- SME Master Plan survey
- Questionnaires completed by SSIs
- Meetings with SSIs
- Mystery shopping

![Figure 4.4: SME Support Institutions in Mauritius](image)
SMEDA and MyBiz

In 2009, SMEDA was established as the apex body for SME promotion and development. In spite of past initiatives to restructure and revitalise the organisation, SMEDA has remained highly inefficient and incapable of delivering concrete results. It is overstaffed with approximately 100 employees, out of which more than 50 deal with administrative duties and general works. Only some 12 Business Development Officers, with limited prior practical entrepreneurship experience, are available to advise and support SMEs.

A number of stakeholders interviewed during the project research have pinpointed the inertia of SMEDA when it comes to voicing out the challenges and requirements of the SME sector. In the face of the rapid evolution of the global business environment and the emergence of new sectors driven by innovation and technological advances, the organisational model of SMEDA is outdated. SMEDA is neither equipped with the right structure/systems nor the right competencies to enable the paradigm shift required for the emergence of the next-generation SMEs in Mauritius.

In December 2015, SMEDA launched the MyBiz unit with the aim of providing a one-stop shop for SME support. Yet, MyBiz is currently acting as a one-stop-information building rather than a real one-stop shop. Representatives of various regulatory and support bodies have been regrouped under one roof without a proper coordination mechanism to effectively provide quality, timely and seamless support services to SMEs.

**Figure 4.5: Institutional Effectiveness of SMEDA & MyBiz**

<table>
<thead>
<tr>
<th>SMEDA</th>
<th>Government Grants 2016-2017 (MUR M)</th>
<th>Estimated Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Ministry</td>
<td>MbBEC</td>
<td>142</td>
</tr>
</tbody>
</table>

Support Services Provided

- Business Advisory & Consultancy
- Capacity Building
- Business Networking & Collaboration
- Support for Market Access
- R&D and Innovation
- Financial Facilities and Support
- Infrastructure Facilities

Effectiveness Level as per SMEs

- Awareness and Service Usage
  - Yes, I have used the services of this institution: 22%
  - Yes, I know about this institution: 54%

- Service Rating
  - 1 (Sub-Standard): 17%
  - 2: 17%
  - 3: 27%
  - 4: 27%
  - 5 (Excellent): 12%

Source: SME Master Plan Survey

Source: SME Master Plan Survey
The NWEC was set up in 1999, with a view to providing support and assistance to women entrepreneurs in Mauritius. The Council aims at promoting the economic empowerment of women and encourages the growth and development of existing and potential women entrepreneurs. As at end September 2016, the NWEC regrouped 5,310 women entrepreneurs.

However, the NWEC has limited financial and human resources to effectively deliver on its mandate and its services overlap with those provided by the SMEDA.

**Figure 4.6: Institutional Effectiveness of NWEC**

<table>
<thead>
<tr>
<th>Support Services Provided</th>
<th>NWEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Ministry</td>
<td>MoGECDFW</td>
</tr>
<tr>
<td>Government Grants 2016-2017 (MUR M)</td>
<td>N.A</td>
</tr>
<tr>
<td>Estimated Workforce</td>
<td>19</td>
</tr>
</tbody>
</table>

### Effectiveness Level as per SMEs

<table>
<thead>
<tr>
<th>Awareness and Service Usage</th>
<th>Service Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I have used the services of this institution</td>
<td>Yes, I know about this institution</td>
</tr>
<tr>
<td>3%</td>
<td>27%</td>
</tr>
<tr>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>28%</td>
<td>12%</td>
</tr>
<tr>
<td>4%</td>
<td>27%</td>
</tr>
</tbody>
</table>

*Source: SME Master Plan Survey*
National Institute for Co-operative Entrepreneurship

The National Institute for Co-operative Entrepreneurship aims at being a centre for capacity building for co-operative entrepreneurship. NICE currently employs 7 persons and receives a grant of MUR 4.6 million for the financial year 2016-2017.

According to the survey, only 20% of SMEs are aware of the existence of this institution and the majority of those having used its services rate its service quality a score of 1, 2 or 3 on a scale of 1 to 5.

Enterprise Mauritius

Set up in 2005, Enterprise Mauritius is the national trade promotion organisation. Its core objectives include the promotion of Mauritius as the preferred destination for sourcing of products, assistance for market diversification, assistance in product development to meet international standards and enhancement of export readiness.

As highlighted in section 4.2, Enterprise Mauritius has been operating over the past years as a trade promotion institution, focusing its efforts on established and export-ready enterprises. SMEs offering exportable products and services but which do not have the capacity to integrate the regional and international supply chains have been deliberately left on the side-line. In this respect, only 8% of the SMEs which participated in the survey had used the services of Enterprise Mauritius.

The trade promotion strategy adopted by Enterprise Mauritius has hindered the development of the export capacity of the SME sector and therefore limited its value-addition to the overall economy.
The NPCC started its operation in May 2000. Its aim is to enhance productivity and quality across all sectors of the Mauritian economy. The NPCC intervenes through three main units:

- Research and Management Unit
- Consultancy and Advocacy Unit
- Productivity and Competitiveness Academy Unit

Despite the interventions of NPPC, there has not been a significant improvement in the productivity and competitiveness of Mauritian enterprises and notably SMEs. Between 2005 and 2015, multifactor productivity in Mauritius grew by a CAGR of only 0.75%.

As a consequence, 52% of the SMEs that had already used the services of the NPCC and responded to survey rated its service quality a score of 1 or 2 on a scale of 1 to 5.
Figure 4.9: Institutional Effectiveness of NPCC

<table>
<thead>
<tr>
<th>NPCC</th>
<th>Parent Ministry</th>
<th>MoFSGGIR</th>
<th>Government Grants 2016-2017 (MUR M)</th>
<th>41.3</th>
<th>Estimated Workforce</th>
<th>25</th>
</tr>
</thead>
</table>

**Support Services Provided**
- Business Advisory & Consultancy
- Capacity Building
- Business Networking & Collaboration
- Support for Market Access
- R&D and Innovation
- Financial Facilities and Support
- Infrastructure Facilities

**Effectiveness Level as per SMEs**

<table>
<thead>
<tr>
<th>Awareness and Service Usage</th>
<th>Service Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>21%</td>
</tr>
<tr>
<td>Yes, I have used the services of this institution</td>
<td></td>
</tr>
<tr>
<td>Yes, I know about this institution</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** SME Master Plan Survey

**Board of Investment**

The BOI is the national investment promotion agency in Mauritius. Although the focus of this organisation is laid on the promotion of inward investment to Mauritius, it also guides and accompanies Mauritian investors and enterprises looking at opportunities on the African continent. In addition, the BOI currently oversees the SME Refund Scheme for Participation in International Fairs for enterprises evolving in the services sector.

Between 2005 and 2014, the efforts of the BOI have been mainly geared towards the development of the real estate sector, overlooking the importance and potential of the manufacturing and services sectors. Yet, the BOI has a critical role to play in enticing foreign MNCs and disruptive SMEs/entrepreneurs to establish in Mauritius and to partner with domestic SMEs.

Formal collaboration avenues must therefore be established between the BOI and the apex SME development organisation to effectively link domestic SMEs with potential foreign partners. The BOI must also review its strategy with a view to aggressively promoting Mauritius as the ideal platform in the region for innovative and disruptive entrepreneurs to kick-start their business ventures.
Reactive Support Services and Silent Communication Principle

In spite of all measures and initiatives implemented by successive governments, the communication functions of most institutions are limited and often, stakeholders themselves have to pull out information. In addition, entrepreneurs and SMEs are required to find their way through the maze of institutions to gather the required information and get access to the relevant support schemes.

This situation is all the more puzzling that SSIs should be the ones educating SMEs about the importance of marketing and communication to succeed in an overcrowded and hypercompetitive market.

The reactivity and customer responsiveness or, worst, the absence of “dossier information” of the front staffs, often leave many SMEs frustrated, leading to the sentiment that some “happy few” are given preferential treatment. This is generally contrary to the notion of customer service or even the mission of SSIs, to facilitate and support all efforts from SMEs in a complex support framework.

Cumbersome Employment Laws & Overseas Labour Recruitment Procedures

Large enterprises are equipped and have the resources to understand, implement and respond adequately to any employment or industrial relations issues. SMEs, however, are limited in fully grasping all the legal implications and administrative procedures relating to employment laws. The same also goes for application procedures relating to recruitment of foreign labour. It might therefore be worthwhile for the authorities to consider either simplified legal procedures for
SMEs or provide standard employment or other contract models as well as legal facilitation and arbitration services.

**Limited Competencies and Sub-Standard Services**

Public institutions in Mauritius often suffer from limited technical and specialist competencies and SSIs are no exception. Enterprise Mauritius and SMEDA, for example, do not have sufficient professionals with previous hands-on sectoral industry experiences to provide proactive and quality support services to SMEs. These limitations impede these SSIs from executing their mission of making concrete and impactful development for SMEs. Among the possible reasons could be the remuneration scale or the lethargic functioning of the SSIs, making them less attractive options for high-calibre professionals, preferring to embark on more challenging career options in large private-sector companies. Professionals who join the SSIs tend to eventually leverage experiences, business contacts and relationships established in order to either launch their own businesses or join the private sector. As a result, SSIs fail to meet the expectations and needs of SMEs, delivering sub-standard services.

**4.4 Impact Assessment of SME Development Schemes**

Over the years, a variety of programmes and schemes (figure 4.11) have been set up by the Government for the benefit of SMEs. The trend follows the same pattern as other countries with the bulk of resources being skewed towards programmes related to finance and market access.

**Figure 4.11: Breakdown of major SME Schemes**

There are currently more than 37 SME Development Schemes, offered by various institutions. Most of these schemes have been devised following general assessment of the SME landscape and are operating on a ‘push approach’.

Although partial data is available on the number of SMEs which benefitted from these schemes and on the amounts disbursed, there are no indicators of the real impact of these schemes on the performance of the beneficiary SMEs in term of productivity, value-added, market development, skills upgrade, investment, etc.
When inquired about these information or specific data during the preparation of the Master Plan, there were typically three types of responses: (i) the client information is privileged and cannot be divulged, (ii) the information can only be provided in a synthesized manner; or (iii) the information is simply not recorded and available.

In the absence of concrete evidences, demonstrating that SSIs are effectively conducting impact assessment of various schemes and services that they are offering, it is difficult to evaluate whether the programmes are achieving their intended objectives.

However, on the basis of the analysis carried out related to the various constraints faced by SMEs at the different levels of their life cycle, some of the schemes, particularly those that must be maintained or reinforced, have been scrutinised (table 4.2).
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type of Support</th>
<th>Responsible Agency</th>
<th>Targets, Operation and Effectiveness</th>
<th>Recommendation</th>
<th>Table 4.2: Major SME Development Schemes</th>
</tr>
</thead>
</table>
| SME Development Certificate       | Comprehensive Support           | MyBiz/SMEDA         | • The scheme is open to enterprises registered after June 2015 and registered with SMEDA  
• Limited to priority sectors which is estimated to 0.1% of the total number of SMEs in Mauritius.  
• The scheme overlooks certain high growth potential enterprises which emerge from traditional sectors and business activity. | • To review the eligibility criteria  
• Include the services and other sectors with high growth potential activities |                                        |
| SME Premarket Test & Certification Scheme | Market Access & Exports Research & Development | MyBiz/SMEDA         | • The scheme limited to the food sector with a turnover of less than MUR 10 million.  
• Good initiative to support SMEs to comply with local regulations. | • The scope must be extended to include other sectors with high cost of compliance and complex accreditation procedures  
• Allow SMEs to comply to international standards and regulations |                                        |
| SME Business Diagnosis Scheme     | Comprehensive Support           | MyBiz/SMEDA         | • The objective is to assess business areas not performing or needs improvements. The scheme is operational as from October 2016.  
• Assessment limited to existing enterprises | • Scheme MUST also focus on startup idea assessment by sectoral experts to fine-tune business models even before business registration to lower the risks of failure. |                                        |
| SME Financing Scheme              | Finance: working capital needs  | MauBank             | • 398 Applications have been processed (for the period 01 Dec 2011 to 30 June 2016) and 321 Funded (Source: Bank of Mauritius)  
• 30% are loans (MUR 210 million), 20% overdraft (MUR 135 million), 27% leasing (MUR 45 million)  
• No Collaterals are required but floating charges are applied. As stock changes the amount due varies and SMEs find it difficult to keep track of the changes. | • The SME Financing Scheme must be maintained with amendments:  
• Information of Floating charges should be communicated to the SMEs with possibilities of carrying the latter forward if payments cannot be honoured (at the discretion of the bank) |                                        |
| SME Financing Scheme              | Finance: working capital needs  | Private Banking Institutions | • 4,479 Applications have been received (for the period 01 Dec 2011 to 30 June 2016) and 4,341 funded to a value of MUR 6 billion (68% of overall applications under this scheme financed by the private sector)  
• 29% in loans, 26% as overdrafts and others.  
• 21% of the applied value was still outstanding as at June 2016. | |                                        |
Table 4.2: Major SME Development Schemes

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type of Support</th>
<th>Responsible Agency</th>
<th>Targets, Operation and Effectiveness</th>
<th>Recommendation</th>
</tr>
</thead>
</table>
| Leasing Equipment Modernisation Scheme (LEMS) | Finance               | Registered Leasing Companies                  | • Access to technology and improvement of processes and gain on competitiveness through the purchase of new equipment.  
• The LEMS allows SMEs to lower the pressure on cash flow while investing into equipment.  
• Stand-alone and may not be enough to improve on performance.  
• There is a gap on the evolution of machinery and the versatility they represent for the local SMEs. | • To reinforce this initiative with a Technology Diffusion Scheme in order rapidly re-orient the business models of beneficiaries towards exports.  
• Technical assistance scheme can complement and close the gaps in technological needs of SMEs. |
| SME Partnership Fund            | Finance                | SME Partnership Fund Ltd                       | • 49% participation with a min of 3 years existence criteria limits the eligibility and excludes promising startups of high growth potential enterprises currently in the Valley of Death (VoD)  
• Firms with positive cash flow and good sales forecasts can easily raise funds from private institutions and hence this financing is not filling the gap for high growth potentials to be supported during their initial years of existence  
• Mauritian SMEs are not keen to accept external investors and be accountable for the injected money.  
• An education and empowerment process is required to have a change in mindset | • The SME Partnership Fund Ltd and NRF Equity Investment Ltd will be merged as per the National Budget 2016-2017  
• The investment strategy and criteria of the new entity should enable participation in start-ups and SMEs through a mix of equity and quasi-equity instruments depending on the risk of each beneficiary  
• Must be applied to high growth firms to accelerate their expansion and make their way out of the VoD |
| NRF Equity Investment          | Finance                | NRF Equity Investment Ltd                      |                                                                                                        |                                                                                                            |

---

10 Valley of Death (VoD) is the early start-up phase when an enterprise has negative cash flow due to investment or expenses related to prototype development, production process or marketing strategy.
Table 4.2: Major SME Development Schemes

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type of Support</th>
<th>Responsible Agency</th>
<th>Targets, Operation and Effectiveness</th>
<th>Recommendation</th>
</tr>
</thead>
</table>
| Mauritius Business Growth Scheme (MBGS) – Technical Assistance 90-10 Payback Scheme | Technical Assistance | Mauritius Business Growth scheme unit (MBGS) | · MUR 700 million (for both MBGS and Start-Up Entrepreneurship)  
· 60 Startup companies funded for a total value of MUR 301 million  
· 24 Projects funded under the 50/50 grant scheme.  
· 256 projects financed under the 90/10 scheme & value of projects not available  
· 83% of the projects directly related to SMEs  
· 51% of the projects in the manufacturing sector and 48% in the services sector  
· No preferential tariff as compared to bank lending rates and operating like a loan for technical assistance when calculated for high performing SMEs | · The MBGS has recently been brought under the responsibility of SMEDA but is no more considering new applications  
· The Technical Assistance 90-10 Payback Scheme must be revived and criteria reviewed  
· it can also support the LEMS scheme and the SME Partnership fund scheme for technical support to optimise equipment and technology acquisition |
| Market Development Support                  | Market Access & Exports | Enterprise Mauritius | · There is an average of 13 participants per mission organised based on figures published by Enterprise Mauritius  
· No follow up assessment on the participation communicated.  
· Inclined towards promotional aspects rather than building export capacities  
· Refund of cost incurred seems to be a major deterrent for SMEs  
· Participation seems to favour more medium and large enterprises  
· Over 80% of small establishments are not exporting and are not being supported to develop export quality products and services.  
· Go-Export programme geared towards exporting companies which limits the role to only 300 companies supported in 2015  
· There is a net decrease in export value and also stagnation with regards to traditional export markets which are persistently not being addressed.  
· Programmes are fragmented within the same institution. | · To bring all these schemes under a single Export Development Programme  
· Each participant must attend at least 70% of the Go Export Training Course to benefit from the other schemes. This will ensure that other schemes are granted to SMEs with genuine intention to export whilst giving the necessary capabilities to effectively tap export markets  
· To reinforce the Go Export Training Programme with courses in sales negotiation, marketing and branding (incl. digital marketing), pricing strategy, business cooperation, international certifications, trade finance and supply-chain management |
| Participation in International Fairs         | Market Access & Exports | Enterprise Mauritius |  |
| SME Refund Scheme – also promoted by the BOI, MTPA & SMEDA |  |
| Freight Refund Scheme                       | Market Access & Exports | Enterprise Mauritius |  |
| Go Export Training Course                  | Market Access & Exports | Enterprise Mauritius |  |
| Export Credit Insurance Scheme              | Market Access & Exports | Enterprise Mauritius |  |
### Table 4.2: Major SME Development Schemes

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type of Support</th>
<th>Responsible Agency</th>
<th>Targets, Operation and Effectiveness</th>
<th>Recommendation</th>
</tr>
</thead>
</table>
| **Booster Micro-credit Loan Scheme** | Finance | Development Bank of Mauritius | • Limited eligibility due to priority sectors definition for certain SMEs to get access to finance to grow their business.  
• There is a mixture of fixed/floating charge depending on the loan amount and may require other collaterals as well.  
• Approval based on the recommendations of the major SSI and re-screened by the bank increase the lead time for approval | • Need to have more flexibility on micro-credit to promote the development of micro-enterprises  
• Must be available to all sectors of activity |
| **Business Development Schemes** | Finance | | | |
| **Quasi Equity Financing Scheme** | Finance | | | |
| **Schemes for Agricultural Sector** | Finance | | | |
| **Lease of Industrial Space** | Infrastructure and building | | • Industrial space on lease with very competitive prices  
• Customised space requirements being currently considered  
• Public access a challenge and conveyance of employees complex and costly | • Make site more accessible through common services and conveyance facilities |
| **Business Incubation and Support** | Infrastructure and building | Government Institutions | • Incubation limited to building and working space  
• Services offered are currently scattered under various institutions  
  o Mauritius Research Council  
  o National Computer Board  
  o SMEDA  
  o National Women Entrepreneur Council  
  o Women Entrepreneur Centre | • Review existing incubators to support SME Development  
• Offer support services  
• Mentored period of 3 months to kick start the business  
• Limit the incubation period to two years  
• Supplement incubation with competency development programmes |
| **Entrepreneurship Development Programme** | Human Capital Development | SMEDA NICE | • 482 people trained by the SMEDA for entrepreneurship and 350 for handicraft  
• Delivered as seminars and workshops with limited interest among SMEs  
• No Impact assessment or tracer studies carried out  
• Stand-alone programmes  
• Training not linked to startup or business improvement mentoring follow ups  
• No focused training on startup | • Entrepreneurship development to become the core training followed by an incremental training approach under a single enrolment over a year:  
  o Entrepreneurship training  
  o Idea generation and business starter programme  
  o Business improvement &growth  
  o Mentored period between trainings |
Factors Influencing SME Performances

The biggest risk is not taking any risk. In a world that’s changing really quickly, the only strategy that is guaranteed to fail is not taking risks.

Mark Zuckerberg
5.1 SME Performances Drivers

In the Mauritian ecosystem, SME performance is largely influenced by exogenous factors such as political, economic, social, markets, institutional, legal, technological, infrastructure and others.

In the assessment framework described earlier in sections 2.6 & 3.4, these factors are found at the national (macroeconomic) level of the SME ecosystem and affect the six performance drivers (figure 5.1) that impact the ease and speed at which businesses can start and grow into competitive and sustainable ventures.

Figure 5.1: Six SME Performance Drivers

These performance drivers, which are the six pillars of the 10 Year SME Master Plan, are relevant to SMEs from all economic sectors. Policy actions must address these constraints so as to sharpen the competitiveness and resilience of the SME segment both on domestic and export markets.

Research and analysis supplemented by the SME survey, as well as stakeholders’ meetings clearly demonstrate that SMEs are still facing numerous constraints across these performance drivers in Mauritius.

To formulate the strategic direction of the Master Plan, it is therefore important to scrutinize these constraints, understand advantages to build upon and challenges that need to be addressed.
5.2 Main Constraints Faced by Mauritian SMEs

Regulatory and Institutional Framework

The regulatory framework in Mauritius has continually been enhanced over the years with a view to create an environment conducive to the development of a thriving business community. Yet some major constraints persist.

Lack of coherent SME national definition

In Mauritius, an SME is defined as per the SMEDA Act. Yet, the definition outlined by the SMEDA Act is not applied by all public institutions. The Mauritius Revenue Authority, for instance, abides by the definitions of small enterprises and small companies as per the Income Tax Act. Statistics Mauritius makes its own distinction between small establishments (less than 10 employees) and large establishments (more than 10 employees). As a consequence, the national statistical body does not capture any specific data on the SME sector. This poses critical issues for evaluation, monitoring and policy-formulation purposes.

Ease of Doing Business

Mauritius has an overall good business environment. However, a benchmarking exercise (refer to Annex A.1) against the best-in-class countries on certain specific regulatory areas identified by the World Bank, pinpoints the following existing constraints:

- Number of procedures to start a business;
- Number of days to get a construction permit;
- Cost to get electricity;
- Cost to register a property;
- Number of days to enforce contracts;
- Border compliance when exporting (Time & Cost); and
- Border compliance when importing (Time & Cost).

There are 614 business permits and licences applicable in Mauritius depending on the business activity, with several ministries and public bodies involved in the approval of processes (refer to Annex A.2 for the normal start-up procedures).

Although MyBiz was set up in December 2015 to act as a one-stop-shop, it is yet to be fully effective, and multiple licensing channels continue to prevail. MyBiz currently acts as a one-stop-information building and is not equipped with the proper competencies and information systems to deliver the requested services on its promises. Hence, SMEs still have to apply for their business permits and licences at several institutions, each having its own set of procedures, documentation requirements and approval time frame.

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11 The Ease of Doing Business Report 2016 published by the World Bank, ranks Mauritius thirty-first out of 189 countries and first in Sub-Saharan Africa. Procedures for setting up a business and starting operations in Mauritius are comparable to those of OECD high income countries.
Non-Compliance with the Existing Regulations and Untapped Facilities

Whilst the Business Facilitation Act and the Local Government Act (2011) provide for the issuance of a Building and Land Use (BLP) permit within three days of the effective date of receipt of the application in the case of micro-enterprises and small enterprises registered under the SMEDA Act (2009), local authorities continue to impose their own timeline for the approval of BLP permits.

As highlighted by SMEs during the consultation sessions carried out for the Master Plan, there is a gap between getting permits and getting the business operational; the latter depends highly on trade licenses delivered by local authorities which are not taken into account in the Doing Business indicators.

In addition, a whole set of printed documents is required in two copies by the local authority: a first time, when applying for a BLP through the Planning Department and, a second time, when applying for a Trade Licence with the Trade Section unit.

The 2016-17 National Budget has initiated several measures to remedy this situation, through among others, the process of online application system for BLP.

Similarly, despite the open accessibility of the Central Business Registration Database (CBRD), SMEDA, banks and other institutions insist on having printed company/business documents to SMEs (e.g. Certificate of Incorporation and Business Registration Card). This creates useless paper load and hassles for SMEs, additional administration costs for these institutions and also a high risk of loss of documents.

Fragmented Supports and Duplication of Services

Although an important number of public institutions provide some sort of support to SMEs, the institutional support framework in its current form presents a number of weaknesses, as highlighted in chapter 4.

As shown in table 5.1, various bodies offer the same support services (e.g. training is offered by NPCC, NICE, NWEC and SMEDA). This situation causes confusion among SMEs. In addition, these bodies which, very often, fall under the aegis of different ministries, have their own mandate, approach, organisational structure, administrative requirements, technical staff, operating budget and support schemes. This situation poses an issue of coherence, coordination and accountability in the delivery of support services to SMEs.

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12 The Central Business Registration Database includes all information submitted by a company to the Registrar of Companies. The CRBD is accessible online to all institutions including local authorities, banks, etc.
Table 5.1: SME Support Services by Public Institutions

<table>
<thead>
<tr>
<th>Type of Supports</th>
<th>Government Grant 2016-2017 (MUR million)</th>
<th>Est. Workforce</th>
<th>Parent Ministry</th>
<th>Types of Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Bank of Mauritius</td>
<td>266.0</td>
<td>100</td>
<td>MoFED</td>
<td>✓</td>
</tr>
<tr>
<td>Enterprise Mauritius*</td>
<td>183.0</td>
<td>48</td>
<td>MoICC</td>
<td>✓</td>
</tr>
<tr>
<td>Human Resources Development Council</td>
<td></td>
<td></td>
<td>MoERITESR</td>
<td>✓</td>
</tr>
<tr>
<td>Maubank</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Mauritius Business Growth Scheme Unit</td>
<td></td>
<td></td>
<td>MoBECC</td>
<td>✓</td>
</tr>
<tr>
<td>Mauritius Institute of Training and Development</td>
<td>515.0</td>
<td></td>
<td>MoERITESR</td>
<td>✓</td>
</tr>
<tr>
<td>Mauritius Research Council</td>
<td>41.0</td>
<td>47</td>
<td>MoTCI</td>
<td>✓</td>
</tr>
<tr>
<td>SMEDIA*</td>
<td>142.0</td>
<td>100</td>
<td>MoBECC</td>
<td>✓</td>
</tr>
<tr>
<td>National Computer Board</td>
<td>67.1</td>
<td></td>
<td>MoTCI</td>
<td>✓</td>
</tr>
<tr>
<td>National Productivity and Competitiveness Council</td>
<td>41.3</td>
<td>25</td>
<td>MoFSGGR</td>
<td>✓</td>
</tr>
<tr>
<td>National Institute for Cooperative Entrepreneurship</td>
<td>4.6</td>
<td>7</td>
<td>MoBECC</td>
<td>✓</td>
</tr>
<tr>
<td>National Women Entrepreneur Council</td>
<td>19</td>
<td></td>
<td>MoGEOPW</td>
<td>✓</td>
</tr>
<tr>
<td>NRF Equity Investment Ltd</td>
<td>17</td>
<td></td>
<td>MoFED</td>
<td>✓</td>
</tr>
<tr>
<td>SME Partnership Fund Ltd</td>
<td>3</td>
<td></td>
<td>MoFED</td>
<td>✓</td>
</tr>
<tr>
<td>The State Land Development Company</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

*Operating Budget for Enterprise Mauritius (MUR 51 million) & SMEDA (MUR 97 million)

Poor Awareness of Institutions and Low Services Usage

Despite the wide range of support services, schemes and facilities put at the disposal of SMEs by government, there is an issue of information asymmetry. As it has been highlighted previously in chapter 4, SMEs are not sufficiently aware of the different support institutions.

Figure 5.2 presents the level of awareness and service usage of the major SME support institutions, as per the SME survey conducted in view of this Master Plan. In most cases less than 40% of the respondents were aware of the institutions and less than 10% had used their services.

Figure 5.2: Awareness about the SME Support Institutions and their Service Usage

Source: SM Master Plan Survey
Inadequate Organisational Structure and Limited Technical Capabilities

The current support framework for SMEs does not sufficiently cater for the specificities and needs of SMEs at different stages of their development. There is no targeted approach and this gives rise to unfocused interventions by the various institutions. As a consequence, the impact of the different support schemes on start-up, growth and competitiveness of SMEs is limited.

In addition, as also pointed out in chapter 4, these institutions are not adequately structured to effectively address the specific needs of SMEs. There are insufficient technical capabilities, notably a relatively limited number of professionally trained and experienced technical staff dedicated to providing quality, specialised support services.

No Systematic Impact Assessment Mechanisms

A customer-oriented and needs-based approach to enable the delivery of quality services in a timely and efficient manner is clearly lacking. The different support services and schemes provided by the different institutions are not regularly monitored and evaluated to measure their quality and effectiveness. Current monitoring and evaluation mechanisms and KPIs, if any, do not allow for a systematic impact assessment of the services and schemes offered.

National Entrepreneurship Strategy

Whilst most respondents of the Youth Entrepreneurship Survey (YES) indicated their willingness to start a business, it was evident that they not only lack the entrepreneurial competencies but prefer salaried jobs. Few shared the persistence traits associated with successful entrepreneurs in their willingness to pursue an objective and achieve results at the expense of personal and social sacrifices.

Among those who have actually started a business, 37% did so because of lack of job opportunity. As they are mostly under graduates with limited entrepreneurial competencies, they tend to adopt subsistence business model with limited value addition and wealth creation opportunities.

Predominance of Subsistence Entrepreneurship

Subsistence entrepreneurs, comprising small establishments and own account workers, are predominant in the SME segment in Mauritius. Own account workers amount to more than 77,300\textsuperscript{13}, representing approximately 15% of total employment in 2016, and are concentrated in low-growth potential and low value-added activities sectors, such as the wholesale/retail trade, transportation, construction and manufacturing sectors. Furthermore, subsistence entrepreneurs and specially women tend to be the major constituents of the informal sector.

\textsuperscript{13} Labour Force, Employment and Unemployment, I\textsuperscript{st} Quarter 2016, Statistics Mauritius, 2016
Lack of Entrepreneurial Skills

SME owners are usually technically skilled in a particular area but often lack entrepreneurship acumen to take risks and overcome barriers to growth. As demonstrated in the SME survey (figure 5.4), SMEs often select trainings that develop competences for management of business operations. The result is a lack of growth focus and entrepreneurial drive for developing innovative products or services or constantly exploring new market avenues.

In light of the above, it is critical that support frameworks, in terms of HR capacity building be revised to ensure that SMEs are made aware of the importance of entrepreneurship training for their long-term competitiveness and that they have easier access to training refund scheme. In fact, a standardised high quality entrepreneurship training programme must become a norm and all young and potential entrepreneurs must be encouraged to follow.
Weak Entrepreneurial Performance

According to the Global Entrepreneurship Index (GEI)\textsuperscript{14} Mauritian entrepreneurs are seemingly better than their sub-Saharan African counterparts but still lag behind the world average\textsuperscript{15}. As the quality of entrepreneurs determines the chance of success of the enterprise and its innovative capabilities, it is important that the entrepreneurial culture is upgraded and matches the GEI of high income countries; a position which Mauritius aspires to reach.

Though GEI figures are not available for Mauritius, an extrapolation indicates that (figure 5.5) entrepreneurs in Costa Rica have greater start-up skills, risk acceptance, networking and cultural support while entrepreneurs in Romania are better positioned in terms of high growth potential, internationalisation and risk capital.

\textbf{Figure 5.5: Global Entrepreneurship Index Estimation for Mauritius}

\textsuperscript{14} Global Entrepreneurship and Development Institute” (www.thegedi.org).
\textsuperscript{15} In the absence of Mauritian statistics and indicators for computing the GEI, comparators capable of measuring the quality and dynamics of entrepreneurship in Mauritius have been used for the purpose of analysis. Figure 5.4 thus shows an estimation of the GEI for Mauritius and makes a comparison with similar countries (in terms of GDP per capita & Index of Economic Freedom). The estimated GEI is also benchmarked against global and sub-Saharan African entrepreneurial performance.
The following general conclusions can therefore be drawn from the analysis of the GEI estimates:

- Mauritian entrepreneurs are still domestic market oriented and new ventures tend to take market shares away from existing operators rather than exploit new untapped market opportunities;
- The start-up skills rating, though similar to the world average, does not reflect the fact that over half of Mauritian entrepreneurs remain own account workers and are not able to move up the entrepreneurial ladder;
- Entrepreneurs in Mauritius are generally risk averse and have not yet cultivated the attitude to embark on risky but high-growth business activities;
- Technology absorption is very low;
- Local SMEs, though demonstrating some degree of innovation for both process and product have the tendency in the face of competition, to become traders rather than value adding manufacturers. There is only a limited number of nascent enterprises that are able to transit to high-growth enterprises;
- Debts are the main form of financing sought by entrepreneurs. Other sources of financing (equity participation for example) are limited;
- In most cases, across economic sectors, Mauritian entrepreneurs lack the necessary entrepreneurial drive, attitudes, abilities, skills and aspirations to transit to growth-oriented entrepreneurship; and
- The majority of entrepreneurs also lack effective managerial and leadership skills to transform their businesses.

Human Capital & Skills Development

The quality of human capital is a key success factor for business start-up and growth. SMEs, in particular, face distinct challenges which require an adequately educated, skilled and experienced workforce.

It is a matter of concern that, due to persistent structural distortions in the labour market\(^\text{16}\), the following challenges still impact on SMEs’ performances:

- Difficulty to hire adequately skilled employees;
- Persistence of mismatches between job seekers and job openings; and
- Limited employability, deployment and mobility of employees due to asymmetries in the movement of human capital across occupations and productive economic sectors.

Shortage of Adequately Skilled Employees

The survey reports major difficulties faced by SMEs to recruit labour that match their requirements in terms of the right set of skills, experience, attitude towards work and work ethics (figure 5.6).

\(^{16}\) Mauritius boasts high enrolment rates for primary, secondary and tertiary education. It is the highest-ranking country in the Sub-Saharan African region in terms of human capital base according to the World Economic Forum Human Capital Index\(^\text{16}\) published in 2015. Yet, it is a matter of concern that its overall ranking, out of 124 countries, has dropped significantly from 43\(^\text{rd}\) in 2013 to 72\(^{nd}\) in 2015. This deterioration has resulted into structural distortions in the labour market which is impacting on the performances of the SMEs.
Other potential reasons for skilled labour shortage faced by SMEs are (i) the preference of workers for either the public sector or large enterprises, (ii) the lack of attractiveness of SMEs particularly among younger workers, (iii) high labour turnover, (iv) high salary and career prospect expectations which cannot be met by SMEs, (v) unwillingness to work outside normal working hours and (vi) poaching by other employers.

As shown in figure 5.6, the absence of a skilled workforce has an important impact on the business activities of SMEs, characterised by the loss of business to competitors, increased...
pressure and stress on existing employees and causes inability to meet revenue and expansion targets, delays in developing new products and services and increased overtime payments.

