



REPUBLIC OF MAURITIUS

**MINISTRY OF FINANCIAL SERVICES
AND GOOD GOVERNANCE**

Annual Report on Performance

Financial Year 2020/2021

INTRODUCTION

In line with the requirement of the Finance and Audit Act which was amended in March 2015, the Ministry of Financial Services and Good Governance has prepared its Annual Report on Performance for the fiscal year 2020/21.

The Report has been structured as per the guidelines issued by the Ministry of Finance and provides information on the Ministry in line with the spirit of performance-based budgeting. It is the firm belief of the Ministry that transparency and accountability are the basis of good governance that ultimately leads to efficient and effective performance.

This report gives an overview of the Ministry's main roles/functions and evaluates its key actions, major projects, programmes and measures planned for the year. It also provides a Statement on the revenue and expenditure for the financial year 2020/21.

The structure of the Annual Report is as follows:

Part I: About the Ministry

Part I sets out the vision, mission, overview of the Ministry, its roles and functions including that of the major agencies under the purview of the Ministry and a gender statement.

Part II: Ministry Achievements & Challenges

Part II describes mainly the major achievements, status on the achievements of budget measures and key actions for the financial year 2020/2021. It also includes an Implementation Plan giving the Status of Actions taken and planned on the Comments/Recommendations of the Director of Audit on the examination of accounts and records for financial year 2018/2019.

Part III: Financial Performance

Part III provides the financial highlights for the year, an overview of major changes in financial year 2020/21 and statements of revenue and expenditure.

Part IV: Way Forward

Part IV highlights the trends and challenges and the strategic directions of the Ministry

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LIST OF ABBREVIATIONS

AGO	Attorney General Office
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BOM	Bank Of Mauritius
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIAMLA	Financial Intelligence and Anti Money Laundering Act
FIU	Financial Intelligence Unit
FRC	Financial Reporting Council
FSC	Financial Services Commission
GBC	Global Business Company
GRA	Gambling Regulatory Authority
ICAC	Independent Commission Against Corruption
IRSA	Integrity Reporting Services Agency
MIPA	Mauritius Institute of Professional Accountants
MoFEPD	Ministry of Finance, Economic Planning and Development
MOU	Memorandum of Understanding
NCCG	National Committee on Corporate Governance
NIC	National Insurance Company Ltd
NICG	NIC General Insurance Co Ltd
NPFL	National Property Fund Limited
ODPP	Office of the Director of Public Prosecutions
PIE	Public Interest Entity
ROA	Registrar of Associations
ROC	Registrar of Companies
SEM	Stock Exchange of Mauritius
SICOM	State Insurance Company of Mauritius Ltd
USD	United States Dollar

Statement of the Permanent Secretary



and challenges for the financial period 2020/2021.

I joined the Ministry on 12 October 2020, and my first and foremost duty was to galvanize the team so that we can deliver on our commitment to FAFT to prioritise the implementation of action plan with a view to be delisted from the list of “*Jurisdictions Under Increased Monitoring*” (i.e FATF Grey List) at the earliest. A great synergy was developed between all the Institutions concerned, namely, the MOFEPD, the BOM, the FSC, the ICAC, the FIU, the AGO, the ODPP, the GRA, the ROC, the ROA, the GRA, the MIPA and the private sector. Assistance from the ESAAMLG and technical assistance providers were also sought and obtained. The relentless effort and hard work of the team paid dividends so much so that at its June 2021 Plenary, the FATF made “*the initial determination that Mauritius has substantially completed its Action Plan and warrants an on-site assessment to verify that the implementation of Mauritius’s AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.*” In fact, Mauritius has been commended by the FATF for the progress achieved in addressing the strategic deficiencies especially under difficult circumstances caused by the COVID-19 pandemic. All measures taken so far demonstrate the underlying unflinching commitment of the Government to ensure the sustainability and effectiveness of our efforts to combat money laundering, terrorism financing and proliferation financing in the future.

I am pleased to present the fourth Annual Report on Performance for the Ministry of Financial Services and Good Governance. The report reflects, *inter alia*, the numerous achievements, targets

With this announcement by the FATF, the future augurs well for the financial services sector which has the potential to grow into one of the main economic engines and a major contributor (13%) to the GDP of the country. In fact, the “IFC Blueprint Report” targets to double the contribution of the financial services sector to the GDP by 2030. This in turn will strengthen employment capacity and spur tax revenue.

Honourable Mahen Kumar Seeruttun, the Minister at the helm of the Ministry, is placing much emphasis on regular dialogue with stakeholders on a number of platforms including the Financial Services Consultative Council which is helping to assist the Government with short, medium, and long-term strategic planning. The Ministry is placing much reliance on outcomes of public-private consultations which are taking place amidst five Expert Groups set up to give furtherance to the recommendations of the Blueprint 2030. Our common goals to support the financial services industry, shore up investor confidence and attract new business are in sync and we are committed in our determination to ensure that Mauritius maintains its course as a leading IFC.

The list of initiatives and ongoing projects at the Ministry is long and I am confident that we are moving in the right direction. The Ministry is working in close collaboration with the Financial Services Commission, the Regulator for the non-banking sector, to innovate through technology, create and promote new products and the Economic Development Board on the promotion front.

To end, I wish to express my deep appreciation to the staff for their continuous commitment, team spirit and unflinching support in realising the objectives of the Ministry during the period under review.

Sarwansingh PURMESSUR
Permanent Secretary

1.1 Vision and Mission

The Ministry of Financial Services and Good Governance (MFSGG) was established in December 2014 with a view to giving a new impetus to the financial services sector which is a key sector of our economy and has a huge potential for growth. Besides the promotion of financial services, this Ministry provides guidance and support for the enforcement of good governance practices in order to restore the national values in Mauritius through the eradication of fraud, corruption, malpractices and irregularities in all aspects of public life. Furthermore, the Ministry oversees implementation of AML/CFT activities and coordinates national AML/CFT legislative, administrative and policy reforms.

The Ministry also arranges training and resources on good governance to promote its advocacy and practice. Additionally, the Ministry supports government agencies in their objectives of being productive, transparent, accountable, efficient and customer friendly.

Vision

To make Mauritius a clean and transparent jurisdiction of substance and repute offering high standard financial services at the national, regional and international level.

Mission

To transform Mauritius into a Financial Centre of Excellence anchored on principles of good governance, global best practices and high ethical standards.

Values

Good public governance needs excellent leadership, management and human resources. This Ministry encourages public officers to exercise good governance as well as uphold and safeguard the following values in exercising public duty.

