

Towards a Sustainable Recovery: Promoting an Enabling Environment for Green Finance in Mauritius

Webinar on 23 September, 2021
by Beibei Gu, UN-PAGE Mauritius

Overview

1. Introduction
2. Policy and social implications: the PAGE Data Observatory for a Green Recovery
3. Promoting an enabling environment for Green Finance in Mauritius: PAGE support to Green Bonds and SMEs finance



PAGE PARTNERSHIP FOR ACTION
ON GREEN ECONOMY

 un-page.org

PAGE: Aiming to create tomorrow's economy



Foster long term prosperity & economic growth

Create jobs & livelihoods

Reduce poverty & inequality

Strengthen ecological foundations of the economy

PAGE'S APPROACH



- ✓ Policies and Investments
- ↓
- ✓ Address Sustainability and Social challenges
- ↓
- ✓ Creating Income and Jobs



PAGE Mauritius Country webpage

<https://www.un-page.org/Mauritius%20country>

- PAGE Mauritius Regular Country Programme 2014- 2021
- PAGE Mauritius Green Recovery Country Programme 2020-2021

MAURITIUS FAST FACTS

GRADUATING COUNTRY

Joined: 2014

Key cross-sectoral policies: Three Year Strategic Plan 2017/2018-2019/2020
Marshall Plan Against Poverty

Key thematic and sectoral action areas: Public environment and expenditure review
Industrial waste management
Green finance
Sustainable tourism

Capacity building: IGE learning and e-learning

PAGE's support to Mauritius contributes to the achievement of the following SDGs:





PAGE Data Monitor

Green Economy Tracking in a Post-COVID World



COVID-19 IMPACT

- [Cumulative & Daily Cases](#)
- [GDP Growth](#)
- [Impact on Trade](#)
- [Impact on Employment](#)
- [Impact on Manufacturing](#)
- [Impact on Air Quality](#)

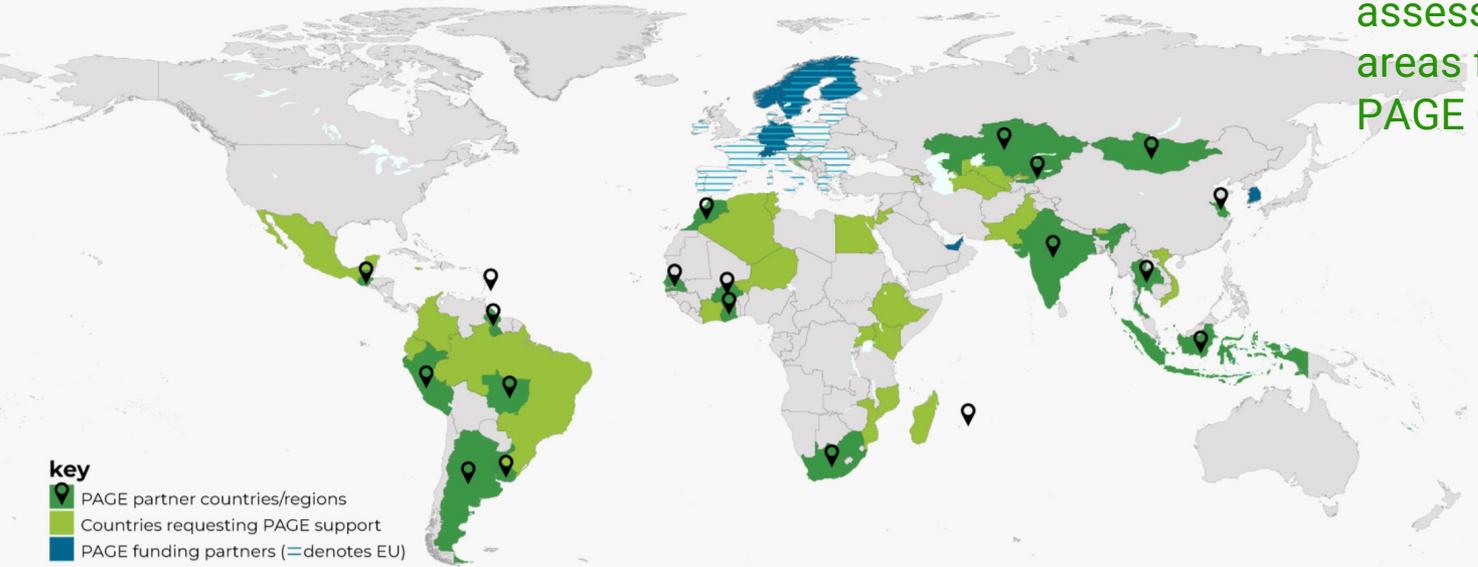
POLICY RESPONSES

- [Fiscal Stimulus](#)
- [Financial Policy Measures](#)
- [Social Policy Measures](#)
- [Green Recovery Measures](#)

The PAGE Data Observatory

- track socio-economic and health impacts from COVID-19;
- track policy responses and assess potential focus areas for green recovery in PAGE Countries.