Another direct consequence of the absence of a skilled workforce is the increasing reliance of Mauritian enterprises, including SMEs, on foreign workers. Almost half of all manufacturing and ICT enterprises employ foreign workers. It is worthy to note that the majority of work permits are issued in the “skilled worker” occupational category.

**Lack of Investment in Training**

The problem of skills shortage is compounded by the lack of investment in training by SMEs. As shown in figure 5.7, the large majority of respondents (78%) of the SME survey did not avail of the HRDC grant refunds for training.

Various factors impede usage of these training facilities such as the lack of awareness about the HRDC training grant and lengthy refund procedures by HRDC, lack of finance, cash flow problems, low levy contribution, poaching and high labour turnover. The lack of interest in training could also be linked to the limited availability of relevant training courses adapted to the SME sector. Given their small size, SMEs are also reluctant to release staff to attend training during normal working hours as this may disrupt work activity.

**Figure 5.7: HRDC Training Grant Usage**

<table>
<thead>
<tr>
<th>Reason for not using HRDC Scheme</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No time to do training</td>
<td>7%</td>
</tr>
<tr>
<td>Employees leave if they are given training</td>
<td>6%</td>
</tr>
<tr>
<td>MQA / HRDC application procedures are too difficult</td>
<td>12%</td>
</tr>
<tr>
<td>HRDC refund procedures are too long</td>
<td>16%</td>
</tr>
<tr>
<td>I did not know about the HRDC Grant</td>
<td>31%</td>
</tr>
<tr>
<td>Other</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: SME Master Plan Survey
**Lack of HR Competencies**

SMEs still have internal constraints in the management of their human capital primarily due to lack of appropriate HR competencies. They are often unable to address difficulties in areas such as recruitment, motivation of employees, performance appraisal, absenteeism, grievances, occupational health and safety, welfare, salary, etc.

The deficiency in HR can be further linked to the limitations of SMEs in setting up competitive and rewarding salary packages and benefits to attract and retain workers.

**Skill Mismatch**

The problem of skill mismatch has existed for a number of years and it appears to be worsening\(^\text{17}\). The relative positioning of Mauritius within a sample of upper middle-income economies is shown in figure 5.8. It is noteworthy that the country’s skill mismatch sizeably exceeds the average level.

![Figure 5.8: Relative Positioning of Mauritius in terms of Skill Mismatch](chart)

Sources: OECD, World Bank Development Indicators, Barro-Lee educational attainment data

**Low Learning Achievements**

There are challenges in quality of learning outcomes in spite of efforts to improve quality of education. According to World Bank\(^\text{18}\), although most Mauritian children attend and complete primary education, they lag behind their peers in comparable countries with regard to basic literacy, maths, and science skills. Fifteen-year-old Mauritians have lower reading literacy rates

\(^{17}\) MCB Focus report, July 2015 - The Mauritius Commercial Bank mentioned that there is a compelling need for Mauritius to address the gap between demand and supply of skills in the labour market if it wants to remain competitive against upper middle-income economies.

than the average for their OECD peers as demonstrated by results from Mauritius participation in PISA\textsuperscript{19} in 2015 (figure 5.9).

These low learning achievements are translated into deficient analytical, problem-solving, language and communication skills, leading to a labour force not sufficiently equipped to match the labour market demands from industry in general and SMEs in particular.

![Figure 5.9: Mauritius Students Performance, PISA Results, 2011](source: OECD)

### Lack of Technical Skills

SMEs argue that current TVET programmes are too generic and not sector-specific as some sectors might need vocational training for manual and semi-skilled workers, other sectors might need technological training for specialised technical occupations or professional exams based qualifications for highly skilled jobs. There is a lack of business networking between SMEs and TVET service providers to promote exchanges, peer reviews or professional discussions. It is their perception that most TVET programs tend to prepare individuals mostly for employment in large enterprises.

Furthermore, TVET supply remains insufficient with enrolment rates far below those registered in other knowledge-oriented economies. Although, recent efforts have been made to improve the TVET system, there remain challenges regarding the design and delivery of programmes that focus on the specific needs of SMEs.

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\textsuperscript{19} The Organization for Economic Cooperation and Development’s (OECD) Program for International Student Assessment (PISA) is an international assessment exercise focusing on literary, mathematics and scientific literacy for 15 year olds. Mauritius participated in PISA in 2009
**Limited Supply of Entrepreneurial Talents**

As depicted by figure 5.10, secondary education is the highest qualification achieved by the respondents (43%), followed by tertiary education (25%). Yet entrepreneurship education which is important for nurturing entrepreneurial talents is not an explicit part of the curriculum for these two streams which are considered as the major feeder channels for SMEs.

![Figure 5.10: Highest Qualifications achieved by SMEs](image)

Young graduates do not necessarily have the required personal entrepreneurial competencies to start their own businesses such as business opportunity seeking, taking calculated risks, persuasion and networking, goal setting, etc. The TVET stream (only 7% of SME qualification) also needs to be restructured to generate more professional entrepreneurs.

**Weak Employability**

In recent years, the number of graduates has increased. But many of them remain unemployed (currently there are 9,900 unemployed graduates in Mauritius). It can be observed that the qualifications of the youth are not those that are required by industry and, in particular, by SMEs. For instance, over 70% of graduates are from fields such as management, economics, accounting, social science, whilst a knowledge and innovation-based economy requires a critical mass of knowledge workers such as scientists, engineers, patent agents and ‘technopreneurs’.

The lack of technical graduates is further highlighted by the World Economic Forum’s Human Capital Report 2015, which notes that the majority of Mauritian graduates come from a single field of study (social sciences, business and law), leading to a poor country performance on the skill diversity indicator (Mauritius ranks 89th out of 124 countries).

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21 National Budget Speech 2016-2017
The lack of appropriate skills and work experience are hurdles for most graduates as most programmes of studies are academically or theoretically focused with little or no exposure to the world of work.

The Government has introduced a myriad of public programmes to increase employability, build skills, support work transition of new graduates, and retrain unemployed e.g. the Youth Employment Programme (YEP), ICT Skills Development Programme, Graduate Training for Employment Scheme (GTES), etc. However, the lack of adequate monitoring and evaluation makes it difficult to assess their impact on industry and especially SMEs.

**Government Expenditure on Education & Training**

Though investment in education has always been on the priority side in Mauritius, the effective amount invested in human capital development per capita, whilst at par with South Africa, is significantly less than Singapore (figure 5.11).

![Figure 5.11: Amount spent on Education per Capita, 2014](image)

<table>
<thead>
<tr>
<th>Country</th>
<th>Mauritius</th>
<th>South Africa</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritius Rupees</td>
<td>14,111</td>
<td>14,630</td>
<td>79,734</td>
</tr>
</tbody>
</table>


Similarly, the budget allocated to tertiary education is viewed as relatively low; it is at par with South Africa but significantly less than Malaysia, Singapore and Chile (figure 5.12). This may explain the limited performance of Mauritian Universities, especially with regard to their research outputs, which may not necessarily meet the needs of the SME sector.
Innovation, Technology Transfer & Green SMEs

The ability of SMEs to adopt appropriate technologies and innovate is essential for growth and competitiveness. Though the process of technology acquisition is incumbent, it depends on several factors such as finance, operators’ skills levels and output volumes. It remains a fact that Mauritian SMEs are under equipped, which explained the low capital productivity index. The same can be said about their innovative capabilities. The net result being that local SMEs have in the current circumstances exhausted their productivity growth possibilities from technology catch-up.

Poor Innovative Capacities

Mauritius ranks 76th in the innovation ranking of the 2014-15 Global Competitiveness Index, far behind other comparable middle income countries. In terms of technological readiness, Mauritius ranks 63rd, while Malaysia ranks 60th, Costa Rica 40th, and Chile 42nd. In the areas of higher education and training, Mauritius (54th) is also behind Malaysia (46th), Chile (32nd), and Costa Rica (37th). As compared with upper middle income countries that have similar population size such as Iceland and Cyprus, Mauritius is underperforming in many Scientific and Technology (S&T) and innovation indicators. As an example, in the Global Innovation Index 2015, it occupies the following ranks:

Figure 5.13: Mauritius Performance in Global Innovative Index 2015

Mauritius Performance in Global Innovative Index 2015

- 91st rank on gross expenditure on R&D,
- 102nd on domestic resident patent,
- 93rd on availability of scientists and engineers, and
- 101st on University-Industry collaboration in R&D.

Source: Global Innovation Index 2015
In addition, figure 5.14 shows that Mauritius’ Competitive Industrial Performance Index published by UNIDO, dropped from 0.04 to 0.02 whilst that of Singapore significantly improved from 0.24 to 0.33 between 1990 and 2012.

Figure 5.14: Mauritius Industrial Competitiveness compared to Singapore, 1990 - 2012

Source: UNIDO’s Competitive Industrial Performance Index

Limited Private Sector R&D Activities

In Mauritius, research institutions and businesses, especially SMEs, operate in isolation without any formal linkages. Furthermore, expenditure on R&D, a key indicator of the absorptive capacity of a country, is very low (below 1% of GDP) and R&D sector is dominated by the public sector, only 18% of private firms do some R&D.

Research, development and innovation in the private sector have mostly been limited to the sugar industry where operators have adopted the latest sugar-processing technology.

Research effort is not focused on national socio-economic priorities, as academics, left with an open mandate, tend to orient research in their field of specialisation or international research as opposed to areas of interest to industry and SMEs. The limited human and financial resources are consequently spread wide and thin leading to individual achievements like publication of papers and promotion granted on the basis of publications.

As a consequence, there has been practically no case recorded of spin-off from R&D activities, or technology transfer driven by academia or through Mauritius Research Council (MRC). The current Private Sector Collaborative Research Grant (PSCRG) designed to increase research-business linkages has had limited impact so far. Hence, despite two decades of funding, SMEs still use basic production technologies and lag behind in term of innovation and productivity.

Limitations in the Framework for Intellectual Property

Mauritius has not adhered to PCT and not signed Madrid, the Hague and Lisbon conventions. The decision in the 2016-17 National Budget to adhere to the Madrid and Hague conventions and to
modernise the IP legal framework by December 2016 is a positive step. However, the subsequent action to formulate a strategy for innovation-led growth is critical to achieve results. Other factors which act as constraints to innovation are:

- Lack of appropriate skills and competencies partly due to a mismatch between training and industry requirements;
- Weaknesses in the transformation and valorization of innovation into enterprises and job creation;
- Fragmentation of public sector institutional support (e.g. SMEDA, NICE, NWEC, NPCC, DBM, MRC, EM and MBGS) does not allow to reap the benefits of synergies resulting from a wider expertise base;
- Unfair competition from imports from large countries where enterprises may benefit from various forms of Government support over and above their economies of scale; and
- Polarisation of the economy around fully integrated large corporate conglomerates e.g. in the textile/garment, sugar and tourism sectors, thereby limiting technology transfer and the economy’s and SMEs’ innovative capacities.

Weak Incubation Facilities

There are several incubators set up through various public bodies, namely SMEDA, NCB, MRC, SLDC and NWEC but limited measurable outcomes are available to effectively demonstrate how far they have assisted entrepreneurs transforming their ideas into commercial products. Discussions with SME representatives revealed that the results of these initiatives have not been up to their expectations. The current issue is that incubators are only building facilities provided to enterprises without the adequate business development services, including qualified staff and financial support.

A Low Productivity

“Productivity growth is the key economic indicator of innovation” (Jorgenson, Ho and Samuels (2010)). Productivity growth can be principally obtained from investments in non-physical assets - knowledge-based capital (KBC) - such as R&D.

In Mauritius, most manufacturing SMEs are not equipped with modern technologies and or systems. Hence, for example in the garment sector it takes an SME between 11 to 13 minutes to produce a T shirt while the best global benchmark is set at 6 minutes per T-shirt.

In addition, indicatively a Lectra or Gerber system may lead to a 2% saving in fabric. In a garment manufacturing unit making 100,000 T shirts per month, this leads to a saving of 476 Kg of fabric per month on the basis of 4.2 T Shirts per Kg of fabric. Assuming a fabric cost of MUR 300 per Kg this represents a monthly saving of MUR 142,857 per month or MUR 1.7 million annually. Sharing such an investment by a few SMEs could lead to a payback within two years.

Low productivity and raising labour unit cost - from 2005 to 2015 labour productivity grew by 2.7% while the average annual compensation of employees increased by 6.6% (figure 5.15) - induced the delocalization of basic manufacturing activities to lower cost locations like Madagascar and Bangladesh.
**Greening of SMEs**

Developing the green economy is a significant opportunity for Mauritius and can lead to substantive economic growth and jobs creation as indicated in the Switch Africa Green (SAG) initiative\(^{23}\).

The SAG country projects, in the agricultural, manufacturing and tourism sectors, have a strong focus on inclusive and entrepreneurial growth and can be among the main institutional instruments to mainstream MSMEs in the economic revival of Mauritius. Encouraging SMEs to switch to green production methods is viewed as a critical growth factor which can positively influence demand and transform supply to more sustainable production and consumption modes.

In addition, the intra and inter-sectorial linkages achieved though theses transitions represent significant multipliers in the economy.

To implement the SAG, a proper framework for eco-labelling and eco-certification must be defined and relevant public authorities must be properly equipped to effectively enforce the regulations. In that regard, it is worth mentioning that small hotels have difficulties and would need financial support to comply with MS 165 Eco-tourism label.

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\(^{23}\) SAG (www.switchafricagreen.com) supports 6 countries in Africa to achieve sustainable development by engaging in transition towards an inclusive green economy, based on sustainable consumption and production patterns.
Access to Finance & Equity Participation

Lack of finance is very often referred to as one of the main constraints faced by start-ups and SMEs around the globe and Mauritius is no exception.

Difficulties in Raising Finance

The survey (figure 5.16) showed that 35% of the respondents had difficulties raising finance at start-up stage, although some of these difficulties were related to dealing with own family members, and about 40% experienced difficulties to raise additional finance to grow their business.

Figure 5.16: Financing Start-Up & Business Growth

The survey also reveals that the lack of collateral or guarantee is the most impeding factor to raise funds and that it can take a significant amount of time to access the requested finance. As shown in figure 5.17, only 57% of respondents managed to raise funds within a six-month period.
Reliance on Traditional Financing Instruments

In Mauritius, the most common financing options available to SMEs are traditional debt instruments (bank loans, overdrafts and credit lines) and asset-based financing (leasing and factoring). Yet, there is a wide range of financing instruments such as Crowdfunding, Angel Investors and Venture Capitalists (FinTech) that are generally eluded, although they are more adapted, to early-stage enterprises. Indeed, as depicted in table 5.2, financing instruments depend on the development stage and risk profile of the venture, hence the necessity to develop alternative / innovative financing sources.

Table 5.2: Financing Instruments adapted to SMEs Development Stages

<table>
<thead>
<tr>
<th>Financing round</th>
<th>Objective</th>
<th>Typical Amount (MUR)</th>
<th>Source</th>
<th>Risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>• Proof of concept • Development of prototype</td>
<td>Up to 250,000</td>
<td>• Self-financing • Love money, FFF • Crowdfunding • Factoring</td>
<td>High</td>
</tr>
<tr>
<td>Start-up</td>
<td>• Production and implementation of communication and marketing strategy</td>
<td>100,000 – 1,000,000</td>
<td>• BA • Certain VC (early stage) • Factoring</td>
<td>High / Medium</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; year</td>
<td>• Working capital • Business / market development</td>
<td>500,000 – 5,000,000</td>
<td>• VC • PE funds • Bank credits • Leasing • Factoring</td>
<td>Medium / Low</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; year</td>
<td>• Working capital • Growth financing</td>
<td>2,500,000 or above</td>
<td>• VC • PE funds • Banks • Mezzanine • Leasing Factoring</td>
<td>Low</td>
</tr>
</tbody>
</table>

At the early-stage financing round (figure 5.18), enterprises present a high-risk profile with uncertain business prospects and a lack of collateral. Their cash flow generation potential is
limited and any loan and interest payments would further restrain their ability to fund their take-off. Debt financing is consequently not the appropriate financing instrument at this stage.

**Bridging the Valley of Death**

Analysis has also revealed that most companies have a negative cash flow during their start-up and development phases due to investment and expenses related to, for example, proof of concept, development of prototype, production process and marketing strategy (figure 5.18).

*Figure 5.18: Bridging SMEs Valley of Death through Financing Schemes*

This phase, which can last several years depending on the activity and business model, is known as the “Valley of Death” (VoD). It is estimated that 50% of all new businesses fail during their first year of operation and 90% fail during the VoD period. Such statistics are daunting and clearly stress the importance of access to finance as a pillar of the SME ecosystem.

The extent of the VoD is greater for innovative and growth-oriented SMEs. These enterprises indeed generally face more difficulties in their endeavour to gain wide acceptance of their products and business model. Proper mechanisms and adapted financing solutions are consequently of paramount importance to sustain SMEs prior to their cash break-even point in order to increase the probability of success by reducing the extent and depth of their VoD.
Fragmented Government Financing Schemes

A number of financing schemes have been put in place under the impulse of the Government (refer to Annex A3 & A4) with a view to bring down the cost of financing and to bolster the setting-up and development of SMEs in the country. Yet, SMEs continue to voice out their concerns with regard to access to finance.

As depicted in table 5.3, the fragmented and overlapping schemes confuse entrepreneurs who do not necessarily have the requested expertise to identify the optimal funding source to finance their projects. In addition, very few of the existing schemes are actually targeted at start-ups or enterprises still operating in the Valley of Death and in many cases, the schemes may apply to few qualifying economic sectors only.

<table>
<thead>
<tr>
<th>Table 5.3: List of Financing Schemes currently available to SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Instrument</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>NRF Equity Investment Limited</td>
</tr>
<tr>
<td>SME Partnership Fund</td>
</tr>
<tr>
<td>DBM Quasi-Equity Loan Scheme</td>
</tr>
<tr>
<td>DBM Booster Micro-Credit Loan Scheme</td>
</tr>
<tr>
<td>Special Loan Scheme for the Agricultural Sector</td>
</tr>
<tr>
<td>Normal Scheme for the Agricultural Sector</td>
</tr>
<tr>
<td>Business Development Scheme</td>
</tr>
<tr>
<td>Maubank SME Financing Scheme</td>
</tr>
<tr>
<td>SME Financing Scheme</td>
</tr>
<tr>
<td>LEMS</td>
</tr>
<tr>
<td>RWG Credit Financing Scheme</td>
</tr>
</tbody>
</table>

Collateral Lending and Fees Imposed by Banks

Although SMEs are highly reliant on affordable banking services and products to fully unlock their potential, they have to deal with commercial banks that are not responsive to their specific needs and constraints.

The existing business models of commercial banks are not adapted to effectively serve the SME sector. Banks in Mauritius practice collateral lending and tend to focus on corporate clients having an established and profitable business and therefore a low-risk profile. In order to access bank financing, SMEs must provide business and/or personal collaterals, which may prove challenging notably for enterprises engaged in intangible products. In addition, as shown in table 5.4, fees imposed by major banks are on the high side conflicting with financial constraints faced by SMEs.
Table 5.4: Types of Fees Imposed by Banks to SMEs

<table>
<thead>
<tr>
<th>Loans and Advances</th>
<th>Bank 1</th>
<th>Bank 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Fee</td>
<td>1% of facility amount or as per loan contract</td>
<td>1% of facility amount or as per agreement</td>
</tr>
<tr>
<td>Arrangement Fee</td>
<td>N/A</td>
<td>0.5% to 1%</td>
</tr>
<tr>
<td>Ledger Fee</td>
<td>N/A</td>
<td>MUR 86.25 (monthly)</td>
</tr>
<tr>
<td>Commitment fee</td>
<td>1% of any undrawn balance as at 3 months after date of letter of conditions + 1% per annum for any subsequent period of 12 months</td>
<td>0.50% of undrawn balance after 3 months and 1% of any subsequent period of 12 months</td>
</tr>
<tr>
<td>Insurance Handling Fee</td>
<td>MUR 500</td>
<td>N/A</td>
</tr>
<tr>
<td>Valuation Survey &amp; Report Fee</td>
<td>0.5% of loan amount. Minimum MUR 1,000 and Maximum MUR 5,000</td>
<td>0.5% of loan amount. Minimum of MUR 1,000 or as prescribed by valuer, whichever is higher</td>
</tr>
<tr>
<td>Legal charges for creation of security documents for banking facilities</td>
<td>Fixed/Floating Charges: MUR 100</td>
<td>1% rounded to the next MUR100 subject to a minimum of MUR1,000</td>
</tr>
<tr>
<td>Guarantees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Bonds</td>
<td>1.50% of amount p.a. for the first MUR 5M + 1% p.a. for any extra amount over MUR 5M (minimum MUR 1,500)</td>
<td>1.50% of amount p.a. for the first MUR 5M + 1% p.a. for any extra amount over MUR 5M (minimum MUR 2,000)</td>
</tr>
<tr>
<td>Tender Bonds</td>
<td>For the first 6 months: flat fee of 1% (minimum of MUR 750) For each additional period of 3 months or part thereof: flat fee of 0.25% (minimum MUR 750)</td>
<td>For the first 6 months: flat fee of 1% For each additional period of 3 months or part thereof: flat fee of 0.25% (minimum MUR 1,000)</td>
</tr>
<tr>
<td>Advance Payment Bonds</td>
<td>1% per annum, minimum of MUR 1,500</td>
<td>2% p.a. (minimum MUR 1,000)</td>
</tr>
<tr>
<td>Retention money bonds/guarantees</td>
<td>1% per annum, minimum of MUR 1,500</td>
<td>1.50% p.a. (minimum MUR 1,000)</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Cheque Book</td>
<td>MUR 5</td>
<td>MUR 5</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>View Only: MUR 100 per company per month All Option: MUR 100 per company per month</td>
<td>View Only: MUR 300 per company per month All Option: MUR 500 per company per month</td>
</tr>
</tbody>
</table>

**Lack of Business and Financial Planning Capabilities**

Unlike large enterprises, most SMEs in Mauritius do not have the necessary financial resources to afford high-calibre staff to handle their business planning and finance function. They consequently neither have proper accounting systems nor the required skills to build solid financial and business plans. This situation causes information asymmetries between bankers/investors and SMEs. In effect, bankers and investors do not have complete information to assess the risk profiles of SMEs and eventually provide risk-adjusted financing solutions.
Marketing and Regional Exports Capacity Building

In spite of the remarkable economic development experienced by Mauritius over the past decades, the country remains an exiguous market both in terms of demand and business opportunities. This situation restrains the ability of start-ups and SMEs to capitalise on the domestic market to trigger their take-off and subsequently build their perennial development, thus reinforcing the need to leverage on export markets.

A Limited Domestic Market with Vertically-Integrated Conglomerates

Figure 5.19 illustrates the main marketing constraints captured by the SME survey. The top most marketing constraint for growth is competition from large companies, followed by limited market size.

![Figure 5.19: Marketing Constraints](source)

Over the past decade, the domestic business landscape has observed a consolidation trend. Large Mauritian corporate groups have embarked on a rapid diversification and vertical-integration exercise with a view to increasing their control on their business value chains and expanding their revenue base. Although the consolidation of large domestic companies is critical to uplift their bargaining power and competitiveness vis-à-vis regional and international business players, it also poses a serious challenge to the entry and development of competing start-ups and SMEs on the domestic market.

Therefore, whilst a level playing field is a sine qua non for the emergence of innovation and high-growth SMEs, business linkages between established corporate players and SMEs should also be developed.
Limited Marketing Capability

Figure 5.20 shows that word of mouth (67%) is the predominant means of marketing of local SMEs, followed by the entrepreneurs being personally involved (55%). There is the need for a structured and professionalised marketing approach by the majority of SMEs.

![Figure 5.20: Predominant Means of Marketing](source: SME Master Plan Survey)

Due to financial constraints, SMEs and particularly start-ups do not have strong internal competencies to devise and implement their branding and marketing strategy. In addition, they cannot engage in large-scale and aggressive marketing actions. This weakness is all the more limiting when SMEs consider export opportunities.

A Weak Export-Oriented Manufacturing Base

The manufacturing sector in Mauritius is still positioned on labour-intensive tradables (Textiles & Apparel) and regional processing activities (Food & Beverage) which are reliant on low-cost labour and require low R&D intensity. In the midst of a highly competitive and fast-moving global business environment, the failure to upgrade and diversify towards innovation-driven and high-value added activities have rendered the Mauritian manufacturing sector highly vulnerable to international trade liberalisation and to the emergence of low-cost manufacturing economies. As a consequence, the number of export-oriented enterprises has been decreasing over the years (figure 5.21) and most manufacturing SMEs are today focused on the domestic market. This limits their prospects for sustained growth.
Adverse Effects of the Duty-Free Island Concept

Since 2005, Mauritius has been gradually removing customs duty on imported goods with a view to moving to a Duty-Free Island. This initiative has been detrimental to domestic manufacturing SMEs. The country’s borders have been abruptly opened to low-cost foreign competitors, without taking into consideration the adverse effects on an already weak domestic manufacturing base. In-depth analysis of data on retained imports and domestic exports between 2005 and 2015 confirms the negative impact of the phasing out of customs duties on Mauritian SMEs.

High Export Concentration

The domestic export structure of Mauritius is heavily concentrated, both in terms of types of goods and markets:

- Fabrics, articles of apparel and clothing accounted for 41% of the domestic exports in 2015.
- Exports of fabrics, articles of apparel and clothing to UK, USA and South Africa accounted for 31% of domestic exports.
- Exports to the Eurozone accounted for approximately 54% of domestic exports.

Such a high concentration increases the country’s vulnerability to external shocks and its exposure to fluctuations in export earnings. In addition, empirical studies have shown a positive correlation between export diversification and economic growth. In this respect, the SME sector is a critical lever to boost the country’s export diversification.
Untapped Multilateral, Regional and Bilateral Trade Agreements

In spite of the set of trade agreements signed by Mauritius with major markets, 80% of SMEs which responded to the SME plan survey affirmed that they were not exporting. Among those few who are exporting, the Indian Ocean region remains predominant (refer to figure 5.22).

Figure 5.22: Exporting SMEs and Destinations

In addition, the majority of SMEs who are exporting are from the manufacturing and ICT sectors.

Figure 5.23: Breakdown of SMEs exporting Goods or Services
In addition, 60% indicated that finding customers for exports was a major challenge for their business expansion, and 69% affirmed that they were not planning to export their products/services to Africa despite the preferential access granted by the COMESA and SADC agreements (figure 5.24). It is therefore crucial that the appropriate measures be implemented by support institutions to reinforce the capability of SMEs to exploit business opportunities offered by such agreements.

**Figure 5.24: Planning to export towards Africa**

![Planning to Export to Africa and Reason for Not willing to Export to Africa](image)

**Increasing Exports of Services**

The World Trade Organisation distinguishes four modes of supply to define trade in services:

**Mode 1: Cross-border supply**
- Services are supplied to a person or an entity based in another country via, for example, Internet or telephone.

**Mode 2: Consumption abroad**
- A person moves to another country to consume a service.

**Mode 3: Commercial presence**
- A service supplier establishes a commercial presence in another country to provide its services.

**Mode 4: Presence of service provider professionals in person**
- A person moves to another country to deliver a service.

As from the early 2000s, the Mauritian Government has accentuated its efforts to develop the services sector, leveraging on its skilled and bilingual human capital. This strategy has proven to be successful with all four modes of supply concerned. Between 2010 and 2014, export of services grew by 18%. Over the same period, export of ICT services rose by 82%, moving up from USD 101 million to USD 184 million.
Reluctance to Cooperation among SMEs

In the context of a globalised business environment, Mauritian SMEs must regroup in order to tap burgeoning export opportunities, notably in neighbouring African countries. They should actively explore and devise collaborative modes to pool and to leverage on their know-how and competencies in relevant areas with a view to overcoming their respective weaknesses and limitations. Enhanced networking and strategic collaboration among SMEs can rapidly and significantly uplift their global competitiveness, accelerate their access to new markets and ensure their perennial development. However, past initiatives from support institutions in Mauritius to foster business cooperation among SMEs, notably through clustering, have not had satisfying impacts. Mauritian SMEs tend to be reluctant to embark on such initiatives as the fear of opportunistic moves from partners prevails.

Summary of SME Constraints

Based on the previous analysis, table 5.5 summarises the major issues and gaps constraining SMEs ability to contribute to the Government objectives in term of economic growth and job creation.

<table>
<thead>
<tr>
<th>Table 5.5:</th>
<th>Issues and Gaps to be addressed by the New Development Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SME Performance Drivers</strong></td>
<td><strong>Issues and Gaps</strong></td>
</tr>
</tbody>
</table>
| Regulatory and Institutional Framework | · The legal and regulatory framework, which in theory seems effective (e.g. WB Doing Business Reports) is still plagued, in practice, with red tape and does not endorse a conducive SME Ecosystem  
· Certain business related regulations are not abided by regulatory authorities (silent agreement principle)  
· Inconsistency in SME definitions across various public sector institutions  
· Disarticulated approach and inept competencies at the level of support institutions  
· Responsibilities to develop the SME sector in Mauritius are fragmented among several public institutions, in spite of the existence of an apex body, SMEDA (although this is being partly remedied through the National Budget 2016).  
· Input based support policy  
· No evaluation and monitoring mechanism of support services and schemes  
· Reactive support services and limited communication on support services and schemes  
· A support policy open to all SMEs, including those related to large groups as well as those involved in low value-added activities  
· Weak Creditor Protection, especially insofar as small amounts are concerned, where cost of recuperation by far outlays debt, except for small claim tribunal (max. claimable value MUR 25,000) |
Table 5.5: Issues and Gaps to be addressed by the New Development Framework

<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Issues and Gaps</th>
</tr>
</thead>
</table>
| National Entrepreneurship Strategy | • Lack of availability of disjointed data concerning SMEs in general and classifications thereof, especially concerning numbers, performance indicators and input and output indicators  
• Lack of entrepreneurial drive and growth focus among SMEs  
• An SME sector directed towards the domestic market and small-scale services or trading activities  
• Entrepreneurship viewed as a risky and second option by youth including many graduates and professionals  
• Immigration policy focuses on HNWIs or business people holding low-value creation potential projects. The focus must be on young entrepreneurs having high value creation projects. |
| Human Capital and Skills Development | • Mismatch in demand and supply of skills and competencies  
• Education system not pragmatic enough to sprout enough innovative minded and tech driven graduates  
• Lack of entrepreneurial education at secondary and tertiary levels  
• Limited collaborations between universities and industry, preventing bulk emergence of business spin-offs  
• Hurdles for recruitments of foreign skilled labour  
• Behavioural and attitudinal improvement based entrepreneurial competency development programme not sufficiently encouraged  
• A deficient mind-set among SMEs insofar as training of their staff and workers are concerned, resulting in skill stagnations, poor productivity and lack of innovations |
| Innovation, Technology Transfer and Green SMEs | • Lack of information and poor innovative capabilities of SMEs in general, resulting in the absence of avant-gardist technologies, processes or management practices  
• Many SMEs perceived as inefficient and their output as sub-standard or in low conformance with specifications  
• Limited design and branding capabilities to allow for regional or international brands to burst out, even in sectors like the textile and garment industry where Mauritius has a strong base  
• Limited R&D capability, typically characterised by very limited applied research projects funded or implemented by MRC  
• Poor IP framework and patenting process  
• Locally made products often required to abide by regulations which, however, are not systematically applied to imported products (especially in the food sector)  
• Green businesses and adoption of environment-friendly practices still seen, at best, as a window dressing CSR activity, rather than real expenditure reduction or income generating business opportunities |
| Access to Finance and Equity Participation | • Lack of data/statistics on SME finance in Mauritius  
• Lack of financial literacy among SMEs  
• Approvals of loans subject to secured assets or collaterals  
• Limited access to debt capital  
• Limited appetite of SMEs for third party investment, especially when it comes to equity participation |
Table 5.5: Issues and Gaps to be addressed by the New Development Framework

<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Issues and Gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>· Limited project financing options through other mechanisms (e.g. Crowdfunding), due to regulatory controls</td>
</tr>
<tr>
<td></td>
<td>· Absence of information, platforms and legal framework for Angel investors</td>
</tr>
<tr>
<td>Marketing &amp; Export Capacity Building</td>
<td>· Domestic markets in some sectors locked by large conglomerates and their affiliates</td>
</tr>
<tr>
<td></td>
<td>· A “one man show” approach restricting the marketing capabilities, with most SMEs selling their products using word of mouth only</td>
</tr>
<tr>
<td></td>
<td>· SME marketing development quite low, often stemming from uncoordinated marketing approaches and selective marketing support schemes</td>
</tr>
<tr>
<td></td>
<td>· Unawareness of prospects in potential export markets, especially African markets</td>
</tr>
<tr>
<td></td>
<td>· Poor knowledge of regulations and procedures in potential export markets</td>
</tr>
<tr>
<td></td>
<td>· Unwillingness of SMEs to regroup and collaborate</td>
</tr>
<tr>
<td></td>
<td>· Lack of knowledge of international and regional markets trends and development</td>
</tr>
<tr>
<td></td>
<td>· Playing field not always levelled for SMEs</td>
</tr>
<tr>
<td>Combined Factors</td>
<td>· High mortality or dormant rate of SMEs, estimated to be about 80% in Mauritius</td>
</tr>
</tbody>
</table>
6.0 New SME Development Framework

In every success story, you will find someone who has made a courageous decision.

Peter F. Drucker
6.1 Achieving the Objectives of Master Plan

Main Elements of New Framework

Vision and Mission

The vision and mission of the SME Master plan are:

**Vision**

**SMEs as the Engine of Growth to Position Mauritius as a High-Income Economy**

**Mission**

**Foster the Emergence of Innovative, Sustainable and Globally Competitive SMEs for Job Creation, Value Addition and Economic Democratisation**

Five Underlying Objectives

The vision and mission will be accomplished through **five main objectives** which will impact directly on the targets of the Master Plan. These objectives shall support the transformation of SMEs into innovative, globally competitive, sustainable and value creation entities. The objectives are:

- **Objective 1:** Improve SME Competitiveness
- **Objective 2:** Foster High Growth Potential SMEs
- **Objective 3:** Upgrade Skills and Job Opportunities
- **Objective 4:** Improve Value Addition
- **Objective 5:** Increase Market Share

Six Strategic Thrusts

To achieve these objectives, the pathway is crafted by six strategic thrusts, which collectively constitute the strategies for the new SME development framework. These strategic thrusts are:

- **Strategic Thrust 1** Improving the Institutional and Regulatory Environment
- **Strategic Thrust 2** Instilling an Entrepreneurial Attitude
- **Strategic Thrust 3** Reinforcing Human Capital and Skills Development
- **Strategic Thrust 4** Encouraging Innovation, Technology Transfer and Greening of SMEs
- **Strategic Thrust 5** Improving Access to Finance and Equity Participation
- **Strategic Thrust 6** Improving Marketing and Regional Exports Capacity
Action Plan

Under present circumstances and with stagnation in the SME sector, forceful actions must be taken to address structural and other issues impeding the development of this sector.

