



Ministry of Financial Services and Good Governance

**Financial
Services**

**Good
Governance**

**Annual Report
2016/2017**

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LIST OF ABBREVIATIONS

AML/CFT	ANTI-MONEY LAUNDERING AND COMBATTING THE FINANCING OF TERRORISM
BOM	BANK OF MAURITIUS
CBRD	CORPORATE AND BUSINESS REGISTRATION DEPARTMENT
CCM	COMPETITION COMMISSION OF MAURITIUS
COMESA	COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA
ESAAMLG	EASTERN AND SOUTHERN AFRICA ANTI-MONEY LAUNDERING GROUP
FATF	FINANCIAL ACTION TASK FORCE
FIU	FINANCIAL INTELLIGENCE UNIT
FRC	FINANCIAL REPORTING COUNCIL
FSA	FINANCIAL SERVICES ACT
FSC	FINANCIAL SERVICES COMMISSION
FSPA	FINANCIAL SERVICES PROMOTION AGENCY
FY	FINANCIAL YEAR
GBC	GLOBAL BUSINESS COMPANY
IRSA	INTEGRITY REPORTING SERVICES AGENCY
MoFED	MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
MOU	MEMORANDUM OF UNDERSTANDING
NIC	NATIONAL INSURANCE COMPANY LTD
NICG	NIC GENERAL INSURANCE CO LTD

NPCC	NATIONAL PRODUCTIVITY AND COMPETITIVENESS COUNCIL
NPFL	NATIONAL PROPERTY FUND LIMITED
PMO	PRIME MINISTER'S OFFICE
SEM	STOCK EXCHANGE OF MAURITIUS
SICOM	STATE INSURANCE COMPANY OF MAURITIUS LTD
SPV	SPECIAL PURPOSE VEHICLE
USD	UNITED STATES DOLLAR

PART I – ABOUT THE MINISTRY

VISION AND MISSION

1.1 Vision

Mauritius as the number one financial centre in Africa.

1.2 Mission

To transform Mauritius into a financial centre of excellence and promote a culture of good governance.

MESSAGE OF THE MINISTER OF FINANCIAL SERVICES
GOOD GOVERNANCE

AND

WHEN I was appointed Minister of Financial Services and Good Governance, I made a pledge to this nation: “to serve it loyally and to the best of my ability, in utmost transparency and good faith”. I also promised myself to practice an open door policy, work in close collaboration with all my stakeholders, exchange information and views that are candid, open and constructive to resolve any problem that may hinder effective implementation of Government’s decisions.

Despite all stumbling blocks, popping up now and then in the global economy, we have been able to keep our heads above water as far as the financial services sector is concerned. Our achievements during the year bear vivid testimony to our ability to face challenges and produce results. I am personally satisfied with our realisations which, I must admit, are due to, primarily, the dedication of the staff members, their competence, effective cooperation, enormous collective effort and, above all, their spontaneous offer of help whenever a hard-hitting situation so demands. This is but one example of our unity and collective wisdom that I value most.

The Annual Report 2017 depicts a summary of the achievements of my Ministry. We will now roll up our sleeves and put ourselves to more work. In fact, we have a long list of assignments in the pipeline to implement but I wish to mention three of them, which I consider as landmark projects for the Ministry.

First, my Ministry is coming up with a National Plan that will inculcate an investment culture in the Mauritian population. A culture that will promote a diversified investment, empower and encourage people of all ages to manage household debt and life-risks, become investors and take an active interest in their finances. Savings and investment must become part of the Mauritian culture from an early age. It is our responsibility as a caring and responsible Government to encourage the appropriate

type of risk-taking investments, with close collaboration of grandparents, parents, teachers, public and private organisations, banks as well as non-banking institutions and stakeholders. This Plan, along with other investment initiatives, I am convinced, will help Mauritius emerge as a nation of well-informed investors and decision takers.

Second, we have proposed to launch an Annual National Award for Excellence in Good Governance. This award will not be similar to or in conflict with the existing Public Service Excellence Award or other such awards. At the outset, it will target public sector organisations as, I believe, good governance in the public sector is a sine qua non condition for the long-term development of our economy and society, and in the protection of our natural environment. My Ministry expects institutions, whether political, social or economical, both private and public, to be more productive, transparent, accountable and customer friendly. The focus has to be continuous and sustainable to enhance the culture of productivity, quality improvement and excellence.

And third, I am proposing to create a National Office of Good Governance. The Ministry has already set in motion a plan to create such an office as part of Government's avowed promise to shape a new, clean, transparent, secure, prosperous and strong nation. The primary aim of this Office will be to ensure that everything happens in Mauritius "autrement", in transparency, efficiency and in line with the principles of Good Governance. It will have the ultimate responsibility to initiate, propose, lead, control, coordinate and supervise the implementation of good governance practices in all social, political and economic institutions in the country. It will regularly produce and update consensually agreed upon governance principles and practices for implementation by different institutions. This project, along with the others, I am confident, will trigger rapid economic development and boost prosperity, create employment opportunities, promote new businesses and improve the wellbeing of the citizens and generate happiness.

The success of our past initiatives and the new commitments for the coming 12 months represent and mirror the essence of my Ministry's Vision and Mission. They equally

demonstrate our determination to stay transparent, accountable and embrace good governance principles. In fact, transparency is high in the Agenda of my Ministry and that of this Government. We recognise that good governance remains a powerful tool to help reform our services, foster innovation and empower citizens. For me, as Minister of Financial Services and Good Governance, transparency remains a significant driver of economic activity.

Hon. Dharmendar Sesungkur,

Ministry of Financial Services and Good Governance

ROLL UP YOUR SLEEVES AGAIN

2017 proved to be a year of great challenges for all of us. The Ministry was running on its third year of existence. It was still tottering to find solutions to the mismanagement and collapse of a few private non-banking financial institutions. It faced a host of national and international challenges, grappled with numerous work-in-progresses and a long list of tasks yet to start.

To cap it all, the new Minister, who took office earlier than me, had set high targets to achieve. He came up with quite a few laudable long-term projects and suggested numerous principles and practices to promote transparency and accountability. Like all of us, he too wanted the Ministry to have a strong foothold within the national economy and carve a name for itself globally as a Ministry that means business and not business as usual.

We rolled up our sleeves, made punctuality and attendance to office our norms, worked as a team, and stayed alert almost round the clock to brace unexpected turn of events within the volatile financial services sector, often peppered with situations beyond our control. The results of our efforts speak for themselves, in spite of the lean staff that we had. We achieved most of our objectives.

Our achievements in 2017 bear witness to our team's efforts. These have been possible because, right from my assumption of office at the Ministry, we were aware that there are no easy, ready-made, one fits all solutions. The new economic order, national or global, is not an easy one. There are no safe spaces but umpteen mercurial pools when it comes to decision-making and decision-taking. We have had to adapt our strategies to the often incredibly demanding, fast changing and yet reticent economic conditions. We never relented. We moved ahead with greater vigour.

I wish to underscore here that our job is to brace challenges, work faster, give results, help the national revenue to grow, minimise expenses and build a strong, transparent global financial services sector with emphasis on good governance at all levels. I wish also to emphasize that the Ministry exists to serve the country. Along with all our stakeholders and supporters, we are here to create conditions conducive to growth and

success of a highly transparent and accountable financial services sector that will be beneficial to the whole community. It is this philosophy that guides us to work hard and provide better services all the time.

We have achieved several important goals last year. These would not have been possible without the heartfelt commitment and unified effort of our staff members, institutions falling under our aegis, board and committee members, stakeholders, and well-wishers. I thank you all for your dedicated contributions and hard work. However, it's no time to rest on our laurels.

2018 is waiting with greater challenges that call for harder work in order to do better and achieve greater heights than the previous year. I know you are capable, confident and competent enough to undertake any work and take it to fruition. Hence, there's no time to waste.

Roll up your sleeves again and get to work!

All the best to all of you for 2018.

Chettandeo Bhugun
Permanent Secretary

ROLE AND FUNCTIONS OF THE MINISTRY

1.3 Key Functions

The Ministry of Financial Services and Good Governance was established in December 2014 with a view to giving a new impetus to the financial services sector which constitutes a key sector of our economy and which remains a huge potential for growth.

The aims of the Ministry are to fight fraud, eradicate corruption, malpractices and irregularities in all aspects of public life as well as to foster the development of the country. It also has the responsibility to reinstate good governance practices in all spheres at all levels.

The Ministry is also mandated to position the country and the Stock Exchange of Mauritius as a financial hub for mitigating Africa-related risks. Promoting the development of Wealth Management and Asset Management will be the springboards to position Mauritius as a centre for private placement, trading of bonds and other financial instruments.

