



Annual Report 2017/2018
of the
Ministry of Financial Services
and Good Governance



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LIST OF ABBREVIATIONS

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
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
FIAMLA	Financial Intelligence and Anti Money Laundering Act
FIU	Financial Intelligence Unit
FRC	Financial Reporting Council
FSC	Financial Services Commission
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
PIE	Public Interest Entity
SEM	Stock Exchange Of Mauritius
SICOM	State Insurance Company Of Mauritius Ltd
USD	United States Dollar

PART I – ABOUT THE MINISTRY

Vision and Mission

1.1 Our Vision

Mauritius as an International Financial Centre of excellence driven by the principles of good governance.

1.2 Our Mission

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

STATEMENT OF THE PERMANENT SECRETARY

The 2017-2018 Annual Report of the Ministry of Financial Services and Good Governance depicts that all the actions and initiatives of the Ministry's team converge altogether towards consolidating the future of the financial services sector.

No doubt, this year, the sector faced some challenges on the international front, namely our jurisdiction being classified as a potentially High Risk one by operators and the various deficiencies highlighted in the Mutual Evaluation Report of Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). Some articles in the international media were also not favourable for our country.

But, we have had the commitment, commitment at the highest level, commitment from the Government, commitment of the Minister of Financial Services and Good Governance and commitment of the Ministry's dedicated team to support the development and protection of the financial services sector.

In this respect, with concerted efforts, this year marked the establishment of a roadmap for the financial services sector, coined as the Mauritius IFC Blueprint, describing the financial services journey for at least the coming 10 years. This Blueprint, in fact, paves the way to significantly increasing the size of the financial sector and raising the level of employment therewithin, amongst other things. The implementation of the Mauritius IFC Blueprint will catapult a new era of development and usher in new opportunities for the next decade.

Year 2017-2018 also witnessed the coordination works of the Ministry in the Mutual Evaluation Exercise on the Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) systems in Mauritius, conducted by the ESAAMLG. Various stakeholders participated in face-to-face meetings with the ESAAMLG Assessment team. Thereafter, a Mauritian delegation attended the ESAAMLG Task Force of Senior Officials Meeting in Tanzania where the preliminary Mutual Evaluation Report (MER) was discussed. The MER allowed us to take cognizance of the strengths and gaps in our AML/CFT framework and initiate remedial actions accordingly.

On another front, instilling good governance and best practices has also been on the Ministry's agenda. Effective compliance to good governance practices is vital in driving efficiency and making optimal use of resources, whilst undertaking proper risk assessments and mitigating the impact of institutional failures. The Ministry's mandate is therefore clear: orienting the financial services sector towards a new and brighter horizon whilst promoting a culture of good practices and adherence to international norms and standards.

Our actions were therefore concentrated on awareness raising, education, sharing of information; in brief, capacity building in good governance issues. For example, workshops on the National Code of Corporate Governance, with the support of Dr Chris Pierce, an eminent specialist in the subject matter, were organised for different stakeholders in various fields of activities.

We are confident at the Ministry that no stone was left unturned to make effective and efficient use of each rupee allocated in our budget 2017-2018 to deliver according to our KPIs. We welcome the coming year with the same spirit, full of optimism and determination and with the hope to perform still better under the policy directives of the Minister of Financial Services and Good Governance.

Dhanunjaye Gaoneadry
Permanent Secretary

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, one of the key pillars of the economy, which remains a huge potential for growth.

The aims of the Ministry are to:

- ensure that good governance practices permeate in all spheres of the Mauritian society ,and
- enforce policies to ensure financial sector resilience and development.

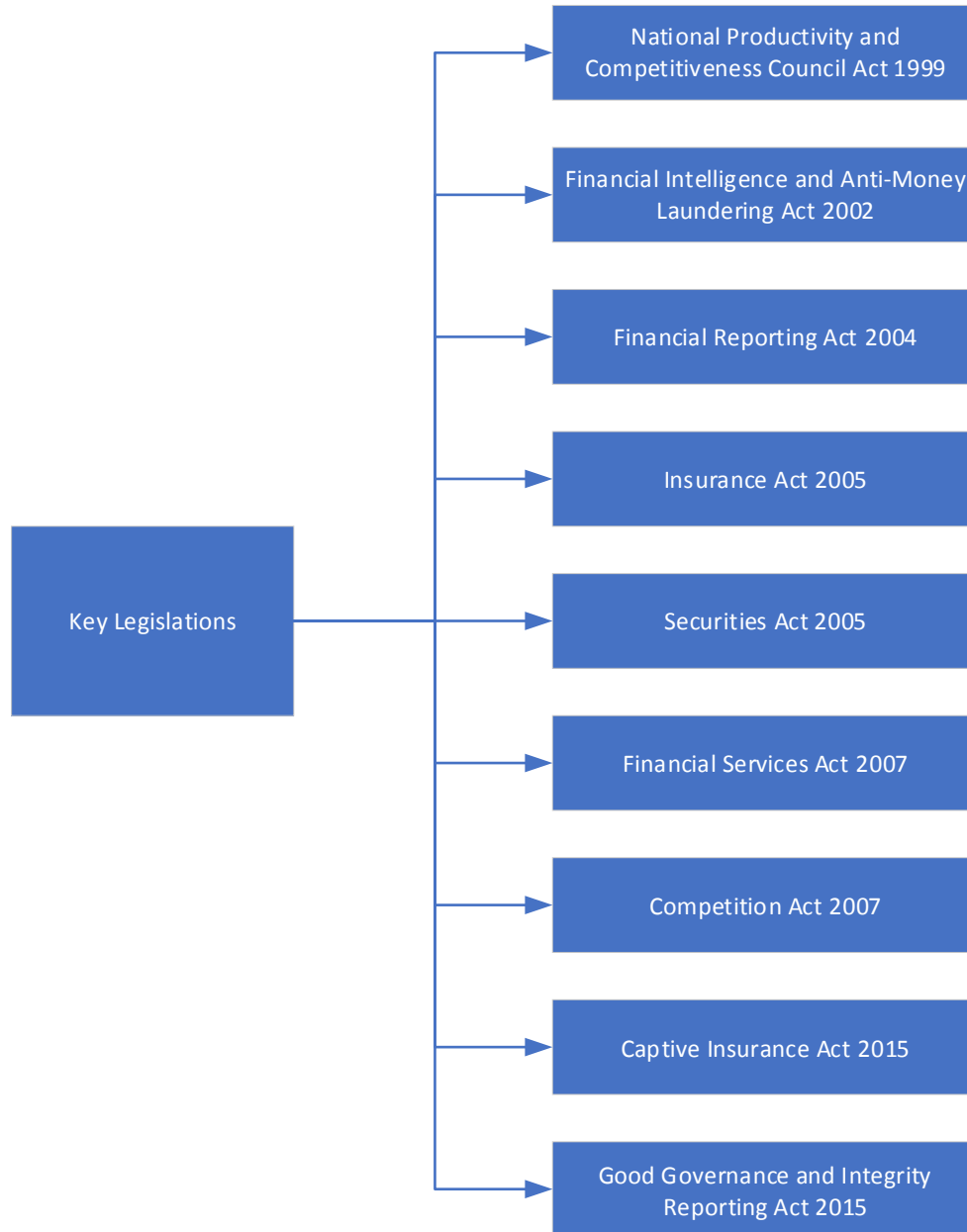
The Ministry is also mandated to position the Mauritian financial sector as a leading financial hub. Promoting the development of Wealth Management, Cross Border Investment and Asset Management will be the springboards to position Mauritius as a centre for private placement, trading of bonds and other financial instruments.