To make up for lost time and opportunities, the Master Plan recommends a series of interventions at different levels:

**High Impact Initiatives (HIIs)**

- **Nine High Impact Initiatives (HIIs)**, within the six strategic thrusts, critical for the development of a new economic model. These strategic thrusts which often require structural, legal or multi-ministerial or institutional interventions have the potential to be the levers from which SME growth can stem out. The HIIs will have profound vertical effects, cross cutting through macro-economic and national issues.
- Altogether, these 9 HIIs consist of 46 Key actions that are Short (0 – 2 years), Medium (2 – 5 years) or Long (5 – 10 Years) in duration. These actions are very important as they will contribute significantly towards achieving the goals of the Master Plan.
- Within the 9 HIIs, there are six Quick Wins, consisting of small actions that can be started immediately as they do not require major structural changes for their implementation.

**Sectoral Actions (SAs)**

- Recognising sectoral opportunities, the Master Plan proposes 27 Sectoral actions, including high value added activities, in 9 identified sectors or sectoral drivers.

**Thematic Actions (TAs)**

- 13 Thematic Actions are recommended either having multi-sectoral development potentials or look at specific inclusive, sustainable or competitiveness issues and which are also likely to be part of the high growth potential strategy. Some of the proposed actions include franchising, women entrepreneurship and waste management.
Figure 6.1: The New Framework for SME Development

Mauritius as a High-Income Economy

GDP 52%  |  Employment 64%  |  Export 18%  |  Value Added MUR 388 Billion

Foster the Emergence of Innovative, Sustainable and Globally-Competitive SMEs

- Improve SME Competitiveness
- Foster High Growth Potential SMEs
- Upgrade Skills & Job Opportunities
- Improve Value Addition
- Increase Market Share

High Growth Potential Entrepreneurs (HGPs)

High Impact Initiatives (HIIs)

Performance Drivers

- Regulatory & Institutional Framework
- National Entrepreneurship Strategy
- Human Capital & Skills Development
- Innovation, Technology Transfer & Green SMEs
- Access to Finance & Equity Participation
- Marketing & Regional Exports Capacity Building

Development Levels

National

- Sectoral / Thematic
- Enterprise
- Entrepreneur

SME DEVELOPMENT FRAMEWORK
10 - YEAR MASTER PLAN
Achieving the Targets

Critical analysis of the current situation of the SME sector (chapter 3), depicts the profile of an old economy with high number of labour intensive and low value-added establishments. It also shows that a mere 15% of SMEs are involved in high growth potential sectors such as ICT, financial and professional services. This situation is typical of countries trapped in the middle income bracket.

The 10-Year Master Plan therefore stands as a ‘Game Changer’ for Mauritius and is in line with Government Vision 2030. It advocates structural transformations which shall enhance the emergence of innovative businesses to start, develop and grow into competitive, resilient and export oriented SMEs.

The Master Plan also proposes strategic measures at the bottom of the pyramid, whereby ‘own account workers’ or ‘subsistence workers’ are also able to benefit from the improved ecosystem for higher income generation. In essence, a paradigm shift will take place, whereby fewer entrepreneurs prevail as low value-addition subsistence workers and more towards innovative and high performing SMEs, preferably geared in export oriented activities.

The overarching objective of the Master Plan is therefore to revitalise through appropriate measures, a majority of the 47% of the underperforming establishments, employing less than 5 people and having a turnover of less than MUR 2 million. It also aims to provide targeted supports to transform the remaining 53% into high value generating SMEs. It is expected that these SMEs, which currently account for 40% of total GDP are transformed into a highly performing sector having overall GDP contribution of 52%. To achieve this objective, a sturdy growth rate of 8% is tabled for the SME sector over the next ten years.
As mentioned earlier, to be able to achieve these prime goals, the Master Plan contains five objectives; each tackling specific constraints currently preventing SMEs from growing. These objectives are described in further details underneath:

Objective 1:
**Improve SME Competitiveness**

With productivity levels estimated to be about 45 to 60% (garment manufacturing) as compared to 85% in larger enterprises, SMEs are showing the characteristics of sluggish players. 45% are stagnating largely because the technology used is out-dated, labour productivity is in general low and product quality seldom matching international standards. Under these conditions, Mauritian SMEs cannot face head-on competition from low-cost and high volume producers from China and India, etc. Unless they significantly raise their competitiveness, SMEs will not be able to compete globally.

Objective 2:
**Foster High Growth Potential SMEs**

With 59% of SMEs having a turnover of less than MUR 2 million and are stagnating, new start-ups should be encouraged to do business in high growth potential sectors such as ICT, knowledge-based activities, finance and professional services. At the same time, they should also be incentivised to develop value-addition ventures in traditional sectors like agriculture, fishing and farming. These SMEs should also be supported through targeted schemes and actions. However, it should be recognised that they will have different needs at different stages of their business evolution and a ‘one size fit all policy’ will not be effective.

Objective 3:
**Upgrade Skills and Job Opportunities**

Entrepreneurs find it hard to attract the right talents and also retaining the best resources they have nurtured over the years. The survey results show that recruiting labour with the required academic qualifications is relatively easy, but having candidates with the right experiences and skills set remains a challenge. Worst, the attitude and work culture remains deceptive. Closing the skills gap on the one hand and offering remunerative and satisfying jobs on the other, is a priority objective that must be urgently addressed. In this respect, it is vital that universities and business schools impart specific skills and attitudes to their graduates so that they are job-ready for start-ups and SMEs as well. Equally, the private sector should recognise the need for unique human resources requirements for entrepreneurship to thrive and supplement government’s efforts in that direction.
Objective 4:  
**Improve Value Addition**

In order to foster an innovation-driven economy, the entire spectrum of the business landscape (from large corporates to SMEs) need to devote ample resources to R&D. Entrepreneurs should be empowered to make innovation a principal catalyst for value addition across the value chain: raising efficiency of procurement systems; products and services differentiation and upgrading; production process re-design; and revamping distribution and marketing channels. By strategically embedding innovation in their operating models, SMEs are in a better position to target remunerative market niches with differentiated and branded offerings. It is therefore important that the IP protection framework is strengthened in view to encourage investments in R&D for high-value and distinct products, proprietary technologies and branding.

Objective 5:  
**Increase Market Share**

SMEs must be given all necessary support to develop export markets and tap into regional commercial openings in view to increase their footprints and overcome the size limitation constraints of the domestic territory. SMEs are faced with several marketing constraints, accentuated by their limited marketing capabilities. Policies aiming at improving market by providing SMEs with intelligence, market development supports and logistics to integrate the global supply chain, should become one of the top most priorities.

Achievement of the above objectives requires an enabling business environment where both Government and the private sector assume synergistic and complementary roles. In the proposed new framework, Government’s role is one of policy enabler and facilitator for demand-driven support programmes and schemes. The private sector shall be the service provider, driving these services and programmes, with predetermined terms, responsibilities for implementation and obligations for outputs which shall be remunerated. Through such a partnership, the multiplier effect of targeted, flexible and specialised services will be beneficial to many SMEs in various sectors.

To reach the five objectives, the Master Plan has crafted nine High Impact Initiatives, which include the key actions. It also proposes a series of sectoral and thematic interventions. These actions and measures all lead towards target 2026 which is GDP growth, employment creation, increased exports and value addition, as given in table 6.1:
Table 6.1: Major Impacts of Strategic Objectives on Targets

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Targets 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GDP Contribution (52%)</td>
</tr>
<tr>
<td>1 Improve SME Competitiveness</td>
<td>✿</td>
</tr>
<tr>
<td>2 Foster High Growth Potential SMEs</td>
<td>✿</td>
</tr>
<tr>
<td>3 Upgrade Skills and Job Opportunities</td>
<td>✿</td>
</tr>
<tr>
<td>4 Improve Value Addition</td>
<td>✿</td>
</tr>
<tr>
<td>5 Increase Market Share</td>
<td>✿</td>
</tr>
</tbody>
</table>

✿ : Major impacts generated
6.2 Strategies Shaping SME Performances

The six groups of constraints (figure 6.3) constitute the factors which are adversely affecting SME performances in the ecosystem. Applying the appropriate levers to tackle these constraints can shape SMEs towards enhanced overall competitiveness.

The Master Plan presents the performance levers as strategic thrusts. There are six strategic thrusts and each thrust is leveraging against a group of similar constraints (e.g. access to finance) to recommend tailored actions adaptable to the required level and phases of the enterprise development.
6.3 Recommended High Impact Initiatives

Within the six Strategic Thrusts, nine High Impact Initiatives (HIIs) are recommended, which are critical to the development of an enable SME ecosystem.

Though the HIIs will principally act at the national level of the ecosystem, their impacts will also be at the other levels (figure 6.4):
- Sectoral / Thematic
- Enterprise
- SME owner/ Entrepreneur

The **High Impact Initiatives (HIIs)** address amongst others, the following main priority areas:

- **De-institutionalise SMEs support programmes**
  Currently most of the support institutions are public bodies and the support schemes and services are delivered mostly by public officials with limited direct industry experiences and awareness of the changing realities of SMEs. These heavily subsidised, but often ineffective services, are only acting as deterrents for the emergence of service providers likely to offer qualitative and competitive advocacy, technical capacity building and business process reengineering. The solution would be to tap on the strength of each party: the private sector to reinforce its services quality and diversity, whilst Government to be responsible for active policy formulation, design and implementation of appropriate schemes and ensuring set KPIs are met. It will enable MoBEC to redesign the support schemes and regroup the administration and management under one apex body, partly in line with the National Budget 2016.
• **Be more attentive to SMEs’ needs in defining support schemes**
  To be effective and attractive to entrepreneurs, the support services must respond to their specific needs and within their budget, time and other constraints. Consequently all supports, services and schemes must be flexible and market driven. Ideally, it will be better to have an accredited pool of well experienced trainers, consultants and mentors, coming from the private sector, who can intervene in SMEs and coach entrepreneurs on issues pertaining to their specific needs. However, the body of knowledge of retired civil servants can also be of particular use to SMEs, especially those requiring administrative or regulatory mentorships.

• **Encourage more innovative services**
  Traditional support is no longer adapted to SMEs’ needs and more innovative schemes should be developed. For example financial sources should be expanded beyond bank credit and government subsidies to enable the emergence of more dynamic and pro-active private options such as Crowdfunding, Business Angels and Venture Capitalists. In addition, it is also important to understand the type of supports required by SMEs at each of their development phases. Banks are, most of the times, adverse to risk, especially when financing startups, but angel investors can. The same banks, however, would be keen on such investments once the proof of concept is made and a few orders start flowing in.

• **Shift in entrepreneurship mindset**
  With 124,972 small economic establishments, Mauritian can already be considered to be business minded. However, with 47% of MSMEs employing less that 5 people and having a turnover of less than MUR 2 million, there is a need to have a cultural shift towards high value-added and high-growth potential entrepreneurs. As it is right now, most of these SMEs are own account workers and living under subsistence income. It is therefore hardly surprising to see why so many are repelled by banks and therefore keep fishing for grants and financial supports. Individual must not enter business with the only objective to become their own boss. They must be sensitized and be prepared through reinforcement of their personal entrepreneurial competencies.

• **Reinforce Human capital skills and adapt it to SMEs’ needs**
  SMEs have limited all-round available resources. However, their most acute problem is their inability to recruit and maintain a qualitative workforce. Even large companies face the miss-match syndrome. There is an urgent need to identify the skills required by SMEs and close gap through appropriate capacity building programmes.

• **Increase SMEs competitiveness**
  In this era of globalisation, product and service competitiveness has become the name of the game. SMEs are expected to produce quality and differentiated goods or services at optimal costs and with fast response time. The onus is on the whole supply chain from logistics, shipping to warehousing, and if SMEs intend to benefit they cannot afford to become the weak link in this supply chain.

To summarise, *six strategic thrusts* have been formulated, with *nine High Impact Initiatives* (HIIs) recommended within them (figure 6.5). Details follow:
Strategic Thrust 1
Improving the Institutional and Regulatory Framework

Regulatory requirements and support institutions are important determinants of entrepreneurs’ capacity to start, operate and grow their business. In that regard the first strategy aims to (i) Review and Rationalise the Institutional Support Framework and (ii) Streamline Regulatory Procedures for SMEs in Mauritius.

HII #1 Rationalise Institutional Support Framework and Streamline Regulatory procedures for SMEs

- Rationalise and Improve SME support - Set up SME Mauritius

Government, through the 2016-17 National Budget has recommended that the supporting institutions in the SME sector, namely, SMEDA, Enterprise Mauritius and National Women Entrepreneur Council be merged into one organisation for greater coherence, more efficiency and effectiveness.

This merger will inevitably lead to the creation of a new high-powered multi-capabilities Institution, (hereinafter referred to as ‘SME Mauritius’). To avoid previous mistakes, the Master Plan recommends that SME Mauritius should be incorporated as a parastatal organisation, with a board constituted equally of public and private sectors’ representatives and has a clear mandate to provide targeted and differentiated support to SMEs. It should have sufficient resources to focus on its core objective, be a real and effective one-stop-shop and be professionally managed in line with good governance principles and best practices.

SME Mauritius will be a business intelligence resources repository of international standard. It should be a centre for excellence insofar as SME expertise is concerned, with a core team (figure 6.6) limited to a pool of around 30 sector and thematic experts, with in-depth industry working knowledge and supported by young graduates. These experts shall have a mandate to identify, define and oversee industry-specific capacity building and technical assistance projects. Beyond these sector-specific experts, SME Mauritius should also have full-time cross-cutting domain experts (e.g. marketing, ICT, branding, etc.). The exact number of experts as well as support and
administrative staff should be determined by a human resource audit and driven by industry needs.

Rather than having a large pool of in-house experts, SME Mauritius should concentrate on developing strategies, plans and schemes based on specific enterprise, sector or industry needs. Actual in-plant interventions should be sub-contracted to external resources and it is in this logic that it is recommended that SME Mauritius recruit, establish and monitor an Elite Team of Service Providers. These service providers should be accredited professional, recruited on project-basis with defined KPIs and remunerations based on deliverables only.

SME Mauritius must in addition work in close collaboration with key service providers, in both the public and private sectors, notably those providing licensing, logistics, warehousing, incubation and financial services.

**Figure 6.6: Organigram of SME Mauritius**

**SME Mauritius Board**

The board should have representative of both the public and private sectors. It must be chaired by a prominent person, preferably from the private sector and with a proclivity for entrepreneurship promotion and SME development. In addition, the board shall also have at least five members from the public sector and five from the private sector, with potential representatives selected from:
Public Sector:
- Ministry of Finance and Economic Development
- Ministry of Industry, Commerce and Consumer Protection
- Ministry of Business, Enterprise and Cooperatives
- Ministry of Technology, Communication and Innovation
- Ministry of Gender Equality, Child Development and Family Welfare
- Ministry of Education and Human Resources, Tertiary Education and Scientific Research
- Ministry of Agro-Industry and Food Security
- Ministry of Labour, Industrial Relations, Employment and Training
- Board of Investment Mauritius
- Mauritius Institute of Training and Development / Human Resources Development Council

Private Sector Institutions:
- Business Mauritius
- Mauritius Chamber of Commerce and Industry / Association of Mauritian Manufacturers
- Mauritius Export Association
- Outsourcing and Telecommunications Association of Mauritius / Mauritius IT Industry Association
- Association Mauricienne des Femmes Chefs d’Entreprise
- Other sector specific associations (if required and on a rotating basis)

It should be noted however, that whilst SME Mauritius will be mandated to provide services to SMEs as per the revised definition (see later under ‘Increase SME policies and Initiatives relevance’), there will be enterprises having more than 100 employees or turnover of more than MUR 50 million that shall still require institutional supports and capacity building services. For trade promotion for example, Enterprise Mauritius was also catering for this category of enterprises. Any reorganisation should therefore also take this factor into consideration. Further, in order not to penalise SMEs, until the merger has taken place, it is also recommended that the existing institutions are capacitated to attend to the actions proposed in the Master Plan.

- Strengthen technical advisory services to SMEs - Recruit an Elite Intervention Team

SME Mauritius will be in charge of the overall management of the Elite team. Each sector-specific officer will set the eligibility criteria of the Elite team (profile descriptions, etc.) and ensure the relevance and quality of services provided by the selected experts. The database of accredited experts will be freely available on the SME Mauritius website.

Besides improving the flexibility and relevance of SME support activities and enabling a more effective and efficient use of public funds, implementation of this high level recommendation will have the following main benefits, as it will:
- Boost the development of a dynamic knowledge-based sector of activities fully adapted to the SME segment;
- Encourage the development of services and expertise that could be exported; and
- Generate new business opportunities for, inter alia, under-employed technocrats in the public sector and middle management level cadres having reached the glass ceiling in the corporate sector.
• **Increase SME utilisation of technical advisory services and ensure their effectiveness - Develop a Professional Assistance Voucher Scheme (PAVS)**

Willingness to pay for services is low amongst SMEs, even when SME owners and managers acknowledge the need for mentoring, coaching and capacity building services. The service of the Elite team should therefore be remunerated through a specific programme.

To maximise efficiency of such a scheme, the set-up of a Professional Assistance Voucher System is recommended. Depending on their sector of activities, SMEs would receive at the beginning of each year, a set of vouchers for a specific amount that could only be used to pay for eligible capacity-building activities provided by the Elite Team.

SME Mauritius, together with HRDC, will be in charge of the overall management of the PAVS. The recommended process is as follows:

1. SME Mauritius in close consultation with MoBEC and other key ministries, select eligible sectors and capacity building activities according to requests of SMEs.
2. The PAVS is linked to the HRDC grant levy scheme for refunds.
3. Each registered SME will receive a determined financial amount equivalent in PAVS; this amount should in the medium term be dematerialised and be directly credited to their SMEs passport (described later) in the medium term.
4. The amount of PAVS attributed should vary according to the sector of activity and size of each in order to encourage the emergence of targeted enterprises.
5. The SMEs select their trainer / coach / mentor in the SME Mauritius database of accredited trainers (the Elite Team).
6. The selected trainer performs the capacity development activities according to a programme and schedule agreed between the SME and SME Mauritius relevant officers.
7. The SME pays the trainers’ services with the vouchers.
8. The SME Mauritius officers in charge and the SME evaluate the quality of services provided, that is the Terms of References against the deliverables and monitorables.
9. HRDC reimburses the voucher only if SME Mauritius officer approves the quality of services.
10. To encourage SMEs to effectively reinforce their capacity the vouchers should only be valid for a year.

In order to ensure quality services, it is also recommended that refunds to the Elite team be made in a proactive and timely manner.

• **Develop E-licencing and Business Passport for SMEs**

Interviews with SMEs highlighted the need to improve the interface between business and government as well as the quality and timeliness of government services and increase procedure transparency.

It is recommended to develop an e-Licensing Platform for all business permits and licences currently in force. From initial consultations with the Board of Investment and as announced in the 2016-17 National Budget, such a platform is currently being sought after. It is therefore recommended that BOI work in tandem with the MRA and the SME Mauritius, to ensure the e-licensing platform also caters for the needs, requirements and constraints of SMEs. In addition,
the e-licensing platform should possess the necessary features to allow online tracking of applications and in this case incorporate the principles of silent agreement.

In line with the creation of a single e-licensing platform, SMEs could also be given a business passport, which include all their business permits and licences. Each business passport should use a single identification number that is the business registration number. This will facilitate multiple applications and address the issue of paper documents for different applications.

- **Alternate Dispute Resolution Mechanism to SMEs**

The judiciary system, whilst being effective, is slow to adapt to the needs of SMEs. Setting up a more efficient claim procedures mechanism through Alternative Settlement Procedures, which can be a simplified version of MCCI Arbitration and Mediation Center (MARC), based on the small claim tribunal principle, but for dispute amount of up to MUR 250,000 is therefore highly recommended.

- **Increase SME policies and Initiatives relevance**

Legislation should be introduced to enforce standard definitions for micro, small and medium enterprise. In line with international standards, three criteria are proposed to define an SME, i.e. number of employees, turnover and total assets. An establishment should meet at least two of the three specified criteria in order to be classified as an SME. The recommended classification for SMEs is given in table 6.2:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Employees</th>
<th>Turnover (MUR)</th>
<th>Total Assets (MUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1 to 5</td>
<td>Not more than 2 million</td>
<td>Not more than 2 million</td>
</tr>
<tr>
<td>Small</td>
<td>6 to 20</td>
<td>More than 2 million but not more than 10 million</td>
<td>More than 2 million but not more than 20 million</td>
</tr>
<tr>
<td>Medium</td>
<td>21 to 100</td>
<td>More than 10 million but not more than 50 million</td>
<td>More than 20 million but not more than 50 million</td>
</tr>
</tbody>
</table>

An illustration of the spread of SMEs according to the new criteria is given in figure 6.7, where one can easily depict the important blocks of SMEs and which can facilitate targeted policy measures.
In addition to the three recommended criteria, it is suggested that an establishment should also comply with the following conditions to be eligible to the SME support schemes:

- Be a registered entity (e.g. a company registered with the Registrar of Companies, a business entity holding a Business Registration Number (BRN) or a cooperative registered with the Registrar of Co-operative Societies);
- Is not a state-owned company;
- No more than 20% of its share is held by a large company or a subsidiary of a large company; and
- No more than 20% of its share is held by a company or a subsidiary of a company listed on the official Stock Exchange.

**Strategic Thrust 2**

**Instilling an Entrepreneurial Attitude**

The second strategy aims at promoting entrepreneurship as a career option and to encourage a cultural shift towards high growth potential SMEs for employment and wealth creation. As the quality of entrepreneurs determines the chance of success of the enterprise and its innovative capabilities, it is important that the entrepreneurial culture is upgraded and matches the Global Entrepreneurship Index (GEI) of high income countries, a position which Mauritius aspires to reach.

**HII #2 Foster a Culture of Entrepreneurship & High-Growth Potential Businesses**

- **Showcase Successful Entrepreneurs and Promote National Recognition**

There is a need to promote entrepreneurship as a career option in Mauritius. As entrepreneurs learn best from other entrepreneurs and as peers’ success is a major motivator, successful
entrepreneurs should be encouraged to showcase their ventures in various well-publicised events.

**Quick Wins: National Entrepreneur Campaign**

Mauritius should celebrate entrepreneurs at the national level, during the Global Entrepreneurship Week (GEW). The GEW is an international initiative that introduces entrepreneurship to young people. This initiative was launched in 2008 and is now celebrated in about 80 countries. The GEW aims to encourage people to launch their own venture by demonstrating the benefits of entrepreneurship through different activities and networking events.

The GEW is held during November, the Entrepreneurship Month. In the USA National Entrepreneurs' Day is a holiday held in November that celebrates the American men and women who promote entrepreneurship, business, innovation, and new jobs. The holiday falls on the last day of the Global Entrepreneurship Week. Supporters of National Entrepreneurs’ Day are trying to make it an official US holiday through legislation. The national Entrepreneurs’ day will fall on the third Tuesday of every November.

Besides conferences and networking events that could connect young graduates and starters to entrepreneurs, potential collaborators, mentors and even investors, high level well-publicised Award ceremonies should be organized to reward laureates of widely communicated competitions, such as the Young graduates and Global Business Plan competitions, the best SME supporting corporation, to name just a few, held over the year.

To reach a broader public, a TV reality programme on entrepreneurship should be developed and broadcasted. Beyond experience sharing, the programme must broadcast practical coaching / mentoring sessions delivered by experienced professionals, as well as documentaries and “case studies” both in well-established plants to showcase best practices and in selected starters’ premises. A TV reality show on entrepreneurship will forcibly reach a larger audience and help motivate young graduates, professionals and other potential entrepreneurs to learn about entrepreneurial exigencies and benefits. It will also help them to understand the business environment and motivate Mauritians to start-up their own businesses.

The TV programme and the training sessions should also be uploaded on a specific website and could be adapted to be broadcasted on radio stations.

- **Establish Women-Friendly Infrastructures & Business Environment**

As women account for over half of the population, it is important to tap this resource by supporting the development of women-led businesses through specific policies and incentives, specialized training, women-to-women support networks and mentors. To enhance this action, the followings can be undertaken:

- Create affordable and organised nurseries. These nurseries should be privately managed and owned but regularly and strictly supervised by a public institution. To make them fully relevant, they should be located close to business centres.
• Build and upgrade Young Professionals and Starters support Infrastructures - Set up Performance Driven Incubators and Industrial Parks

Quick Wins: Setting Up Incubators and Industrial parks

Incubators are crucial because they maximise the chances of transforming an idea into a robust and resilient business.

Business incubation is a process that can stretch over 24 months and aims to facilitate business creation by providing infrastructure (offices, telecommunications, meeting rooms, etc.) as well as a series of services (coaching, mentoring, networking, visibility, etc.) to an optimum group of 20 project promoters at a time. The type of incubator and its structure depends on its objectives, the type of business to support and the financial capacity of the promoter of the incubator.

As the 10-Year Master Plan aims to encourage the emergence of High Growth Potential SMEs, emphasis should be laid on promoters from the private sector. The National Budget 2016 is already moving in that direction by providing an amount of MUR 50 million as matching funds. It will enable the potential project sponsors, who are profit driven to select projects with high growth potential and with good return on investment probabilities.

In parallel, the MoBEC can also set up its own incubators, with the following characteristics and offerings:

• Initially set up two incubators, located in Plaine Lauzun and Ebene, where there is the largest number of entrepreneurs, as incubators’ success inter alia depends on its potential to attract a sufficient flow of relevant project promoters;
• Be managed by hands-on experienced professionals coming from the private sector and operating under MoBEC, initially and then transferred under SME Mauritius;
• Outsource overall training and coaching activities to external service providers and or professionals (the Elite Intervention Team);
• Establish strict selection criteria and only accept relevant and HGP projects; otherwise the incubators run the risk of offering insufficiently targeted services and therefore have limited value;
• Be linked to major organisations such as MCCI, BOI, HRDC, and MRC as well as to Universities and research centres; and
• The incubators can be multi-sectoral, except for agro-business, where it is recommended that an agro specific incubator be set up, with the support of FAREI in the Moka or Upper Plaine Wilhems area. The setting up of the pilot agribusiness park in Highlands as announced in the budget can be capitalised upon by MoBEC.

The survey further estimates that at least 10 new techno-centres or knowledge SME parks cum incubators should be established in the medium term around themes of national interests (ICT, Bio Engineering, Ocean technology, Bio agriculture, and Phyto-pharmaceuticals), as well as in more traditional sectors like Fashion, Handicraft, Furniture, Leather, Jewellery which represent the present mass of SMEs.

Within a period of two years, the HGP SMEs (Incubatees) will be moved to the SME Industrial Parks or techno-poles. In this respect, it is advisable that future Incubators are located near or within the industrial parks. These structures would enable entrepreneurs, freshly graduated from the incubators, to be relocated in adequate premises and providing them with the opportunity to cluster, which is also a fundamental characteristic of successful incubators.
Besides setting-up incubators, the Rajiv Gandhi Science Centre should be converted to a techno-centre for demonstration of latest technologies similar to Fab-labs in Europe, where students and entrepreneurs will find ideas, inspiration and support.

- Improve Monitoring and Evaluation of Entrepreneurship Initiatives and Policies

Set up an SME Observatory under SME Mauritius, Research Division. This observatory would be responsible for:

- Conducting and publishing research, statistical and impact analysis on SMEs and support entities;
- Synthesise KPIs from specific support schemes to measure effectiveness and impact; and
- Maintaining a comprehensive database to ensure continuous and effective monitoring of support to SMEs.

Adopt international comprehensive indexes to grasp entrepreneurship ecosystem evolution both in terms of quantity and most relevant quality.

The first set of statistics recommended is the Global Entrepreneurship Monitor (GEM) ([www.genconsortium.org](http://www.genconsortium.org)) which is an existing global index for entrepreneurship that can be used to set up Mauritius National Entrepreneurship Index. The GEM provides harmonised measures on attitudes, activities and characteristics (often motivation) of individuals who participate in the various phases of entrepreneurship.


**Strategic Thrust 3
Reinforcing Human Capital and Skills Development**

The third strategy which aims at reinforcing human capital and skills development has a two-fold objective (i) to identify the skills required by SMEs and build capacity to bridge these gaps through appropriate training needs analysis and capacity building programmes and (ii) ensure that entrepreneurship education is mainstreamed in the national educational curriculum to motivate the concept of making Mauritius a nation of entrepreneurs.

**HII #3  Reduce Skill Mismatch**

- Ascertain and Review SME Skills Requirement and Needs

HRDC in collaboration with SME Mauritius should conduct a yearly Skills Needs Assessment (SNA) survey, specifically designed for the SME sector at national level to identify skill shortages and future skill requirements.

The TVET and YEP to be refocused to ensure that young beneficiaries of these trainings are mainstreamed in the supply side of the skill matching exercise.
Also use the Professional Assistance Voucher Scheme (PAVS) for placement and training in specific areas to develop or match skill requirements.

- **Transform, Rebrand TVET and Apprenticeship among SMEs**

Review apprenticeship and TVET programmes based on Skill Needs Assessment (SNA) for SMEs to ensure they address the identified issues and are aligned with national economic priorities.

Experienced industry personnel, from the Elite Team, should be encouraged to become instructors in TVET institutions.

**HII #4 Mainstream Entrepreneurship into National Education Curriculum**

- **Revise Entrepreneurship Curricula at all levels & Capacity Building of Teachers**

Entrepreneurship should be mainstreamed into the national education curriculum at all levels. This recommendation does not necessarily aim at providing business and or economics education but to encourage the development of entrepreneurial behaviours in schools and universities. This requires incorporation of a strong element of personal development in education, not merely as an add-on, but as an essential element next to knowledge acquisition.

An increased involvement and coordination between the Ministry of Education and MoBEC and other stakeholders that have important roles to play in the process of developing and implementing entrepreneurship education policies is also required.

Teachers must be trained to understand the business environment and effectively implement entrepreneurship curricula so as to enable them to instil basic entrepreneurial skills, passion and understanding among students.

- **Reinforce SME day to day Capacities and Encourage “On The Job” Learning**

The ‘University-SME Internship Program’ must be enhanced to create linkages and cooperation between university and SMEs. First and Second year university students must be encouraged to have internship of three to nine months in various types of SMEs, especially those having high growth potentials. This would enable them to gain practical experience and assist SMEs’ owners and entrepreneurs in basic management, financial management, marketing as well as application of new technology.

**Strategic Thrust 4**

Encouraging Innovation, Technology Transfer and Greening of SMEs

The fourth strategy formulated to encourage innovation, technology transfer and green SMEs, aims at enhancing the island’s creative and innovation capacity so as to develop supporting framework and interdependent networks. To achieve this strategy, two HIIIs are recommended (i) HII 5 and (ii) HII 6.

**HII #5 - Foster emergence of high tech and value addition SMEs**

To encourage R&D and innovation activities, there is a need to:
• **Enable SME to develop new products and take better advantage of IP rights to protect their creations**

In an increasingly knowledge-based economy, Intellectual Property (IP) can improve SME competitiveness and provide additional source of revenue. However, SMEs often lack the time, resources, or knowledge to address IP issues. Hence, the IP framework (IP certification cost, procedures and time) should be enhanced and IP office & Anti-Piracy Unit (APU) capacities should be strengthened to better assist SMEs in registering intellectual property rights. This can also support development of indigenous franchise and facilitate the acquisition of franchise agreements from abroad.

In addition, Mauritius should
- Join the World Intellectual Property Organization and adhere to the Patent Cooperation Treaty;
- Sign and ratify the Madrid convention for protection of marks;
- Adhere to the Hague system for industrial design and technology related sectors; and
- Adhere to the Lisbon system for AOC (Appellation d’origine contrôlée) for agro processed foods.

• **Encourage Public Research to focus on National socio-economic priorities and on area of interest to Industry and SMEs**

Reinforce synergy between the public and private sector in order to stimulate SME involvement in R&D activities and encourage the improvement of their production and operational capacities.

Define priority areas on which all publicly funded projects should focus. The creation of new knowledge must focus on areas where Mauritius has a competitive edge and where there is a potential to create, in the medium term, marketable products.

These areas could be:

- **Nutrition and phyto-pharmaceuticals from land and marine organisms:**
  - The high prevalence of Non Communicable Diseases (NCDs), the enhancement of the regulatory and legal framework for clinical trials in Mauritius and the existing research base on land and marine resources, likely to lead to commercial products, can all favor the development of a local phyto-pharmaceutical sector across the supply chain from primary production to transformation, clinical trials and marketing.

- **Bio-farming and sustainable food production:**
  - Bio-farming has been identified as a priority sector by government and holds the potential of enabling some 15,000 small farmers to compete sustainably in the food supply chains and distribution systems.

- **ICT and IT enabled services:**
  - The ICT industry exists for two decades in Mauritius. The pool of researchers, practitioners and companies can constitute a critical mass to initiate a center of excellence in software applications and development of African markets.
• Sustainable tourism:
  • There is a need for constant innovation to maintain the exclusivity of the Mauritian destination and enable Mauritius to compete with high-end destinations like Seychelles and Maldives, for example.

• Foster SME collaboration: Set up Design and Innovation SME Clusters

Put in place structural enablers (including supporting infrastructure, business services, etc.) to encourage enterprise concentration (clusters and high value networks) around priority sectors (bio agriculture and phyto pharmaceuticals amongst others). Indeed, in the context of a globalisation, it is critical that Mauritian SMEs regroup in order to tap burgeoning export opportunities, notably in neighbouring African countries. In effect, they must actively explore and devise collaborative modes to pool and to leverage on their know-how and competencies in relevant areas with a view to overcoming their respective weaknesses and limitations.

• Encourage Technology Transfer by Large Corporates and MNCs

Encourage knowledge diffusion through well-structured networks with MNCs, large corporations, universities and technology institutes.

Identify and entice foreign multinational companies to establish linkages with relevant Mauritian SMEs. The government should grant fiscal advantages such as a waiver of up to 25% of applicable taxes to MNCs outsourcing at least 20% of their production by value, to local SMEs.

• Leverage Mauritius Economic and MoFARIIT Diplomatic Networks

Sign Government to Government agreement with inter alia la Reunion, to tap appropriate and relevant technologies. Initial fields of interest based on areas of strengths in Reunion are:

• Transformation of agro products to EU standards for SMEs to export;
• Transfer of building standards in terms of cyclonic resistance and thermal efficiency to benefit local SMEs in the construction sector; and
• Develop joint ventures in specialised field such as the IT and renewable energy to tap African markets.

Further develop the Special Economic Zones (SEZ) concept on a demand approach to support clusters of SMEs (in textiles for example) to invest in African Countries.

• Create more Green SMEs

Define a proper framework for eco-labelling and eco-certification and capacitate relevant public authorities to effectively enforce regulations. The tourism sector for example is moving more towards ecotourism, but small hotels have difficulties and would need technical and financial support to comply with MS 165 Eco-tourism label.

