Ministry of Business, Enterprise and Cooperatives

10 - Year Master Plan
For The SME Sector in Mauritius

Abridged Version

Accelerating SME Innovation & Growth
FOREWORD BY THE MINISTER

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

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

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

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

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

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

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

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

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

Honourable Soomilduth Bholah
Minister of Business, Enterprise and Cooperatives
ACKNOWLEDGEMENTS

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

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

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

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

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

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

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

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<td>MNC</td>
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<td>MOLAP</td>
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<td>MoBEC</td>
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<td>MoEHRTESR</td>
<td>Ministry of Education and Human Resources, Tertiary Education and Scientific Research</td>
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<td>MoEPU</td>
<td>Ministry of Energy and Public Utilities</td>
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<td>MoESDDM</td>
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<td>OECD</td>
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<td>SDG</td>
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<td>SEDP</td>
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Executive Summary

You could do great things if only you weren’t so busy doing little things.

Mel Gill
1.1 The Mauritian SME Landscape

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

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

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

How does Mauritius measure up against the credentials of an entrepreneurial economy? On the face of it, the picture looks rather promising with a recorded number of 124 9721 small establishments. At a closer look however, the story is very different. A survey conducted in view of the Master Plan2 (figure 1.1) shows that:
(i) 47% of SMEs are operating at almost subsistence level and are mostly managed by own account workers. Their annual turnovers are less than MUR 2 million and they have five or less employees; and
(ii) at the other extremity, only 7% of SMEs employ more than 21 people and have turnovers of more than MUR 10 million.

Figure 1.1: Employment vs Turnover of SMEs

The SME landscape is thus highly skewed towards enterprises with low value addition and severely constrained prospects of adding jobs in large numbers to the economy. Swift and deep reforms are therefore needed to reverse this distribution pattern and significantly increase the share of high value SMEs in sync with a major structural shift towards an enterprising productive apparatus.

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1 Census of Economic Activities 2013, Statistics Mauritius, Provisional Figures
2 Survey conducted by Empretec Mauritius in view of the 10 - Year Master Plan
Over the past decade or so, Mauritius has introduced many pro-business reforms on various fronts – fiscal, monetary, business deregulation, labour markets, products markets, international trade, etc. Yet, SMEs have not been able to reap the full benefits of these generic reforms to improve their competitiveness. Entrepreneurs are still, by and large, stuck at the lower end of the ladder, whilst the larger corporates and conglomerates have continued to grow and make inroads in new markets and industries. SMEs therefore require deeper changes if they are to assume a far more prominent role in economic development. Existing policies are no longer conducive in this new entrepreneurial agenda.

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

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

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

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

This process of transformation has already started. The 2016-17 National Budget has proposed audacious measures to infuse new competitive strengths into SMEs in the face of challenges they face. The 10-Year Master Plan will therefore also give substance, purpose and direction to this impetus.

The Master Plan is meant to be the Game Changer as it charts the way forward to churn promising SMEs into globally-competitive players. But for reforms to be effective and deliver on their promises, they will henceforth have to take into account segregation of SMEs based on their value.
addition capabilities and their stages of growth. A one-size-fits-all approach is counter-productive and will end up throwing good public money after ineffective projects. Government policy resources must prioritize high growth potential SMEs over low value establishments.

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

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

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

1.2 The New SME Framework

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

Figure 1.2: 10 - Year SME Master Plan Targets
Figure 1.3: The New SME Development Framework

**Mauritius as a High-Income Economy**

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

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

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

**High Impact Initiatives (HIIs)**

- Sectoral Actions (SAs)
- Thematic Actions (TAs)

- High Growth Potential Entrepreneurs (HGPs)

**Vision 2030**

- Targets 2026

**Mission**

- Action Plan

**Performance Drivers**

- Development Levels

**SME DEVELOPMENT FRAMEWORK**

**10 - YEAR MASTER PLAN**

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

**Targets 2026**

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

**High Impact Initiatives (HIIs)**

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- Thematic Actions (TAs)

- High Growth Potential Entrepreneurs (HGPs)

**Vision 2030**

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**SME DEVELOPMENT FRAMEWORK**

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- Marketing & Regional Exports Capacity Building

**Vision 2030**

- Targets 2026

**Mission**

- Action Plan

**Performance Drivers**

- Development Levels

**SME DEVELOPMENT FRAMEWORK**

**10 - YEAR MASTER PLAN**

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- Human Capital & Skills Development
- Innovation, Technology Transfer & Green SMEs
- Access to Finance & Equity Participation
- Marketing & Regional Exports Capacity Building

**Vision 2030**

- Targets 2026

**Mission**

- Action Plan

**Performance Drivers**

- Development Levels

**SME DEVELOPMENT FRAMEWORK**

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

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

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

### Five Underlying Objectives

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

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

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

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

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

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

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

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

Figure 1.4: The Six Strategic Thrusts

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

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

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

High Impact Initiatives (HIIs)

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

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

Improving the Institutional and Regulatory Framework

• Rationalisation and improvement of SME support services is a critical pre-requisite of the reform process. The 2016-17 National Budget already proposed the merger of Enterprise Mauritius, Small and Medium Enterprise Development Authority and National Women Entrepreneur Council into one organisation for greater coherence, more efficiency and effectiveness. This laudable initiative will not only improve access to resources, but will also reduce the information asymmetry that SMEs face. The Master Plan recommends the way forward for this merger process through a new structure called SME Mauritius. It should be in charge of all SME support programmes to circumvent the current situation of information asymmetry and lack of synergies between different SME support institutions and Ministries responsible for the development of SMEs.

• Recommendations are also made for further improving the interface between business and government as well as the quality and timeliness of government services and transparency of procedures. In that regard, particular attention is given to encourage local authorities to comply with national standards and timeline objectives.

Instilling an Entrepreneurial Attitude

• Encouraging successful entrepreneurs to showcase their ventures in order to promote entrepreneurship as a career option since peers’ success is a major motivator. Risk-taking attitudes and business acumen should over time become distinct traits of the Mauritian DNA.

• Physical infrastructures such as incubators and industrial parks amongst others should be improved, especially for start-ups initiated by young graduates and women entrepreneurs to enhance their chances for business success. Incubators are not just buildings, but a unique and highly integrated combination of mentorship, Business Development Services (BDS) and financial support.
Reinforcing Human Capital and Skills Development

- Identify the skills required by SMEs and building capacity to bridge skill mismatch is recommended. Recommendation is also made for regular (yearly) SMEs Skills Needs Assessment. SME Mauritius on its side must develop and maintain a database of skills requirements by SMEs.

- Revamp of apprenticeship and TVET programmes is recommended based on SMEs Skills Needs Assessment and national economic priorities.

- Rebrand TVET, from the current rhetoric associated with let-downs to one putting graduates on their way to success.

- Mainstream entrepreneurship education in the national educational curriculum at all levels to instigate the concept of making Mauritius a nation of entrepreneurs.

Encouraging Innovation, Technology Transfer and Greening of SMEs

- Encourage linkages with Multinational Corporations, large corporations, universities and technology institutes.

- Define priority areas and ensure all publicly funded research projects are focused on them.

- Develop infrastructures and services to encourage SME clusters.

- Define a proper framework for eco-labelling and eco-certification and ensure relevant public authorities are equipped with adequate capacities to effectively enforce regulations.

- Implement projects identified through the Switch Africa Green (SAG) initiative.

Improving Access to Finance and Equity Participation

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

- Increase SMEs capacity and financial awareness.

Improving Marketing and Regional Exports Capacity

- Ensure SME products and services comply with international standards to enable them to penetrate markets, foreign ones in particular.

- Develop and implement a comprehensive SME Export Development Programme (SEDP), to provide advisory, market intelligence, training, networking, as well as support to attend international fairs and exhibitions.

- Develop a comprehensive Africa SME Strategy to enable Mauritian SMEs to take advantage of growing opportunities in Africa. This strategy should target specific countries, sectors and markets and assemble the required resources and supports.

Sectoral Actions (SAs)

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

- The resource-based approach has been adopted to identify specific strengths and skills available which can be used as leverage to develop new products and economic sub sectors.

- In the transformation process of the SME landscape, other industry drivers will also emerge in the supply chain of these sectors.

- Expansion of the economic space in the context of sectoral actions requires a coordinated effort to create new avenues of growth for SMEs in the local market whilst developing economic linkages with targeted countries in the region to expand access to resources and markets.
Thematic Actions (TAs)

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

1.4 The Way Forward

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

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

Dream big, Start small, Act now.
Robin Sharma
2.1 A New Era for SMEs

Mauritius has consistently delivered sound economic performance over the decades. Supported by diversification strategies, the economy grew steadily and is today viewed by many as a success. The GDP per capita amounts to USD 9,500, as compared to USD 260 in 1968, the year of independence.

Rapid industrialisation in the 1980s and 1990s has propelled the SME sector to the forefront of economic development. Today, it is largely acknowledged that a fresh wave of entrepreneurial drive is needed to step up the pace of wealth creation across the economy and help generate lasting prosperity for the Nation.

Whilst the number of small establishments and by extension SMEs, as defined by Statistics Mauritius has increased, their economic impact and job creating potentials have been slow. The contribution of SMEs is estimated (table 2.1) to be 40% of GDP and 55% of total employment. The growth prospects of the SME sector are weighed down by several challenges stemming from exogenous and endogenous factors.

Table 2.1: Value added & Employment of SMEs for 2002, 2007 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2007</th>
<th>2013¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value added of SMEs (MUR million)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP at basic prices (MUR million)</td>
<td>125,777</td>
<td>215,449</td>
<td>322,937</td>
</tr>
<tr>
<td>% Contribution of SMEs to GDP</td>
<td>35</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td><strong>Employment in SMEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Employment</td>
<td>493,000</td>
<td>523,700</td>
<td>552,000</td>
</tr>
<tr>
<td>% of Employment in SMEs</td>
<td>48</td>
<td>51</td>
<td>55</td>
</tr>
</tbody>
</table>

¹ Provisional

Source: Statistics Mauritius

2.2 A New SME Development Strategy

Efforts to promote SMEs in the context of growth strategies have so far fallen short of their objectives. This is mainly because of the uncharacteristic nature of the small business landscape in Mauritius with a large proportion of “own account workers” whose contribution to economic activity remains subdued. A majority of SMEs cannot move up the value addition ladder and are stuck in low value activities which make them extremely vulnerable to competitive pressures. On the other hand, the SMEs that have the potential to scale up their operations do not always receive the targeted support they need. An in-depth analysis of the situation further reveals that the business models of most SMEs remain focused on opportunities provided by the domestic market and/or benefits provided by preferential economic and trade agreements.

³ Census of Economic Activities 2013, Statistics Mauritius, Provisional Figures
The new approach to develop SME is therefore aligned with the vision to generate higher economic growth, notably through innovation and market growth. The focus should therefore be on entrepreneurs who have the ability to adapt to new market conditions, innovate within existing ones and anticipate new demands from customers with their distinct capabilities. Typically these high growth potential entrepreneurs can be identified by assessing their average annual growth either in terms of employment or turnover which are generally higher than 20% over three consecutive years.

Policies should be re-designed to take these realities into consideration so that government resources for SMEs effectively reach those that can really make an impact on growth and jobs. Consequently, there is a need to create a more conducive business environment where both Government and the private sector assume synergistic and complementary roles. On one hand, Government must lead by becoming the enabler and facilitator, leaving the private sector to become accountable service providers. On the other hand, Government must provide the required incentives and supports enabling SMEs to enter the supply chain of larger enterprises and that of MNCs, whilst also nurturing SMEs with high growth potentials.

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

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

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

The SME Ecosystem

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

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

Assessment of the current situation of the SME sector reveals that SMEs are still facing numerous constraints across these performance drivers (vertical factors) in the ecosystem. More in-depth analysis shows that these vertical factors have cross cutting influences and act at different levels in the ecosystem, namely national, sectoral / thematic, enterprise and /or at the entrepreneur levels (figure 2.1).
National

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

Sectoral and Thematic

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

Enterprise

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

Entrepreneur / MSME

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

This structured four-level analysis also enables a cognitive understanding of the different stages of evolution across the life cycle of enterprises and entrepreneurs.

In addressing the constraints and challenges faced by SMEs, the Master Plan translates the performance drivers into strategic thrusts and puts forward bold strategies and recommendations.
2.3 Shifting Focus on High Growth Potential Enterprises

Refocusing SME support programmes on high-growth potential SMEs will not be pursued at the expense of traditional activities. If anything, high-growth potential SMEs are likely to invigorate every sector of the economy, from production of basic goods to the provision of highly specialized professional services.

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

Public money should be spent on effective projects so that they create value for the society. The Pareto principle (which states that 20% of the invested resources are responsible for 80% of the results obtained) must therefore be applied. Scarce resources should go as a matter of priority to high-impact initiatives and programmes targeting high growth SMEs engaged in high value addition activities. The Master Plan will nevertheless be relevant to all SMEs, across all sectors and strategic areas. It will bring a transformation to the SME sector through a paradigm shift (figure 2.2), unleashing a new momentum that will pull up micro and subsistence enterprises into the mainstream economy, alongside their high growth counterparts. This desired scenario will obviously contribute to more significant growth of the national GDP.

The Master Plan therefore advocates for a new SME framework that sets the contours for impactful policy measures and actions. In this regard, the Master Plan recommends a paradigm shift to stimulate the emergence of globally competitive and resilient high growth potential SMEs, active in high value added segments such as healthcare, bio-farming, the blue and green economy as well as ICT and the services sector, without penalising traditional SMEs. In parallel, the strategies encapsulated in the Master Plan will enable the creation of higher value added products in established manufacturing and services sectors as well as in downstream resource-based industries. These new sources of growth shall be propelled by innovation, new technology adoption and skilled human capital within a supportive business facilitation and enterprise development infrastructure.
2.4 Targets of the Master Plan

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

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

An effective and thorough implementation of the Master Plan will subsidise current economic and social hurdles to result, by 2026, in raising SMEs contribution to the economy as follows:

Table 2.2: Master Plan Targets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2026 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Contribution</td>
<td>40%</td>
<td>52% with average overall GDP growth of 5% and 8% for the SME sector</td>
</tr>
<tr>
<td>Share of Employment</td>
<td>55%</td>
<td>64%</td>
</tr>
<tr>
<td>Exports (Products &amp; Services)</td>
<td>Less than 3%</td>
<td>18%</td>
</tr>
<tr>
<td>Value Addition (MUR)</td>
<td>175 billion⁴</td>
<td>388 billion</td>
</tr>
</tbody>
</table>

⁴ Census of Economic Activities 2013 Small Establishments and Provisional Figures from Large Establishments, Statistics Mauritius, 2016
Characteristics of Mauritian SMEs

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

In Mauritius, the concept of SME is vague and definitions and designations remain elusive, even among government agencies themselves. In this context, it is quite difficult to get a complete grasp of the extent of the impact of those enterprises - sometimes identified as 'SMEs' and other times as 'small establishments'.

There is an issue with the denominations and with the definitions. One must agree that a one-size-fits-all definition may not adequately describe the distinctive features of the whole range of MSMEs (Micro and Small and Medium-sized Enterprises).

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

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

3.2 Business Stages: Seed to Maturity

SMEs are fragile entities on many counts, and only a relatively few can maintain steady growth and profitability. According to the survey conducted in view of the Master Plan, 60% of all SMEs are (i) stagnating and will either die, (ii) always employ five or less people over their lifetime or (iii) will never have turnovers exceeding MUR 2 million. A thorough understanding of the reasons and causes of their vulnerability and lack of development prospects are therefore essential to devise appropriate policy responses and interventions.

It is equally important to take the measure of SMEs’ key traits at different stages of growth. This allows timely intervention with the right resources to make the right impact.

Figure 3.1 highlights some key features of the development phase from the idea (SEED) stage, nascent SME (START-UP) to mature business and beyond. This dimension in the ecosystem requires meticulous understanding as it allows the limited and scarce resources available to be targeted and provided to enterprises that most need them and that can have the most impact on the economy, that is, the High Growth Potential SMEs.
### Figure 3.1: Stages of Business Development & Growth

<table>
<thead>
<tr>
<th>Stage</th>
<th>Main Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEED STAGE</strong></td>
<td>- Has “great idea” or discovers untapped market opportunity</td>
</tr>
<tr>
<td></td>
<td>- Want to become own boss</td>
</tr>
<tr>
<td></td>
<td>- Seek advice &amp; build intelligence</td>
</tr>
<tr>
<td><strong>START UP STAGE</strong></td>
<td>- Start developing prototypes or model services</td>
</tr>
<tr>
<td></td>
<td>- First sale</td>
</tr>
<tr>
<td></td>
<td>- Quickly adapt to clients’ feedbacks</td>
</tr>
<tr>
<td></td>
<td>- Identify constraints</td>
</tr>
<tr>
<td><strong>GROWTH/EXPANSION STAGE</strong></td>
<td>- Continuous improvements</td>
</tr>
<tr>
<td></td>
<td>- Benchmarked on competitors</td>
</tr>
<tr>
<td></td>
<td>- Identify new markets</td>
</tr>
<tr>
<td></td>
<td>- Develop complementary products / services</td>
</tr>
<tr>
<td><strong>MATURITY STAGE</strong></td>
<td>- Organised and structured business, based on operating procedures</td>
</tr>
<tr>
<td></td>
<td>- Scalable business model</td>
</tr>
<tr>
<td><strong>NEXT WAVE</strong></td>
<td>- Looking for other opportunities</td>
</tr>
<tr>
<td></td>
<td>- Model business ready for replication in same or other sectors or in another country</td>
</tr>
</tbody>
</table>

**Entrepreneurial Acumen**
- Good risk taking abilities, but limited entrepreneurial experiences
- Passion & motivation drives excitement to succeed, at any effort
- Limited in everything
- Ready for personal and social sacrifices
- Conduct all required activities from production to sales
- Customer is king
- Seek adaptable tools & technologies to optimize production
- Optimise resource planning
- Set up control & monitoring
- Proper controls
- Optimised production processes
- Use of adaptable technologies
- High degree of innovation
- Effective middle management
- High degree of delegation and control
- Effective succession planning
- Macro management

**Skills & Human Resources**
- Typically good technical skills, but many subsistence workers
- Identify personal entrepreneurial gaps and work to close them
- First employees
- Micro management
- Build own capability / workers competencies
- Highly networked
- Start taking advantages of schemes
- Effective management
- High degree of delegation and control
- Effective succession planning
- Macro management

**Finance & Capital**
- Own savings and often strained for finances
- Home or shared facilities
- Supports from family & friends
- Looking to establish in appropriate venue
- Effective product costing
- Achieve breakeven, then profitable
- Need additional fundings, typically loans
- Increased external participation
- Seek alternative funding sources
- Funding for replications
- Open equity to third parties

**STAGNATE**
- REPLICATE
- DECLINE
3.3 Key Characteristics of SMEs

Whilst the size of the SME segment looks quite impressive with a recorded number of 124,972 small establishments, the ground reality offers a much gloomy picture. The employment creation potential is still restrictive, around 55%. Moreover, the share in the GDP is also relatively low (40%) as compared to advanced economies.

SMEs are not taking off because of the huge, complex and deeply entrenched challenges that they are facing within the economy. Some of these important challenges which can be classified at different levels of the SME ecosystem have been scrutinised.

Entrepreneur Level

- **Subsistence Entrepreneurship / Own Account Worker**
  
  In Mauritius, the challenge stems from the need to differentiate between an SME owner or own account worker from the entrepreneur. The own account worker is usually driven by necessity to earn a living and for whatever resources deployed, a very limited number will ever scale up and make any significant contribution to the economy. An entrepreneur on the other hand is daring by nature and is ready to leave the safety zone, spot new opportunities and turn them into a bankable business proposition.

  In his endeavour to become seriously rich, he takes calculated risks, grows his business and reaps the success. As such, an entrepreneur elevates himself or herself from the status of an SME or Own Account worker, to being a successful businessperson.

- **Ever Lasting Owner Manager**
  
  SMEs are over reliant on the owners, who despite being technically good, lack several other entrepreneurial traits to make the business prosper. This is worsened by the fact that SMEs traditionally suffer from middle management gap. Tasks are poorly delegated and objectives badly communicated across the organisation. There is a high concentration of skills at the owner-manager level, leaving the lower echelons under-resourced in terms of managerial capability. Moreover, since Mauritius now has an ageing population, succession management in established businesses is also becoming a key issue.

