



Republic of Mauritius

Industrial and SME Strategic Plan 2010 - 2013



**“Nurturing Entrepreneurship and moving towards a
Technology and Innovation-based Industrial Sector”**

**MINISTRY OF INDUSTRY,
SCIENCE AND RESEARCH**

**MINISTRY OF BUSINESS,
ENTERPRISE AND COOPERATIVES**

Table of Contents

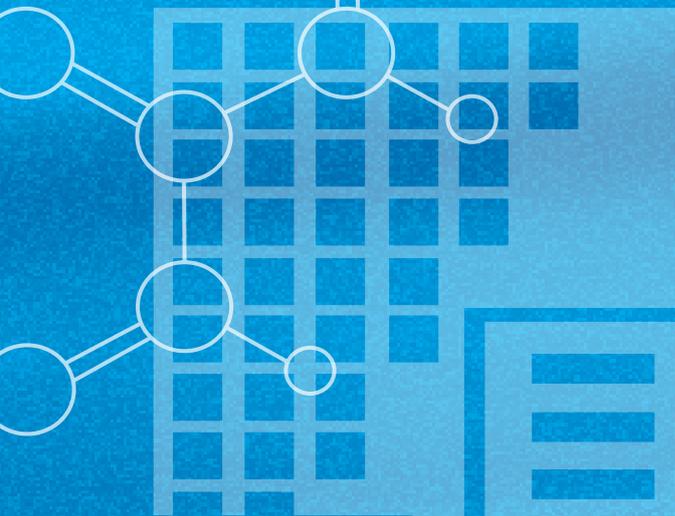
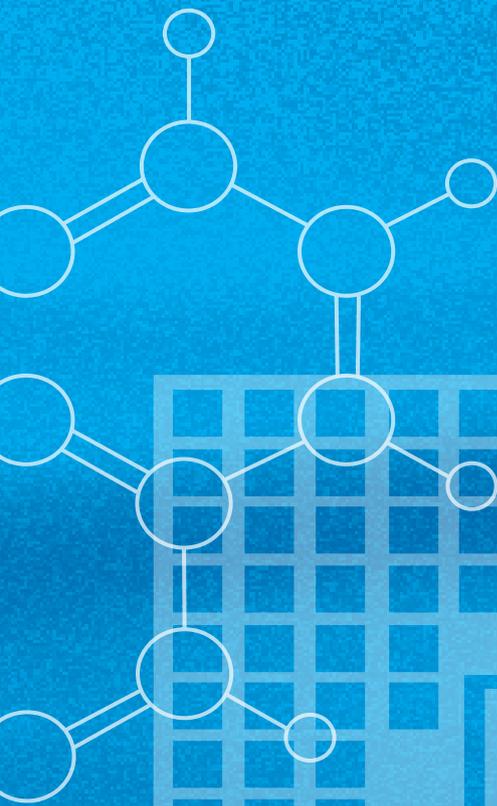
Message from Minister of Industry, Science and Research	v
Message from Minister of Business, Enterprise and Cooperatives	vii
Executive Summary	viii
Acknowledgements	xi
List of Tables	xii
List of Figures	xiii
List of Abbreviations	xiv
PART 1 : Introduction	1
PART 2 : The Manufacturing Sector	2
2.1 Situational Analysis	2
2.2 Structure of the sector	3
2.3 Challenges	3
2.4 Responding to challenges: Turning comparative advantages into competitive advantages	4
PART 3 : SWOT Analysis	5
PART 4 : Approach to Strategy Development	6
4.1 Vision	6
4.2 Description of the Strategic Corridor	6
4.3 Industrial Development Process from a global perspective	7
4.4 Strategy development process	8
PART 5 : Strategic Priorities & Thrusts (2010-2013)	9
5.1 Framework of the new strategy	9
A. Competitive Policy:	10
<i>Strategy One: Innovative approach to Investment Promotion</i>	10
A1. A supportive regulatory and business environment	11
A2. Setting up of a Scanning Mechanism	11
A3. Integrating the Global Value Chain	12

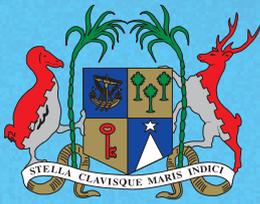
Table of Contents

Strategy Two: Re-dynamising Exports	12
A4. Export Promotion	12
A5. Niche Markets	13
A6. Improving Response Time and Optimising on e-Business	13
A7. Regional Trade	13
A8. Adding Knowledge and Service to Products	13
Strategy Three: Supply-side capabilities development	15
A9. Funding to shape up recovery	15
A10. Design Capabilities Development	15
A11. Quality and Compliance	15
A12. Addressing Non Tariff Barriers to Trade (NTBs)	16
A13. Science, Technology and Innovation as drivers for Industrial Modernisation	16
A14. Productivity Improvement	16
A15. Branding of Mauritius	17
Strategy Four: Sustainable Industrial Development	20
Strategy Five: Dynamic Trade Negotiations	22
B. Competitive Institutions :	22
Strategy Six: Institutional Upgrading	22
B1. Setting up of an Industrial Advisory Council	22
B2. Setting up of an "Observatoire de l'industrie"	22
B3. Setting up of a Competence Centre for the development of an Innovative System	23
B4. Restructuring/ streamlining of institutional services	24
B5. Reviewing the role of the NPCC	24
C. Competitive SMEs: Forging an innovative, growth oriented and globally competitive SMEs:	25
Strategy Seven: Improving Access to Finance	25
C1. Reform of the Financial and Institutional set up	25
C2. Support Schemes and New Financial Products	25
Strategy Eight: Expanding the Entrepreneurial Base	27
C3. Mentoring System	27
C4. Forging international linkages	27
C5. Entrepreneurship Development Programme for Graduates	28
C6. Capacity Building in handicraft	28

Table of Contents

Strategy Nine: Improving Access to Markets	28
C7. Connecting suppliers with buyers	28
C8. Information Services	29
C9. New marketing infrastructure for SMEs	29
C10. Upgrading retail outlets	29
C11. Branding	29
C12. Promotion of locally made products	29
C13. Inculcate a Quality Culture	29
C14. Packaging and Labelling Programme	29
C15. Tapping regional markets	29
Strategy Ten: Strengthening the Institutional Framework	30
C16. Reviewing the role of SEHDA	30
C17. Strengthening coordination and implementation among organisations	30
C18. SME Commemoration	30
Strategy Eleven: Improving the Technology Base	31
C19. Greater collaboration between technology-based institutions and stakeholders	31
C20. Industrial Linkage Programme	31
C21. Cluster development	31
C22. Reorganisation of the Incubator Centre	32
Strategy Twelve: Developing New Growth Poles for SMEs	33
C23. Promote development and export of halal products	33
C24. Application of Bio-Technology for the development of Renewable Sources of Energy by SMEs	33
D. Competitive HR:	33
Strategy Thirteen : Bridging the Human Resource Gap	34
E. Monitoring and Evaluation (M&E) :	35
Strategy Fourteen: Effective Implementation	35
PART 6 : Other Areas of Research	37
PART 7 : Coping with the Global Financial Crisis	37
PART 8 : Conclusion	38
<i>Appendix A: Strategic Plan Matrix</i>	40
<i>Appendix B: Programme-Based Budget Matrix</i>	52





Message

FROM THE MINISTER OF INDUSTRY, SCIENCE AND RESEARCH

Mauritius has since the early 60's pursued import-substitution, export-led and consolidation strategies to foster industrial development. However, it has not until now produced a written strategy document on the approach to industrial development. This document sets out Government approach to industrial development against a backdrop of significant changes in the global economic environment. The success of the sector is crucial for the prosperity of the country.

The strategies pursued have been underpinned by a number of policy measures, including fiscal and financial incentives, tariff protection and trade preferences, schemes with subsidies and matching grants, institutional support and infrastructural services. These have contributed to the emergence of the industrial sector as an important pillar of the economy, helped to diversify the economic base, create employment opportunities, substitute imports, save foreign exchange, expand exports and generate foreign exchange earnings.

The sector is now going through a critical phase of its development in the wake of trade liberalisation and globalisation. Trade preferences and tariffs protection have given way to an increasingly more open trading and business environment. These represent daunting challenges to the sector. On the internal front, with the gradual rise production in cost, Mauritius is no longer a low-cost producer. The sector has thus to cope with a changing environment characterised by erosion of preferences and emergence of low cost producers which has triggered fiercer competition (both for goods and investment). It has also been facing difficult conditions with the recent global financial crisis.

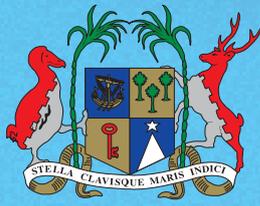
Successful transition to the new economic paradigm entails transformational changes in a number of areas namely, processes and systems in enterprises, creativity and innovation, institutional and policy framework, business delivery services and human resource development. The need therefore to give a new orientation to the sector is more than ever vital. This strategy document, which focuses on an Entrepreneurial and Innovation-led model of industrial development attempts to pave the way for the next level of industrial growth. It aims to help the sector to produce more efficiently in a sustainable manner, raise innovative capabilities, compete on the domestic and international market place, expand exports and diversify markets by tapping niches in the markets and attract investment in technology-driven activities.

The consultative process through meetings and a Working Group to produce this document has involved key Ministries, including the Ministry of Finance and Economic Empowerment as well as public and private sector organisations. The document, therefore, reflects a shared vision for the sector. It also identifies key areas where stakeholders have to act and establish output and Key Performance Indicators(KPIs) in line with Performance Based Budgeting. Finally, besides providing clarity on the way forward and a sense of direction, it is also a call for action from the part of all stakeholders.

Successful implementation of the strategies hinges on coordination across a range of Government departments and organisations, both public and private. The mechanisms proposed will play a key role in coordination and fast tracking implementation. I trust that the new strategy framework will contribute to further consolidate and expand the sector.

**Dharambeer Gokhool,
Minister**





Message

FROM THE MINISTER OF BUSINESS, ENTERPRISE AND COOPERATIVES

The Small and Medium Enterprises (SMEs) are key drivers of our economy through their important contribution to GDP growth and socio-economic development. Recognising their significance and having proved their resilience in responding to fast changing conditions, even at times of the global economic crisis, SMEs have now become even more important in advancing our efforts to overcome the socio-economic disparity. That is why the Government has paid great attention in facilitating a secure and conducive business environment for SMEs.