<i>Fairness</i>	<i>Promoting a workplace that is inclusive and fair and which fosters respect of all our fellow employees</i>
<i>Transparency</i>	<i>Ensuring transparency and disclosure of activities.</i>
<i>Integrity</i>	<i>Having an unimpaired character demonstrated by a well-ordered private and public life devoid of moral or material corruptibility.</i>
<i>Impartiality</i>	<i>Having an ethical standard that requires neutrality, objectivity and equality of opportunity in accessing public resources and services.</i>
<i>Responsibility</i>	<i>Delivering our very best in all we do, holding ourselves accountable for results.</i>

1.2 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's priority mandates are to:

- ✚ Establish good governance practices and ensure that it permeates in all spheres of the Mauritian society in order to combat fraud, corruption and malpractices.
- ✚ Ensure the development and effective regulation of the financial services sector in Mauritius.
- ✚ Position Mauritius as a centre for private placements, trading of bonds and other financial instruments.
- ✚ Ensure judicious utilisation of funds by public sector organisations.
- ✚ Engage into the transformation of public sector organisations and ensure greater transparency, accountability and efficiency.
- ✚ Adapt and coordinate the implementation of policy measures in line with internationally recognised standards to combat money laundering and the financing of terrorism and proliferation.
- ✚ Position the Stock Exchange of Mauritius as an attractive capital-raising platform for international and African focused financial products.

1.3 Institutions under aegis of Ministry

The following Institutions/Organisations operate under the aegis of the Ministry:

A. **Statutory Bodies & Committees**

➤ **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 the conduct of business activities in these sectors.

➤ **Financial Intelligence Unit (FIU)**

The FIU was established under section 9 of the Financial Intelligence and Anti Money Laundering Act in August 2002. It is the central Mauritian agency for the request, receipt, analysis and dissemination of financial information regarding suspected proceeds of crime and alleged money laundering offences as well as the financing of any activities or transactions related to terrorism to relevant authorities. The FIU is mandated to fulfil the following core functions:

- (i) the classic intelligence agency function pursuant to sections 10 of the FIAMLA, performed by the Financial Investigative Analysis Division (**FIAD**) of the FIU;
- (ii) the Asset Recovery function, pursuant to the Asset Recovery Act performed by the Asset Recovery Investigations Division (**ARID**); and
- (iii) the AML/CFT supervisor function for designated non-financial businesses and professions (DNFBPs) namely real estate agents including land promoters and property developers, dealers in precious metals and stones as well as the three branches of the legal professional (notaries, barristers and attorneys), fulfilled by the **FIU Compliance Division**.

➤ **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.

➤ **Financial Reporting Council (FRC)**

The FRC was established in 2005 under the Financial Reporting Act 2004. The objects of the Council are to promote high quality reporting of financial and non-financial information by Public Interest Entities (PIEs), promote the highest standards among licensed auditors, enhance the credibility of corporate reporting and promote quality in accountancy and audit services.

➤ **National Committee on Corporate Governance (NCCG)**

The Financial Reporting Act (FRA) 2004 has been amended through The Finance (Miscellaneous Provisions) Act 2020 to establish the National Committee on Corporate Governance (NCCG) as a 'body corporate'. This implies that the NCCG can now employ its dedicated staff to conduct its affairs efficiently to meet its objects and functions as laid out in the FRA. One of the objectives of the NCCG is to promote the organisation of workshops, seminars and training in the field of corporate governance. The NCCG is collaborating with the Financial Services Institute (FSI) on training and organising events. Furthermore, members of the NCCG Committee regularly intervene as guest speakers for FSI training on the Code.

B. Department

➤ **Office of Public Sector Governance (OPSG)**

The OPSG is operating under the aegis of the Ministry since November 2019, in view of the good governance mandate falling under the portfolio of the responsible Minister. The OPSG is the technical arm for good governance and institutional reforms and is responsible for the provision of services related to good governance practices, management consultancy, financial and organisational reviews in public sector organisations comprising Ministries/ Departments, State-Owned Enterprises (SOEs) and Local Authorities. The OPSG is also responsible for the establishment and monitoring of Audit Committees (ACs) in Ministries and Departments. The monitoring of Audit Committees of Ministries/ Departments is an ongoing process.

C. State-Owned Companies:

➤ **State Insurance Company of Mauritius Ltd (SICOM)**

The SICOM stands proudly today as one of the leading Insurance and Financial Services companies in Mauritius. With an established presence in the economic landscape of Mauritius since 1975, SICOM Group presently includes the State Insurance Company of Mauritius Ltd (SICOM), SICOM General Insurance Ltd (SGIN), SICOM Financial Services Ltd (SFSL), SICOM Global Fund Ltd and SICOM Management Ltd. Since its creation, SICOM has been dynamic and has continuously expanded its range of activities to increase the value and profitability of the Company. Over the years, SICOM branched from General & Life Insurances, Individual and Group Pension Businesses, different Loan Schemes, Education Schemes and Medical Schemes, into other financial services. It also operates in Deposit Taking, Unit Trust Management, Leasing, Trustee, Actuarial Consultancy Services and Global Business.

➤ **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.

While NICL offers a broad range of innovative life insurance products as well as pension and savings products to its customers, NICG offers a broad range of health, motor and travel insurance plans for individuals and corporates.

➤ **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.

➤ **Financial Services Institute Company Ltd (FSI)**

The FSI is an autonomous Training Institute set up by the Government of Mauritius with a mission to design, develop, market and execute highest quality training for capacity building in the Financial Services sector.

D. Private Owned Companies:

➤ **Stock Exchange of Mauritius Ltd (SEM)**



The SEM was incorporated on 30 March 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 and became a public company on 06 October 2008. SEM operates two markets, namely, the Official Market and the Development and Enterprise Market (DEM). Over time, the SEM acted as a powerful value-creation platform for listed companies and has played an important role in the democratisation process of the Mauritius economy by enabling more than 100, 000 retail investors to participate in the growth story of a number of listed flagship local companies and today, a triple-digit-number of securities, including both local and foreign securities, are listed on the SEM.