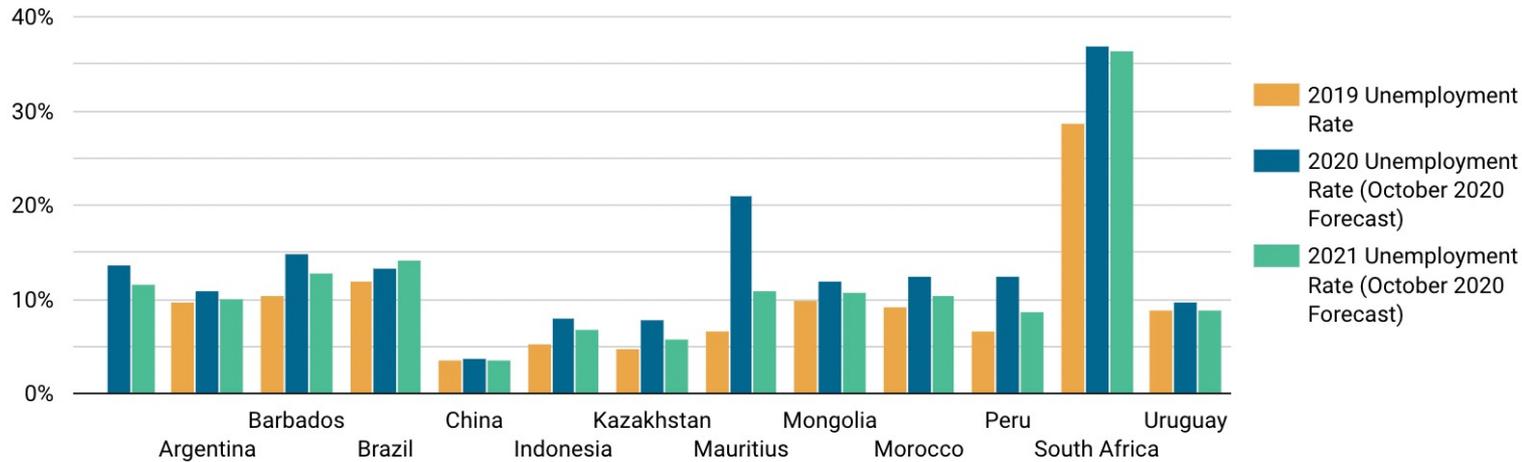
PAGE Partner Countries & Funding Partners