1.4 Objectives of the Ministry

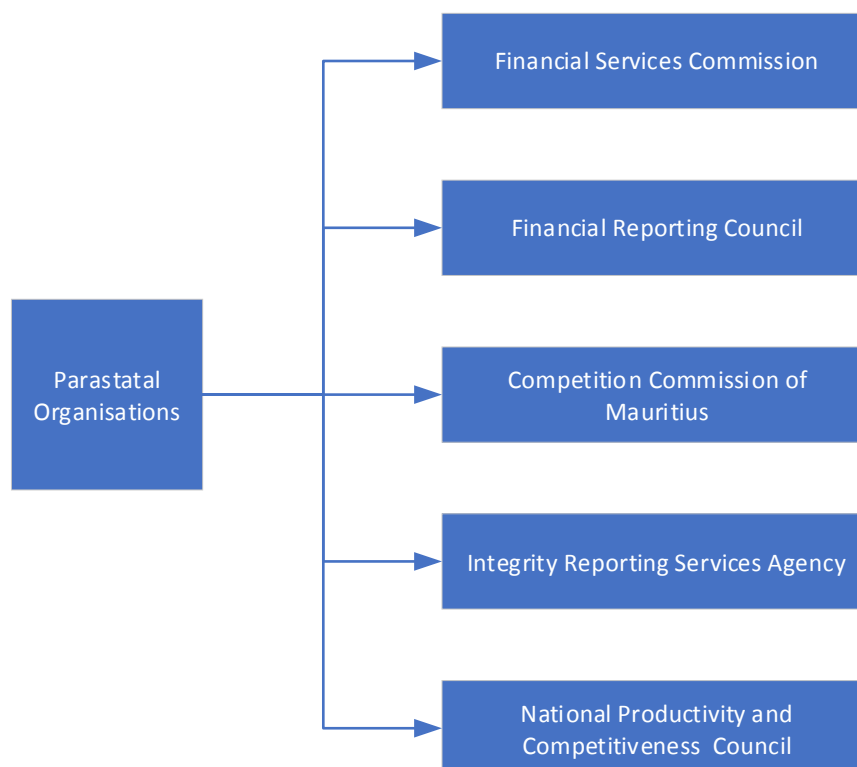
In line with the Government's objective to establish Mauritius as an International Financial Centre of substance as well as to instil a culture of good governance, the Ministry has the following priority mandates:

- Ensure that good governance practices prevail in all spheres of the Mauritian society.
- Ensure judicious utilisation of funds by public sector organisations.
- Accelerate substance building within the Mauritian jurisdiction.
- Position the Stock Exchange of Mauritius as an attractive capital-raising platform for international and African focused financial products.
- Promote development of wealth management and asset management.
- Position Mauritius as a centre for private placements, trading of bonds and other financial instruments.
- Encourage multi nationals to set up their regional headquarters in Mauritius with more back office activities.
- Encourage investors to make use of the jurisdiction for their investment into and out of Africa.
- Extend the network of double taxation Agreements and Investment Partnership and Protection Agreements.

1.5 Key Legislations



1.6 Parastatal Organisations



1.6.1 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 the 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.

1.6.2 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 object:

- 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.

1.6.3 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 and bid rigging), monopolies and mergers. It also conducts market studies.

1.6.4 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

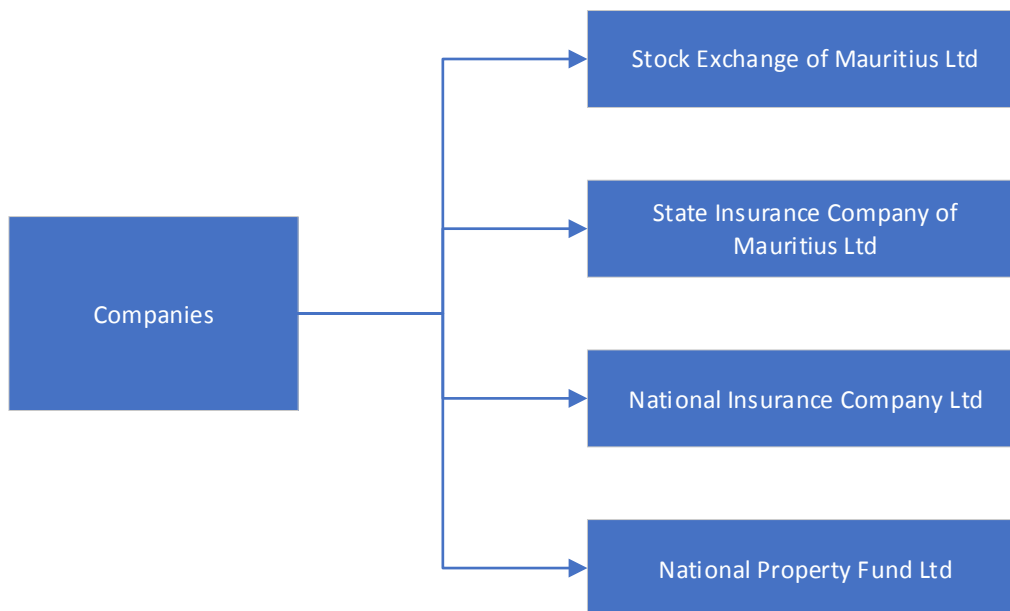
in Chambers for an Unexplained Wealth Order. If the Judge grants the Order, the property acquired through unexplained wealth is confiscated.