1.4 Gender Statement

The Gender Policy of the Ministry was formulated with the enlistment of a Consultant and was validated in March 2018. The Gender Policy contains an Action Plan for gender mainstreaming at the level of the Ministry as follows:

Goals	Activities
GOAL 1: <i>Supporting and Enabling Work Environment</i>	Network with Ministry of Gender Equality to facilitate advocacy for greater commitment and engagement among staff towards the promotion of gender equality.
	Advocate for financial resources to be available and the budget for the Ministry/Institution makes provision for gender mainstreaming programme.
	Celebrate days of significance, including International Women’s Day e.g. an in-house discussion for Gender Issues.
	Develop an advocacy campaign for the review of existing Mission, Vision and Strategic Directions of Ministry and stakeholders and propose amendments to reflect gender sensitivity.
GOAL 2: <i>Promote Understanding of The Linkage</i>	Invite gender experts to discuss the tenets of the National Gender Policy Framework and the Gender Policy Statement and advise on specific issues to be addressed.
	Organize an in-house discussion on gender and the role of men in the process of gender mainstreaming.
GOAL 3: <i>Promote Staff Capacity Building and Development</i>	Appoint a Gender Focal Point and set up a Gender Cell
	Develop an Action Plan for MFSGG
	Organise training sessions for staff and stakeholders
	Facilitate research and documentation on Gender and Governance/Financial Services
	Collect gender disaggregated data
GOAL 4: <i>Strengthen Women’s Leadership Role</i>	Discuss with management on the facilities provided to women to meet their practical gender needs.
	Provide facilities to women in vulnerable situations to reconcile productive and reproductive roles.
	Discuss with management to integrate women in decision making instances.
GOAL 5: <i>Set up an effective Monitoring and evaluation Mechanism</i>	Set up a Gender Coordinating Committee to oversee implementation of Gender Policy
	Hold quarterly meeting of the GCC and monthly monitoring meetings of the Gender Cells
	Develop gender responsive Monitoring and Evaluation Mechanism and Indicators
	Review accountability mechanism
	Develop gender assessment tools to evaluate programme at all levels
	Discuss with Finance Department for the utilization of Gender Responsive Budgeting
	Discuss with Human Resource Department for the introduction of gender equity concerns in staff performance evaluation and measurement.

The staff at the Ministry comprises 26 females and 50 males. The staffing structure is as follows:

	 34%	 66%
Top Management Salary ≥ Rs 100k	0%	4%
Middle Management Rs40k < Salary < Rs100k	38%	28%
Support & Others Salary ≤ Rs40k	62%	68%

1.5 Key Legislations

- Asset Recovery Act 2011;
- Captive Insurance Act 2015;
- Financial Intelligence and Anti-Money Laundering Act 2002;
- Financial Reporting Act 2004;
- Financial Services Act 2007;
- Insurance (Amendment Act) 2015;
- Insurance Act 2005;
- Securities Act 2015;
- The Anti-Money Laundering and Combatting the Financing of Terrorism (Miscellaneous Provisions) Act 2020;
- The Good Governance and Integrity Reporting Act 2015;
- The Ombudsperson for Financial Services Act 2018;
- Insurance (Industry Compensation Fund) Regulations 2015.

1.6 About our People

A. **Staff on Pensionable and Permanent Establishment**

The Ministry is headed by the Permanent Secretary, who is supported by a pool of officers.

Grade	Funded Position	Number in Post
<i>Permanent Secretary</i>	1	1
<i>Deputy Permanent Secretary</i>	2	2
<i>Assistant Permanent Secretary</i>	4	4
<i>Manager, Human Resources</i>	-	1
<i>Senior Human Resource Executive</i>	-	1
<i>Assistant Manager, Financial Operations</i>	1	1
<i>Financial Officer/Senior Financial Officer</i>	1	1
<i>Procurement and Supply Officer/Senior Procurement and Supply Officer</i>	1	1
<i>Assistant Procurement and Supply Officer</i>	1	1
<i>Assistant Manager, Internal Control</i>	1	1
<i>Analyst/Senior Analyst</i>	-	2
<i>Office Management Executive</i>	1	1
<i>Office Management Assistant</i>	5	6
<i>Office Supervisor</i>	1	0
<i>Management Support Officer</i>	11	10
<i>Confidential Secretary</i>	1	3
<i>Word Processing Officer</i>	2	3
<i>Computer Support Officer</i>	-	1
<i>Head Office Auxiliary</i>	1	1
<i>Office Auxiliary/Senior Office Auxiliary</i>	6	6
<i>Receptionist/Telephone Operator</i>	1	1
<i>Driver</i>	2	2

Office of Public Sector Governance

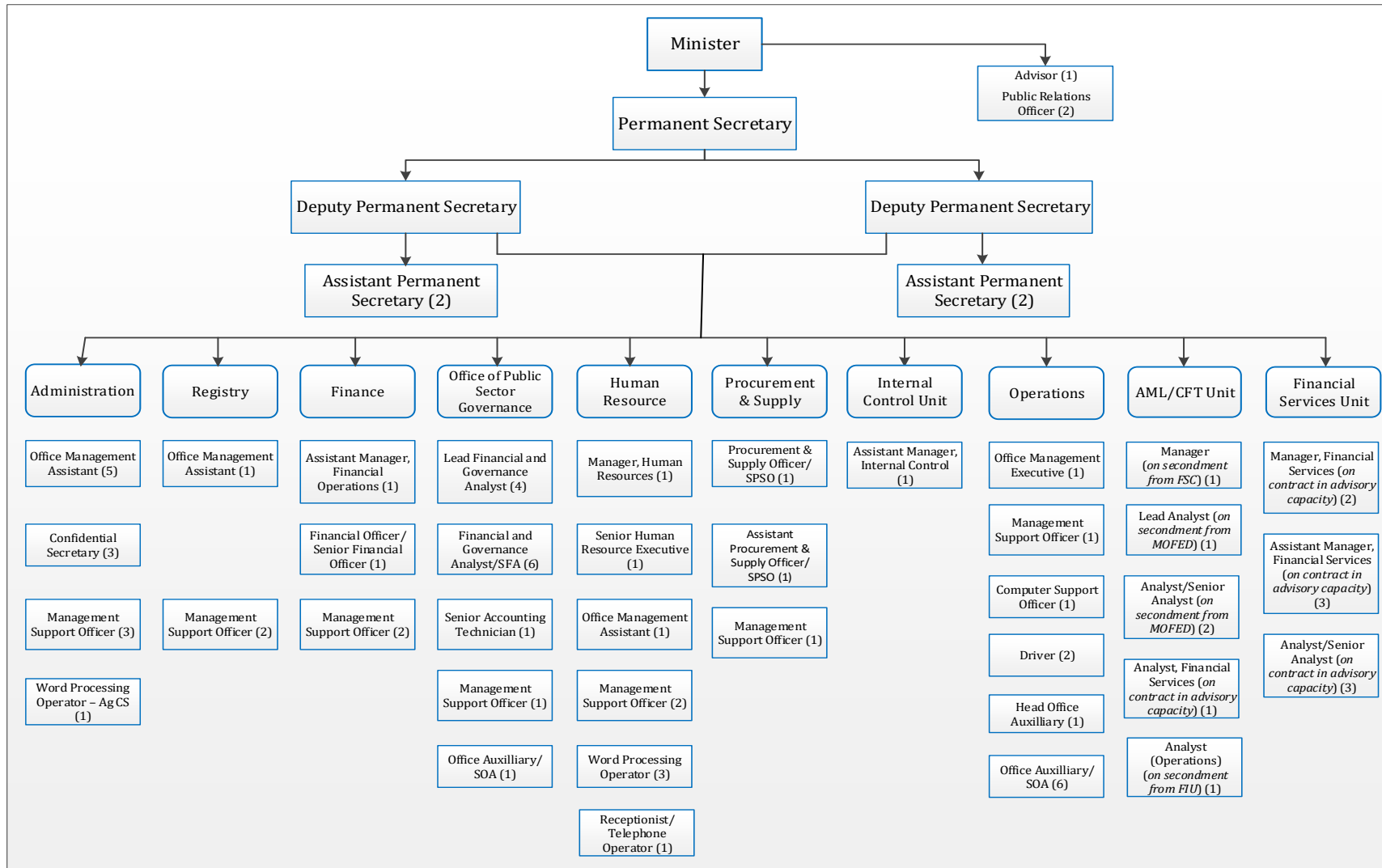
Grade	Funded Position	Number in Post
<i>Lead Financial and Governance Analyst</i>	3	4
<i>Financial and Governance Analyst/Senior Financial and Governance Analyst</i>	9	6
<i>Senior Accounting Technician</i>	1	1
<i>Office Management Assistant</i>	1	1
<i>Management Support Officer</i>	2	2
<i>Word Processing Operator</i>	1	1
<i>Office Auxiliary/Senior Office Auxiliary</i>	2	1