- **Limited Entrepreneurial Acumen**
  
  The entrepreneur is typically good at a specific technical process, but often lacks the other entrepreneurial traits like an innate talent. He barely sees opportunities that are obvious to others and lacks the stamina to sail through rough waters when the storm hits. Personal entrepreneurial traits such as taking initiatives, risk taking, commitment to the work contract, demand for efficiency and quality, systematic planning and monitoring are critical to run a business successfully. Once in business, these entrepreneurs often fail to recognise their weaknesses and address them.
Table 3.1: Distinctive features of three types of entrepreneurship

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

**Enterprise Level**

- **Family First Ownerships**
  More often than not, entrepreneurs are extremely reluctant to open their equity capital to other investors, not even to members of the family. Inadequate financial resources hold SMEs back and are usually the main reasons behind their often precipitated failures. Many entrepreneurs show little enthusiasm to partner with external investors or to consider financing alternatives to conventional bank facilities. By relying on bank financing, they usually take the most expensive and collateral greedy options.

- **Lingering Old Economy**
  Many SMEs have entered a vicious circle where they have difficulties to compete on the market. Because of their inability to raise funds, they consistently underinvest in critical production technologies and management processes, prompting high production costs and low quality output. This forces them out of the market, especially in price-sensitive competition.

- **Restrictive Economies of Scale**
  Limited market opening forces SMEs to produce at inefficient levels and to miss out on economies of scale. Low output volumes understandably prevent acquiring higher output technologies and taking advantage of bulk sourcing. Therefore, SMEs are penalised with higher purchasing prices and higher overheads per unit, due to low order quantities.

- **Eroding Competitiveness**
  Due to under-performing production tools and low-skilled workforce, productivity levels are dreadfully low in many SMEs. In the garment sector for instance, where larger enterprises would stack productivity levels of 85% or more, SMEs typically struggle with labour productivity rates ranging between 50 to 65%. Many SMEs are therefore finding it difficult to compete, especially when coupled with other adverse factors such as low product quality and design.
• **Skill Mismatch**

SMEs not only face the typical skill mismatch deficiency felt by all enterprises, including larger ones, but given their small employment base, they also need workers who are multi-skilled and able to operate several machines or conduct several tasks. Figure 3.3 indicates the ease of recruiting labour with respect to various credentials and the impacts of labour shortage in the enterprise.

![Figure 3.3: Ease of Labour Recruitment and Impact of Labour Shortage in Business](image-url)
Sector Level

- **Unlevelled Playing Fields**
  With substantial reduction or complete elimination of duties, many sectors like garment making and shoe manufacturing are destabilised by an aggrieved invasion of cheaper substitutes from overseas. In fact, many manufacturers are finding it more profitable to turn to exclusively trading of the goods they used to manufacture. This shift in business is done by excluding a large chunk of the workforce. Other sectors such as food processing are encountering Technical Barriers to Trade as they have to abide by norms and standards at manufacturing and packaging, whereas imported substitutes get through unhindered, giving rise to unfair competition.

- **Restrictive Economic Spaces**
  The business landscape shows a high degree of polarisation around large conglomerates, squeezing out other players, including SMEs. Growth of these established large corporates is often pursued through backward and forward integration, thereby further eroding the supply of entrepreneurial opportunities within a given market.

- **Limited Value Addition**
  As depicted by figure 3.4, SMEs are typically engaged in low value-added sectors such as retail and wholesale trade, transport and storage and low value manufacturing which prevent them from scaling up.

- **Weak Labour Absorption**
  The sectoral distribution of small establishments is clearly skewed towards stagnating sectors such as wholesale & retail and transportation & storage (figure 3.5). The number of persons engaged per unit in these sectors is also very low.

![Figure 3.4: Value addition per Unit and by Sector](image)
National Level

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

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

Henry Ford
4.1 Evolution of the SME Ecosystem

Mauritius started the nurturing of an indigenous SME ecosystem in the 1960s, prior to its independence in 1968, on the basis of an Import Substitution Industrialisation (ISI) policy. However, at the start of 1970, the failure of the ISI approach was undeniable. Unemployment had reached 20% whilst only 70 firms were engaged in import-substituting activities. The overreliance on a predominantly mono crop sugar industry was putting the country at extreme risk as well.

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

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

In the 1980s, the Mauritian Government further affirmed its commitment to develop the small-scale sector. The ten-year tax holiday given to EPZ companies was replaced by a low-tax rate of 15% and small domestic companies were encouraged to enter the EPZ through unsecured loans offered by the Development Bank. The Mauritius Export Development and Investment Authority, MEDIA (later renamed Mauritius Industrial Development Agency, MIDA) was also established to develop industrial sites and promote export-oriented manufacturing companies.
The concept of SME, as known today in Mauritius, was introduced in 1993 with the Industrial Expansion Act, which included the SMIDO Act. This Act provided for an apex parastatal body, SMIDO, to steer the development of the SME sector. SMEs were therein defined as “enterprises engaged in manufacturing and using production equipment in their manufacturing process” with a “maximum value production of MUR 5 million.” The focus remained on the manufacturing sector although, in 1998, the maximum level of value production was brought up to MUR 10 million with the enforcement of the SMIDO Act 1998.

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

In 2005, the Government adopted three key initiatives:

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

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

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

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

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

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

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

- Ease of access to finance;
- Development of a new wave of modern and innovative entrepreneurs;
- Access to modern building infrastructure, facilities and equipment;
- Support to young and innovative entrepreneurs through mentoring;
- Rationalisation of support services and schemes from Government; and
- Fiscal incentives.
In December 2015, SMEDA launched MyBiz with a view to providing “an innovative solution to the administrative hassle of new and existing entrepreneurs, by grouping, under one roof, support services and facilities required for SMEs to start and grow their businesses.”

As depicted in figure 4.2, the Mauritian Government has established over the past decades several institutions and implemented numerous initiatives to unlock and nurture the value-creation potential of the SME sector.

As a consequence, a small group of SMEs established in the 1970s and 1980s have successfully graduated to become large and diversified business players.

However, with the liberalisation of world trade, the emergence of low-cost competitors and an increasingly complex business environment, a radical shift is required in the current national development strategy for SMEs in order to effectively support the burgeoning and development of a new wave of high-growth and globally competitive SMEs.

**Figure 4.2: Business Framework in Mauritius, Evolution of Key Institutions**

<table>
<thead>
<tr>
<th>Period</th>
<th>Key Policies</th>
<th>Key Government and Public Bodies</th>
<th>Key Private Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SMIDO Act (1993)</td>
<td>Renamed MIDA afterwards</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMIDO Act (1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990s</td>
<td>SMIDO Act (1993)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMIDO Act (1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Companies Act (2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Facilitation Act 2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000s-Present</td>
<td>SMEDA (2009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMEDAct (2009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MyBiz (2015)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on GRIPS Development Forum and our research findings
4.2 Critical Review of Current Strategies

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

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

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

To be able to position Mauritius into the league of high income economies, there are several budgetary measures which have been announced. While the measures are obviously welcomed, care should be taken to ensure that the current gaps and weaknesses of the country’s productive capacity and apparatus are effectively addressed.

The new economic landscape shall create new spaces for SMEs. The right support framework is therefore of fundamental importance to implement the SME strategy, a key component of the overall growth policies. In Mauritius, there are six institutions which are providing support services either exclusively or partially to SMEs, depending on their mandate. Each one has a vital role to play to ensure that SMEs can effectively integrate and thrive in the local, regional and eventually, global market. These institutions are:

- Small & Medium Enterprise Development Authority (SMEDA) and MyBiz;
- National Women Entrepreneurship Council (NWEC);
- National Institute of Cooperative Entrepreneurship (NICE);
- National Productivity and Competitiveness Council (NPCC);
- Enterprise Mauritius (EM); and
- Board of Investment (BOI).

Figure 4.3: SME Development, Key Ministries and Public Institutions

<table>
<thead>
<tr>
<th>Strategy Formulation Level</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Implementation Level</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Investment</td>
<td>Enterprise Mauritius</td>
<td>SMEDA MyBiz</td>
<td>National Institute for Co-operative Entrepreneurship</td>
<td>National Productivity and Competitiveness Council</td>
<td>National Women Entrepreneur Council</td>
<td>Women Entrepreneurs</td>
</tr>
</tbody>
</table>

| Role/Area of Intervention | Investment Promotion, Services Sector | Export Promotion | Apex Body for SMEs | Cooperatives | Productivity and Competitiveness | Women Entrepreneurs |
The mission, support services and impacts of the above six institutions were analysed following the various consultations made such as face to face meetings, focus groups and a stakeholder workshop. Findings of the survey conducted in view of the Master Plan also supplemented the analysis. To a greater or lesser extent the ability of these SME support institutions to effectively serve their targets, were circumvented due to:

- **Incremental Changes and Inept Competencies**
  Over the past decades, the national strategy for SME development has been revised many times in order to enhance its effectiveness and to eventually position the SME sector as a key engine for economic growth. These changes have been implemented via incremental moves, building upon existing institutions, facilities and competencies. No thorough revisions were conducted to align the national SME development strategy with the prevailing dynamics of the global business environment and based on a proper needs analysis.

- **A Disarticulated Approach**
  The operationalisation of SME development strategy is fragmented since it relies on a myriad of agencies - five main ministries and six core public support institutions. Each institution often functions independently under the purview of its parent ministry, often delivering sub-optimal outcomes at best. Considered as a dysfunction to the SMEs, the latters are held back in such a way that even policy actions cannot make a lasting impact. Reforms must focus on building synergistic links between the relevant institutions and build upon their mutual strengths and resources. Formal collaboration agreements among these institutions are moreover a pre-requisite for optimal and high-impact initiatives.

- **Input-Based Perspective and No Evaluation Mechanism**
  In the absence of benchmarks, many implemented SME schemes and programmes cannot be properly assessed, leaving short-comings unaddressed. The current and past strategies have been devised from an input-based perspective. Small business schemes and programmes were deployed with no target deliverables and outputs. There is hardly any requirement of accountability on the part of the beneficiaries. Nor is there any proper evaluation mechanism in place to ascertain the impact of the services that were provided out of public funds on the performance of the target firms.

- **Trade Promotion Strategy versus Trade Support Strategy**
  Only a partial solution has been prescribed to the complex issue of export market development. There is more to enhancing export-readiness of SMEs than a trade promotion strategy. A clear distinction should be made between the concept of trade promotion and that of trade support. Whilst trade promotion aims at improving the trade performance of firmly established enterprises, trade support or capacity building relates to developing the trade and marketing capacity of new and vulnerable SMEs through proactive capacity-building programmes and networking with potential domestic and foreign clients. In this respect, the current SME development strategy lays more emphasis on trade promotion. Enterprise Mauritius has, in effect, been mostly operating as a Trade Promotion Organisation (TPO) over the past years. In contrast, SMEs require an organisation also incorporating effective trade supports and development services, to nurture and develop business opportunities from concept to export.

- **Limited Incentives for Foreign Innovative Start-ups and Entrepreneurs**
  Policy support and resources are targeted predominantly towards local entrepreneurs or SMEs, whereas there is a growing need to open the space to foreign starts-ups and entrepreneurs
who have the calibre to deliver innovative business models and high value products and services. A vibrant entrepreneurial economy is one that seamlessly provides opportunities for local and foreign talents alike to try new ideas and business models and create pioneering products or services and/or production processes. Mauritius can leverage on its economic, political and social stability to position itself as a highly efficient and competitive international business-enabling platform and attract foreign, mostly young entrepreneurs engaged in innovation-based and technology-intensive activities to (re)locate their start-ups or SMEs in Mauritius.

- **Ignored Services Sector**
  Most SME schemes and programmes have a manufacturing bias and have failed to embrace the potentials of the services sectors. Yet, development of services industries is huge, and is in line with the knowledge-based economy which Mauritius is pursuing. The thrust for services, including exports, remain largely underserved. A striking example will be the fact that the latest Development Scheme that was devised in collaboration with SMEDA and MauBank does not cover services. In addition, there is presently no lead trade support institution for the services sector in Mauritius, apart from few sector-specific institutions (MTPA and FSPA).

Between 2010 and 2014, export of services increased by 18%. Export of ICT services rose by 82% over the same period. Entrepreneurs should contemplate exporting substantive services, including know-how, to African countries where specialist experts are required to build new infrastructure, industries, financial systems, etc.

- **Unleveraged Information and Communication Technologies (ICTs)**
  SMEs are yet to make full use of ICT to run their operations, reach out to new markets and supply chains and engage with other stakeholders, including public sector agencies. There is definitely a lack of IT culture and knowledge among the staff of public institutions. There is no online platform to facilitate the communication between public support institutions and SMEs at a time when the “Live Chat Feature” has become the norm for service-based organisations.

- **Reactive Support Services and Communication Freeze**
  The support framework is still not very entrepreneur-friendly. In spite of all measures and initiatives implemented by successive governments, the communication functions of most institutions are limited and often, stakeholders themselves have to pull out information. In addition, entrepreneurs and SMEs are required to find their way through the maze of institutions to obtain pertinent information and access to the relevant support schemes.

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

- **Limited Competencies and Sub-Standard Services**
  Agencies delivering support services to SMEs must be adequately resourced in view to ensure quality services to the target firms. Public institutions in Mauritius often suffer from limited technical and specialist competencies and institutions providing SME support services are no exception. Almost all the SME Support Institutions do not have sufficient professionals with adequate hands-on
industry experiences to provide proactive and quality support services to SMEs. These limitations adversely impact the quality of counselling and accompanying supports imparted by the various agencies. As a result, many of these support agencies either fail to meet the needs of SMEs or they deliver standard services falling short of expectations.

**4.3 Effectiveness of SME Development Schemes**

Whilst SME Development Schemes are a vital instrument to give an impetus to entrepreneurship, their performance with regards to top and bottom lines of beneficiary SMEs has never really been evaluated.

<table>
<thead>
<tr>
<th>Type of Support</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Support</td>
<td>1</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>12</td>
</tr>
<tr>
<td>Human Capital Development</td>
<td>2</td>
</tr>
<tr>
<td>R&amp;D and Innovation</td>
<td>5</td>
</tr>
<tr>
<td>Market Access &amp; Export</td>
<td>9</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>8</td>
</tr>
</tbody>
</table>

There are currently more than 37 SME Development Schemes, offered by various institutions which can be classified as:

Most of these schemes have been devised following general assessment of the SME landscape and are operating on a ‘push approach’. Although partial data is available on the number of SMEs which have benefitted from these schemes and on the amounts disbursed, there are no indicators of the real impact of these schemes. When inquired about these information or specific data during the preparation of the Master Plan, there were typically three types of responses: (i) the client information is privileged and cannot be divulged, (ii) the information can only be provided in a synthesized manner; or (iii) the information is simply not recorded or not available.

**4.4 Fragmented Supports and Duplication of Services**

Over the years, policymakers have involved more and more agencies in SME programmes, causing duplication of services, incoherent engagement and lack of clarity among SMEs. The institutional support framework in its current form presents a number of weaknesses. Public money is spent on schemes with any requirement of accountability. Even the last national budget recognises this fact and proposes corrective measures for greater coherence, more efficiency and effectiveness.

As shown in table 4.1, various bodies offer the same support services (e.g. training is offered by NPCC, NICE, NWEC and SMEDA) which cause confusion among SMEs. In addition, these bodies which, very often, fall under the aegis of different Ministries, have their own mandate, approach, organisational structure, administrative requirements, technical staff, operating budget and support schemes. This situation often poses an issue of coherence, coordination and accountability in the delivery of support services to SMEs.
### 4.5 SME Support Schemes

Some of the important schemes that are fully or partially operational are given below:

**SME Development Certificate:**
The scheme is open to enterprises registered after June 2015 and registered with SMEDA and is limited to priority sectors which are estimated to 0.1% of the total number of SMEs in Mauritius. The scheme overlooks certain high growth potential enterprises which emerge from traditional sectors and business activity and does not cover services.

**SME Premarket Test & Certification Scheme:**
The scheme is targeted to the food sector with a turnover of less than MUR 10 million and is primarily to improve quality and implement systems to comply with local regulations.

**SME Business Diagnosis Scheme:**
The objective is to conduct health checks in SMEs to assess various business areas and underperforming departments, that need improvements. The scheme is operational as from October 2016.

**SME Financing Scheme (MauBank):**
For the period 01 Dec 2011 up to June 2016, 398 Applications have been processed and 321 Funded (Source: Bank of Mauritius); 30% are loans (MUR 210 million), 20% overdraft (MUR 135 million), 27% leasing (MUR 45 million). No Collaterals are required but floating charges are applied. As stock changes, the amount due varies and SMEs find it difficult to keep track of the charges. Information of floating charges should be communicated to the SMEs with possibilities of carrying the latter forward if payments cannot be honoured (at the discretion of the bank).

**SME Financing Scheme (Other Banks):**
4,479 applications have been received (for the period 01 Dec 2011 up to June 2016) and 4,341 funded to a value of MUR 6 billion (68% of overall applications under this scheme financed by the private sector), 29% as loans, 26% as overdrafts and others. Another 21% of

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Table 4.1: SME Support Services by Public Institutions

<table>
<thead>
<tr>
<th>Institutions</th>
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</tbody>
</table>

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

Source: Empretec Mauritius Compilation
applications with respect to applied value are still under process as at June 2016. The same challenge of floating charges applied and commercial banks may also require additional securities.

**Leasing Equipment Modernisation Scheme (LEMS):**
This scheme supports the access to technology and improves processes which foster competitiveness through the purchase of new equipment. LEMS allows SMEs to lower the pressure on cash flow while investing into equipment. But as this is a stand-alone scheme, it may not be enough to improve the performance level. It is recommended to reinforce this initiative with a Technology Diffusion Scheme in order to rapidly re-orient the business models of beneficiaries towards exports. Technical assistance scheme can complement and close the gaps in technological needs of SMEs.

**SME Partnership Fund / NRF Equity Investment:**
The key parameters and requirements to benefit from these schemes are: 49% participation equity participation in firms with at least three years of existence. This excludes promising start-ups or high growth potential enterprises currently in the Valley of Death. Firms with positive cash flow and good sales forecasts can easily raise funds from private institutions and hence this financing option is not filling the gap for high growth potential SMEs to be supported during their initial years of existence. The scheme had limited success because Mauritian SMEs are usually not keen to accept external investors and be accountable for their injected money.

**SME Infrastructural Support:**
Existing incubators and SME parks operating through various public bodies, namely SMEDA, NCB, MRC, NWEC, DBM and SLDC are limited to building facilities and working space. Presently, the incubation process is not well defined in terms of incubation period, incubatees' selection criteria and incubatees' performance. In addition to the physical infrastructures (offices, telecommunications, meeting rooms, etc.), an integrated approach is required that incorporates business development supports (handholding, coaching, mentoring, networking, visibility, product development, etc.) and financial support during the incubation process. Incubators must be annexed to SME parks to allow successful incubatees to be transferred to these parks to benefit from networking and clustering opportunities for further development of their business ventures. Future SME parks or Techno Poles must be specialised in high growth potential areas such as ICT, bio agriculture, phyto-pharmaceuticals and ocean technology. Technological parks must be equipped with modern equipment to allow SMEs from traditional manufacturing sectors to produce high value added products (e.g. equipment for extraction of essential oils).
Factors Influencing SME Performances

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

Mark Zuckerberg
5.1 SME Performances Drivers

SMEs operate in an increasingly dynamic environment and are largely influenced by exogenous factors such as political, economic, social, markets, institutional, legal, technological and infrastructural. These factors have been regrouped under six performance drivers so that policymakers and support agencies can conceptually study these problems from a thematic perspective, i.e. regulatory issues, entrepreneurship culture, skills development, access to finance, innovation and transfer of technology, marketing & exports etc. This approach allows reforms to move concurrently on several fronts whilst keeping a holistic view of progress across all performance drivers so that attention can be devoted to areas that are underperforming.

In the assessment framework, these factors sit at the macroeconomic level of the SME ecosystem and impact the ease and speed at which businesses can start, develop and grow into competitive and sustainable ventures.

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

Research and analysis supplemented by the SME survey, as well as extensive meetings and brainstorming sessions held with SME representatives have clearly established that SMEs are still facing numerous constraints across these performance drivers in Mauritius. To formulate the strategic direction of the Master Plan, it is therefore important to scrutinize these constraints, understand advantages to build upon and challenges that need to be addressed.
5.2 Regulatory & Institutional Framework

Business facilitation is yet to reach a level where SMEs do not feel being held back by unnecessary red tape. Improving the ease of doing business must be a priority in the government reforms agenda. The regulatory framework in Mauritius has continually been enhanced over the years with the view to creating an enabling environment for the development of a thriving business community. World Bank Doing Business indicators show that Mauritius is matching OECD country standards but in practice, SMEs are constrained by several factors. The time for issuance of a Building and Land use Permit (BLP) is not only long and exhaustive, but also not in compliance with the Business Facilitation Act (2006). Local authorities continue to impose their own timeline which may take months in certain cases. 2016-17 National Budget has initiated several measures to remedy this situation, through among others, the process of online application system for BLP.

