Section 3: Concertation on macro-economic fundamentals

Strengthening of governance for smart regulation is a key priority for the country.

BM welcomes:

- The greater accountability of public institutions, namely through the establishment of a new expenditure framework that will be firmly rooted in the principles of evidence-based budgeting.

- The upcoming Business Facilitation Bill and further digitalisation of the public sector would also lead to better services for the public.

However, bold measures are required for the systemic development of strong and independent institutions.

BM's role

- Continue its dialogue with the relevant authorities on these reforms.
- Continue working with the authorities to monitor e-Procurement targets and the digitalization of processes to improve efficiency and speed in the delivery of justice.

Macro-economic framework – BM welcomes

- the creation of the central KYC

Smart regulations such as the eKYC could be converted into a business opportunity where Mauritius could offer technology-backed KYC clearing houses for the region.

The robustness of our medium-term macroeconomic framework is an important consideration for investors using the Mauritius IFC who generally view macroeconomic variables with due caution.

BM's role

- working with Statistics Mauritius, Bank of Mauritius and Ministry of Finance to better understand the set of assumptions underlying the estimated growth of 3.9% in fiscal year 2019 and the set of corrective measures that are planned to reach the optimistic 4.1% forecasts for fiscal year 2020.

Furthermore, the importance of long-term fiscal sustainability is highlighted, particularly in view of a domestically-raised recurrent revenue that should meet Government's recurrent expenditure.

A robust medium-term macroeconomic framework coupled with a central bank fulfilling its mandate would ensure this fiscal sustainability. At this point, the dependence of the medium-term macroeconomic framework ratios on the GDP forecast should be raised, with possible divergences in the latter further impacting the former. The central bank's assets would be committed to mandatory reserves, to provisions for import cover but also reserves to defend the exchange rate against destabilizing capital outflows, leaning against disorderly market conditions and/or valuation overshooting among others.

Again under the theme of long-term fiscal sustainability, the measures proposed in the budget regarding Inclusive Development have been well noted and understood in the context of balancing inclusiveness objectives with fiscal responsibility. As was highlighted by IMF earlier this year, in the context of the delicate situation of the global economy, "it is imperative that costly policy mistakes are avoided".