Over the past years much attention has been laid in tackling constraints faced by SMEs relating to finance, capacity building, marketing, business development services, infrastructure and institutional support framework. Globalisation has brought new challenges and is exerting additional pressure on our SMEs. It is precisely in this perspective that this new Industry and SME strategy has been formulated.

The principal thrust of this new strategy is the development of a globally competitive innovative and technologically strong SME base. It also aims to strengthen the existing ongoing entrepreneurship and support measures to stimulate growth of new enterprises and equip existing SMEs with technical and innovative capabilities to raise productivity, efficiency and profitability.

The success of this new strategy relies on the cooperation of all stakeholders. Just as participating approach was followed in the preparation of this document, public-private partnership will be ensured in the implementation process.

This new Industry and SME strategy is a vehicle of attaining our vision of making Mauritius: a nation of entrepreneurs. *"It is achievable and SMEs should play their part."*

**Mahendra Gowressoo,
Minister**

Executive Summary

This Strategic Plan prepared by a team of the Ministry of Industry, Science and Research and the Ministry of Business, Enterprise and Cooperatives, is a review of an initial document prepared by Mr. S. Jenders, consultant from GOPA whose services was made available by the "Agence Francaise de Developement". The exercise was initiated by the former Ministry of Industry, SME, Commerce and Cooperatives. Following the change in Ministerial portfolios, the Ministry of Business, Enterprise and Cooperatives has been assigned the portfolio of SME.

The Strategic Plan advocates an Entrepreneurial and an Innovation-led model of industrial development, taking into consideration relevant measures in Government's programme 2005-2010 and the challenges facing the industrial sector. The new strategies focus on competitive policies, competitive institutions, competitive SMEs and competitive HR base.

The "Interventionist" strategy takes into consideration successful models of industrial development, including those of the Asian economies, economic theories such as Michael Porter's Four Phase model of competitiveness as well as the SADC Industrial Upgrading and Modernisation Programme, formulated and to be implemented with UNIDO's technical support.

The objectives of the new strategies are geared to propel development of innovative, high-tech and skill-intensive industries capable of operating in a trading environment where they are not sheltered under the umbrella of trade preferences and which are able to cope with the multifaceted challenges emanating from the global trading arena. It is considered that reform measures taken since 2005 to promote investment are now vital to facilitate the transition to a knowledge and technology-based industrial sector.

The economy: Mauritius has successfully diversified its economic base and per capita income has increased continuously, standing at \$ 7,100 in 2009, which is about four times higher than the African average. Economic and social indices reveal a prosperous, open and an equitable economy alongside social stability and a conducive environment for businesses. Mauritius has also successfully withstood the global financial crisis, despite a slowing down of the economy. The Central Statistics Office (CSO) is predicting a growth rate of around 2.8% for 2009 and 4.3% for 2010. By 2011, it is expected that the economy will return to its growth path of 5% or higher.

The Manufacturing sector: The import substitution strategy of the 60's, as a first step towards industrialisation showed its limitation as the then high 20% unemployment rate could not be reduced. The small size of the internal market was not conducive for import-substitution as industries could not achieve adequate economies of scale. Mauritius had to look for alternative sources for growth.

The real push to manufacturing was given in the early 70's with the adoption of an export-oriented strategy, inspired by the Hong Kong and Singapore models. Government enacted the Export Processing Zone Act in 1970, which converted the whole island into an export processing zone and provided a range of incentives to promote the development of export processing activities. The co-existence of an import substitution strategy and the export-oriented strategy, as a two-pronged approach, met with considerable success over three decades in diversifying the economy, promoting an industrial culture, generating exports, creating employment and driving economic growth.

Manufacturing has, therefore, played a pivotal role, contributing significantly to the GDP, employment, exports and foreign earnings. However, external challenges stemming from trade liberalisation and globalisation have been adversely impacting on the sector, leading to contraction of employment and drop in exports. The sector would need to develop supply-side capabilities to adapt to the more open global environment and optimise on opportunities stemming from, inter alia, enhanced market

Executive Summary

access in the SADC/COMESA, a larger economic space in the EU, through the Economic Partnership Agreement and opportunities under the Africa Growth & Opportunity Act (AGOA).

The sector has to shift from trade preferences and protection to global competitiveness. The new strategies for the Industry and SME sectors aim at propelling development of highly competitive enterprises that do not require the comfort of trade preferences and tariff protection and are flexible enough to respond quickly to new markets requirements.

The SME sector: The sector comprises about 92,000 establishments, employs some 209,000 workers and accounts for some 20.8% of GDP (CSO Census of small establishments released in 2007). As part of the assignment of the consultant, a Perception Survey of 40 enterprises comprising very small, small, medium and a few larger enterprises was carried out. The survey showed general satisfaction of entrepreneurs with business performance. Also over the past few years, firms have innovated products, adopted new technologies and management processes alongside substantial investment in equipment. Turnover improvements have been achieved alongside quality, know-how and operational management improvements. The financial situation is rated as quite satisfactory. However, employment has stagnated.

SMEs have financed operations to a large extent, through own funds and have sufficient liquidity and working capital. Finance is required for investment in modern and performing equipments. However, market intelligence is lacking and SMEs do not undertake systematic export market research while there is lack of strategic international partnerships.

The business environment for SMEs is in general not regarded as very conducive, although education, vocational training, banking, infrastructure and business process streamlining are considered as positive factors. The lowest rating is that of research and development. Trade visits, improved assistance for process and product innovation, export market information and strategy advice of high professional standards are required. Support on operational issues such as finance, management or business plans elaboration is not considered of high relevance. SMEs wish a slower pace of tariff liberalisation.

SWOT analysis: The major strengths include political stability, dynamic entrepreneurship, favourable trade agreements, strong public/private sector dialogue, and positive economic and social indices. However, uncoordinated institutional support, inadequate economic infrastructure, weak technology/innovation base, low productivity, product and market concentration and an inward-oriented manufacturing sector, altogether constitute major weaknesses. Mauritius should capitalize on opportunities represented by regional and international trade agreements. Threats emanate from volatile energy cost and further trade liberalisation.

Approach to strategy development: The direction and destination provided by the vision for the industry sector is to build up a strong, diversified and globally competitive industrial sector supported by Knowledge, Science, Technology and Innovation. The direction was also discussed at a consultative workshop which emphasised the need for Mauritius to develop a competitive industrial sector producing high value added products and services and to position itself as a hub for knowledge, logistics/distribution, finance/business and service oriented activities. This statement defines a corridor of development which provides a long-term guideline for industry and SMEs strategies. In defining its strategies, Mauritius has to inspire itself from the experience of successful East Asian economies that have adopted a structuralist approach underscored by strong Government intervention to steer their economies on a high growth path.

Executive Summary

Strategic thrust: The strategic plan revolves around four strategic thrusts that have further been broken down into fourteen strategies and 83 projects and programmes. These strategic thrusts relate to:-

- Competitive Policies
- Competitive Institutions
- Competitive SMEs
- Competitive HR base

Acknowledgements

The Government of Mauritius is indebted to the "Agence Francaise de Developpement" for financing the services of an International Consultant, Mr S.Jenders, to assist in the elaboration of the Industrial and SME Strategic Plan.

The Ministry of Industry, Science and Research and the Ministry of Business, Enterprise and Cooperatives would like to place on record their appreciation for the invaluable support of the Working Group which comprised representatives of both public and private sector institutions towards the formulation of the Strategic Plan. A particular acknowledgement and thanks go to the Ministry of Finance and Economic Empowerment, Ministry of Tourism, Leisure and External Communications, Ministry of Agro Industry, Food Production and Security, SME Federation, Mauritius Chamber of Commerce and Industry, Small Enterprises and Handicraft Development Authority and the Industrial and Vocational Training Board.

Our appreciation also goes to the enterprises which participated in the survey and supplied the Working Group with precious data and information. Their inputs have helped the Working Group to capture development potential from entrepreneurial perspectives and to shed light on a number of issues.

Finally, we would like to express our profound gratitude to all those who have contributed in one way or another in producing this strategic plan.

List of Tables

	Page No.
Table 3.1: SWOT Analysis	5
Table 5.1: Comparative Cost of Utilities	11
Table 5.2: Projects for Diversifying the Manufacturing Base	12
Table 5.3: Projects for Redynamising Exports	14
Table 5.4: Projects for Enhancing Supply Side Capacities	18
Table 5.5: Projects for Promoting Sustainable Industrial Development	21
Table 5.6: Projects for Institutional Upgrading	24
Table 5.7: Improving SMEs Access to Finance	27
Table 5.8: Expanding the Entrepreneurial Base	28
Table 5.9: Improving SMEs Access to Market	30
Table 5.10: Strengthening SMEs Institutional Framework	31
Table 5.11: Improving SMEs Access to Technology	32
Table 5.12: Development of New Growth Poles for SMEs	33

List of Figures

	Page No.
Figure 4.1: Strategic Corridor	6
Figure 4.2: Singapore Growth Model	7
Figure 4.3: Strategy Development Process	8
Figure 5.1: Entrepreneurial and Innovation-led model of Development For Mauritius	9
Figure 5.2: Competence Centre	23

List of Abbreviations

AGOA	Africa Growth and Opportunity Act
AMIGO	Attractive, Modern, Inclusive, Green and Open
BOI	Board of Investment
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistics Office
DBM	Development Bank of Mauritius
EM	Enterprise Mauritius
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone
ESA	Eastern and Southern Africa
EU	European Union
FDI	Fashion and Design Institute
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Points
HR	Human Resources
HRD	Human Resource Development
ICT	Information and Communication Technology
IFC	International Finance Corporation
ISO	International Organisation for Standardization
IVTB	Industrial and Vocational Training Board
KPIs	Key Performance Indicators
LEMS	Leasing Equipment Modernisation Scheme
M & E	Monitoring and Evaluation
MASMED	Manufacturing Adjustment and SME Development
MAURITAS	Mauritius Accreditation Service
MBGS	Mauritius Business Growth Scheme
MID	Maurice île Durable
MISR	Ministry of Industry, Science and Research
MNCs	Multinational Corporations
MoBEC	Ministry of Business, Enterprise and Cooperatives
MPCB	Mauritius Post and Cooperative Bank
MSB	Mauritius Standards Bureau
MTP	Multi Factor Productivity
NAMA	Non-Agricultural Market Access
NEF	National Empowerment Foundation
NGOs	Non-Governmental Organisations
NPCC	National Productivity and Competitiveness Council

List of Abbreviations

NTB	Non-Tariff Barriers
NTF	National Training Fund
PBB	Programme Based Budgeting
QWL	Quality of Work Life
R&D	Research and Development
RECPC	Resource Efficient and Cleaner Production Centre
SA	Social Accountability
SADC	Southern African Development Community
SEHDA	Small Enterprises and Handicraft Development Authority
SJR	Saving Jobs and Recovery
SMEDA	Small and Medium Enterprises Development Authority
SMEs	Small and Medium Enterprises
STI	Science, Technology and Innovation
SWOT	Strength, Weakness, Opportunity and Threat
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organisation
VAT	Value Added Tax
WRAP	World Wide Responsible Apparel Production
WTO	World Trade Organisation

Part 1: Introduction

Mauritius has, over the last three decades, climbed the ladder of economic development, successfully attaining the status of a middle-income economy, evolving from a mono-crop sugar-based economy. Import-substitution industrialisation provided the initial push. In the 70's, the economy underwent a crucial phase, embracing an export-led model of development, inspired by economies such as Singapore and Hong Kong. Mauritius entered a new phase of development since the 80's, when financial services, offshore, global business and ICT developed as new economic pillars.