Even the SME institutional support framework in its current form presents weaknesses such as:

- Asymmetric information and poor awareness of institutions and services provided;
- Fragmented supports and duplication of services;
- Inadequate organisational structure and limited technical capabilities;
- Lack of targeting and limited impact of current support; and
- No systematic impact assessment mechanisms.

Policymakers recognise the limits of the ease of doing business set-up. Efforts are being deployed in the various areas of business facilitation to free entrepreneurs from heavy-handed compliance. With measures announced in the 2016-17 National Budget with regards to regrouping of support agencies under a single umbrella organisation, Government is making a strong statement to promote an open and competitive economy that will be attractive to businesses of all sizes and shapes. Government is committed to ensure that SMEs are able to make the paradigm shift, by providing a series of measures and facilities.

Figure 5.2: Awareness about the SME Support Institutions and their Service Usage
5.3 National Entrepreneurship Strategy

Entrepreneurship is the process leading to the creation of business ventures while the concept of SMEs relate to the operation and management of a small to medium-sized business entity. Entrepreneurs themselves can be classified as growth-oriented, traditional or subsistence.

Diagnosing the entrepreneurship culture has established the following weaknesses:

- Entrepreneurial activities are mostly domestic market oriented;
- Predominance of subsistence entrepreneurs, with own account workers representing approximately 56% of small establishments\(^5\);
- Limited entrepreneurial competencies resulting in a lack of growth focus and entrepreneurial drive to transform the business into a high growth potential proposition;
- Low policy emphasis on attracting a new breed of entrepreneurs; and
- Fragmented approach in setting up of incubators and SME parks due to lack of a national strategy to foster entrepreneurship.

The above mentioned entrepreneurial challenges have restricted the number of high growth potential SMEs to emerge and flourish.

5 Census of Economic Activities 2013, Statistics Mauritius, 2015

5.4 Human Capital & Skills Development

SMEs encounter serious difficulties to hire the right pool of human resources from the labour markets. It is also difficult for them to retain quality staff they have trained due to competition for manpower from the large business entities. The quality of human capital is a key success factor for business start-up and growth. SMEs not only require educated, skilled and experienced workforce like any other business entity, but, they also need, given their small sizes, staff who are flexible and multi-tasked.

SMEs are in fact affected by the following:

- Shortage of adequately skilled employees and versatile enough to operate different machines;
- Problem of skill mismatch and low learning achievements;
- Lack of technical skills and a problem of employability;
- Lack of entrepreneurship education; and
- Limited expenditure on education & training and the quality of education to meet industry needs.

Job creation, coupled together with improvements to be brought to the employability of college and university leavers remain the most important human resource development challenges in Mauritius. Analysis of recruitment patterns reveals that it is much easier to find employees with the right qualifications rather than with the right skills. The overwhelming barrier however for SMEs is to recruit labour with the right attitude and work culture.

Talent makes the difference. Quality oriented people tend to produce more quality products with the minimum they have at end. They easily absorb new technologies, innovate and are solutions-driven. Mauritius needs to rethink its development to increase
its global competitiveness and reach its growth objectives. In order for Mauritius to move to the innovation-driven stage, substantial efforts are required to develop the level of human capital.

5.5 Innovation, Technology Transfer & Green SMEs

Innovation and productivity gains are the key drivers of competitiveness for economies that have exhausted their low-cost labour advantages. Advantages accruing to preferential market access are also rapidly fading away. Mauritius is now caught in the middle-income trap where it is squeezed between low-wage poor country competitors that dominate in mature industries and rich-country innovators that dominate in industries undergoing rapid technological changes. The current situation of low value-added economic activity, rising unemployment and lack of prospects for growth may be largely imputed to inadequate technological-readiness that restricts the adoption of technologies and considerably reduces the capacity and scope for innovation.

These constraints are a result of the following systemic dysfunctionalities:

- Quasi-inexistent innovation system, with limited applied research projects;
- Limitations in the Framework for Intellectual Property (IP) rights, though currently being addressed by the authorities;
- Lack of coordinated approach to incubators’ supports, where incubators provide only working space, but not effective business development and mentoring;
- A low productivity stemming from the use of outdated and labour intensive equipment, coupled with raising labour cost;
- Fragmentation of the public sector institutional support for effective technology transfer and limited initiatives for greening of SMEs; and
- Untapped business opportunities in the waste management sector.

R&D should become a main catalyst for growth strategies in all industries. Research, development and innovation in the private sector have mostly been limited to the sugar industry. Research efforts should therefore be focused on the new economic architecture which includes green energy, the ocean economy, bio-farming, etc. Policymakers should attract researchers and research agencies towards innovation-sensitive activities. Academics currently left with an open mandate tend to orient research in their field of specialization or international research, whereas R&D efforts must be directed towards industry and SMEs needs on a priority basis.

Figure 5.3: Evolution of Productivity and GDP Growth Rate, 2005-2015

Source: Statistics Mauritius
5.6 Access to Finance & Equity Participation

Most SMEs cannot contemplate serious growth opportunities due to lack of funding options. Similarly, many business ideas fail to become bankable ventures because financing is not forthcoming. A smooth access to finance is a fundamental condition for a vibrant entrepreneurial economy. A number of financing schemes have been put in place under the impulse of successive governments to bring down the cost of investment and business financing. Yet, many SMEs continue to voice out their concerns with regard to access to finance. The fragmented and overlapping schemes also confuse entrepreneurs who do not necessarily have the required expertise to identify the optimal funding mix to finance their projects. In addition, these schemes are mostly relevant for established SMEs and do not cater for the specific requirements and constraints at various development stages, such as at start-up, development or expansion phase.

The survey conducted in view of the Master Plan showed that only 35% of the respondent SMEs had difficulties raising finance at start-up stage (figure 5.4) and some of these difficulties were related to dealing with own family members. During the development phase, about 40% experienced difficulties to raise additional finance to grow their businesses.

Figure 5.4: Financing Start-Up & Growth
The survey also revealed that the lack of collateral or guarantee is the most impeding factor to raise funds and that it can take a significant amount of time to access the requested finance. As shown in figure 5.5, only 57% of respondents managed to raise funds within a six-month period.

**Figure 5.5: Impeding Factors & Lead Time to Access Finance**

Some of the main constraints faced by SMEs are:

- Family first equity option, with no opening for external capital investments;
- Lack of business and financial planning capabilities;
- Reliance on traditional financing instruments;
- Unable to bridge the Valley of Death (VoD), causing some 50% of all new SMEs to fail during their first year of operation and more than 80% fail during the VoD period;
- Very few of the existing schemes are actually dedicated to start-ups or to companies still operating in the Valley of Death;
- No framework or incentives to mitigate investors’ risks for Business Angels or Crowd-funding;
- Limited Venture Capital (VCs) options for first to third financing rounds; and
- Collateral lending not always affordable and high fees imposed by banks.

Unlike large enterprises, most SMEs in Mauritius do not have the necessary financial resources to afford high-calibre staff to handle their business planning and finance function. This situation causes information asymmetries between bankers or investors and SMEs. In effect, bankers and investors do not have complete information to assess the risk profiles of SMEs and eventually provide risk-adjusted financing solutions.

Besides, SMEs typically face cash-flow problems and get entangled in liquidity traps because they are forced to entertain extended, and often very painful, credit periods by their large business customers.

It is expected that innovation in the financial services industry will create new financing solutions that can be built around the specific needs of entrepreneurs, as opposed to traditional banking facilities which are more appropriate for mid-caps and large corporates. Fintech is considered as a game changer for SMEs.

The term “FinTech” refers to the use of technology and disruptive business models to provide financial services. The potential of Fintech coupled with the possibilities offered by the blockchain technology will undoubtedly transform the financial services sector over the coming decade and unveil new financial services and products which are more adapted to the SME sector.
Figure 5.6: Bridging SMEs Valley of Death through Financing Schemes

Early Stage Financing

Cash flow

SME Phases

Creation

Start-Up

Emerging growth

Development

Private Equity

Public Equity

1st

2nd

3rd

Bridge

IPO

Liquidity discount (15%)

Institutional Investors

Bank Loans & Guarantees

Venture Capital

Early Stage Venture Capital

Business Angels

Seed Capital

Love Money: Family, Friends & Fools

Own Savings

Proof of Concept

Production of prototype

Market Creation

High Growth/Innovative SME Scheme

Empretec Mauritius Compilation
5.7 Marketing & Regional Exports

Capacity Building

In spite of the remarkable economic development experienced by Mauritius over the past decades, the country remains a narrow market in terms of demand and business opportunities. SMEs are therefore bound to embrace wider horizons and develop international markets. This will allow them to expand output and achieve economies of scale which can be passed on to customers in price-sensitive markets. More and more efforts must be devoted to improving the export-readiness of SMEs. Policy support is essential to open doors and operate in foreign markets. Trade development services are vital to build capacity in export operations and strategies.

Due to various constraints, SMEs and particularly start-ups do not have strong internal competencies to devise and implement their branding and marketing strategy. In addition, they cannot engage in large-scale and aggressive marketing actions.

Figure 5.7 shows that word of mouth (67%) is the predominant means of marketing used by local SMEs, followed by the entrepreneurs being personally involved (55%). As such, there is the need to develop a structured and professionalised marketing approach in the majority of SMEs.

Figure 5.7: Predominant Means of Marketing
Figure 5.8 illustrates the main marketing constraints captured by the survey. The top most marketing constraint for growth is competition from large companies, followed by limited market size.

**Figure 5.8: Marketing Constraints**

- **Competition from large / established companies**: 56%
- **Limited market size**: 52%
- **High product cost**: 36%
- **High cost of marketing & advertising**: 32%
- **Lack of competent marketing people**: 15%
- **High import & export charges, including freight**: 13%
- **Others**: 11%
- **No regulations on imported products**: 8%
- **Inadequate property rights protection (e.g. Intellectual property)**: 7%
- **Competition from duty-free imports**: 5%
- **Restrictive non-tariff barriers (health, safety and technical standards)**: 2%

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

Some 60% of SMEs indicated that finding customers for exports was a major challenge for their business expansion, and 69% affirmed that they were not planning to export their products/services to Africa despite the preferential access granted by the COMESA and SADC agreements (figure 5.9). It is therefore crucial that the appropriate measures be implemented by support institutions to reinforce the capability of SMEs to exploit business opportunities offered by such agreements.

**Figure 5.9: Planning to export towards Africa**
International trade liberalisation has severely hit the manufacturing industries operating on a low-cost labour model and causing the industrial base to shrink. The export base must be rehabilitated and strengthened by nurturing more and more export-ready SMEs in various industries and sub-sectors.

The number of export oriented enterprises has been decreasing over the years, because of:

- A weak export oriented manufacturing base;
- Adverse effects of the duty-free island concept;
- Limited domestic market, with vertically integrated conglomerates reducing economic space for SMEs;
- Limited appetite to develop export markets, in particular African ones, with 69% of SMEs which responded to the survey affirming that they are not interested in exporting;
- High export concentration both in terms of type of goods and markets;
- Limited emphasis and incentives on development and export of services, especially professional services;
- Multilateral, Regional and Bilateral Trade Agreements not exploited by most SMEs;
- Emerging middle-class population in Africa and development in the African markets not exploited; and
- Absence of grouped services or central warehousing facilities in selected African countries.

Regional markets are an option which must be strategically explored to help entrepreneurs enlarge their footprints. Trade with COMESA and SADC remains low, and regional market development efforts are extremely important at this juncture of economic development, marked by persisting low growth rates.

Regional integration initiatives must be viewed as potential avenues for SMEs to capture market shares in selected African countries with rapidly growing middle-classes and high rate of urbanisation. Furthermore, infrastructure development and new industries in African countries create demand for a wide range of products and services that can be provided by Mauritian suppliers, including SMEs in construction, engineering, ICT, etc.

In spite of the set of trade agreements signed by Mauritius with major markets, 80% of SMEs which responded to the SME master plan survey affirmed that they were not exporting at all. Among those few who were exporting, the Indian Ocean region remains predominant (figure 5.10).
In addition, almost two third of SMEs who are exporting are from the manufacturing and ICT sectors.

Figure 5.10: Exporting SMEs and Destinations

Figure 5.11: Breakdown of SMEs exporting Goods or Services
New SME Development Framework

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

Peter F. Drucker
6.1 A New Approach for SME Development

In the light of limited outcomes achieved by past and current SME development strategies, the Master Plan advocates a completely new archetype to design, execute and monitor fresh policies and their ensuing strategies and action plans. The Master Plan brings substance, purpose and direction to reforms of the entrepreneurship set-up, aligning vision, mission, objectives, strategic thrusts and targets around a new approach for SME Development. The new approach is structured as follows:

**Vision**

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

**Mission**

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

**Five Underlying Objectives**

The vision and mission will be accomplished through five main objectives which will impact directly on the targets of the Master Plan. These objectives shall help infuse resilience and vigour to the entrepreneurial fabric of the economy and support the transformation of SMEs into competitive entities.

The objectives are (figure 6.1):

- **Objective 1**  
  Improve SME Competitiveness

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

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

- **Objective 4**  
  Improve Value Addition

- **Objective 5**  
  Increase Market Share
Six Strategic Thrusts

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

- **Strategic Thrust 1:** Improving the Institutional and Regulatory Framework
- **Strategic Thrust 2:** Instilling an Entrepreneurial Attitude
- **Strategic Thrust 3:** Reinforcing Human Capital and Skills Development
- **Strategic Thrust 4:** Encouraging Innovation, Technology Transfer and Greening of SMEs
- **Strategic Thrust 5:** Improving Access to Finance and Equity Participation
- **Strategic Thrust 6:** Improving Marketing and Regional Exports Capacity
Each thrust is leveraging against a group of similar constraints (figure 6.3) to recommend tailored actions adaptable to the required level and phases of the enterprise development.

**Figure 6.3: Key Constraints addressed by Strategic Thrusts**

**Action Plan**

The action plan comprises of a series of recommendations. It is cascaded to respond to specific constraints in the pillars, address the levels in the ecosystem as well as propose thematic and sectoral actions:

- **9** High Impact Initiatives (HIIs) containing **46** Key Actions that are categorised into Quick wins, Short (0 - 2 years), Medium (2 - 5 years) or Long (5 - 10 years) term;

- **27** Sectoral Actions, including actions that support value addition, in 9 identified sectors; and

- **13** Thematic actions, to capitalize on other SME development elements such as franchising, women entrepreneurship, waste management, etc.
6.2 Achieving the Targets

Mauritius is caught in the middle-income trap, and so is the majority of SMEs. Critical analysis of the current situation of the SME sector (chapter 3), depicts the profile of an old economy with high number of labour intensive and low value-added establishments. It also shows a mere 15% of SMEs that are involved in high growth potential sectors such as ICT, financial and professional services. Vision 2030 aims to set the economy on a rising trajectory. High value-added SMEs are expected to be a key animator of this economic vibrancy which will help to break away from the middle-income trap.

The mandate of the 10-Year SME Master Plan also aligns with Government Vision 2030, and is meant to be a Game Changer in the economic development scenario of Mauritius. The plan advocates structural transformations which will deliver more authoritative, targeted and innovative support services to SMEs to withstand the increasing competitive pressures both locally and in overseas markets.

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

The overarching objective of the Master Plan is therefore to reshape the entrepreneur landscape and reverse the pyramid so that there is a large and clear predominance of high-value generating SMEs over the subsistence
establishments. SMEs at the lower value end will be empowered to build new strengths and climb up the ladder and make a bigger contribution to GDP and job creation.

With the prescribed measures, it is expected that SMEs, which currently account for 40% of total GDP, will have their performances improved with an overall GDP contribution of 52%. To achieve this objective, a sturdy growth rate of 8% is being projected for the SME sector over the next ten years.

Figure 6.4: GDP Contribution of the SME Sector

As mentioned earlier, to be able to achieve these primary goals, the Master Plan contains five objectives, each tackling specific constraints currently preventing SMEs from growing. These objectives are described below:

**Objective 1:** Improve SME Competitiveness

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

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

With 59% of SMEs having a turnover of less than MUR 2 million and are stagnating, new start-ups should be encouraged to do business in high growth potential sectors such as ICT, knowledge-based activities, finance and professional services. At the same time, they should also be incentivised to develop value-addition ventures in traditional sectors like agriculture, industrial fishing and farming. These SMEs should also be supported through targeted schemes and actions. However, it should be recognised that they will have different needs at different stages of their business evolution and a ‘one size fit all policy’ will not be effective.
Objective 3: Upgrade Skills & Job Opportunities

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

Objective 4: Improve Value Addition

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

Objective 5: Increase Market Share

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

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

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

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

★ : Major impacts generated
Action Plan:
Accelerating Innovation & Growth

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

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

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

The matrix of relationships along each strategic thrust is further detailed out in table 7.1

---

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

- **Constraints & Challenges**
  - Regulatory & Institutional Framework
  - Business permits and licensing
  - Red tape
  - Fragmented supports and duplication of services
  - Poor awareness of institutions

- **Strategic Thrust**
  - Improving the Institutional and Regulatory Framework

- **High Impact Initiative**
  - HII 1 # Review and Rationalise the Institutional Support Framework

The matrix of relationships along each strategic thrust is further detailed out in table 7.1
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<th>SME Performance Drivers</th>
<th>Key Challenges</th>
<th>Strategic Thrusts</th>
<th>High Impact Initiatives (HII) &amp; Strategies</th>
<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Regulatory and Institutional Framework | • Business permits and licensing  
• Red tapes  
• Fragmented supports and duplication of services  
• Poor communication functions of institutions  
• Low service usage by SMEs  
• Inadequate organisational structure  
• Limited technical capabilities  
• Weak impact assessment mechanism | Improving the Institutional and Regulatory Framework | HII 1# Review and Rationalise the Institutional Support Framework  
• Rationalise & Improve SME Support  
• Strengthen Technical Advisory Services to SMEs  
• Increase SME utilisation of Technical Assistance  
• Develop E-licencing and Business Passport for SME  
• Adapt Dispute Mechanisms  
• Increase SME policies & Initiatives Relevance | KA1: Set up SME Mauritius for greater coherence, more efficiency and effectiveness of SME supports | ![Objectives](image1) | ![Targets](image2) |
| National Entrepreneurship Strategy | • Predominance of subsistence entrepreneurship  
• Lack of entrepreneurial mind set  
• Weak entrepreneurial performance  
• No proper classification of entrepreneurs | Instilling an Entrepreneurial Attitude | HII 2# Foster a Culture of Entrepreneurship & High Growth Potential Businesses  
• Showcase Successful Entrepreneurs and Promote National Recognition  
• Upgrade quality of upcoming entrepreneurs  
• Establish Women-Friendly Infrastructures, Schemes and Business Environment  
• Build and Upgrade Young Professionals and Starters Support Infrastructures  
• Improve Monitoring & Evaluation of Entrepreneurship Initiatives and Policies | KA7: Organise annual National Entrepreneurship Campaign and Encourage experience sharing | ![Objectives](image3) | ![Targets](image4) |
<p>|  |  |  |  | KA8: Impart Entrepreneurship Training for High Growth Potential SMEs | <img src="image5" alt="Objectives" /> | <img src="image6" alt="Targets" /> |
|  |  |  |  | KA9: Establish Women-Friendly Infrastructures &amp; Business Environment | <img src="image7" alt="Objectives" /> | <img src="image8" alt="Targets" /> |
|  |  |  |  | KA10: Encourage Generation of Business Ideas with High Growth Potentials (SEED) | <img src="image9" alt="Objectives" /> | <img src="image10" alt="Targets" /> |
|  |  |  |  | KA11: Set up Performance Driven Incubators: build and upgrade Young Professionals support infrastructures | <img src="image11" alt="Objectives" /> | <img src="image12" alt="Targets" /> |
|  |  |  |  | KA12: Nurture Early Stage start-ups | <img src="image13" alt="Objectives" /> | <img src="image14" alt="Targets" /> |
|  |  |  |  | KA13: Mentor SME Development Phase | <img src="image15" alt="Objectives" /> | <img src="image16" alt="Targets" /> |
|  |  |  |  | KA14: Upgrade Starters’ Support Infrastructures – Installation in SME Industrial Parks | <img src="image17" alt="Objectives" /> | <img src="image18" alt="Targets" /> |</p>
<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Key Challenges</th>
</tr>
</thead>
</table>
| Human Capital and Skills Development | · Shortage of adequately skilled employees  
                                 · Lack of investment in training  
                                 · Lack of HR competencies  
                                 · Skill mismatch  
                                 · Low learning achievements  
                                 · Lack of technical skills  
                                 · Limited supply of entrepreneurial talents  
                                 · Weak employability  
                                 · Limited budget on education & training |
| Innovation, Technology Transfer & Green SMEs | · Poor innovative capacities  
                                 · Limited private sector R&D  
                                 · Weak intellectual property framework  
                                 · Weak incubation facilities  
                                 · Low productivity  
                                 · Irregular quality  
                                 · Greening SMEs |