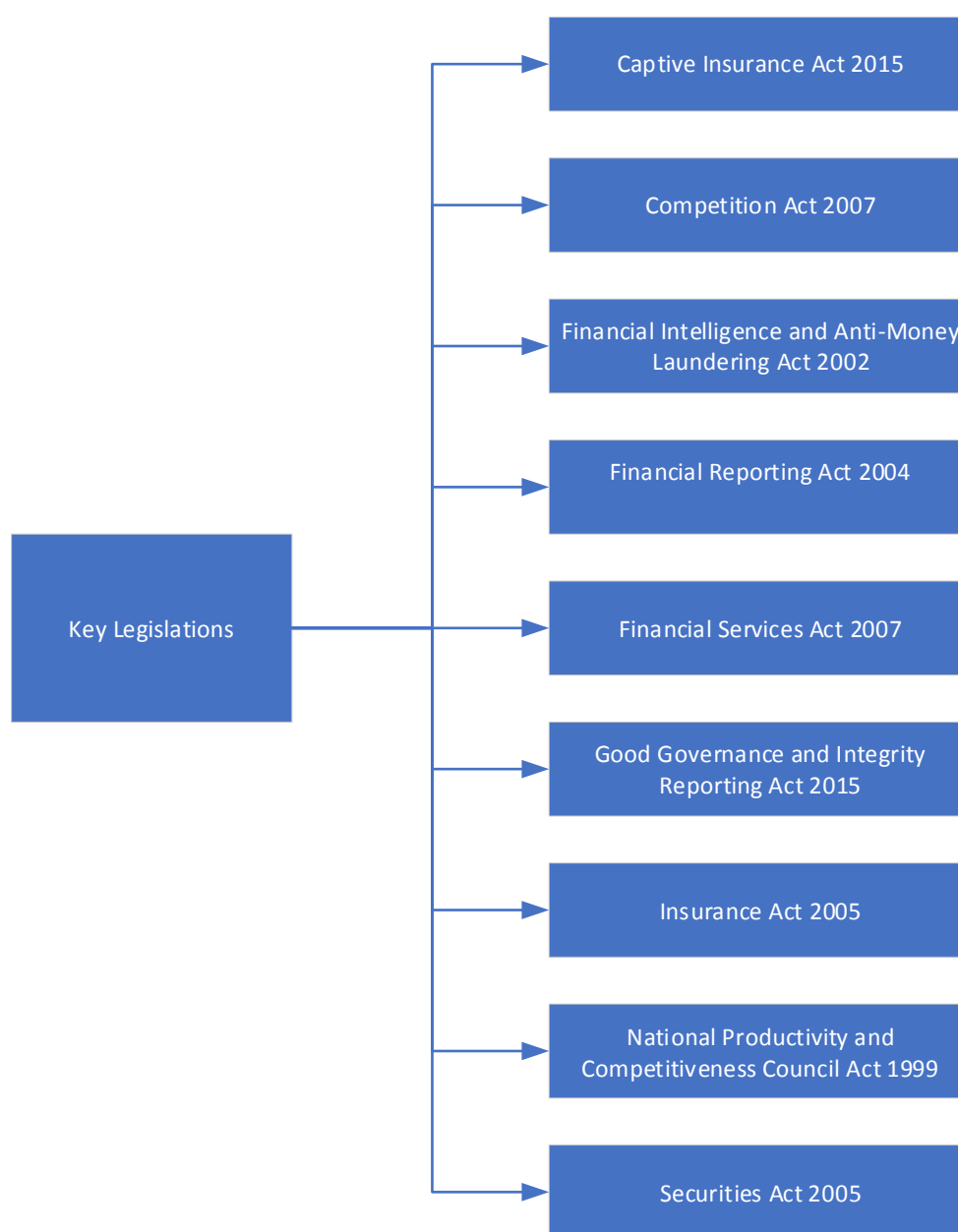
1.4 Objectives of the Ministry

In line with the Government's objective to establish Mauritius as an International Financial Centre of substance as well as to instil a culture of good governance, the Ministry has the following priority mandates:

- To combat fraud, corruption, malpractices and establish good governance practices.
- To ensure judicious utilisation of funds by public sector organisations.
- To accelerate substance building within the Mauritian jurisdiction.
- To position the Stock Exchange of Mauritius as an attractive capital-raising platform for international and African focused financial products.
- To promote development of wealth management and asset management.
- To position Mauritius as a centre for private placements, trading of bonds and other financial instruments.

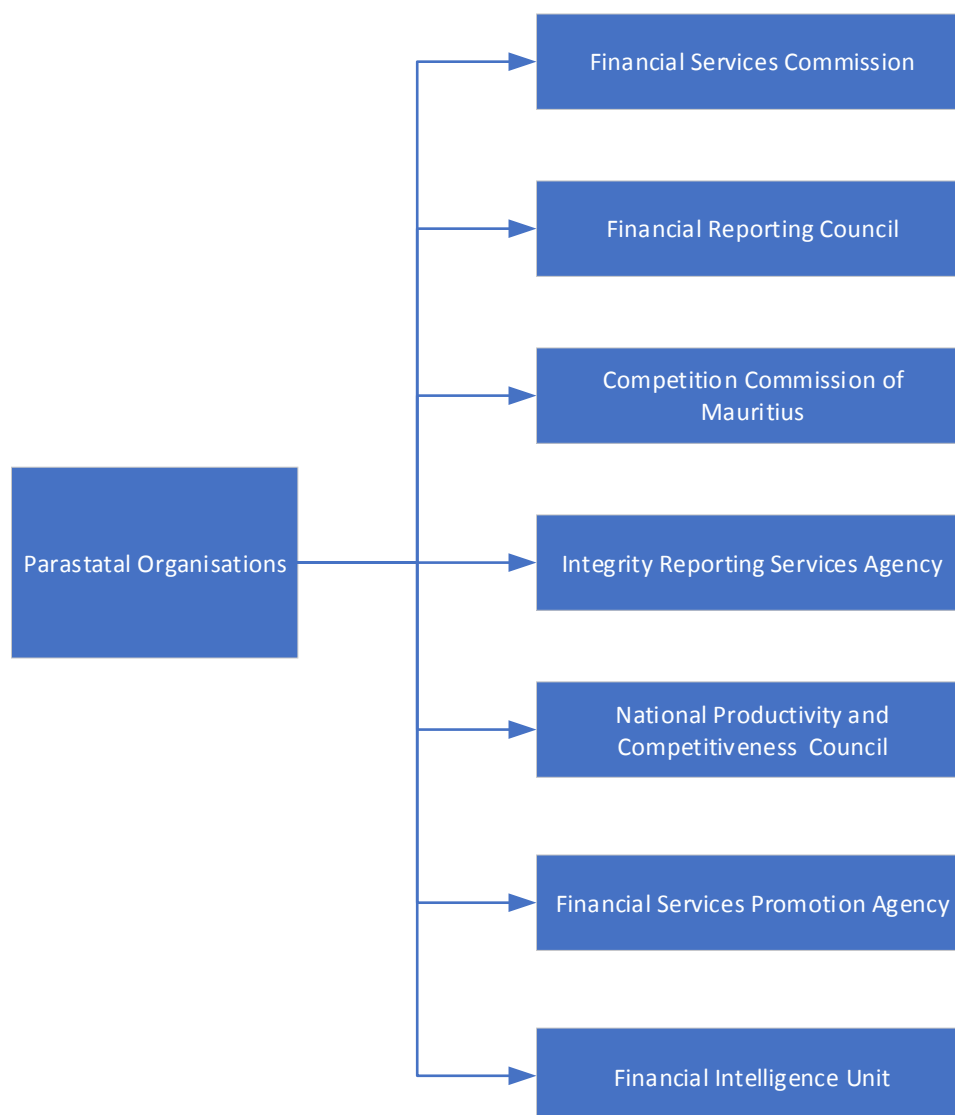
- To encourage multi nationals to set up their regional headquarters in Mauritius with more back office activities.
- To encourage investors to make use of our jurisdiction for their investment into and out of Africa.
- To extend the network of double taxation Agreements and Investment Partnership and Protection Agreements.

1.5 Key Legislation



PART II – ORGANISATIONS UNDER THE AEGIS OF THE MINISTRY

2.1 Parastatal Organisations



2.1.1 Financial Services Commission (FSC)

The FSC is the Regulator for the non-banking Financial Services sector and the Global Business sector in Mauritius. Established in 2001 under the Financial Services Act, the FSC has the mandate to license, regulate, monitor and supervise conduct of business activities in these sectors.

The main objects of the FSC are to:

- (a) elaborate policies to ensure the fairness, efficiency and transparency of financial and capital markets in Mauritius;

- (b) combat crimes and malpractices to provide protection to members of the public investing in non-banking financial products; and
- (c) ensure the soundness and stability of the financial system in Mauritius.

2.1.2 Financial Reporting Council (FRC)

The FRC was established in 2005 under the Financial Reporting Act 2004. The Council constitutes of 9 members and it has the following objectives:

- To promote high quality reporting of financial and non-financial information by Public Interest Entities (PIEs).
- To promote the highest standards among licensed auditors.
- To enhance the credibility of corporate reporting.
- To promote quality in accountancy and audit services.

The main functions of the FRC are as follows:

- (i) approval of the names of audit firms;
- (ii) registration and licensing of auditors;
- (iii) registration of foreign auditors to carry out GBC1 audit;
- (iv) review of Annual Reports of PIEs;
- (v) organisation of training for auditors on auditing standards; and
- (vi) oversight of auditors practices for compliance with laws and standards.

2.1.3 Competition Commission of Mauritius (CCM)

The CCM is a statutory body established in 2009 to enforce the Competition Act 2007. It investigates possible anti-competitive behaviours of businesses, also called restrictive business practices, which may be in the form of collusive agreement (such as cartels, bid rigging and so on), monopolies and mergers. It also conducts market studies.

2.1.4 Integrity Reporting Services Agency (IRSA)

The IRSA is a body corporate established under the Good Governance and Integrity Reporting Act 2015 to promote transparency, good governance and integrity in Mauritius. Agencies, body corporates and statutory corporations in Mauritius have the duty to report suspicions of unexplained wealth to IRSA and assist it in its enquiries.

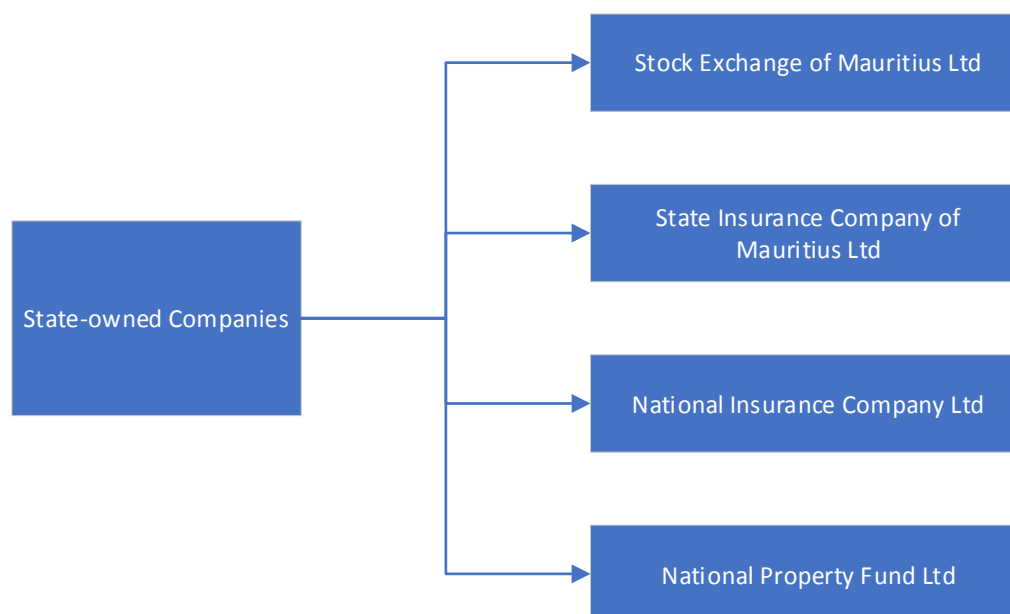
The Agency then reports to an Integrity Review Board which may require agencies and persons to provide it with additional information and subsequently direct the Agency to apply to a Judge in Chambers for an Unexplained Wealth Order. If the Judge grants the Order, property acquired through unexplained wealth is confiscated.