Ensure effective implementation of projects identified through the Switch Africa Green (SAG) initiative. This program is being implemented in Mauritius, under the aegis of the Ministry of Environment, Sustainable Development, Disaster and Beach Management. SAG Policy support
component has identified additional country projects to switch Agriculture, Manufacturing and Tourism sectors to green in Mauritius and Rodrigues.

In Rodrigues, some of the recommended country green projects are:

- Centralization of livestock in farms to avoid overgrazing;
- Processing of livestock waste into biogas and electricity and organic manure as a revenue complement;
- Development of a coconut plantation and value added products;
- Development of new fibers to enhance product range and design options in the handicraft sector;
- Development of an integrated wood industry from local timber;
- Develop the solid wood furniture industry as a means to absorb unemployed manual labor; and
- An Energy Efficiency and refurbishment scheme targeting 100 gites to enable them to improve thermal comfort, while reducing energy consumption and produce part of their consumption from Solar PV.

Encourage waste treatment directly at pollution source through an SME-based recyclers’ scheme based on recycling taxes.

- **Improve Quality of Products and Support Technology Transfer**

The survey has clearly demonstrated that SMEs are mostly using out-dated technologies and are unable to adopt new technologies. There are potentially three reasons: (i) the absence of information concerning new technologies, (ii) lack of capacity to use them (e.g. inability to use IT based equipment) and (iii) cost of acquiring these equipment.

- **Encourage Top Foreign Talents to Establish in Mauritius**

The need to enter into new markets and sectors and increase the knowledge content of existing products can also be addressed by attracting overseas top talents ready to establish their businesses in Mauritius. To achieve this, it is recommended to:

- Design specific programme to attract the Mauritian Diaspora;
- Review the immigration and visa policies to allocate 500 start-up visas during the first year and, if scheme is successful, 2,000 more visas can be issued over the following four years; and
- Develop services and amenities that create an international reputation, draw students to Mauritius and encourage top performers to stay.

Launch a global entrepreneurship competition, for early stage start-ups, start-ups and push for growth acceleration, as successfully done in advanced countries, e.g., Spain and Chile.

The Chile model is considered as a benchmark and can be considered, after required adaptations to the Mauritian context.
Table 6.3: Adaptation of Chile Scheme to Attract Foreign Talents to Mauritius

<table>
<thead>
<tr>
<th>S/N</th>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pre-accelerator phase</td>
<td>• Turning innovative ideas into functional prototypes&lt;br&gt;• Technology related projects with high impact potentials&lt;br&gt;  – Opportunities and businesses in general&lt;br&gt;• $10,000 per start-up as grant&lt;br&gt;• 2 year resident visa, if winning concept comes from abroad&lt;br&gt;• Free hosting in incubator for 1 year&lt;br&gt;  – Productive instructions to get ideas off the ground</td>
</tr>
<tr>
<td>2</td>
<td>Early Stage Start-ups</td>
<td>• Co-financing 90% of the venture up to $25,000 with a self-contribution of 10%&lt;br&gt;  – Visas, workspace and networking facilities</td>
</tr>
<tr>
<td>3</td>
<td>Growth acceleration</td>
<td>• Mentoring&lt;br&gt;  – Demonstrations connecting companies to investors (showing off the awesome and the best)</td>
</tr>
</tbody>
</table>

HII #6 - Set up E-Platform for SMEs

- **Develop a Communication Strategy through an integrated IT approach**

SMEs have been slower than larger firms to adopt ICT strategies despite the potential benefits. In this digital era, an integrated communication strategy must be introduced to support SMEs to access information and encourage them to make extensive use of communication tools such as internet, social media, E-Platforms for online marketing and networking.

- **Promote exchanges, consolidate public private dialogue process and enhance online supports**

The communication strategy must cover SMEs and various stakeholders, media communications and the vehicles, including the digital channels as well e-platforms supporting registration of SME suppliers, blogging and posting and match-making for B2B or B2C.
Strategic Thrust 5
Improving Access to Finance and Equity Participation

The fifth strategy is based on improving the access to finance and aims at ensuring availability of financial instruments adapted to the SME needs and characteristics, especially at their start-up and development phase.

HII #7 Broaden SME abilities and options to obtain funding

- Improve SME Financial Literacy

SME owner and managers do not necessarily have a high level of financial literacy. Therefore their ability to understand financial statements, manage cash flow and forecast incomes are not necessarily stout. Contracting best loan options and calculating loan repayments as well as choosing the right financial products may impede on their judgement to manage their business effectively. There is a strong need to enhance SMEs’ financial literacy and awareness of financial resources and support programmes available to them.

- Broaden Funding Sources – Review Regulation to ease Private Investors Participation

Mauritians have a culture of saving and investment. Previously, it used to be through bank savings, but with lower interest rates, there has been a shift towards real estate. However, this segment is now saturated and high income earners now have excess liquidity and are on the lookout of new investment opportunities.

Equity investments in SMEs and start-ups can be a viable option, both for the SMEs as well as the investors.

Angel Investment and Crowdfunding are major financing opportunities for early-stage companies, particularly for projects in the Valley of Death. Angel Investment has the added benefit that investors can also act as mentors.

However, these two options are yet to be fully exploited in Mauritius. Providing tax incentives or partial protection against loss can be viable investment opportunities to fund project start-up and early development.
Quick Wins: Broadening financial sources

In a context of low interest rates and stagnating real estate market, investors as well as project promoters and starters are in an ideal position to leverage the potential of alternative sources of investment for the former and of finance for the latter.

Indeed on the one end investors are increasingly looking for new high return investment opportunities while project promoters and starters have, as shown in the SME survey, difficulties to access adequate funds to finance their project while still in the Valley of Death. Current funding mechanisms are indeed too risk averse to finance a project with negative cash flow and not adapted to accurately assess potential growth of new ventures.

Hence, broadening financial sources and encouraging investors to fund projects start-up and early development would therefore enable them to grow their savings and increase SMEs chance of success. It is therefore highly recommended to facilitate private equity market development through, inter alia Fintech and more particularly, angel investment and Crowdfunding solutions.

In that regard, the general framework should be improved up to international standards and the Banking Act 2004 and the Securities Act 2005 should be amended to allow online platforms for equity Crowdfunding and peer-to-peer lending. In amending these acts, the main issues to be considered include:

- Licensing criteria and procedures for equity crowd funding and peer-to-peer lending platforms;
- Eligibility criteria for companies which can use equity crowd funding and peer-to-peer lending platforms;
- Eligibility criteria for investors and lenders;
- Maximum offering amount per company and duration of the offer;
- Maximum amount per investor/lender per annum;
- Compulsory disclosures and communication by issuers; and
- Restrictions on resale.

In addition, an incentive scheme should be designed to encourage high net worth individuals to become active investors. In this respect, the Measure 66 which proposes to offset 5% of investment in new plants and machinery over three years against tax liability announced in the 2016-17 Budget is a good initiative.

Nonetheless it might be worth analysing another scheme the “Tante Agaath”, currently developed in Belgium and the Netherlands, which is less expensive for state budget in term of tax revenues and provides a dual mechanism of incentives:

1. For the starting entrepreneurs: a tax exemption on interest received as part of a loan, and
2. For the investors: a Tax exemption calculated as a proportion of incurred loss if the starting entrepreneur venture fails to succeed.
Strategic Thrust 6
Improving Marketing and Regional Exports Capacity

The sixth strategy which was formulated to improve marketing and regional exports capacity, aims at improving SME access to foreign markets and in particular to fast-growing economies. It recommends two HIIs; HII 8 and HII 9.

HII #8  Strengthen SME capacities to penetrate domestic and foreign markets

- Ensure Product Quality meets International Standards

To ensure SMEs products quality complies with international standard, it is mostly recommended to
- provide training in technical product specifications, product costing, marketing; and
- support in obtaining globally known certification such as ISO 9000, HACC and Eco-Labelling among others.

- Enhance SME Export Capacities

To increase SMEs’ export capacities, it is recommended to develop a Comprehensive SME Export Development Programme (SEDP). The implementation of this programme should be bestowed upon SME Mauritius, as this organisation will inter alia be in charge of all SME capacity building activities.

The SEDP must be targeted at SMEs producing goods and services which present high export potential. The SEDP should provide customised and comprehensive support and ease access to market intelligence. More particularly, the SEDP should comprise of six components:

1. Export Advisory: Focused consultancy and advisory services must be provided by the Elite Intervention Team to uplift the export-capability of selected SMEs.

2. Export Training: Develop programmes along the line of Go Export Training Programme as proposed by Enterprise Mauritius. To ensure coherence and transparency, this thorough training programme must be led by the Elite Intervention Team and include courses in key export matters: sales negotiations, marketing and branding (incl. digital marketing), pricing strategy, export requirements and procedures, business cooperation, international certifications, trade finance and supply-chain management. Any participant must follow at least 75% of the training programme, to qualify for export support schemes offered under the SEDP. This will not only build their capacity but also identify genuine SMEs willing to tap export opportunities.

3. Export Market Visit and Networking: The Participation in International Fairs Grant Scheme (PIFGS) is currently managed by Enterprise Mauritius for manufacturing SMEs and by the Board of Investment for SMEs engaged in the services sector. It is recommended that the Scheme be brought under the SEDP and the full responsibility of the SME Mauritius. Access to the PIFGS must be limited to SMEs participating in the SEDP. This
component must also include proactive establishment of business linkages between participating SMEs and MNCs/foreign business partners by the SME Mauritius.

4. **Export Market Intelligence**: SME Mauritius must circulate a monthly Export e-Newsletter including relevant market intelligence information to all participants of the Programme.

5. **International e-Commerce Portal**: An international e-commerce portal must be established to enable SMEs participating in the SEDP to showcase their products and services to international clients at a minimum fee. The portal must comprise a cost-competitive and effective e-payment facility. The Mauritius Chamber of Commerce currently hosts an ‘SME Marketplace’ platform, but SMEs must be members of the MCCI to benefit from this service.

6. **Export Financial Support**: There already exist the Freight Rebate Scheme (Africa, Madagascar and Reunion) and the Export Credit Guarantee Scheme. In addition, in the National Budget 2016-17, an Air Freight Scheme was announced for enterprises exporting to Europe. It is recommended that all three schemes be brought under the SEDP and consequently be open only to SMEs registered under the SEDP.
H10 #9  Gateway to African markets

A comprehensive Africa Strategy should be developed to encourage SMEs to venture in Africa and benefit from the growing opportunities offered by this expanding market. This strategy should target specific countries, sector, and put in place resources and supports needed.

- **Support product development, marketing and investments towards Africa**

The African continent counts among the more dynamic economies in the world, and despite, well documented obstacles (such as poor governance, underdeveloped social and physical infrastructures and weak legal system, among others), these countries are considered as the most active reformers of their business environment and are experiencing an entrepreneurial and investment revolution. They are also recording the fastest growing urbanisation rate, and with its fast expanding middle class, are eager to enter the market economy.

This situation, linked to the proximity of the continent as well as the exiguity of the Mauritian domestic market, should encourage local SMEs to market goods and services relocate or establish joint ventures. Unfortunately, due to several reasons, this is not the case.

It is therefore necessary to develop an overall Africa Strategy and specifically adapted to Mauritian SMEs. This strategy will have to target specific countries, sectors, niche markets, provide information and market intelligence as well as networking and marketing opportunities, such as participation in trade fairs. In addition, it should also aim at capacitating the enterprises in understanding technical requirements, correct costing methodologies and local environments.

The strategy to be adopted as well as the target countries or sectors should be demand-driven (bottom up), based on market intelligence and SMEs business opportunities. It should leverage on the 14 DTAs with African countries, signed Government to Government agreements and supported by robust economic diplomatic efforts. Likewise, setting up of Special Economic Zones should be driven by opportunities and proximities for local companies, including SMEs. With the Asia-Africa Air Corridor, countries in the East African regions could be prioritised.

As these ventures will surely be expensive, with returns expected in medium terms, a clustered (product development, capacity building, marketing and investment) approach to mitigate risk and make economies of scale is recommended. These ventures should be supported by the Mauritius Africa Fund, set up precisely to encourage domestic enterprises to invest in Africa and benefit from the intelligence of the Africa Centre for Business Excellence.
Action Plan: Accelerating Innovation & Growth

If you always do what you always did, you will always get what you always got!
Albert Einstein
7.1 Matrix of HII from Constraints to Recommendations

The core of the action plan comprises nine High Impact Initiatives which altogether encapsulate forty six synergistic measures as the recommended Key Actions. By rigorously implementing the key actions, barriers and constraints along the six strategic thrusts will be eased and will impact significantly on the four main targets of the Master Plan.

An illustration on the evolution of each HII from constraints to action plan is given in figure 7.1.

**Figure 7.1: Translating Constraints into Key Actions**

![Diagram showing the translation of constraints to key actions](image)

The matrix of relationships along each strategic thrust is further detailed out in table 7.1.
Table 7.1: Matrix of Constraints, Recommendations & Targets for HIIs

<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Key Challenges</th>
<th>Strategic Thrusts</th>
<th>High Impact Initiatives (HII) &amp; Strategies</th>
<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Regulatory and Institutional Framework | · Business permits and licensing  
· Red tapes  
· Fragmented supports and duplication of services  
· Poor awareness of institutions  
· Low service usage by SMEs  
· Inadequate organisational structure  
· Limited technical capabilities  
· Weak impact assessment mechanism | Improving the Institutional and Regulatory Framework | HII 1# Review and Rationalise the Institutional Support Framework  
· Rationalise & Improve SME Support  
· Strengthen Technical Advisory Services to SMEs  
· Increase SME utilisation of Technical Assistance  
· Develop E-licencing and Business Passport for SME  
· Adapt Dispute Mechanisms  
· Increase SME policies & Initiatives Relevance | KA1: Set up SME Mauritius for greater coherence, more efficiency and effectiveness of SME supports  
KA2: Set up Technical Advisory Services to SMEs (recruit Elite Intervention Team)  
KA3: Launch Professional Assistance Voucher Scheme (PAVS)  
KA4: Ease SME Registration Process - Develop E-licencing and business passport (unique key) for SMEs  
KA5: On-line legal & other supports to SMEs  
KA6: Adapt Dispute Mechanisms to SMEs | ✓ | ✓ |
| National Entrepreneurship Strategy | · Predominance of subsistence entrepreneurship  
· Lack of entrepreneurial mindset  
· Weak entrepreneurial performance  
· No proper classification of entrepreneurs | Instilling an Entrepreneurial Attitude | HII 2# Foster a Culture of Entrepreneurship & High Growth Potential Businesses  
· Showcase Successful Entrepreneurs and Promote National Recognition  
· Upgrade quality of upcoming entrepreneurs  
· Establish Women-Friendly Infrastructures and Business Environment  
· Build and Upgrade Young Professionals and Starters Support Infrastructures  
· Improve Monitoring & Evaluation of Entrepreneurship Initiatives and | KA7: Organise annual National Entrepreneurship Week and Encourage experience sharing  
KA8: Impart Entrepreneurship Training for High Growth Potential SMEs  
KA9: Establish Women-Friendly Infrastructures & Business Environment  
KA10: Encourage Generation of Business Ideas with High Growth Potentials (SEED)  
KA11: Set up Performance Driven Incubators: build and upgrade Young Professionals support infrastructures  
KA12: Nurture Early Stage start-ups  
KA13: Mentor SME Development Phase  
KA14: Upgrade Starters’ Support | ✓ | ✓ |
### Table 7.1: Matrix of Constraints, Recommendations & Targets for HIIs

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<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Human Capital and Skills Development | • Shortage of adequately skilled employees  
   • Lack of investment in training  
   • Lack of HR competencies  
   • Skill mismatch  
   • Low learning achievements  
   • Lack of technical skills  
   • Limited supply of entrepreneurial talents  
   • Weak employability  
   • Limited budget on education & training | Reinforcing Human capital and Skills Development | HII 3# Reduce Skill Mismatch  
   • Ascertain SME Skills Requirements and Needs  
   • Transform, Rebrand TVET and Apprenticeship among SMEs | KA15: Ascertain and Review SME Skills Requirements and Needs  
   KA16: Encourage Technical Training  
   KA17: Set quality standard for technical service providers | • • • • • • • • | |
| Innovation, Technology Transfer & Green SMEs | • Poor innovative capacities  
   • Limited private sector R&D  
   • Weak intellectual property framework  
   • Weak incubation facilities  
   • Low productivity  
   • Irregular quality  
   • Greening SMEs | Encouraging Innovation, Technology Transfer and Greening of SMEs | HII 5# Foster emergence of High Tech and Value Addition SMEs  
   • Enable SME to develop new products and take better advantage of IP rights for their creations  
   • Encourage Public Research to focus on National socio-economic priorities  
   • Foster SMEs collaboration  
   • Encourage Technology Transfer by Large Corporates and Multi-National Corporations (MNCs)  
   • Leverage Mauritius Economic and MoFARIIT Diplomatic Networks | KA21: Implement protection of SMEs’ IP rights (based on new framework being finalised by the Government)  
   KA22: Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities  
   KA23: Foster SME collaboration: Set up Design and Innovation SME Clusters  
   KA24: Encourage Technology Transfer from large corporates  
   KA25: Enhance quality of products and processes (sector / product specific actions)  
   KA26: Leverage Mauritius Economic and MoFARIIT Diplomatic Networks | • • • • • |
### Access to Finance & Equity Participation
- Difficulties in raising finance
- Reliance on traditional financing instruments
- Bridging Valley of death
- Fragmented government financing schemes
- Collateral Lending & Fees imposed by Banks
- Lack of business and financial planning capabilities
- Undercapitalized and cash flow problems

### Improving Access to Finance and Equity Participation

**HII 7# Broaden SME abilities and options to obtain adequate funding**
- Improve SME Financial Literacy
- Broaden Funding Sources – Review Regulation to ease Private Investors Participation

<table>
<thead>
<tr>
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<td></td>
<td>Create more Green SMEs</td>
<td>KA27: Create more green SMEs</td>
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<td></td>
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<td></td>
<td>Improve Quality of Products and Support Technology Transfer</td>
<td>KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa</td>
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<td>Attract Top Foreign Talents</td>
<td>KA29: Establish an integrated communication and visibility strategy for SMEs</td>
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<td>KA30: Set up an online help-desk</td>
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<td>KA31: Set up a Registration &amp; Match Making Platform</td>
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<td>KA32: Improve SME Financial Capabilities</td>
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<td>KA33: Broaden funding sources – Review regulations to ease private investors’ participation</td>
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<td>KA34: Expand SMEs’ funding opportunities - Provide tax incentives for Angel Investors</td>
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<td>KA35: Enhance Banks and Financial Institutions’ capacities to evaluate SME projects</td>
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<td>KA36: Set up SME Technology Transformation Fund</td>
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<td>KA37: Foster SME collaboration: Set up (Technology) Investment Clusters</td>
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<td>KA38: Set up Investment Clusters II (overseas)</td>
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</tbody>
</table>

### Notes
- HII 6# Set up IT Enabler E-Platform for SMEs
- KA27: Create more green SMEs
- KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa
- KA29: Establish an integrated communication and visibility strategy for SMEs
- KA30: Set up an online help-desk
- KA31: Set up a Registration & Match Making Platform
- KA32: Improve SME Financial Capabilities
- KA33: Broaden funding sources – Review regulations to ease private investors’ participation
- KA34: Expand SMEs’ funding opportunities - Provide tax incentives for Angel Investors
- KA35: Enhance Banks and Financial Institutions’ capacities to evaluate SME projects
- KA36: Set up SME Technology Transformation Fund
- KA37: Foster SME collaboration: Set up (Technology) Investment Clusters
- KA38: Set up Investment Clusters II (overseas)

---

**Table 7.1: Matrix of Constraints, Recommendations & Targets for HIIs**
### Table 7.1: Matrix of Constraints, Recommendations & Targets for HIIs

<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Key Challenges</th>
<th>Strategic Thrusts</th>
<th>High Impact Initiatives (HII) &amp; Strategies</th>
<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Marketing & Regional Exports Capacity | · Limited domestic market  
  · Competition from vertically-integrated conglomerates  
  · Poor marketing capabilities  
  · Weak export-oriented manufacturing base  
  · Adverse effects of the duty-free island concept  
  · High export concentration  
  · Untapped trade agreements  
  · Increasing exports of services  
  · Reluctance to cooperation among SMEs | Improving Marketing and Regional Exports Capacity | **HII 8# Strengthen SME capacities to penetrate domestic and foreign markets**  
  · Ensure that Product Quality meets International Standards  
  · Enhance SME Export Capacities | **KA39:** Enhance SME Market intelligence  
  **KA40:** Enhance product quality to meet international standards  
  **KA41:** Enhance SME export capacities  
  **KA42:** Build SME e-commerce ecosystem  
  **KA43:** Foster SME collaboration: Set up Marketing Clusters | **Objective to be Achieved** | **Targets** |
|                         |                                                                             |                                           | **KA44:** Develop Africa SME Strategy through a Clustered approach  
  **KA45:** Set up Thematic Clusters (include SMEs participating in other programmes)  
  **KA46:** Participate in Export and Investment missions & Trade fairs | | |

**Table 7.1:** Matrix of Constraints, Recommendations & Targets for HIIs
### 7.2 Categories of Recommended Actions

The action plan comprises of four categories of recommendations proposed as:

- **Quick Wins**, which are small group of Key actions that can be implemented immediately
- **High Impact Initiatives (HIIs)**, which incorporate the Key Actions (KAs),
- **Sectoral Actions (SAs)**, and the
- **Thematic actions (TAs)**

*Figure 7.2: Categories of Recommended Actions*
7.3 Setting Priorities

The Action Plan seeks to prioritise the various interventions to deliver the reforms against a set of KPIs and over a 10-year-horizon and these interventions have been classified as:

- Quick Win Actions;
- Short Term Actions;
- Medium Term Actions; and
- Long Term Actions.

Quick Wins (< 1 Year)

Quick Wins consist of a small group of highly visible and impactful actions that can be started almost immediately. They are intended to create the buzz and will have great mobilisation effects. They require no regulatory or major structural changes. These actions will also trigger the changes required in mind-set, with results felt in the short term or as well along the ten year timeline.

Six Quick Wins actions have been proposed.
## Quick Win 1

### Start-up Mauritius Campaign

Change the business landscape of Mauritius through an intense campaign to promote high growth potential and disruptive start-ups.

**Objective:**
Identify and support high growth potential SMEs

**Targets:**
Young graduates, established professionals and global entrepreneurs

**Main Activities:**
- Inspire Entrepreneurship and Motivate start-ups (KA 7)
- Identify High Growth Potential Start-ups, nurture innovative SMEs and support their development (KA 10)
- Incubate in performance driven infrastructures and provide business development supports (KA 11)
- Facilitate access to finance (KA 33)
- Promote clustered marketing supports (KA 43)

## Quick Win 2

### National Entrepreneurship Campaign

Inculcate an entrepreneurship culture in the country. An annual **National Entrepreneurship Campaign** shall be launched with year-long series of events, culminating with a **National Entrepreneurship Week** (NEW) in November of each year.

**Objective:**
Inspire entrepreneurial activities, recognise successful entrepreneurs & promote policies to improve economic success.

**Targets:**
Youth, Women, Professionals, Graduates and other potential entrepreneurs

**Main Activities:**
- Reward High performers during a weeklong celebration of the annual National Entrepreneurship Week in November (KA 7)
- Showcase innovative business models and celebrate successful entrepreneurs (KA 8)
- Organise regional and national events such as Business Plan competitions, Top Entrepreneurs awards, Women Entrepreneur Awards, Clean Tech Award (KA 18)
- Organise at least one major entrepreneurship related event every month, in collaboration with the private sector (KA 24)
## Quick Win 3

**Performance Driven Incubators**

<table>
<thead>
<tr>
<th>Incubators are not just buildings but a unique and highly flexible combination of mentorship, BDS and financial supports services.</th>
</tr>
</thead>
</table>

**Objective:**
Empower Start-ups to develop into successful businesses by providing support facilities and tap niche markets

**Targets:**
Start-ups and early stage SMEs run by young graduates, women and professionals

**Main Activities:**
- Define incubator objectives, targets and adapt its structure to accommodate Start-ups (KA 11)
- Set up Business Development Services (BDS), as well as sector specific ones, as part of the incubation process (KA 11)
- Capacitate start-up entrepreneurs and entice successful entrepreneurs to become active mentors/coaches or role models (KA 12)
- Private promoters encouraged to develop twining programmes with internationally recognised incubators (KA 13)
- Facilitate migration of successful Start-ups, after a maximum incubation period of two years to SME Parks (KA 14)

## Quick Win 4

**Greening of SMEs**

<table>
<thead>
<tr>
<th>Make SMEs understand that viable business options exist in the green and eco-business sector.</th>
</tr>
</thead>
</table>

**Objective:**
Encourage SMEs to adopt sustainable production practices and showcase eco-business models as profitable options for SMEs

**Targets:**
Existing and new businesses

**Main Activities:**
- Support start-ups and SMEs promoting innovative clean technology solutions related to energy efficiency, green buildings, renewable energy, waste beneficiation and water efficiency (KA 12)
- Introduce an eco-labelling framework for green value added products (KA 27)
- Support SMEs to enter eco-business sectors (bio-farming), bio-tech and waste management (KA 37)
- Create market development initiatives for green products (KA 45)
**Quick Win 5**

### Promoting Angel Investment

Broaden options for SMEs to tap alternative finances through Angel Investment

**Objective:**
Support SMEs to bridge the valley of death and decrease SME mortality rate

**Targets:**
- SMEs, Start-up and people with innovative and disruptive ideas
- High net worth individuals, to become investors and mentors

**Main Activities:**
- Organise networking events to prompt the emergence of fundable innovative and disruptive Start-ups (KA 8)
- Set up online platforms to link Angels or other investors to SMEs (KA 33)
- Entice investors to join as mentor and Angel Investors (KA 34)
- Develop an incentive scheme for investors (KA 34)

---

**Quick Win 6**

### Africa SME Strategy

Given the market sizes and growth rates, many African countries are offering tremendous opportunities for Mauritian SMEs to offer value added products and services.

**Objective:**
Support clustered market development for increased exports and investments towards Africa

**Targets:**
- Export and domestic oriented SMEs

**Main Activities:**
- Encourage development of clusters (design & product development, marketing capacity building and investment) to mitigate risk & make economies of scale (KA 23)
- Support the ventures through the Mauritius Africa Fund (KA 38)
- Identify specific countries, sectors, niche markets, on a demand driven approach (KA 39)
- Set up marketing clusters (KA 43)
- Develop a specific programme, the SME Africa Gateway and work towards developing markets for Mauritian SMEs (KA 44)
Short Term Actions (0-2 Years)

Rapid fixes to innovation, entrepreneurship and skills up-grading are amongst the priority areas to rehabilitate and rejuvenate the SME sector. There is also an urgency to support SMEs to catch up with lost opportunities by reviewing their business models, embracing research & development, improving productivity and developing new or export markets. For the businesses to start, develop and grow rapidly, it is important that the institutional and regulatory framework is rendered more conducive to all SMEs across all sectors. However, particular attention must be given to high growth potential sectors. Whilst access to finance is vital to all SMEs, there is a priority for reviewing the financing options at early stage of business growth.

Table 7.2: Action Plan- Short Term Priority Areas

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Objectives to be achieved</th>
<th>Targets to be achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation &amp; Entrepreneurship</td>
<td>Foster High Growth SMEs</td>
<td></td>
</tr>
<tr>
<td>Skills and Human Capital</td>
<td>Upgrade Skills &amp; Job Opportunities</td>
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</tr>
<tr>
<td>Networking and Marketing</td>
<td>Increase Market Share</td>
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<tr>
<td>Productivity &amp; Quality</td>
<td>Improve SME Competitiveness</td>
<td></td>
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<tr>
<td>Research &amp; Development</td>
<td>Improve Value Addition</td>
<td></td>
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<tr>
<td>Institutional Framework</td>
<td>Increase Market Share</td>
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<tr>
<td>Performance Driven Incubators</td>
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<tr>
<td>Refocusing SME Support Services</td>
<td>Foster High Growth SMEs</td>
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<tr>
<td></td>
<td>Improve Value Addition</td>
<td></td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
<td></td>
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<tr>
<td>Alternate Sources of Funding</td>
<td>Improve SME Competitiveness</td>
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<tr>
<td></td>
<td>Foster High Growth SMEs</td>
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</tbody>
</table>

Medium Term Actions (2-5 Years)

Structural reforms must be applied to the six strategic drivers of the ecosystem to support SMEs in their transformation process towards innovation and growth. A targeted intervention approach must be adopted by redirecting funds towards a voucher mechanism to finance new SME support schemes, particularly for SMEs having potentials to tap niche markets. The use of industrial parks must be leveraged to increase production. In parallel, there must be increased R&D to enable High Growth SMEs to expand or generate new patents or create higher value added products. University spin-off and market driven R&D activities are to be fully encouraged. Exports to Africa must be a priority and potential markets either in the service or other sectors must be fully exploited.
Table 7.3: Action Plan - Medium Term Priority Areas

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Objectives to be achieved</th>
<th>Targets to be achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds redirected towards new schemes</td>
<td>Foster High Growth SMEs</td>
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<tr>
<td></td>
<td>Improve Value Addition</td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
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<tr>
<td>SME Industrial Parks</td>
<td>Improve Value Addition</td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
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<tr>
<td>Market Expansion &amp; Penetration of Niche Markets</td>
<td>Improve Value Addition</td>
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<td></td>
<td>Increase Market Share</td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
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<tr>
<td>Innovation &amp; Value Addition</td>
<td>Increase Market Share</td>
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<td></td>
<td>Improve SME Competitiveness</td>
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<tr>
<td>Linking with Economic Diplomacy ; Exports to Africa</td>
<td>Increase Market Share</td>
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<td></td>
<td>Improve Value Addition</td>
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<td></td>
<td>Improve SME Competitiveness</td>
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<td></td>
<td>Increase Market Share</td>
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<td></td>
<td>Improve SME Competitiveness</td>
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7.4 High Impact Initiatives & Key Actions

Each of the nine High Impact Initiatives comprises a series of Key Actions.

The recommended main activities for each key action as well as the KPIs to track progress during implementation are described in the following tables:

Long Term Actions (5-10 Years)

Most of the actions initiated in the short or medium term will be sustained over the long term horizon, with more concrete impacts. For instance, it is expected that systemic changes are introduced in the education system will favour improved human capital returns. Reforms to the investment climate will continue to get the attention of the policymakers. Exports strategies to Africa must be implemented thoroughly to help SMEs expand their footprint in the regional markets.

