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June 17, 2021

**Joint Statement by Mr. Buissé, Mr. Ronicle, Mr. Comolet, and Mr. Evangelou on
Mauritius
(Preliminary)
Executive Board Meeting
June 21, 2021**

We thank staff for their report and thank Mr. Andrianarivelo, Mr. N'Sonde, and Mr. Carvalho da Silveira for their informative buff statement. We agree with the broad thrust of staff's appraisals and offer the following comments.

We congratulate the authorities for implementing strong Covid-19 measures to contain infection rates effectively and for providing support to households and firms. We agree that refined targeting of this support should be a priority once the economy begins to recover but that the distributional impacts must be carefully considered given uncertain growth prospects and increasing unemployment. We note with interest suggestions from staff that temporary public works initiatives could provide opportunities for marginalized groups. More widely, the resumption of international tourism and the successful implementation of the plan to vaccinate 60% of the population by July 2021 will play a critical role for growth prospects. *Can staff provide an update on the timings around a substantive re-opening of the border?* In this regard, the short annex on upside and downside scenarios is useful.

While some fiscal space is still available to authorities, we support their commitment to consolidation over the medium term. We note the focus staff place on stabilizing the debt to GDP ratio and pursuing policies to increase domestic revenues. Wider structural reforms, such as improvements to ICT infrastructure and education, will play an important role in supporting the transition to a more diversified, sustainable, and resilient economy. The annex on pensions is in this respect important. Moreover, we welcome the conclusions and support the use of the National Audit Office's report to improve public financial governance, including financial reporting, procurement management, and value for money.

The Central Bank has played a critical role in supporting the authorities' response to the pandemic – including through a one-off transfer. We are encouraged by upcoming plans

for a review of the monetary policy framework and supportive of suggested TA on potential recapitalization. We also support staff's recommendation that the BoM refrain from quasi-fiscal operations, which can put into question its independence. In this regard, we welcome the authorities' intention to return the BoM law on government transfers to its pre-June 2019 status. We agree with staff that putting the BoM and monetary policy framework on a stronger footing is a matter of urgency for ensuring a robust recovery. *We would be interested in the timeline offered by the authorities in this regard. We would also welcome staff views on the impact of the MIC remaining with the BoM given the authorities consider the independence mechanisms in place sufficient.*

We welcome the authorities' commitment to innovative climate change and environmental policies. We note that these feature as part of the Covid-19 economic recovery plan and welcome efforts to launch Green and Blue bonds.

Finally, it is positive that existing Fund TA has ensured progress on AML/CFT framework deficiencies. We encourage the authorities to address the remaining ones with the view to exiting from the grey list, given risks that such a classification entails for the reputation of Mauritius as a financial center and for credit provision. *Could staff elaborate on progress made by the authorities in implementing the risk-based supervision plan for GBCs and the access to information on the beneficial ownership of these companies?*