<table>
<thead>
<tr>
<th>Strategic Thrusts</th>
<th>High Impact Initiatives (HII) &amp; Strategies</th>
</tr>
</thead>
</table>
| Reinforcing Human capital and Skills Development | HII 3# Reduce Skill Mismatch  
                                 · Ascertain SME Skills Requirements and Needs  
                                 · Transform, Rebrand TVET and Apprenticeship among SMEs  
                                 HII 4# Mainstream Entrepreneurship into National Education Curriculum  
                                 · Revise Entrepreneurship Curricula & Capacity Building of Teachers  
                                 · Reinforce SME day to day capacities  
                                 · Encourage start-ups from graduates |

<table>
<thead>
<tr>
<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>KA15: Ascertain and Review SME Skills Requirements and Needs</td>
<td>● ● ● ● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA16: Encourage Technical Training</td>
<td>● ● ●</td>
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<tr>
<td>KA17: Set quality standard for technical service providers</td>
<td>● ● ●</td>
<td></td>
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<tr>
<td>KA18: Accentuate entrepreneurship education at secondary &amp; tertiary levels</td>
<td>● ● ●</td>
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</tr>
<tr>
<td>KA19: Encourage “on the job” learning / Apprenticeship</td>
<td>● ● ●</td>
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</tr>
<tr>
<td>KA20: Encourage high performing graduates to start their business</td>
<td>● ● ● ● ●</td>
<td></td>
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<tr>
<td>KA21: Improve protection of SMEs’ IP rights (based on new framework being finalised by the Government)</td>
<td>● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA22: Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities</td>
<td>● ● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA23: Foster SMEs collaboration: Set up Design and Innovation SME Clusters</td>
<td>● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA24: Encourage Technology Transfer from large corporates</td>
<td>● ● ● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA25: Enhance quality of products and processes (sector / product specific actions)</td>
<td>● ● ● ● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA26: Leverage Mauritius Economic and MoFARIT Diplomatic Networks</td>
<td>● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA27: Create more green SMEs</td>
<td>● ● ● ● ● ● ●</td>
<td></td>
</tr>
<tr>
<td>KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa</td>
<td>● ● ● ●</td>
<td></td>
</tr>
</tbody>
</table>

| Encouraging Innovation, Technology Transfer and Greening of SMEs | HII 5# Foster emergence of High Tech and Value Addition SMEs  
                                 · Enable SME to develop new products and take better advantage of IP rights for their creations  
                                 · Encourage Public Research to focus on National socio-economic priorities  
                                 · Foster SMEs collaboration  
                                 · Encourage Technology Transfer by Large Corporates and Multi-National Corporations (MNCs)  
                                 · Leverage Mauritius Economic and MoFARIT Diplomatic Networks  
                                 · Create more Green SMEs  
                                 · Improve Quality of Products and Support Technology Transfer  
                                 · Attract Top Foreign Talents |
<table>
<thead>
<tr>
<th>SME Performance Drivers</th>
<th>Key Challenges</th>
<th>Strategic Thrusts</th>
<th>High Impact Initiatives (HII) &amp; Strategies</th>
<th>Key Actions</th>
<th>Objectives to be Achieved</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Innovation, Technology Transfer & Green SMEs | • Difficulties in raising finance  
• Reliance on traditional financing instruments  
• Bridging Valley of death  
• Fragmented government financing schemes  
• Collateral Lending & Fees imposed by Banks  
• Lack of business and financial planning capabilities  
• Undercapitalized and cash flow problems | Improving Access to Finance & Equity Participation | HII 6# Set up E-Platform for SMEs  
• Develop a Communication Strategy through an integrated IT approach  
• Promote exchanges, consolidate public private dialogue process and enhance online supports | KA29: Establish an integrated communication and visibility strategy for SMEs | ● ● ● ● ● ● ● ● |
| Access to Finance & Equity Participation | | | | KA30: Set up an online help-desk | ● ● ● ● ● ● ● ● |
| | | | | KA31: Set up a Registration & Match Making Platform | ● ● ● ● ● ● ● ● |
| Marketing & Regional Exports Capacity | • Limited domestic market  
• Competition from vertically-integrated conglomerates  
• Poor marketing capabilities  
• Weak export-oriented manufacturing base  
• Adverse effects of the duty-free island concept  
• High export concentration  
• Untapped trade agreements  
• Increasing exports of services  
• Reluctance to cooperation among SMEs | Improving Marketing and Regional Exports Capacity | HII 7# Broader SMEs abilities and options to obtain funding  
• Improve SME Financial Literacy  
• Broaden Funding Sources – Review Regulation to ease Private Investors Participation | KA32: Improve SME Financial Capabilities | ● ● ● ● |
| | | | | KA33: Broaden funding sources – Review regulations to ease private investors’ participation | ● ● ● ● |
| | | | | KA34: Expand SMEs’ funding opportunities – Provide tax incentives for Angel Investors | ● ● ● ● |
| | | | | KA35: Enhance Banks and Financial Institutions’ capacities to evaluate SME projects | ● ● ● ● |
| | | | | KA36: Set up SME Technology Transformation Fund | ● ● ● ● ● ● |
| | | | | KA37: Foster SME collaboration: Set up (Technology) Investment Clusters | ● ● ● ● ● ● |
| | | | | KA38: Set up Investment Clusters II (overseas) | ● ● ● ● |
| | | | | KA39: Enhance SME Market intelligence | ● ● ● ● |
| | | | | KA40: Enhance product quality to meet international standards | ● ● ● ● ● |
| | | | | KA41: Enhance SME export capacities | ● ● ● ● |
| | | | | KA42: Build SME e-commerce ecosystem | ● ● ● ● ● |
| | | | | KA43: Foster SME collaboration: Set up Marketing Clusters | ● ● ● ● ● |
| | | | | KA44: Develop Africa SME Strategy through a Clustered approach | ● ● ● ● |
| | | | | KA45: Set up Thematic Clusters (include SMEs participating in other programmes) | ● ● ● ● ● |
| | | | | KA46: Participate in Export and Investment missions & Trade fairs | ● ● ● ● |
| | | | | | | | |
7.2 Categories of Recommended Actions

The SME Development Framework drills down into an actionable programme that comprises interventions in the following forms and scope:

- Quick Wins, which are derived from High Impact Initiatives (HIIs);
- High Impact Initiatives (HIIs), which incorporate the Key Actions (KAs);
- Sectoral Actions (SAs); and the
- Thematic Actions (TAs).

Figure 7.2: Categories of Recommended Actions
7.3 Setting Priorities

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

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

Quick Wins (< 1 Year)

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

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

**Start-up Mauritius Campaign**

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

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

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

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

### Quick Win 2

**National Entrepreneurship Campaign**

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

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

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

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

Incubators are not just buildings but a unique and highly flexible combination of mentorship, BDS and financial supports services.

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

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

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

Quick Win 3

Greening of SMEs

Make SMEs understand that viable business options exist in the green and eco-business sector.

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

Targets:
Existing and new businesses

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

**Promoting Angel Investment**

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

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

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

---

**Quick Win 6**

**Africa SME Strategy**

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

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

**Targets:**
Export and domestic oriented SMEs

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

Rapid fixes to innovation, entrepreneurship and skills up-grading are amongst priority areas to rehabilitate and rejuvenate the SME sector. Entrepreneurs must be incentivised to revisit their business models and embrace R&D, improve productivity and develop new or export markets. For the businesses to start, develop and grow rapidly, it is important that the institutional and regulatory framework is rendered more conducive to all SMEs across all sectors. However, particular attention must be given to high growth potential sectors. Whilst access to finance is vital to all SMEs, there is a priority for reviewing the financing options at early stage of business growth.

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

Medium Term Actions (2 - 5 Years)

Structural reforms must be applied to the six strategic drivers of the ecosystem to support SMEs in their transformation process towards innovation and growth. A targeted intervention approach must be adopted by redirecting funds towards a voucher mechanism to finance new SME support schemes, particularly for SMEs that have the potential to tap niche markets. The use of industrial parks must be leveraged to increase production. In parallel, there must be increased R&D efforts to enable High Growth SMEs to expand or generate new patents or support creations for higher value added products. University spin-off and market-driven R&D activities are to be fully encouraged.

Exports to Africa must be a priority and potential markets either in the services or other sectors must be fully exploited.
Table 7.3: Action Plan: Medium Term Priority Areas

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

| GDP Contribution | Employment | Value addition | Export |

Long Term Actions (5 - 10 Years)

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

Table 7.4: Action Plan: Long Term Priority Areas

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Objectives to be achieved</th>
<th>Targets to be achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Upgrade Skills &amp; Job Opportunities</td>
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<tr>
<td>Government to Government agreements</td>
<td>Improve Value Addition</td>
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<td></td>
<td>Increase Market Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve SME Competitiveness</td>
<td></td>
</tr>
<tr>
<td>Special Economic Zones</td>
<td>Increase Market Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve SME Competitiveness</td>
<td></td>
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<tr>
<td>Improving Investment Climate</td>
<td>Increase Market Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve SME Competitiveness</td>
<td></td>
</tr>
<tr>
<td>Sectoral &amp; Thematic actions</td>
<td>Improve SME Competitiveness</td>
<td></td>
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<tr>
<td></td>
<td>Increase Market Share</td>
<td></td>
</tr>
</tbody>
</table>

| GDP Contribution | Employment | Value addition | Export |

66
7.4 High Impact Initiatives (HIIs)

Within the six Strategic Thrusts, 9 High Impact Initiatives (HIIs) are recommended and these HIIs encompass 46 Key actions (KA), which are critical to the development of an enabled SME ecosystem. These HIIs run deep in the business environment and have cross-cutting effects (figure 7.3) at all the levels of the production apparatus: SME / entrepreneurs, enterprise, sector and at macro-economic levels.
7.5 HII 1: Rationalise Institutional Support Framework & Streamline Regulatory Procedures

Regulatory requirements and support institutions are important determinants of entrepreneurs’ capacity to start, operate and grow their business. In that regard the first strategy aims to (i) review and rationalise the institutional support framework and (ii) streamline regulatory procedures for SMEs in Mauritius.

**HII 1 Objectives**
- Strengthening SME support services for greater coherence, more efficiency and effectiveness as prescribed in the 2016-17 National Budget by i) setting up SME Mauritius and ii) establishing technical, mentoring and coaching support services, outsourced to an Elite Intervention Team.
- Encouraging SMEs registration by eliminating existing red tapes and ensuring that local authorities and institutions also comply effectively with national regulation and timelines.

**HII 1 Outcomes**
- More competitive and better managed SMEs by enabling their owners to easily access relevant services / expertise and encouraging them to take advantage of successful peers’ experience.
- Easier, quicker and more transparent registration process inter alia through the implementation of an e-registration and SME passport scheme.

**HII 1 Key Actions:**
- KA1: Set up SME Mauritius for greater coherence, more efficiency and effectiveness of SME supports.
- KA2: Set up technical advisory services to SMEs (recruit Elite Intervention Team).
- KA3: Launch Professional Assistance Voucher Scheme (PAVS).
Rationalise and Improve SME support - Set up SME Mauritius

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

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

SME Mauritius will be a business intelligence resources repository of international standard. It should be a centre for excellence insofar as SME expertise is concerned, with a core team (figure 7.4) limited to a pool of around 30 sector and thematic experts, with in-depth industry working knowledge and supported by young graduates. These experts shall have a mandate to identify, define and oversee industry-specific capacity building and technical assistance projects. Beyond these sector- specific experts, SME Mauritius should also have full-time cross-cutting domain experts (e.g. marketing, ICT, branding, etc.). The exact number of experts as well as support and administrative staff should be determined by a human resource audit and driven by industry needs.

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

SME Mauritius must in addition work in close collaboration with key service providers, in both the public and private sectors, notably those providing licensing, logistics, warehousing, incubation and financial services.
Figure 7.4: Organigram of SME Mauritius
SME Mauritius Board

The board should have representatives of both the public and private sectors. It must be chaired by a prominent person, preferably from the private sector and with a proclivity for entrepreneurship promotion and SME development. In addition, the board shall also have at least five members from the public sector and five from the private sector, with potential representatives selected from:

**Public Sector:**
- Ministry of Finance and Economic Development
- Ministry of Industry, Commerce and Consumer Protection
- Ministry of Business, Enterprise and Cooperatives
- Ministry of Technology, Communication and Innovation
- Ministry of Gender Equality, Child Development and Family Welfare
- Ministry of Education and Human Resources, Tertiary Education and Scientific Research
- Ministry of Agro-Industry and Food Security
- Ministry of Labour, Industrial Relations, Employment and Training
- Board of Investment Mauritius
- Mauritius Institute of Training and Development / Human Resources Development Council

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

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

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

Besides improving the flexibility and relevance of SME support activities and enabling a more effective and efficient use of public funds, implementation of this high level recommendation will have the following main benefits, as it will:

- Boost the development of a dynamic knowledge-based sector of activities fully adapted to the SME segment;
- Encourage the development of services and expertise that could be exported; and
- Generate new business opportunities for, inter alia, under-employed technocrats in the public sector and middle management level cadres having reached the glass ceiling in the public or corporate sectors.

Increase SME utilisation of technical advisory services and ensure their effectiveness - Develop a Professional Assistance Voucher Scheme (PAVS)

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

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

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

1. SME Mauritius in close consultation with MoBEC and other key ministries, select eligible sectors and capacity building activities according to requests of SMEs.

2. The PAVS is linked to the HRDC grant levy scheme for refunds.

3. Each registered SME will receive a determined financial amount equivalent in PAVS; this amount should be dematerialised and be directly credited to their SMEs passport (described later) in the medium term.

4. The amount of PAVS attributed should vary according to the sector of activity and size of SME in order to encourage the emergence of targeted enterprises.

5. The SMEs select their trainer / coach / mentor in the SME Mauritius database of accredited trainers (the Elite Team)

6. The selected trainer performs the capacity development activities according to a programme and schedule agreed between the SME and SME Mauritius relevant officers.

7. The SME pays the trainers’ services with the vouchers.

8. The SME Mauritius officers in charge and the SME evaluate the quality of services provided, that is the Terms of References against the deliverables and monitorables.
9. HRDC reimburses the voucher only if SME Mauritius officer approves the quality of services.

10. To encourage SMEs to effectively reinforce their capacity the vouchers should only be valid for a year.

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

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

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

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

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

**Alternate Dispute Resolution Mechanism to SMEs**

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

**Increase SME policies and Initiatives relevance**

Legislation should be introduced to enforce standard definitions for micro, small and medium enterprise. In line with international standards, three criteria are proposed to define an SME, i.e. number of employees, turnover and total assets. An establishment should meet at least two of the three specified criteria in order to be classified as an SME. The recommended classification for SMEs is given in table 7.5.

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

Table 7.5: New Criteria for Definition of SMEs
An illustration of the spread of SMEs according to the new criteria is given in figure 7.5, where one can easily depict the important blocks of SMEs and which can facilitate targeted policy measures.

![Figure 7.5: Number of Employees versus Turnover of SMEs](image)

In addition to the three recommended criteria, it is suggested that an establishment should also comply with the following conditions to be eligible to the SME support schemes:

- Be a registered entity (e.g. a company registered with the Registrar of Companies, a business entity holding a Business Registration Number (BRN) or a cooperative registered with the Registrar of Co-operative Societies);
- Is not a state-owned company;
- No more than 20% of its share is held by a large company or a subsidiary of a large company; and
- No more than 20% of its share is held by a company or a subsidiary of a company listed on the official Stock Exchange.
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 1:** Rationalise Institutional Support Framework and Streamline Regulatory Procedures for SMEs | **KA1:** Set up SME Mauritius for greater coherence, more efficiency and effectiveness and rationalise and Improve SME supports | - Conduct SME Needs Analysis: advisory, technical, logistical, marketing, skills and other needs and supports  
- Fine-tune proposed Organisational Structure, Objectives, required tools and KPIs  
- Define staff profiles and KPIs  
- Recruit highly experienced staff with hands-on industry experience on 2 year contractual basis  
- Set up web platform and logistical requirement for effective service to SMEs | SME support is improved – SME Mauritius is established and functional | Short |
| | **KA2:** Set up technical advisory services to SMEs (recruit Elite Intervention Team) | - Define eligibility criteria for recruitment  
- Entice highly experienced business persons and professionals to join as advisors, trainers and mentors  
- Establish pool of certified third party service providers (Elite Team)  
- Set KPIs for service providers of Elite Team | Accredited service providers | Short |
| | **KA3:** Launch Professional Assistance Voucher Scheme (PAVS) | - Increase SME utilisation of technical advisory services and ensure their effectiveness  
- Develop a voucher scheme for SMEs to finance services by Elite Intervention Team  
- Voucher amount to be based on HRDC levy contribution by SME, applied to both training and consultancy (Technical Assistance)  
- Establish operational procedures with SME Mauritius and HRDC for the Voucher Scheme | PAVS defined and functional | Short |
| | **KA4:** Ease SMEs registration process - Develop E-licencing and business passport (unique key) for SMEs | - Review and streamline the current licensing procedures  
- Define, design, test and launch the platform  
- Set up on-line chat to support SME  
- Define features to be included in the SME passport | E-licensing on-line platform & Business passport | Short |
| | **KA5:** On-line legal & other documentary supports to SMEs | - Put On-line and easily adaptable model contracts for various contracting jobs and services  
- Offer On-line specific information, such as contracting and sub-contracting, Bill of Quantities, etc. | Model contracts available on-line | Short |
| | **KA6:** Adapt dispute mechanisms to SMEs | - Use Alternate Dispute Resolution Mechanism to accelerate small claims settlement procedures, based on the small claim tribunal principle, but for disputed amounts of up to MUR 250,000/- | Quicker ADR | Short |
The second strategy aims at promoting entrepreneurship as a career option and to encourage a cultural shift towards high growth potential SMEs for employment and wealth creation. As the quality of entrepreneurs determines the chance of success of the enterprise and its innovative capabilities, it is important that the entrepreneurial culture is upgraded and matches the Global Entrepreneurship Index (GEI) of high income countries, a position which Mauritius aspires to reach.

**HII 2 Objectives:**
- Instilling an entrepreneurial attitude in Mauritius by showcasing successful ventures, enabling networking and rewarding innovative and daring entrepreneurs.
- Providing adequate soft and hard infrastructures (incubators and industrial parks) to (i) project promoters & starters, (ii) specific categories such as women, young graduates or unemployed, and (iii) sector specific ventures e.g. agro-industry, fashion, etc.

**HII 2 Outcomes:**
- Enlarge the circle of investible opportunities and allow more people to leverage their talents and significantly increase their participation in economic activities.
- Increasing the success rate of number of business promoters and starters by providing them with the adequate infrastructure.