Manufacturing is still a predominant sector employing around 26% of the workforce, accounting for 80% of total domestic exports and contributing some 19% to the GDP. However, Mauritius has no longer comparative advantages in terms of cheap labour and trade preferences while for some time now the policy of tariff protection to domestic industries has been almost abandoned.

The new strategy, conceived through active interaction with key stakeholders, is designed to set the stage for the future development of the industrial sector. It centres on an Entrepreneurial and Innovation-led model of industrial development, driven by innovation and technology, high-tech investment, product and market diversification, green production, value addition, improved response time, sustainable development, synergised support services and a dynamic regional and multilateral trade policy, among critical factors. The objective is to foster development of skill-intensive and technology-driven enterprises which can better confront the multiple challenges, characterised by the dismantling of preferences and the globalisation process. Constant scanning of the environment will identify new products to be manufactured in Mauritius. Out of the box, innovative thinking as well as collaborative approach among support institutions will trigger new dynamism in the industrial sector.

The strategic response in this document has been inspired from experiences of successful economies which, at some point in time, were facing similar challenges and which thrived on knowledge, technology, skills, innovation and creativity. Theories underpinning the new strategy for the industry and SME sector also draw from Michael Porter's four-phase model of national competitive development which advocates planned industrial policies for an innovation-led economy within a framework of efficient market-orientation. The preparation of the strategy for the industry and SME sector takes into consideration the goals set in Government's programme 2005-2010 and the reform measures taken since 2005 which have helped create the necessary conducive environment for business revival.

The initial document was prepared by a consulting firm GOPA, from Germany, with funding from the "Agence Francaise de Developpement" and has been reviewed by a team at the Ministry of Industry, Science and Research (MISR) and the Ministry of Business, Enterprise and Cooperatives (MoBEC), taking into account the changes in the business landscape and new challenges facing enterprises.

Part 2: The Manufacturing Sector

2.1 Situational Analysis

The Mauritian economy has diversified successfully into manufacturing, tourism, financial services and ICT, as major pillars. Per capita income has increased continuously, standing at \$ 7,100 in 2009, which is about four times higher than the African average. Economic and social indices reveal a prosperous, open and an equitable economy alongside social stability and a conducive environment for businesses. The CSO is predicting a growth rate of around 2.8% for 2009 and 4.3% for 2010. By 2011, it is expected that the economy will return to its growth path of 5% or higher. GDP growth during the period 2006 to 2008 was an average of 5%. Foreign Direct Investment (FDI) shot up from Rs 2.8 bn in 2005 to reach Rs 11.5 bn in 2008.

Manufacturing, in the Mauritian context, has traditionally included Export-Oriented Enterprises (former EPZ) and Domestic Oriented Enterprises and excludes sugar milling, mining and construction as well as production of electricity and water. The strategy document deals with that part of the industry sector, as defined by the term manufacturing. Over the years, manufacturing has played an important role in the structural transformation of the economy and in propelling Mauritius to the rank of a middle income country. The phases of development of the manufacturing sector have been marked by the inward-looking strategy of the 60's, followed by the combination of domestic production and export-led manufacturing in the 70's. Manufacturing registered average annual growth rates of over 5% over the last decade and has since the 70's made a tremendous contribution to raise the standard of living in the country.

Manufacturing accounts for about 19% of GDP in Mauritius and in South Africa, the highest in the region. They form part of the few middle-income countries in the region, showing a direct correlation between the level of economic development and the level of industrial development. Manufacturing will remain an important sector for the economic prosperity of Mauritius.

The Export-Oriented Enterprise sector, experienced a significant slide from 2002 to 2005, with negative growth rates averaging -6% annually during the period 2002 to 2004 and rising to -12.3% in 2005, loss of 21,000 jobs and contraction of exports by -14%. A spurt of investment and modernisation measures by enterprises, supported by reform measures of the Government led to a reversal of fortunes with positive growth rates of 4.6% and 8.0% in 2006 and 2007, respectively. However, hit by the global economic slowdown, growth rate of the sector has dropped to 3.6% in 2008 and is expected to record a growth rate of -0.8% for year 2009. As the global economic slowdown recedes, the performance of the sector is expected to improve in 2010.

Total exports for the period January–September 2009 was Rs 26.6 bn, 3.9% higher than the corresponding period in 2008. Total exports for the third quarter of 2009 stood at Rs 9.1 bn, 2.2% higher than corresponding period in 2008. The improved situation stems from measures taken by Government through a number of schemes. Over and above the Rs 500 m allocated to the manufacturing and SME sectors under the Manufacturing Adjustment and SME Development (MASMED) Fund, an additional Rs 1 bn has been made available up to 2010. In addition, in the Budget 2009, Government has under the Saving of Job and Recovery Fund (SJR) allocated a sum of Rs 2 bn for support to sectors including manufacturing with a view to saving jobs and preparing for the recovery.

Part 2: The Manufacturing Sector

2.2 Structure of the sector

At the end of September 2009, the manufacturing sector comprised 810 large establishments (employing more than 10 persons each) and around 13,000 small establishments (employing less than 10 persons each).

The Export Oriented Enterprises Sector had 414 enterprises (both large and small) at the end of third quarter 2009. It produces a relatively narrow range of products, with textile and clothing accounting for about 65 % of the total exports, followed by fish and fish preparations at 20% and jewellery and processed diamonds at 6%. In recent years, a few high technology enterprises have been engaged in the production of spare parts for the aerospace industry, sophisticated medical devices and high precision plastic products.

The domestic manufacturing sub-sector comprises 502 large establishments and produces a more diversified range of products within some 11 main product groups. It accounts for 9.7% of the GDP and employs 27, 313 persons. It essentially caters for the local market while exports are mainly destined to the regional markets. The sub-sector has to cope with trade liberalisation within the SADC and COMESA groups and domestic tariff reforms undertaken since 2005. Operating mainly under a sheltered environment for a long time, the sector has not developed adequate resilience and strengths to face a more open trade environment. There is urgent need now to foster supply-side capabilities to enable it to stand on its feet.

SMEs have emerged as an important segment within the industrial sector, contributing significantly to employment, output and entrepreneurship development. The last Census of Economic Activities of the Central Statistics Office in 2007 revealed that 92,000 SMEs employed 209,000 persons and accounted for 20.8 % of GDP. The present Government, in its programme, announced its commitment to promote a modern and vibrant SME Sector to pave the way for enhanced democratisation of economic structures, through improved access to productive resources and a more balanced distribution of income. In budget 2010, mention is made that the SME sector has generated 24,000 new jobs in the past four years, accounting for 60% of the total 40,000 jobs created. The Small and Medium Enterprise Development Authority (SMEDA) Act has recently been enacted providing a new legislative framework for the SME sector. The new legislation provides new definitions for small and medium enterprises on the basis of turnover (a small enterprise: less than Rs 10 m, and a medium enterprise: between Rs 10 m to Rs 50 m).

2.3 Challenges

The challenges facing enterprises stem from both the domestic and international fronts. Internally, rising production costs unmatched by productivity gains, inadequate multi-skills, logistics constraints, lack of capabilities in ancillary services, design development, a narrow base for technology diffusion and absorption, altogether constitute major hurdles.

On the external front, manufacturing is facing a sharp transition from dependence on trade preferences and tariff protection to global competition. The phasing out of the Multi-Fibre Agreement leading to the dismantling of quotas eroded the margin of preference for Mauritius. A liberalised trading environment through close-to-zero tariff rates has been proposed for industrial products under the WTO Non-Agricultural-Market Access (NAMA) negotiations. The recent proposal of the EU for "close to zero" tariffs for the Textile and Clothing sector represents a threat for the medium term as the sector will have to compete on level playing field with lower cost producing countries. Development of supply side capabilities becomes imperative.

Mauritius has signed the Interim Economic Partnership Agreement (EPA) Agreement with the EU, as part of the Eastern and Southern Africa (ESA) Group. The Agreement provides Mauritius with duty

Part 2: The Manufacturing Sector

and quota free access (except for rice and sugar), flexible rules of origin for processed tuna and single transformation rules of origin for clothing, as major trade benefits. On the other hand, Mauritius will have to liberalise its imports from the EU within a 15-year period, in line with the principle of reciprocal trade preferences, as required by the WTO. Although, most of the sensitive products for Mauritius have been excluded from the liberalisation process, other products would have to compete on a level playing field with imports from the EU.

In the region, tariff liberalisation and preparation for a Custom Union within COMESA as well as complete tariff liberalization among SADC countries by 2012, are putting additional pressure on competitiveness of domestic-oriented enterprises. Tariff liberalisation, in the context of making Mauritius a duty free island, also represent an important challenge to enterprises manufacturing for the domestic market under high tariff protection.

2.4 Responding to challenges: Turning comparative advantages into competitive advantages

Mauritius should and can turn its comparative advantages into competitive advantages, riding on the crest of its conducive business environment. Various indicators such as the World Bank Doing Business Survey/the Human Development Report of the UNDP indicate denote that Mauritius has made significant progress on several fronts. According to *Doing Business 2010: Reforming through Difficult Times*, published by the International Finance Corporation and the World Bank, in terms of overall regulatory ease of doing business, Mauritius ranked 1st in sub-Saharan Africa for the second year in a row and 17th of the 183 economies. This good performance is blessed by the establishment of a specialised commercial division court, adoption of a new insolvency law, greater ease for property transfer and expedited trade processes.