Senior Staff of the Ministry

A: ADMINISTRATION
Permanent Secretary - Mr Sarwansingh PURMESSUR
Deputy Permanent Secretary – Mr Navindsing JUGMOHUNSING
Assistant Permanent Secretary - Mr. Nankumar SEEWOOCHURN
Assistant Permanent Secretary - Mrs. Parvashi Devi MAHARAJE
Assistant Permanent Secretary - Mr. Neelesh BEEROO
Assistant Permanent Secretary - Mr. Senvy CURPEN-NAICK
Manager Human Resources - Mrs. Bibi Zaheda SOREEFAN
Assistant Manager, Financial Operations - Mr. Dudhisteer DEWOO
B: FINANCIAL SERVICES UNIT
Financial Services Manager - Mrs. Dovinassy PILLAY-NAIKEN
Financial Services Manager - Dr. Daneshwar DOOBREE
C: AML-CFT UNIT
Manager – Mrs Yonesha SAHYE (On secondment from FSC)
Lead Analyst – Mrs Narvada VEERAMOOTOO (On secondment from MoFEPD)
Analyst – Mrs Laura LAROCHE (On secondment from FIU)
D: OFFICE OF PUBLIC SECTOR GOVERNANCE (OPSG)
Officer-in-Charge/Lead Financial and Governance Analyst- Mr. Satianand BANSHI
Lead Financial and Governance Analyst-Mr. Edison NARAINEN
Lead Financial and Governance Analyst- Miss Padminie SUNASSEE
Lead Financial and Governance Analyst- Mrs Shameema Bibi PATEL

An organisational chart of the Ministry is shown hereunder indicating the staffing position at the Ministry as at 30 June 2021.

ORGANISATION CHART OF THE MINISTRY



B. Employees on Contract

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

Grade	Number in post
Manager Financial Services	2
Assistant Manager, Financial Services	3
Analyst, Financial Services	4
Adviser on Information Matters	1

C. Officers on secondment from FSC

Grade	Number in Post	Remarks
Manager, posted in the AML/CFT Unit	1	On secondment from FSC (w.e.f 13.03.2020)

2.1 Major Achievements for Financial Year 2020/2021

2.1.1 Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT)

(a) **AML/CFT Legal Framework**

Numerous amendments were brought to the AML/CFT legal framework during the period 2020/2021 to assist Mauritius in further strengthening its regime. In this respect, 19 pieces of legislations were amended through the Anti-Money Laundering and Combatting the Financing of Terrorism (Miscellaneous Provisions) Act 2020 which was passed on 7th July 2020.

(b) **Addressing deficiencies in Technical Compliance under the Mutual Evaluation Report**

In June 2021, Mauritius was compliant or largely compliant with 36 of 40 FATF recommendations.

(c) **Risk-Based Framework by DNFBP AML/CFT Regulators**

DNFBP Regulators have developed and implemented a risk-based supervision framework for their respective sectors to promote AML/CFT compliance among their regulatees.

(d) **Terrorist Financing Risk Assessment of Non-Profit Organisations (NPOs)**

In line with the FATF Recommendation 8, Mauritius conducted and completed in August 2020 the Terrorist Financing Risk Assessment exercise of NPOs to identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse.

(e) **Strengthening Human Capabilities**

In view of strengthening the technical capacity of our AML/CFT officers, a total of 80 targeted training sessions have been organised for some 900 participants from Supervisory Authorities, Law Enforcement Agencies and other relevant competent authorities in Mauritius.

(f) **Addressing the strategic deficiencies identified by the FATF**

At its June 2021 Plenary, the FATF made “*the initial determination that Mauritius has substantially completed its Action Plan and warrants an on-site assessment to verify*

that the implementation of Mauritius's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future." This was a determining step towards exiting the FATF List of "Jurisdictions Under Increased Monitoring". In fact, Mauritius was commended by the FATF for the progress achieved in addressing the strategic deficiencies especially under difficult circumstances caused by the COVID-19 pandemic. All measures taken so far demonstrate the underlying unflinching commitment of the Government to ensure the sustainability and effectiveness of our efforts to combat money laundering, terrorism financing and proliferation financing in the future.

The Ministry is committed to continue along and take all necessary steps to sustain the AML/CFT reforms well beyond the FATF International Cooperation Review Group (ICRG) process in order to strengthen our AML/CFT regime, thereby strengthening our financial system.

2.1.2 Financial Services

(a) New structure for the implementation of the Blueprint recommendations

The implementation of the Blueprint recommendations moved under the responsibility of the Financial Services Consultative Council (FSSC). In October 2020, the FSSC reviewed the recommendation in view of the changing landscape of the financial services sector. Accordingly, 5 expert groups were created to strategize of the Imperatives 1-5 of the Blueprint Report.