1.6.5 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.

1.7 State-owned Companies

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



1.7.1 Stock Exchange of Mauritius (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) with 9 investment dealers operating capitalisation of nearly USD 9.8 billion as at 31 July 2018.

The DEM was launched on 04 August 2006 for mid-cap companies and there are presently 43 companies listed on this market with a market capitalisation of nearly USD 1.8 billion as at 31 July 2018.

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. Moreover, since 2009, the SEM's platform has been used by listed issuers to raise USD 6 billion to fund their growth and development.

1.7.2 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/organizations as its major shareholders.

The 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.

1.7.3 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.

1.7.4 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.

1.8 Gender Statement

The services of a consultant were enlisted to elaborate the Gender Policy of the Ministry, which was validated in March 2018.

The Gender Policy contains a proposed Action Plan for gender mainstreaming at the level of the Ministry as follows:

Goals	Activities
GOAL 1: Supporting and Enabling Work Environment	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 that 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 on 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 Promote Understanding of The Linkage	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 Promote Staff Capacity Building and Development	Appoint a Gender Focal Point and set up a Gender Cell.
	Develop an Action Plan for MFSGG.
	Organize training sessions for staff and stakeholders.
	Facilitate research and documentation on Gender and Governance/Financial Services.
	Collect gender disaggregated data.

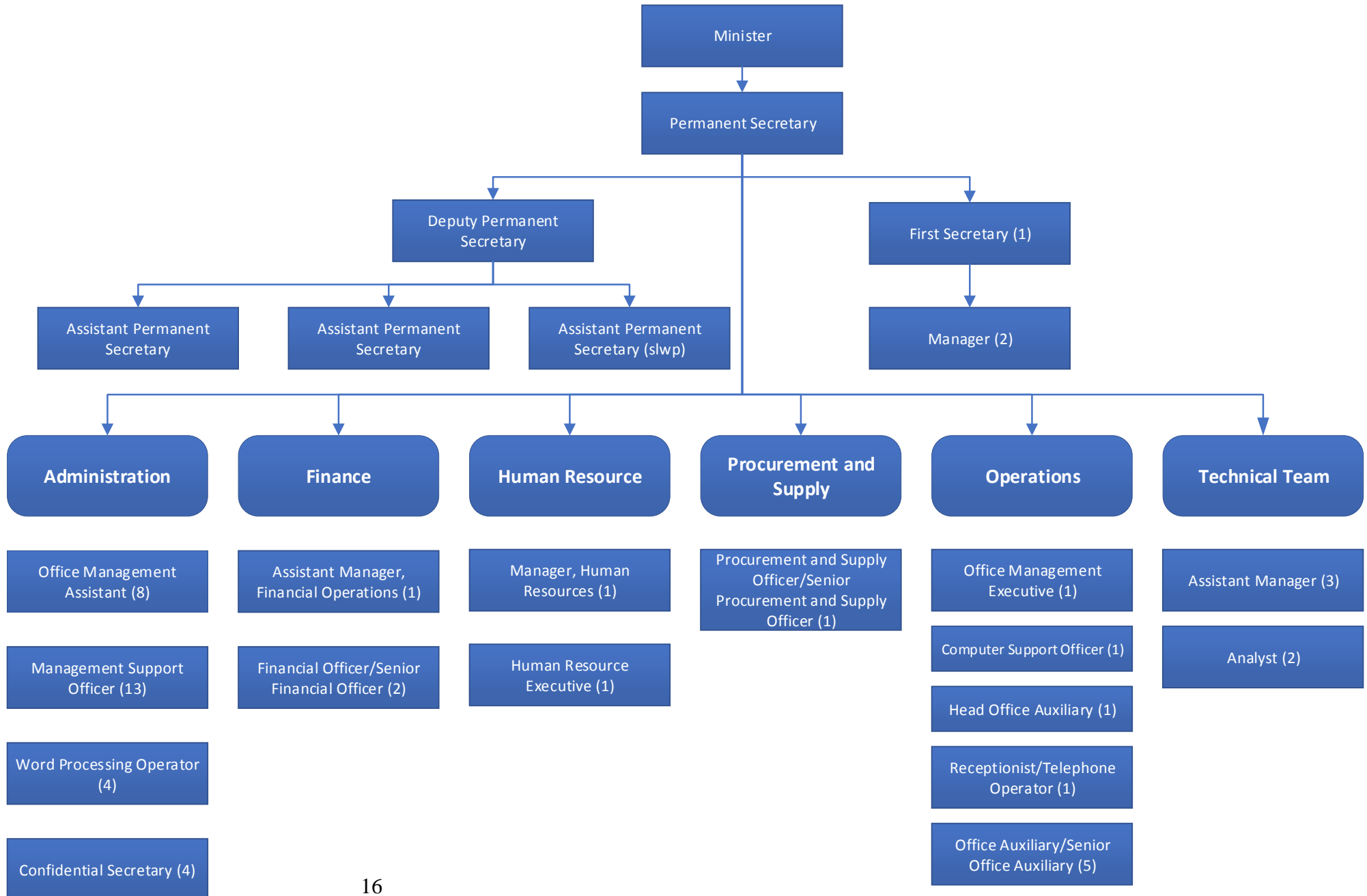
Goals	Activities
<p>GOAL: 4 Strengthen Women's Leadership Role</p>	<p>Discuss with management on the facilities provided to women to meet their practical gender needs.</p>
	<p>Provide facilities to women in vulnerable situations to reconcile productive and reproductive roles.</p>
	<p>Discuss with management to integrate women in decision making instances.</p>
<p>GOAL: 5 Set Up an Effective Monitoring and Evaluation Mechanism</p>	<p>Set up a Gender Coordinating Committee to oversee implementation of Gender Policy.</p>
	<p>Hold quarterly meeting of the GCC and monthly monitoring meetings of the Gender cells.</p>
	<p>Develop gender responsive Monitoring and Evaluation Mechanism and Indicators.</p>
	<p>Review accountability mechanism.</p>
	<p>Develop gender assessment tools to evaluate programme at all levels.</p>
	<p>Discuss with Finance Department for the utilization of Gender Responsive Budgeting.</p>
	<p>Discuss with Human Resource Department for the introduction of gender equity concerns in staff performance evaluation and measurement.</p>