The new strategy aims at propelling development of highly competitive enterprises that do not require the comfort of trade preferences and tariff protection. They will better adapt to the new global trading environment marked by requirements for factors such as social and environmental norms, differentiated and innovative products, quick response and delivery of a total package of services. The enterprises will be also better equipped to cope with the globalisation process while they will optimise on the opportunities such as the increasing flow of finance, improved international logistics, increasing mobility of labour internationally and the trend for increasing Foreign Direct Investment in dispersed locations along the whole value chain.



Part 3: SWOT Analysis

A Strength, Weakness, Opportunity and Threat (SWOT) analysis of the Industry and SME sector reflects a situation of important strengths, several opportunities that are well within reach, weaknesses that can be dealt with, and specific threats, which are quite real and could be imminent. The SWOT Analysis can be exploited to identify strategic options. Strengths can be used to optimise on opportunities, mitigate weaknesses and also to reduce threats. It can also be used to set priorities for promotion measures and HR development in response to current sector needs. Table 3.1 reveals the broad strengths, weaknesses, opportunities and threats pertaining to the Industry and SME Sector.

TABLE 3.1: SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Political stability • Entrepreneurial Culture • Favourable trade agreements • Broad range of well funded support institutions • Widely shared visions and goals between public and private sector 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Approach to economic development is not sufficiently holistic • Weak technology/innovation base and insufficient R & D • Decreasing productivity • Missing “Out of the box” strategies • Financial/Infrastructural constraints
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Adding value to products (knowledge, services) • Unexploited comparative advantages (social capital, locational advantages) • Unexploited regional and international trade advantages • Unexploited knowledge potential (university) • Unexploited linkages between different economic sectors 	<p>THREATS</p> <ul style="list-style-type: none"> • Significant current threats (energy cost, global financial crisis, increase in costs of inputs) • Little flexibility in view of employment structure • Trade Liberalisation under NAMA, EPA, SADC/COMESA • Emergence of low cost competitive producers • Zero tariff rate through implementation of duty free island concept

The major strengths include political stability, dynamic entrepreneurship, favourable trade agreements, strong public/private sector dialogue, and positive economic and social indices. However, an inward-oriented manufacturing sector, uncoordinated institutional support, inadequate economic infrastructure, weak technology/innovation base, low productivity, product and market concentration, altogether constitute major weaknesses. Mauritius should capitalise on opportunities represented by regional and international trade agreements. Threats emanating from volatile energy cost and further trade liberalisation need to be neutralised by exploiting the emerging opportunities.

Part 4: Approach to Strategy Development

4.1 Vision

A Vision for an economy provides the direction and a destination and includes values and criteria that determine how an objective is to be reached. The direction and destination provided by the vision for the Industry and SME sector is to build a strong, diversified, sustainable and globally competitive sector supported by Science, Technology and Innovation (STI). On the other hand, the concept of "*Maurice Ile durable*" is not only a state that Mauritius wants to reach, but it also determines the approaches and methods how to get to such a state; a pattern of development which will be part of the island state's identity. The concept of AMIGO - an attractive, modern, inclusive, green and open economy - which was introduced in the 2008/2009 budget is equally a statement of position (with regard to values) and perspective.

Other goals refer to social and environmental objectives, as well as to health and educational standards. The approach in this new strategy is to propel innovative practices in the manufacturing sector that ensure enhanced competitiveness on non price factors while forging an entrepreneurial society, based on the '*Debrouillardise Mauricienne*'.

Government needs to constantly adjust and upgrade the economy towards higher value destination. The goal sets in the budget 2008/09 is to double the per capita by 2015. On the other hand, Budget 2010 addresses three main priorities:

- Shaping recovery to accelerate job creation
- Consolidating social progress to embed inclusive growth
- Sustaining Green Mauritius to mitigate the impact of climate change

In the Budget 2010, Government has provided Rs 22 m to the Ministry of Industry, Science & Research to develop a framework to support Science, Technology and Innovation (STI). The framework will establish the process for improving the linkages between research and technological advances with industrial application, including by SMEs. Under this framework, a Science, Technology and Innovation (STI) Fund will be set up to finance market-oriented research projects and support creativity with regard to invention and innovation.

4.2 Description of the Strategic Corridor

A corridor of development is defined by statements, in which sector and sub-sector strategies are fitted. The corridor has a direction, defined through the statements. Its boundaries are determined by values, priorities, accomplishment (such as the skills or the fabric of SMEs) and the social capital that should be taken into consideration in order to build on them. Below describes a corridor and statements of industrial strategies are defined for Mauritius.

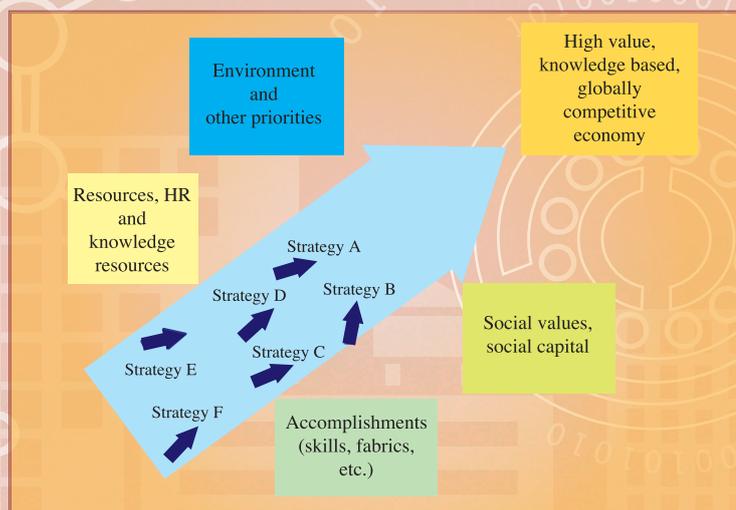


Figure 4.1: Strategic Corridor

Part 4: Approach to Strategy Development

The direction in which Mauritius wants to progress include:

- An entrepreneurial and diversified economy fully integrated into a globalised world
- A competitive industrial sector with high value added, knowledge and technology-driven products and services that guarantee high incomes
- Join the rank of upper middle income countries
- Mauritius as a hub for: knowledge, logistics and distribution, finance and business, service activities

The criteria and principles to be considered when planning development include:

- Best island destination
- Green destination
- More liberal, more equitable economy
- Good quality of life

4.3 Industrial Development Process from a global perspective

Countries worldwide have moved through different stages of industrialisation to respond to economic challenges. Mauritius has in the past inspired itself from models of development in countries such as Singapore and Hong Kong. The Singapore model is still relevant. Singapore followed a growth path characterised by import-substitution in the 60's, export-led development in the 70's, business efficiency in the 80's, enterprise development in the 90s and a new wave of industrialisation since 2000. By the early 2000's, there were 6,000 MNCs in Singapore in technology-intensive sectors such as electronics, pharmaceuticals, computer manufacturing, shipbuilding, petroleum refinery, logistics and financial management as well as regional procurement. Now Singapore is resolutely moving into an innovation/ knowledge based economy. Figure 4.2 depicts the different phases:

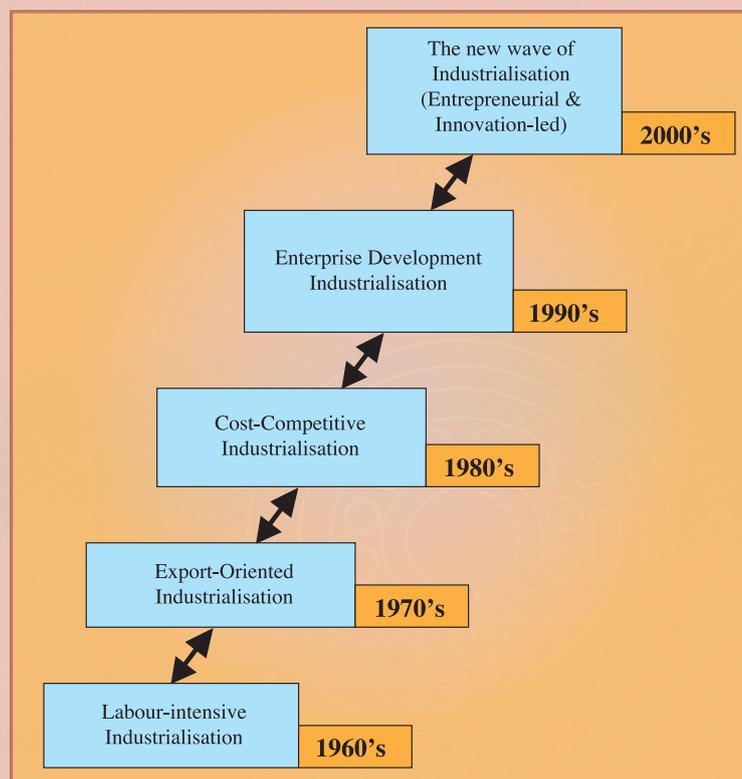


Figure 4.2: Singapore Growth Model

Part 4: Approach to Strategy Development

4.4 Strategy Development Process

The development of competitive strategies is a process and an outcome of interaction and synergies among all stakeholders, as depicted in Figure 4.3.

The evolution of the public-private dialogue

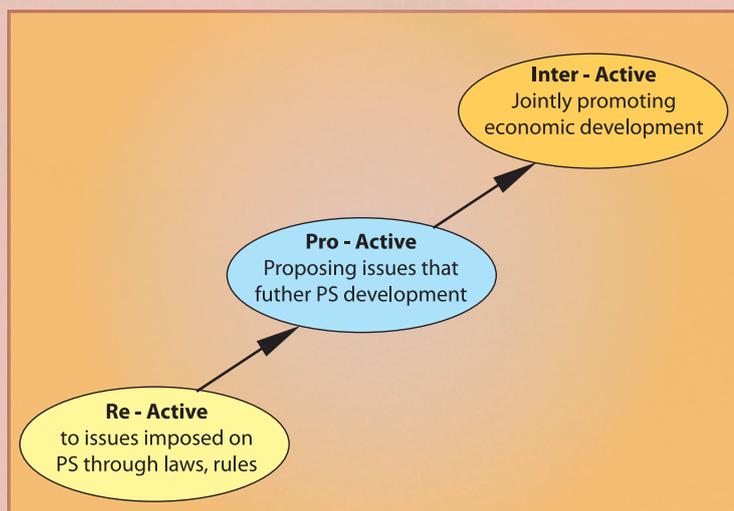


Figure 4.3: Strategy Development Process

PS: Private Sector

Many countries in the region are still at the re-active level. Mauritius has for a long time reached the pro-active level with a private sector contributing actively to developing visions and strategies. Mauritius needs to move into the inter-active level with information from the private sector flowing swiftly to policy makers through regular business climate surveys.