(b) Setting up of the Financial Services Law Advisory Committee

In view of enhancing the legislative framework for the Financial Services Sector in Mauritius, Cabinet approved, on 22 February 2021, the setting up of the Financial Services Law Advisory Committee (FSLAC) at the level of the Ministry of Financial Services and Good Governance. The objectives of the FSLAC are to improve the Mauritius International Financial Centre legal framework, review the laws relating to the non-banking sector in financial services, make recommendations based on market needs and global trends in a timely and effective manner and engage directly with relevant stakeholders to understand market needs and global trends. The Committee comprises members both from the private and public sectors.

(c) Training for Board Readiness Programme

A Board Readiness Training Programme to train existing and potential directors both for the public and the private sector, including startups has been implemented. The objective of this programme was to act as a pool of new directors to connect Board-

ready candidates with Board-service roles.. The Training for Board Readiness has been very fruitful for the participants. Taking into consideration the grand success of the first batch of training organised by the Ministry and the Financial Services Institute from 22 to 26 June 2020 for women serving as Board Members in the public sector, a second batch was conducted in October 2020 for both men and women from the public and private sector. The programme has trained up till now 85 participants for Board Readiness out of which 56 are women.

(d) Setting up of a Committee on Corruption Perception Index

With a view to addressing the challenges and enhancing the score and ranking of Mauritius on the Corruption Perception Index, Cabinet has, on 06 March 2020, approved the setting up of a Committee at the level of this Ministry. However, due to some delay due to the prevalence of the COVID-19 pandemic, the first meeting of the Committee was held on 07 September 2020 and a virtual meeting was held with Transparency International on 12 May 2021, whereby a presentation was made to all committee members to provide clarity on the methodology of the Index.

(e) Devising a Toolkit for Economic Counsellors and Ambassadors

As part of the initiatives to improve our attractiveness, the Ministry has worked on a toolkit for Economic Counsellors and Ambassadors of Mauritius to inform them on a regular basis on updates in the financial services sector. This will help them to have updated information for potential investors.

2.1.3 Public Sector Governance

The OPSG has over the years contributed significantly towards the improvement of service delivery in the public sector organisations comprising Ministries/ Departments, State Owned Enterprises (SOEs) and Local Authorities. The following assignments were completed by the OPSG during the financial year 2020/2021:

- (i) Review of processing of applications for Morcellement Permits at the Morcellement Unit;
- (ii) Performance Audit at State Informatics Ltd;
- (iii) Enquiry at Employees Welfare Fund;

- (iv) Overpayment of Pension at the Ministry of Social Integration, Social Security and National Solidarity (Social Security Division);
- (v) Reviewing the Organisational Capability of the Living Environment Unit;
- (vi) Manpower Planning at Ministry of Financial Services & GG;
- (vii) Restructuring of the Beach Authority; and

(viii) Guidelines for Public Officers serving on Boards of SOEs and Parastatals
Some of the assignments were completed during the lockdown period, thus, ensuring business continuity.

2.2 Status on Implementation of Budget Measures (FY 2020/2021)

Budget para	Budget Measure	Key Milestone	Status Update	Target Implementation Date
100 (b)	Introduction of an Insurance Wrapper	(i) Appointment of Consultant by March 2021 (ii) Drafting of Bill by May 2021 (iii) Introduction of Insurance Wrapper Business Bill in National Assembly by June 2021	Following tender exercise, Consultant appointed on 24 March 2021. A Consultation Paper including the proposed amendments to the Insurance Act, Insurance Regulations 2007 and relevant rules will be published on the FSC's Website for public consultation by August 2021.	August 2022
100 (c)	Introduction of Variable Capital Companies (VCC)	(i) Drafting of Bill on VCC by March 2021 (ii) Introduction of the Bill in National Assembly by June 2021	Draft Bill has been prepared and consultations are being held with the ROC, FSC, etc, before finalisation and Introduction in the NA.	December 2021
102	Setting up a dedicated Venture Capital Market at the Stock Exchange of Mauritius for start-ups and SMEs	Approved rules to be made/operationa-lised by SEM by February 2021.	Registration Duty Act amended through The Finance (Miscellaneous Provisions) Act 2020. Rules for the Venture Capital Market approved by the FSC in December 2020. Launch scheduled for September 2021.	01 February 2021 (<i>Revised implementation on date 30 September 2021</i>)
148	Encourage broadening of access to factoring facilities through Maubank		MauFactoring Ltd incorporated on 11 January 2021 with a stated capital of Rs5M. Application for factoring license submitted to FSC on 17 May 2021.	Target implementation date being discussed with Maubank

2.3 Status on Implementation of Key Actions

Key Action	Key Performance Indicator (KPI)	Target 2020/2021	Actual as at 30 June 2021	Remarks
Ensuring compliance with FATF standards	Number of FATF recommendations (out of 40) for which Mauritius obtained a positive re-rating	40	36	<p>At the 39th Task Force of Senior Officials meeting held in December 2020, Recommendations 26 and 32 were upgraded from Partially Compliant to Largely Compliant.</p> <p>However, Mauritius was downgraded from 'Compliant' to 'Partially Compliant' with the FATF Recommendation 15 as it had not addressed the new requirements of that Recommendation adopted by the FATF. With a view to addressing the gaps identified in the said recommendation, a Money Laundering and Terrorism Financing Risk Assessment on Virtual Assets and Virtual Asset Service Providers exercise was launched in January 2021. Simultaneously, a Legislative Drafting Working Group was set up to look into a comprehensive legal framework to regulate the business activities of virtual assets.</p> <p>In February 2021, Mauritius submitted an application for re-rating of Recommendations 8, 24 and 33 for consideration at the Task Force of Senior Officials' Meeting scheduled in August 2021.</p>
Implementation of recommendations of the Blueprint for the Mauritius IFC	Number of new training and certification programmes on wealth management and asset management offered.	3	3	Implemented
Development of FinTech framework	Establishment of a regulatory framework for FinTech	March 2021	-	<p>As part of the Fin Tech Framework:</p> <ul style="list-style-type: none"> (i) FSC issued the Financial Services (Peer-to-Peer Lending) Rules 2020 on 31 August 2020. (ii) FSC issued the Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021 on 18 June 2021. (iii) Guidance Notes were issued by the FSC to Security Token Trading Systems. (iv) On 19 February 2021, FSC issued a Consultation Paper to propose a comprehensive regulatory framework for the FinTech Service Provider (FSP) Licence. Inherent AML/CFT Vulnerability assessment undertaken under section 17(3) of the

Key Action	Key Performance Indicator (KPI)	Target 2020/2021	Actual as at 30 June 2021	Remarks
				FIAMLA. Awaiting completion of the NRA on Virtual Assets and Virtual Asset Service Providers to finalise.
Ensuring a fast track system for high net worth investors	Single window system operational	December 2020	-	<p>Draft MoU between FSC, EDB and ROC being finalised.</p> <p>Necessary procurement exercise for works has already been initiated for appointment of a supplier. Work is on-going.</p> <p><i>Note: Due to the COVID-19 pandemic and the lockdowns that took place during the years 2020 and 2021, the project was deferred. Revised target implementation date is now end of October 2021</i></p>

2.4 Risk Management, Citizen-Oriented Initiatives & Good Governance

2.4.1 Risk Management

The Risk Management Process describes the various processes used to identify, assess, manage, monitor and report on all material risks within the Ministry. The risk management process takes the probability and potential impact of risks into account.