1.9 About Our People

The Ministry of Financial Services and Good Governance is headed by the Permanent Secretary, 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 2018.

Grade	Funded Position	Number in post
Permanent Secretary	1	1
Deputy Permanent Secretary	2	1
Assistant Permanent Secretary	4	3 (inc. 1 on study leave with pay)
Manager, Human Resources	1	1
Manager, Financial Operations	1	Nil
Assistant Manager, Financial Operations	1	1
Office Management Executive	2	1
Financial Officer/Senior Financial Officer	2	1
Human Resource Executive	1	1
Procurement and Supply Officer/Senior Procurement and Supply Officer	1	1
Office Management Assistant	7	6
Computer Support Officer	1	1
Confidential Secretary	3	4 (1 paid by MCSAR)
Management Support Officer	13	11 (inc. 1 on study leave without pay)
Word Processing Operator	2	1
Head Office Auxiliary	1	1
Receptionist/Telephone Operator	1	1
Driver	2	2
Office Auxiliary/Senior Office Auxiliary	8	6

ORGANISATIONAL CHART



The Ministry also comprises officers who are employed on contract in an advisory capacity as given hereunder (as at 30 June 2018):

Grade	Number in post
Manager, Financial Services	2
Assistant Manager, Financial Services	3
Analyst, Financial Services	2
Adviser to the Minister	3
Public Relations Officer	1
STM	1

A list of senior officers serving at the Ministry as at 30 June 2018 is as follows:

Designation	Name of officer
Permanent Secretary	Mr Dhanunjaye GAONEADRY
Deputy Permanent Secretary	Mr Sarwansingh PURMESSUR
First Secretary (on secondment)	Dr Jaysen Kovalen RAMASAMY
Assistant Permanent Secretary	Mr Nankumar SEEWOOCHURN
	Mrs Seela MOHESH (on study leave with pay)
	Miss Ashna Devi GUNPUTH
Manager, Human Resources	Mr Reez Ahmad KURRIMBUX
Assistant Manager, Financial Operations	Mr Mohammed Siddiq EMRITH

PART II – ACHIEVEMENTS AND CHALLENGES

2.1 Major Achievements

(i) Mutual Evaluation of the AML/CFT Framework of Mauritius

The Ministry coordinated the assessment exercise regarding the AML/CFT systems and processes in Mauritius carried out by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Secretariat. The different stakeholders involved in these processes had a second face-to-face meeting with the ESAAMLG Assessors in January 2018. In April 2018, the Mauritian delegation attended the Task Force of Senior Officials Meeting in Tanzania where the preliminary Mutual Evaluation Report (MER) was discussed.

(ii) Blueprint

The Blueprint for the Mauritius Financial Services Sector has been elaborated by in collaboration with the Economic Development Board, the Bank of Mauritius, the Financial Services Commission and all stakeholders in the financial services sector. This Blueprint focuses on the vision for the sector for the next 10 years and also takes into consideration the forthcoming international requirements with regards to taxation, without undermining the competitiveness of our jurisdiction.

(iii) Workshop on National Code of Corporate Governance

With a view to sensitising and building capacity of institutions for a more effective compliance with the provisions of the Code and also to address governance issues which are regularly raised in the Director of Audit's report, the Ministry organised a Workshop on National Code of Corporate Governance for Mauritius. The facilitator was Dr Chris Pierce, the consultant who worked on the Code. The workshop was held at the Hennessy Park Hotel, Ebene on 18 May 2018.

2.1.1 Financial Services Commission (FSC)

(i) **Upgrade of IT infrastructure to cater for new challenges.**

(ii) **International Cooperation**

- Successful hosting of the 2017 IOPS Executive Committee Meetings & AGM from 23 to 25 October 2017 in Belle Mare, Mauritius.
- FSC Mauritius won membership on the IOPS Executive Committee for the period 2018-19.

(iii) **Risk Management Framework**

Insurers are required to have in place a Risk Management Function ('RMF'), pursuant to Rule 12 of the Rules, as from 01 January 2017. The RMF includes the appointment of a Risk Officer who shall be a person of sufficiently senior status, suitably qualified and experienced. The other provisions of the Rules came into effect as from 01 July 2017.

(iv) **Third Party Captive Rules - Captive Insurance Act**

In 2017, the FSC has completed the regulations for Third Party Captives. The regulations are in the process of being finalised for enactment.

(v) **Submission of Quarterly data via ODCS**

The FSC issued, on 06 September 2017, a Circular Letter requiring all insurers to submit quarterly returns as from the quarter ending 30 September 2017.