2.1.5 National Productivity and Competitiveness Council (NPCC)

The National Productivity and Competitiveness Council (NPCC) was set up under the NPCC Act (1999) and became operational in May 2000 with the mandate to stimulate and generate productivity and quality consciousness across all sectors of the economy with a view to raising national output and achieving sustained growth and international competitiveness. The NPCC operates five distinctive units namely Capacity Development, Corporate Services and Operations, Business Development and Consultancy, Innovation, Advocacy and Entrepreneurship, Research, Advisory and Knowledge Management and Productivity and Competitiveness Academy.

2.2 State-owned Companies

There are several state-owned companies operating under the purview of the Ministry.



2.2.1 Stock Exchange of Mauritius (SEM)

SEM was incorporated in 1989 under the Stock Exchange Act 1988 as a private limited company responsible for the operation and promotion of an efficient and regulated securities market in Mauritius. Today, the SEM is a public company operating two markets, namely the Official Market and the Development and Enterprise Market (DEM). Currently, there are 51 companies listed on the Official Market, representing a market capitalisation of nearly US\$ 5.4 billion as at 31 May 2016.

2.2.2 State Insurance Company of Mauritius Ltd (SICOM)

Set up in 1975 to provide insurance services to government and parastatal bodies, SICOM was privatised in 1988. Today, it operates as a public company under the Companies Act with state-owned bodies/organisations as its major shareholders. Services offered by SICOM and its subsidiaries include individual and group life insurance, general insurance, pensions, actuarial services, financial services and loans.

Over the last decade, SICOM has been among the top three long term insurers and it has maintained its leading position in the Group Pension Business.

2.2.3 National Insurance Company Ltd (NICL) & NIC General Insurance Co Ltd (NICG)

The NICL and NICG were set up by the Government and licensed by the Financial Services Commission of Mauritius in 2015 to take over the former BAI and to undertake long term and general insurance businesses respectively. Pursuant to Section 110B of the Insurance Act 2005, the undertakings of BAI Co. (Mtius) Ltd were transferred to these entities, including its portfolio of policies, clients, workforce, distribution channels, systems, intellectual property and over 45 years of insurance capability and expertise in local and overseas markets.

NICL offers a broad range of innovative life insurance products as well as pension and savings products to its customers. NICG, on the other hand, has over 15,000 clients and operates through a network of 13 branches around the island, including Rodrigues. It offers a broad range of health, motor and travel insurance plans for individuals and corporates.

2.2.4 National Property Fund Ltd (NPFL)

The NPFL was set up in May 2015 to recover the assets of the former BAI Group and to repay policyholders of the Super Cash Back Gold fund and investors of the former Bramer Asset Management Ltd.

2.3 International Organisations

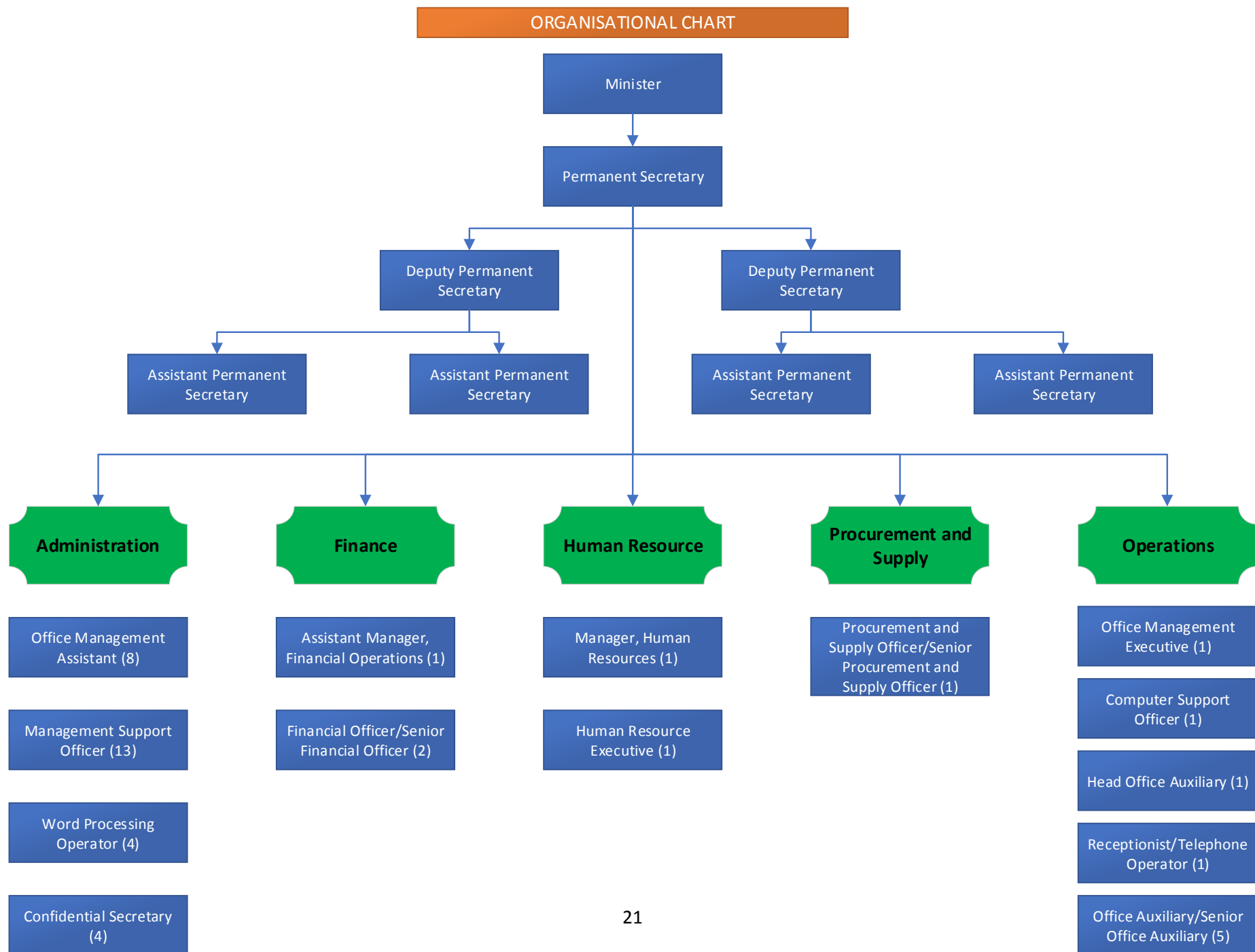
- Permanent Court of Arbitration
- London Court of International Arbitration – Mauritius International Arbitration Centre

PART III – ABOUT OUR PEOPLE

The Ministry of Financial Services and Good Governance is headed by the Permanent Secretary who is supported by a pool of officers. An organizational chart of the Ministry is shown hereunder. It also indicates the staffing position at the Ministry as at 30 June 2017:-

Grade	Funded Position	Number in post
Permanent Secretary	1	1
Deputy Permanent Secretary	2	2
Assistant Permanent Secretary	4	4
Manager, Human Resources	1	1
Manager, Financial Operations	1	Nil
Assistant Manager, Human Resources	1	Nil
Assistant Manager, Financial Operations	1	1
Office Management Executive	2	1
Financial Officer/Senior Financial Officer	2	2
Human Resource Executive	1	1
Procurement and Supply Officer/Senior Procurement and Supply Officer	1	1

Office Management Assistant	9	8
Computer Support Officer	1	1
Confidential Secretary	4	4
Management Support Officer	13	13
Word Processing Operator	3	4
Head Office Auxiliary	1	1
Receptionist/Telephone Operator	1	1
Driver	2	Nil
Office Auxiliary/Senior Office Auxiliary	8	5



The Ministry also comprises officers who are employed on contract in an advisory capacity as given hereunder:

Grade	Number in post
Assistant Manager, Financial Services(in an advisory capacity)	1
Analyst, Financial Services (in an advisory capacity)	2
Adviser to the Minister	3
Public Relations Officer	1

A list of senior officers serving at the Ministry as at 30 June 2017 is as follows:-

Designation	Name of officer
Permanent Secretary	Mr Chettandeo BHUGUN
Deputy Permanent Secretary	Mr Mohummad Shamad AYOOB SAAB
	Mrs Bandene SIBDOYAL
Assistant Permanent Secretary	Mr Nankumar SEEWOOCHURN
	Mrs Seela MOHESH
	Miss Ashna Devi GUNPUTH
	Mrs Oomeshwaree MOTAH
Manager, Human Resources	Mrs Premilabhye MOHEE
Assistant Manager, Financial Operations	Mr Mohammed Siddiq EMRITH

PART IV – ACHIEVEMENTS AND CHALLENGES

MAJOR ACHIEVEMENTS

4.1 Launch of the National Code of Corporate Governance

The National Committee on Corporate Governance (NCGG) launched the Code of Corporate Governance on 13 February 2017. The adoption of the Code by our various institutions will facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of organisations. The Code comprises a set of principles, such as Governance Structure, Reporting with Integrity and Guidance aimed at improving and guiding the governance practices of organisations within Mauritius.