The following table explains the risks encountered at the Ministry and measures taken to minimise same:

Risks	Measures Taken
Leakage and delay in processing of documents	<p>All officers have been reminded not to leave confidential files on their desk overnight, and to return them to the Registry.</p> <p>Daily transit slips have also been provided to officers to allow for better monitoring of the movement of files.</p>
Risk of corruption in the Ministry	The Ministry has fully embarked onto the e-Procurement system, with the objective of eliminating the potential risks of fraud and corruption. Updates on e-Procurement and guidelines are closely followed and applied in practice.
Health and safety risks at work	The Ministry carries out a fire drill with its staff. This includes a presentation on the classes of fire and how to extinguish them.
Electronic fraud arising from increased on-line transactions during the COVID 19 pandemic	Guidelines on cyber security have been issued by the FSC.

2.4.2 Citizen Oriented Initiatives

The Citizen Support Portal (CSP) has been fully integrated into the Ministry's complaint management process. The Ministry has dedicated staff to ensure that complaints on the CSP portal are being dealt with in a timely manner. Fifteen complaints of financial services nature were addressed on the Ministry's Citizen Support Portal and all the 15 complaints have been resolved and closed at the level of the Ministry. Moreover, 7 tickets were transferred to the Citizen's Advice Bureau.

The Citizen Support Portal (CSP) has been fully integrated into the Ministry's complaint management process. The Ministry has dedicated staff to ensure that complaints on the CSP portal are being dealt with in a timely manner. The Citizen Support Unit will be implementing, in collaboration with the Ministry of Information Technology, Communication and Innovation, the Government Chatbot project which is an intelligent virtual assistant which would be a state-of-the-art solution to respond to citizens' queries.

2.4.3 Good Governance

Good governance is increasingly being linked to sustainable human development, emphasising principles such as transparency and accountability. The MFSGG has, *inter alia*, the mandate of transforming Mauritius into a wellbeing Nation through the implementation and enforcement of good governance practices.

2.5 Implementation Plan – Director of Audit Comments

In line with Government decision to set up an Audit Committee within every Ministry/Department with a view to minimising the number of audit queries, an Audit Committee has been set up at the Ministry of Financial Services and Good Governance, since 2017.

Composition of the Audit Committee during Financial Year 2020 – 2021:

Name	Designation	Position to Audit Committee
Mrs Z.B Lallmahomed	Deputy Permanent Secretary	Chairperson
Mr N. Seewoochurn	Assistant Permanent Secretary	Member
Mr N. Beeroo	Assistant Permanent Secretary	Member
Mrs Y. R Mathiah	Office Management Assistant	Secretary

The Audit Committee has, as agenda, the examination of the following: -

- ✚ Director of Audit Report; and
- ✚ Internal Control Report.

As such, the Audit Committee met to examine the following: -

- ✚ Ex-Heritage City Project;
- ✚ Safeguarding and traceability of files in the registry;
- ✚ Disposal of obsolete assets;
- ✚ Warehousing of stock items;
- ✚ Confidentiality in HR Section; and
- ✚ Security of information and assets.

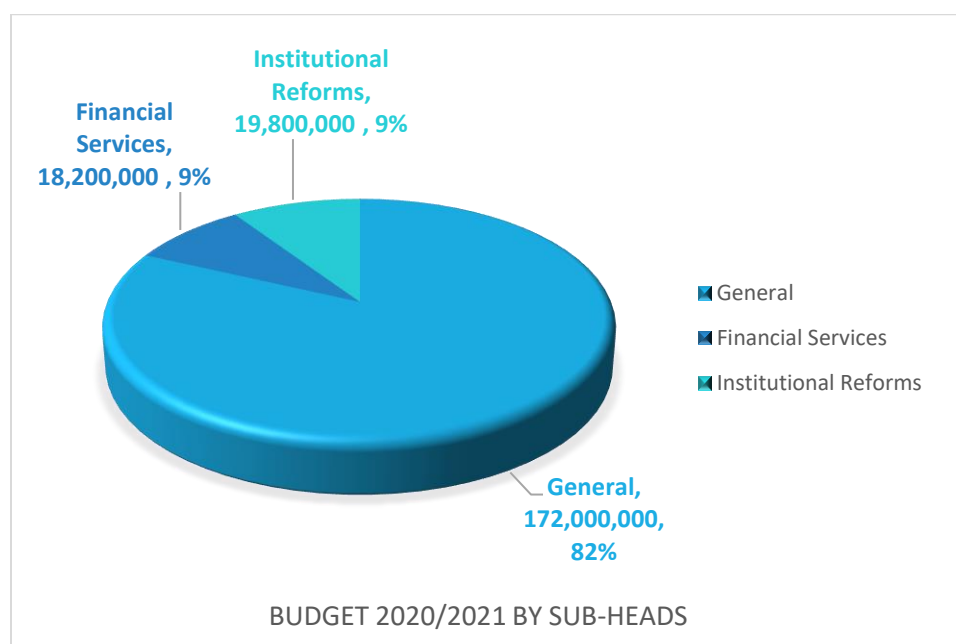
PART III – FINANCIAL PERFORMANCE

3.1 Financial Highlights

The Ministry's Budget is categorised under 3 Sub-Heads which represent the main sectors, namely:

Sub-Head	Details
13-101	General
13-102	Financial Services
13-103	Institutional Reforms

Funds to the tune of Rs210 Million were appropriated to the Ministry for Financial Year 2020/21. Eighty-two percent (82%) of the budget was allocated to the Ministry under the General Sub-Head, nine percent (9%) to Financial Services and the remaining nine (9%) was allocated to Institutional Reforms as shown in diagram below:



3.2 Analysis of Major changes

In the wake of the COVID-19 pandemic, the Ministry was allocated a budget of Rs 210 Million for the Financial Year 2020/21 as compared to Rs 250 Million in FY 2019/20.

(i) Compensation of Employees

Savings about Rs 6.6 M can be explained by non-filling of some vacancies escalating on travelling expenses.