Part 5: Strategic Priorities & Thrusts (2010-2013)

A new strategy framework for the industry and SME sector emphasises an entrepreneurial and innovative approach at enterprises and institutional support level for the consolidation, modernisation, expansion and diversification of the industry and SME sector. The underpinnings are entrepreneurship development, technology upgrade, knowledge and skills development for more design-led/ creative products, improved response time, promotion of market and product diversification, environmentally and socially sustainable production and an aggressive investment campaign targeting more high-tech companies. An STI policy should set as goals the development of a National Innovation Eco-system to orchestrate increase in innovative capacity. The outcome in the medium to the longer term will be development of a culture of innovation, creativity and productivity supporting knowledge based, innovation-led economy. Figure 5.1 depicts the new model with innovative practices spreading across key measures that are essential to drive Mauritius to the new destination of a high wage economy.

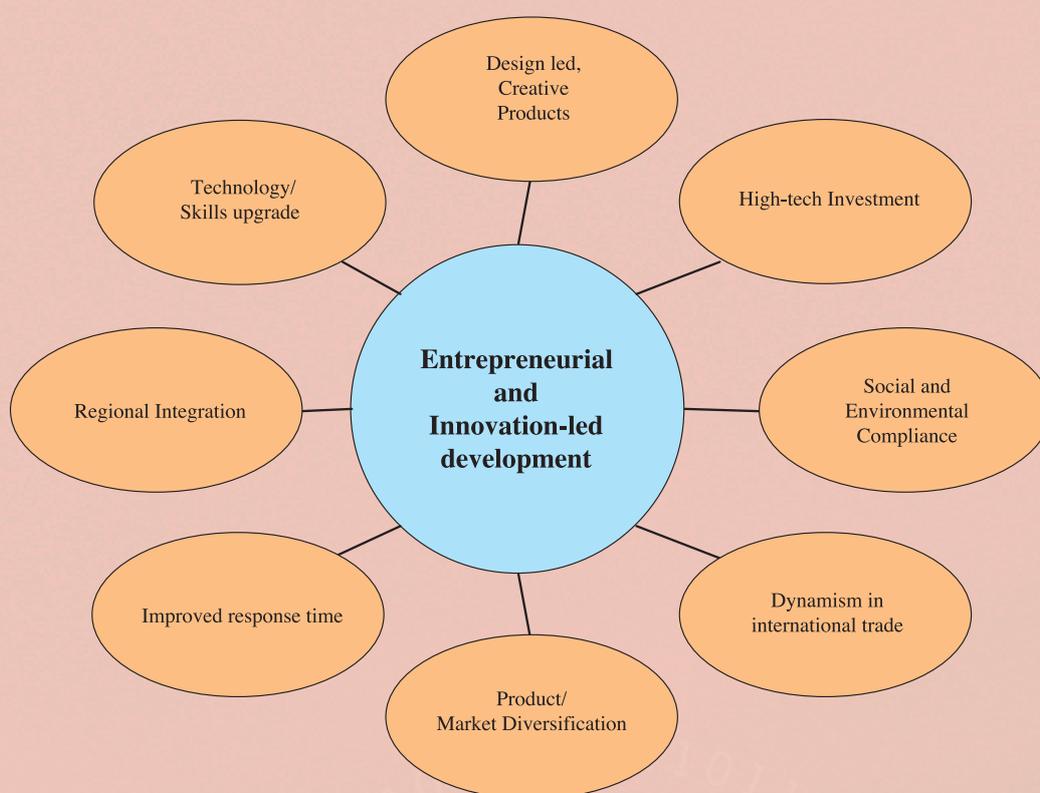


Figure 5.1: Entrepreneurial and Innovation-led model of development for Mauritius

5.1 Framework of the new strategy

An industrial strategy oriented toward competitiveness must be systemic and therefore include institutional and policy levels. The institutional landscape supporting economic development in Mauritius includes an array of public and private organisations offering a wide range of services. Publicly-owned bodies are typically controlled by boards that include representatives from the private sector. Institutions are in principle well funded. However, overlapping of services among some institutions is striking. Furthermore, support services are inadequate in promoting export, investment, international strategic partnerships, R&D, innovation and technology transfer.

The institutional landscape requires significant streamlining. The retailing of business development services could increasingly be left to private sector providers, while public institutions would focus on conceptualisation, facilitation, coordination and monitoring. Some organisations have taken on roles outside their original mandate. Lack of coordination reduces the effectiveness of the institutional structure. Indicators measuring how far the organisations are meeting their objectives are missing.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Industrial development policy requires additional areas of focus in order to be responsive to competitive requirements. These refer in particular to greater emphasis on industrial development within the context of economic development, to increased coordination of the work of institutions and to greater involvement of private sector organisations in the delivery of support services.

Competitiveness has in the past hinged on cheap factors of production. However, as the level of income rises in Mauritius, its comparative advantage has to be based on qualitative factors such as technology, creativity, knowledge and innovation, which will be increasingly crucial for future competitiveness. In fostering an integrated, export-oriented industrial sector, all enterprises, including small, medium and large, should adopt best practices in these areas to be internationally competitive.

Greater emphasis on competitiveness and diversification require development of new skills as well as on-the-job training for enhanced work performance. In general, investments into education and Human Resource Development (HRD), as a percentage of GDP, need to be substantially increased, in particular with regard to tertiary education and the number of students enrolled in science and engineering courses so that Mauritius can reach the benchmarks of countries at comparable development crossroads.

The framework of this new strategy encompasses the following:

- A. Competitive Policy
- B. Competitive Institutions
- C. Competitive SMEs
- D. Competitive HR base

A. Competitive Policy

Strategy One: Innovative approach to Investment Promotion

Foreign Direct investment (FDI) in manufacturing has registered a declining trend in recent years (2004-2008) due to loss of attractiveness of Mauritius as an investment destination stemming mainly from erosion of trade preferences, the globalisation process leading to increased competition for FDI, greater openness to foreign investment by erstwhile closed economies and emergence of many low cost producing economies as strong competitors for FDI. Taking into consideration data for the last five years, FDI in manufacturing has, after reaching Rs 379 m in 2004, dropped to Rs 149 m in 2008. However for the period January to September 2009, FDI to the tune of Rs 662 m was recorded in the manufacturing sector, showing an improved performance.

To reverse the dwindling FDI, Mauritius has to thoroughly review its policies towards investments, adopting bold and innovative measures in terms of prospection of major sources of foreign investment, identification of potential investors and an appropriate aggressive investment campaign. The policy framework should also take account of the new developments regarding global investment flows. Then only Mauritius can leverage on its incomparable quality of life, unique strategic location as a gateway between Africa, Continental Asia and Europe, reform measures leading to ease of doing business, new emerging sectors and a more qualified workforce.

A new investment strategy should involve the setting up of clear guidelines, actions plans and key performance indicators. The strategy should combine both outward and inward investment promotion missions. Joint initiatives by the Ministry of Industry, Science and Research (MISR) and the Board of Investment (BOI) should be undertaken. The strategy should focus on a range of investors including those producing high value products. Such investors can then join the ranks of those producing such sophisticated products as spare parts for the aerospace industry, medical devices and high precision plastic parts.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Identifying potential investors from the Mauritian Diaspora will be an important component in the strategy to step up investment flow and skills to Mauritius. The Mauritian Diaspora should be induced to invest in Mauritius and BOI has taken the right step to reach out to potential investors. The BOI has elaborated strategies for attracting the Diasporas. The Ministry of Industry, Science & Research will work in close collaboration with the BOI, the Ministry of Foreign Affairs, Regional Integration and International Trade and other relevant institutions to encourage the Diaspora to invest in Mauritius.

A1. A supportive regulatory and business environment

Mauritius has to leverage on an enabling business framework by minimising business procedures, establishing sound macroeconomic fundamentals through appropriate fiscal and monetary policies and develop modern infrastructure such as a modern airport and port, well-connected and a fluid road network; altogether, to capture a fair share of FDI and dynamise domestic investment. The country also has unique climatic conditions and an attractive quality of life to offer to investors and these factors should be publicised extensively in international magazines to provide greater visibility to Mauritius as a preferred destination for business.

Following significant reform in business procedures undertaken since 2006 and the introduction of the Business Facilitating Act, Mauritius ranks first in Africa and 17th globally in East of Doing Business, 2010 according to the IFC/World Bank Survey. Further reforms are being undertaken to improve the business climate in Mauritius.

Efforts should also be geared to provide utilities at competitive rates as they represent an important component in cost of production. In a recent benchmarking study involving seven countries, including Mauritius, it was pointed out that, in terms of cost of utilities, Mauritius is placed lower than Turkey, the highest cost country. However, Bangladesh and Vietnam have much lower costs as compared to Mauritius. The costs in Sri Lanka, China and India are more or less comparable to those in Mauritius. However, there is need to bring down cost of energy as a strategy to remain competitive in the global market place. Table below provides a snapshot of cost of electricity and water of major competitors of Mauritius:

TABLE 5.1: COMPARATIVE COST OF UTILITIES

Comparative cost of utilities							
Costs (US \$)	Bangladesh	China	India	Sri Lanka	Vietnam	Turkey	Mauritius
Electricity (per KWH)	0.039-0.041	0.04-0.14	0.11-0.14	0.026-0.166	0.05-0.7	0.132-0.1577	0.101
Water (per m3)	0.197	0.46	0.1	0.45	0.13-0.22	0.975	0.39

A2. Setting up of a Scanning Mechanism

Mauritius requires a mechanism that systematically scans regionally and globally for opportunities for development of competitive sub-sectors. The MISR will set up a "New Sector Opportunity Scanning" Mechanism to assess the relevance of new sub-sectors with Mauritian development vision and existing opportunities. These sub-sector studies will include the collection of all necessary information on market opportunities and requirements. The private sector will also provide relevant inputs in determining project ideas and sub-sectors that can be promoted in Mauritius. The Scanning Mechanism will form part of an "Observatoire de l'industrie" that will be established as part of the strategy to enhance institutional competitiveness.