4.2 Anti-Money Laundering

(a) Second Mutual Evaluation of Mauritius

As a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Mauritius has endorsed the Financial Action Task Force (FATF) 40 Recommendations 2012 and has agreed to participate in an ongoing programme of mutual evaluation of its systems and procedures to combat money laundering (ML) and terrorist financing (TF). To this end, Mauritius is currently undergoing a mutual evaluation of its Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework under the 2013 Assessment Methodology of the FATF. In accordance with the ESAAMLG Mutual Evaluation Procedures, the assessment is being undertaken by ESAAMLG assessors and a report setting out the findings of the assessors is expected to be published in September/October 2018. The onsite visit to Mauritius took place from 05 to 16 June 2017. This is the third AML/CFT mutual evaluation of Mauritius.

(b) National Risk Assessment

Following an agreement signed between the Government of Mauritius and World Bank on 9 January 2017 to the tune of USD 205, 463 the Ministry organised a National Money Laundering Risk Assessment Training Workshop from 18-20 January 2017 with

the technical assistance of World Bank. The objective of the workshop was to introduce the World Bank Tool designed specifically for assessing ML and TF risks. Experts from the World Bank also trained the participants to carry out the National Risk Assessment (NRA) exercise aimed at identifying and evaluating the money laundering and terrorist financing risks at national level. The NRA is still underway and is expected to end early 2018.

4.3 FINANCIAL SERVICES COMMISSION (FSC)

i. Memorandum of Understanding ('MoU')

The FSC and the Corporate and Business Registration Department (CBRD) signed a MoU on 01 December 2016 to set up a cooperative framework in relation to the Online Submission Platform ('OSP') launched by the FSC. Both Authorities endeavour to work in coordination to facilitate the use of the OSP which will allow the FSC and the CBRD to have an open channel from where information may be retrieved and operational matters handled in a seamless manner.

The FSC and the Abu Dhabi Global Market- Financial Services Regulatory Authority ('ADGM-FSRA') entered into a MoU on 19 December 2016, regarding Mutual Assistance and Exchange of Information. The FSC and the ADGM- FSRA, in considering the growth of international activity in the financial market and increasing cross border transactions, and the corresponding need for mutual cooperation and consultation among financial regulators to ensure compliance with, and enforcement of, their financial laws and regulations entered into the MoU to strengthen cooperation and collaboration in this respect.

ii. Familiarisation and Training Programme

The FSC hosted a Familiarisation and Training Programme from 11 to 15 July 2016 at the FSC House for members of the Southern African Development Community ('SADC') Committee of Insurance, Securities and Non-banking Financial Authorities

(‘CISNA’). Thirty four delegates from nine SADC Member States, including Mauritius attended this Familiarisation and Training Programme.

iii. Legislative Framework

The Limited Liability Partnership Act (the ‘LLP Act’) was enacted on 29 November 2016 to provide for the setting up and registration of Limited Liability Partnerships (‘LLP’) in Mauritius.

The limitation under Section 23(1) of the Financial Services Act for the issue or transfer of shares has been amended to allow for FSC Rules to be made so that the requirement under Section 23 does not apply to non-voting shares. This change shall also not apply where there is a transfer of shares of less than 5% in a licensee. However, the licensee should notify the FSC of the transfer.

In line with the enhancement of substance requirements, Section 73(2) of the FSA has been amended to allow Global Business Companies with Category 2 license (GBC2s) to invest in listed securities. GBC2s may now enter into business relationship with licensed investment dealers for the purpose of opening a Securities Account and investing in any securities listed on a securities exchange licensed under the Securities Act.

In order to attract the expertise of internationally recognised law firms to Mauritius, and also ensure a robust and trusted regulatory approach allowing for new opportunities to emerge in the Mauritius International Financial Centre, a new category of licence, namely Global Legal Advisory Services, has been introduced under section 77A of the FSA. The aim of this initiative is to provide a legal framework for global law firms choosing Mauritius as a venue to set up their offices.

A new category of licence, namely the Investment Banking Licence, has been provided following the enactment of the Finance (Miscellaneous Provisions) Act 2016.

The scope of activities of an “insurance agent” in Section 2 of the Insurance Act has been broadened to allow for an insurance agent to conduct such other activities related to insurance, as may be approved by the FSC.

Section 30 of the Securities Act has been amended to introduce a new category of Investment Adviser which can give advice on corporate finance advisory matters concerning securities transactions. The new category of Investment Adviser will be known as Investment Adviser (Corporate Finance Advisory).

iv. New Rules

The FSC has also introduced the following new rules:

- Insurance (Risk Management) Rules 2016.
- Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2016.
- Financial Services (Investment Banking) Rules 2016.
- Financial Services (Funeral Scheme Management) Rules 2016.
- Securities (Preferential Offer) Rules 2017.

v. Amendments to existing Rules

The following existing rules have also been amended:

- Financial Services (Consolidated Licensing and Fees) (Amendment no.2) Rules 2016.
- Financial Services (Consolidated Licensing and Fees) (Amendment no.3) Rules 2016.
- Financial Services (Consolidated Licensing and Fees) (Amendment no.4) Rules 2016.
- Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017.
- Securities (Licensing) (Amendment) Rules 2016.

vi. Regulations

The following regulations were also made:

- Financial Services (Amendment of Schedule) Regulations 2016.
- Financial Services (Amendment of Schedule) (No.2) Regulations 2016.

vii. Launching of the Insurance Industry Compensation Fund

The Hit & Run Sub-fund of the Insurance Industry Compensation Fund was launched on 02 September 2016. The Insurance (Industry Compensation Fund) Regulations 2015, under section 88 and 92 of the Insurance Act, came into operation on 01 January 2016. The Managing Committee for the administration of the Insurance Industry Compensation Fund was first set up under Section 88 of the Insurance Act 2005 to be effected from 05 February 2016. The FSC is providing administrative and secretarial support to the Insurance Industry Compensation Fund, pending the taking over of its operations.

The Fund provides for a 'Hit & Run' Sub-fund which will be used for payment of compensation to victims of hit and run road traffic accidents. Through this initiative, it is expected that the understanding of the financial sector by the adult population in Mauritius will be broadened. By making the population significantly aware and alert, this will contribute to ease their decision-making regarding financial services and products.

viii. Guidelines for Issue of Insurance Policy Documents in Digital Format

The FSC issued Guidelines for Issue of Insurance Policy Documents in Digital Format (the 'Guidelines') on 30 March 2017. These became effective as from 01 July 2017. The objective of the Guidelines is to set out minima criteria for the guidance of insurers regarding the issue of insurance policy documents in digital format. In effect, the Guidelines aim to ensure that the marketing and sale of insurance products through

Internet does not compromise the authenticity, validity and integrity of the insurance policy.

The Guidelines are further intended to ensure that insurers conduct their business in a way that promotes the best interests of consumers and the integrity of the financial services industry in the context of electronic marketing and sale of insurance. The Board of Directors of insurers must adopt internal policies and must establish internal procedures to ensure compliance with the Guidelines. Furthermore, Insurers should incorporate, in their internal control system, appropriate measures to verify compliance with the procedures, policies and controls set by their board.

ix. Launch of the Online Submissions Platform

The FSC launched the Online Submissions Platform ('OSP') on 01 December 2016. The OSP is an interactive platform which allows applicants to submit their application for a licence online, and to upload the relevant supporting documents. The system also allows the FSC Mauritius and the Corporate Business Registration Department ('CBRD') to have an open channel where information may be retrieved from the CBRD and operational matters handled in a seamless manner.

x. Young Talent Competition 2016

The FSC launched the 5th Edition of the Young Talent Competition ('YTC') on 25 March 2016 and the preliminary rounds were held as from the month of April. The FSC has embarked on this initiative to promote financial literacy and a better understanding of the Mauritian Financial Services Sector among secondary school students. The theme for the competition was '*Sustaining the Diversification of the Mauritius IFC*'. The Award Ceremony of the YTC 2016 was held on 30 August 2016. 685 students from 54 secondary institutions of Mauritius and Rodrigues participated in the competition.

xi. The Minute of Finance

In September 2016, the FSC launched its latest initiative “The Minute of Finance”/ “La minute de le finance” which consists of short radio clips, was based on messages relating to financial education broadcasted at peak hours. These were broadcasted on weekdays on MBC Radio Kool FM, Radio Maurice and Best FM from September to December 2016 and rebroadcasted from February to May 2017. Its objective was to reach out to a maximum number of consumers of financial services through practical information in relation to the role of the FSC, the sectors under its purview and types of investments regulated by the FSC as well as topics related to financial literacy.

xii. Train-the-Trainer Programme

The FSC launched an Expression of Interest (EoI) for a Train-the-Trainer Programme in November 2016. The objective of the programme was to train and empower individuals having the right attitude and willingness to deliver financial literacy messages and impart financial education to the large spectrum of people from their respective locality. Through this initiative, the FSC aimed at reaching out to the common people from all parts of the island. The FSC received 501 applications for this programme.

xiii. Families and Finance Card Game

The FSC also came up with a new card game - ‘Jeux de cartes - Les familles et la Finance’ (Families and Finance Card Game). This game containing short messages relating to Financial Education was distributed to audiences during our Consumer Outreach sessions, to schools and the public at large. The objective was to reach out a maximum number of the Mauritian population and sensitise them on concepts of savings, budgeting, investing, planning / prioritising of expenses, avoiding reckless expenses and over-indebtedness. Through this initiative, it is being expected that the population will be more aware and alert while using their money and this will hopefully ease their decision-making when it comes to their finances.

xiv. Financial Literacy in Focus initiative

The first edition of Financial Literacy in Focus (‘FLiF’), a new financial literacy initiative, was launched in January 2017. FLiF aims at propagating knowledge on financial literacy matters to the public at large to strengthen financial knowledge and thereby, the well-being of Mauritians and their families. FLiF is published monthly in two weekend newspapers of wide circulation. Themes cover areas such as investing, saving, budgeting, and Mauritian non-bank financial services sector. FLiF uses comic strips to convey financial literacy messages and keeps the public updated on the FSC Mauritius’ ongoing financial literacy initiatives such as the Young Talent Competition, Consumer Outreach Programme and the Minute-of-Finance, as well as, forthcoming new initiatives. FLiF also provides facts and figures of the Mauritian non-bank financial services sector.

xv. Young Graduate Development Programme 2016-2017

The FSC has since 2008, designed and launched a Young Graduate Development Programme (‘YGDP’) in order to create a pool of talented young graduates to serve the sector. The YGDP is a one-year, non-renewable training contract which has been especially designed using a mix of both practical hands-on experience and structured training sessions including lectures, seminars, workshops and case studies.