(ii) Goods and Services

Savings of Rs13.5 M occurred because of non-payment of the total amount of consultancy fees to the Consultant due to unsatisfactory performance.

(iii) Grants

The amount allocated to Grant was Rs115,500,000 representing 55% of the voted provision. Out of the allocated sum Rs98,077,000 has been spent.

(iv) Acquisition of non-Financial Assets

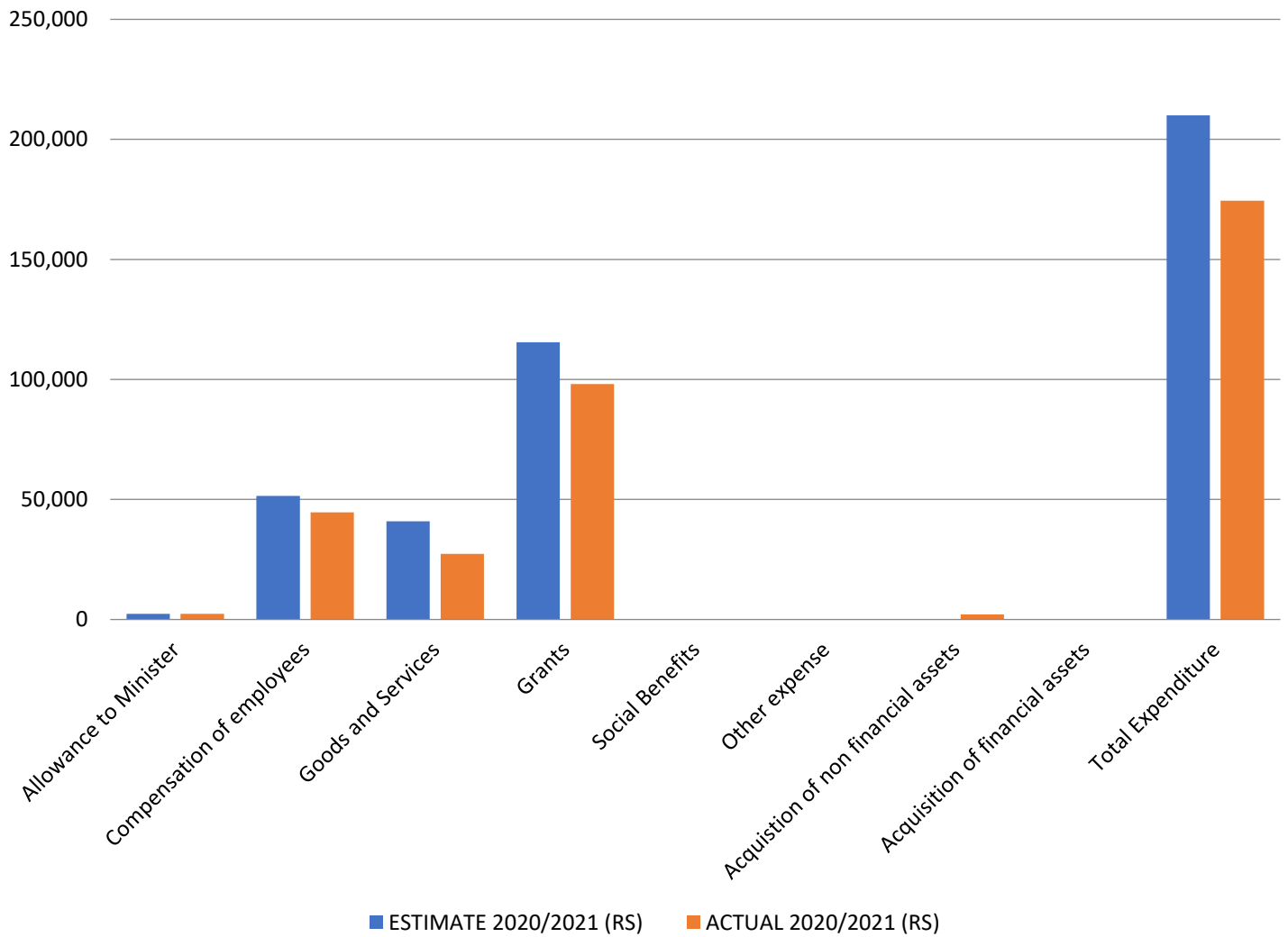
A new car was acquired during the FY 2020/2021 following the involvement of one vehicle owned by the Ministry in a road accident and that was considered to be a structural total loss.

3.3 Statement of Expenditure

At the end of the financial year, the actual expenditure was Rs174,471,000 representing 83% of the voted provision of Rs210 Million.

HEAD/SUB-HEAD OF EXPENDITURE	ACTUAL 2019/2020 (RS)	ESTIMATES 2020/2021 (RS)	ACTUAL 2020/2021 (RS)
Allowance to Minister	2,273,333	2,400,000	2,400,000
Compensation of employees	35,527,122	51,245,000	44,607,000
Goods and Services	26,316,248	40,855,000	27,288,000
Subsidies	-	-	-
Grants	173,007,517	115,500,000	98,077,000
Social Benefits	-	-	-
Other expense	-	-	-
Acquisition of Non-financial assets	345,530	-	2,099,000
Acquisition of Financial assets	-	-	-
Total	235,469,750	210,000,000	174,471,000

Statement of Expenditure



Trends and Challenges

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

4.1 Major Trends

4.1.1 Improving the Visibility and Attractiveness of the Mauritius IFC by devising a dedicated website and a new logo for the Mauritius International Financial Centre

There is a need for the Mauritius International Financial Centre to re-adapt and strengthen its financial services sector in light of the impact of COVID-19. The implementation of a new website and new logo of the IFC will give a renewed impetus for the positioning of the Mauritius jurisdiction. It will boost credibility, provide a digital window and it will act as a central depository for information to investors, financial services professionals and information seekers.

4.1.2 Development of Sustainable financing and Green Bonds in Mauritius

Since the world is experiencing climate change and Mauritius is currently facing the same problem, there is a need to introduce bonds such as green, sustainable bonds. The issuance of green bonds will raise capital for climate mitigation and attract new shareholders.

4.1.3 Introduction of new financial services products to increase the attractiveness of the Mauritius IFC

With a view to further enhancing the competitiveness of the financial services sector and diversifying the product base of the Mauritius IFC, a set of measures were announced in the Budget for Financial Year 2020/2021 in line with the recommendations of the 10-Year Blueprint, namely, the introduction of insurance wrapper and Variable Capital Companies.

With the introduction of a regulatory framework for Insurance Wrappers by the Financial Services Commission, amendments have to be brought to the Insurance Act and Regulations and the Ministry is working closely with the FSC to ensure appropriate changes being made in order to implement this new financial product.