**HII 2 Key Actions:**
- KA7: Organise annual National Entrepreneurship Campaigns & encourage experience sharing. This should be a yearlong series of entrepreneurship promotion activities, policy discussions, events and competitions, culminating with a National Entrepreneurship Week in November of each year.
- KA8: Impart Entrepreneurship Training for High Growth Potential SMEs.
- KA10: Encourage generation of business ideas with high growth potentials (SEED Phase).
- KA11: Set up performance driven Incubators: build and upgrade Young Professionals support infrastructures.
- KA12: Nurture Early Stage start-ups.
- KA13: Mentor SME Development Phase.
- KA 14: Upgrade Starters’ support infrastructures – Installation in SME Industrial Parks.
<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 2:** Foster a Culture of Entrepreneurship & High-Growth Potential SMEs | **KA7:** Organise annual National Entrepreneurship Campaign to encourage experience sharing | • Organise monthly entrepreneurship promotion events  
• Organise networking events promoting topical policies, issues and matters relating to entrepreneurship promotion and development  
• Showcase successful Entrepreneurs and promote national recognition (awards and competitions)  
• All events culminate with a National Entrepreneurship Week in November  
• Launch TV reality show | No. of events and participants | Short |
| **KA8:** Impart Entrepreneurship Training for High Growth Potential SMEs | | • Enable promising starters to meet and be inspired by successful CEOs through targeted networking events  
• Organise annual National entrepreneurship campaigns targeting: Students, Youth & Women and Own-account workers and large enterprises  
• Conduct Entrepreneurship Training Workshop | No. of high growth potential venture initiated | Short |
| **KA9:** Establish Women-Friendly infrastructures & Business Environment | | • Define specific policies and incentives, specialized training, women-to-women support networks & mentors.  
• Create affordable and organised nurseries near SME parks | No. of high growth potential ventures by women | Short |
| **KA10:** Encourage generation of business ideas with high growth potentials (SEED Phase) | | • Identify high growth potential (especially tech) ideas  
• Assist transforming innovative ideas into functional business or prototype  
• Conduct Entrepreneurship Training Workshop (include YEP registered candidates) | No. of selected high growth potential ventures | Short |
| **KA11:** Set up performance driven Incubators: build and upgrade Young Professionals support infrastructures | | • Define one National coherent framework for incubators  
• Orient the National SME Incubator Scheme announced in the 2016 National Budget to support young entrepreneurs towards private sector led incubation services | Incubators | Short |
| **KA12:** Nurture Early Stage start-ups | | • Provide Entrepreneurship Training for all start-ups  
• Identify early stage start-ups and provide 3 months free facilities in targeted incubators  
• Strengthen the start-ups by providing management, technical and other supports  
• Registration of potential businesses, Patents, etc. | No. of ventures incubated | Short |
Table 7.7: Key Actions for HII 2 – Foster a Culture of Entrepreneurship & High-Growth Potential SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| HII 2: Foster a Culture of Entrepreneurship & High-Growth Potential SMEs | **KA13:** Mentor SME Development Phase | - Extend growing SMEs incubation period by another 21 months and provide intensive mentoring supports (through Elite Intervention Team)  
- Support innovation and strengthen enterprise development  
- Reinforce incubatees’ financial & marketing competencies  
- Provide partial growth financial support (HII s 5 & 6) | No. of ventures graduated from the first phase | Short |
| | **KA14:** Upgrade Starters’ support infrastructures – Installation in SME Industrial Parks | - Move incubator graduates to SME Industrial Parks  
- Further improve business and product quality  
- Stimulate collaboration and innovation  
- Assist starters to identify and obtain adequate funds (HII s 5 & 6)  
- Create linkages with large domestic and MNCs (HII 4)  
- Create and identify possible business opportunities | Ratio of ventures incorporated as enterprises and accepted in industrial parks | Medium |
7.7 **HII 3: Reduce Skill Mismatch**

The third strategy which aims at reinforcing human capital and skills development has a twofold objective (i) to identify the missing skills, required by SMEs and build capacity to bridge these gaps through appropriate training needs analysis and capacity building programmes and (ii) ensure that entrepreneurship education is mainstreamed in the national educational curriculum to motivate the concept of making Mauritius a nation of entrepreneurs. To achieve this strategy, two HIIIs are recommended (i) HII 3 and (ii) HII 4.

**HII 3 Objectives:**
- Providing young graduates with the adequate attitude and skills when they enter the labour market.
- Promoting technical studies of relevance to a more knowledge based economy.

**HII 3 Outcomes:**
- Enable SMEs to hire competitive employees and young graduates to find rewarding / aspirational job in dynamic fast moving SMEs.

**HII 3 Key Actions:**
- KA15: Ascertaining and Review SME skills requirements and needs.
- KA16: Encourage technical training.
- KA17: Set quality standard for technical service providers.

7.8 **HII 4: Mainstream Entrepreneurship into National Education Curriculum**

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

**HII 4 Objectives:**
- Inculcate the culture of entrepreneurship in students at young age and instil the notion that starting a business is also a good career option.
- Ensuring that business promoters and SMEs owners / managers have the relevant skills and knowledge to successfully launch and manage their businesses.

**HII 4 Outcomes:**
- More student graduates starting their business.
- More competitive and better managed SMEs.

**HII 4 Key Actions:**
- KA18: Accentuate entrepreneurship education at secondary & tertiary levels.
- KA19: Reinforce SME day-to-day capacities and encourage “on the job” learning.
- KA20: Encourage high performing graduates to start their business.
Table 7.8: Key Actions for HII 3 - Reduce Skill Mismatch

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 3:** Reduce Skill Mismatch | **KA15:** Ascertain & Review SME skills requirements and needs | • Improve synergies with industry, conduct regular SME and sectorial training needs analysis (see HII 1) to ascertain and review SME and industry skill requirements  
* Liaise with the Ministry of Labour to devise a sectors specific, acceptable ratio for mix of local to foreign workers  
* Improved synergies to build / transfer skills to reduce dependencies on foreign technicians | Skills Need Assessment | Short |
| | **KA16:** Encourage technical training | • Transform TVET to meet sector needs  
* Rebrand TVET, making it more appealing, especially to school leavers  
* Entice successful entrepreneurs to participate in TVET as mentors  
* Amend minimum age for MiTD apprenticeship programme to 14 Years to accommodate children out of the 9 Year schooling  
* Train and educate school dropouts and workers for the SME workforce | TVET better adapted to SME needs; No. of people enrolled in TVET | Medium |
| | **KA17:** Set quality standard for technical service providers | • Establish Mandatory certifications for technical service providers (electricians, plumbers, etc.)  
* Provide MiTD training and accredit technical service providers | No of Technicians certified | Medium |

Table 7.9: Key Actions for HII 4 - Mainstream Entrepreneurship into National Education Curriculum

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 4:** Mainstream Entrepreneurship into National Education Curriculum | **KA18:** Accentuate entrepreneurship education at secondary & tertiary levels | • Review curricula to include entrepreneurship education at all levels  
* Increase teachers’ capacity, with greater awareness about business  
* Organise regional competitions, culminating into national Business Plan Competition at Secondary (SC and HSC) and University levels (see HII 3), with expansive rewards | Entrepreneurship knowledge and capacity | Medium |
| | **KA19:** Reinforce SME day-to-day capacities and Encourage “on the job” learning | • Introduce a ‘University-SME Internship Program’ with defined internship curricula for various student streams  
* Select final year university students interested in gaining on the job practical experiences  
* Match profile requested by SMEs with qualification and skills offered by students | No. of graduates enrolled in the University-SME Internship Program | Medium |
| | **KA20:** Encourage high performing graduates to start their business | • Develop University Spinoff Programme in conjunction with Incubators  
* Develop special grant schemes to encourage graduates to explore their business ideas further | No. of start-ups | Medium |
7.9 HII 5: Foster Emergence of High Tech and Value Addition SMEs

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

In order to achieve government objective to graduate to a high-income economy, knowledge based industries that increase returns to scale and lead to cumulative causation processes must be developed. These factors can be acquired through learning, innovation, technology transfers, technological spill-overs, and through the development of thick markets of suppliers and local skills.

HII 5 Objectives:
• Encourage a shift to a more knowledge-based economy by improving SMEs innovative capacities.

• SMEs are able to adapt foreign technology to their need or develop their own ones.

HII 5 Outcomes:
• Advanced technology and knowledge are transferred to local SMEs through technology clusters, linkages with large corporates and relocation of top notch foreign talents.

• Public funded research is better aligned with industry and more particularly SMEs interest.

• IP framework is reviewed inter alia to enable SMEs to better benefit from IP rights.

HII 5 Key Actions:
• KA21: Improve protection of SMEs’ IP rights.

• KA22: Encourage public research to focus on areas of interest to industry and SMEs and on national socio-economic priorities.

• KA23: Foster SMEs collaboration: Set up Design and Innovation SME Clusters.

• KA24: Encourage technology transfer from large corporates.

• KA25: Enhance quality of products and processes (sector/product specific actions).

• KA26: Leverage Mauritius Economic and MoFARIIT Diplomatic Networks.

• KA27: Create more green SMEs.

• KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa.
### Table 7.10: Key Actions for HII 5 - Foster Emergence of High tech and Value addition SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 5:**            | **KA21:** Improve protection of SMEs’ IP rights                           | • Enhance the IP framework  
• Reinforce capacity of the IP office & APU  
• Reduced IP certification cost, procedures and time (Copyrights, Trademarks, etc.)  
• Assist SMEs (including funds) to register intellectual property rights and obtain franchise agreements abroad. | IP Framework  
SME registering copyrights, trademarks, etc. | Short       |
|                        | **KA22:** Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities | • Build capacity of officials and identify priority areas that could generate marketable products  
• Encourage networks between targeted SMEs, MRC, universities and technology centres.  
• Progressively concentrate all public funds dedicated to R&D on selected priority areas | Public financed R&D better targeted | Short       |
|                        | **KA23:** Foster SMEs collaboration: Set up SME Design and Innovation Clusters | • Encourage and provide incentives to SMEs to collaborate in areas of common interest  
• Promote networks of supply chains, supporting economies of scale  
• SME Mauritius to set up and promote specific industry clusters | Design / innovation SME clusters initiated | Short       |
|                        | **KA24:** Encourage technology transfer from large corporates              | • Develop an SMEs-Large Enterprises Partnership Programme (SLEPP)  
• Provide fiscal and non-fiscal incentive to MNCs and large enterprises outsourcing to SMEs  
• Promote SLEPP among local/regional businesses  
• Annual National Awards for Best Supporting large enterprises (during National Entrepreneurship Week)  
• Conduct regular impact assessments to capture the feedback of participating SMEs and large enterprises | Linkages between Corporates and SMEs | Medium      |
|                        | **KA25:** Enhance quality of products and processes (Sector/ Product specific actions) | • Training in technical product specifications, product costing and merchandising  
• Provide infrastructure for quality testing, product analysis, enhancement and quality assurance (by MSB)  
• Advisory Services for technical standards and certifications (ISO 9000, ISO 14000, HACCP, etc.) | No. of SMEs | Short       |
Table 7.10: Key Actions for HII 5 - Foster Emergence of High tech and Value addition SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 5:** Foster Emergence of High tech and Value addition SMEs | **KA26:** Leverage Mauritius Economic and MoFARIIT Diplomatic Networks | ▪ Encourage successful Mauritian diaspora to relocate, open branches or establish joint ventures with local SMEs and leverage on available schemes (budget 2015)  
▪ Sign Government to Government agreements with target countries (e.g. La Réunion)  
▪ Identify foreign partners | No. of joint ventures | Medium |
| | **KA27:** Create more green SMEs | ▪ Review regulatory framework (eco-certification and eco-labelling schemes) and enforce same compliance requirements to traders as applied to local manufacturers  
▪ Linked to Switch Africa Green Initiative | No. of green ventures launched | Medium |
| | **KA28:** Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa | ▪ Immigration policy to cater for the issuance of Occupational Permits to high potential entrepreneurs  
▪ Launch extensive global communication campaign  
▪ Develop the infrastructure to host the foreign talents  
▪ Offer 500 visas during first year, to well-targeted foreign professionals. Visa validity should initially be for three years and renewable.  
▪ If successful, increase the number of Start-Up Visa to 2,000 over following four years | No. of selected foreign entrepreneurs establishing their business in Mauritius | Medium |
7.10 HII 6: Set up E-Platform for SMEs

SMEs have been slower than larger firms to adopt ICT technologies despite the potential benefits. In this digital era, an integrated communication strategy must be introduced to support SMEs to access information and encourage them to make extensive use of communication tools such as internet, social media, E-Platforms for online marketing and networking. The communication strategy must cover SMEs and various stakeholders, media communications and the vehicles, including the digital channels as well e-platforms supporting registration of SME suppliers, blogging and posting and match-making for B2B or B2C.

HII 6 Objectives:
- Develop a Communication Strategy through an integrated IT approach.
- Promote exchanges, consolidate public private dialogue process and enhance online supports.

HII 6 Outcomes:
- Communication strategy incorporates appropriate communication tools, visibility elements and communication plan to reach SMEs and stakeholders.
- Newsletters and e-newsletters to be developed regularly to disseminate information.
- Free online service desk with 'live chat feature' is set up for SMEs.
- E-Platform to enable users to interact and access information directly from their mobile devices, thus enhancing the way in which SMEs operate.

HII 6 Key Actions:
- KA29: Establish an integrated communication and visibility strategy for SMEs.
- KA30: Set up an online help-desk.
- KA31: Set up a Registration & Match Making Platform.
### Table 7.11: Key Actions for HII 6 – Set up E-Platform for SMEs

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 6:** Set up E-Platform for SMEs | **KA29:** Establish an integrated communication and visibility strategy for SMEs | • Identify appropriate communication tools, visibility elements and formulate Strategic Communication Plan  
• Develop newsletters and e-news letters | Develop tools to reach targeted audience | Short       |
|                        | **KA30:** Set up an online help-desk                                      | • Develop service desk for free access to information, including ‘live chat feature’ to help SMEs run their businesses better | No. of SMEs supported                | Short       |
|                        | **KA31:** Set up a Registration & Match Making Platform                    | • Develop an interactive and user friendly E-Platform to encourage networking, marketing and exchanges amongst the SME community | No. of SMEs registered               | Short       |
7.11 HII 7: Broadden SME Abilities and Options to Obtain Funding

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

Equity investments in SMEs and start-ups can be a viable option, for both the SMEs as well as the investors. Angel Investment and Crowdfunding are major financing opportunities for early-stage companies, particularly for projects in the Valley of Death. Angel investment has the added benefit that investors can also act as mentors.

Providing tax incentives or partial protection against loss can be viable investment opportunities to fund projects start-up and early development.

HII 7 Objectives:
- Enable SMEs and more particularly business promoters and starters, who still have negative cash flow and weak collateral, to access requested funds for ensuring the success of their venture.
- Disintermediation of capital markets and allow wealthy individuals to connect directly with entrepreneurs. Provide High Net Worth individuals with potentially high return investment opportunities.

HII 7 Outcomes:
- Regulation is reviewed to ease private investors participation.
- Public financial support is rationalised to ease SMEs access.

HII 7 Key Actions:
- KA32: Improve SME Financial Capabilities.
- KA33: Broaden funding sources – Review regulations to ease private investors’ participation.
- KA34: Expand SMEs’ funding opportunities - Provide tax incentives for Angel Investors.
- KA35: Enhance Banks and Financial Institutions’ capacities to evaluate SME projects.
- KA36: Set up SME Technology Transformation Fund.
- KA37: Foster SME collaboration: Set up Investment Clusters.
- KA38: Set up Investment Clusters II (overseas).
### Table 7.12: Key Actions for HII 7 – Broaden SME Abilities and Options to Obtain Funding

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main Activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HII 7:</strong> Broaden SME abilities and Options to obtain Funding</td>
<td><strong>KA32:</strong> Improve SME Financial Capabilities</td>
<td>• Capacity building / SME Mauritius (see HII 1)</td>
<td>SME capacities</td>
<td>Short</td>
</tr>
</tbody>
</table>
| | **KA33:** Broaden funding sources – Review regulations to ease private investors’ participation | • Amend the Banking Act 2004 and the Securities Act 2005 to regularise Crowdfunding and Angel investors  
• Ease private sector led Crowd-funding & Angel Investors platforms  
• Provide incentives (tax rebates or loss pledges) to private investors to participate in equity financing | Crowdfunding and Business Angel platforms | Short |
| | **KA34:** Expand SMEs’ funding opportunities - Provide **tax incentives for Angel Investors** | • Design optimal fiscal incentive package in line with Tante Agaath Scheme (Netherlands) for Angel Investors investing in start-ups and early stage SMEs | No. of SMEs being supported | Short |
| | **KA35:** Enhance Banks and Financial Institutions’ capacities to evaluate SME projects | • Set up an advisory team / Investment committee comprising seasoned experts (preferably through SME Mauritius and Elite Team) in key target sectors | Banks and Financial Institutions capacities | Short |
| | **KA36:** Set up **SME Technology Transformation Fund** | • Set up a matching grant/loan scheme for SMEs to provide funding to:  
  i. Conduct SME flash diagnosis (up to MUR 50,000)  
  ii. Provide 50/50 matching grant for early stage innovative start-ups (up to MUR 150,000)  
  iii. Provide 60/40 matching grant for 1 to 3 years high growth potential SMEs (up to MUR 500,000)  
  iv. Provide bridging loans (up to MUR 2.5 million) to enable mature SMEs to upgrade their technologies with added process efficiency while penetrating export market. | SME Technology Transformation Fund set up | Short |
| | **KA37:** Foster SME collaboration: **Set up Investment Clusters** | • Pooling together the SMEs for them to collectively purchase and make use of expensive technology / equipment (e.g. CAD system), through LEMS III  
  • Clustered participations to develop and produce innovative products using 3D printers in Rose Belle Park | No of Hi-tech Acquisitions; Innovative products made | Medium |
| | **KA38:** Set up Investment Clusters II (overseas) | • Leverage on Africa Fund to finance clustered group of similar enterprises (e.g. garment) to set up in African countries | No. of investments clusters | Medium |
The sixth strategy which was formulated to improve marketing and regional exports capacity, aims at improving SME access to foreign markets and in particular to fast-growing economies. It recommends two HIIs; HII 8 and HII 9.

**HII 8 Objectives:**
- SMEs market intelligence as well as export capacities are reinforced.
- SMEs products comply with international standards.
- A specific SMEs export programme is implemented.
- Export and marketing clusters to facilitate SMEs development.

**HII 8 Outcomes:**
- SMEs products market share increased in both domestic and foreign markets.
- Improved SME marketing capabilities and access to export markets.

**HII 8 Key Actions:**
- KA39: Enhance SME market intelligence.
- KA40: Build product quality to meet international standards.
- KA41: Enhance SME export capacities.
- KA42: Build SME e-commerce ecosystem.
- KA43: Foster SME collaboration: Set up Marketing Clusters.

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**Enhance SME Export Capacities**

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

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

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

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

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

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

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

6. **Export Financial Support**: There already exist the Freight Rebate Scheme (Africa, Madagascar and Reunion) and the Export Credit Guarantee Scheme. In addition, in the 2016-17 National Budget, an Air Freight Scheme was announced for enterprises exporting to Europe. It is recommended that all three schemes be brought under the SEDP and consequently be open only to SMEs registered under the SEDP.
Table 7.13: Key Actions for HII 8 – Strengthen SME Capacities to Penetrate Domestic and Foreign Markets

<table>
<thead>
<tr>
<th>High Impact Initiative</th>
<th>Key Actions</th>
<th>Main activities</th>
<th>KPIs</th>
<th>Time Frame</th>
</tr>
</thead>
</table>
| **HII 8:** Strengthen SME capacities to penetrate domestic and foreign markets | **KA39:** Enhance SME market intelligence | • Carry out country and sector studies for products and services  
• Create and identify possible business opportunities  
• Organise monthly clinic across the country on a rotating basis and present key findings and opportunities  
• Set up a communication campaign based on a free monthly magazine, road shows etc.  
• Proactively contact interested entrepreneurs and organise follow-up session | SME awareness of national and international business opportunities | Short |
| | **KA40:** Build product quality to meet international standards | • Provide training in technical product specifications, product costing and marketing  
• Support SMEs in complying with national and international standards (by MSB)  
• Assist SMEs to improve products quality  
• Support ISO 9000, HACCP, Eco-Labeling and other certification | SMEs' quality of products | Short |
| | **KA41:** Enhance SME export capacities | • Design and implement a comprehensive SME Export Development Programme (SEDP)  
• Bring all existing export supports & export financial assistance schemes under the SME Mauritius / SEDP  
• Strengthen the current Go Export Programme with training courses in all key areas to boost the export capability of registered SMEs, including merchandising, displays, etc.  
• Bring the Freight Rebate Scheme (Africa, Madagascar and Reunion), the Export Credit Guarantee Scheme and the Air Freight Scheme (the National Budget 2016/17) under the SEDP  
• Enable SMEs to leverage Mauritius Economic and Diplomatic Networks through SME Mauritius | The SEDP | Medium |
| | **KA42:** Build SME e-commerce ecosystem | • Encourage SMEs to be part of the e-commerce eco-system with the aim to increase the domestic spending and revenue  
• Provide appropriate advisory & technical assistance to build e-commerce website | No. of SME e-Commerce websites | Medium |
| | **KA43:** Foster SME collaboration: Set up Marketing Clusters | • Enhance SME export capacities (KA41)  
• Group SMEs with similar product or services  
• Enhance SME market intelligence (KA39)  
• Identify specific African fairs and exhibitions  
• Support through appropriate export schemes | No. of Clusters; No. of SMEs mobilised | Short |
7.13 HII 9: Gateway to African Markets

In spite of the remarkable economic development experienced by Mauritius over the past decades, the country remains an exiguous market both in terms of demand and business opportunities. This situation restrains the ability of start-ups and SMEs to capitalise on the domestic market. Regional integration offers opportunities for enlarging their footprint and subsequently build their perennial development.

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

HII 9 Objectives:
- A specific SMEs / Africa strategy is implemented.
- Encourage the establishment of Thematic Clusters.

HII 9 Outcomes:
- SMEs take better advantage of the large opportunities offered by the African expanding market.

HII 9 Key Actions:
- KA44: Develop Africa SME Strategy through a Clustered approach.
- KA45: Set up Thematic Clusters (include SMEs participating in other programmes as mentioned).
- KA46: Participate in export and Investment Missions.