The YGDP for the year 2016 was launched on 29 July 2016. The trainees are closely monitored/coached by our experienced in-house specialists. At the end of the programme, they are equipped with the necessary skills, knowledge, competencies and attitudes required to form a solid foundation on which to build a career in the financial services sector.

4.4 NATIONAL PRODUCTIVITY AND COMPETITIVENESS COUNCIL (NPCC)

(i) Business Development and Consultancy - Enterprise Productivity Improvement Programme

The NPCC has been continuously serving some 50 companies through customised Productivity and Quality Improvement Programmes (PQIP) with the objective to

foster a culture of productivity among both employers and employees through tools and techniques to drive productivity in their organisations.

A Gap Analysis was undertaken in 30 hotels of the “Association des Hotels de Charme”. The Gap Analysis would help to gauge their readiness and to transform them into green hotels with a view to promoting the adoption of more sustainable practices.

The NPCC also collaborated with Enterprise Mauritius (EM) to implement the PQIP in 20 SMEs shortlisted by the EM. Similarly, an Agreement was signed with the Association of Mauritian Manufacturers (AMM) in to help local companies obtain the ‘Made in Moris’ label.

(ii) Research, Advisory and Knowledge Management

A research study was launched to promote female participation in the economy for which a Productivity Committee was set up in 2016, chaired by Mrs. Danielle Wong, Council Member of the NPCC.

Along the same lines, the platform for smart ideas, that is, Engaging Citizens Online (ECO), was launched to invite the public to discuss and provide their views on issues of national interest linked to productivity and quality. “Promoting Female Participation in the Economy” was the first topic on ECO.

The e-Knowledge Centre was also launched to provide better services to stakeholders on the lookout for information on productivity, competitiveness and quality among others.

Some 26 young people were trained in leadership through the ‘Grooming Young Mauritian Leaders’ programme.

The Secretary General of the Asian Productivity Organisation (APO), Dr. Santhi Kanoktanaporn, hosted a conference on the theme “Future of Productivity”. More than 200 participants from various institutions and corporates marked their presence at the Conference.

The Knowledge Exchange - Feed Your Mind Initiative was launched with the objective to raise awareness and trigger thinking on a number of issues affecting the daily lives of people.

A Productivity Committee (PC) was also set up to develop and implement a “Productivity Enhancement Programme for Rodrigues”.

(iii) Productivity and Competitiveness Learning Centre (PCLC)

A course on Customer Care was delivered to employees of the National Transport Corporation (NTC).

Two workshops, namely “Change Management” and “Actionable Analytics for Process Excellence”, were conducted by the International lead consultant, Ketan Varia.

Some 40 African productivity practitioners, including 10 from Mauritius, followed the Development of Advance Productivity Practitioners course. The course was delivered by the resource persons of the APO and was wholly funded by the Government of Japan.

Dr. Debashis Chatterjee from IIM Lucknow was in Mauritius to conduct a workshop on “Timeless leadership” that targeted the public. Professor Chatterjee also addressed the professionals of the education sector at the Octave Wiéhé Auditorium in Réduit where he spoke on “Alchemy of Learning”.

The NPCC delivered training on cash-flow management, trade finance as well as costing and pricing mechanism strategy to local SMEs in the context of the GO Export programme. Other training programmes included the “Today’s Teens Tomorrow’s Leaders”, “Plug your Brain”, TQM for productivity improvement, Leadership for teens, Grooming of 150 women as well as Train-the-trainer for the on-the-job facilitator at Shandrani Hotel and Trou Aux Biches Hotels.

Innovation, Advocacy and Entrepreneurship

InnovEd 2017 was launched in a new dimension at “Ecole Hotelière Sir Gaëtan Duval” during the Award Ceremony of InnovEd 2016.

The NPCC formulated a Strategic Action Plan for an Integrated Community Development Project at Cité Ste Catherine.

The ICT for Innovation initiative, focusing on the Internet of Things (IoT), was launched on a pilot basis and targeted mainly computer science students from the University of Mauritius who were trained to develop innovative solutions to problems through the use of ICT.

The Employees Welfare Fund (EWF) approached the NPCC to provide innovative concepts and artworks to embellish a recreational area at the St Felix public beach.

The 'English Literacy Using IT' project attracted 45 women and another 33 during the first semester of 2017. The project aimed at building leadership capabilities at all levels and boost citizen engagement.

4.5 COMPETITION COMMISSION OF MAURITIUS (CCM)

The CCM, as an independent body, is assigned to safeguard and uphold the process of competition by preventing businesses from indulging into anti-competitive practices

and to promote and advertise the provision of the CCM Legislation and the activities of the Commission.

Investigations and Enquiries

Over the last financial year, the CCM has completed 23 enquiries and 5 investigations across various sectors.

- In one investigation concerning the hire-purchase market, the enterprise has undertaken to reduce its maximum fee chargeable to merchants and to review its pricing model. This would have the consequence of bringing down prices of goods bought on hire purchase and consequently, create a level playing field among merchants.
- A second investigation related to fees associated with the use of payment cards. Should the Commissioners accept the recommendations made by the Executive Director, the fees charged to merchants for providing card acceptance facilities are expected to decrease to the ultimate benefit of consumers.
- In the telecommunications sector, the investigation relates to prices charged for calls between different networks, where prices are expected to decrease if Commissioners accept the recommendations made by the Executive Director.

The CCM also issued six decisions of the Commissioners, following reports submitted by the Executive Director. One of them is on Resale Price Maintenance (RPM) whereby a fine of Rs 29.9 million was imposed. RPM is a hard-core restriction of the Act whereby it restricts competition among resellers and facilitates cartels among suppliers.

Regional and international cooperation initiatives

The CCM also undertook a number of regional and international cooperation initiatives with a view to strengthening its enforcement capacity. In this respect, the CCM has signed Memoranda of Understanding (MoU) with the COMESA Competition Commission (CCC), the Southern African Development Community (SADC) and the Competition Commission of South Africa (CCSA) respectively.

Common Market for Eastern and Southern Africa (COMESA)

As member of the COMESA, Mauritius holds seat on the Board of Commissioners of the CCC, represented by the Executive Director of the CCM. The CCM works in close collaboration with the CCC and has been engaged in the enforcement of competition law across the COMESA. In that context, the CCM has provided assistance in the review of 21 mergers within the COMESA. The CCM hosted the CCC Board of Commissioners meeting in March 2017 and provided technical assistance to the Malagasy Competition Authority by providing training on competition policy and technical know-how in handling the different types of cases.

African Competition Forum (ACF)

Mauritius also holds a seat on the African Competition Forum (ACF), a network of African national and multinational competition agencies, comprising 34 members, that promote the principles of competition in the Region. The CCM has been elected for the second time as the vice-chair of the ACF. Last October, it hosted the ACF bi-annual meeting.

Competition Commission of South Africa (CCSA)

Over the years, the CCM has built strong relationships with the CCSA. During the outgoing year, it has once again provided numerous support, collaborating during two dawn raids by providing human support and through training sessions carried out by the Head of its Cartel Division, Mr Makgale Mohlala.

International Competition Network (ICN)

Moreover, the CCM is a member of the International Competition Network (ICN), which seeks to facilitate cooperation between competition law authorities globally. At the request of the ICN, the CCM provided technical assistance to the Ethiopian Competition Authority delivering training and technical know-how in case handling.

Workshops

- (a) As part of its advocacy initiatives, the CCM embarked on a series of targeted workshops with various trade and professional associations and major operators across various economic sectors. The advocacy programme reached around 100 participants from more than 20 trade associations in the tourism, construction, food retailing, IT, agro-industry, healthcare, media and communications as well as the financial services sectors.
- (b) The CCM conducted a workshop with business journalists and media professionals to promote a better understanding of the role of competition in a market economy. It collaborated with the Institute for Judicial and Legal Studies (IJLS, organising a half-day session on competition for the benefit of the legal practitioners.
- (c) The CCM also worked in partnership with the Mauritius Chamber of Commerce and Industry (MCCI) on several occasions. A half-day session on competition was organised for the benefit of the business community and a Guide to Competition law was launched.

4.6 STOCK EXCHANGE OF MAURITIUS (SEM)

Given the interest of international issuers with regard to a secondary listing on the SEM, in 2016 the Exchange introduced additional flexibility in its Listing Framework for international issuers, including a fast track listing route whereby issuers having a primary listing on an Exchange, such as the Australian Securities Exchange, the

Johannesburg Stock Exchange, the London Stock Exchange, NYSE, EURONEXT and the Toronto Stock Exchange can henceforth submit the same listing application documents approved by the exchange of primary listing to the SEM. The fast track listing process effectively eliminates time, cost and management constraints for the issuers with regard to the preparation of application documents.

Initiatives undertaken

Other than consolidating its product offering, SEM also undertook a variety of initiatives during the past few years in order to enhance liquidity and increase the number of players in its markets, in line with its internationalisation strategy. Some of these initiatives include the introduction of:

- A dual currency trading facility which gives investors the option to trade securities denominated in foreign currencies both in the primary currency in which the securities are issued and in Mauritian Rupees.
- A reduced brokerage fee structure for corporate bond trading and turnaround trades to encourage active trading and liquidity.
- New indices to enable investors to follow the performance of SEM listed stocks.