Table 7.4: Action Plan - Long Term Priority Areas

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Objectives to be achieved</th>
<th>Targets to be achieved</th>
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<tbody>
<tr>
<td>Education</td>
<td>Upgrade Skills &amp; Job Opportunities</td>
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<tr>
<td>Government to Government agreements</td>
<td>Improve Value Addition</td>
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<td></td>
<td>Increase Market Share</td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
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<tr>
<td>Special Economic Zones</td>
<td>Increase Market Share</td>
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<tr>
<td></td>
<td>Improve SME Competitiveness</td>
<td></td>
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<tr>
<td>Improving Investment Climate</td>
<td>Increase Market Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve SME Competitiveness</td>
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</tr>
<tr>
<td>Sectoral &amp; Thematic actions</td>
<td>Improve SME Competitiveness</td>
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<tr>
<td></td>
<td>Increase Market Share</td>
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<tr>
<td>High Impact Initiative</td>
<td>Key Actions</td>
<td>Main activities</td>
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<td>------------------------</td>
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</table>
| **HII 1:** Rationalise Institutional Support Framework and Streamline Regulatory Procedures for SMEs | **KA1:** Set up SME Mauritius for greater coherence, more efficiency and effectiveness and rationalise and Improve SME supports | • Conduct SME Needs Analysis: advisory, technical, logistical, marketing, skills and other needs and supports  
• Fine-tune proposed Organisational Structure, Objectives, required tools and KPIs  
• Define staff profiles and KPIs  
• Recruit highly experienced staff with hands-on industry experience on 2 year contractual basis  
• Set up web platform and logistical requirement for effective service to SMEs | SME support is improved – SME Mauritius is established and functional | Short |
|  | **KA2:** Set up technical advisory services to SMEs (recruit Elite Intervention Team) | • Define eligibility criteria for recruitment  
• Entice highly experienced business persons and professionals to join as advisors, trainers and mentors  
• Establish pool of certified third party service providers (Elite Team)  
• Set KPIs for service providers of Elite Team | Accredited service providers | Short |
|  | **KA3:** Launch Professional Assistance Voucher Scheme (PAVS) | • Increase SME utilisation of technical advisory services and ensure their effectiveness  
• Develop a voucher scheme for SMEs to finance services by Elite Intervention Team  
• Voucher amount to be based on HRDC levy contribution by SME, applied to both training and consultancy (Technical Assistance)  
• Establish operational procedures with SME Mauritius and HRDC for the Voucher Scheme | PAVS defined and functional | Short |
|  | **KA4:** Ease SMEs registration process - Develop E-licencing and business passport (unique key) for SMEs | • Review and streamline the current licensing procedures  
• Define, design, test and launch the platform  
• Set up on-line chat to support SME  
• Define features to be included in the SME passport | E-licencing on-line platform & Business passport | Short |
|  | **KA5:** On-line legal & other documentary supports to SMEs | • Put On-line and easily adaptable model contracts for various contracting jobs and services  
• Offer On-line specific information, such as contracting and sub-contracting, Bill of Quantities, etc. | Model contracts available on-line | Short |
|  | **KA6:** Adapt dispute mechanisms to SMEs | • Use Alternate Dispute Resolution Mechanism to accelerate small claims settlement procedures, based on the small claim tribunal principle, but for disputed amounts of up to MUR 250,000/- | Quicker ADR | Short |
### Table 7.6: Key Actions for HII 2 – Foster a Culture of Entrepreneurship & High-Growth Potential SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 2:** Foster a Culture of Entrepreneurship & High-Growth Potential SMEs | **KA7:** Organise annual National Entrepreneurship Campaign to encourage experience sharing | • Organise monthly entrepreneurship promotion events  
• Organise networking events promoting topical policies, issues and matters relating to entrepreneurship promotion and development  
• Showcase successful Entrepreneurs and promote national recognition (awards and competitions)  
• All events culminate with a National Entrepreneurship Week in November  
• Launch TV reality show | No. of events and participants | Short |
| | **KA8:** Impart Entrepreneurship Training for High Growth Potential SMEs | • Enable promising starters to meet and be inspired by successful CEOs through targeted networking events  
• Organise annual National entrepreneurship campaigns targeting: Students, Youth & Women and Own-account workers and large enterprises  
• Conduct Entrepreneurship Training Workshop | No. of high growth potential venture initiated | Short |
| | **KA9:** Establish Women-Friendly infrastructures & Business Environment | • Define specific policies and incentives, specialized training, women-to-women support networks & mentors.  
• Create affordable and organised nurseries near SME parks | No. of high growth potential ventures by women | Short |
| | **KA10:** Encourage generation of business ideas with high growth potentials (SEED Phase) | • Identify high growth potential (especially tech) ideas  
• Assist transforming innovative ideas into functional business or prototype  
• Conduct Entrepreneurship Training Workshop (include YEP registered candidates) | No. of selected high growth potential ventures | Short |
| | **KA11:** Set up performance driven Incubators: build and upgrade Young Professionals support infrastructures | • Define one National coherent framework for incubators  
• Orient the National SME Incubator Scheme announced in the 2016 National Budget to support young entrepreneurs towards private sector led incubation services | Incubators | Short |
| | **KA12:** Nurture Early Stage start-ups | • Provide Entrepreneurship Training for all start-ups  
• Identify early stage start-ups and provide 3 months free facilities in targeted incubators  
• Strengthen the start-ups by providing management, technical and other supports  
• Registration of potential businesses, Patents, etc. | No. of ventures incubated | Short |
### Table 7.6: Key Actions for HII 2 – Foster a Culture of Entrepreneurship & High-Growth Potential SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
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</thead>
</table>
| **KA13:** Mentor SME Development Phase | | • Extend growing SMEs incubation period by another 21 months and provide intensive mentoring supports (through Elite Intervention Team)  
• Support innovation and strengthen enterprise development  
• Reinforce incubatees’ financial & marketing competencies  
• Provide partial growth financial support (HIIs 5 & 6) | No. of ventures graduated from the first phase | Short |
| **KA14:** Upgrade Starters’ support infrastructures – Installation in SME Industrial Parks | | • Move incubator graduates to SME Industrial Parks  
• Further improve business and product quality  
• Stimulate collaboration and innovation  
• Assist starters to identify and obtain adequate funds (HIIs 5 & 6)  
• Create linkages with large domestic and MNCs (HII 4)  
• Create and identify possible business opportunities | Ratio of ventures incorporated as enterprises and accepted in industrial parks | Medium |
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 3:** Reduce Skill mismatch | **KA15:** Ascertain and Review SME skills requirements and needs | • Improve synergies with industry, conduct regular SME and sectorial training needs analysis (see HII 1) to ascertain and review SME and industry skill requirements  
• Liaise with the Ministry of Labour to devise a sectors specific, acceptable ratio for mix of local to foreign workers  
• Improved synergies to build / transfer skills to reduce dependencies on foreign technicians | Skills Need Assessment | Short |
| | **KA16:** Encourage technical training | • Transform TVET to meet sector needs  
• Rebrand TVET, making it more appealing, especially to school leavers  
• Entice successful entrepreneurs to participate in TVET as mentors  
• Amend minimum age for MITD apprenticeship programme to 14 Years to accommodate children out of the 9 Year schooling  
• Train and educate school dropouts and workers for the SME workforce | TVET better adapted to SME needs; No. of people enrolled in TVET | Medium |
| | **KA17:** Set quality standard for technical service providers | • Establish Mandatory certifications for technical service providers (electricians, plumbers, etc.)  
• Provide MITD training and accredit technical service providers | No of Technicians certified | Medium |
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
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</thead>
</table>
| **HII 4:**             | **KA18:** Accentuate entrepreneurship education at secondary & tertiary levels                  | • Review curricula to include entrepreneurship education at all levels  
• Increase teachers’ capacity, with greater awareness about business  
• Organise regional competitions, culminating into national Business Plan Competition at Secondary (SC and HSC) and University levels (see HII 3), with expansive rewards | Entrepreneurship knowledge and capacity                                                                                                                                  | Medium      |
|                        | **KA19:** Reinforce SME day-to-day capacities and Encourage “on the job” learning              | • Introduce a ‘University-SME Internship Program’ with defined internship curricula for various student streams  
• Select final year university students interested in gaining on the job practical experiences  
• Match profile requested by SMEs with qualification and skills offered by students | No. of graduates enrolled in the University-SME Internship Program                                                                 | Medium      |
|                        | **KA20:** Encourage high performing graduates to start their business                           | • Develop University Spinoff Programme in conjunction with Incubators  
• Develop special grant schemes to encourage graduates to explore their business ideas further                                                                                       | No. of start-ups                                                                                                                                  | Medium      |
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
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</thead>
</table>
| **HII 5:** Foster Emergence of High tech and Value addition SMEs | **KA21:** Enable SMEs’ IP rights to be better protected                     | • Enhance the IP framework  
• Reinforce capacity of the IP office & APU  
• Reduced IP certification cost, procedures and time (Copyrights, Trademarks, etc.)  
• Assist SMEs (including funds) to register intellectual property rights and obtain franchise agreements abroad. | IP Framework  
SME registering copyrights, trademarks, etc | Short       |
|                        | **KA22:** Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities | • Build capacity of officials and identify priority areas that could generate marketable products  
• Encourage networks between targeted SMEs, MRC, universities and technology centres.  
• Progressively concentrate all public funds dedicated to R&D on selected priority areas | Public financed R&D better targeted | Short       |
|                        | **KA23:** Foster SME collaboration: Set up Design and Innovation SME Clusters | • Encourage and provide incentives to SMEs to collaborate in areas of common interest  
• Promote networks of supply chains, supporting economies of scale  
• SME Mauritius to set up and promote specific industry clusters | Design / innovation SME clusters initiated | Short       |
|                        | **KA24:** Encourage technology transfer from large corporates               | • Develop an SMEs-Large Enterprises Partnership Programme (SLEPP)  
• Provide fiscal and non-fiscal incentive to MNCs and large enterprises outsourcing to SMEs  
• Promote SLEPP among local/regional businesses  
• Annual National Awards for Best Supporting large enterprises (during National Entrepreneurship Week)  
• Conduct regular impact assessments to capture the feedback of participating SMEs and large enterprises | Linkages between Corporates and SMEs | Medium      |
|                        | **KA25:** Enhance quality of products and processes (Sector/ Product specific actions) | • Training in technical product specifications, product costing and merchandising  
• Provide infrastructure for quality testing, product analysis, enhancement and quality assurance (by MSB)  
• Advisory Services for technical standards and certifications (ISO 9000, ISO 14000, HACCP, etc.) | No. of SMEs | Short       |
<p>|                        | <strong>KA26:</strong> Leverage Mauritius Economic and MoFARIIT Diplomatic               | • Encourage successful Mauritian diaspora to relocate, open branches or establish joint ventures with local SMEs and leverage on available schemes (budget 2015) | No. of joint ventures | Medium      |</p>
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HII 5:</strong> Foster Emergence of High tech and Value addition SMEs</td>
<td>Networks</td>
<td>• Sign Government to Government agreements with target countries (e.g. La Reunion) • Identify foreign partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KA27: Create more green SMEs</td>
<td></td>
<td>• Review regulatory framework (eco-certification and eco-labelling schemes) and enforce same compliance requirements to traders as applied to local manufacturers • Linked to Switch Africa Green Initiative</td>
<td>No. of green ventures launched</td>
<td>Medium</td>
</tr>
<tr>
<td>KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – <strong>Start-Up Visa</strong></td>
<td></td>
<td>• Immigration policy to cater for issuance of Occupational Permits to high potential entrepreneurs • Launch extensive global communication campaign • Develop the infrastructures to host the foreign talents • Offer 500 visas during first year, to well-targeted foreign professionals. Visa validity should initially be for three years and renewable. • If successful, increase the number of Start-Up Visa to 2,000 over following four years</td>
<td>No. of selected foreign entrepreneurs establishing their business in Mauritius</td>
<td>Medium</td>
</tr>
<tr>
<td>High Impact Initiative</td>
<td>Key Actions</td>
<td>Main activities</td>
<td>KPIs</td>
<td>Time Frame</td>
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</table>
| **HII6:** Set up E-Platform for SMEs | **KA29:** Establish an integrated communication and visibility strategy for SMEs | • Identify appropriate communication tools, visibility elements and formulate Strategic Communication Plan  
• Develop newsletters and e-news letters | Develop tools to reach targeted audience | Short |
<p>| | <strong>KA30:</strong> Set up an online help-desk | • Develop service desk for free access to information, including 'live chat feature' to help SMEs run their businesses better | No. of SMEs supported | Short |
| | <strong>KA31:</strong> Set up a Registration &amp; Match Making Platform | • Develop an interactive and user friendly E-Platform to encourage networking, marketing and exchanges amongst the SME community | No. of SMEs registered | Short |</p>
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HII 7:</strong> Broaden SMEs abilities and Options to obtain Funding</td>
<td><strong>KA32:</strong> Improve SME Financial Capabilities</td>
<td>• Capacity building / SME Mauritius (see HII 1)</td>
<td>SME capacities</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td><strong>KA33:</strong> Broaden funding sources – Review regulations to ease private investors’ participation</td>
<td>• Amend the Banking Act 2004 and the Securities Act 2005 to regularise Crowdfunding and Angel investors • Ease private sector led Crowd-funding &amp; Angel Investors platforms • Provide incentives (tax rebates or loss pledges) to private investors to participate in equity financing</td>
<td>Crowdfunding and Business Angel platforms</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td><strong>KA34:</strong> Expand SMEs’ funding opportunities - Provide tax incentives for Angel Investors</td>
<td>• Design optimal fiscal incentive package in line with Tante Agaath Scheme (Netherlands) for Angel Investors investing in start-ups and early stage SMEs</td>
<td>No. of SMEs being supported</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td><strong>KA35:</strong> Enhance Banks and Financial Institutions’ capacities to evaluate SME projects</td>
<td>• Set up an advisory team / Investment committee comprising seasoned experts (preferably through SME Mauritius and Elite Team) in key target sectors</td>
<td>Banks and Financial Institutions capacities</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td><strong>KA36:</strong> Set up SME Technology Transformation Fund</td>
<td>• Set up a matching grant/loan scheme for SMEs to provide funding to: i. Conduct SME flash diagnosis (up to MUR 50,000) ii. Provide 50/50 matching grant for early stage innovative start-ups (up to MUR 150,000) iii. Provide 60/40 matching grant for 1 to 3 years high growth potential SMEs (up to MUR 500,000) iv. Provide bridging loans (up to MUR 2.5 million) to enable mature SMEs to upgrade their technologies with added process efficiency while penetrating export market.</td>
<td>SME Technology Transformation Fund set up</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td><strong>KA37:</strong> Foster SME collaboration: Set up Investment Clusters</td>
<td>• Pooling together the SMEs for them to collectively purchase and make use of expensive technology / equipment (e.g. CAD system), through LEMS III • Clustered participations to develop and produce innovative products using 3D printers in Rose Belle Park</td>
<td>No of Hi-tech Acquisitions; Innovative products made</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td><strong>KA38:</strong> Set up Investment Clusters II (overseas)</td>
<td>• Leverage on Africa Fund to finance clustered group of similar enterprises (e.g. garment) to set up in African countries</td>
<td>No. of investments clusters</td>
<td>Medium</td>
</tr>
<tr>
<td>High Impact Initiative</td>
<td>Key Actions</td>
<td>Main activities</td>
<td>KPIs</td>
<td>Time Frame</td>
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</tbody>
</table>
| **HII 8:** Strengthen SME capacities to penetrate domestic and foreign markets | **KA39:** Enhance SME market intelligence | • Carry out country and sector studies for products and services  
• Create and identify possible business opportunities  
• Organise monthly clinic across the country on a rotating basis and present key findings and opportunities  
• Set up a communication campaign based on a free monthly magazine, road shows etc.  
• Proactively contact interested entrepreneurs and organise follow-up session | SME awareness of national and international business opportunities | Short |
| | **KA40:** Build product quality to meet international standards | • Provide training in technical product specifications, product costing and marketing  
• Support SMEs in complying with national and international standards (by MSB)  
• Assist SMEs to improve products quality  
• Support ISO 9000, HACCP, Eco-Labelling and other certification | SMEs’ quality of products | Short |
| | **KA41:** Enhance SME export capacities | • Design and implement a comprehensive SME Export Development Programme (SEDP)  
• Bring all existing export supports & export financial assistance schemes under the SME Mauritius / SEDP  
• Strengthen the current Go Export Programme with training courses in all key areas to boost the export capability of registered SMEs, including merchandising, displays, etc.  
• Bring the Freight Rebate Scheme (Africa, Madagascar and Reunion), the Export Credit Guarantee Scheme and the Air Freight Scheme (the National Budget 2016/17) under the SEDP  
• Enable SMEs to leverage Mauritius Economic and Diplomatic Networks through SME Mauritius | The SEDP | Medium |
| | **KA42:** Build SME e-commerce ecosystem | • Encourage SMEs to be part of the e-commerce eco-system with the aim to increase the domestic spending and revenue  
• Provide appropriate advisory & technical assistance to build e-commerce website | No. of SME e-Commerce websites | Medium |

Table 7.12: Key Actions for HII 8 – Strengthen SME Capacities to Penetrate Domestic and Foreign Markets
Table 7.12: Key Actions for HII 8 – Strengthen SME Capacities to Penetrate Domestic and Foreign Markets

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **KA43:** Foster SME collaboration: **Set up Marketing Clusters** | • Enhance SME export capacities (KA41)  
• Group SMEs with similar product or services  
• Enhance SME market intelligence (KA39)  
• Identify specific African fairs and exhibitions  
• Support through appropriate export schemes | No. of Clusters; No. of SMEs mobilised | Short |
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HII 9:</strong> Gateway to African markets</td>
<td><strong>KA44:</strong> Develop <strong>Africa SME Strategy</strong> through a Clustered approach</td>
<td>• Develop a comprehensive Africa strategy, targeting specific countries, sectors and niche markets &lt;br&gt;• Carry out country and sector studies for products and services required in selected African countries &lt;br&gt;• Conduct demand-supply (sectoral or niche markets) match making exercise with local SMEs &lt;br&gt;• Showcase new market opportunities to local SMEs with high demand potentials &lt;br&gt;• Proactively mobilise and capacitate SMEs (KA41) to participate in this Africa SME Strategy through clustered handholding and support services for value development and supply chain enhancement &lt;br&gt;• Provide the required assistance and incentives (KA41)</td>
<td>No. of target countries; No. of target sectors / niche markets</td>
<td>Short</td>
</tr>
<tr>
<td><strong>KA45:</strong> Set up <strong>Thematic Clusters</strong> (include SMEs participating in other programmes as mentioned)</td>
<td>• Improve product competitiveness through productivity improvement, quality enhancement and appropriate product costing (Thematic actions – SA41) &lt;br&gt;• Foster SMEs collaboration: Design and Innovation SME Clusters (KA23) &lt;br&gt;• Foster SMEs collaboration: Marketing Clusters (KA43) &lt;br&gt;• Foster SME collaboration: Investment Clusters (KA37) &lt;br&gt;• Organise networking events locally</td>
<td>No. of target countries; No. of target sectors / niche markets; No. of Clusters; No. of SMEs mobilised</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td><strong>KA46:</strong> Participate in export and Investment Missions</td>
<td>• Empower SMEs to carry out appropriate product costing procedures &lt;br&gt;• Post information on relevant marketing platforms (e.g. MCCI SME Marketplace) &lt;br&gt;• Organise/participate in international fairs appropriate to the cluster &lt;br&gt;• Leverage on DTAAs, Government to Government agreements and Special Economic Zones (SEZ) for clustered investments &lt;br&gt;• Leverage on Africa Fund to finance clustered group of similar enterprises (e.g. garment) to set up in African countries &lt;br&gt;• Conduct a review of outcomes, adjust marketing gaps and provide bridging supports</td>
<td>No. of clusters Participation of trade fairs; Outcome of trade fairs</td>
<td>Medium</td>
<td></td>
</tr>
</tbody>
</table>
7.5 Sectoral Growth Drivers

The industrial strategy of Mauritius over the past four decades, which was incentives centric and targeted towards specific sectors, has served the country very well. However, there is now, a need to reengineer this process to ensure effectiveness at three levels: (1) the export oriented sector, (2) the domestic oriented sector for consumer goods and services and (3) the creation of SMEs in emerging sectors as high growth potential sectors, predominantly targeting export markets.

The transformation process of the SME landscape as foreseen by the Master Plan is expected to bring in its wake, a change in the economic outlook driven by sectors with higher value-added activities, innovation and productivity. In the process, other industry drivers will also emerge in the supply chain of these sectors.

Sectoral Opportunities

As put forward in chapter 3, specifically section 3.6, of significance, the following sectors, predominantly service led are showing real growth rate and are expected to emerge:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information &amp; Communication</td>
<td>7.0%</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>6.9%</td>
</tr>
<tr>
<td>Administration &amp; Supports</td>
<td>6.4%</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Technical</td>
<td>6.0%</td>
</tr>
<tr>
<td>Financial &amp; Insurance</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Some of indicated sectors are also in line with the vision of the government to position Mauritius as a service economy. However, to achieve this, existing skills gaps in these sectors must be filled so that the export of services become the priority sector.

Moreover, Mauritius will be able to leverage its know-how which it has built over decades in the various tertiary activities to take on opportunities in emerging economies in Africa where there is a high demand for skills and services.

Further, there are still many unexplored gaps in the traditional sectors, despite an impression of over-capacity. For instance, the manufacturing sector (Growth Rate 1.3%) which has lost its vigour should be revitalised, through the design and development of value added products.

In addition to the above sectors, there are some new sectors that Government has set priority areas to nurture SME start-ups:  
- Bio-farming and value added agribusiness
- Aquaculture
- Renewable and Green Energy

Table 7.14 shows the distribution of activities across the value chain of the targeted growth sectors. Currently majority of the Mauritian SMEs are predominantly concentrated at the lower end in the supply chain of the targeted growth sectors. It is expected that macroeconomic reforms and High Impact Initiatives under the Master Plan will bring a transformational shift of SMEs towards the higher-end of the value chain.
Table 7.14: Distribution of Activities across the Value Chain of High Growth Potential Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Low-value added</th>
<th>Medium-value added</th>
<th>High-value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT and other Export Services</td>
<td>• BPO / Call Centres</td>
<td>• Software development</td>
<td>• Financial Technology (FinTech)</td>
</tr>
<tr>
<td></td>
<td>• BPO / Back Office, Payroll</td>
<td>• Mobile apps development</td>
<td>• Internet of Things (IoT)</td>
</tr>
<tr>
<td></td>
<td>• Web design and development</td>
<td>• E-commerce, E-Payment, E-learning platforms</td>
<td>• Cloud Services</td>
</tr>
<tr>
<td></td>
<td>• Publications editing &amp; design</td>
<td>• Digital content production</td>
<td>• Blockchain Technology Services</td>
</tr>
<tr>
<td></td>
<td>• Document and Report design</td>
<td>• Animated Motion Picture editing &amp; special effects</td>
<td>• IMAX Effects &amp; 3D Animations</td>
</tr>
<tr>
<td>Financial &amp; Professional Services</td>
<td>• Financial Intermediaries</td>
<td>• Finance &amp; Accounting Outsourcing</td>
<td>Legal, Financial and fiduciary services</td>
</tr>
<tr>
<td></td>
<td>• Commission agents</td>
<td>• Legal Process Outsourcing</td>
<td>• Fund Houses, Regional headquarters</td>
</tr>
<tr>
<td></td>
<td>• Insurance brokers</td>
<td>• Online counselling &amp; assistance</td>
<td>• Trust management &amp; Fund management</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>• Quality food outlets</td>
<td>• Professionalise sea leisure services</td>
<td>Eco-tourism</td>
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<tr>
<td></td>
<td></td>
<td>• Rental platform for bungalows and other services</td>
<td>• Cultural tourism</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Technical</td>
<td>• Distance assistance and counselling</td>
<td>• Market research</td>
<td>Accounting and auditing services</td>
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<tr>
<td></td>
<td></td>
<td>• Management consultancy and professional services</td>
<td>• Architectural, Quantity Surveying</td>
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<tr>
<td></td>
<td></td>
<td>• Market research</td>
<td>• Advertising</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advertising and Branding</td>
<td>• Energy Auditing and Modelling</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>• Export of fruits and vegetables</td>
<td>• Processed food</td>
<td>High-end jewellery &amp; Diamond Processing</td>
</tr>
<tr>
<td></td>
<td>• Small or repetitive orders (shoe, garment)</td>
<td>• Disposable medical accessories &amp; consumables</td>
<td>• Handmade apparel and leather accessories</td>
</tr>
<tr>
<td></td>
<td>• Authentic handicraft reflecting confluence of cultures in Mauritius</td>
<td>• Pharmaceuticals cosmetic products</td>
<td>• High-end handmade furniture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fibre glass boat manufacturing, incl. sail</td>
<td>• Technical textiles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Branded garments and fashion items</td>
<td>• High precision non-electrical products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Eco-leather products</td>
<td>• Natural cosmetics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bio-degradable packaging</td>
<td></td>
</tr>
</tbody>
</table>
## Table 7.14: Distribution of Activities across the Value Chain of High Growth Potential Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Key Activities</th>
</tr>
</thead>
</table>
| **Bio-farming and other value added Agri-Business** | • Agro-Processing activities  
• Dairy farming  
• Agricultural Biotechnology  
• Secondary agro-processing and food packaging  
• Extractions and value processing (rum, perfumes)  
• Bio-farming; MauriGAP Standard  
• Technology-based farming such as hydroponics, aquaponics and vertical farming.  
• Mixed farming techniques & permaculture |
| **Aquaculture/Ocean Economy** | • Fishing, Seafood processing  
• Farming of high-value and niche products such as seaweed, oyster and oyster pearl, crabs, sea-urchins and other shellfish  
• Tuna ranching & fattening in cages  
• Hi-tech production techniques such as aqua pods.  
• Seabed exploration for hydrocarbons and minerals; Deep Ocean Water Applications |
| **Renewable and Green Energy** | • Small-scale and household solar & wind (e.g. bladeless) energy  
• Waste Management  
• Energy Efficiency & Management |
| **Handicraft**                | • Souvenirs and Low value gift items  
• Fashion accessories and ornamental jewellery  
• Stone and other semi-precious stones carvings |
ICT
SMEs in the ICT space are involved in providing generic IT solutions such as financial, accounting, human resource (HR), and customer relationship management (CRM) for BPO companies and call centers. Opportunities exist in higher value-added and more sophisticated market segment such as mobile apps development and e-Services i.e. e-Healthcare, e-Learning, e-Government, FinTech. The creative industry, particularly 3D animation, IMAX provides a market access channel for SMEs to enter the international market. Partnerships with foreign companies offer opportunities for SMEs, primarily in those markets where the large players can no longer build satisfactory economies of scale, e.g. Blockchain technology for SMEs.

Financial
While bulk of the value-added of the financial services sector is contributed by large entities in the banking and insurance segments, in terms of numbers, SMEs represent few of the total establishments. SMEs are involved in activities such as money lending, broking, money changing, intermediaries in the insurance segment, tax and financial consultants. They are mainly in the lower-end of the value chain, comprising non-core financial services to complement their larger counterparts in delivering financial services to the end consumers. Opportunities exist in more specialised areas such as legal, financial and fiduciary services, research firms, fund houses and wealth management that are of high value-added services.

Accommodation & Food Services
At present, most of the SMEs are involved in various segments of the value chain such as accommodation, tour operation, entertainment, ground transport, restaurants, etc. However, SMEs should also leverage on the wide selection of tourism products such as eco-tourism, cultural-tourism, business tourism, event tourism and sports tourism.

Professional Services
A majority of SMEs in the business services segment (including professional services), are operating in the midstream and downstream segments of the value chain. Hence, these firms are featured by low value-added potential, intense competition and high commoditisation of services. Amidst the growing concerns on climate changes and quest for environment friendly and sustainable development, the new growth drivers are in niche design and consulting such as green building, integrated sustainability solutions, and renewable energy projects. These areas provide high value-add potential and have evolved to become the new commanding height in the value chain. However, these activities are currently dominated by large firms due mainly to lack of support and talent for SMEs to engage in such activities.

Manufacturing
At sub-sectoral level the manufacturing sector is highly skewed towards textile & apparel, Food & beverages and the Furniture sectors. These subsectors are already very saturated and in competition with the wholesale and retail sector imports. The SME Sector has the potential to shift towards more value added activities within their current sector of activities and propose new products and services to give some fresh air to their business model which however will not be sustainable for startups. New entrants will need to be directed towards more innovative, untapped and export oriented SMEs or within the Manufacturing and services sector. The wearing apparel sub-sector, for example, still offers plenty of opportunities for niche markets, especially
when allied with value added services such as embroideries, cultural and heritage screen printing or specialised tie and dye products.

SMEs have the potential to tap from lesser demanding markets in terms of quantity and lead-time both in traditional nascent sectors of the economy. The SMEs in Textile and Apparel for example have the possibility to supply medium sized stores in Major African cities but require the correct linkages and supports as a barrier to their vulnerability.

**Bio- Farming and Agribusiness**

Most of the high value-added activities are dominated by large firms. SMEs are concentrated in farming activities such as cash and industrial crop plantations, and husbandry, horticulture, aquaculture, fisheries and livestock, as well as low value-added processing activities. SMEs are involved in undertaking small-scale activities with very low level of mechanisation and technology deployment, although in recent years efforts have been taken to improve productivity.

Emphasis will be on greater deployment of technology and machinery as well as investment in R&D to improve efficiency, processes and methods. Opportunities exist for agricultural products such as fruits, vegetables, fish, meat, dairy, eggs, herbal products and seeds as well as in bio-farming. In addition, SMEs should take advantage of Mauritius as a strategic location for high value-added aquaculture farming and processing.

**Aquaculture/Ocean Economy**

In the Ocean Economy sector, very few SMEs are involved in medium- to high-value added activities since extensive funding and logistics as well as partnership with foreign companies is often required. Low-value added activities consist mostly of fishing and seafood processing for the local market or for export. With support from the government and local/foreign MNCs, SMEs can easily move towards medium- to higher-value activities. Some possibilities in the green sector include coastal aquaculture (mariculture), offshore (open sea) aquaculture, large scale seaweed cultivation to produce energy from biomass, organic cultivation of edible seaweed for export to Asian markets, etc.

**Green Energy**

In the Green sector, Mauritian SMEs are mostly involved in low-value added activities such as recycling of waste (e.g. paper, tyres, used ink cartridges, glass bottles, used oil, aluminium cans, plastic, electronic waste, household appliances and batteries) and medium-value added activities such as installation of solar water heaters and photovoltaic panels. SMEs need to move to higher-value added activities. Such services could include green retrofitting (remedial measures and adjustments to reduce the ecological footprint of existing buildings), pollution control (e.g. industrial and household noise abatement services), manufacture of electric bikes, design/construction/operation of micro wind (bladeless) plants for households, water leak detection services for municipal, commercial and residential clients, etc.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
</table>
| Agri-business | SA1: Capacity Building for Agri-Businesses                                      | • Identify products (foodstuff, fruits and vegetables) that can be integrated in the food value chain of the agribusiness sector and identify SMEs interested in secondary processing items  
• Support quality upgrade for existing SMEs and support new entrants in the food processing sector  
• Support the identification, capacity building and technology transfer for required equipment for processing, packaging, conservation and storage  
• Capacitate SMEs to meet international quality standards  
• Identify export markets and ascertain requirements and procedures for export to these countries | • No. of SMEs identified  
• No. of SMEs export ready  
• Percentage increase in sales / exports | High      |
|               | SA2: Secondary and advanced Agro-processing                                      | • Support new and existing SMEs to move their production towards higher value-added, secondary agro-processing (e.g. grinding groundnuts to peanut butter, pressing oil out of vegetable seeds, pressing juice out of fruits, cheese out of milk, production of high-quality chips, etc.) and advanced agro-processing (e.g. canning & bottling, extraction for perfumes and flavouring agents, etc.) | • No. of SMEs engaged in agro-processing | High      |
|               | SA3: Pack houses as logistics and value adding partners for small engaged farmers | • Carry out detailed survey of small farmers in target agro ecological zones and register interest from logistics entrepreneurs to set up pack-houses, ideally through Cooperatives  
• Develop linkages with hotels and supermarket chains to secure long term supply contracts  
• Develop bulk supplies whilst, at the same time, ensuring that quality, hygienic and environmental norms are met | • No. of small holder farmers mobilized within target zones  
• Value addition achieved  
• No. of hotels, restaurants and super market chains | Medium    |
|               | SA4: Encourage innovative agricultural practices                                 | • Expand to larger scale or introduce more sustainable ways of practicing growing fruits and vegetables (Organic farming, EverGreen Agriculture, Climate-Smart Agriculture, use of bio-fertilizers and bio-pesticides, fertiliser micro-dosing, aquaponics, etc.)  
• Recruit experts to train and monitor agri-entrepreneurs to increase yield  
• Provide appropriate funding and investments incentive, especially for bio-farming (LEMS III) | • Hectares of land under innovative agricultural practices  
• No. of farm-houses | Medium    |
|               | SA5: Move towards ethical and sustainable Dairy                                   | • Provide funding to dairy farmers to upgrade facilities to adopt more ethical and sustainable cattle management such as hygienic animal breeding and lodging, proper milking conditions and milk storage, production of milk-derivatives | • No. of dairy farmers having upgraded their facilities | Medium    |
### Table 7.15: Sectoral Interventions

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
</table>
| Manufacturing – Textiles and Apparel | SA6: Set up Textile Fashion Incubator (TFI) under Fashion and Design institute (FDI) | * Build capacity of Designers-in-Residence (DIRs) on how to build a brand, sustain a business and break into the fashion marketplace  
  * Organise workshops for DIRs in trend forecasting, retail pricing and cost/value analysis, distribution channels, finance management, product merchandising and specifications, profit margins, sourcing and production | * No. of outgoing DIRs annually  
  * No. of brands developed and collections launched  
  * No. of SMEs using the services of DIRs. | High |
|                            | SA7: Fashion Linkage between SMEs and Young European designers                  | * Evaluate in detail existing garment manufacturers’ designs, design capabilities and production quality  
  * Establish contact with European fashion design schools and enrol graduates under a temporary work permit or start-up visa scheme for young graduated designers  
  * Team up graduates from the local FDI / TFI with EU graduates for exchange and transfer of skills  
  * Local and foreign designers to work under the auspices of the SME. | * No. of European fashion designers involved with Mauritian SMEs  
  * No. of new designs or collections created and tested on the market | Medium |
|                            | SA8: Develop customised sail and special textiles for export market              | * Identify local entrepreneurs / SMEs interested to invest in this sector  
  * Establish contact with global firms and SMEs in the targeted niches such as technical textile and engage young graduates with specialisations in industrial engineering, textile technology and design at an early stage to ensure learning and transfer of knowhow.  
  * Build both production and design capabilities  
  * Follow up marketing in target countries or niches through attendance in specialized shows, linkages with boat manufacturers, etc. | * No. of collaborations established between foreign firms and local SMEs  
  * No. of units created, tested, sold and export revenues generated | Low |
| Manufacturing – Eco-products | SA9: Develop a niche footwear sector using products made from eco certified materials | * Identify potential European manufacturers interested in partnering with local footwear entrepreneurs and carry out match making  
  * Ensure existing manufactures’ technical capabilities are upgraded  
  * Support participations in exhibitions and marketing fairs | * No. of partnerships developed  
  * Successful partnerships established | High |
|                            | SA10: Develop sustainable processing of hides into high quality eco              | * Identify potential foreign manufacturers interested in partnering with local manufacturers in the leather tannery sector.  
  * Identify and support the introduction of appropriate technologies, product standards and manufacturing techniques | * No. of potential foreign partners and local entrepreneurs identified | High |
<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>leather</td>
<td>* Support partnership with international design teams and marketing ventures.</td>
<td>* Successful partnerships established</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Manufacturing - Others</td>
<td>SA11: Strengthen the packaging and conservation industry</td>
<td>* Support packaging SMEs to become compliant with environmental standards</td>
<td>No. of plastic packaging SMEs supported</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>SA12: Develop a disposable medical accessories and consumables sector</td>
<td>* Support packaging industries to identify and use biodegradable raw materials and additives in order to maximise waste reduction and waste recycling</td>
<td>No. of partnership established</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Develop appropriate laminated and flexo-printed products suitable for the food industry</td>
<td>No. of units setup</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Organise marketing campaigns in targeted countries in Sub-Saharan Africa</td>
<td>Export revenues generated</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>SA13: Develop a fibre glass boat building sector for the export market</td>
<td>* Establish contacts with foreign naval architects and allocate production sites within launching distance to the sea in rural areas with high unemployment rates. Rodrigues to be considered for developing this sector.</td>
<td>No. of partnership: naval architects, foreign firms and local SMEs</td>
<td>Medium</td>
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<tr>
<td></td>
<td></td>
<td>* Organise marketing campaigns in target countries, through boat shows, such as the Dubai Boat show for the Middle East market or in Eden Island in Seychelles, which has the largest marina in the Indian Ocean to target the expat population.</td>
<td>Export revenues generated</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>SA14: Develop the fashion accessories and ornamental jewellery sector using materials from the region</td>
<td>* Evaluate in detail existing operators’ capabilities and practices</td>
<td>No. of new products / designs</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Organise training and capacity building in design and manufacture</td>
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<td></td>
<td></td>
<td>* Source locally and from Rodrigues and Madagascar required raw materials such as semiprecious stones, indigenous products (plants and other raw materials)</td>
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<tr>
<td></td>
<td></td>
<td>* Link up with tourist shops, handicraft fairs and specialised agencies</td>
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<td></td>
<td>SA15: Create a vibrant and authentic Handicraft sector reflecting the confluence of cultures in Mauritius</td>
<td>* Launch a sub brand of ‘Made in Moris’ for handicraft</td>
<td>No. of new handicraft products with the Made in Moris label</td>
<td>High</td>
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<tr>
<td></td>
<td></td>
<td>* Set up four emporia / craft markets (Grand Bay, Belle Mare, Tamarin and Port Louis) to sell certified authentic, local, fine art and handicraft items on behalf of creators and entrepreneurs. Outlet to be a cooperative of handicraft manufacturers</td>
<td>The volume of sales to tourists</td>
<td>High</td>
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<tr>
<td></td>
<td></td>
<td>* Launch marketing campaign to promote “Made in Moris” handicraft label.</td>
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<tr>
<td>Sector</td>
<td>Sector Actions</td>
<td>Main activities</td>
<td>KPI</td>
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| **SA16:** Reinstate the small furniture sector for the refurbishment of antique furniture and creation of creole and vintage style furniture | • Establish a database of experienced cabinet makers and assess their interest to participate in the project  
• Reinstate an apprenticeship scheme to be operated by association of furniture manufacturers and MITD  
• Recruit an expert in furniture design to revive antique designs and create new designs inspired by antique style furniture. | • No. of TVET style entrepreneurs enrolled in the apprenticeship scheme.  
• No. of designs and styles created. | High |
| **Information and Communication** | **SA17:** Build SME eCommerce capacity | • Encourage SMEs to be part of the eCommerce eco-system with the aim to increase the domestic spending and revenue  
• Provide appropriate advisory and technical assistance to SMEs to build their own eCommerce website | • No. of new or existing SMEs having developed their eCommerce website | Medium |
| **SA18:** Bring innovative ICT solutions for Health, Well-Being and Ageing to Mauritius | • Support ICT SMEs in bringing innovative and disruptive ICT solutions for Health, well-being and ageing to deliver new and more efficient care to Mauritian citizens (e.g. medical alert smart watches) and respond to new market opportunities for SMEs  
• Develop mobile apps for healthcare, malls (shops and restaurants) marketing services and other innovative services  
• Provide funding for marketing campaigns. | • No. of innovative solutions brought to Mauritius  
• No. of ICT SMEs involved and annual turnover | Medium |
| **SA19:** Blockchain technology for SMEs | • In partnership with foreign tech companies, identify business opportunities in and provide software development supports for Government procurement and services (e.g. proposed e-licensing by BOI), health services, etc. | • No. of SMEs engaging in blockchain technology | High |
| **Professional & Technical Support Services** | **SA20:** Export of Professional Services | • Create a directory of established professional service providers (Technical and management consultants, accountancy firms, Professional service providers such as Architects, Civil Engineers, Quantity Surveyors, CAD Designers) and export their services to Africa  
• Build capacity of consultants to operate on the African markets and disseminate market intelligence  
• Provide support services and develop the sector on its own right | • No. of firms on database of service providers  
• No. of projects handled | Medium |
<p>| <strong>Transportation, Storage &amp;</strong> | <strong>SA21:</strong> Bring innovative | • Evaluate Mauritius transport and industry specific competencies; identify local entrepreneurs and innovative ideas in promoting smarter mobility of people and | • No. of innovative transport solutions | Medium |</p>
<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication</strong></td>
<td>transport solutions for Urban areas and Smart Cities</td>
<td>freight, reducing accident rates and fatalities, better accessibility and logistics, etc. • Liaise with regional SMEs and companies for investment and transfer of technology • Provide support for training, funding, marketing campaigns, etc</td>
<td>• Reduction in traffic congestion • Annual accident rate and No. of fatalities</td>
<td></td>
</tr>
<tr>
<td><strong>Accommodation and Food Service</strong></td>
<td>SA22: Set up a Food Innovation Centre (FIC)</td>
<td>• Set up a Food Innovation Centre to provide services to existing and new Food SMEs in product development, packaging, labelling and marketing • Organize discussions with farmers, industry consultants, suppliers and other partners and provide advisory services • Provide well-equipped, modern laboratories and kitchens for microbiological, chemical, physical and sensory testing of food and drink products.</td>
<td>• No. of SMEs using the service of the Food Innovation Centre to develop new products</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>SA23: Organise annual Street Food Festival</td>
<td>• Organise annual street food festival to give prominence to existing and prospective food and drinks vendors to showcase their products • Encourage participation by food service SMEs from Rodrigues • Repeat annually, ensuring that food quality, hygienic conditions and nutritional values keeps improving</td>
<td>• No. of participating food vendors</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Human Health and Social Work</strong></td>
<td>SA24: Develop the biomaterial and biomedical sectors</td>
<td>• Establish contact with regional and international health biotechnology companies and ascertain their interest in developing partnership with potential high tech SMEs • Prospect possible avenues of cooperation in cell technologies, diagnostics, disease modelling, therapeutic molecules, tissue engineering, vaccine and antibody production, etc. • Facilitate partnerships for investment and transfer of technology</td>
<td>• No. of products developed in the biomaterial and biomedical sectors • No. of SMEs engaged and annual turnover</td>
<td>High</td>
</tr>
<tr>
<td><strong>Arts, Entertainment and Recreation</strong></td>
<td>SA25: Engage Creative and Cultural SMEs in providing health solutions</td>
<td>• Prospect existing and possible Arts and Cultural interventions applicable to specific health and mental conditions in Mauritius (e.g. impact of reading groups and art therapies on people suffering from dementia and depression; dance on people with Parkinson’s disease; use of music and visual arts in hospital environments, etc) • Provide capacity building and training from international experts for Arts and Culture professionals</td>
<td>• No. of Creative and Cultural SMEs providing interventions in the healthcare sector</td>
<td>High</td>
</tr>
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<td></td>
<td>SA26: Professionalise leisure and on sea activities providers</td>
<td>• Carry out detailed survey of leisure and on-sea activities providers. • Provide training to improve safety and mitigate health risks • Upgrade infrastructure (boat type, quality, etc.) of the services provided</td>
<td>• No. of professionals trained</td>
<td>High</td>
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</tbody>
</table>
### Table 7.15: Sectoral Interventions