Furthermore, the introduction of the Variable Capital Companies, will be a new and attractive structure fund which will provide more flexibility in the attractiveness of our Financial Centre and maintain our competitiveness by providing the sector with new possibilities to attract new funds in order to maintain a sustained growth.

4.2 Major Challenges

4.2.1 **Impact of second COVID-19 lockdown on operations and mobility of employees**

The COVID-19 pandemic is an unprecedented global health crisis that has had far reaching economic and social implications worldwide. The inevitable stringent lockdown measures and lack of mobility have resulted in several constraints affecting sectors across the board. The Republic of Mauritius is not spared. The impacts of the pandemic in Mauritius are clearly visible on individuals, communities, and the economy, most of which are synonymous with the experiences of other countries globally. At the level of this Ministry, the work from home system has been adopted to ensure continuity of work.

4.2.2 **Preparation of the Dubai Expo 2020**

The major challenge this year has been the preparation for the Dubai Expo which has been postponed from 2020 to 2021. In view of the participation of Mauritius in the Dubai Expo 2020 scheduled for December 2021, business forums and webinars would have to be organised within a short span of time which will be geared towards Mauritius as an Investment Hub towards Africa, Private equity, Private banking, Wealth Management and Fintech.

4.2.3 **FinTech development**

The financial services and technological context in which we operate are rapidly evolving. It is tougher to track the emergence of new business models, the entry of competitors, and application of new technologies. For the FinTech industry to evolve at a satisfactory pace, it requires an adequate ecosystem and suitable regulatory framework.

Moreover, Mauritius is experiencing a skills gap that has the capacity to inhibit the growth and modernization of its banking, financial services and Fintech sector. Based on the outcome of the Call for views, a report is being prepared to devise a National Strategy for FinTech.

4.2.4 **Evolving Global Money Laundering and Terrorist Financing Risks**

AML/CFT regimes continuously face evolving global money laundering and terrorist financing risks. As a result, global AML/CFT compliance standards and obligations are frequently updated to address these challenges.

In February 2020, Mauritius was placed on the FATF list of “*Jurisdictions Under Increased Monitoring*”. As a direct consequence of the listing of Mauritius by FATF, the country was also placed on the European Union list of “*High-Risk Third Countries*” in May 2020. Mauritius made a high-level political commitment to implement a given

Action Plan within agreed timeline. In that process, Mauritius would work with the FATF and the ESAAMLG. The FATF Africa Middle East Joint Group monitored the progress of the implementation of the Action Plan. Immediately, thereafter receiving the Action Plan, Mauritius started putting in place all measures and systems necessary to prioritize the implementation of the Action Plan.

In November 2020, Mauritius was downgraded from 'Compliant' to 'Partially Compliant' with the FATF Recommendation 15 as it had not addressed the new requirements of this Recommendation which were adopted by the FATF. With a view to address the gaps identified in the abovementioned recommendation, a Money Laundering and Terrorism Financing Risk Assessment on Virtual Assets and Virtual Asset Service Providers exercise was launched in January 2021 and is in process. Simultaneously, a Legislative Drafting Working Group has been set up to look into a comprehensive legal framework to regulate the business activities of virtual assets.

Strategic Direction

- ✚ Review of the legal and regulatory frameworks to speed up the development of the Fintech sector in Mauritius.
- ✚ Development of a National Strategy for FinTech in Mauritius
- ✚ Revamping of financial products, implementing new projects, fostering innovation and furthering access to finance in Mauritius.
- ✚ Ensuring that every branch of this sector and every operator contributing to it has every opportunity to flourish and be part of a strong crop of enterprises well poised to compete globally and participate in the economic and financial development of Mauritius.
- ✚ Pursuing the implementation of Blueprint Recommendations.
- ✚ Sustaining the AML/CFT reforms and enhancing the measures in place to combat ML, TF and PF well beyond the FATF International Cooperation Review Group process.
- ✚ Reinforcing the AML/CFT eco-system, both in terms of infrastructural and human capabilities, to deal with the evolving threats and to comply, at all times, with the global regulatory standards and best practices.
- ✚ Address the evolving threats and vulnerabilities in the AML/CFT Landscape including the updating of the National Risk Assessment exercise as well as assessing the risks associated with Virtual Assets and Virtual Asset Service Providers.
- ✚ Consolidating capacity building, training and awareness programs to keep pace with the latest developments and ensure that our relevant institutions are fully capable of fulfilling their AML/CFT obligations
- ✚ Enhancing the national coordination and cooperation among all AML/CFT stakeholders.

➤ **EU Technical Assistance to enhance reporting of STR**



The Ministry of Financial Services and Good Governance, in collaboration with the EU Global AML/ CFT Facility, organised a workshop at La Pirogue Hotel on Wednesday **26 August 2020** on *“Enhancing the level of reporting and the diversity in Suspicious Transaction Reports”*.

The workshop was attended by 140 participants from the private and public sectors.

➤ **Launching of the Peer-to-Peer Lending Ceremony**



The Ministry of Financial Services and Good Governance (MFSGG), in collaboration with the Financial Services Commission (FSC) and the Financial Services Fund (FSF), officially launched the Peer-to-Peer Lending Rules (P2P) on **17 September 2020**.

➤ **Launching of the Skills Development Programme for the Insurance Sector**



The Skills Development Programme for the Insurance Sector was officially launched by the Minister of Financial Services and Good Governance on **27 November 2020** at the Labourdonnais Waterfront Hotel Port-Louis in the presence of Mr Bertrand Casteres, and Mr Vasish Ramkhalawon, President and Secretary General of the Insurer's Association of Mauritius.

➤ **Launching of Scorecard on Corporate Governance**



The signing ceremony of the Research Collaborative Agreement between the National Committee on Corporate Governance (NCCG) and the University of Mauritius (UoM) was held at the seat of the Financial Services Institute on **09 February 2021**.

The NCCG and the UoM have forged a productive partnership. They have conceptualised and developed an excellent barometer to test the state of health of corporate governance in Mauritius and provide insights into how companies are progressing in their pursuit of excellence in corporate governance.

The Scorecard project comes as a logical sequence after the implementation of the Code on Corporate Governance to ensure effective application of the principles which it endorses.

➤ Mauritius-China Free Trade Agreement



A Workshop on the Mauritius-China Free Trade Agreement was held at Le Meridien Hotel from on **1-2 March 2021**.

This Free Trade Agreement (FTA) represents a major achievement as it is the first trade agreement which the People's Republic of China has signed with an African country and it is in force since 01 January 2021.

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