(vi) **Submission of AFS and Annual Returns via ODCS**

The submission of audited financial statements and statutory returns through the ODCS platform was carried out in a phased approach. Thus, the FSC issued a Circular Letter on 18 April 2016 requiring General and Long-Term Insurers to file their audited financial statements and on 19 March 2018 issued another Circular Letter requiring them to file their statutory returns required to be submitted under section 51 of the Insurance Act via the FSC's ODCS platform. Moreover, a prescribed reporting template needs to be duly filled in and submitted.

(vii) **Rules and Regulations and Codes**

- The Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2017 so that the requirement to seek approval under Section 23(1) of

the Financial Services Act shall not apply to the issue or transfer of the type of shares, legal or beneficial interest that do not carry voting rights.

- Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017 to introduce a fee structure for processing and annual fees in relation to Protected Cell Companies conducting activities provided for under the Insurance Act.
- Securities (Preferential Offer) Rules 2017 to provide for the conditions to be fulfilled when making a preferential offer, the period of time for the allotment of securities, notification to be made to the FSC Mauritius, and the contents of a preferential offer document.
- Code on the Prevention of Money Laundering & Terrorist Financing updated in May 2017.

2.1.2 Financial Reporting Council

(i) Audit Practice Reviews

- Reviewed all the auditors licensed by the Financial Reporting Council (FRC) at least once (onsite/offsite) during the last ten years. Reviewing the practice of auditor's is an ongoing exercise and for the year 2017/18, 12 reviews were carried out.
- 11 Auditors have been sanctioned for non-compliance with the Financial Reporting Act following either through audit practice review exercise or investigation. Of the 11, two have either been sanctioned in 2017/18.

(ii) Annual Report Reviews (ARR) of PIEs

- Improvements in IFRS/Code of Corporate Governance Disclosures have been noted since FRC first started ARR. ARR is an ongoing exercise and for the year 2017/18, 104 reviews have been carried out.

(iii) Amendments to Financial Reporting Act

- Rotation of Audit Firms for listed entity has been introduced in 2016.
- Definition of PIE has been amended to capture high value companies.
- Reporting on Code of Corporate Governance (Code) has been made mandatory for PIEs and auditors are required to report on the Compliance by PIEs on the Code.

- Rule was introduced in December 2017 for auditors to report on Key Audit Matters for listed entities and financial institutions regulated by the Bank of Mauritius and the Financial Services Commission.

(iv) **International Cooperation**

- Member of the International Forum of Independent Audit Regulators since 2008.
- Founder Member of the African Forum of Independent Accountant and Auditing Regulator (AFIAAR) with 10 other African countries members of SADC and COMESA in May 2018.

Member of the Memorandum with Malawi, Mozambique, Seychelles and Zambia on Accelerated Programme for Economic Integration to be signed in October 2018.

2.1.3 Competition Commission of Mauritius (CCM)

(i) **Enforcement**

- The CCM has been handling 48 enquiries, 14 investigations, 3 market studies, and 3 advices to government.
- The CCM also set up a one-off and time-limited amnesty offer to enterprises involved in Resale Price Maintenance (i.e. price fixing agreement between supplier and reseller). The amnesty programme brought in 103 applications from various enterprises, which are being reviewed.
- The CCM has reviewed 25 cross border mergers and made 2 assessments for exemption emanating from the COMESA Competition Commission and affecting Mauritius.
- The CCM has also developed close working relation with the Central Procurement Board (CPB) in an effort to enhance its bid-rigging detection.
- With the introduction of the Information Highway, the CCM has created a customised platform to monitor mergers in Mauritius. It has entered into an agreement with the Registrar of Companies for the sharing of certain information on shareholding of companies through the Information Highway.

(ii) **Regional Cooperation**

- At the request of the COMESA Competition Commission (CCC), the CCM provided technical assistance to the representative of the Democratic Republic of the Congo on competition matters.

- In February 2017, the CCM co-hosted a workshop on ‘New Developments in Competition Law and Policy Enforcement’ with the CCC.
- (iii) **Advocacy**
- In the context of the RPM Amnesty Programme, the CCM embarked on a series of targeted workshops and focused meetings with:
 - Mauritius Chamber of Commerce and Industry;
 - Law firms;
 - Association of Mauritian Manufacturers;
 - Retailers; and
 - Distributors.
 - In an attempt to create better awareness of competition law in Mauritius and in collaboration with the Le Defi Media, the CCM started the publication of a series of articles as from February 2018; four articles have been published in ‘Le Defi Economie’ as at 30 June 2018.
 - CCM gave two talks to Barristers and Attorneys at the Institute of Judicial and Legal Services (IJLS) and the focus was on cartel offence under the Competition Act 2007 and more particularly, on the Leniency Programme.

2.1.4 Integrity Reporting Services Agency

- (i) **Building to produce a productive and professional relationship** with the Integrity Reporting Board which reviews the Agency’s analysis of files and directs it accordingly. This involved careful review of the Good Governance Integrity Reporting Act and resolving issues of interpretation regarding several sections of the Act.
- (ii) The Agency has submitted to the Ministry of Financial Services and Good Governance detailed suggested **amendments to the Act to enhance its effectiveness and a suggestion** to lower the financial threshold for asset confiscations as an aide to combating drug trafficking.
- (iii) **Reviewing and clearing files referred to the Agency by the FIU and NPFL** which related to investors in Bramer Asset Management funds and Super Cash Back Gold policy holders. These were often difficult and complex investigations to ascertain the legitimacy of fund invested over several years from diverse sources.

Serving a statutory request on a Politically Exposed Person (PEP) and obtaining key data that the PEP did not wish to be disclosed to the Agency.

2.1.5 National Productivity and Competitiveness Council

(i) **Enterprise Productivity and Quality Improvement Programme**

- 68 enterprises (large, medium and small) have been serviced from July 2017 to June 2018 through a customised productivity and quality improvement programme.
- The collaboration with the Association of Mauritian Manufacturers (AMM) to popularise the Made in Moris brand was ongoing with a pilot project of 20 SMEs.
- The Government of Japan, through the Japan Productivity Centre (JPC) has reiterated its collaboration to implement the model company project in 2017/2018. The project was completed in January 2018 with three companies in the service sector, namely, Axxess of ENL Group, Scomat of IBL Group and Rey & Lenferna Ltd.