4.7 NATIONAL INSURANCE COMPANY (NIC)

NIC stands today amongst the top 3 leading insurance providers of Mauritius, covering nearly 150,000 clients and servicing around 140,000 policies, with a workforce nearing some 800.

Since the transition of the business undertakings in July 2015, some key achievements have been attained namely:

- Stabilisation and growth of client portfolio from some 130,000 to 150,000
- Launch of new lines of business including motor, travel, property, transportation, and other classes of general insurance
- 32% growth in new business of life insurance in FY 2016-2017 compared to FY 2015-2016

- 64% growth in gross premium of NICG in FY 2016-2017 compared to FY 2015-2016
- Strengthening and expanding of its distribution channels with the partnership with Mauritius Post Ltd and now present at 33 touch points across the island including NIC branches to better serve the clients base
- Launching of Nationwide Health campaign and Caravan (*“GetHealthy on Route8”*) to support the company’s mission of “Serving the Nation” and which enabled over 7,500 Mauritians to benefit from such health sensitization campaigns across the country

Such realisations enabled the NIC to win 4 awards namely: *“Africa Best Employer Brand Award 2015”*, *“Socially Responsible Organisation 2016”*, *“Fastest Growing General Insurance Company 2017”* and *“Best Life Insurance Company 2017”*.

PART V – BUDGET MEASURES AND KEY ACTIONS

5.1 STATUS ON IMPLEMENTATION OF BUDGET MEASURES

Budget Para	Budget Measure	Status
96	GBC2 companies will now be allowed to invest in listed securities.	<ul style="list-style-type: none"> • Law has been amended. • Rules at SEM ready: GBC2 to deal in listed shares through Local investment dealers • Information published on website • FSC issued circulars to GBC2 companies
97	Companies holding a ‘Global Headquarters Administration Licence’ issued by the FSC will be granted an 8-year tax holiday.	<p>Regulations have been gazetted on 5th October 2016.</p> <p>Measures are being implemented.</p>
98	<p>A 5-year Tax Holiday will be provided on licences issued by the FSC as follows:</p> <ul style="list-style-type: none"> a) Treasury Management Centre License; b) Asset and Fund Managers License managing a minimum asset base of USD 100 million; c) international law firms with a Global Legal Advisory Services License; d) Investment Banking and Corporate Advisory License; and e) an Overseas Family Corporation License 	<p>Regulations have been gazetted on 5 October 2016.</p> <p>Measures are currently being implemented.</p>

Budget Para	Budget Measure	Status
99-100	5-year tax holiday to Foreign Ultra High Net Worth Individuals investing a minimum of USD 25 Million in Mauritius.	Regulations have been gazetted on 5 October 2016.
101	Rs 50 Million as seed capital for 'Mauritius International Derivatives and Commodities Exchange' (MINDEX) at Rose Belle Business Park.	<p>The terms of reference have been reviewed by the FSPA.</p> <p>Tender for Consultancy Services was out. 8 bids have been received. The technical evaluation has been completed and financial evaluation will be done shortly.</p> <p>Creation of Special Purpose Vehicle (SPV) by June 2017.</p> <p>Setting up of Derivative by Platform 3rd Quarter 2017.</p> <p>Setting up of Spot Platform – Vault will be ready by 1st Quarter 2018.</p>
102	Develop Mauritius as a full-fledged International Arbitration Centre with the capacity and expertise to resolved disputes.	<p>Government has agreed to the setting up of the Hearing Centre. The MOU is being finalized by MIAC Ltd.</p>
B.2 (a)	Enhancing business facilitation	As at 24 November 2016, FSC has reported that the standardized

Budget Para	Budget Measure	Status
	A standardised centralised online KYC database will be introduced for the non-bank financial services sector. This database will be managed by the Financial Services Commission and service providers in the nonbank financial services sector will have access to the database to facilitate execution of transactions.	<p>centralized online KYC is still in its very early stages and its initial assessment is that it will take more than one financial year to complete.</p> <p>Moreover, since the project excludes clients of banks, the financial feasibility also needs to be studied.</p> <p>The FSC is currently seeking consultancy services to proceed with the KYC project. The Board of the FSC approved the enlistment of an External Consultant for this project on 2 March 2017.</p>
	<p>For enhanced substance, the spectrum of products and services provided by the jurisdiction will be broadened by:</p> <ul style="list-style-type: none"> (i) Setting up Treasury Centres and Regional Headquarters; (ii) Developing Mauritius as the Renminbi clearing centre for the African region to capture trade, investment and financial flows between Africa and China; and 	<ul style="list-style-type: none"> (i) Setting up of Treasury Centres and Regional Headquarters: Licensing Framework by FSC completed. (ii) Action is being taken by MoFED and BOM.

Budget Para	Budget Measure	Status
	(iii) Promoting Mauritius as a centre for clearing of African currencies and securities.	(iii) Renminbi Clearing Centre and Centre for clearing African currencies is under discussion with MoFED and BOM.
B.2 (b)	<p>The Financial Services Act will be amended to allow the Financial Services Commission to:-</p> <p>(i) issue a new Global Legal Advisory Licence to cater for flagship international law firms to set up their Regional Offices and operations in Mauritius to provide legal advisory services on international and domestic transactions. These law firms will not be allowed to litigate in Mauritius;</p> <p>(ii) introduce a Family Corporation licence to allow high net worth foreigners and their dependents to benefit from residency;</p> <p>(iii) introduce Online Licensing in order to reduce the lead time in the application process for licensees; and</p>	<ul style="list-style-type: none"> • For the Global Legal Advisory Licence, the Financial Services (Consolidated & Fees) Rules have been amended and the respective Application Forms & Licensing Criteria posted on FSC's website on 27 September 2016. • Family Corporation- Amendments to regulations have been completed. • Online Licensing- Launching of Phase I was undertaken on 1 December 2016. • Preferential Offer Rules- Public consultation were carried out between 21 October 2016 and 4 November 2016 through the FSC website. The comments

Budget Para	Budget Measure	Status
	(iv) regulate securities for Preferential Offer Rules including Private Placement Schemes for 25 investors or more who individually invest Rs 1 million. Private placements, as approved by the FSC, will also be allowed to list on the local exchange.	are currently being analysed and the draft rules will be reviewed accordingly.

5.2 STATUS ON IMPLEMENTATION OF KEY ACTIONS

Key Action	Key Performance Indicator	Target 2016/17	Status as at 30 June 2017
Introduction of the Financial Crime Commission Bill to harmonise the structure for the fight against Financial Crime in Mauritius.	1. Financial Crime Commission Bill will be introduced in National Assembly	Jun-17	Financial Secretary is chairing Committee on Financial Crime Commission. Fraud Bill will also be discussed.
	2. Fraud Bill will be introduced in National Assembly	Jun-17	
Creation of the Mauritius Commodities and Derivatives Exchange.	Mauritius Commodities and Derivatives Exchange operational	Jun-17	The terms of reference have been further reviewed by the FSPA. Tender for consultancy is out. 8 bids have been received. The technical evaluation has been completed and financial evaluation will be done shortly.

Key Action	Key Performance Indicator	Target 2016/17	Status as at 30 June 2017
			<p>Creation of Special Purpose Vehicle (SPV) by June 2017.</p> <p>Setting up of Derivative by Platform 3rd Quarter 2017.</p> <p>Setting up of Spot Platform – Vault will be ready by 1st Quarter 2018.</p> <p>The FSPA is exploring the prospects of including Agro-Industry products to be part of the MINDEX initiative.</p> <p>Note: As from January 2017, the FSPA is functioning under the aegis of Ministry of Finance and Economic Development.</p>
Conduct the first National Risk Assessment in line with the requirements of the Financial Action Task Force.	National Risk Assessment published	Jun-17	A Reimbursable Advisory (RAS) Agreement was signed between the Government of Mauritius, represented by the Ministry of Financial services

Key Action	Key Performance Indicator	Target 2016/17	Status as at 30 June 2017
			<p>and Good Governance, and the World Bank (09.01.17).</p> <p>The Workshop on National Risk Assessment held on 18-20 Jan 2017 was organised with the technical assistance of the World Bank. Each Team is in the process of preparing the NRA report.</p> <p>A 2nd Workshop will be organized at the end of the process in order to finalise the NRA report and prepare risk-based action plans by Jan 18.</p> <p>The final report will be ready by April 2018.</p>
Adoption of a Manual for Corporate Governance for SOEs.	Manual for Corporate Governance for SOEs prepared.	Dec-16	The Code of Corporate Governance was launched in February 2017.
Conduct of Governance Reviews.	Number of organisational/financial governance reviews conducted	≥ 3	<p>Eight reviews have been completed.</p> <p>(Shortage of staff acts as a bottleneck.)</p>

Key Action	Key Performance Indicator	Target 2016/17	Status as at 30 June 2017
Monitoring the implementation of national audit report recommendations.	Percentage of recommendations by the Director of audit implemented.	≥ 75%	Out of 35 Audit Committees, 15 have been assessed. (Shortage of staff acts as a bottleneck.)