Support product development, marketing and investments towards Africa

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

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

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

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

As these ventures will surely be expensive, with returns expected in medium terms, a clustered (product development, capacity building, marketing and investment) approach to mitigate risk and make economies of scale is recommended. These ventures should be supported by the Mauritius Africa Fund, set up precisely to encourage domestic enterprises to invest in Africa and benefit from the intelligence of the Africa Centre for Business Excellence.
Table 7.14: Key Actions for HII 9 - Gateway to African Markets

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

The transformation process of the SME landscape as foreseen by the Master Plan is expected to accelerate the quantitative and qualitative change of the growth scenario, driven by sectors with higher value-added activities, innovation and productivity. These new dynamics will trickle down into the various supply chains of the reinvigorated industries and sub-industries.

As mentioned in Chapter 3, the following predominantly services sectors, which are currently showing real growth rates, are expected to pick up further momentum as a result of large-scale SME-led transformation:

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

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

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

In addition to the above, there are some new sectors that Government has set as priority areas for SMEs and start-ups to engage in:

- Bio-farming and value added agribusiness
- Aquaculture
- Renewable and Green Energy

Currently, the majority of the Mauritian SMEs are predominantly concentrated at the lower end of the supply chain of the targeted growth sectors. It is expected that macroeconomic reforms and High Impact Initiatives under the Master Plan will bring a transformational shift in the activities of SMEs towards the higher-end of the value chain (table 7.15).
### Table 7.15: Distribution of Activities across the Value Chain of High Growth Potential Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Low-value added</th>
<th>Medium-value added</th>
<th>Key Activities</th>
<th>High-value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT and other Export Services</td>
<td>• BPO / Call Centres</td>
<td>• Software development</td>
<td>• Financial Technology (FinTech)</td>
<td>• Internet of Things (IoT)</td>
</tr>
<tr>
<td></td>
<td>• BPO / Back Office, Payroll</td>
<td>• Mobile apps development</td>
<td>• Cloud Services</td>
<td>• Blockchain Technology Services</td>
</tr>
<tr>
<td></td>
<td>• Web design and development</td>
<td>• E-commerce, E-Payment, E-learning platforms</td>
<td>• IMAX Effects &amp; 3D Animations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Publications editing &amp; design</td>
<td>• Digital content production</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Document and Report design</td>
<td>• Animated Motion Picture editing &amp; special effects</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Financial &amp; Insurance / Professional Services</td>
<td>• Financial Intermediaries</td>
<td>• Finance &amp; Accounting Outsourcing</td>
<td>• Legal, Financial and fiduciary services</td>
<td>• Fund Houses, Regional head quarters</td>
</tr>
<tr>
<td></td>
<td>• Commission agents</td>
<td>• Legal Process Outsourcing</td>
<td>• Trust management &amp; Fund management</td>
<td></td>
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<tr>
<td></td>
<td>• Insurance brokers</td>
<td>• Online counselling &amp; assistance</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>• Quality food outlets</td>
<td>• Professionalise sea leisure services</td>
<td>• Eco-tourism</td>
<td>• Cultural tourism</td>
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<tr>
<td></td>
<td></td>
<td>• Rental platform for bungalows and other services</td>
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<td></td>
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<tr>
<td>Professional, Scientific &amp; Technical</td>
<td>• Distance assistance and counselling</td>
<td>• Market research</td>
<td>• Accounting and auditing services</td>
<td>• Architectural, Quantity Surveying</td>
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<tr>
<td></td>
<td></td>
<td>• Management consultancy and professional services</td>
<td>• Advertising</td>
<td>• Energy Auditing and Modelling</td>
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<tr>
<td></td>
<td></td>
<td>• Market research</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advertising and Branding</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>• Export of fruits and vegetables</td>
<td>• Processed food</td>
<td>• High-end jewellery &amp; Diamond Processing</td>
<td>• Handmade apparel and leather accessories</td>
</tr>
<tr>
<td></td>
<td>• Small or repetitive orders (shoe, garment)</td>
<td>• Disposable medical accessories &amp; consumables</td>
<td>• High-end handmade furniture</td>
<td>• Technical textiles</td>
</tr>
<tr>
<td></td>
<td>• Authentic handicraft reflecting confluence of cultures in Mauritius</td>
<td>• Pharmaceuticals cosmetic products</td>
<td>• High precision non-electrical products</td>
<td>• High precision non-electrical products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fibre glass boat manufacturing, incl. sail</td>
<td>• Natural cosmetics</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Branded garments and fashion items</td>
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<tr>
<td></td>
<td></td>
<td>• Eco-leather products</td>
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<tr>
<td></td>
<td></td>
<td>• Bio-degradable packaging</td>
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<td></td>
</tr>
<tr>
<td>Bio-farming and other value added Agri-Business</td>
<td>• Agro-Processing activities</td>
<td>• Agricultural Biotechnology</td>
<td>• Technology-based farming such as hydroponics, aquaponics and vertical farming.</td>
<td>• Mixed farming techniques &amp; permaculture</td>
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<tr>
<td></td>
<td>• Dairy farming</td>
<td>• Secondary agro-processing and food packaging</td>
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<tr>
<td></td>
<td></td>
<td>• Extractions and value processing (rum, perfumes)</td>
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<tr>
<td></td>
<td></td>
<td>• Bio-farming; MauriGAP Standard</td>
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</tr>
<tr>
<td>Aquaculture/Ocean Economy</td>
<td>• Fishing, Seafood processing</td>
<td>• Farming of high-value and niche products such as seaweed, oyster and oyster pearl, crabs, sea-urchins and other shellfish</td>
<td>• Hi-tech production techniques such as aqua pods.</td>
<td>• Seabed exploration for hydrocarbons and minerals; Deep Ocean Water Applications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tuna ranching &amp; fattening in cages</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Renewable and Green Energy</td>
<td>• Small-scale and household solar &amp; wind (e.g. bladeless) energy</td>
<td>• Waste Management</td>
<td>• Energy Efficiency &amp; Management</td>
<td>• Stone and other semi-precious stones carvings</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Handicraft</td>
<td>• Souvenirs and Low value gift items</td>
<td>• Fashion accessories and ornamental jewellery</td>
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</table>
ICT

SMEs in the ICT space are involved in providing generic IT solutions such as financial, accounting, human resource (HR), and customer relationship management (CRM) for BPO companies and call centres. Opportunities exist in higher value-added and more sophisticated market segment such as mobile apps development and e-Services i.e. e-Healthcare, e-Learning, e-Government, FinTech. The creative industry, particularly 3D animation, IMAX provides a market access channel for SMEs to enter the international market. Partnerships with foreign companies offer opportunities for SMEs, primarily in those markets where the large players can no longer build satisfactory economies of scale, e.g. Blockchain technology for SMEs.

Accommodation & Food Services

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

Professional Services

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

Financial Services

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

Manufacturing

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

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

**Bio-Farming and Agribusiness**

Most of the high value-added activities are dominated by large firms. SMEs are concentrated in farming activities such as cash and industrial crop plantations, and husbandry, horticulture, aquaculture, fisheries and livestock, as well as low value-added processing activities. SMEs are involved in undertaking small-scale activities with very low level of mechanisation and technology deployment, although in recent years efforts have been taken to improve productivity. Emphasis will be on greater deployment of technology and machinery as well as investment in R&D to improve efficiency, processes and methods. Opportunities exist for agricultural products such as fruits, vegetables, fish, meat, dairy, eggs, herbal products and seeds as well as in bio-farming. In addition, SMEs should take advantage of Mauritius as a strategic location for high value-added aquaculture farming and processing.

**Aquaculture and Ocean Economy**

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

**Green Energy**

In the Green sector, Mauritian SMEs are mostly involved in low-value added activities such as recycling of waste (e.g. paper, tyres, used ink cartridges, glass bottles, used oil, aluminium cans, plastic, electronic waste, household appliances and batteries) and medium-value added activities such as installation of solar water heaters and photovoltaic panels. SMEs need to move to higher-value added activities. Such services could include green retrofitting (remedial measures and adjustments to reduce the ecological footprint of existing buildings), pollution control (e.g. industrial and household noise abatement services), manufacture of electric bikes, design/construction/operation of micro wind (bladeless) plants for households, water leak detection services for municipal, commercial and residential clients, etc.
### Table 7.16: Sectoral Recommendations

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
</tr>
</thead>
</table>
| Agri-business | **SA1:** Capacity Building for Agri-Businesses | • Identify products (foodstuff, fruits and vegetables) that can be integrated in the food value chain of the agribusiness sector and identify SMEs interested in secondary processing items  
• Support quality upgrade for existing SMEs and support new entrants in the food processing sector  
• Support the identification, capacity building and technology transfer for required equipment for processing, packaging, conservation and storage  
• Capacitate SMEs to meet international quality standards  
• Identify export markets and ascertain requirements and procedures for export to these countries | • No. of SMEs identified  
• No. of SMEs export ready  
• Percentage increase in sales / exports | High |
| | **SA2:** Secondary and advanced Agro-processing | • Support new and existing SMEs to move their production towards higher value-added, secondary agro-processing (e.g. grinding groundnuts to peanut butter, pressing oil out of vegetable seeds, pressing juice out of fruits, cheese out of milk, production of high-quality chips, etc.) and advanced agro-processing (e.g. canning & bottling, extraction for perfumes and flavouring agents, etc.) | • No. of SMEs engaged in agro-processing | High |
| | **SA3:** Pack houses as logistics and value adding partners for small engaged farmers | • Carry out detailed survey of small farmers in target agro ecological zones and register interest from logistics entrepreneurs to set up pack-houses, ideally through Cooperatives  
• Develop linkages with hotels and supermarket chains to secure long term supply contracts  
• Develop bulk supplies whist, at the same time, ensuring that quality, hygienic and environmental norms are met | • No. of small holder farmers mobilized within target zones  
• Value addition achieved  
• No. of hotels, restaurants and super market chains | Medium |
| | **SA4:** Encourage innovative agricultural practices | • Expand to larger scale or introduce more sustainable ways of practicing growing fruits and vegetables (Organic farming, EverGreen Agriculture, Climate-Smart Agriculture, use of bio-fertilizers and bio-pesticides, fertiliser micro-dosing, aquaponics, etc.)  
• Recruit experts to train and monitor agri-entrepreneurs to increase yield  
• Provide appropriate funding and investments incentive, especially for bio-farming (LEMS III) | • Hectares of land under innovative agricultural practices  
• No. of farm-houses | Medium |
<p>| | <strong>SA5:</strong> Move towards ethical and sustainable Dairy Production | • Provide funding to dairy farmers to upgrade facilities to adopt more ethical and sustainable cattle management such as hygienic animal breeding and lodging, proper milking conditions and milk storage, production of milk-derivatives products, etc. | • No. of dairy farmers having upgraded their facilities | Medium |</p>
<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
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</thead>
</table>
| **Manufacturing – Textiles and Apparel** | **SA6:** Set up Textile Fashion Incubator (TFI) under Fashion and Design institute (FDI) | • Build capacity of Designers-in-Residence (DIRs) on how to build a brand, sustain a business and break into the fashion marketplace  
• Organise workshops for DIRs in trend forecasting, retail pricing and cost/value analysis, distribution channels, finance management, product merchandising and specifications, profit margins, sourcing and production | • No. of outgoing DIRs annually  
• No. of brands developed and collections launched  
• No. of SMEs using the services of DIRs. | High |
| | **SA7:** Fashion Linkage between SMEs and Young European designers | • Evaluate in detail existing garment manufacturers’ designs, design capabilities and production quality  
• Establish contact with European fashion design schools and enrol graduates under a temporary work permit or start-up visa scheme for young graduated designers  
• Team up graduates from the local FDI / TFI with EU graduates for exchange and transfer of skills  
• Local and foreign designers to work under the auspices of the SME. | • No. of European fashion designers involved with Mauritian SMEs  
• No. of new designs or collections created and tested on the market | Medium |
| | **SA8:** Develop customised sail and special textiles for export market | • Identify local entrepreneurs / SMEs interested to invest in this sector  
• Establish contact with global firms and SMEs in the targeted niches such as technical textile and engage young graduates with specialisations in industrial engineering, textile technology and design at an early stage to ensure learning and transfer of knowhow.  
• Build both production and design capabilities  
• Follow up marketing in target countries or niches through attendance in specialized shows, linkages with boat manufacturers, etc. | • No. of collaborations established between foreign firms and local SMEs  
• No. of units created, tested, sold and export revenues generated | Low |
| **Manufacturing – Eco-products** | **SA9:** Develop a niche footwear sector using products made from eco certified materials | • Identify potential European manufacturers interested in partnering with local footwear entrepreneurs and carry out match making  
• Ensuring that existing manufactures’ technical capabilities are upgraded  
• Support participations in exhibitions and marketing fairs | • No. of partnerships developed  
• Successful partnerships established | High |
| | **SA10:** Develop sustainable processing of hides into high quality eco leather | • Identify potential foreign manufacturers interested in partnering with local entrepreneurs in the leather tannery sector.  
• Identify and support the introduction of appropriate technologies, product standards and manufacturing techniques  
• Support partnership with international design teams and marketing ventures. | • No. of potential foreign partners and local entrepreneurs identified  
• Successful partnerships established | High |
### Table 7.16: Sectoral Recommendations

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<th>Sector</th>
<th>Sector Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Priority</th>
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</thead>
</table>
| Manufacturing - Others   | **SA11:** Strengthen the packaging and conservation industry                    | • Support packaging SMEs to become compliant with environmental standards  
• Support packaging industries to identify and use biodegradable raw materials and additives in order to maximise waste reduction and waste recycling  
• Develop appropriate laminated and flexo-printed products suitable for the food industry | No. of plastic packaging SMEs supported                                                                 | Medium   |
|                          | **SA12:** Develop a disposable medical accessories and consumables sector       | • Evaluate industry specific competencies and develop the plastic moulding sector to identify and manufacture medical accessories  
• Organize match making meetings with foreign suppliers to facilitate partnerships for transfer of technology, investments and or markets.  
• Secure local public health market as initial boost  
• Organise marketing campaigns in targeted countries in Sub-Saharan Africa | No. of partnership established  
No. of units setup  
Export revenues generated | High     |
|                          | **SA13:** Develop a fibre glass boat building sector for the export market      | • Establish contacts with foreign naval architects and allocate production sites within launching distance to the sea in rural areas with high unemployment rates. Rodrigues to be considered for developing this sector.  
• Organise marketing campaigns in target countries, through boat shows, such as the Dubai Boat show for the Middle East market or in Eden Island in Seychelles, which has the largest marina in the Indian Ocean to target the expat population. | No. of partnership: naval architects, foreign firms and local SMEs  
Export revenues generated | High     |
|                          | **SA14:** Develop the fashion accessories and ornamental jewellery sector using materials from the region | • Evaluate in detail existing operators’ capabilities and practices  
• Organize training and capacity building in design and manufacture  
• Source locally and from Rodrigues and Madagascar required raw materials such as semiprecious stones, indigenous products (plants and other raw materials)  
• Link up with tourist shops, handicraft fairs and specialised agencies | No. of new products / designs | Medium   |
|                          | **SA15:** Create a vibrant and authentic Handicraft sector reflecting the confluence of cultures in Mauritius | • Launch a sub brand of ‘Made in Moris’ for handicraft  
• Set up four emporia / craft markets (Grand Bay, Belle Mare, Tamarin and Port Louis) to sell certified authentic, local, fine art and handicraft items on behalf of creators and entrepreneurs. Outlet to be a cooperative of handicraft manufacturers  
• Launch marketing campaign to promote “Made in Moris” handicraft label. | No. of new handicraft products with the Made in Moris label  
The volume of sales to tourists | High     |
|                          | **SA16:** Reinstate the small furniture sector for the refurbishment of antique furniture and | • Establish a database of experienced cabinet makers and assess their interest to participate in the project  
• Reinstate an apprenticeship scheme to be operated by association of furniture manufacturers and MITD  
• Recruit an expert in furniture design to revive antique designs and create new designs | No. of TVET style entrepreneurs enrolled in the apprenticeship scheme. | High     |
Table 7.16: Sectoral Recommendations

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</table>
| **Information and Communication** | **SA17:** Build SME e-commerce capacity | • Encourage SMEs to be part of the e-commerce eco-system with the aim to increase the domestic spending and revenue  
• Provide appropriate advisory and technical assistance to SMEs to build their own e-commerce website | • No. of new or existing SMEs having developed their e-commerce website | Medium |
| | **SA18:** Bring innovative ICT solutions for Health, Well-Being and Ageing to Mauritius | • Support ICT SMEs in bringing innovative and disruptive ICT solutions for Health, well-being and ageing to deliver new and more efficient care to Mauritian citizens (e.g. medical alert smart watches) and respond to new market opportunities for SMEs  
• Develop mobile apps for healthcare, malls (shops and restaurants) marketing services and other innovative services  
• Provide funding for marketing campaigns. | • No. of innovative solutions brought to Mauritius  
• No. of ICT SMEs involved and annual turnover | Medium |
| | **SA19:** Blockchain technology for SMEs | • In partnership with foreign tech companies, identify business opportunities in and provide software development supports for Government procurement and services (e.g. proposed e-licensing by BOI), health services, etc. | • No. of SMEs engaging in blockchain technology | High |
| **Professional & Technical Support Services** | **SA20:** Export of Professional Services | • Create a directory of established professional service providers (Technical and management consultants, accountancy firms, Professional service providers such as Architects, Civil Engineers, Quantity Surveyors, CAD Designers) and export their services to Africa  
• Build capacity of consultants to operate on the African markets and disseminate market intelligence  
• Provide support services and develop the sector on its own right | • No. of firms on database of service providers  
• No. of projects handled | Medium |
| **Transportation, Storage & Communication** | **SA21:** Bring innovative transport solutions for Urban areas and Smart Cities | • Evaluate Mauritius transport and industry specific competencies; identify local entrepreneurs and innovative ideas in promoting smarter mobility of people and freight, reducing accident rates and fatalities, better accessibility and logistics, etc.  
• Liaise with regional SMEs and companies for investment and transfer of technology  
• Provide support for training, funding, marketing campaigns, etc. | • No. of innovative transport solutions  
• Reduction in traffic congestion  
• Annual accident rate and No. of fatalities | Medium |
| **Accommodation and Food Service** | **SA22:** Set up a Food Innovation Centre (FIC) | • Set up a Food Innovation Centre to provide services to existing and new Food SMEs in product development, packaging, labelling and marketing  
• Organize discussions with farmers, industry consultants, suppliers and other partners and provide advisory services  
• Provide well-equipped, modern laboratories and kitchens for microbiological, chemical, physical and sensory testing of food and drink products. | • No. of SMEs using the service of the Food Innovation Centre to develop new products | High |
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| **Human Health and Social Work** | **SA23:** Organise annual Street Food Festival | • Organise annual street food festival to give prominence to existing and prospective food and drinks vendors to showcase their products  
• Encourage participation by food service SMEs from Rodrigues  
• Repeat annually, ensuring that food quality, hygiene conditions and nutritional values keep improving | • No. of participating food vendors | Medium |
| **SA24:** Develop the biomaterial and biomedical sectors | • Establish contact with regional and international health biotechnology companies and ascertain their interest in developing partnership with potential high tech SMEs  
• Prospect possible avenues of cooperation in cell technologies, diagnostics, disease modelling, therapeutic molecules, tissue engineering, vaccine and antibody production, etc.  
• Facilitate partnerships for investment and transfer of technology | • No. of products developed in the biomaterial and biomedical sectors  
• No. of SMEs engaged and annual turnover | High |
| **Arts, Entertainment and Recreation** | **SA25:** Engage Creative and Cultural SMEs in providing health solutions | • Prospect existing and possible Arts and Cultural interventions applicable to specific health and mental conditions in Mauritius (e.g. impact of reading groups and art therapies on people suffering from dementia and depression; dance on people with Parkinson’s disease; use of music and visual arts in hospital environments, etc)  
• Provide capacity building and training from international experts for Arts and Culture professionals | • No. of Creative and Cultural SMEs providing interventions in the healthcare sector | High |
| **SA26:** Professionalise leisure and on sea activities providers | • Carry out detailed survey of leisure and on-sea activities providers.  
• Provide training to improve safety and mitigate health risks  
• Upgrade infrastructure (boat type, quality, etc.) of the services provided | • No. of professionals trained | High |
| **Ocean Economy** | **SA27:** Develop innovative SMEs for blue growth | • Identify local entrepreneurs to invest in the blue economy  
• Establish contacts with global firms and SMEs in the fields of marine biotechnology, fresh water and marine aquaculture, marine litter prevention, coastal tourism interested in partnership with local entrepreneurs  
• Support investment and transfer of technology | • No. of new SMEs in the marine sector and annual turnover | Medium |
7.15 Thematic Interventions

There is an entrepreneurial response to many social and environmental concerns such as women empowerment, youth development, environmental protection, waste management, etc. These problems create opportunities for professional service providers, equipment suppliers and logistics. Some opportunities for SMEs are highlighted in this section.