(ii) **National Productivity and Quality Convention (NPQC) 2018**

The National productivity and Quality Convention (NPQC) was launched in April 2018 with the purpose of sharing, benchmarking and recognising outstanding quality improvement projects implemented in organisations. As at 30 June 2018, 114 Organisations including 24 SMEs, 36 Large Companies and 54 Government/Parastatal/NGOs registered to showcase their value creation to enhance productivity and competitiveness in their organisations.

(iii) **Competitiveness Foresight II: Laying the foundation for the next quantum leap.**

The second Competitiveness Foresight exercise was organized with the objective of triggering thinking and providing the platform to key stakeholders from the public, private sector and other relevant sectors to reflect upon the current competitiveness status of the country. A national workshop was facilitated by Mr Abdulla Verachia, Chief Executive Officer of the Strategists (PTY) LTD. 73 participants, many of whom are prominent leaders within the business sector and policymakers attended the workshop.

(iv) **Research on the topic “The Ageing Workforce: Challenges and Opportunities for Mauritius.**

During the period under review, a research on the “Ageing Workforce: Challenges and Opportunities for Mauritius” was initiated.

(v) **Productivity and Competitiveness Review 2017**

The “Productivity and Competitiveness Review 2017” has been published and disseminated. The document highlights the salient features of the productivity and competitiveness performance of the country to guide specific policy choices to be made to bolster inclusive and sustainable growth.

(vi) **Advocacy**

The Contract for the National Leadership Engine project has been allocated and the project will be implemented in the financial year 2019/2020.

2.1.6 Stock Exchange of Mauritius (SEM)

(i) **New global market players tracking SEM's data**

Over the last financial year, following active marketing efforts, in addition to Bloomberg, Thompson Reuters, Factset, FTSE, IRESS, FTSE, ICE and Interactive Data, the SEM added a new major global player to its list of global data vendors, namely S&P Global.

(ii) **Launching of mySEM mobile application.**

In line with its strategy to digitalise its services, the Stock Exchange of Mauritius (SEM) launched on 12 June, the mySEM mobile application. The mySEM mobile app aims at empowering local and foreign investors to follow the market in real-time, seize market opportunities and trade in real-time. mySEM provides investors seamless access to a wide variety of key listed company data in real time, including company specific order books, highs and lows, five best bids and five best asks, and other relevant company-specific data.

(iii) **Extension of Trading Hours**

Since the implementation of SEM’s Automated Trading System (SEMATS) in 2001, there has been a gradual extension of the trading hours of both markets to respond to market demand and to improve SEM’s services to both local and foreign investors. This new extension effective as of 12 June, will enable foreign investors in different time zones as well as local Mauritians to have extended real-time access to SEM’s platform, improve their trading opportunities and potentially enhance liquidity.

(iv) **Provisions relating to the publication of Financial Statements**

SEM has recently amended its Listing Rules to allow Foreign Issuers which have a primary listing on a Securities Exchange in another jurisdiction and a secondary listing on the SEM to file and publish their Financial Statements on the same periodical basis as where they are primarily listed.

(v) **SEM listed the first Depository Receipt in 2017**

SEM wrote a new chapter of its internationalisation process in October 2017, by listing its first Depository Receipts (DR's), namely African Export-Import Bank DR's (Afreximbank), a supranational financial institution. This Depository Receipts issuance is also the first of its kind to be initiated by a multilateral financial institution.

(vi) **Launching of the Bond Index**

The SEM launched the SEM-Bond Index, SEMBI, on 14 November 2017. The SEM Bond index provides bond investors with a dynamic and measurable tool of the time-series performance of the bond index constituents and confirms the attractiveness of the SEM as a compelling capital raising and listing platform for debt instruments.

(vii) **SEM is currently working on a Guidance Note on the listing of green bonds**

In 2017-2018, SEM partnered with UNEP FI and the Partnership for Action on Green Economy (PAGE) to launch the Mauritius Green Bonds Market Development Initiative.

2.1.7 SICOM

(i) **Appointment of a Strategy Consultant for Business Development, Sales & Distribution** for the SICOM Group to position it as the leader in insurance and other financial services in the region.

(ii) **Launching of new product SICOM MS+ and other products** such as New Home insurance, SME Bundle, Retirement Planning and Investment Linked Policies.

(iii) **A modern customer shop at the ground floor of SICOM Building** to provide a better service to customers, display products and boost cross selling. A Consultant has been appointed for this project.

(iv) **The opening of a Post Office Hub in Flacq.** Grand Baie and Rose Belle Hubs will be opened soon

- (v) **Implementation of a customer portal**, which enables our customers to obtain a range of information on their insurance or pensions by logging in from their personal computer.
- (vi) **Provision of online quotation and application facilities to individual life assurance and General Insurance prospects**, through our website.
- (vii) **Online lease application and an SMS messaging service** to advise customers on interest payments, maturity of deposits and arrears.
- (viii) **Partnering with additional banks** under the bancassurance arrangement.
- (ix) **Investment in Ebene Car Park Ltd.**
- (x) **Appointment of a Consultant for Ex-Rey Lenferna Property Project** as part of our Property development strategy.
- (xii) **Consolidating the Group's organizational, governance and capital structures.**
- (xii) **Risk Management Framework and Asset and Liability Committee implemented.**
- (xiii) **Review of the mandates of Board and sub-committees** of the Board.
- (xiv) **Participation in the NTA project for online application and payment for the Motor Vehicle license.**
- (xv) **A new application for the deposit taking business and the management of unit trust.**
- (xvi) **A new leasing application.**
- (xvii) **A new Investment Management application.**
- (xviii) **Adopt other digital channels for customer interactions (web and mobile applications).**
- (xix) **Implementation of an online platform to transact in foreign funds and Exchange Traded Funds.**

2.1.8 National Insurance Company

2.1.8.1 NICL

- (a) **Gross Premium** of MUR 1.47bn has been achieved for the year.
- (b) **Claims and Benefits** paid to policyholders' amount to MUR 912.7m.
- (c) **Individual Life** (Regular Premium) – Nearly 11,400 life insurance policies have been sold since the start of the year for a monthly equivalent premium of MUR 16.7m (or around MUR 200m as annualized premium income). Some 10,950 policies have been underwritten

and issued to date representing around MUR 15.5m of monthly equivalent premium (or around MUR 186m as annualized premium income).