Part 5: Strategic Priorities & Thrusts (2010-2013)

A3. Integrating the Global Value Chain

Globalisation, driven by economic reforms, increasing openness, the adoption of market-based policies by most countries and progress in ICT has reshaped manufacturing worldwide. Enterprises today specialise in task-based production, where they have comparative advantages, and outsource the rest to other production centres. Outsourcing has created a global value chain and finding the right product to manufacture in Mauritius is a challenge. Following the shift from total manufacturing to task-based production, the strategy should be to identify the right products in the value chain for production in Mauritius and attract FDI in a bid to diversify the industrial base.

Strategy	Goal	Objective
Innovative approach to Investment Promotion	Consolidate and diversify the manufacturing base	Step up the level of investment, particularly in high-tech sectors

TABLE 5.2: PROJECT FOR DIVERSIFYING THE MANUFACTURING BASE

Activities	Implementing Agencies	HR Requirement	Estimated Cost –MISR- [Funding for 4 yrs] (Rs m)
1 Identification of new products through Scanning Mechanism / value chain analysis (one study/yr).	MISR	45 man-days/yr & 2 local staff	12 [Donor Agencies]

Strategy Two: Re-dynamising Exports

Export promotion has been undertaken by Enterprise Mauritius (EM) mainly by organising participation of Mauritian enterprises in trade fairs, conduct of market surveys and implementation of schemes for supply-side capacity development. The new export promotion drive will lie in improving response time of enterprises, promoting exports to the region and capturing niches in the global value chain.

Increasing competition in the global economy, however, entails a constant rethinking of strategies and policies. The export promotion strategy in particular needs to be revisited in line with developments in the global marketplace. Mauritius, at this juncture of its development needs to reposition itself in its traditional marketplace and seek openings in new and emerging markets. This requires focus on market intelligence, closer links with buyers while meeting their requirements, responding to lead time and taking advantage of regional and multilateral trade liberalisation.

A4. Export Promotion

Export promotion initiatives have focused mainly on traditional markets in Europe and the U.S as Mauritius has been benefiting from trade preferences in these markets. The dismantling of the Multi-Fibre-Agreement has led to erosion of preferences. Possible conclusions of negotiations under NAMA will lead to total loss of our margin of preferences. It is imperative in this context to search for new buyers in non-traditional markets to offset any declining exports to Europe and to reduce excessive reliance on the few traditional countries. Export promotion therefore has to foster a diversification of our market base to capture opportunities in regional countries, Eastern Europe, Scandinavian countries, the Middle-East and other markets such as Australia.

Part 5: Strategic Priorities & Thrusts (2010-2013)

A5. Niche Markets

Mauritius has yet also to identify specific niches in the global market where it has a comparative advantage. There is need to identify niche markets where Mauritius has comparative advantage that can be turned into competitive advantages. Such competitive advantages could lie in Mauritian industries producing faster than Far East competitors and able to manufacture flexibly small series of products in line with customer demands.

A6. Improving Response Time and Optimising on e-Business

Mauritius' enterprises will have to increasingly reduce lead-time as they move up the ladder of value added and produce more design and fashion led products. Reducing lead-time has also assumed key importance as lean retailing gain increasing momentum in line with the need to reduce inventory time and reduce marketing costs.

Mauritius has also to connect with the global market with speed and efficiency to take advantage of benefits emanating from the globalisation process. E-business constitutes one of the instruments that is gaining increasing popularity worldwide and Mauritius should not remain at the margin of the World Wide Web. Enterprise Mauritius (EM) has embarked on a project to connect Mauritian suppliers with the global market place through a new e-platform. This should be pursued and other complementary measures would be devised to enable enterprises and buyers to work on real time.

A7. Regional Trade

Trade in the region can be leveraged to provide new export avenue particularly for domestic enterprises, by optimizing on higher economic growth, greater economic vibrancy and increasing trade liberalisation among countries in the SADC and COMESA region.

A8. Adding Knowledge and Service to Products

Products are being increasingly sold through the addition of knowledge and services that help differentiate, innovate and build an attractive image. Knowledge and services are gaining prominence in global trade through investment in intangibles or knowledge assets such as original designs, innovative packaging, brand building, R&D and investment in people. An offer of good logistics also forms part of the intangibles to ensure products arrive to the customer in time and without hassle.

Strategy	Goal	Objective
Re-dynamising exports	Enhance contribution of exports earnings	Consolidate exports in traditional markets and tap new opportunities in the global trading arena

Part 5: Strategic Priorities & Thrusts (2010-2013)

TABLE 5.3: PROJECTS FOR REDYNAMISING EXPORTS

Activities		Implementing Agencies	HR Requirement	Estimated Cost – [Funding for 4 yrs] (Rs m)
Export Promotion:				
1	Conduct market prospection/ surveys and diffuse market intelligence	EM	23 core EM staff	32 [MASMED /SJR Fund/Donor agencies]
2	Advise entrepreneurs on export procedures and provide them information on potential buyers.	EM		4 [MASMED /SJR Fund/ Donor agencies]
3	Facilitation of exports through buyers/sellers meetings, contact promotion programmes and fairs.	EM		192 [MASMED /SJR Fund/ Donor agencies]
4	Image building through inward press trips and adverts	EM		4 [MASMED /SJR Fund/ Donor agencies]
5	Recruit Liaison Officers and establish Offices abroad.	EM		48 [MASMED /SJR Fund/ Donor agencies]
6	Provide intensive support to target SMEs, starting with the most performing ones (supporting “winners” so as to gain experience and create demonstration effects that would encourage others). Support to SMEs will include audits of export capacity, training in export procedures and logistics, technical advice, establishment of B2B relations, market searches, and promotion of e-marketing activities.	MISR/EM		80 [MASMED /SJR Fund/ Donor agencies]
7	Connect suppliers with the global marketplace through a more effective e-platform and support initiatives of individual enterprises.	EM	No additional staff	40 [MASMED /SJR Fund/ Donor agencies]
Improved response time:				
8	A Technical Committee on Response Time comprising public and private sector representatives to be set up to explore all opportunities to improve response time of enterprises, promoting production engineering programmes, exploring avenue for a mix of air and ship transport, particularly for export to the U.S.	MISR /EM	No additional staff required	No additional funding required
Adding knowledge and service to products:				
9	Assist companies to add value and incorporate knowledge to products/services	EM	4 additional staff	20 [MASMED /SJR Fund Donor agencies]

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy Three : *Supply-side capabilities development*

The successful modernisation and expansion of the manufacturing sector depend largely on supply-side capabilities development. The supply of adequate and appropriate skills in pre-production processes assumes fundamental importance for production of quality, differentiated and innovative products. In this context, Mauritius has to embark without delay in churning out skills in design, fashion and modelling. In parallel, products have to comply with international requirements regarding standards and technical regulations.

Science, technology and innovation has to underpin the shift towards a globally competitive manufacturing sector. A knowledge, technology and innovation-based manufacturing sector will compete more on efficiency and business excellence factors, targeting niches markets on the global scene. At the same time, existing enterprises have to embark on a process of technology transfer, adaptation and absorption for process re-engineering and product development. Altogether, enterprises have to forge ahead on higher levels of productivity aspiring to achieve competitive edge matching world class enterprises.

A9. Funding to shape up recovery

The Leasing Equipment Modernisation Scheme (LEMS) have been set up with the major objective to better recover from the damaging effects of the recent financial crisis through modernisation of equipment for enhanced productivity and competitiveness. Under the LEMS 1, Rs 500 m was provided so that enterprises with turnover less than Rs 50 m could benefit up to Rs 5 m for the purchase of equipment. Under LEMS 2, Rs 400 m was provided to cover enterprises with turnover between Rs 50 m up to Rs 150 m, whereby each enterprise could benefit up to Rs 15 m.

Budget 2010 has made provisions to also cover large export and domestic oriented manufacturing enterprises with turnover exceeding Rs 150 m. Rs 500 m has been earmarked under the SJR Fund for this purpose.

A10. Design Capabilities Development

Mauritius has set up the Fashion and Design Institute (*FDI*) to foster original design manufacturing for product differentiation and achieve higher value addition. The Institute will focus on training, development of a new class of entrepreneurs in the production of fashionable products/services, product development and provision of consultancy services. It will also pave the way for enterprises to improve their products through knowledge, innovation and creativity.

A11. Quality and Compliance

Mauritian enterprises have to compete more on quality factors to survive in a market where they are at a disadvantage on the price factor. Implementation of quality systems at enterprise level, therefore, assumes critical importance. However, only some 220 firms are certified ISO 9000. Certification to other ISO standards is equally low. The Mauritius Standards Bureau (MSB) is developing new standards, provides testing facilities and promotes acceptance and implementation of quality systems. The MSB has to play a major role in promoting a quality culture in the country. Trading in the global markets also entails, amongst others, demonstration of conformity of export products with international standards.

Mauritius, therefore, needs to have a full-fledged conformity assessment infrastructure in order to be able to accredit conformity assessment bodies and to ensure that this accreditation is recognized regionally and internationally by our trading partners. MAURITAS, which provides accreditation services to bodies involved in conformity assessment, i.e testing/calibration, certification bodies and inspection bodies, is called upon to play an important role. Both MSB and MAURITAS are expected to implement projects on a demand-driven basis.

Part 5: Strategic Priorities & Thrusts (2010-2013)

A12. Addressing Non Tariff Barriers to Trade (NTBs)

Developed countries are increasingly demanding compliance with standards for market access, thereby erecting walls of non-tariff barriers. Mauritius needs to invest in the necessary quality infrastructure and strengthen appropriate bodies (assurance, accreditation and metrology) to cope with these non-tariff barriers. The necessary expertise and technology should also be developed to ensure that imported inputs are in line with international standards.

A13. Science, Technology and Innovation as drivers for Industrial Modernisation

Over the last decade, many of the large manufacturing enterprises have invested in sophisticated yarn production technology, robotised dyeing systems, seamless technology, Computer Aided Design and equipment, automated sewing machines and Computerized Mover System. Digital printing units, precision diamond processing and high-end medical devices characterise large enterprises in respective sectors.

The UNDP Human Development Report of 2007 mentioned that exports of high-tech manufactures in Mauritius have increased from 0.5% in 1990 to 21.3% in 2005; high-tech export of South Africa stands at only 4.4%.

Infrastructure for technology activities comprises mainly the Cyber Park over some 172 hectare of land, La Tour Koenig Informatics Park and the National Computer Board Incubator Centre. Mauritius can explore opportunity to set up an STI Park.