5.3 RISK MANAGEMENT, CITIZEN-ORIENTED INITIATIVES AND GOOD GOVERNANCE

5.3.1 Risk Management

The Ministry is working in close collaboration with the Internal Control Unit of the MoFED to identify areas of risks and come up with ways to mitigate them. The following table explains the risks encountered at the Ministry and measures taken to minimise same;

Risks	Measures Taken
Health and safety risks at work	An Occupational Safety and Health (OSH) Policy for the Ministry is in the process of being finalised to ensure a safe and healthy working environment for staff members with appropriate equipment and systems in place. The Policy also provides for regular risk assessments to be undertaken to identify deficiencies and subsequently implement control measures to improve the working environment for staff members.
Risk of corruption in the Ministry	The Ministry has signed the Anti-Corruption Commitment, developed by the ICAC, and has thus committed itself to use all available means

Risks	Measures Taken
	<p>and resources at its disposal to combat, at all times, corruption in all its forms, including the application of appropriate prevention and detection control measures.</p> <p>The Ministry has also been working in close collaboration with the ICAC to come up with an Anti-Corruption Policy which reiterates the commitment of the Ministry to promote and adhere to the highest standards of probity, transparency and accountability in the operations and management of the organization. The Policy ensures that the risks of corruption and resulting losses are minimised at the level of the Ministry.</p>
Monitoring of Attendance Register	Electronic Attendance System (EAS) has been introduced to ensure a better monitoring of staff arrival and departure.
Monitoring of overtime carried out by Office Care Attendants	The OME is working on a roster to be introduced shortly to better monitor overtime by Office Care Attendants.
Monitoring of files at the level of the Registry	<p>A Note has been circulated to officers of the Ministry to emphasise their responsibility with respect to files recorded in their names.</p> <p>A Registry Handbook, specific to this Ministry, is also being prepared for a better management of Registry procedures.</p>

5.3.2 Citizen-Oriented Initiatives

A. Citizen Support Portal

The online Citizen Support Portal was launched by the Honourable Prime Minister in April 2017. The portal enables citizens to register their complaints online through a unique reference number on a 24/7 basis wherever they are. The database of complaints/queries registered is managed by the Citizen Support Unit at PMO.

This Ministry forms part of the pilot phase of the project. Online complaints/queries from citizens pertaining to the Ministry and its parastatals are already being registered on the portal. Such a system enables the Ministry to manage complaints in a timely manner and to be more accountable to the citizens. The latter can thus track the status of their complaints/queries at any point in time and monitor progress. Once the complaints are resolved, citizens can also provide feedback on the service offered.

B. Customer Charter

The Ministry is in the process of finalizing its Customer Charter, in line with the decision of the Government to make it mandatory for all Ministries and Departments to have their respective Customer Charters with a view to nurturing a performance-oriented and customer-centric culture in the public service. A Customer Charter would set the quality standards for efficient and effective service delivery to our customers.

5.3.3 Good Governance

A. Code of Corporate Governance

The Code of Corporate Governance was launched in February 2017. The adoption of the code by our various institutions will facilitate effective and prudent management that can deliver the long-term success of organisations. The Code comprises a set of principles like Governance Structure, Reporting with Integrity, Risk Governance and Internal Control aimed at guiding and improving the governance practices of

organisations in Mauritius. The Code shall apply to Public Interest Entities and Public Sector Organisations amongst others.

PART VI – FINANCIAL PERFORMANCE

The provision allocated to this Ministry for 2016/2017 was Rs 529,100,000. As at end of financial year, the actual expenditure stood at Rs 295, 210, 800 as detailed below.

6.1 STATEMENT OF EXPENDITURE

Head/Sub-Head of Expenditure	2015-2016 Actual (Rs)	2016-2017 Estimates (Rs)	2016-2017 Actual (Rs)
Compensation of employees	55,643,313	96,630,000	50,255,380
Goods and Services	21,162,132	46,970,000	12,854,856
Subsidies	-	-	-
Grants	208,295,306	325,500,000	229,704,775
Social Benefits	-	-	-
Other expense	57,497,302	57,500,000	2,395,790
Acquisition of Non-Financial Assets	73,331,077	2,500,000	
Acquisition of Financial Assets	-	-	-
<i>Total</i>	<i>415,929,130</i>	<i>529,100,000</i>	<i>295,210,800</i>