(d) **Group Life** – Around MUR 2.5m of annual group life premiums have been generated.

(e) **Loans** – With the marketing campaign run for policy loans, a considerable increase in new business was recorded this year with some 340+ policy loans disbursed for nearly MUR 23.7m.

Furthermore, around 75 other new loans (mortgage, personal and car) were disbursed during the course of the year for nearly MUR 40m.

(f) 3 major **Community Service Projects** were undertaken as part of NIC's *Serving You, Serving Nation* mission through its Get Healthy national programme. Over 4,000 people visited these events with nearly 2,000 were provided with free medical check-ups under this programme.

(g) **Award** - In December 2017, NICL was awarded "Best Life Insurance Company Mauritius 2017" by the Global Banking & Finance Review Awards 2017 (UK).

2.1.8.2 NICG

(a) **Gross Premium** of MUR 235.8m has been achieved for the year.

(b) **Claims** paid to policyholders' amount to MUR 179m

(c) **Group Health Insurance** – 30 new group health insurance policies have been sold for annual gross premium of MUR 33m since the beginning of the year.

(d) **Individual Health Insurance** – Over 700 new individual health insurance policies were sold for annual gross premium of MUR 11.5m since the beginning of the year. Growth of 31% in new individual policies compared to 2016.

(e) **Motor Insurance** – Over 3,300 motor insurance policies have been sold for total gross premium of MUR 43.2m. Growth of 102% in new policies sold compared to last year.

(f) **Travel Insurance** – With the AXA travel plans, over 770 policies have been issued for nearly MUR 2.1m.

(g) **Other General Insurance** – The other classes of general insurance have registered new business of nearly MUR 10.4m for some 435 policies.

(h) **Award** - In December 2017, NICG was awarded the "Fastest Growing General Insurance

Company Mauritius 2017" by the Global Banking & Finance Review Awards 2017 (UK)

Budget Paragraph	Budget Measure	Status
122	The SEM will engage with Euroclear to transform the local debt market and set up an international capital market which would attract Governments and Corporates from Africa and other regions to issue multi-currency bonds in Mauritius.	Implementation of this project by SEM is underway.
119	Elaboration of a blueprint, by the Ministry of Financial Services, Good Governance and Institutional Reform, in collaboration with the EDB, the Bank of Mauritius, the FSC and all stakeholders in the financial services sector.	The elaboration of the blueprint is complete. Arrangements have already been made to house the IFC Delivery Unit at Nex Tower, Ebene.
123	Alignment of the legal obligations on Special Purpose Funds with those of GBC1 companies	Implementation of this measure by the FSC is under consideration.
127	The FSC will set the rules for regulating the Fintech activities such as peer-to-peer lending and funding, as well as mobile wallet.	The FSC is working together with stakeholders on the regulation and funding of Fintech activities.

2.3 Status on Implementation of Key Actions

Key Action	Key Performance Indicator	Target 2017/18	Status as at 30 June 2018
Introduction of a regulatory framework for FinTech firms	Report of Assessment of the FinTech global arena	Dec 17	Fintech related measures were announced in the Budget 2018/19 and requires appropriate amendments in the Financial Services Act 2007 for the FSC to implement these measures.
	Regulatory framework for FinTech firms in place	Jun 18	The FSC is currently working on the regulatory framework for the Fintech related measures. A copy of the report on “Mauritius: A Roadmap for Regional Fintech Hub” issued on 18 May 2018 by the Fintech and Innovation-driven Financial Services Regulatory Committee

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Key Action	Key Performance Indicator	Target 2017/18	Status as at 30 June 2018
			was also submitted to the Ministry of Financial Services and Good Governance in June 2018.

2.4 Risk Management, Citizen-Oriented Initiatives and Good Governance

2.4.1 Risk Management

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	All officers have been reminded not to leave confidential files on their desk overnight, and to either return them to Registry or keep them under lock and key. The Registry is regularly carrying out a monitoring of files which are kept in the possession of officers for a period exceeding two (2) days. Daily transit slips have also been provided to officers to allow for better monitoring of the movement of files.
Risk of corruption in the Ministry	The Ministry will soon embark onto the e-procurement system, one of the advantages of which is to lower potential for fraud and corruption.
Health and safety risks at work	The Ministry carried out a fire drill with its staff. This included a presentation on the classes of fire and how to extinguish them. There was also a practical session on same.

2.4.2 Citizen-Oriented Initiatives

The Citizen Support Portal has been fully integrated into the Ministry's complaint management process. The Ministry has dedicated staff who ensure that complaints on the portal are being dealt with in a timely manner.

2.4.3 Good Governance

In May 2018, the Ministry organised a Workshop on the National Code of Corporate Governance at the Hennessy Park Hotel for State Owned Enterprises and Ministries. The facilitator was Dr Chris Pierce who is the principal author of the 2015 Code of Corporate Governance for Mauritius. Through this workshop, he was able to explain about the Code, and provide guidance and tips for effective implementation.

2.5 Implementation Plan – Director of Audit Comments

Issues	DOA Comments	Proposed Measures	Unit/Agencies Responsible	Status of Actions taken/Implementation Date
Heritage City Project	Prompt remedial actions need to be taken on the issues raised.	Appropriate action will be initiated for the holding of a Board Meeting to discuss the outstanding debt and to finalise the winding up of the company.	Heritage City Co. Ltd Board of Directors	The services of a Company Secretary have already been hired for the winding up of the Company and settlement of outstanding claims.
Grants	The Ministry had released grants to the above Institutions although their applications for grants were not in compliance with the conditions of the Grant Memorandum.	Proper monitoring will be carried out regarding conditions of Grant Memorandum	Ministry of Financial Services and Good Governance	Proper monitoring is being carried out to ensure compliance with conditions of Grant Memorandum

PART III – FINANCIAL PERFORMANCE

The provision allocated to this Ministry for 2017/2018 was Rs 325,800,000. As at end of financial year, the actual expenditure stood at Rs 218,210,546 as detailed below.