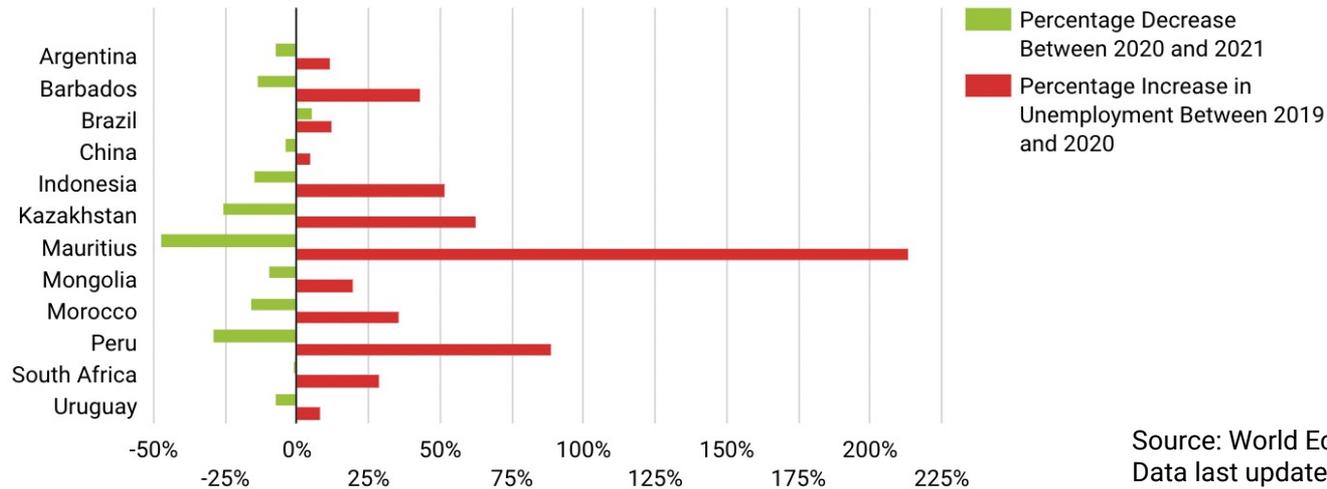
PAGE Covid-19 Data Monitor

Anticipated Impact on Employment for PAGE countries

Unemployment Rates in PAGE Countries: 2019, 2020 and 2021 (IMF 2020 October Forecast)



Percentage Increase/Decrease in Unemployment Rates in PAGE Countries between 2019, 2020 and 2021



Source: World Economic Outlook (Oct. 2020), IMF
Data last updated: 15 Oct. 2020

PAGE Covid-19 Data Monitor

Policy responses by the Government of Mauritius

Fiscal policy measures

- announced plans to increase general public health spending by Rs1.3bill (0.28% of GDP)
- a range of fiscal support measures taken to limit the socio-economic impact of COVID-19, including a wage subsidy scheme for employers under Government Wage Assistance Scheme (GWAS), income support under Self-Employed Assistance Scheme (SEAS), for those employed in the informal sector or self-employed

Financial policy measures

to support the SMEs through the new lockdown, additional financial support has been put in place:

- An SME Interest-Free Loan Scheme in the amount of Rs100,000, without interest rate and a 5-year moratorium, for SMEs with less than Rs50 mill turnover.
- the One Million SME Covid Special Support Scheme by DBM, with loans of up to Rs1 mill, without a guarantee, at 0.5% interest rate p.a. The DBM also granted an extended loan moratorium period of one year to all SMEs.

Promoting an Enabling Environment for Green Finance in Mauritius



GREEN BONDS

In May 2018, a **training session on green bonds market development** was held for green bond issuers, investors and verifiers during the Green Economy Forum. The session was led by the Stock Exchange of Mauritius with the support of PAGE, in collaboration with Cicero, the Climate Bonds Initiative and the Frankfurt School.



Supporting access to green finance

In July 2019, the Ministry of Business, Enterprise and Cooperatives (MoBEC) jointly with PAGE, initiated a study focused on access to green finance by small and medium sized enterprises (SMEs). This will help to strengthen implementation of the SME 10-Year Master Plan that was launched in 2017. A working group of public and private sector stakeholders was set-up to oversee implementation.



PAGE PARTNERSHIP FOR ACTION
ON GREEN ECONOMY

 un-page.org

The Mauritius Green Bonds Market Development Initiative

Capacity Building workshops at 2018 PAGE Green Economy Forum



An initiative by the Stock Exchange of Mauritius (SEM), in collaboration with :



The SSE is organized by:



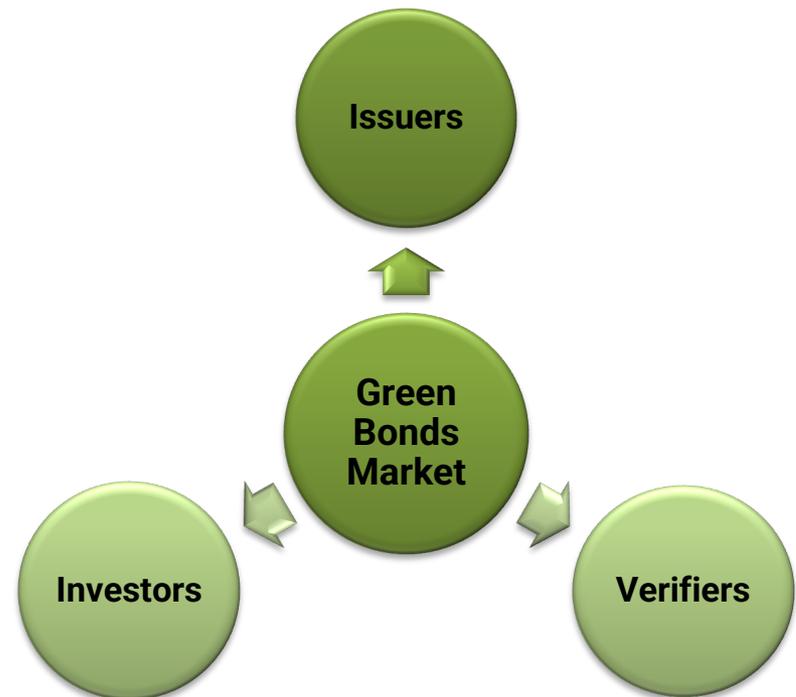
- Aligned with the national agenda of transforming Mauritius into a green economy, and supported by the Ministry of Finance & Economic Development and the Ministry of Financial Services & Good Governance
- Aimed at building an enabling environment for the development of a Green Bonds market in Mauritius
- SEM's drive to promote sustainability as a Partner Exchange of the Sustainable Stock Exchange (UN-SSE) Initiative
- following the successful launch of the SEM Sustainability Index (SEMSI) in 2015, SEM witnessed a sharp growth in its Bond market in the recent years;