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean Economy</td>
<td><strong>SA27:</strong></td>
<td>• Identify local entrepreneurs to invest in the blue economy</td>
<td>• No. of new SMEs in the marine sector and annual turnover</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Develop innovative SMEs for blue growth</td>
<td>• Establish contacts with global firms and SMEs in the fields of marine biotechnology, fresh water and marine aquaculture, marine litter prevention, coastal tourism interested in partnership with local entrepreneurs</td>
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<tr>
<td></td>
<td></td>
<td>• Support investment and transfer of technology</td>
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</table>
7.6 Thematic Interventions

With increasing concerns directed towards women empowerment, youth development, environmental protections, waste management, there is a growing need to have professional service providers, equipment suppliers and logistics to service these thematic areas. Some opportunities for SMEs are given in this section.

Women Entrepreneurship Development

Although the Master Plan proposes several HIIs that are equally applicable to Women entrepreneurs and the SMEs they run, it is important to recognise the specificities of women entrepreneurs and the targeted types of supports they require. Consequently, when prescribing these supports, it is important to recognise that one is not necessarily talking about “baskets and pickles manufacturers”, but also competent women who have the potential of creating high growth potential businesses, but are unable to do so because of the gender-based constraints.

Franchising as a Strategy for SME Development

Franchising remains a quick way to enter into business through established marketing, distribution, operation and management procedures. Although there are well known brands appropriate for larger companies, there are also thousands of small established franchises typically suitable for SMEs. Furthermore, franchising can also be outbound through the development and multiplications of locally well-known brands, whether in the casual wear sector, food industry or others.

Succession Planning for SMEs

Even entrepreneurs are stuck by the aging syndrome. It is therefore important to establish pathways for the young generation to take over family businesses. The succession should therefore be assured, especially when the young generation is taking over traditionally skilled or technically led businesses. This can be an opportunity to add an effective management dimension to their skills and further develop the businesses to enhance the growth potential.

Capitalising on Green economy

Mauritius has acquired a global reputation for fulfilling its commitment to sustainable development through the Maurice Ile Durable (MID) Initiative, which paved the way for Mauritius to be selected, together with five other African countries for the Switch Africa Green (SAG) project which is financed by EU and implemented by UNDP, UNEP and UNOPS.

The three target sectors for Mauritius are Agriculture, Manufacturing and Tourism. A policy review has been carried out by MoESDDBM and has made recommendations on the policy, legal and the regulatory framework as well as on strategic projects to be implemented by government.

The cabinet has already approved on the 28 October 2016, under the SAG project, a series of proposals. The Master Plan has been aligned with these proposals and recommended Thematic Actions for greening of the SMEs.
<table>
<thead>
<tr>
<th>Theme</th>
<th>Thematic Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **Entrepreneurship and SME Development** | **TA1:** Women Entrepreneurship Development | • Initiate project starter and catalyser programmes for educated women with value-added projects ideas  
• Provide hand-holding and mentoring supports and network with high net worth women  
• Formalise the Women Entrepreneur of the Year Award; organise the event annually during the National Entrepreneurship Week and rewards with emphatic prize money to make it appealing for others to follow suit. | • No. of high impact women entrepreneurs supported  
• No. of SMEs created / assisted or increased in turnover | High |
| | **TA2:** Franchising as a Strategy for SME Development | • Help local brands to develop Manual of Procedures, support progress into potential franchisors, with multiple site operations, in Mauritius and abroad.  
• Training SMEs about legal requirements, brand protections, basic franchising issues  
• Train Franchise Professional groups: lawyers, banks, accountants, etc.  
• Link with regional and international Franchise organisations | • No. of franchising awareness and marketing events organised  
• No. of franchisees  
• No. of franchisors | High |
| **Waste Management** | **TA3:** Processing of livestock waste into electricity and organic manure | • Develop the business case based on energy and manure sales  
• Negotiate the energy tariff with authorities and investigate manure sales potentials  
• Integrate within national strategy (especially for Rodrigues) | • No. of IPP contracts signed  
• Capacity of operational biogas plants  
• Average plant load capacity of biogas plants  
• IRR of biogas plants. | Medium |
| | **TA4:** Develop an SME-based waste management and recycling sector | • Introduce a dedicated recycling tax to be used to support SME based recycling activities  
• Evaluate interest of entrepreneurs to set up SME recycling companies and provide necessary training for waste management and sorting  
• Provide appropriate incentives and fundings | • No. of SME recyclers, annual turnover and volume of materials recycled  
• Amount of green tax channelled to SMEs | High |
| **Green Energy** | **TA5:** Introduce a voluntary housing energy efficiency scheme targeting refurbishment of 40 000 houses | • Develop scheme to incite refurbishment of 40 000 houses for improved energy utilisation, PV panels or other forms of renewable energy usage.  
• Register contractors / entrepreneurs to provide training and validate the capacities to provide refurbishment services  
• Liaise with MPI to fast track planned EEBC regulations  
• Incentives to be offered by Ministry of Finance to participating households | • No. of households refurbished  
• No. of construction professionals engaged in audits and design  
• No. of SMEs in construction sector | Medium |
### Table 7.16: Thematic Interventions

<table>
<thead>
<tr>
<th>Theme</th>
<th>Thematic Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Time Frame</th>
<th>Engaged in refurbishment</th>
</tr>
</thead>
</table>
| **Greening SMEs**| **TA6:** Set up decentralised Solar PV systems of 10 MW for manufacturing SMEs   | • Register entrepreneur PV installers, provide training, and certify installers  
• Provide a comprehensive package of measures for entrepreneurs and SMEs through a client development plan, to compensate for fairly low rates currently paid by manufacturing SMEs  
• Liaise with MoEPU to secure quota for manufacturing SMEs and with MoFED and MoEPU for incentives for solar kits, installation and maintenance to payback in five years | • No. of SMEs benefiting from self-consumption of solar PV  
• No. of solar PV installers certified and operational  
• Aggregate solar PV Capacity installed after five years | High         | No. of SMEs benefiting from self-consumption of solar PV |
|                  | **TA7:** Create an SME Solar PV certified installer to cater for the residential, commercial and industrial sectors. | • Equip 10,000 low end households with a roof top solar PV as announced in Budget 2016  
• 10 MW capacity for self-consumption by SMEs recommended in the Switch Africa Green country implementation plan.  
• Liaise with MoEPU to introduce new schemes for high end households with battery backup. | • No. of certified SME installers  
• Capacity installed by SME installers | High         | No. of certified SME installers |
|                  | **TA8:** Introduce an eco-labelling framework for green value added products      | • Identify potential green products and services for SMEs to manufacture or offer under the eco-label  
• Develop a local certification mechanism, with appropriate service providers  
• Brand the label, positioning it as a local bio-product and undertake aggressive marketing campaign | • No. of products with eco labels or eco certified.  
• Turnover of eco certified products within short and medium terms | Medium       | No. of products with eco labels or eco certified. |
|                  | **TA9:** Implement an integrated package of measures for Rodrigues to switch to green | • Centralize livestock in farms to avoid overgrazing and support in processing of livestock waste into biogas and electricity and organic manure as a revenue complement  
• Develop: (1) a coconut plantation and value added products, (2) new fibres to enhance product range and design options in the handicraft sector, (3) an integrated wood industry from local timber and (4) solid wood furniture industry  
• Introduce an Energy Efficiency and refurbishment scheme targeting 100 gites or holiday cottages | • No. of projects implemented in Rodrigues  
• No. of jobs created though the projects | High         | No. of projects implemented in Rodrigues |
|                  | **TA10:** Implement the Global                                                  | • Support start-ups and SMEs promoting disruptive, innovative clean technology solutions related to energy efficiency, green buildings,  
• Most promising entrepreneur wins cash | | High         | Most promising entrepreneur wins cash |
<table>
<thead>
<tr>
<th>Theme</th>
<th>Thematic Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Time Frame</th>
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</thead>
<tbody>
<tr>
<td>Cleantech Innovation Programme in collaboration with GEF and UNIDO</td>
<td>renewable energy, waste beneficiation and water efficiency. • Programme combines a competition and a business accelerator to offer participants extensive mentoring, training, access to investors and opportunities to showcase the innovations.</td>
<td>award and a trip to Silicon Valley, CA, to participate in the Cleantech Open Global Forum.</td>
<td>High</td>
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</tr>
<tr>
<td>Inclusive Development</td>
<td>TA11: Social Empowerment of young adults</td>
<td>Prospect young adults living in poverty-stricken areas interested in starting small businesses • Provide training, mentoring and seed financing</td>
<td>No. of persons trained • No. of SMEs created</td>
<td>High</td>
</tr>
<tr>
<td>Generation Change</td>
<td>TA12: Succession Planning for SMEs</td>
<td>Build a succession planning programme for young siblings to take over SMEs from retiring parents • Coach successor and identify top employees to ensure they remain part of the succession process • Determine value of the company, its receivables, debts, skills and experiences of employees; tax implications, regulations and other service expenses and mentor successors on these issues • Regular reviews and checks to facilitate the process of succession and follow up on the planning of individual development</td>
<td>No. of successful support provided to retiring entrepreneurs • Success rate of surviving firms as well as financial growth.</td>
<td>High</td>
</tr>
<tr>
<td>Productivity Improvement Campaign</td>
<td>TA13: Improve productivity of SMEs</td>
<td>Conduct time-motion studies in the textile and garment industry and other sectors and take remedial actions. • Increase understanding of market trends and identify niches to be in phase with international design trends • Build capacity of SMEs to be export ready • Provide funding to SMEs to develop Quality Control Practices and apply for international certifications</td>
<td>No. of SMEs having improved their productivity and quality of products</td>
<td>High</td>
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</table>
Leadership is about making others better as a result of your presence and making sure that impact lasts in your absence.

Sheryl Sandberg
8.1 Leadership & Responsibility

The SME Master Plan shall have a significant contribution to the laying down of a new architecture of the Mauritian economy. It will also be in line with Vision 2030. The transformation of the SME landscape is one of the main objectives of government’s growth and employment policies. An entrepreneurial economy brings stamina, depth and diversity to the growth apparatus and the labour market. The economy attracts investments and initiatives from a wide section of the population, including expats and generates wealth from a very extensive production base. As for any action needing structural changes, strong leadership is required.

It therefore takes strong leadership at the highest decision-making spheres of government to make it happen. This Master Plan and its recommendations must have the full and effective buy-in of government. The smooth and timely implementation thereof depends on appropriate leadership, sound governance and collateral supports. The execution of the Master Plan involves several cross-ministerial actions. In view to ensure government-wide endorsement of the plan, it is suggested that the Cabinet sets up an Inter-Ministerial Committee (IMC) to oversee its implementation. It is moreover recommended that the IMC be jointly chaired by the Minister of Finance and Economic Development and the Minister of Business, Enterprise and Cooperatives to ensure effective leadership and availability of resources for turning the recommendations into policies and actions on the ground and felt by SMEs.

A high-level Steering Committee will be set up at a second tier-level of the implementation mechanism and will be entrusted with a mandate for operationalising the recommended actions. It will report to the Inter-ministerial Committee and will be tasked to monitor and evaluate effective execution. To ensure full commitment and coherence, the committee must be under the direct responsibility of MoBEC and chaired by the Permanent Secretary. It must consist of high level ministerial representatives (SCE, PS and DPS), directors of key public institutions as well as counterparts from the private sector.

At the third tier-level of the implementation mechanism, it is proposed to set up six Technical Committees, each one being responsible for the implementation, review and reporting of the High Impact Initiatives and supporting key actions under its respective strategic arm. Each Technical Committee will have a Champion as the focal contact point.
As for the sectoral and thematic actions, the SME Mauritius shall implement in collaboration with sector-related Ministry or Departments and report the outcomes to the Steering Committee.

Proper monitoring and evaluation is a key success factor. It ensures accountability and points to remedial actions in a timely manner. There is a range of conceptual and technical challenges that need to be addressed to achieve a reliable system. As defined in the recommendations, the outputs and key performance indicators are the baselines and benchmarks that will feed the framework with continuous and regular updates. The 10-Year SME Master Plan proposes a multi-level implementation approach, each equipped with appropriate tools for intervention and monitoring.
A set of indicators is proposed to enable Monitoring, Evaluation and Impact Assessment. The Implementation Committee must fine tune these indicators and use them to keep execution under check. Sectoral and Thematic programmes will have their own set of deliverables and monitorables as established in the recommendations.

Table 8.1: M&E Intervention Focus and Tools

<table>
<thead>
<tr>
<th>S/N</th>
<th>Intervention Focus</th>
<th>M&amp;E Tool</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>International and National Level</td>
<td>• National Entrepreneurship Index&lt;br&gt;• Global Entrepreneurship Monitor</td>
<td>MoBEC&lt;br&gt;Statistics Mauritius&lt;br&gt;SME Mauritius</td>
</tr>
<tr>
<td>2.</td>
<td>Governmental or Ministry Level</td>
<td>• Intervention Logic&lt;br&gt;• Regulatory Burden Reporting Mechanism</td>
<td>MoBEC&lt;br&gt;Inter-ministerial Committee</td>
</tr>
<tr>
<td>3.</td>
<td>Institutional Level</td>
<td>• SME Business Intelligence&lt;br&gt;• Impact Assessments &amp; Tracer Studies</td>
<td>SME Mauritius</td>
</tr>
<tr>
<td>4.</td>
<td>MSME Level</td>
<td>• Self-Evaluation Reviews&lt;br&gt;• Business performance Evaluations</td>
<td>SME Mauritius</td>
</tr>
</tbody>
</table>
8.2 Implementation Roadmap

Figure 8.3: Implementation Roadmap
Figure 8.3: Implementation Roadmap

<table>
<thead>
<tr>
<th>Short Term</th>
<th>Medium Term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 6 Months</td>
<td>Year 3</td>
<td>Year 6 - 10</td>
</tr>
<tr>
<td>6 – 12 Months</td>
<td>Year 4</td>
<td></td>
</tr>
<tr>
<td>12 – 18 Months</td>
<td>Year 5</td>
<td></td>
</tr>
<tr>
<td>18 – 24 Months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Short Term**

- KA23: Enhance quality of products and processes
- KA29: Establish an Integrated Communication & Visibility Strategy for SMEs
- KA31: Set up a Registration & Match Making Platform
- KA32: Improve SME Financial Capabilities
- KA33: Broaden funding sources – Review regulation to ease private investors participation
  - KA34: Expand SME funding opportunities
  - KA34: Provide tax incentives for Angel Investors
- KA35: Enhance Banks & Financial Institutions capacities to evaluate SME projects
- KA36: Set up SME Technology Transformation Fund
- KA37: Foster SME collaboration: Set up Investment Clusters
- KA40: Build product quality to meet international standards
- KA43: Foster SME collaboration
- KA44: Develop Africa strategy for SMEs through a Clustered approach

**Medium Term**

- KA26: Leverage Mauritius Economic & MoFARIIT Diplomatic Networks
- KA27: Create more green SMEs
- KA28: Start-Up Visa
- KA30: Set up an Online Help Desk
- KA38: Set up Investment Clusters II (overseas)
- KA41: Enhance SME export capacities
- KA42: Build SME e-Commerce Ecosystem
- KA45: Set up Thematic Clusters
- KA46: Participate in export and Investment Missions
### 8.3 Implementation KPIs

Table 8.2: Implementation KPIs for HIIs

<table>
<thead>
<tr>
<th>HII</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Time Frame</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>HII 1</td>
<td>KA1: Set up SME Mauritius &amp; Rationalise SME Supports</td>
<td>SME support is improved</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 1</td>
<td>KA2: Set up Technical Advisory Services to SMEs</td>
<td>Accredited service providers</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 1</td>
<td>KA3: Launch Professional Assistance Voucher Scheme (PAVS)</td>
<td>PAVS defined and functional</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 1</td>
<td>KA4: Develop E-licensing &amp; business passport (unique key)</td>
<td>E-licencing on-line platform &amp; Business passport</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 1</td>
<td>KA5: On-line legal &amp; other supports to SMEs</td>
<td>Model contracts available on-line</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 1</td>
<td>KA6: Adapt Dispute Mechanisms to SMEs</td>
<td>Quicker ADR</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA7: Organise annual National Entrepreneurship Week</td>
<td>Number of events &amp; participants</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA8: Impart Entrepreneurship Training for HGP SMEs</td>
<td>Number of high growth potential venture initiated</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA9: Women-Friendly infrastructures &amp; Business Environment</td>
<td>Number of high growth potential ventures by women</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA10: High growth potentials (SEED Phase) Business Idea</td>
<td>Number of selected high growth potential ventures</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
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<tr>
<td>HII 2</td>
<td>KA11: Set up performance driven Incubators</td>
<td>Incubators</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA12: Nurture Early Stage start-ups</td>
<td>Number of ventures incubated</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA13: Mentor SME Development Phase</td>
<td>Number of ventures graduated from the first phase</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 3</td>
<td>KA15: Ascertain &amp; Review SME skills requirement and needs</td>
<td>Skills Need Assessment</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA21: Improve protection of SMEs’ IP rights</td>
<td>IP Framework SME registering copyrights, trademarks, etc.</td>
<td>Short</td>
<td><img src="image" alt="Icon" /></td>
</tr>
<tr>
<td>HII</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Time Frame</td>
<td>Targets</td>
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<td>-----</td>
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</tr>
<tr>
<td>HII 5</td>
<td>KA22: Encourage public research to focus on National socio-economic priorities &amp; on area of interest to industry &amp; SMEs</td>
<td>Public financed R&amp;D should be better targeted</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA23: Foster SMEs collaboration: Set up Design and Innovation SME Clusters</td>
<td>Design /innovation SME clusters initiated</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA25: Ensure quality of products and processes</td>
<td>Number of SMEs</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 6</td>
<td>KA29: Establish an Integrated Communication and Visibility Strategy for SMEs</td>
<td>Number of SMEs reached</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 6</td>
<td>KA30: Set up an online help-desk</td>
<td>Number of SMEs supported</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 6</td>
<td>KA31: Set up a Registration &amp; Match Making Platform</td>
<td>Number of SMEs supported</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA32: Improve SME Financial Capabilities</td>
<td>SME capacities</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA33: Broaden funding sources – Review regulation to ease private investors participation</td>
<td>Crowdfunding and Business Angel platforms</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA34: Expand SME funding opportunities - Provide tax incentives for Angel Investors</td>
<td>Number of SMEs being supported</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA35: Enhance Banks and Financial Institutions capacities to evaluate SME projects</td>
<td>Banks and Financial Institutions capacities</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA36: Set up SME Technology Transformation Fund</td>
<td>SME Technology Transformation Fund set up</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 8</td>
<td>KA39: Enhance SME market intelligence (e.g. Business opportunities, partners, regulations, trade financing, etc.)</td>
<td>SME awareness of national and international business opportunities</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 8</td>
<td>KA40: Build product quality to meet international standards</td>
<td>SMEs’ quality of products</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 8</td>
<td>KA43: Foster SMEs collaboration: Set up Marketing Clusters</td>
<td>Number of Clusters; No. of SMEs mobilised</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 9</td>
<td>KA44: Develop Africa strategy for SMEs through a Clustered approach</td>
<td>Number of target countries &amp; target sectors/niche markets</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 9</td>
<td>KA45: Set up Thematic Clusters (include SMEs participating in other programmes as mentioned)</td>
<td>Number of target countries, sectors / niche markets; No. of Clusters &amp; SMEs mobilised</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HII 2</td>
<td>KA14: Incubation in SME Industrial Parks</td>
<td>Ratio of ventures incorporated &amp; accepted in industrial parks</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Time Frame</td>
<td>Targets</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>HII 3</td>
<td>KA16: Encourage technical training</td>
<td>TVET better adapted to SME needs, No. of people enrolled in TVET</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 3</td>
<td>KA17: Set quality standard for technical service providers</td>
<td>Number of Technicians certified</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 4</td>
<td>KA18: Accentuate entrepreneurship education at secondary &amp; tertiary levels</td>
<td>Entrepreneurship knowledge and capacity</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 4</td>
<td>KA19: Reinforce SME day to day capacities and Encourage “on the job” learning</td>
<td>Number of graduates enrolled in the University-SME Internship Program</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 4</td>
<td>KA20: Encourage high performing graduates to start their business</td>
<td>Number of start-ups</td>
<td>Medium</td>
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<tr>
<td>HII 5</td>
<td>KA24: Encourage technology transfer by large corporates</td>
<td>Linkages between Corporates and SMEs</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA26: Leverage Mauritius Economic and MoFARIIT Diplomatic Networks</td>
<td>Number of joint ventures</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA27: Create more green SMEs</td>
<td>Number of green ventures launched</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 5</td>
<td>KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa</td>
<td>Number of selected foreign entrepreneurs establishing their business in Mauritius</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA37: Foster SME collaboration: Set up Investment Clusters</td>
<td>Number of Hi-tech Acquisitions; Innovative products made</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 7</td>
<td>KA38: Set up Investment Clusters II (overseas)</td>
<td>Innovative products made</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 8</td>
<td>KA41: Enhance SME export capacities</td>
<td>The SEDP</td>
<td>Medium</td>
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<tr>
<td>HII 8</td>
<td>KA42: Build SME ecommerce ecosystem</td>
<td>Number of SME ecommerce websites</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>HII 9</td>
<td>KA46: Participate in export and Investment Missions</td>
<td>Number of clusters. Participation of trade fairs; Outcome of trade fairs</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Priority</td>
<td>Intended Targets</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td>Agri</td>
<td>SA1: Capacity Building for Agri-Businesses</td>
<td>Number of SMEs identified; Number of SMEs export ready</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage increase in sales / exports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA2: Secondary and advanced Agro-processing</td>
<td>Number of SMEs engaged in agro-processing</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA6: Set up Textile Fashion Incubator (TFI) under Fashion and Design institute (FDI)</td>
<td>Number of outgoing DIRs annually; Number of brands developed and collections launched; Number of SMEs using the services of DIRs</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA9: Develop a niche footwear sector using products made from eco certified materials</td>
<td>Number of partnerships developed; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA10: Develop sustainable processing of hides into high quality eco leather</td>
<td>Number of potential foreign partners and local entrepreneurs identified; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA12: Develop a disposable medical accessories and consumables sector</td>
<td>Number of partnership established; Number of units setup; Export revenues generated</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA13: Develop a fibre glass boat building sector for the export market</td>
<td>Number of partnership: naval architects, foreign firms and local SMEs; Export revenues generated</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA15: Create a vibrant and authentic Handicraft sector reflecting the confluence of cultures in Mauritius</td>
<td>Number of new handicraft products with the Made in Moris label; The volume of sales to tourists</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA16: Reinstate the small furniture sector for the refurbishment of antique furniture and creation of creole and vintage style furniture</td>
<td>Number of TVET style entrepreneurs enrolled in the apprenticeship scheme; Number of designs and styles created</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA19: Blockchain technology for SMEs</td>
<td>Number of SMEs engaging in blockchain technology</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Acc&amp;Food S</td>
<td>SA22: Set up a Food Innovation Centre (FIC)</td>
<td>Number of SMEs using the service of the Food Innovation Centre to develop new products</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Human</td>
<td>SA24: Develop the biomaterial and biomedical sectors</td>
<td>Number of products developed in the biomaterial and biomedical sectors; Number of SMEs engaged and annual turnover</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Health and Social Work</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts, E&amp;R</td>
<td>SA25: Engage Creative and Cultural SMEs in providing health solutions</td>
<td>Number of Creative and Cultural SMEs providing interventions in the healthcare sector</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Arts, E&amp;R</td>
<td>SA26: Professionalise leisure and on sea activities providers</td>
<td>Number of professionals trained</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA3: Pack houses as logistics and value adding partners for small engaged farmers</td>
<td>Number of small holder farmers mobilized within target zones; Value addition achieved; Number of hotels,</td>
<td>Medium</td>
<td></td>
</tr>
</tbody>
</table>
### Table 8.3: Implementation KPIs for Sectoral Actions

<table>
<thead>
<tr>
<th>SA</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Priority</th>
<th>Intended Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>restaurants and super market chains</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA4: Encourage innovative agricultural practices</td>
<td>Hectares of land under innovative agricultural practices;</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of farm-houses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA5: Move towards ethical and sustainable Dairy Production</td>
<td>Number of dairy farmers having upgraded their facilities</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA7: Fashion Linkage between SMEs and Young European designers</td>
<td>Number of European fashion designers involved with Mauritian SMEs; Number of new designs or collections created and tested on the market</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA11: Strengthen the packaging and conservation industry</td>
<td>Number of plastic packaging SMEs supported</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA14: Develop the fashion accessories and ornamental jewellery sector using materials from the region</td>
<td>Number of new products / designs</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA17: Build SME eCommerce capacity</td>
<td>Number of new or existing SMEs having developed their eCommerce website</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA18: Bring innovative ICT solutions for Health, Well-Being and Ageing to Mauritius</td>
<td>Number of innovative solutions brought to Mauritius; Number of ICT SMEs involved and annual turnover</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Prof&amp;TSS</td>
<td>SA20: Export of Professional Services</td>
<td>Number of firms on database of service providers; Number of projects handled</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Transport, S&amp;C</td>
<td>SA21: Bring innovative transport solutions for Urban areas and Smart Cities</td>
<td>Number of innovative transport solutions; Reduction in traffic congestion; Annual accident rate and Number of fatalities</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Acc&amp;Food S</td>
<td>SA23: Organise annual Street Food Festival</td>
<td>Number of participating food vendors</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Ocean Economy</td>
<td>SA27: Develop innovative SMEs for blue growth</td>
<td>Number of new SMEs in the marine sector and annual turnover</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA8: Develop customised sail and special textiles for export market</td>
<td>Number of collaborations established between foreign firms and local SMEs; Number of units created, tested, sold and export revenues generated</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Priority</td>
<td>Intended Targets</td>
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<td>Agri</td>
<td>SA1: Capacity Building for Agri-Businesses</td>
<td>Number of SMEs identified; Number of SMEs export ready</td>
<td>High</td>
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<td></td>
<td></td>
<td>Percentage increase in sales / exports</td>
<td></td>
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<tr>
<td>Agri</td>
<td>SA2: Secondary and advanced Agro-processing</td>
<td>Number of SMEs engaged in agro-processing</td>
<td>High</td>
<td></td>
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<tr>
<td>Man-T&amp;A</td>
<td>SA6: Set up Textile Fashion Incubator (TFI) under Fashion and Design institute (FDI)</td>
<td>Number of outgoing DIRs annually ; Number of brands developed and collections launched; Number of SMEs using the services of DIRs</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA9: Develop a niche footwear sector using products made from eco certified materials</td>
<td>Number of partnerships developed; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA10: Develop sustainable processing of hides into high quality eco leather</td>
<td>Number of potential foreign partners and local entrepreneurs identified; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA12: Develop a disposable medical accessories and consumables sector</td>
<td>Number of partnership established; Number of units setup; Export revenues generated</td>
<td>High</td>
<td></td>
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<td>Man-others</td>
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<td>Number of partnership: naval architects, foreign firms and local SMEs; Export revenues generated</td>
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<td>SA15: Create a vibrant and authentic Handicraft sector reflecting the confluence of cultures in Mauritius</td>
<td>Number of new handicraft products with the Made in Moris label; The volume of sales to tourists</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA16: Reinstate the small furniture sector for the refurbishment of antique furniture and creation of creole and vintage style furniture</td>
<td>Number of TVET style entrepreneurs enrolled in the apprenticeship scheme; Number of designs and styles created</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA19: Blockchain technology for SMEs</td>
<td>Number of SMEs engaging in blockchain technology</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Acc&amp;Food S</td>
<td>SA22: Set up a Food Innovation Centre (FIC)</td>
<td>Number of SMEs using the service of the Food Innovation Centre to develop new products</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Human Health and Social Work</td>
<td>SA24: Develop the biomaterial and biomedical sectors</td>
<td>Number of products developed in the biomaterial and biomedical sectors; Number of SMEs engaged and annual turnover</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Arts,E&amp;R</td>
<td>SA25: Engage Creative and Cultural SMEs in providing health solutions</td>
<td>Number of Creative and Cultural SMEs providing interventions in the healthcare sector</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Arts,E&amp;R</td>
<td>SA26: Professionalise leisure and on sea activities providers</td>
<td>Number of professionals trained</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>TA</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Priority</td>
<td>Intended Targets</td>
</tr>
<tr>
<td>----</td>
<td>-------------</td>
<td>-----</td>
<td>----------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Entrepreneurship and SME Development</td>
<td>TA1: Women Entrepreneurship Development</td>
<td>Number of high impact women entrepreneurs supported; Number of SMEs created / assisted or increased in turnover</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship and SME Development</td>
<td>TA2: Franchising as a Strategy for SME Development</td>
<td>Number of franchising awareness and marketing events organised; Number of franchisees; Number of franchisors</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>TA4: Develop an SME-based waste management and recycling sector</td>
<td>Number of SME recyclers; Annual turnover and volume of materials recycled</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA6: Set up decentralised Solar PV systems of 10 MW for manufacturing SMEs</td>
<td>Number of SMEs benefiting from self-consumption of solar PV; Number of solar PV installers certified and operational; Aggregate solar PV Capacity installed after five years</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA7: Create an SME Solar PV certified installer to cater for the residential, commercial and industrial sectors.</td>
<td>Number of certified SME installers Capacity installed by SME installers</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA9: Implement an integrated package of measures for Rodrigues to switch to green</td>
<td>Number of projects implemented in Rodrigues; Number of jobs created though the projects</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA10: Implement the Global Cleantech Innovation Programme in collaboration with GEF and UNIDO</td>
<td>Most promising entrepreneur wins cash award and a trip to Silicon Valley, CA, to participate in the Cleantech Open Global Forum.</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Inclusive Development</td>
<td>TA11: Social empowerment of young adults</td>
<td>Number of persons trained; Number of SMEs created</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Generation Change</td>
<td>TA12: Succession Planning for SMEs</td>
<td>Number of successful support provided to retiring entrepreneurs; Success rate of surviving firms as well as financial growth.</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Productivity Improvement Campaign</td>
<td>TA13: Improve productivity of SMEs</td>
<td>Number of SMEs having improved their productivity and quality of products</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>TA3: Processing of livestock waste into electricity and organic manure</td>
<td>Number of IPP contracts signed; Capacity of operational biogas plants; Average plant load capacity of biogas plants; IRR of biogas plants.</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA5: Introduce a voluntary housing energy efficiency scheme targeting refurbishment of 40 000 houses</td>
<td>Number of households refurbished; Number of construction professionals engaged in audits &amp; design; Number of SMEs in construction sector engaged in refurbishment</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA8: Introduce an eco-labelling framework for green value added products</td>
<td>Number of products with eco labels or eco certified; Turnover of eco certified products within short and medium terms</td>
<td>Medium</td>
<td></td>
</tr>
</tbody>
</table>
8.4 Implementation Timeline

**HII 1:** Rationalise Institutional Support Framework and Streamline Regulatory Procedures for SMEs
- KA1: Set up SME Mauritius
- KA2: Set up Technical Advisory Services
- KA3: Launch Professional Assistance Voucher Scheme (PAVS)
- KA4: Develop E-licensing & Business Passport
- KA5: On-line legal & other supports to SMEs
- KA6: Adapt dispute mechanisms to SMEs
- KA7: Organise annual National Entrepreneurship Week
- KA8: Impart Entrepreneurship Training to HGP SMEs
- KA9: Women-Friendly infrastructures & Business Environment
- KA10: High growth potentials Business Ideas
- KA11: Set up performance driven Incubators
- KA12: Nurture Early Stage start-ups
- KA13: Mentor SME Development Phase
- KA14: Incubation in SME Industrial Parks
- KA16: Encourage Technical Training
- KA17: Set Quality Standard for Technical Service Providers
- KA18: Accentuate entrepreneurship education at secondary & tertiary levels
- KA19: Reinforce SME ‘day to day’ Capacities & Encourage “on the job” Learning
- KA20: Encourage High Performing Graduates to Start their Business
- KA21: Improve protection of SMEs’ IP rights
- KA22: Encourage public research to focus on national socio-economic priorities and on area of interest to industry and SMEs
- KA23: Foster SME collaboration: Set up Design and Innovation SME Clusters
- KA24: Encourage technology transfer by large corporates

**HII 2:** Foster a Culture of Entrepreneurship & High Growth Potential SMEs
- KA25: Set Quality Standard for Technical Service Providers

**HII 3:** Reduced Skill Mismatch
- KA16: Encourage Technical Training
- KA17: Set Quality Standard for Technical Service Providers
- KA18: Accentuate entrepreneurship education at secondary & tertiary levels
- KA19: Reinforce SME ‘day to day’ Capacities & Encourage “on the job” Learning
- KA20: Encourage High Performing Graduates to Start their Business
- KA21: Improve protection of SMEs’ IP rights
- KA22: Encourage public research to focus on national socio-economic priorities and on area of interest to industry and SMEs
- KA23: Foster SME collaboration: Set up Design and Innovation SME Clusters
- KA24: Encourage technology transfer by large corporates

**HII 4:** Mainstream Entrepreneurship into National Education Curriculum
- KA25: Set Quality Standard for Technical Service Providers

**HII 5:** Foster Emergence of High Tech & Value Addition SMEs
- KA25: Set Quality Standard for Technical Service Providers

**Figure 8.4:** Implementation Timeline

- **Short Term (0 – 2 Years)**
- **Medium Term (2 – 5 Years)**
- **Long Term (5 – 10 Years)**

- GDP Contribution
- Export
- Employment
- Value Addition

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Figure 8.4: Implementation Timeline

HII 5: Foster Emergence of High Tech & Value Addition SMEs

KA25: Enhance quality of products and processes
KA26: Leverage Mauritius Economic & MoFARIIT Diplomatic Networks
KA27: Create more green SMEs
KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa
KA29: Establish an Integrated Communication Visibility Strategy for SMEs
KA30: Set up an Online Help Desk
KA31: Set up a Registration & Match Making Platform

HII 6: Set up E-Platform for SMEs

KA32: Improve SME Financial Capabilities
KA33: Broaden funding sources – Review regulation to ease private investors participation
KA34: Expand SMES funding opportunities Provide tax incentives for Angel Investors
KA35: Enhance Banks & Financial Institutions capacities to evaluate SME projects
KA36: Set up SME Technology Transformation Fund
KA37: Foster SME collaboration: Set up Investment Clusters
KA38: Set up Investment Clusters II (overseas)

HII 7: Broaden SMEs Abilities & Options to Obtain Funding

KA39: Enhance SME market intelligence
KA40: Build product quality to meet international standards
KA41: Enhance SME export capacities
KA42: Build SME eCommerce Ecosystem
KA43: Foster SME collaboration

HII 8: Strengthen SME Capacities to Penetrate Domestic & Foreign Markets

KA44: Develop Africa strategy for SMEs through a Clustered approach
KA45: Set up Thematic Clusters
KA46: Participate in export and Investment Missions

HII 9: Gateway to African Markets

Short Term (0 – 2 Years)

Medium Term (2 – 5 Years)

Long Term (5 – 10 Years)
8.5 Proposed M&E Framework

A sound Monitoring and Evaluation Framework is essential so that all executing parties are on the same page, applying the same methodology and using the same set of benchmarks. It provides assessment of effectiveness of the various interventions against performance indicators and desired outcomes. It also ensures ownership, accountability and coherence among public and private stakeholders. A shared vision and understanding of the KPIs and desired outcomes should underpin the M&E Framework. It is of utmost importance to ward off the risk of different stakeholders using different yardsticks for the same intervention, something that can wreck the entire implementation process.