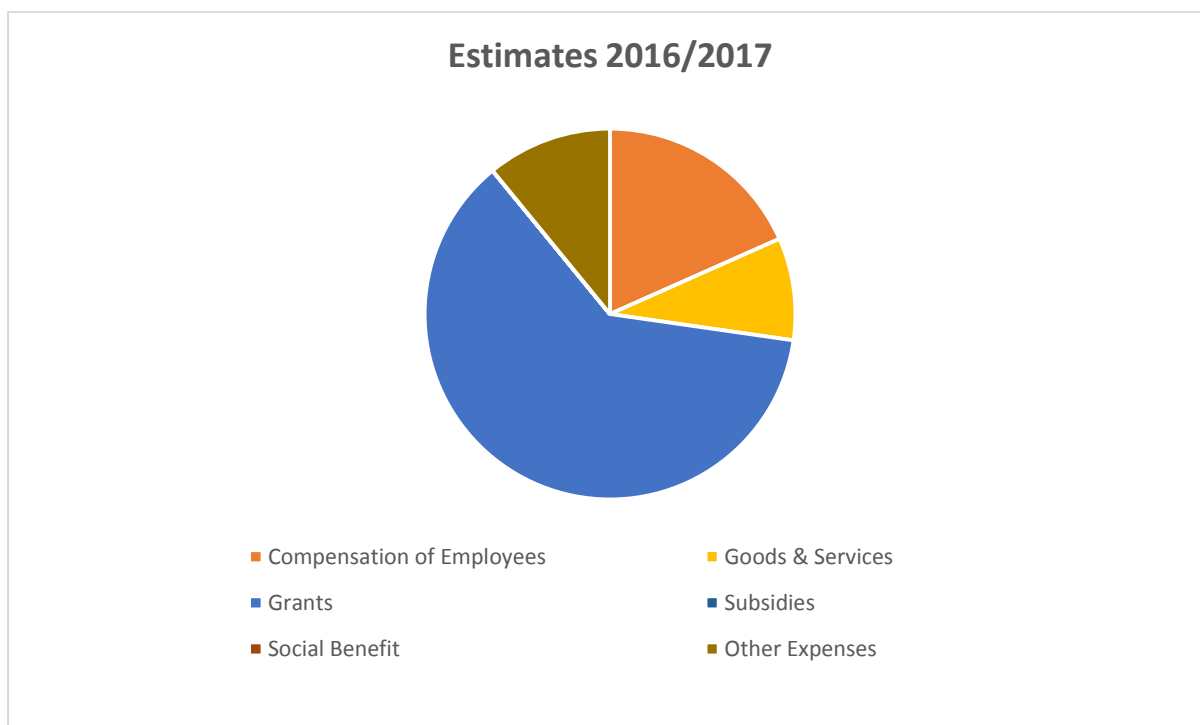


Figure 1: Estimates 2016/2017

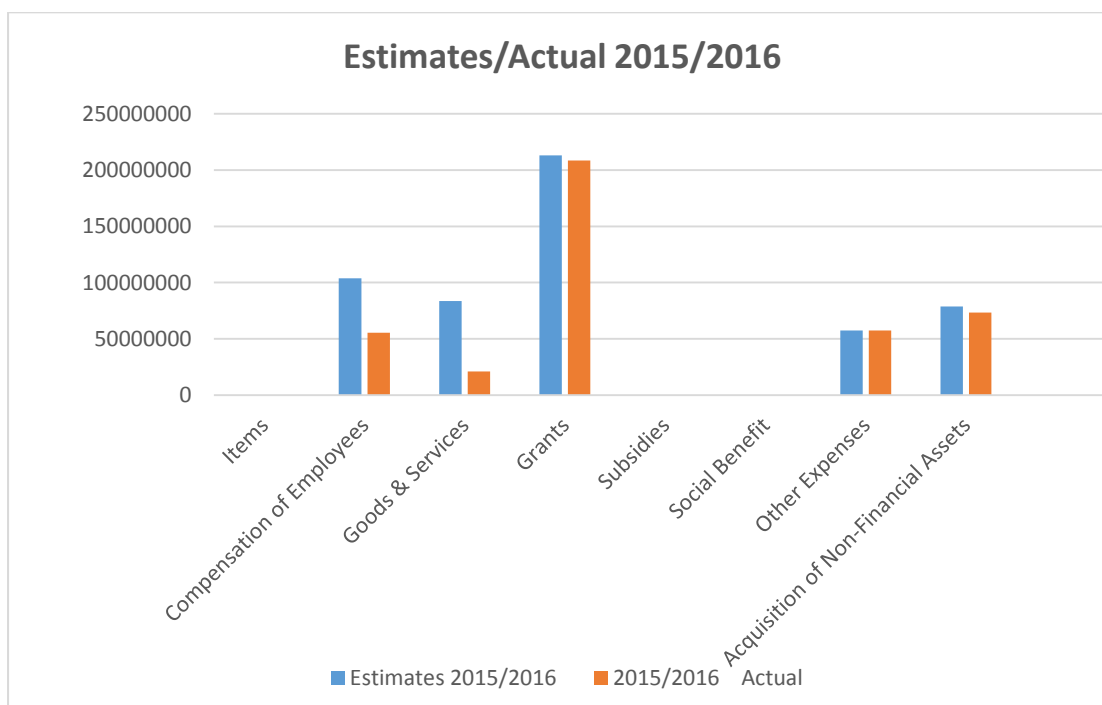


Figure 2: Estimates/Actual 2015/2016

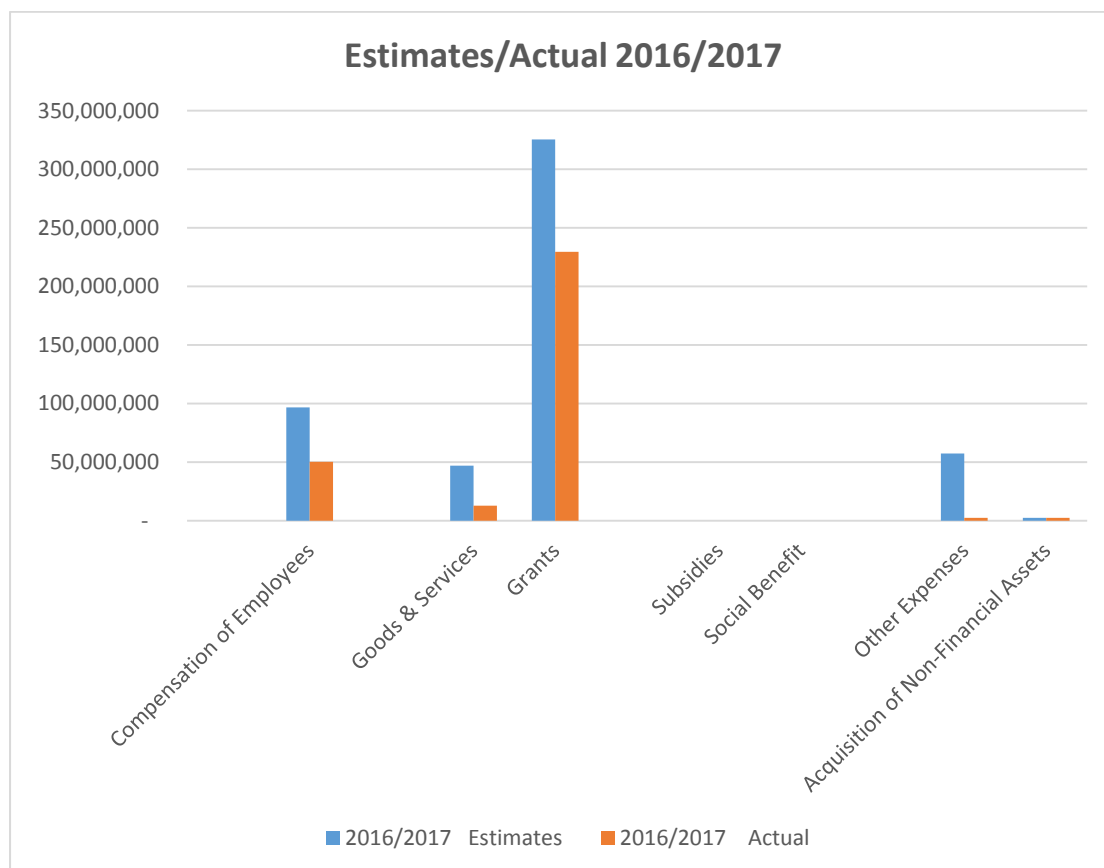


Figure 3: Estimates/Actual 2016/2017

6.2 ANALYSIS OF MAJOR CHANGES

The voted provisions for 2016/17 was for Rs 529, 100, 000, and the actual expenditure stood at Rs 295, 210, 800, representing 55.7% of the voted provision.

However, following a change in portfolio of the Ministry in January 2017, funds in respect of grants to FIU in the sum of Rs 17.5 million and FSPA in the sum of Rs 50 million were transferred to PMO and MoFED respectively.

Hence, expenditures in respect of FIU and FSPA were made by PMO and MoFED respectively, although same were reflected in the books of this Ministry.

PART VII – WAY FORWARD

A. Advisor for AML/CFT

In addition, the Ministry has appointed an Advisor for an initial period of two years to assist the Ministry on matters pertaining to FATF and ESAAMLG. The Advisor is expected to review the Mauritian AML/CFT Framework and provide high level policy advice and recommendations to the Government on legislative amendments to ensure compliance with FATF standards. She is also expected to assess the technical assistance needs and training requirements of governmental institutions and recommend actions to meet international standards. The Terms of Reference of the Advisor also include the organisation of capacity building and training activities for AML/CFT supervisory and law enforcement agencies, advising AML/CFT authorities on international best practices in areas of AML/CFT, participating actively in the National Risk Assessment (NRA) and working in close collaboration with regional and international AML/CFT organisations, such as ESAAMLG and FATF.

B. Advisor on Governance matters

Furthermore, the Ministry has appointed an Advisor on Governance matters on a contractual basis. His main duties are to advise on the:

- Monitoring of the implementation of the Code of Corporate Governance in Public Sector Organisations.
- Monitoring of the effectiveness of the implementation of the recommendations of the National Audit Office, the Public Accounts Committee and the Internal Control Unit.
- Establishment, review and monitoring of the effectiveness of Audit Committees,
- Special inquiries into reported cases of mismanagement.
- Monitoring of the overall performance of public sector enterprises and pace of reforms of SOEs.

- Organisational and financial reviews of SOEs, amongst others.

C. The Blueprint: Crafting the future of the Mauritius IFC

On 01 September 2017, FSC held a first Consultative Meeting on the Blueprint which aims at spelling out the strategy for the Mauritius International Financial Centre ('IFC') for the next 10 years. This meeting regrouped around 60 key representatives from the financial services sector and was held in the presence of the Minister of Financial Services, Good Governance and Institutional Reforms. Mr James Shipton, Executive Director from Harvard Law School's Programme on International Financial Systems, facilitated the discussions and shared the way forward with respect to the preparation of the Blueprint.

7.1 Trends and Challenges

The financial services sector currently faces several challenges. These include:

A. Banking industry

- Dominance of a small number of major banks
- Supervision of financial conglomerate

B. Primary and Secondary Market

- Building up of efficient primary market practices
- Underdevelopment of long term government and corporate bond markets

C. Offshore Financial Sector

Global Business Licence Tax Regime is being reformed to ensure compliance with international requirements

D. Capital Markets

- Stock Market is small in size with low market capitalization
- Suffer from lack of liquidity and low turnover

E. Human Capital

- Shortage of legal and financial expertise

7.2 Strategic Direction

A. Financial Technology

FinTech innovations will contribute to the provision of better financial services. The legal framework will be reviewed to upgrade the payment and settlement infrastructure and facilitate the use of new financial technologies.

B. Review of legislation

Legislative framework for the banking sector, securities market and Global business sector will be reinforced.

C. Anti-Money Laundering

The framework on Anti-Money Laundering and Combatting the Financing of Terrorism will be reinforced through compliance with international norms and standards.

D. Cyber-security

To improve techniques for safeguarding banking and payment transactions from any form of data breach, including cyber-attacks, a national objective will be laid down through a consultative approach among banks, regulators and other financial institutions.

E. Mauritius International Derivatives and Commodities Exchange (MINDEX)

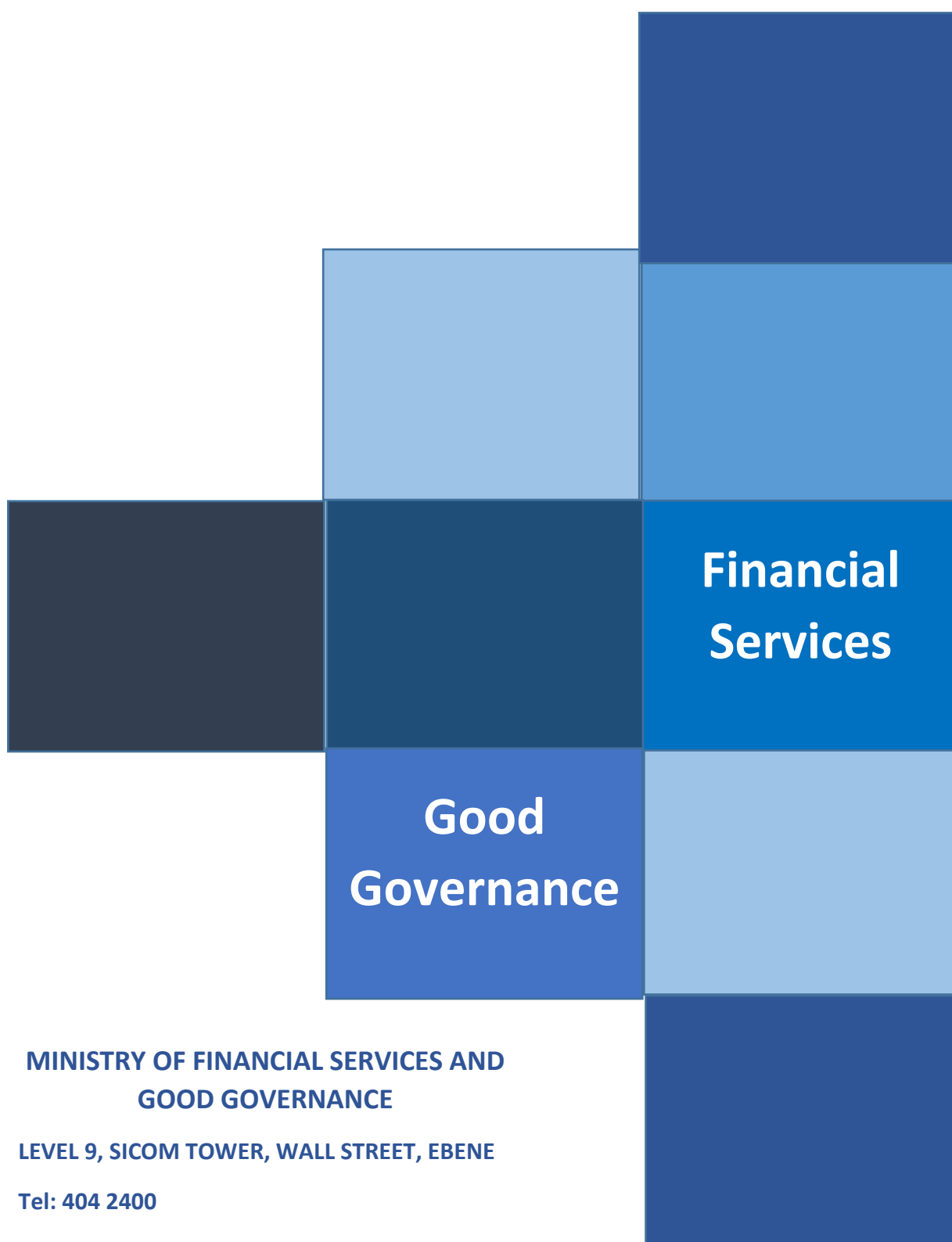
A platform for the trading of derivatives as well as spot trading of gold, diamonds and precious stones including vaulting activities, will be set up.

F. Capital Markets

Development banks are encouraged to issue Infrastructure Bonds for projects in mainland Africa from Mauritius. SEM will endeavour to position the Mauritian jurisdiction as an attractive international platform for debt structuring and listing.

G. Regional Financial Platform

Multinational firms will be encouraged to establish headquarters for Africa in Mauritius. The Stock Exchange of Mauritius (SEM) will serve as a multi-currency platform to position SEM as an attractive capital raising and dual-listing platform for Africa-focused ventures and international products.



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