Green Bonds Training workshop in Mauritius



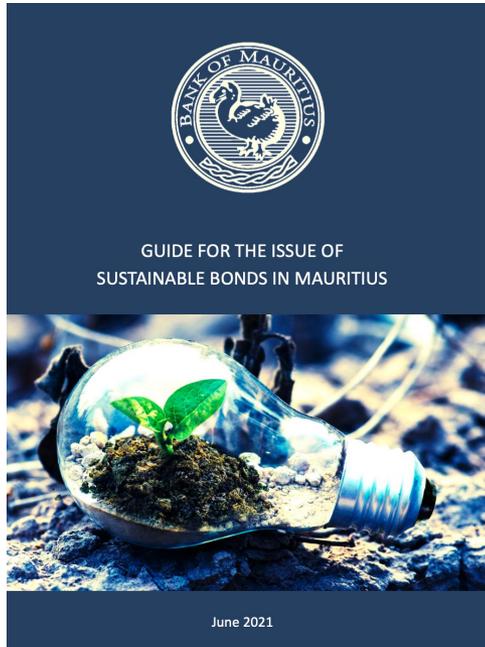
Mr. Sunil Benimadhu, the Chief Executive of SEM speaking at the [PAGE Mauritius Green Economy Forum 2018](#)

- 2-day training workshop brought together key stakeholders and partners - **issuers, verifiers, investors**, to assess the technical needs of the local green bonds market
- Approaches to environmental integrity (Green Bond Principles, Green standards, reporting and verification)
- How to issue a green bond (design, pricing etc)
- How to set up a green bond framework
- How to assess an issuer's green bond framework
- Supporting frameworks



Building Synergies and Catalyzing Policy Actions

Building a policy framework for Blue, Green and Sustainable Bonds in Mauritius



- In the 2020/2021 Budget, the Minister of Finance, Economic Planning and Development announced that the Bank of Mauritius (BoM) to develop a national framework for Blue and Green bonds.
- A technical committee was set up with representatives from the government and financial institutions. The United Nations Resident Coordinator's Office (UNRCO) acted as a consultant to the technical committee.
- In June 2021, BoM released a '**Guide for the Issue of Sustainable Bonds in Mauritius**', supported by UNDP, the World Bank, AfD, the Ministry of Financial Services and Good Governance, the Financial Services Commission, the SEM and the Standard Chartered Bank (Mauritius).

Greening the SMEs: Improving Access to Green Finance for SMEs in Mauritius

Objective: To assess the integration of environmental sustainability in the financing of SMEs in Mauritius.

Context:

- **Emissions:** Mauritius' greenhouse gas (GHG) emissions on the rise as the nation develops – CO₂ 3,290K Tn (2010) to 5,200K Tn (2020).
- **Low-carbon transition:** Mauritius seeks a low-carbon transition as the county is vulnerable to climate change impacts
- **Government efforts:** Increase in investments towards greening sectors e.g., renewable energy, energy efficiency, green agriculture
- **SMEs in Mauritius:** SMEs play a key role in economic development of Mauritius but still limited uptake of investment in green projects
- **Green finance:** Huge potential to promote responsible investments and stimulate low-carbon technologies, industries and businesses

Study Approach and Methodology

- **Literature review**
- **Stakeholder interviews** (SMEs, commercial lenders, government officials, development



Key Findings : SMEs Green Financing Landscape

- **SMEs in Mauritius contribute significantly to job creation, innovation and shared prosperity.** An increasing focus on SMEs as drivers of innovation for sustainable development

- **The legal and the technical definition of SMEs varies.** The study adopts the definition proposed by the Small and Medium Enterprises Act 2017 based on annual turnover as follows:

Category	Annual turnover (MUR)
Micro	<2 Million
Small	2 – 10 Million
Medium	10 – 50 Million

- **The landscape of SMEs is highly skewed towards enterprises with <2 million annual turnover, with most requiring low-skills operations and involving low value addition activities.** The 10-Year Master Plan for the SME Sector in Mauritius makes recommendations to reshape the entrepreneur landscape and sets targets for SMEs by 2026
- **Public and private sector engagement is picking up as shown by the number of financial institutions with the initiatives for the financing or incentivizing of SMEs for green finance.**
 - Examples of institutions providing green loans or schemes to support SMEs growth: MCB, SBM, AfrAsia, MauBank, DBM, and Mauritius Research and Innovation Council (MRIC)
- **Over the years, there has been green finance actions to promote and accelerate sustainable business offerings.**
 - Policies and incentives for green products by the government
 - Provision of SMEs schemes and funds specific to green business development e.g., **Switch Africa Green project**
 - Awareness campaigns on green business development and securing green finance

Key Findings: Barriers to access green finance

A. Knowledge barriers

- **55% of SMEs** interviewed cite **lack the knowledge and expertise** required to execute green projects. 55% of survey respondents cite lack of awareness on green finance as the greatest barrier
- Some financial institutions cited **lack of specialty knowledge and business acumen on green projects**

B. Financial barriers

- **SMEs that do not recognize the business case of going green** and some **still perceive tackling environmental issues as too expensive rather than cost-effective** through increased savings from energy and market efficiency
- **50% of SMEs** interviewed find it difficult to start and operate green projects due to **high capital costs reducing commercial viability** of the projects

C. Regulatory and Policy Barriers

- Some SMEs interviewed responded to **awareness of policies** but the strategies and initiatives by government for green financing are **not specific to SMEs**
- Local food produce from green SMEs face **stiff competition from imports**, due to the absence of economies of scale, high initial capital and technological costs

D. Access to Factors of Production

- SMEs interviewed, with activities mostly focused on green energy **cite lack of access to essential factors of production such as land and labor**
- Innovation and adoption of green business activities **often require technological understanding, operation skills and managerial skills**



Key Recommendations

A. Scale up public investments channeled towards green projects for SMEs

- More public procurement should be geared towards SME green projects to create momentum

B. Adequate policy incentivization through green subsidies and credit guarantees

- The most popular government intervention cited in the surveys is that the government needs to develop green lending subsidies to financiers such as banks and green guarantee schemes to encourage green lending

C. Improved SME sector awareness on green finance commitments

- There is a widespread perception that green projects are expensive and that over the long term the benefits do not outweigh the cost and capital outlay

D. Suitable risk analysis for SMEs by financiers

- Financiers need to adopt proper ways of analyzing risk for SMEs through financial engineering
- Standardized risk assessment suitable for large companies may tend to overestimate risk of default by SMEs

E. Common green finance definition reference

- Government and financial regulators can help come up with a common definition for green finance. To bring clarity to the green projects that qualify as 'green' and are viable for green financing, and to avoid greenwashing



Visit [PAGE Covid-19 Hub](#) for more resources on supporting a Green Economic Recovery

GREEN ECONOMIC RECOVERY PRODUCTS

Tools to guide analysis, promote green jobs and foster sustainable investments and business models.

Beyond the sobering health impacts of the COVID-19 crisis, the socio-economic consequences are significant. The pandemic has exposed the fragility of our societies faced with global shocks.

PAGE is equipped with ready-made tools designed to aid economic policymaking, which can explicitly support economic recovery options. These tools can guide and promote green jobs and foster sustainable investments and business models — boosting economies to build a better future for all.



- > [Learn about PAGE Green Economic Recovery products](#)
- > [Learn about analytical tools for policy making](#)
- > [Take a 'Learning for a Green Recovery' e-course](#)
- > [Listen to the 'Green renaissance podcast: How to rebuild the global economy'](#)
- > [Read about inclusive green recovery in the 2020 PAGE Annual Report](#)



Thank you

PAGE - UN Environment Programme
Economic and Trade Policy Unit
Resources & Markets Branch
11-13 Chemin des Anémones CH-1219
Châtelaine – Geneva, Switzerland



un-page.org



[un page](https://www.linkedin.com/company/un-page)



[_un_page](https://twitter.com/_un_page)



[_un_page](https://www.instagram.com/_un_page)



PAGE PARTNERSHIP FOR ACTION
ON GREEN ECONOMY