Figure 8.5: Monitoring & Evaluation Methodology
The key features of the Master Plan monitoring and evaluation framework are given in table 8.5.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Monitoring</th>
<th>Evaluation</th>
<th>Impact Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Track changes from baseline conditions to desired outcomes and identify impediments</td>
<td>Analyse results achieved and any possible hurdles</td>
<td>Understand the nature of change that has taken place during and after the implementation of the proposed measures to determine the significance of actions</td>
</tr>
<tr>
<td>Focus</td>
<td>Measure progress based on outputs defined under each HII, activities, sectoral actions, thematic actions and their contributions to the desired outcomes</td>
<td>Compare achievements with expected outcomes and focus on: Relevance, Effectiveness, Corrective measures</td>
<td>Focus on changes that occur during and specially after the implementation of activities for significance and sustainability</td>
</tr>
<tr>
<td>Methodology</td>
<td>Track and Assess performance and progress through baseline indicators as defined in the targets and objectives proposed</td>
<td>Evaluate the achievements of outcomes defined in the logical framework of the Master Plan, comparing indicators before and after intervention based on external data sources like contribution to GDP and GDP growth for example or number of jobs created</td>
<td>Data collection based on Semi-structured interviews or surveys among SMEs, focused group discussions and focused observations are the simplest tools to assess improvement</td>
</tr>
<tr>
<td>Duration</td>
<td>Continuous &amp; Systematic</td>
<td>Time Bound, Periodic &amp; In Depth</td>
<td>During and after implementation of actions</td>
</tr>
<tr>
<td>Use</td>
<td>Flag problems in progress &amp; Provide insights for corrective actions</td>
<td>Provide learning experience, demonstrate accountability, assess achievements and assist identification of future actions and policy formulation</td>
<td>Provide valuable insights for future policy decisions and adapt interventions to have maximum positive impact on SMEs</td>
</tr>
<tr>
<td>Adaptability to Existing Framework</td>
<td>Adapted version of the PBB, PMS for public official performance and service delivery</td>
<td>Internal Audit &amp; PBB</td>
<td>Statistics Mauritius quarterly reports, Specific support programmes evaluation</td>
</tr>
<tr>
<td>Responsible Agency</td>
<td>Inter-Ministerial Committee MoBEC &amp; Steering Committee</td>
<td>MoBEC &amp; Steering Committee SME Mauritius</td>
<td>Steering Committee, SME Mauritius &amp; Statistics Mauritius</td>
</tr>
<tr>
<td>Target</td>
<td>National &amp; Institutional Level data collection</td>
<td>Institutional and independent data</td>
<td>Supported SMEs and Startups</td>
</tr>
<tr>
<td>Criteria</td>
<td>Specific Measurable Attainable Relevant Time Bound</td>
<td>Relevance, Effectiveness, Efficiency</td>
<td>Impact Change Sustainability</td>
</tr>
</tbody>
</table>
SME Observatory

The SME observatory must be part of the SME Mauritius structure so as to coordinate with different government agencies and departments to gather, analyse and disseminate data through reports, periodicals, and newsletters. The SME Observatory will have three major functions:

1. **Build data-collection capabilities and mechanisms for SMEs and Entrepreneurship statistics**
   - Create a national entrepreneurship index at Statistics Mauritius
   - Statistics Mauritius to collaborate and feed GEI with the required data and figures
   - Review census of economic activities to include micro, small and medium enterprise as per a streamlined new MSME definition
   - Set up a quarterly entrepreneurship & SME Report

2. **Set up an effective mechanism to monitor and evaluate impact of policies**
   - Reinforce the existing Monitoring and Evaluation systems
   - Link national index to the Global Entrepreneurship Index (www.thegedi.org)
   - Coordinate the implementation of a SME Business Intelligence Framework
   - Set up a Regulatory Burden Reporting Mechanism published on a quarterly basis at MoBEC level
     - i. Reports on cost of compliance
     - ii. Investigates high cost centers and highlight areas for attention
   - Conduct Impact Assessments and tracer studies

3. **Feed the parent Policy & Strategy Department of SME Mauritius with relevant data for evidence-based policy reviews.**

**Intervention Logic**

The proposed Logical Framework (table 8.6) is a management tool that aims at facilitating project monitoring and evaluation. It is a logical summary of the Master Plan success key factors, as well as the most appropriate indicators of progress. It therefore summarises in a matrix the relationships between the various components such as: what the Master Plan intends to achieve, what are the main risks and assumptions and how to mitigate them, as well as what are the various activities that must be implemented to reach the objectives. It has to be noted that the logical framework is not intended to show every detail of the implementation phase; it is a dashboard of intended actions, means, expected outcomes and potential risks. It must be reviewed over time and adapted to implementation changes.
More particularly:

- The rows represent the types of actions to be implemented to achieve desired outcomes. They are the Goal, Purpose, Outputs and Activities. These are in fact objectives at different levels of the project hierarchy.

- The columns represent the types of information about the events: Objectively Verifiable Indicators (OVIs) of the events taking place, Means of Verification (MoV) where information will be available on the OVIs and Assumptions. Assumptions are external factors likely to have an influence, whether positive or negative, on the events described in the narrative column.

The Inter-Ministerial Committee will monitor the implementation of the Master Plan and gauge effectiveness through the above set of independent indicators. The baselines are the most recent data available which are either for 2015 or 2016. It is recommended that bi-annual Programme Performance Reports are produced and disseminated to stakeholders. The report must focus on measuring achievements and milestones as defined in the roadmap while, at the same time, identify challenges which will allow the IMC to take corrective measures for continuous improvement.
<table>
<thead>
<tr>
<th>Strategic Themes</th>
<th>Master Plan summary</th>
<th>Baseline or Current value</th>
<th>Target value (2026)</th>
<th>Means of verification</th>
<th>Risks / Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>To position Mauritius as a high-income economy</td>
<td>• GNI per Capita (Atlas Method + Current USD) = USD$6,610</td>
<td>• GNI per Capita (Atlas Method + Current USD) = USD$15,220</td>
<td>• High Income Economy</td>
<td>• Macro-economic situation remains stable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Upper Middle Income Country</td>
<td>• Real GDP Growth = 3.4%</td>
<td>• Real GDP growth 5.5% / Year</td>
<td>• Political climate remains adequate</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>A globally-competitive and innovative SME sector in Mauritius</td>
<td>• SMEs share of GDP = 40%</td>
<td>• SMEs share of GDP = 52%</td>
<td>• Interview with stakeholders</td>
<td>• Major stakeholders including government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Value-added of the SME sector = MUR 175 Billion</td>
<td>• Value-added of the SME sector = MUR 386 Billion</td>
<td>• International reports</td>
<td>remain committed to SMEs development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• SMEs share of exports &lt; 3%</td>
<td>• SMEs share of exports &gt;18%</td>
<td>• Continuous financial and economic reforms</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• SMEs employment share = 55%</td>
<td>• SMEs employment share = 64%</td>
<td>• Changes are adhered</td>
<td></td>
</tr>
<tr>
<td><strong>ST.1.</strong></td>
<td>Improved Institutional and Regulatory Framework</td>
<td>• Doing Business DIT Score = 75.05</td>
<td>• Doing Business DIT Score = 83.0</td>
<td>• World Bank Doing Business</td>
<td>• Public administration's staff effectively</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Index of Economic Freedom 2016-20</td>
<td>• Index of Economic Freedom 2026</td>
<td>• Global Entrepreneurship Index</td>
<td>contribute to SMEs strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Overall Score = 74.7</td>
<td>o Overall Score = 79.7</td>
<td></td>
<td>• E-licensing platform is effectively used and single copy submission sustained</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Licensing 100 days to complete</td>
<td>• Licensing 15 days to complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ST.2.</strong></td>
<td>Shared Entrepreneurial Culture</td>
<td>• There are currently no indicators that measure the effectiveness of entrepreneurship in Mauritius</td>
<td>• 5% of high growth entrepreneurial ventures (employment)</td>
<td>• The number of start-ups increase but growth stagnates</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Based on Estimations 2016: GII Index = 40.6</td>
<td>• 20% of SMEs moving up the classification scale</td>
<td>• There is no innovation in the ventures</td>
<td></td>
</tr>
<tr>
<td><strong>ST.3.</strong></td>
<td>Reinforced Human capital and Skills Development</td>
<td>• Human Development Index 2015 = Score 0.777</td>
<td>• Human Development Index 2025 = Score 0.88</td>
<td>• The support mechanisms focus too much on start-ups and growing young enterprises are left aside</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Global Innovation Index 2015 = 30.0</td>
<td>• Global Innovation Index 2025 = 55.0</td>
<td>• Trained talents remain in Mauritius</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Knowledge &amp; Technology Outputs = 22.9</td>
<td>• Knowledge &amp; Technology Outputs = 49.6</td>
<td>Mauritius managed to attract foreign talents</td>
<td></td>
</tr>
<tr>
<td><strong>ST.4.</strong></td>
<td>Encouraged Innovation, Technology Transfer and Green SMEs</td>
<td>• Global Innovation Index 2016 = 35.9</td>
<td>• Global Innovation Index 2026 = 60.0</td>
<td>• Innovation system reengineered to lead to commercial results</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business Sophistication = 25.6</td>
<td>• Business Sophistication = 52.2</td>
<td>• Foreign innovation systems tapped and appropriate technologies transferred and adapted</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Creative Outputs = 29.0</td>
<td>o Creative Outputs = 30.0</td>
<td>• Private companies are willing to actively participate and collaborate with quality and management improvement programs</td>
<td></td>
</tr>
<tr>
<td><strong>ST.5.</strong></td>
<td>Improved Access to Finance &amp; Equity Participation</td>
<td>• Index of Economic Freedom 2016 = 77.7</td>
<td>• Index of Economic Freedom 2016 = 82.0</td>
<td>• SMEs are exporting to Africa</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Financial Freedom = 70.0</td>
<td>o Financial Freedom = 78.5</td>
<td>Export markets have been diversified</td>
<td></td>
</tr>
<tr>
<td><strong>ST.6.</strong></td>
<td>Improved Marketing and Regional Exports Capacity</td>
<td>• Global Innovation Index 2016 = 49.5</td>
<td>• Global Innovation Index 2026 = 63.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Market Sophistication = 49.5</td>
<td>• Market Sophistication = 63.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trade Balance 2015 = -1.98m USD</td>
<td>Trade Balance 2015 = +1.056m USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**Regulatory Burden Reporting Mechanism**

Government regulations have profound effects on the ecosystem and therefore on SMEs’ performances. The leaner and more efficient the regulatory system is, the stronger and more effective SMEs will become.

The Regulatory Burden Reporting Mechanism, published on a quarterly basis, is recommended as an efficient guideline to monitor the progress and occurrence of red tape in relevant ministries and institutions. The reporting mechanism can either be used in parallel with the initiatives of the model or stand alone with major reporting on:

- The cost of compliance;
- The identification and investigation of high cost centers; and
- Appropriate actions to address the issues.

The proposed Inter-Ministerial Committee, can also be mandated to analyse, review the cost of regulatory compliance and propose appropriate actions. The committee can be inspired by the Commonwealth Regulatory Burden Mechanism.

**SME Business Intelligence**

The 10-Year Master Plan is setting the foundation for an output-based (KPI) approach which collects data on regulatory and compliance issues, impacts of programmes or policies on SMEs and their performance.

Detailed analytics are critical for effective policy formulation and adaptation to the changing needs of SME. It is recommended to implement the Business Intelligence (BI) model which is application-type software designed to retrieve, analyse, transform and report data for effective policy formulation. The recommended model is based on a Multidimensional Online Analytical Processing (MOLAP) which will link the MoBEC (Lead) and different ministries and institutions. This will be facilitated through the Budget 2016 measure of setting up information highways between Ministries and other Government institutions. The programme exists in different commercial forms and the Inter-Ministerial Committee must be provided with information to select the most appropriate programme that suits this purpose. However, selection of the BI Tool will have to take into consideration Existing Data Warehouses and Integration thereof, with existing systems (PMS, PBB etc.).
Figure 8.6: Business Intelligence Tool Architecture

The tool will link up with existing databases as illustrated in figure 8.4 and capture real time data and offer detailed analytics on evolution of registered SMEs, under various schemes and programmes using data that has been previously stored in a data warehouse. The implementation will involve a dedicated server centralising information and evolution. The MOLAP tool will enable MoBEC to analyse multidimensional data interactively from various sources. MOLAP consists of three basic analytical operations:

- consolidation (roll-up);
- drill-down; and
- Slicing and dicing.

The MOLAP tool must be integrated with the KPIs proposed under each High Impact Initiative and relative institution. The analytics will enable MoBEC to evaluate progress and take relevant corrective actions. The outputs of the system can be designed to provide a wide array of analytics and to alert deviations from set targets.
National SME & Entrepreneurship Index

A National Entrepreneurship Index should be designed, benchmarked on international institutions methodologies e.g. the World Bank Doing Business, to gauge the performance of the entrepreneurship ecosystem. Weaknesses and gaps are highlighted and benchmarked with international best practices. MoBEC and SME Mauritius can therefore ensure that appropriate actions, resources and funds are directed where they are mostly needed, thus making the biggest impact with a given amount of resources. The National Entrepreneurship Index supplements the road map for identifying initiatives along the timeline, create a compass for targeting the most critical areas and establish mile markers for monitoring and evaluating societal impacts.

The SME Business Intelligence Tool and parameter set by Global Entrepreneurship Index (GEI), can be the basis to process many types of relevant data and information to generate performance dashboards. The aim is to monitor and evaluate programme effectiveness, through two complementary tools namely, the Adult Population Survey (APS) and the National Expert Survey (NES) which are both in line with the standards of the Global Entrepreneurship Monitor (GEM)\(^24\).

\(^{24}\) http://www.gemconsortium.org/
8.6 Call for Action

To achieve the status of a high income economy by 2030, Mauritius must tap on all the available levers of development. As the SME sector is an important component of the Mauritian business landscape, effective implementation of the 10-Year Master Plan is of paramount importance, not just for income generation, but also for employment creation and poverty alleviation.

Indeed, global experiences demonstrate that establishing a strong, sustainable and resilient SME sector significantly contributes to economic expansion of a country and particularly benefits the young and the middle class.

However, with limited resources, as well as the diversified nature of SMEs, the implementation process will require strong commitment from and coordination among all stakeholders, public and private. By initiating the Master Plan, MoBEC has already taken the unequivocal leadership and intends to adopt a unique and coordinated approach allowing all stakeholders to contribute and progress for higher results. Since the Master Plan also stresses the importance of targeting high growth potential SMEs, effective implementation of the recommended actions will benefit all economic actors independent of their size, sector and level of development.

For practical purposes, the next steps include (i) developing the business cases and conducting a detailed design of each High Impact Initiative and (ii) ensuring that the Master Plan is mainstreamed in all government agencies and institutions. It is worth mentioning that this 10-Year Master Plan should be considered as a first iteration that has to evolve within the prevailing context.

To conclude, the current economic situation in Mauritius requires a strong shift in favour of SMEs and more particularly towards High Growth Potential ones that have the ability to spur the economic activities and create jobs. Mauritius has already demonstrated that it has the ability to take decisive actions and that it can rely on a young and educated workforce. Under the leadership of MoBEC, all stakeholders whether public or private, and obviously the SMEs themselves have an important role in this journey towards the second economic miracle. One that will inevitably be achieved by accelerating SME innovation and growth.
Entrepreneurship is not about central tendencies; it is about extremes. Entrepreneurship is not about what is likely. It is about what is possible. It is not ordinary; it is extraordinary. The common denominator of all the accessible entrepreneurs is their contrarian perception, creation, and capture of extraordinary value. It is their recognition, realization, and reaping of more value that anyone else (the market) could have anticipated.

Daniel Isenberg
## A.1 Ease of Doing Business: Mauritius v/s Best-in-class Countries

<table>
<thead>
<tr>
<th>Category</th>
<th>Mauritius Ranking</th>
<th>Best-in-class Country</th>
<th>Ranking/Score Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Starting a Business (rank)</strong></td>
<td>37</td>
<td>1-New Zealand</td>
<td>36</td>
</tr>
<tr>
<td>DTF score for Starting a business (0-100)</td>
<td>92.49</td>
<td>99.96</td>
<td>-7.47</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>5</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Time (days)</td>
<td>6</td>
<td>0.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>2</td>
<td>0.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Minimum capital (% of income per capita)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Dealing with Construction Permits</strong></td>
<td>35</td>
<td>1-Singapore</td>
<td>34</td>
</tr>
<tr>
<td>DTF score for dealing with construction permits (0-100)</td>
<td>76.51</td>
<td>92.97</td>
<td>-16.46</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Time (days)</td>
<td>156</td>
<td>26</td>
<td>130</td>
</tr>
<tr>
<td>Cost (% of warehouse value)</td>
<td>0.6</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Building quality control index (0-15)</td>
<td>13</td>
<td>14</td>
<td>-1</td>
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<tr>
<td><strong>Getting Electricity</strong></td>
<td>41</td>
<td>1-Korea</td>
<td>40</td>
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<tr>
<td>DTF score for getting electricity (0-100)</td>
<td>81.92</td>
<td>99.88</td>
<td>-17.95</td>
</tr>
<tr>
<td>Procedures (number)</td>
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<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>81</td>
<td>18</td>
<td>63</td>
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<tr>
<td>Cost (% of income per capita)</td>
<td>260</td>
<td>39.8</td>
<td>220.2</td>
</tr>
<tr>
<td>Reliability of supply and transparency of tariffs index (0-100)</td>
<td>0</td>
<td>8</td>
<td>-2</td>
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<tr>
<td><strong>Registering Property</strong></td>
<td>99</td>
<td>1-New Zealand</td>
<td>98</td>
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<tr>
<td>DTF score for registering property (0-100)</td>
<td>61.18</td>
<td>94.46</td>
<td>-33.28</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Time (days)</td>
<td>14</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>106</td>
<td>0.1</td>
<td>105.9</td>
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<tr>
<td>Quality of land administration index (0-30)</td>
<td>14</td>
<td>26</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Getting Credit</strong></td>
<td>42</td>
<td>1-New Zealand</td>
<td>41</td>
</tr>
<tr>
<td>DTF score for getting credit (0-100)</td>
<td>65</td>
<td>100</td>
<td>-35</td>
</tr>
<tr>
<td>Strength of legal rights index (0-12)</td>
<td>6</td>
<td>12</td>
<td>-6</td>
</tr>
<tr>
<td>Depth of credit information index (0-8)</td>
<td>7</td>
<td>8</td>
<td>-1</td>
</tr>
<tr>
<td>Credit bureau coverage (% of adults)</td>
<td>0</td>
<td>100</td>
<td>-100</td>
</tr>
<tr>
<td>Credit registry coverage (% of adults)</td>
<td>82.6</td>
<td>0</td>
<td>82.6</td>
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<tr>
<td><strong>Protecting Minority Investors</strong></td>
<td>29</td>
<td>1-Hong Kong</td>
<td>28</td>
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<tr>
<td>DTF score for protecting minority investors (0-100)</td>
<td>65</td>
<td>83.33</td>
<td>-18.33</td>
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<tr>
<td>Extent of conflict of interest index (0-10)</td>
<td>7.7</td>
<td>9</td>
<td>-1.3</td>
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<tr>
<td>Extent of shareholder governance index (0-10)</td>
<td>5.3</td>
<td>7.7</td>
<td>-2.4</td>
</tr>
<tr>
<td>Strength of minority investor protection index (0-10)</td>
<td>6.5</td>
<td>8.3</td>
<td>-1.8</td>
</tr>
<tr>
<td><strong>Paying Taxes</strong></td>
<td>13</td>
<td>1-UAE</td>
<td>12</td>
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<tr>
<td>DTF score for paying taxes (0-100)</td>
<td>91.92</td>
<td>99.44</td>
<td>-7.52</td>
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<tr>
<td>Payments (number per year)</td>
<td>8</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Time (hours per year)</td>
<td>152</td>
<td>12</td>
<td>140</td>
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<tr>
<td>Total tax rate (% of profit)</td>
<td>22.4</td>
<td>15.9</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Enforcing Contracts</strong></td>
<td>27</td>
<td>1-Singapore</td>
<td>26</td>
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<tr>
<td>DTF score for enforcing contracts (0-100)</td>
<td>70.5</td>
<td>84.91</td>
<td>-14.41</td>
</tr>
<tr>
<td>Time (days)</td>
<td>519</td>
<td>150</td>
<td>369</td>
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<tr>
<td>Cost (% of claim)</td>
<td>25</td>
<td>25.8</td>
<td>-0.8</td>
</tr>
<tr>
<td>Quality of judicial processes index (0-18)</td>
<td>13</td>
<td>15.5</td>
<td>-2.5</td>
</tr>
<tr>
<td><strong>Trading Across Borders</strong></td>
<td>66</td>
<td>1-Luxembourg</td>
<td>65</td>
</tr>
<tr>
<td>DTF score for trading across borders (0-100)</td>
<td>80.05</td>
<td>100</td>
<td>-19.95</td>
</tr>
<tr>
<td>Time to export</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Documentary compliance (hours)</td>
<td>9</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Border compliance (hours)</td>
<td>48</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Domestic transport (hours)</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cost to export</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Documentary compliance (US$)</td>
<td>128</td>
<td>0</td>
<td>128</td>
</tr>
<tr>
<td>Border compliance (US$)</td>
<td>269</td>
<td>0</td>
<td>269</td>
</tr>
<tr>
<td>Domestic transport (US$)</td>
<td>196</td>
<td>60</td>
<td>136</td>
</tr>
<tr>
<td><strong>Resolving Insolvency</strong></td>
<td>30</td>
<td>1-Finland</td>
<td>29</td>
</tr>
<tr>
<td>DTF score for resolving insolvency (0-100)</td>
<td>65.94</td>
<td>93.81</td>
<td>-27.87</td>
</tr>
<tr>
<td>Time (years)</td>
<td>1.7</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>15</td>
<td>11</td>
<td>0.8</td>
</tr>
<tr>
<td>Recovery rate (cents on the dollar)</td>
<td>67.4</td>
<td>90.1</td>
<td>-22.7</td>
</tr>
<tr>
<td>Strength of insolvency framework index (0-16)</td>
<td>9.5</td>
<td>14.5</td>
<td>-5.0</td>
</tr>
</tbody>
</table>
### A.2 Start-up Procedures

**Study carried out at the Municipal Council of Curepipe in May 2016**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Procedure</th>
<th>Required Documents</th>
<th>Applicable Fee (MUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Registrar of Companies</td>
<td>Name Reservation</td>
<td>Form for Name Reservation</td>
<td>100</td>
</tr>
<tr>
<td>2 Registrar of Companies</td>
<td>Incorporation of the Company Application for Business Registration Card</td>
<td>Application form for Incorporation; Consent Forms for Directors &amp; Shareholders; Identity Cards/Passports for Directors and Shareholders; Proof of Address for each Director and Shareholder</td>
<td>3,400</td>
</tr>
<tr>
<td>3 SMEDA</td>
<td>Registration as SME</td>
<td>Certificate of Incorporation; Business Registration Card; Identity Cards of Directors</td>
<td>Free</td>
</tr>
<tr>
<td>4 Local Authority</td>
<td>Building &amp; Land Use Permit Option 1: Use of existing commercial building</td>
<td>Application Not Required</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Building and Land Use Permit Option 2: Conversion of part of residential place to commercial/office space</td>
<td>A Site plan to be made by a land surveyor showing conversion of existing building; A board with notice for conversion should be displayed for 15 days. In case of no objection from neighbours, the applicant may apply for BLP; Notices should be published in two daily newspapers and after 15 days in case of no objection, applicant may apply for BLP; Copy of Business Registration Card; Copy of Certificate of Incorporation; Copy of existing Building and Land Use Permit from owner of commercial building; Copy of Title Deed; Consent letter from landlord; Copy of ID card of Landlord; Site plan; Copy of ID card of all Directors; Copy of memorandum; Authorisation letter signed by all directors; All documents should be made in 3 copies; An application form for exempt development should be filled up from the Planning Department</td>
<td>Land Surveyor Fee for site plan + approx. MUR 900 for publication in newspapers + MUR 600 processing fee</td>
</tr>
<tr>
<td></td>
<td>Building &amp; Land Use Permit Option 3: Construction of Commercial Building</td>
<td>A Site plan to be made by a land surveyor; A board for notice of building of a commercial space should be displayed for 30 days. In case of no objection from neighbours, the applicant may apply for BLP; Copy of Business Registration Card; Copy of Certificate of Incorporation; Copy of Title Deed; Copy of ID card of Landlord; Site plan; Copy of memorandum; Authorisation letter signed by the owner</td>
<td>Land Surveyor Fee for site plan + approx. MUR 900 for publication in newspapers + MUR 600 processing fee</td>
</tr>
<tr>
<td>5 Local Authority</td>
<td>Trade Licence</td>
<td>Building &amp; Land Use Permit if applicable; Copy of Business Registration Card; Copy of Certificate of Incorporation; Copy of Title Deed; Consent letter from landlord; Copy of ID card of Landlord; Site plan; Copy of ID card of all Directors; Copy of memorandum; Authorisation letter signed by all directors and owner (if applicable)</td>
<td>Applicable Trade Fee according to activity of the SME</td>
</tr>
</tbody>
</table>

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*Disclaimer: The information provided is for reference only and may not be up-to-date. Always consult the latest official sources for the most accurate and current information.*
## A.3 A Summary of Schemes for SMEs