Women Entrepreneurship Development

Although the Master Plan proposes several HIIs that are equally applicable to women entrepreneurs, it is important to recognise their specificities and bring in targeted interventions that will have the largest impact. It is nonetheless extremely pertinent that there are more women entrepreneurship than ‘baskets and pickles making’. Women entrepreneurs should be equally capable to unleash their talents so as to explore high growth potential businesses.

Franchising as a Strategy for SME Development

Franchising remains a quick way to enter into business through established marketing, distribution, operation and management procedures. Although there are well-known brands appropriate for larger companies, there are also thousands of small established franchises typically suitable for SMEs. Similarly, local manufacturers and service providers can expand business through franchising. This can be particularly relevant to well-known Mauritian brands, in casual wear, food and beverage, hospitality, etc.

Succession Planning for SMEs

SMEs, like any other business entity, should be able to secure their perennity and outlive their promoters. Entrepreneurs are also hit by the ageing syndrome. It is therefore important to establish pathways for the young generations to take over family businesses. The succession should therefore be carefully planned and executed, especially when the young generation is taking over traditionally skilled or technically led businesses. This can be an opportunity to add an effective management dimension to their skills and further develop the businesses to enhance the growth potential.

Capitalising on Green Economy

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

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

The cabinet has already approved on the 28 October 2016, under the SAG project, a series of proposals. The Master Plan has been aligned with these proposals and recommended Thematic Actions for greening of the SMEs.
## Thematic Interventions

<table>
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<tr>
<th>Theme</th>
<th>Thematic Actions</th>
<th>Main activities</th>
<th>KPI</th>
<th>Time Frame</th>
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</table>
| **Entrepreneurship and SME Development** | **TA1:** Women Entrepreneurship Development | • Initiate project starter and catalyst programmes for educated women with value-added projects ideas  
• Provide hand-holding and mentoring supports and network with high net worth women  
• Formalise the Women Entrepreneur of the Year Award; organise the event annually during the National Entrepreneurship Week and rewards with emphatic prize money to make it appealing for others to follow suit. | • No. of high impact women entrepreneurs supported  
• No. of SMEs created / assisted or increased in turnover | High |
| | **TA2:** Franchising as a Strategy for SME Development | • Help local brands to develop Manual of Procedures, support progress into potential franchisors, with multiple site operations, in Mauritius and abroad.  
• Training SMEs about legal requirements, brand protections, basic franchising issues  
• Train Franchise Professional groups: lawyers, banks, accountants, etc.  
• Link with regional and international Franchise organisations | • No. of franchising awareness and marketing events organised  
• No. of franchisees  
• No. of franchisors | High |
| **Waste Management** | **TA3:** Processing of livestock waste into electricity and organic manure | • Develop the business case based on energy and manure sales  
• Negotiate the energy tariff with authorities and investigate manure sales potentials  
• Integrate within national strategy (especially for Rodrigues) | • No. of IPP contracts signed  
• Capacity of operational biogas plants  
• Average plant load capacity of biogas plants  
• IRR of biogas plants. | Medium |
| | **TA4:** Develop an SME-based waste management and recycling sector | • Introduce a dedicated recycling tax to be used to support SME based recycling activities  
• Evaluate interest of entrepreneurs to set up SME recycling companies and provide necessary training for waste management and sorting  
• Provide appropriate incentives and fundings | • No. of SME recyclers, annual turnover and volume of materials recycled  
• Amount of green tax channelled to SMEs | High |
| **Green Energy** | **TA5:** Introduce a voluntary housing energy efficiency scheme targeting | • Develop scheme in consultation with the EEMO (Energy Efficiency Management Office) to incite refurbishment of app. 40 000 houses for improved energy utilisation, PV panels or other forms of renewable energy usage.  
• Register contractors / entrepreneurs to provide training and validate the | • No. of households refurbished  
• No. of construction professionals engaged in audits and design | Medium |
### Table 7.17: Thematic Interventions

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<th>KPI</th>
<th>Time Frame</th>
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</table>
| refurbishment of app. 40,000 houses | capacities to provide refurbishment services  
- Liaise with MPI to fast track planned EEBC regulations  
- Incentives to be offered by Ministry of Finance to participating households | • No. of SMEs in construction sector engaged in refurbishment | | |
| TA6: Set up decentralised Solar PV systems of 10 MW for manufacturing SMEs | • Register entrepreneur PV installers, provide training, and certify installers  
• Provide a comprehensive package of measures for entrepreneurs and SMEs through a client development plan, to compensate for fairly low rates currently paid by manufacturing SMEs  
• Liaise with MoEPU to secure quota for manufacturing SMEs and with MoFED and MoEPU for incentives for solar kits, installation and maintenance to payback in five years | • No. of SMEs benefiting from self-consumption of solar PV  
• No. of solar PV installers certified and operational  
• Aggregate solar PV Capacity installed after five years | High |
| TA7: Create an SME Solar PV certified installer to cater for the residential, commercial and industrial sectors. | • Equip 10,000 low-end households with a roof top solar PV as announced in Budget 2016  
• 10 MW capacity for self-consumption by SMEs recommended in the Switch Africa Green country implementation plan.  
• Liaise with MoEPU to introduce new schemes for high end households with battery backup. | • No. of certified SME installers  
• Capacity installed by SME installers | High |
| Greening SMEs | • Identify potential green products and services for SMEs to manufacture or offer under the eco-label  
• Develop a local certification mechanism, with appropriate service providers  
• Brand the label, positioning it as a local bio-product and undertake aggressive marketing campaign | • No. of products with eco labels or eco certified.  
• Turnover of eco certified products within short and medium terms | Medium |
| TA9: Implement an integrated package of measures for Rodrigues to switch to green | • Centralize livestock in farms to avoid overgrazing and support in processing of livestock waste into biogas and electricity and organic manure as a revenue complement  
• Develop: (1) a coconut plantation and value added products, (2) new fibres to enhance product range and design options in the handicraft sector, (3) an integrated wood industry from local timber and (4) solid wood furniture industry | • No. of projects implemented in Rodrigues  
• No. of jobs created though the projects | High |
<table>
<thead>
<tr>
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<th>KPI</th>
<th>Time Frame</th>
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</table>
| **Inclusive Development** | **TA10:** Implement the Global Cleantech Innovation Programme in collaboration with GEF and UNIDO | • Introduce an Energy Efficiency and refurbishment scheme targeting 100 gites or holiday cottages  
• Support start-ups and SMEs promoting disruptive, innovative clean technology solutions related to energy efficiency, green buildings, renewable energy, waste beneficiation and water efficiency.  
• Programme combines a competition and a business accelerator to offer participants extensive mentoring, training, access to investors and opportunities to showcase the innovations. | • Most promising entrepreneur wins cash award and a trip to Silicon Valley, CA, to participate in the Cleantech Open Global Forum. | High |
| **Generation Change** | **TA11:** Social Empowerment of young adults | • Prospect young adults living in poverty-stricken areas interested in starting small businesses  
• Provide training, mentoring and seed financing | • No. of persons trained  
• No. of SMEs created | High |
| **Productivity Improvement Program** | **TA12:** Succession Planning for SMEs | • Build a succession planning programme for young siblings to take over SMEs from retiring parents  
• Coach successor and identify top employees to ensure they remain part of the succession process  
• Determine value of the company, its receivables, debts, skills and experiences of employees; tax implications, regulations and other service expenses and mentor successors on these issues  
• Regular reviews and checks to facilitate the process of succession and follow up on the planning of individual development | • No. of successful support provided to retiring entrepreneurs  
• Success rate of surviving firms as well as financial growth. | High |
| **Productivity Improvement Program** | **TA13:** Improve productivity of SMEs | • Conduct time-motion studies in the textile and garment industry and other sectors and take remedial actions.  
• Increase understanding of market trends and identify niches to be in phase with international design trends  
• Build capacity of SMEs to be export ready  
• Provide funding to SMEs to develop Quality Control Practices and apply for international certifications | • No. of SMEs having improved their productivity and quality of products | High |
Leadership is about making others better as a result of your presence and making sure that impact lasts in your absence.

Sheryl Sandberg
8.1 Leadership & Responsibility

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

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

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

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

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

**Table 8.1: M&E Intervention Focus and Tools**

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

#### Figure 8.3: Implementation Roadmap

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<tr>
<th>Short Term</th>
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<th>Long Term</th>
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<tbody>
<tr>
<td><strong>0 – 6 Months</strong></td>
<td><strong>Year 3</strong></td>
<td><strong>Year 6 - 10</strong></td>
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<tr>
<td><strong>6 – 12 Months</strong></td>
<td><strong>Year 4</strong></td>
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<tr>
<td><strong>12 – 18 Months</strong></td>
<td><strong>Year 5</strong></td>
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<td><strong>18 – 24 Months</strong></td>
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- **KA1:** Set up SME Mauritius for greater coherence, more efficiency and effectiveness of SME supports
- **KA2:** Set up Technical Advisory Services
- **KA3:** Launch Professional Assistance Voucher Scheme (PAVS)
- **KA4:** Develop E-licensing & Business Passport
- **KA5:** On-line legal & other supports to SMEs
- **KA6:** Adapt dispute mechanisms to SMEs
- **KA7:** Organise annual National Entrepreneurship Week and Encourage Experience Sharing
- **KA8:** Impart Entrepreneurship Training for HGP SMEs
- **KA9:** Women-Friendly infrastructures & Business Environment
- **KA10:** High growth potential Business Idea (SEED)
- **KA11:** Set up performance driven Incubators
- **KA12:** Nurture Early Stage start-ups
- **KA13:** Mentor SME Development Phase
- **KA14:** Incubation in SME Industrial Parks
- **KA15:** Ascertain & Review SME Skills Requirement & Needs
- **KA16:** Encourage Technical Training
- **KA17:** Set Quality Standard for Technical Service Providers
- **KA18:** Accentuate entrepreneurship education at secondary & tertiary levels
- **KA19:** Reinforce SME ‘day to day’ Capacities & Encourage “on the job” Learning
- **KA20:** Encourage High Performing Graduates to Start their Business
- **KA21:** Improve protection of SMEs’ IP rights
- **KA22:** Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities
- **KA23:** Foster SME collaboration: Set up Design and Innovation SME Clusters
- **KA24:** Encourage technology transfer from large corporates
- **KA25:** Set up Interministerial Committee
- **KA26:** Ascertain & Review SME Skills Requirement & Needs
- **KA27:** Improve protection of SMEs’ IP rights
- **KA28:** Encourage public research to focus on areas of interest to industry and SMEs and on National socio-economic priorities
- **KA29:** Foster SME collaboration: Set up Design and Innovation SME Clusters
- **KA30:** Encourage technology transfer from large corporates
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<tbody>
<tr>
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<td>6 – 12 Months</td>
<td>12 – 18 Months</td>
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**KA25:** Enhance quality of products and processes

**KA29:** Establish an Integrated Communication & Visibility Strategy for SMEs

**KA31:** Set up a Registration & Match Making Platform

**KA32:** Improve SME Financial Capabilities

**KA33:** Broaden funding sources - Review regulation to ease private investors participation

**KA34:** Expand SME funding opportunities
- Provide tax incentives for Angel Investors

**KA35:** Enhance Banks & Financial Institutions capacities to evaluate SME projects

**KA36:** Set up SME Technology Transformation Fund

**KA37:** Foster SME collaboration: Set up Investment Clusters

**KA38:** Set up Investment Clusters II (overseas)

**KA39:** Enhance SME market intelligence

**KA40:** Build product quality to meet international standards

**KA43:** Foster SME collaboration

**KA44:** Develop Africa strategy for SMEs through a Clustered approach

**KA46:** Participate in export and Investment Missions

**KA26:** Leverage Mauritius Economic & MoFARIIT Diplomatic Networks

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**KA28:** Start-Up Visa

**KA30:** Set up an Online Help Desk

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### 8.3 Implementation KPIs

Table 8.2: Implementation KPIs for HIIs

<table>
<thead>
<tr>
<th>HIi</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Time Frame</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIi 1</td>
<td>KA1: Set up SME Mauritius &amp; Rationalise SME Supports</td>
<td>SME support is improved</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 1</td>
<td>KA2: Set up Technical Advisory Services to SMEs</td>
<td>Accredited service providers</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 1</td>
<td>KA3: Launch Professional Assistance Voucher Scheme (PAVS)</td>
<td>PAVS defined and functional</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 1</td>
<td>KA4: Develop E-licencing &amp; business passport (unique key)</td>
<td>E-licencing on-line platform &amp; Business passport</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 1</td>
<td>KA5: On-line legal &amp; other supports to SMEs</td>
<td>Model contracts available on-line</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 1</td>
<td>KA6: Adapt Dispute Mechanisms to SMEs</td>
<td>Quicker ADR</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA7: Organise annual National Entrepreneurship Week</td>
<td>Number of events &amp; participants</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA8: Impart Entrepreneurship Training for HGP SMEs</td>
<td>Number of high growth potential venture initiated</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA9: Women-Friendly infrastructures &amp; Business Environment</td>
<td>Number of high growth potential ventures by women</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA10: High growth potentials (SEED Phase) Business Idea</td>
<td>Number of selected high growth potential ventures</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA11: Set up performance driven Incubators</td>
<td>Incubators</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA12: Nurture Early Stage start-ups</td>
<td>Number of ventures incubated</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 2</td>
<td>KA13: Mentor SME Development Phase</td>
<td>Number of ventures graduated from the first phase</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 3</td>
<td>KA15: Ascertain &amp; Review SME skills requirement and needs</td>
<td>Skills Need Assessment</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>HIi 5</td>
<td>KA21: Improve protection of SMEs’ IP rights</td>
<td>IP Framework SME registering copyrights, trademarks, etc.</td>
<td>Short</td>
<td></td>
</tr>
</tbody>
</table>
### Table 8.2: Implementation KPIs for HIIs

<table>
<thead>
<tr>
<th>HII</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Time Frame</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>HII 5</td>
<td>KA22: Encourage public research to focus on National socio-economic priorities &amp; on area of interest to industry &amp; SMEs</td>
<td>Public financed R&amp;D should be better targeted</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA23: Foster SMEs collaboration: Set up Design and Innovation SME Clusters</td>
<td>Design/innovation SME clusters initiated</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA25: Ensure quality of products and processes</td>
<td>Number of SMEs</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 6</td>
<td>KA29: Establish an Integrated Communication and Visibility Strategy for SMEs</td>
<td>Number of SMEs reached</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 6</td>
<td>KA30: Set up an online help-desk</td>
<td>Number of SMEs supported</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 6</td>
<td>KA31: Set up a Registration &amp; Match Making Platform</td>
<td>Number of SMEs registered</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA32: Improve SME Financial Capabilities</td>
<td>SME capacities</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA33: Broaden funding sources – Review regulation to ease private investors participation</td>
<td>Crowdfunding and Business Angel platforms</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA34: Expand SMEs funding opportunities - Provide tax incentives for Angel Investors</td>
<td>Number of SMEs being supported</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA35: Enhance Banks and Financial Institutions capacities to evaluate SME projects</td>
<td>Banks and Financial Institutions capacities</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA36: Set up SME Technology Transformation Fund</td>
<td>SME Technology Transformation Fund set up</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 8</td>
<td>KA39: Enhance SME market intelligence (e.g. Business opportunities, partners, regulations, trade financing, etc.)</td>
<td>SME awareness of national and international business opportunities</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 8</td>
<td>KA40: Build product quality to meet international standards</td>
<td>SMEs’ quality of products</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 8</td>
<td>KA43: Foster SME collaboration: Set up Marketing Clusters</td>
<td>Number of Clusters; Number of SMEs mobilised</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 9</td>
<td>KA44: Develop Africa strategy for SMEs through a Clustered approach</td>
<td>Number of target countries &amp; target sectors/niche markets</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 9</td>
<td>KA45: Set up Thematic Clusters (include SMEs participating in other programmes as mentioned)</td>
<td>Number of target countries, sectors/niche markets; Number of Clusters &amp; SMEs mobilised</td>
<td>Short</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>HII 2</td>
<td>KA14: Incubation in SME Industrial Parks</td>
<td>Ratio of ventures incorporated &amp; accepted in industrial parks</td>
<td>Medium</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
</tbody>
</table>
### Table 8.2: Implementation KPIs for HIIs

<table>
<thead>
<tr>
<th>HII</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Time Frame</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>HII 3</td>
<td>KA16: Encourage technical training</td>
<td>TVET better adapted to SME needs, No. of people enrolled in TVET</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 3</td>
<td>KA17: Set quality standard for technical service providers</td>
<td>Number of Technicians certified</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 4</td>
<td>KA18: Accentuate entrepreneurship education at secondary &amp; tertiary levels</td>
<td>Entrepreneurship knowledge and capacity</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 4</td>
<td>KA19: Reinforce SME day to day capacities and Encourage “on the job” learning</td>
<td>Number of graduates enrolled in the University-SME Internship Program</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 4</td>
<td>KA20: Encourage high performing graduates to start their business</td>
<td>Number of start-ups</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA24: Encourage technology transfer by large corporates</td>
<td>Linkages between Corporates and SMEs</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA26: Leverage Mauritius Economic and MoFARIIT Diplomatic Networks</td>
<td>Number of joint ventures</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA27: Create more green SMEs</td>
<td>Number of green ventures launched</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 5</td>
<td>KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa</td>
<td>Number of selected foreign entrepreneurs establishing their business in Mauritius</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA37: Foster SME collaboration: Set up Investment Clusters</td>
<td>Number of Hi-tech Acquisitions; Innovative products made</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 7</td>
<td>KA38: Set up Investment Clusters II (overseas)</td>
<td>Innovative products made</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 8</td>
<td>KA41: Enhance SME export capacities</td>
<td>The SEDP</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 8</td>
<td>KA42: Build SME ecommerce ecosystem</td>
<td>Number of SME ecommerce websites</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>HII 9</td>
<td>KA46: Participate in export and Investment Missions</td>
<td>Number of clusters. Participation of trade fairs; Outcome of trade fairs</td>
<td>Medium</td>
<td>🟢</td>
</tr>
<tr>
<td>SA</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Priority</td>
<td>Intended Targets</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td>Agri</td>
<td>SA1: Capacity Building for Agri-Businesses</td>
<td>Number of SMEs identified; Number of SMEs export ready</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA2: Secondary and advanced Agro-processing</td>
<td>Percentage increase in sales / exports</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA6: Set up Textile Fashion Incubator (TFI) under Fashion and Design institute (FDI)</td>
<td>Number of outgoing DIRs annually; Number of brands developed and collections launched; Number of SMEs using the services of DIRs</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA9: Develop a niche footwear sector using products made from eco certified materials</td>
<td>Number of partnerships developed; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-eco</td>
<td>SA10: Develop sustainable processing of hides into high quality eco leather</td>
<td>Number of potential foreign partners and local entrepreneurs identified; Successful partnerships established</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA12: Develop a disposable medical accessories and consumables sector</td>
<td>Number of partnership established; Number of units setup; Export revenues generated</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA13: Develop a fibre glass boat building sector for the export market</td>
<td>Number of partnership: naval architects, foreign firms and local SMEs; Export revenues generated</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA15: Create a vibrant and authentic Handicraft sector reflecting the confluence of cultures in Mauritius</td>
<td>Number of new handicraft products with the Made in Moris label; The volume of sales to tourists</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA16: Reinstate the small furniture sector for the refurbishment of antique furniture and creation of creole and vintage style furniture</td>
<td>Number of TVET style entrepreneurs enrolled in the apprenticeship scheme; Number of designs and styles created.</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA19: Blockchain technology for SMEs</td>
<td>Number of SMEs engaging in blockchain technology</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Acc&amp;Food S</td>
<td>SA22: Set up a Food Innovation Centre (FIC)</td>
<td>Number of SMEs using the service of the Food Innovation Centre to develop new products</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Human Health and Social Work</td>
<td>SA24: Develop the biomaterial and biomedical sectors</td>
<td>Number of products developed in the biomaterial and biomedical sectors; Number of SMEs engaged and annual turnover</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Arts,E&amp; R</td>
<td>SA25: Engage Creative and Cultural SMEs in providing health solutions</td>
<td>Number of Creative and Cultural SMEs providing interventions in the healthcare sector</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Arts,E&amp; R</td>
<td>SA26: Professionalise leisure and on sea activities providers</td>
<td>Number of professionals trained</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>Key Actions</td>
<td>KPI</td>
<td>Priority</td>
<td>Intended Targets</td>
</tr>
<tr>
<td>-----------</td>
<td>------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
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<td>------------------</td>
</tr>
<tr>
<td>Agri</td>
<td>SA3: Pack houses as logistics and value adding partners for small engaged farmers</td>
<td>Number of small holder farmers mobilized within target zones; Value addition achieved; Number of hotels, restaurants and supermarket chains</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA4: Encourage innovative agricultural practices</td>
<td>Hectares of land under innovative agricultural practices Number of farm-houses</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Agri</td>
<td>SA5: Move towards ethical and sustainable Dairy Production</td>
<td>Number of dairy farmers having upgraded their facilities</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA7: Fashion Linkage between SMEs and Young European designers</td>
<td>Number of European fashion designers involved with Mauritian SMEs; Number of new designs or collections created and tested on the market</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA11: Strengthen the packaging and conservation industry</td>
<td>Number of plastic packaging SMEs supported</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-others</td>
<td>SA14: Develop the fashion accessories and ornamental jewellery sector using materials from the region</td>
<td>Number of new products / designs</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA17: Build SME eCommerce capacity</td>
<td>Number of new or existing SMEs having developed their eCommerce website</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Info&amp;com</td>
<td>SA18: Bring innovative ICT solutions for Health, Well-Being and Ageing to Mauritius</td>
<td>Number of innovative solutions brought to Mauritius Number of ICT SMEs involved and annual turnover</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Prof&amp;TSS</td>
<td>SA20: Export of Professional Services</td>
<td>Number of firms on database of service providers Number of projects handled</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Transport, S&amp;C</td>
<td>SA21: Bring innovative transport solutions for Urban areas and Smart Cities</td>
<td>Number of innovative transport solutions; Reduction in traffic congestion; Annual accident rate and Number of fatalities</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Acc&amp;Food S</td>
<td>SA23: Organise annual Street Food Festival</td>
<td>Number of participating food vendors</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Ocean Economy</td>
<td>SA27: Develop innovative SMEs for blue growth</td>
<td>Number of new SMEs in the marine sector and annual turnover</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Man-T&amp;A</td>
<td>SA8: Develop customised sail and special textiles for export market</td>
<td>Number of collaborations established between foreign firms and local SMEs; Number of units created, tested, sold and export revenues generated</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>
### Table 8.4: Implementation KPIs for Thematic Actions