Technology acquisition, adaptation and development are now a prerequisite to move up-market and remain competitive. Technology development and innovation will be incremental at varying degrees, implying that it does not necessarily involve substantial investment in development of new processes and products, nor does it imply a complete overhauling of the production set up. The focus of the strategy on technology development and innovation relates to the application of novel knowledge to generate value. However, in Mauritius, the expenditure on R&D is 0.4% of the GDP, which is low when compared with South Africa at 0.8%, Malaysia 0.7%, Singapore 2.3%, Korea 2.6% and Brazil 2.6%.

Use of ICT tools worldwide, both in production and management, is growing at an exponential rate and has become an essential driver for efficiency gains that contributes to higher levels of economic growth. Mauritius has to leverage on ICT, as an indispensable factor to promote higher level of competitiveness across all sectors. The Government's vision is to make ICT the fifth pillar of the economy and transform Mauritius into a regional ICT hub. The broad objectives of the National ICT Policy aim at providing a framework that will enable ICT to contribute towards achieving national development goals and at enhancing the exploitation of ICT across the various economic sectors, including SMEs. Coordination with the Ministry of Information and Communication Technology is vital to harness ICT as a tool for increased productivity and efficiency of the Industry and SME sector.

Budget 2010 provides funding of Rs 22 m to the Ministry of Industry, Science and Research to develop a framework for Government to support Science, Technology and Innovation (STI). Under the framework, an STI Fund will be set up to finance market oriented research projects and support creativity with regard to invention and innovation.

A14. Productivity improvement

For the national economy, the index of labour productivity improved from 90.6 in 1998 to 124.9 in 2008, giving an average annual growth of 3.3%. Labour productivity grew at a lower rate of 1.6% in 2008 compared to 3.7% in 2007. During the same period, the index of capital productivity declined from 100.8% in 1998 to 93.4% in 2008, showing an annual average drop of 0.8%. In 2008, capital productivity declined by 0.5% compared to 0.4% in 2007. The average annual growth rate of Multifactor Productivity (MFP) during the period 1998 to 2008 was 0.1%. In 2008, MFP registered growth of 0.4% compared to 0.1% in 2007.

Part 5: Strategic Priorities & Thrusts (2010-2013)

In manufacturing, labour productivity grew by an annual average rate of 3.3% during the period 1998 to 2008. In 2008, labour productivity registered a growth of 2.4% compared to 0.8% in 2007. Capital productivity decreased by an annual average of 2.3% during the period 1998 to 2008. However, in 2008 capital productivity was positive at 0.3% compared to -5.7% in 2007. Multifactor Productivity has dropped by an annual average rate of 0.4% during period 1998 to 2008. In 2008, MFP registered a growth of 0.8% compared to -3.7% in 2007.

Adoption of Quality Management Systems, innovative technology and production processes and improved quality of inputs, best practices in human resource development, and promoting a maintenance culture, altogether, are critical factors to be taken into account in future to accelerate the rate of change in productive efficiency. Effective institutional support is also critical to drive all around productivity in Mauritius.

Japan and East Asian countries have optimised on productivity gains as a weapon to dynamise their economies and register higher levels of growth. Mauritius should emulate these successful economies if it wants to be among the league of competitive nations. In this context, the role and functions of National Productivity and Competitiveness Council (NPCC) assumes fundamental importance and should be reviewed to respond to the requirements of the global economy. Productivity should be embedded at all stages of production and reflected in the final product. It should become the largest share of value added in modern and intelligent production.

A critical mass of knowledge workers will be necessary for effective productivity enhancement. The Silicon Valley of California, the Munich Electronic Belt in Germany, the Hsinchu region of Taiwan, as examples, were all developed around a critical mass of knowledge workers. Mauritius will have also to develop physical infrastructure such as roads as well as knowledge in information and communication technology and e-commerce as avenues to improve productivity levels.

A15. Branding of Mauritius

"Branding" of Mauritius is closely related to vision and values. Vision is communicating goals to institutions, organisations and the people of Mauritius. A brand such as "perfection in paradise" puts elements of the vision and development aspirations into a statement that is true, unique and immediately memorisable. Branding is important to foster Mauritius as an investment destination or a supplier with a "face" or profile, thus also helping to market products from the country.

A branding project for Mauritius has been completed under the aegis of the Ministry of Tourism and External Communication for the successful image building of the country on the international scene. The brand "*Mauritius C'est un plaisir*" reflects the attributes of the country and is set to capture the minds of foreigners for tourism and investment purposes as well as to facilitate exports.

Strategy	Goal	Objective
Supply-side capabilities development	Increase the contribution of the manufacturing sector in the economy	Enable development of skills, technology and innovation led enterprises

Part 5: Strategic Priorities & Thrusts (2010-2013)

TABLE 5.4: PROJECTS FOR ENHANCING SUPPLY SIDE CAPACITIES

Activities		Implementing Agencies	HR Requirement	Estimated Cost –MISR- [Funding for 4 yrs] (Rs m)
1.	Expanding Leasing Equipment Modernisation Scheme (LEMS)	MISR/MoBEC	nil	500 MASMED/SJR
2	Launching of new degree courses by the Fashion and Design Institute (FDI)	FDI	HR plan being finalised	100 [Government Funding/User charges]
3	Launching of professional/executive courses by the FDI	FDI	HR plan being finalised	
4	Support design development at enterprise level	FDI	HR plan being finalised	
Quality and compliance:				
5	Implementation of a Quality Enhancement Programme to certify enterprises in quality, environmental and social standards.	MSB	2 additional staff	2
6	Provide for the accreditation of laboratories, certification and inspection bodies.	MAURITAS	3 additional staff	12 [Donor agencies & Revenue generated]
7	Establishing Multilateral Recognition Arrangements at international level	MAURITAS	No additional staff required	6 [Donor agencies & Revenue generated]
8	Establishment of closer links with international quality infrastructure organisations and fostering of cooperation among laboratories belonging to different ministries, preferably under one umbrella	MSB	No additional staff required	No funding required
9	Audits of SMEs leading to certification	MSB & SEHDA	No additional staff required	4 [Donor agencies & Revenue generated]
10	Training of business operators on quality issues and quality related management approaches	MSB	No additional staff required	2 [Donor agencies & Revenue generated]
11	Train the trainer courses for auditors and training in Corporate Social Responsibility, in support of the programme	MSB	Technical expertise	1 [Donor agencies & Revenue generated]
12	Application of standards to imported products through rigorous testing to create a level playing field and ensure that domestic producers are not threatened by imports of lesser quality.	MSB	1 additional Quality Officer	2 [Donor agencies & Revenue generated]

Part 5: Strategic Priorities & Thrusts (2010-2013)

13	Product development schemes on product quality and compliance to norms.	EM	No additional staff required	50 [MASMED/SJR/ Donor Agencies]
Addressing NTB's:				
14	Upgrade and establish new laboratories at MSB	MSB	4 additional Quality Officers	18 m {8 m for additional staff & 10 m for equipment} [Donor agencies & Revenue generated]
15	Implement the necessary training programmes for staff capacity building	MSB	Technical expertise	2 [Donor agencies & Revenue generated]
16	Assisting enterprises to meet international standards and Technical Barriers to Trade	MSB & EM	No additional staff required	5 [MASMED / SJR Fund/Donor Agencies]
17	Review and modernise the technical regulatory framework.	MSB	No additional staff required	2 [AFD& Revenue generated]
Technology upgrade:				
18	Undertake a technology gap survey in the manufacturing sector to assess current status, identify constraints and promote technology development and transfer.	EM	No additional staff required	5 [MASMED / SJR Fund/Donor Agencies]
19	Feasibility study on the establishment of a Science and Technology Park	MISR	No additional staff required	2 [Donor agencies]
20	Formulation of a framework on Science, Technology and Innovation (STI) to establish the process for improving the linkage between research and technological advances with industrial application, including by SMEs. Establishment of an STI Fund to finance market oriented research projects and support creativity with regard to invention and innovation.	MISR	To be determined	22 [provided under budget 2010]
Productivity and competitiveness improvement:				
21	Audit of enterprises	EM	No additional staff required	24 [MASMED / SJR Fund/Donor Agencies]
22	Facilitate restructuring of enterprises	EM	No additional staff required	24 [MASMED / SJR Fund/Donor Agencies]

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy Four : Sustainable Industrial Development

Consumers in our main markets are increasingly reacting to concerns related to global warming, environmental degradation, corporate social responsibility and healthy food and lifestyle. Many consumer NGOs are bringing pressure to bear on industries in order to make them environmentally and socially compliant.

Buyers are, as a result, establishing rigorous compliance product and process standards that producers have to respect. Industries that cannot keep pace with changes and respond to the market exigencies will face difficulties to sell their products. The concept of AMIGO - attractive, modern, inclusive, green and open economy - provides an indication on the vision for Mauritius to become an eco-friendly country, as part of the sustainable industrial development concept. The setting up of the 'Maurice Ile Durable' (MID) Fund will promote economic sustainability through adoption of sustainable production and consumption.

In line with this "green" Mauritius vision, an environment-related quality sub-programme should deal with the issue of how environment friendly management approaches and technologies can be promoted in Mauritius. Issues such as lesser waste, lower energy consumption, less pollution and emission of noise, less fatigue of workers, etc. should be at the centre of audits and recommendations. Such a sub-programme for cleaner and more efficient production would sensitise firms for opportunities of improving environment related impacts and assist in elaborating solutions.

The International Textile Manufacturers Federation Conference hosted by Mauritius in 2008 also underscored the need to develop a greener and more sustainable textile and clothing industry. The proposal to create a Resource Efficient and Cleaner Production Centre was made in 1995. However, due to lack of commitment and resources, the centre has not seen the light of the day. UNIDO, which has assisted the establishment of some 42 Centres in other countries, is prepared to assist Mauritius to establish such a Centre. UNIDO consultants have recently held discussions with stakeholders and they would submit proposals for a three-year National Cleaner Production Programme in the first stage and the establishment of the Centre in the second stage.

The MSB has started implementation of 14,000 series of standards, as part of promoting Environment Management System. Mauritius should be able to develop an image of a clean production base that is enticing to investors and buyers.