<table>
<thead>
<tr>
<th>SN</th>
<th>Pillar Addressed</th>
<th>Responsible Agency</th>
<th>Scheme</th>
<th>Objective</th>
<th>Eligibility Criteria</th>
<th>Funds Earmarked</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Comprehensive Support</td>
<td>MyBiz/SMEDA</td>
<td>SME Development Scheme Certificate</td>
<td>1. Income tax holiday for the first 8 years and other tax concessions. 2. Special Grant for training, consultancy, financial management, feasibility study and technical assistance. 3. Business support solutions from MyBiz. 4. Fast-track mechanism for obtaining permits and licences. 5. MauBank SME Financing Scheme</td>
<td>(a) An enterprise should have been incorporated as a small company under the Companies Act or registered as a Cooperative Society under the Cooperative Act on or after 2 June 2015 and registered under the SMEDA Act; (b) project value not exceeding MUR 20 million. (c) project turnover not exceeding MUR 20 million. (d) none of the shareholders of the company should hold interest/share in any other entity having an Annual Turnover exceeding MUR 50 million. (e) The company should be involved in ICT and export services, Manufacturing transformation and processing, Bio-farming and Agri-business activities, Aquaculture, Renewable and Green Energy Production, Locally manufactured handicraft.</td>
<td>The Special Grant for training, consultancy, financial management, feasibility study and technical assistance will be 10% of the project value up to a maximum of MUR 150,000.</td>
</tr>
<tr>
<td>2</td>
<td>Finance</td>
<td>Registered leasing Companies</td>
<td>Leasing Equipment Modernisation Scheme (LEMS)</td>
<td>The Government provides a line of credit to SMEs to provide affordable financing to purchase new equipment</td>
<td>LEMS I- maximum of MUR 5 million for the purchase of new equipment by SMEs with turnover not exceeding MUR 50 million per annum. LEMS II- not exceeding MUR 15 million for the purchase of new equipment by SMEs with turnover per annum up to MUR 150 million. LEMS III- a maximum of MUR 50 million for the purchase of new equipment by SMEs with turnover per annum exceeding MUR 150 million. LEMS IV- maximum of MUR 150 million to ease cash flow of SMEs through refinancing of their existing assets by Sale &amp; Lease Back.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Finance</td>
<td>Development Bank of Mauritius</td>
<td>Booster Micro Credit Loan Scheme</td>
<td>To finance projects of small registered enterprises</td>
<td>Manufacturing, Agriculture, Agri-Business, Small Tourism, Handicraft, Kindergartens, Small Plant Nurseries, Livestock, ICT, training, service, E-commerce, Small trades (excl. hawkers)</td>
<td>A maximum loan of MUR 150,000</td>
</tr>
<tr>
<td>SN</td>
<td>Pillar Addressed</td>
<td>Responsible Agency</td>
<td>Scheme</td>
<td>Objective</td>
<td>Eligibility Criteria</td>
<td>Funds Earmarked</td>
</tr>
<tr>
<td>----</td>
<td>-----------------</td>
<td>-------------------</td>
<td>--------</td>
<td>-----------</td>
<td>---------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>4</td>
<td>Finance</td>
<td>Development Bank of Mauritius</td>
<td>Business Development Schemes</td>
<td>To finance projects</td>
<td>Manufacturing, Trade and Service, Transport, Printing and Publishing, Health, Tourism, ICT, Art, Overseas Trade, Purchase of Industrial or Agricultural Land, Construction of Industrial, Commercial or Office Building</td>
<td>75% of project cost up to a ceiling of MUR 5 million</td>
</tr>
<tr>
<td>5</td>
<td>Finance</td>
<td>SME Partnership Fund Ltd</td>
<td>SME Partnership Fund</td>
<td>Provides equity financing to small and medium companies in Mauritius</td>
<td>- Investment range of SPF: minimum MUR 300,000 and maximum MUR 10 million - SPF financing should represent up to 49% of the SME’s equity capital - Promoters invest at least 51% in share capital - SPF investment is primarily towards capital expenditure - All productive sectors are eligible for financing - SPF invests in start-ups, expansion projects and new lines of business - Only viable &amp; feasible projects are considered</td>
<td>A MUR 170 million fund</td>
</tr>
<tr>
<td>6</td>
<td>Finance</td>
<td>Development Bank of Mauritius</td>
<td>Business Development Scheme</td>
<td>Financing of projects including the manufacturing sector, trade and services, Health, Tourism, ICT, Art, participation in overseas trade fairs &amp; surveys and setting up of market fair &amp; craft villages.</td>
<td>Manufacturing, Tourism, ICT, Health sectors</td>
<td>5% of cost of project up to a ceiling of MUR 5 million.</td>
</tr>
<tr>
<td>7</td>
<td>Finance</td>
<td>Development Bank of Mauritius</td>
<td>Quasi-equity financing scheme</td>
<td>Equity and quasi-equity to SMEs offering a maximum investment of 75% of project cost</td>
<td>Registered SMEs: Manufacturing, Agri-Business, Tourism, Trade, Service Sectors</td>
<td>Up to a ceiling of MUR 500,000 in form of redeemable preference shares, debentures or equity loan.</td>
</tr>
<tr>
<td>8</td>
<td>Finance</td>
<td>Development Bank of Mauritius</td>
<td>Scheme for agricultural sector</td>
<td>Fund projects in sugarcane sector, livestock breeding, fishing and seafood, agro processing etc. Max. loan amount is 80% of project cost up to a ceiling of MUR 5 million / Special scheme to finance projects in sugarcane, biotechnology, off-lagoon, storage of agricultural products &amp; production of agricultural seedlings.</td>
<td>Sugarcane sector, Livestock, fishing, seafood production and agro-processing</td>
<td>The maximum loan amount is 80% of project cost up to a ceiling of MUR 1 million</td>
</tr>
<tr>
<td>SN</td>
<td>Pillar Addressed</td>
<td>Responsible Agency</td>
<td>Scheme</td>
<td>Objective</td>
<td>Eligibility Criteria</td>
<td>Funds Earmarked</td>
</tr>
<tr>
<td>----</td>
<td>-----------------</td>
<td>--------------------</td>
<td>--------</td>
<td>-----------</td>
<td>---------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>9</td>
<td>Finance</td>
<td>MauBank</td>
<td>Long term loans, Short term loans, Foreign currency loans, Working capital funding, Project financing, Syndication, Leasing, GFA (Garantie Financière d’achèvement)</td>
<td>Long-term or short-term commercial loans for business acquisition, equipment purchase, inventory, construction, expansion, working capital and more.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 10 | Finance         | Maubank            | Maubank SME Financing Scheme | Loan with a maturity of up to 10 years | SME should have a Development Certificate from the SMEDA | (i) Interest rate (Key Repo Rate less 1.0%), currently 3.4%  
(ii) A maximum of 90% project financing with maturity of up to 10 years.  
(iii) No personal guarantee will be requested from beneficiaries. Security will be restricted to fixed and floating charge on the assets of the company or Cooperative society.  
(iv) As part of the Special Grant, an amount of up to MUR 10,000 may be allocated for the carrying out of feasibility study of a proposed project by an SME. |
<table>
<thead>
<tr>
<th>SN</th>
<th>Pillar Addressed</th>
<th>Responsible Agency</th>
<th>Scheme</th>
<th>Objective</th>
<th>Eligibility Criteria</th>
<th>Funds Earmarked</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Finance</td>
<td>Restructuring Working Group with CIM Finance Ltd</td>
<td>RWG CREDIT FINANCING SCHEME (RCFS)</td>
<td>Factoring service to enterprises involved in B2B.</td>
<td>Maximum single Client Funding Limit: MUR 10,000,000</td>
<td>Maximum single debtor factoring limit: MUR 2,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Maximum credit invoice period: 90 days</td>
<td>Maximum % financing: 90% of invoice amount. Remaining 10% kept in a Reserve</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Finance</td>
<td>Mauritius Business Growth scheme unit (MBGS)</td>
<td>Mauritius Business Growth Scheme (MBGS). Start-up Entrepreneurship Scheme</td>
<td>Monthly support of up to MUR 20,000</td>
<td>Enterprise with less than one year of operation and registered as a company, firm, SME</td>
<td>MUR 700 M (for both MBGS and Start-up Entrepreneurship Scheme)</td>
</tr>
<tr>
<td>13</td>
<td>Human Capital Development</td>
<td>MyBiz/SMEDA</td>
<td>Entrepreneurship Development Programme</td>
<td>Training programmes and seminars, workshops and conferences of short duration in regional centres across the country for Skills development and capacity building among SMEs. These need-based training programs are affordable, appropriate and innovative. These programs are aimed at improving knowledge and competencies in the technical, marketing, financial, compliance, policy, regulatory, legal, commercial and other important functions of enterprises</td>
<td>All registered SMEs</td>
<td></td>
</tr>
<tr>
<td>SN</td>
<td>Pillar Addressed</td>
<td>Responsible Agency</td>
<td>Scheme</td>
<td>Objective</td>
<td>Eligibility Criteria</td>
<td>Funds Earmarked</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>--------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>14</td>
<td>Human Capital Development</td>
<td>National Productivity and Competitiveness Council</td>
<td>GoSME Scheme</td>
<td>Phase 1: Analysis-&gt; Audit of company by NPCC including an interactive workshop with employees. Phase 2: Training-&gt; In-plant training based on problems identified; Training of Productivity Champion at NPCC. Phase 3: Implementation-&gt; Implementation of a project by Productivity Champion and follow up by NPCC, Membership of Company to NPCC Productivity Club</td>
<td>All SMEs registered at the NPCC</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Innovation, Technology Transfer &amp; Green Projects</td>
<td>Mauritius Business Growth scheme unit (MBGS)</td>
<td>Mauritius Business Growth Scheme (MBGS) – Technical Assistance 90-10 Payback Scheme</td>
<td>To propose a Business Growth scheme enabling Mauritian enterprises to bring in outside technical expertise in order to grow their business and become more “globally competitive”</td>
<td>MBGS is open to all private firms operating for profit and in all size categories. Businesses in all economic sectors are eligible to the 90-10 Scheme except those operating in the financial services industry and those involved in ‘pure trading’ activities.</td>
<td>MUR 5 million per project for a project duration not exceeding 24 months.</td>
</tr>
<tr>
<td>16</td>
<td>Innovation, Technology Transfer &amp; Green Projects</td>
<td>Mauritius Research Council</td>
<td>Collaborative Research and Innovation Grant Scheme (CRIGS)</td>
<td>Micro, Small and Medium Enterprises to Large Companies to submit proposals for innovative, collaborative research and development projects with commercial potential in partnership with local Academic / Research / Tertiary Education Institution(s).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Innovation, Technology Transfer &amp; Green Projects</td>
<td>Mauritius Research Council</td>
<td>SME Innovation Grant Scheme (SIGS)</td>
<td>Maximum project duration is 6 months. The applicant is expected to develop a prototype, in line with the above theme, by the end of the 6-month period.</td>
<td>SMEs having an annual turnover not exceeding MUR 50 million</td>
<td>SMEs having an annual turnover not exceeding MUR 1 million</td>
</tr>
<tr>
<td>SN</td>
<td>Pillar Addressed</td>
<td>Responsible Agency</td>
<td>Scheme</td>
<td>Objective</td>
<td>Eligibility Criteria</td>
<td>Funds Earmarked</td>
</tr>
<tr>
<td>----</td>
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</tr>
<tr>
<td>18</td>
<td>Innovation, Technology Transfer &amp; Green Projects</td>
<td>Mauritius Research Council</td>
<td>MRC-BRIC Incubation Scheme</td>
<td>To provide a nursery for the commercialization of research; To create an environment conducive to technology entrepreneurship; To foster the development of multidisciplinary and cross-fertilizing technology. Services provided are: Free office accommodation including Conference, meeting and brainstorming rooms, Free internet access, Access to mentoring and business planning from experienced professionals, Creation of synergies with other businesses, Networking through Business Angels forums</td>
<td>Final year undergraduates or fresh graduates dedicated to their project with innovative business ideas or startups are encouraged to apply.</td>
<td>A monthly stipend under the MRC Traineeship scheme will be granted to the right incubate.</td>
</tr>
<tr>
<td>19</td>
<td>Innovation, Technology Transfer &amp; Green Projects</td>
<td>National Computer Board</td>
<td>Technology Awareness programme for SMEs</td>
<td>1. To provide SMEs with the necessary information and knowledge on ICT productivity tools and technologies. 2. To promote the usage of new technologies for the creation of new entrepreneurial possibilities.</td>
<td>All SMEs</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>Market Development Support</td>
<td>Support participation in international trade fairs by manufacturers (both SMEs and non-SMEs)</td>
<td>Enterprises already exporting and those ready for export</td>
<td>MUR 400 million</td>
</tr>
<tr>
<td>21</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>Participation in International Fairs SME Refund Scheme for SMEs only</td>
<td>To provide financial assistance to SMEs which are: (1) Already exporting or ready for export. (2) Attending / visiting fairs. (3) Linked to Technology, sourcing of raw materials or other specialised fairs</td>
<td>SMEs with turnover less than MUR 50 million</td>
<td>Maximum Refund at MUR 200,000 per year irrespective of the number of Trade fairs already participated</td>
</tr>
<tr>
<td>22</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>Freight Refund Scheme</td>
<td>To meet 50% of freight costs for SMEs participating in regional fairs that consist of business to consumer sales in meeting 50% of their freight costs associated with regional exhibitions</td>
<td>Companies with an annual turnover of less than MUR 50 million which are already export ready</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>Go Export Training Course</td>
<td>Increase the number of exporters which will contribute to expand and sustain exports, in line with the export-oriented strategy of the Government. The Go Export program aims at upgrading the export capabilities of local companies mainly SMEs through customised export readiness programme</td>
<td>Domestic companies willing to export or ready to export</td>
<td>MUR 10,000. Refund from HRDC</td>
</tr>
<tr>
<td>SN</td>
<td>Pillar Addressed</td>
<td>Responsible Agency</td>
<td>Scheme</td>
<td>Objective</td>
<td>Eligibility Criteria</td>
<td>Funds Earmarked</td>
</tr>
<tr>
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</tr>
<tr>
<td>24</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>Export Credit Insurance Scheme</td>
<td>To provide a subsidy on the cost of credit insurance premium to eligible enterprises subscribing for Credit Insurance Cover for their direct exports to Africa in order to encourage them to take a credit insurance cover and hence boost up trade with Africa</td>
<td>Companies registered under the laws of Mauritius and who hold a valid FSC license are eligible to be a credit insurance provider; Clients based in Mauritius operating for at least one year. Grant applies to Trading activities, trans-shipment and re-exports, direct exports to all African countries</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius</td>
<td>International Bids Refund Scheme</td>
<td>To assist SMEs in the participation of International Public Biddings</td>
<td>Only for International Bidding dealing with International Public Procurement</td>
<td>Refund cost of purchase of bidding documents up to MUR 75,000 per bidding document</td>
</tr>
<tr>
<td>26</td>
<td>Market Access &amp; Exports</td>
<td>Enterprise Mauritius &amp; MoBEC</td>
<td>Fair Trade Development</td>
<td>Support to co-operatives in obtaining “Fair Trade” certification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Market Access &amp; Exports</td>
<td>Mauritius Tourism Promotion Agency (MTPA)</td>
<td>SME Refund Scheme (Tourism Sector)</td>
<td>To provide financial assistance to SMEs</td>
<td>SMEs in Tourism sector willing to participate in Trade fairs</td>
<td>Maximum of MUR 200,000 per year irrespective of number of trade fairs.</td>
</tr>
<tr>
<td>28</td>
<td>Market Access &amp; Exports</td>
<td>Board of Investment</td>
<td>Participation in International Fairs SME Refund Scheme</td>
<td>Allow SMEs to export their business activities through participation in international fairs</td>
<td>SMEs engaged in the services sector: - ICT/BPO - Freeport and Logistics - Knowledge services - Healthcare services - Life sciences - Creative industries</td>
<td>Refund up to MUR 200,000 per year</td>
</tr>
<tr>
<td>29</td>
<td>Support/Infrastructure</td>
<td>The State Land Development Company (SLDC)</td>
<td>Access to industrial space</td>
<td>To provide industrial space to SMEs at affordable rates across the island</td>
<td></td>
<td>50% of discount to SMEs in the first three years</td>
</tr>
<tr>
<td>30</td>
<td>Support/Infrastructure</td>
<td>National Women Entrepreneur Council</td>
<td>Business Incubators</td>
<td>The facilities provided are: Business Support Services, Business Counselling, Marketing Support, Training, Shared Office Services (Fax, Internet, Telephone), Security Services</td>
<td>Women and SMEs in the handicraft sector - Locally manufactured</td>
<td></td>
</tr>
</tbody>
</table>
A.4 Additional details about the main Financing Schemes for SMEs

1.0 The SME Partnership Fund Ltd

The SME Partnership Fund Ltd (SPFL) is a MUR 168M fund established in 2006 by the government in collaboration with the State Investment Corporation Ltd, the Development Bank of Mauritius Ltd and commercial banks.

The objective of the Fund is to finance the creation, restructuration and consolidation of SMEs. However, as shown in Table A.1, SPFL restricts itself to redeemable preference shares and imposes an equity injection representing 51% of the required funding on promoters/founders. Given these rigid investment criteria, SPFL may not suit all SMEs, notably start-ups engaged in investment-intensive activities.

<table>
<thead>
<tr>
<th>Main features of SPFL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Range</strong></td>
</tr>
<tr>
<td>Maximum Equity Stake</td>
</tr>
<tr>
<td>Financing Instrument</td>
</tr>
<tr>
<td>Dividend</td>
</tr>
<tr>
<td>Investment Stages</td>
</tr>
<tr>
<td>Target Sectors/Companies</td>
</tr>
</tbody>
</table>
| Maximum Investment Period | • 5 years for investment below MUR 3M  
                               • 7 years for investment above MUR 3M |
| Exit Strategy         | • Redemption by investee company  
                        • Share buy-back by shareholders of the investee company  
                        • Sale of shares to a third-party |

2.0 The NRF Equity Investment Limited

In 2012, the government of Mauritius set up the NRF Equity Investment Limited (NEIL), a MUR 300M private equity fund, in collaboration with commercial banks. The objective of NEIL is to provide development capital to established SMEs having a turnover ranging from MUR 10M to MUR 50M through equity injection (Table A.2). Start-ups are therefore not covered by this financing option.

<table>
<thead>
<tr>
<th>Main features of NEIL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Range</strong></td>
</tr>
<tr>
<td>Maximum Equity Stake</td>
</tr>
<tr>
<td>Financing Instrument</td>
</tr>
<tr>
<td>Dividend</td>
</tr>
<tr>
<td>Investment Stage</td>
</tr>
</tbody>
</table>
| Target Sectors/Companies | • Companies with growth potential but highly indebted  
                              • Turnover between MUR 10M and MUR 50M  
                              • Minimum track record of 3 years |
| Maximum Investment Period | 5 to 7 years |
| Exit Strategy         | Redemption by investee company (Redemption price : 10% IRR* or NAV** whichever is higher) |
| Other                 | Processing fee of MUR 10,000. Refundable in case application is not approved |

* IRR = Internal Rate of Return, is a way to evaluate the rate of return, this method does not take into account environmental factors (e.g., the interest rate or inflation).  
** NAV = Net Asset Value, is the value of an entity's assets minus the value of its liabilities.
3.0 SME Financing Scheme

Following the National Budget 2012, an SME Financing Scheme was implemented by 14 commercial banks to propose an affordable interest rate of 3% above repo rate to SMEs. The government agreed to offer a risk cover representing 35% of every loan and overdraft through the Equity Fund. In addition, banks were allowed to claim tax deduction in respect of SME bad debts. In the 2016-17 National Budget, it was highlighted that the SME Financing Scheme would be extended for an additional period of three years and the interest rate would be brought down to 6%.

Main features of the SME Financing Scheme

<table>
<thead>
<tr>
<th>SME Financing Scheme Window 1</th>
<th>SME Financing Scheme Window 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Companies</td>
<td>Turnover not exceeding MUR 10M</td>
</tr>
<tr>
<td>Other Criteria</td>
<td>In operation for at least 1 year</td>
</tr>
<tr>
<td></td>
<td>Excludes Traders, Real Estate, Construction, Professionals &amp; Professional Firms, Group Companies, Employment and charitable institutions, Luxury products</td>
</tr>
<tr>
<td>Type of Facility</td>
<td>Loan, finance lease, working capital financing, overdraft and import loan.</td>
</tr>
<tr>
<td>Amount</td>
<td>Up to MUR 2M</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>Repo Rate + 3%</td>
</tr>
<tr>
<td>Security</td>
<td>Floating charge on the entity</td>
</tr>
</tbody>
</table>

4.0 SME Development Scheme

In February 2016, the government launched the SME Development Scheme in collaboration with SMEDA (MyBiz) and MauBank, with the objective to promote entrepreneurship and encourage young Mauritians to start their own business.

The scheme grants access to a set of fiscal & non fiscal incentives and to the preferential SME loan facility of MauBank. The scheme is limited to companies incorporated as a small company under the Companies Act or registered as a Cooperative Society on or after 02 June 2015 and registered under the SMEDA Act.

However, the effectiveness of this scheme is questioned by SMEs. Main issues put forward are as follows:

- MauBank functions as a commercial bank and is not primarily dedicated to the development of the SME sector.
- Staff of MauBank are not adequately trained and equipped to respond to the peculiar needs of SMEs.
- The scheme is too restrictive in terms of eligibility criteria.
5.0 Banks

The Banking sector in Mauritius is regulated by the Bank of Mauritius, the domestic central bank, in accordance with the Bank of Mauritius Act 2004 and the Banking Act 2004.

The Banking Act 2004 defines a bank as “a company incorporated under the Companies Act, or a branch of a company incorporated abroad, which is licensed by the central bank to carry on any or all of the following:

- banking business;
- Islamic banking business;
- private banking business;
- Investment banking business”

In addition, pursuant to section 14D of the Banking Act 2004, the business of moneylending in Mauritius is restricted to companies which are duly licensed by the Bank of Mauritius and which abide by the latter’s prudential requirements and directives.

As indicated in Table A.4, it is also to be noted that the Bank of Mauritius Act 2004 provides for the creation of a development fund in favour of SMEs with a view to encouraging banks to lend to such enterprises on the basis of set targets.

<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 (1aa)</td>
<td>“Subject to this Act, the Bank may set up a development fund for the benefit of small and medium enterprises and require a bank that fails to meet agreed lending targets to small and medium enterprises to contribute to the development fund by depositing, with the Bank at no interest, the difference between its actual lending and the agreed target”</td>
</tr>
<tr>
<td>6 (1ab)</td>
<td>“where any amount has been deposited in accordance with paragraph (aa), direct that it shall be on-lent to a commercial bank that has met its target on such terms and conditions as may be prescribed by regulations made by the Minister, after consultation with the Governor”</td>
</tr>
<tr>
<td>6 (1ac)</td>
<td>“notwithstanding paragraphs (aa) and (ab), authorise a bank that fails to meet the agreed lending targets to small and medium enterprises to on-lend the amount referred to in paragraph (ab) to another bank which has met the agreed lending targets, on such terms and conditions as may be agreed between the banks”</td>
</tr>
</tbody>
</table>

As at mid July 2016, 22 banks were licensed and in operation in Mauritius, out of which 14 commercial banks were providing financing products and services to SMEs and 1 Islamic bank was offering Islamic finance products (ijarah and murabaha).

All 14 commercial banks offer the SME Financing Scheme which covers a wide range of debt financing instruments namely, overdrafts, working capital, import loans and term loans.

Yet, although SMEs are highly reliant on affordable banking services and products to fully unlock their potential, they are faced with commercial banks that fail to understand their specific needs and constraints. Commercial banks in Mauritius practice collateral lending and tend to be focused on corporate clients having an established and profitable business and therefore a low-risk profile. In order to access bank financing, SMEs must provide business and/or personal collaterals, which may prove challenging notably for enterprises engaged in intangible products.

It is therefore crucial that commercial banks understand how SMEs operate and that they adapt their business model accordingly to better serve this growing market. Latest initiatives from major
banks show that they are increasingly committed to capturing the opportunities presented by the SME sector. New products such as microfinance are now being proposed.

6.0 Other Financing Options

Other financing options and schemes available to SMEs include the following:

- **AFD Green Lending Scheme**: L’Agence Française de Développement has partnered with 4 commercial banks to propose a mix of loan and grant facility to companies engaged in green investment projects (renewable energy, energy efficiency, environmental performance and eco-business). The maximum loan amount is EUR 7M.

- **Asset-based financing**: This type of financing includes notably leasing and factoring facilities which are currently offered by a number of companies. The Minister of Finance and Economic Development also announced in his 2016-17 National Budget Speech on 29 July 2016 that a factoring scheme of MUR 100 million would be introduced. However, these options are not suitable for all SMEs.

- **Private Equity (PE) Funds**: Few private equity funds include Mauritius within their investment radar. In effect, private equity funds, which comprise venture capital funds, require high-growth potential companies and clear exit routes to realise their return. Mauritian SMEs tend to concentrate on an exiguous domestic market, and possible exit routes are limited since the Stock Exchange of Mauritius is highly illiquid. Furthermore, SMEs are very often reluctant to the dilution of their shareholding structure and to the close monitoring and involvement of PE investors.
## A.5 Legislations

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Main Features for SMEs</th>
</tr>
</thead>
</table>
| **SMEDA Act 2009**                         | - Defines Small Enterprise (Turnover not exceeding MUR 10 million) and Medium Enterprise (Turnover above MUR 10 million but not exceeding MUR 50 million).  
- Defines Enterprise as “any form of trade or manufacture, craft by hand or foot, cultivation of fruits, vegetables or flowers, livestock breeding, or activity approved as such by” SMEDA (incl. cooperative societies).  
- Provides for the establishment of SMEDA as the apex body for support and development of the SME sector in Mauritius.  
- Sets the main objectives and functions of SMEDA. | |
| **Companies Act 2001**                     | - Defines small private company ("Turnover of which in respect of its last preceding accounting period is less than 10 million rupees or such other amount as may be prescribed" and not holding a GBL 1 licence).  
- No requirement for any company to have a constitution.  
- No requirement for a small private company to have a secretary.  
- No requirement for a small private company to appoint an auditor.  
- Sets the standards for the financial statement of a small private company. No requirement to comply with the International Accounting Standards. | |
| **Business Registration Act**              | - Provides for the establishment of a Central Business Registration Database  
- Provides for the issuance of a Business Registration Number and a Business Registration Card for each registered business.  
- Provides for online access to the Central Business Registration Database by the Board of Investment (BOI), SMEDA, Local Authorities, Mauritius Revenue Authority, Ministry of Social Security and Manufacturing Sector Workers Welfare Fund. | |
| **Business Facilitation Act 2006**         | - Provides for online access to the Central Business Registration Database by the Board of Investment (BOI), SEHDA (now SMEDA), Local Authorities, Mauritius Revenue Authority, Ministry of Social Security.  
- Provides for new types of occupation permits for expatriates (Investor, Professional and Self-Employed).  
- Redefines the objectives and functions of the BOI. The BOI is identified as the primary institution to improve the investment and business environment in Mauritius, to develop all forms of investment and business activities and to facilitate foreign investments.  
- Provides for the issuance of a Building and Land Use Permit within 3 working days in the case of “a small enterprise or handicraft enterprise under the Small Enterprises and Handicraft Development Authority Act 2005”. | |
| **Local Government Act 2011**              | - Provides for the establishment of the Permits and Business Monitoring Committee by local authorities.  
- Provides for the issue of a Building and Land Use Permit within 3 days of the effective date of receipt of the application in the case of micro-enterprises and small enterprises registered under the SMEDA Act. | |
| **Employment Rights Act**                  | - Provides the general legal framework with regard to workers for the following issues: Minimum age for employment, normal working hours, overtime, allowances, equal remuneration, transport of workers, leaves, etc. | |
| **Remuneration Orders**                    | - Sets rules of employment in industries operating with specific needs (currently 30 industries) including: basic wages, normal working hours, extra remuneration, allowances, leaves and other employment conditions. | |
| **Environmental Protection Act**           | - Sets the requirement for a Preliminary Environment Report and an Environmental Impact Assessment Licence for companies engaged in certain activities, notably those which may have a negative impact on the natural environment and human health. | |
| **Environmental Protection Regulations 2006** | - Removes the requirement for a Preliminary Environment Report for small and medium enterprises engaged in food processing activities. | |
## A.6 Major Initiatives across the World for Entrepreneurship (GEI)

<table>
<thead>
<tr>
<th>SN</th>
<th>Country</th>
<th>Policy Brief &amp; Best Practices</th>
</tr>
</thead>
</table>
| 1. | Argentina | Local Authorities assistance to Entrepreneurs  
|     |         | - Free Business Training, Creation of an entrepreneurial community,  
|     |         | - Entrepreneurship Week Celebrations, Co-Working spaces and boosting  
|     |         | access to finance |
| 2. | Brazil | Formalising micro enterprises  
|     |         | - Increasing the tax net and giving incentives to micro-enterprises  
|     |         | - Simplifying regulations and tax regimes |
| 3. | Canada | Stimulating Innovative SMEs  
|     |         | - Inclusive role of SMEs in R&D  
|     |         | - Technology advisory service to identify and address technical, research,  
|     |         | information and business constraints in SMEs |
| 4. | Chile | Promoting a culture of entrepreneurship  
|     |         | - Getting foreign entrepreneurs relocating to Chile temporarily through  
|     |         | Start-up Chile  
|     |         | - Cultural shift towards entrepreneurship through promotions  
|     |         | - Peer mentoring of new start-ups with possibilities of follow-on funding |
| 5. | China | Boosting the high tech sector  
|     |         | - Emergence of Lenovo & Huawei  
|     |         | - Technology business incubators linked to universities and specialised  
|     |         | sectors  
|     |         | - Government Venture capital co-investing with private sector funds |
| 6. | Croatia | Evidence Based policy Making to boost policy support  
|     |         | - Targeted intervention in building the entire Entrepreneurship Ecosystem |
| 7. | Germany | Encouraging Entrepreneurship through University start-ups (EXIST Programme)  
|     |         | - Funds university-based entrepreneurship policies and implementation;  
|     |         | Grant supports to start-ups and funds research and prototype  
|     |         | development for business launching |
| 8. | India | Subsidising credit ratings to boost access to finance |
| 9. | Ireland | Encouraging female entrepreneurship  
|     |         | - Network set up  
|     |         | - Women Entrepreneurship Day celebrations |
| 10. | Israel | State promotion of venture capital sector  
|     |         | - Angel Investment ecosystem |
| 11. | Kazakhstan | Financial Stimulus to SMEs and Non-financial supports such as training |
| 12. | Malaysia | Promoting Better access to Finance  
|     |         | - Credit Guarantee Scheme, Venture capital promotion, Angel Investment  
|     |         | (with tax incentives to the angels), Equity crowd funding |
| 13. | Slovenia | Campaign to reduce red tape and better start-up support  
|     |         | - One Stop Shops, Simplified tax regime, single document for permits and  
|     |         | releases |
| 14. | South Africa | Getting Big Businesses to support smaller ones  
|     |         | - Changes the SME sector into Opportunity driven one |
| 15. | Thailand | Promoting a culture of innovation  
|     |         | - Support transfer of R&D to the business sector |
| 16. | Turkey | Promoting Entrepreneurship at schools  
|     |         | - Integrated into curriculum and trained teachers to inculcate  
|     |         | entrepreneurship |
| 17. | UK | Developing a GREAT Enterprise Nation through  
|     |         | - Small Business charter  
|     |         | - Business Angels |
| 18. | USA | Democratising Funds through equity crowd funding  
|     |         | - Legalised and structured crowd funding |
A.7 The Global Entrepreneurship Index (GEI)

A National Entrepreneurship Index, adapted from the Global Entrepreneurship Index (GEI)\(^{25}\), will provide the means of diagnosing and prescribing the most effective interventions for entrepreneurship and SME development. When combined with detailed country data, in-depth analysis and innovative processes, it will become a powerful lever for MoBEC, international organizations, foundations and global corporations to accelerate enterprise development.

The Global Entrepreneurship Index provides for the following:

- assessing a country’s in-depth entrepreneurial context,
- reviewing existing initiatives aimed at improving economic development,
- designing assistance programs using value creation criteria that transform projects into strategic initiatives,
- seeking appropriate opportunities for collective action, focusing on social change expanding the potential for partnerships, and
- providing frameworks for diligently tracking results and assessing impact – the greatest value is achieved through consistent improvement over time.

The GEI is compiled and analysed by the Global Entrepreneurship and Development Institute (GEDI) ([https://thegedi.org/methodology/](https://thegedi.org/methodology/)). It collects data on the entrepreneurial attitudes, abilities and aspirations of the local population and then weighs these against the prevailing social and economic infrastructure (refer to Annex7 for the list of 14 Indicators).

<table>
<thead>
<tr>
<th>The Global Entrepreneurship Index</th>
<th>Entrepreneurial Attitudes</th>
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<tbody>
<tr>
<td></td>
<td>Opportunity Perception</td>
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<tr>
<td></td>
<td>Startup Skills</td>
<td></td>
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<tr>
<td></td>
<td>Risk Acceptance</td>
<td></td>
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<tr>
<td></td>
<td>Networking</td>
<td></td>
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<tr>
<td></td>
<td>Cultural Support</td>
<td></td>
</tr>
</tbody>
</table>

|                                  | Entrepreneurial Abilities |  |
|                                  | Opportunity Startup       |   |
|                                  | Technology Absorption     |   |
|                                  | Human Capital             |   |
|                                  | Competition               |   |

|                                  | Entrepreneurial Aspirations |  |
|                                  | Product Innovation         |   |
|                                  | Process Innovation         |   |
|                                  | High Growth                |   |
|                                  | Internationalization       |   |
|                                  | Risk Capital               |   |

Entrepreneurial Attitudes
Entrepreneurial attitudes are societies’ attitudes towards entrepreneurship, which we define as a population’s general feelings about recognizing opportunities, knowing entrepreneurs personally, endowing entrepreneurs with high status, accepting the risks associated with business startups, and having the skills to launch a business successfully.
Mauritius needs people who can recognize valuable business opportunities, and who perceive that they have the required skills to exploit these opportunities. Moreover, if national attitudes toward entrepreneurship are positive, it will generate cultural support, financial support, and networking benefits for those who want to start businesses.

Indicator1. Opportunity Perception
- Opportunity Recognition, which measures the percentage of the population that can identify good opportunities to start a business. However, the value of these opportunities also depends on the size of the market and the level of urbanisation.

Indicator2. Startup Skills
- Skill Perception measures the percentage of the population who believe they have adequate startup skills.

Indicator3. Risk Acceptance
- Aversion to high-risk enterprises can retard nascent entrepreneurship. Risk Perception is defined as the percentage of the population who do not believe that fear of failure would prevent them from starting a business.

Indicator4. Networking
- Networking combines an entrepreneur’s personal knowledge with their ability to use the Internet for business purposes.

Indicator5. Cultural Support
- It combines measurement of how a country’s inhabitants view entrepreneurs in terms of status and career choice, and how the level of corruption in that country affects this view.

Entrepreneurial Abilities
Entrepreneurial abilities refer to the entrepreneurs’ characteristics and those of their businesses. Different types of entrepreneurial abilities can be distinguished within the realm of new business efforts. Creating businesses may vary by industry sector, the legal form of organization, and demographics—age, education, etc. It is generally maintained that opportunity motivation is a sign of better planning, a more sophisticated strategy, and higher growth expectations than “necessity” motivation in startups.

Indicator6. Opportunity Startup
- This is a measure of startups by people who are motivated by opportunity but face regulatory constraints. The institutional variable applied here is Business Freedom, one sub-index of the Index of Economic Freedom.

Indicator7. Technology Absorption
- In the modern knowledge economy, information and communication technologies (ICT) play a crucial role in economic development.

Indicator8. Human Capital
- An important feature of a venture with high growth potential is the entrepreneur’s level of education. The Educational Level variable captures the quality of entrepreneurs; it is widely held that entrepreneurs with higher education degrees are more capable and willing to start and manage high-growth businesses.

Indicator9. Competition
- The variable Competitors is defined as the percentage of TEA businesses that have only a few competitors offering the same product or service.

Entrepreneurial Aspirations
Entrepreneurial aspiration reflects the quality aspects of startups and new businesses. Some people just hate their employer and want to be their own boss, while others want to create the next Microsoft. Entrepreneurial aspiration is defined as the early-stage entrepreneur’s effort to introduce new products
and/or services, develop new production processes, penetrate foreign markets, substantially increase their company’s staff, and finance their business with formal and/or informal venture capital.

**Indicator 10. Product Innovation**
- New Product is a measure of a country’s potential to generate new products and to adopt or imitate existing products.

**Indicator 11. Process Innovation**
- New Tech is defined as the percentage of businesses whose principal underlying technology is less than five years old. However, most entrepreneurial businesses do not just apply new technology, they create it.

**Indicator 12. High Growth**
- This is a combined measure of the percentage of high-growth businesses that intend to employ at least ten people and plan to grow more than 50 percent in five years (Gazelle variable) with business strategy sophistication (Business Strategy variable).

**Indicator 13. Internationalisation**
- It is designed to capture the degree to which a country’s entrepreneurs are internationalized, as measured by the exporting potential of businesses, controlling for the extent to which the country is economically globalized.

**Indicator 14. Risk Capital**
- The availability of risk finance, particularly equity rather than debt, is an essential precondition for fulfilling entrepreneurial aspirations that are beyond an individual entrepreneur’s personal financial resources.
A.8 The Global Entrepreneurship Monitor (GEM)

GEM is a trusted resource on entrepreneurship for key international organisations like the United Nations, World Economic Forum, World Bank, and the Organisation for Economic Co-operation and Development (OECD), providing custom datasets, special reports and expert opinion.

- The APS tracks the entrepreneurial attitudes, activity and aspirations of individuals. It is administered to a minimum of 2000 adults in each country.
- The NES monitors nine factors that are believed to have a significant impact on entrepreneurship, known as the Entrepreneurial Framework Conditions (EFCs). It is administered to a minimum of 36 carefully chosen 'experts'.

To ensure conformity, data collection is centrally coordinated. GEM data experts work closely with GEM National Teams (Statistics Mauritius) to guarantee the quality of the data. Each country’s survey is subject to a range of checks before data collection begins.
• Entrepreneurship as a good career choice
• High status for Successful Entrepreneurs
• Media Attention for Entrepreneurship

Individual Self-perceptions about Entrepreneurship
• Perceived Opportunities
• Perceived Capabilities
• Entrepreneurial Intentions
• Fear of Failure

Entrepreneurial Activity Indicators
• Total Early Stage Entrepreneurial Activity
• Motivation
• Established Business Ownership rate
• Business Discontinuation rate
• Entrepreneurial Employee Activity

Perceived Quality of Entrepreneurship Ecosystem
• Finance
• Government policies (Support and Relevance)
• Taxation and Bureaucracy
• Government Entrepreneurship Programmes
• Entrepreneurship Education at school
• Research and Development
• Commercial and Legal Infrastructure
• Internal Market Dynamics
• Internal Market Burdens
• Entry Regulations
• Physical Infrastructure
• Cultural and Social Norms