<table>
<thead>
<tr>
<th>TA</th>
<th>Key Actions</th>
<th>KPI</th>
<th>Priority</th>
<th>Intended Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurship and SME Development</strong></td>
<td>TA1: Women Entrepreneurship Development</td>
<td>Number of high impact women entrepreneurs supported; Number of SMEs created / assisted or increased in turnover</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TA2: Franchising as a Strategy for SME Development</td>
<td>Number of franchising awareness and marketing events organised; Number of franchisees; Number of franchisors</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>TA4: Develop an SME-based waste management and recycling sector</td>
<td>Number of SME recyclers; Annual turnover and volume of materials recycled</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA6: Set up decentralised Solar PV systems of 10 MW for manufacturing SMEs</td>
<td>Number of SMEs benefiting from self-consumption of solar PV; Number of solar PV installers certified and operational; Aggregate solar PV Capacity installed after five years</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA7: Create an SME Solar PV certified installer to cater for the residential, commercial and industrial sectors.</td>
<td>Number of certified SME installers; Capacity installed by SME installers</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA9: Implement an integrated package of measures for Rodrigues to switch to green</td>
<td>Number of projects implemented in Rodrigues; Number of jobs created though the projects</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA10: Implement the Global Cleantech Innovation Programme in collaboration with GEF and UNIDO</td>
<td>Most promising entrepreneur wins cash award and a trip to Silicon Valley, CA, to participate in the Cleantech Open Global Forum.</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Inclusive Development</td>
<td>TA11: Social empowerment of young adults</td>
<td>Number of persons trained; Number of SMEs created</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Generation Change</td>
<td>TA12: Succession Planning for SMEs</td>
<td>Number of successful support provided to retiring entrepreneurs; Success rate of surviving firms as well as financial growth.</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Productivity Improvement Campaign</td>
<td>TA13: Improve productivity of SMEs</td>
<td>Number of SMEs having improved their productivity and quality of products</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>TA3: Processing of livestock waste into electricity and organic manure</td>
<td>Number of IPP contracts signed; Capacity of operational biogas plants; Average plant load capacity of biogas plants; IRR of biogas plants.</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Green Energy</td>
<td>TA5: Introduce a voluntary housing energy efficiency scheme targeting refurbishment of 40 000 houses</td>
<td>Number of households refurbished; Number of construction professionals engaged in audits &amp; design; Number of SMEs in construction sector engaged in refurbishment</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Greening SMEs</td>
<td>TA8: Introduce an eco-labeling framework for green value added products</td>
<td>Number of products with eco labels or eco certified; Turnover of eco certified products within short and medium terms</td>
<td>Medium</td>
<td></td>
</tr>
</tbody>
</table>
8.4 Implementation Timeline

Figure 8.4: Implementation Timeline

HII 1: Rationalise Institutional Support Framework and Streamline Regulatory Procedures for SMEs
- KA1: Set up SME Mauritius
- KA2: Set up Technical Advisory Services
- KA3: Launch Professional Assistance Voucher Scheme (PAVS)
- KA4: Develop E-licencing & Business Passport
- KA5: On-line legal & other supports to SMEs
- KA6: Adapt dispute mechanisms to SMEs
- KA7: Organise annual National Entrepreneurship Week
- KA8: Impart Entrepreneurship Training to HGP SMEs
- KA9: Women-Friendly infrastructures & Business Environment
- KA10: High growth potentials Business idea
- KA11: Set up performance driven Incubators
- KA12: Nurture Early Stage start-ups
- KA13: Mentor SME Development Phase
- KA14: Incubation in SME Industrial Parks

HII 2: Foster a Culture of Entrepreneurship & High Growth Potential SMEs
- KA16: Encourage Technical Training
- KA17: Set Quality Standard for Technical Service Providers
- KA18: Accentuate entrepreneurship education at secondary & tertiary levels
- KA19: Reinforce SME ‘day to day’ Capacities & Encourage “on the job” Learning
- KA20: Encourage High Performing Graduates to Start their Business

HII 3: Reduced Skills Mismatch
- KA21: Improve protection of SMEs’ IP rights
- KA22: Encourage public research to focus on national socio-economic priorities and on area of interest to industry and SMEs
- KA23: Foster SME collaboration: Set up Design and Innovation SME Clusters
- KA24: Encourage technology transfer by large corporates

HII 4: Mainstream Entrepreneurship into National Education Curriculum

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

Short Term (0 – 2 Years) | Medium Term (2 – 5 Years) | Long Term (5 – 10 Years)
KA25: Enhance quality of products and processes
KA26: Leverage Mauritius Economic & MoFARIT Diplomatic Networks
KA27: Create more green SMEs
KA28: Encourage targeted foreign entrepreneurs to establish in Mauritius – Start-Up Visa
KA29: Establish an Integrated Communication Visibility Strategy for SMEs
KA30: Set up an Online Help Desk
KA31: Set up a Registration & Match Making Platform
KA32: Improve SME Financial Capabilities
KA33: Broaden funding sources – Review regulation to ease private investors participation
KA34: Expand SMES funding opportunities – Provide tax incentives for Angel investors
KA35: Enhance Banks & Financial Institutions capacities to evaluate SME projects
KA36: Set up SME Technology Transformation Fund
KA37: Foster SME collaboration: Set up Investment Clusters
KA38: Set up Investment Clusters II (overseas)
KA39: Enhance SME market intelligence
KA40: Build product quality to meet international standards
KA41: Enhance SME export capacities
KA42: Build SME eCommerce Ecosystem
KA43: Foster SME collaboration
KA44: Develop Africa strategy for SMEs through a Clustered approach
KA45: Set up Thematic Clusters
KA46: Participate in export and Investment Missions

HII 5: Foster Emergence of High Tech & Value Addition SMEs
HII 6: Set up E-Platform for SMEs
HII 7: Broaden SMEs Abilities & Options to Obtain Funding
HII 8: Strengthen SME Capacities to Penetrate Domestic & Foreign Markets
HII 9: Gateway to African Markets

Short Term (0 – 2 Years)  Medium Term (2 – 5 Years)  Long Term (5 – 10 Years)
8.5 Proposed M&E Framework

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

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

**Table 8.5: Monitoring & Evaluation Framework**

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Evaluation</th>
<th>Impact Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>Track changes from baseline conditions to desired outcomes and identify impediments</td>
<td>Analyse results achieved and any possible hurdles</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Measure progress based on outputs defined under each HII, activities, sectoral actions, thematic actions and their contributions to the desired outcomes</td>
<td>Compare achievements with expected outcomes and focus on: · Relevance · Effectiveness · Corrective measures</td>
</tr>
<tr>
<td><strong>Methodology</strong></td>
<td>Track and Assess performance and progress through baseline indicators as defined in the targets and objectives proposed</td>
<td>Evaluate the achievements of outcomes defined in the logical framework of the Master Plan, comparing indicators before and after intervention based on external data sources like contribution to GDP and GDP growth for example or number of jobs created</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>Continuous &amp; Systematic</td>
<td>Time Bound, Periodic &amp; In Depth</td>
</tr>
<tr>
<td><strong>Use</strong></td>
<td>Flag problems in progress &amp; Provide insights for corrective actions</td>
<td>Provide learning experience, demonstrate accountability, assess achievements and assist identification of future actions and policy formulation</td>
</tr>
<tr>
<td><strong>Adaptability to Existing Framework</strong></td>
<td>Adaptable version of the PBB, PMS for public official performance and service delivery</td>
<td>Internal Audit &amp; PBB</td>
</tr>
<tr>
<td><strong>Responsible Agency</strong></td>
<td>Inter-Ministerial Committee MoBEC &amp; Steering Committee</td>
<td>MoBEC &amp; Steering Committee SME Mauritius</td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td>National &amp; Institutional Level data collection</td>
<td>Institutional and independent data</td>
</tr>
<tr>
<td><strong>Criteria</strong></td>
<td>Specific Measurable Attainable Relevant Time Bound</td>
<td>Relevance Effectiveness Efficiency</td>
</tr>
</tbody>
</table>
SME Observatory

Since SME sector is henceforth set to play a very prominent role in economic development, it is vital to take its pulse in a systematic manner in view to continuously readapt interventions and improve policy outcomes. An SME observatory must be part of the SME Mauritius structure so as to coordinate with different government agencies and departments to gather, analyse and disseminate data through reports, periodicals, and newsletters. The SME Observatory will have three major functions:

1. Build data-collection capabilities and mechanisms for SMEs and Entrepreneurship statistics;
2. Set up an effective mechanism to monitor and evaluate impact of policies; and
3. Feed the parent Policy & Strategy Department of SME Mauritius with relevant data for evidence-based policy reviews.

Logical Framework

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

More particularly:

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

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

The Inter-Ministerial Committee will monitor the implementation of the Master Plan and gauge effectiveness through the above set of independent indicators. The baselines are the most recent data available which are either for 2015 or 2016. It is recommended that bi-annual Programme Performance Reports are produced and disseminated to stakeholders. The report must focus on measuring achievements and milestones as defined in the roadmap while, at the same time, identify challenges which will allow the IMC to take corrective measures for continuous improvement.
<table>
<thead>
<tr>
<th>Indicators</th>
<th>Table 8.6: Master Plan Logical Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>To position Mauritius as a high-income economy</td>
</tr>
<tr>
<td></td>
<td>• GNI per Capita (Atlas Method + Current USD) = USD9,610 ¹</td>
</tr>
<tr>
<td></td>
<td>• Upper Middle Income Country</td>
</tr>
<tr>
<td></td>
<td>• Real GDP Growth = 3.4%</td>
</tr>
<tr>
<td></td>
<td>• GNI per Capita (Atlas Method + Current USD) = USD 15,220 ²</td>
</tr>
<tr>
<td></td>
<td>• High Income Economy ³</td>
</tr>
<tr>
<td></td>
<td>• Real GDP growth 5.5% Year</td>
</tr>
<tr>
<td></td>
<td>• Average growth of the SME Sector = 8%</td>
</tr>
<tr>
<td></td>
<td>• World Bank Country Data</td>
</tr>
<tr>
<td></td>
<td>• National and international statistics</td>
</tr>
<tr>
<td></td>
<td>• Interview with stakeholders</td>
</tr>
<tr>
<td></td>
<td>• International organisations reports</td>
</tr>
<tr>
<td></td>
<td>• Macro-economic situation remains stable</td>
</tr>
<tr>
<td></td>
<td>• Political climate remains adequate</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>A globally-competitive and innovative SME sector in Mauritius</td>
</tr>
<tr>
<td></td>
<td>• SMEs share of GDP = 40%</td>
</tr>
<tr>
<td></td>
<td>• Value-added of the SME sector = MUR 175 Billion</td>
</tr>
<tr>
<td></td>
<td>• SMEs share of exports &lt; 3%</td>
</tr>
<tr>
<td></td>
<td>• SMEs employment share = 55% ⁴</td>
</tr>
<tr>
<td></td>
<td>• SMEs share of GDP = 52%</td>
</tr>
<tr>
<td></td>
<td>• Value-added of the SME sector = MUR 388 Billion</td>
</tr>
<tr>
<td></td>
<td>• SMEs share of exports = 18%</td>
</tr>
<tr>
<td></td>
<td>• SMEs share of employment = 64%</td>
</tr>
<tr>
<td><strong>Strategic Outcomes</strong></td>
<td>ST1. Improved Institutional and Regulatory Framework</td>
</tr>
<tr>
<td></td>
<td>• Doing Business DTF Score = 75.05</td>
</tr>
<tr>
<td></td>
<td>• Index of Economic Freedom 2016— ⁵</td>
</tr>
<tr>
<td></td>
<td>o Overall Score = 74.7</td>
</tr>
<tr>
<td></td>
<td>o Licensing 100 days to complete</td>
</tr>
<tr>
<td></td>
<td>• Doing Business DTF Score = 83.0</td>
</tr>
<tr>
<td></td>
<td>• Index of Economic Freedom 2026 ⁶</td>
</tr>
<tr>
<td></td>
<td>o Overall Score = 79.7</td>
</tr>
<tr>
<td></td>
<td>o Licensing 15 days to complete</td>
</tr>
<tr>
<td><strong>ST2.</strong></td>
<td>Instilled Entrepreneurial Culture</td>
</tr>
<tr>
<td></td>
<td>• There are currently no indicators that measure the effectiveness of entrepreneurship in Mauritius</td>
</tr>
<tr>
<td></td>
<td>• Based on Estimations 2016:</td>
</tr>
<tr>
<td></td>
<td>o GEI Index = 40.6</td>
</tr>
<tr>
<td></td>
<td>• 5% of High growth entrepreneurial ventures (employment)</td>
</tr>
<tr>
<td></td>
<td>• 20% of SMEs moving up the classification scale</td>
</tr>
<tr>
<td></td>
<td>• GEI Index = 58.6</td>
</tr>
<tr>
<td><strong>ST3.</strong></td>
<td>Reinforced Human capital and Skills Development</td>
</tr>
<tr>
<td></td>
<td>• Human Development Index 2015 – Score 0.777 ⁷</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2016 –</td>
</tr>
<tr>
<td></td>
<td>o Human Capital &amp; Reseach = 30.0</td>
</tr>
<tr>
<td></td>
<td>o Knowledge &amp; Technology outputs = 22.9</td>
</tr>
<tr>
<td></td>
<td>• Human Development Index 2025 – Score 0.88 ⁸</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2026 –</td>
</tr>
<tr>
<td></td>
<td>o Human Capital &amp; Reseach = 55.0</td>
</tr>
<tr>
<td></td>
<td>o Knowledge &amp; Technology outputs = 49.6</td>
</tr>
<tr>
<td><strong>ST4.</strong></td>
<td>Encouraged Innovation, Technology Transfer and Green SMEs</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2016 –</td>
</tr>
<tr>
<td></td>
<td>o overall Score 35.9</td>
</tr>
<tr>
<td></td>
<td>o Business Sophistication = 25.6</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2026 –</td>
</tr>
<tr>
<td></td>
<td>o overall Score 60.0</td>
</tr>
<tr>
<td></td>
<td>o Business Sophistication = 52.2</td>
</tr>
<tr>
<td></td>
<td>• Creative Outputs = 29.0</td>
</tr>
<tr>
<td></td>
<td>• Creative Outputs = 39.0</td>
</tr>
<tr>
<td><strong>ST5.</strong></td>
<td>Improved Access to Finance &amp; Equity Participation</td>
</tr>
<tr>
<td></td>
<td>• Index of Economic Freedom 2016–</td>
</tr>
<tr>
<td></td>
<td>o Monetary Freedom = 78.7</td>
</tr>
<tr>
<td></td>
<td>o Financial Freedom = 70.0</td>
</tr>
<tr>
<td></td>
<td>• Index of Economic Freedom 2026–</td>
</tr>
<tr>
<td></td>
<td>o Monetary Freedom = 82.0</td>
</tr>
<tr>
<td></td>
<td>o Financial Freedom = 78.5</td>
</tr>
<tr>
<td><strong>ST6.</strong></td>
<td>Improved Marketing and Regional Exports Capacity</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2016 –</td>
</tr>
<tr>
<td></td>
<td>o Market Sophistication = 49.5</td>
</tr>
<tr>
<td></td>
<td>o Trade Balance 2015 = -1.98bn USD</td>
</tr>
<tr>
<td></td>
<td>• Global Innovation Index 2026 –</td>
</tr>
<tr>
<td></td>
<td>o Market Sophistication = 63.5</td>
</tr>
<tr>
<td></td>
<td>o Trade Balance = +1.05bn USD</td>
</tr>
</tbody>
</table>


Regulatory Burden Reporting Mechanism

Government regulations have profound effects on the ecosystem and therefore on SMEs’ performances. The leaner and more efficient the regulatory system is, the stronger and more effective SMEs will become. Unwarranted red-tapism disproportionately adds to the cost of doing business for entrepreneurs and make them become less competitive on domestic and export markets.

The Regulatory Burden Reporting Mechanism, published on a quarterly basis, can become an efficient guideline to set up and monitor the progress and occurrence of red tape in relevant ministries and institutions.

SME Business Intelligence

The 10 - Year Master Plan is setting the foundation for an output- based (KPI) approach which collects data on regulatory and compliance issues, impacts of programmes or policies on SMEs and their performance. Detailed analytics are critical for effective policy formulation and adaptation to the changing needs of SME. It is recommended to implement the Business Intelligence (BI) model which is a software designed to retrieve, analyse, transform and report data for an effective policy formulation. The recommended model is based on a Multidimensional Online Analytical Processing (MOLAP) which will link the MoBEC (Lead) and different ministries and institutions. The proposed Information Highways between Ministries and other Government institutions as mentioned in the 2016-17 National Budget will facilitate this task going forward.

National SME & Entrepreneurship Index

A National Entrepreneurship Index should be designed, benchmarked on international institutions methodologies e.g. the World Bank Doing Business, to gauge the performance of the entrepreneurship ecosystem. Weaknesses and gaps are highlighted and benchmarked with international best practices. MoBEC and SME Mauritius can therefore ensure that appropriate actions, resources and funds are directed where they are mostly needed, thus making the biggest impact with a given amount of resources. The National Entrepreneurship Index supplements the roadmap for identifying initiatives along the timeline, creates

Figure 8.6: Business Intelligence Tool Architecture
a compass for targeting the most critical areas and establishes mile markers for monitoring and evaluating societal impacts.

The SME Business Intelligence Tool and parameter set by Global Entrepreneurship Index (GEI), can be the basis to process many types of relevant data and information to generate performance dashboards. The aim is to monitor and evaluate programme effectiveness, through two complementary tools namely, the Adult Population Survey (APS) and the National Expert Survey (NES) which are both in line with the standards of the Global Entrepreneurship Monitor (GEM)\(^6\).

### 8.6 Call for Action

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

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

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

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

To conclude, the current economic situation in Mauritius requires a strong shift in favour of SMEs and more particularly towards High Growth Potential ones that have the ability to spur the economic activities and create jobs. Mauritius has already demonstrated that it has the ability to take decisive actions and that it can rely on a young and educated workforce. Under the leadership of MoBEC, all stakeholders whether public or private, and obviously the SMEs themselves have an important role in this journey towards the second economic miracle. One that will inevitably be achieved by accelerating SME innovation and growth.

\(^6\) [http://www.gemconsortium.org/](http://www.gemconsortium.org/)