3.1 Statement of Expenditure

Head/Sub-Head of Expenditure	2016-2017 Actual (Rs)	2017-2018 Estimates (Rs)	2017-2018 Actual (Rs)
Compensation of employees	50,255,380	38,515,000	30,616,137
Goods and Services	12,854,856	28,585,000	16,531,745
Subsidies	-	-	-
Grants	229,704,775	179,900,000	163,947,848
Social Benefits	-	-	-
Other expense	-	-	-
Acquisition of Non-Financial Assets	2,395,790	7,600,000	7,114,816
Acquisition of Financial Assets	-	-	-
Total	295,210,800	254,600,000	218,310,546

3.2 Analysis of Major Changes

The voted provisions for 2017/18 was for Rs 325,800,000. During the course of the financial year, Rs 71.2m was transferred to Ministry of Justice, hence reducing our budget to Rs 254,600,000.

The actual expenditure stood at Rs 218,210,546 representing 85.7% of the revised budget.

PART IV – WAY FORWARD

4.1 Trends and Challenges

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

A. Innovating and transforming Mauritius IFC

- Mauritius IFC is moving towards substance and ethical driven financial activities.
- Mauritius is developing three main pillars; cross-border investment, cross-border corporate banking and private banking and wealth management identified in the Blueprint for the financial services sector.

B. Global Business Sector

- Global Business Regime is being reformed to ensure compliance with international requirements.
- Further to its commitment to bring necessary legislative changes to the above regimes to address any deficiencies in line with FHTP criteria, the FSC together with the Mauritius Revenue Authority and the Ministry of Finance and Economic Development have been working together in view of finding the best possible solutions to address the queries of the Organisation for Economic Co-operation and Development (OECD)/Forum on Harmful Tax Practices (FHTP).

C. Anti-Money Laundering and Combating the Financing of Terrorism

- Face-to-face meetings were held with the ESAAMLG (Eastern and Southern Africa Anti-Money Laundering Group) assessors in January 2018.
- Actions are being undertaken to address deficiencies identified in the AML/CFT framework of Mauritius.
- It is difficult to obtain broader and more timely cooperation from other Agencies and the private sector.

D. Fintech

- Mauritius is developing the Fintech regulatory framework pertaining to Custody of Digital Assets, and other services required for emerging technologies.

- Setting up of Regulatory Sandbox Licence (RSL) for Fintech and emerging technologies.
- FSC will highly focus on closely following innovation occurring in the financial services sector and also rapidly introduce the right-size regulation that provides the relevant powers to FSC.

E. Capital Markets

- Growing number of international listings on the stock market.
- Liquidity and turnover on stock market are improving.
- Licences were granted for the Derivatives and Commodities Exchange and the Clearing & Settlement Facilities which consists of a new model the CCP in Mauritius which is different from that of the CDS.

F. Labour and Capital

- There is a mismatch of skills among job seekers and therefore reskilling and upskilling of labour in the financial services sector are being done.
- The auditor's regulatory regime is quite a new area. The human resource that is needed for the purpose requires high calibre staff with wide experience in auditing and accountancy. It is not always possible to hire such people given the salary structure under PRB. Hence, extensive training needs to be provided to existing staff and newcomers. Thus, the need for an increased training budget.
- According to Statistics Mauritius, labour productivity, as measured by the national accounts' statistics, grew on average by 2.5 percent during the period 2007- 2017 compared to 4.1 percent during 1997- 2006. In line with global trends, the declining trend was reversed during the last five years. Labour productivity has been improving. In 2017, labour productivity grew at 2.4 percent.
- Capital productivity which measures how well physical capital (machinery and buildings) is used in providing goods and services declined at an average of 0.1 percent from 2007- 2017. However, capital productivity is also picking up. An increase of 0.9 percent was observed in 2017, following a 1.1 percent increase in 2016.

G. Pension and Insurance

- Defined contribution pension arrangements are becoming more prominent owing to the fact that defined benefit schemes are becoming more difficult to keep running successfully.

H. Audit

- In order to introduce fines on licensed Auditors and Firms, proposals were made to amend the Financial Reporting Act 2004 to introduce monetary sanctions on auditors and audit firms.

4.2 Strategic Direction

A. Financial Technology

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

B. Anti-Money Laundering and Combating the Financing of Terrorism

The framework on Anti-Money Laundering and Combating the Financing of Terrorism will be reinforced through a review of legislations to ensure compliance with international norms and standards.

C. 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.

D. 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.

E. Capital Markets

- SEM will endeavour to position the Mauritian jurisdiction as an attractive international platform for debt structuring and listing.
- SEM will engage with Euroclear and Clearstream to transform the local debt market by ensuring that some qualified international products listed on SEM are Euroclearable. SEM will upgrade its Automated Trading System to offer new features and render its platform more user-friendly. This more advanced technology will enable the cross-linking of SEM's markets with other markets in the region.
- 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.

F. Blueprint

The blueprint which contains a number of policies and proposals aiming at reforming the financial services sector will be fully implemented.

G. Audit

Strive for Quality:

- In the review of auditors practice for compliance with auditing standards in the performance of audit.
- In the review of annual reports of PIEs for compliance with accounting framework (IFRS) and corporate reporting with the objective of enhancing quality reporting.
- By ensuring updated standards are disseminated to stakeholders through FRC's website.
- By ensuring that auditor's license is issued to qualified persons with adequate and appropriate experience in auditing.

Through enhancing cooperation with local, regional and international organisations in the adoption of the right regulatory approach in achieving the Ministry's Vision and Mission.

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