Strategy	Goal	Objective
Sustainable Industrial Development	Develop Mauritius as a clean industrial production base	Ensure "Sustainability" becomes the linchpin for future industrial growth

Part 5: Strategic Priorities & Thrusts (2010-2013)

TABLE 5.5: PROJECTS FOR PROMOTING SUSTAINABLE INDUSTRIAL DEVELOPMENT

	Activities	Implementing Agencies	HR Requirement	Estimated Cost –MISR- [Funding] (Rs m)
National Cleaner Production Programme				
1	Elaboration and implementation of a Resource Efficient and Cleaner Production Programme for the first three years, in the first stage.	EM [EM and UNIDO will jointly elaborate the programme]	To be determined during the elaboration of the programme	UNIDO has earmarked around Rs 27 m for the first of the project.
2	<p>Establishment of a Resource Efficient and Cleaner Production Centre (RECPC) in the second stage. Recommendations on its activities are as follows:</p> <p>a. Assess the technical needs of operators to comply with systems certification related to quality, social accountability, and environmental management</p> <p>b. Upgrade the capacity of public and private institutions to support enterprises in environmentally sustainable development</p> <p>c. Bridge the information gap through sensitisation and training programmes on emerging trends regarding compliance on environmental issues</p> <p>d. Provide technical assistance to operators in obtaining systems certification-ISO, SA, WRAP, HACCP, etc</p> <p>e. Assist enterprises in adopting energy saving processes and alternative sources of energy</p> <p>f. Diffuse information on eco-friendly, organic and fair trade products and to facilitate the establishment of recycling activities</p>	EM	To be determined during the first stage.	[UNIDO- UNEP/ other donor funding/ budgetary provisions and User Charges]

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy Five : *Dynamic Trade Negotiations*

The global trading arena has undergone major changes characterised mainly by globalisation, an increasing number of bilateral agreements, regionalisation and multilateralism. The WTO is playing a critical role in promoting this interconnected trading system. The new paradigm entails that nations participate in the global trading process by abiding to WTO trade rules and fulfil specific obligations. Mauritius should continue to play a proactive role in this multidimensional configuration and advocate effectively its position in regional and international institutions. There is however a need for capacity building among different Ministries.

Strategy	Goal	Objective
Strategic Trade Policy	To better integrate the global economy	To optimise on opportunities emanating from regional and international negotiations

B. Competitive Institutions

Coordination of the institutional landscape refers to two levels: Operational coordination to ensure that support institutions cooperate effectively, and strategic coordination, directed at adjusting and restructuring the institutional landscape so that it becomes competitive globally. The latter requires an independent mechanism outside the existing institutional setup.

Strategy Six: *Institutional Upgrading*

B1: Setting up of an Industrial Advisory Council

The response to globalisation must involve a new approach in delivery of services by institutions and in policy making. The necessary shift at the levels of business delivery services and policy making is a prerequisite to determine a conducive business environment for the manufacturing sector. These levels must undergo a harmonious evolution through close communication with each other and become globally competitive. The "transmission belt" between the two levels, i.e. the process of devising policies and institutional capacities that facilitate an effective response of enterprises to challenges at the global market must always be in motion. To pave the way for harmonised support services within the framework of this "transmission belt", it is recommended that an Industrial Advisory Council be set up, comprising key stakeholders, to advise, inter alia, on:

- Broad policies and strategies to facilitate the overall development of the industry sector
- Institutional streamlining for provision of seamless, efficient and cost-effective support services
- Enhanced cooperation and coordination to ensure effective implementation of development policies and action plans
- Research on emerging issues

B2: Setting up of an "Observatoire de l'industrie"

Information is the life blood for business success in this globalisation age. Businesses require speed in decision making, investment, production and delivery to the market to remain competitive and to capitalise on opportunities. Effective policy making also require relevant and timely information. Japan has been a precursor in harnessing information for the benefit of policy making and its businesses.

It is therefore proposed to set up an "Observatoire de l'industrie" to act as a one-stop-shop for collection of information and data on new technology development, market trends, investment flows, economic trends of competitors, trade agreements, among others and ensure their timely dissemination to private sector stakeholders. The "Observatoire de l'industrie" can be built around the Resource and Technology Enterprise Mauritius and will also encompass a Scanning Mechanism to scan the domestic and international environment for investment purposes.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Intelligence gathered by the "Observatoire" will contribute to effective policy formulation and the development of support measures for the industry sector. The inputs of the "Observatoire" will be, therefore, highly relevant to the efficient operation of the Industrial Advisory Council to be established. Close collaboration between the "Observatoire" and the Council will be necessary as their functions will be complementary.

B3: Setting up of a Competence Centre for the development of an Innovation System

Defined as a process by which measurable value enhancement is planned and achieved in any commercial activity, innovation has emerged as a key enabler in a country's economic growth. It leads to improving market share, competitiveness, quality, while reducing costs. The process may be breakthrough or incremental. It may be achieved through the introduction of new or improved good and services and implementing new or improved operational processes and organisational and managerial processes. The innovation ecosystem is a complex environment that requires the coordinated approach of a number of diverse factors in order to function effectively.

On the other hand, lack of an innovation culture among enterprises and absence of a support structure are weaknesses that have to be urgently addressed. It is critical therefore to develop a framework to support Science, Technology and Innovation (STI). That framework will also establish the process for improving the linkage between research and technological advances with industrial application, including by SMEs. Under this framework, a Science, Technology and Innovation Fund will be set up to finance market oriented research projects and support creativity with regard to invention and innovation. The STI framework will give the necessary impetus to innovation in Mauritius. The system may also make periodic survey on innovation; examine factors influencing innovation, including those acting as barriers to innovation; define the approach to innovation; promote effective collaboration among enterprises, the educational system, the R&D environment and the consumer; and nurture innovation across the economy.

Innovative practices across sectors should lead to production of saleable and competitive products that reach appropriate segments of the market. It requires market intelligence in terms of knowledge of competitors, information on best management and production practices, trends on production of innovative products and customer preferences. Such market intelligence will support the innovation ecosystem.

To promote an effective innovation system in Mauritius, University researchers should conduct research on process/product innovation and other relevant issues and they will be supported by relevant institutions/organisations, such as banks. These institutions will facilitate the process of knowledge transfer by helping to translate research on private sector needs into practical applications.

An effective innovation system will also include innovation related legislations to trigger the necessary innovation. Government will nominate a coordinator (an international expert with outstanding experience in science) who will be tasked to establish the innovation system, define the functions of the innovation system, facilitate the necessary linkages between institutions and the private sector and help establish linkages with international innovation networks. The partnership is represented below:

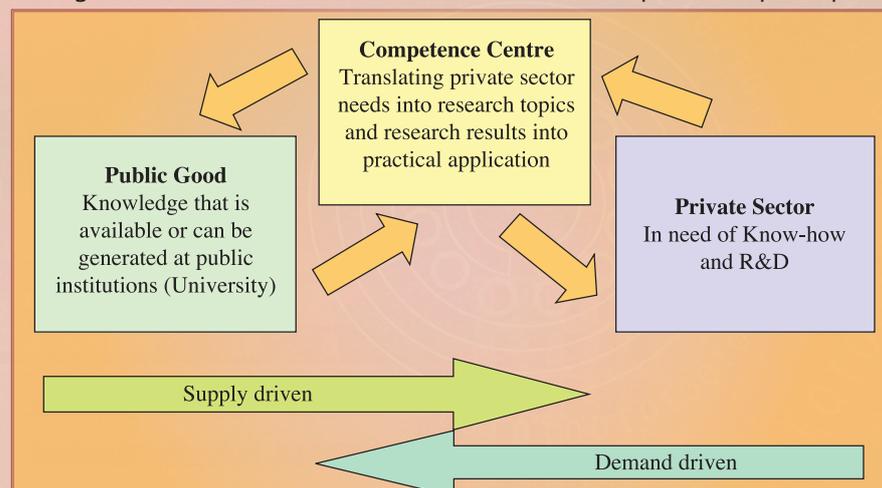


Figure 5.2: Competence Centre

Part 5: Strategic Priorities & Thrusts (2010-2013)

B4: Restructuring/streamlining of institutional services

Delivery of support services to the business community can be made more effective by setting up the proper mechanism to ensure better coordination by the respective organisations. Such coordination will eliminate overlapping of functions.

Support institutions in Mauritius should also increasingly “retail” their services to private sector organisations, while focusing on facilitation measures. The private sector organisations will compete for bids. Such a measure will lead to a saving of public funds as Government subsidises only part of the services.

B5: Reviewing the role of the National Productivity & Competitiveness Council (NPCC)

Development of a productivity culture is at the core of the objectives of the NPCC. In line with this objective, it is more appropriate for the NPCC to operate under an economic Ministry. In this capacity, the NPCC will be in a better position to support the development of manufacturing, a key sector of the economy as well as promoting productivity and competitiveness in other economic sectors in the country.

Strategy	Goal	Objective
Institutional Upgrading	Ensuring effective response to the needs of enterprises	Improve delivery of business services

TABLE 5.6: PROJECTS FOR INSTITUTIONAL UPGRADING

Activities		Implementing Agencies	HR Requirement	Estimated Cost –MISR- [Funding] (Rs m)
Setting up of a Competence Centre/Innovation System:				
1	Recruit specialists for evaluation of tasks and specific analysis	MISR	5 core staff plus support staffs	10 [under the STI Fund]
2	Recruit a coordinator (an international expert with outstanding experience in science) to establish and drive the innovation system	MISR	1	1.5 [under the STI Fund]
Setting up an Observatoire de l'industrie:				
3	Set up the “Observatoire de l'industrie” around the Knowledge Centre of Enterprise Mauritius.	EM	1	0.5
Setting up of an Industrial Advisory Council:				
4	Commission research on emerging issues	MISR	-	4 [Donor agencies]

Part 5: Strategic Priorities & Thrusts (2010-2013)

C. Competitive SMEs: Forging an innovative, growth oriented and globally competitive SMEs

The SME strategies lay emphasis on six imperatives with a view to achieve the following objectives:

- Developing a resilient, competitive and technologically strong SME sector capable of meeting global challenges.
- Strengthening the existing on-going entrepreneurship and support programs to stimulate the growth of new enterprises and equip existing SMEs with technical and innovative capabilities to raise productivity, efficiency and profitability.

Strategy Seven : Improving Access to Finance

Non-availability and difficulties in obtaining funds, inability to provide collateral support and being rated as high risk borrowers have tremendously affected growth of SMEs. The following measures are proposed:

C1.Reform of the Financial and Institutional set up

The current financial and institutional set up is currently being revisited to cater for the growing needs of SMEs. The role and functions of the Development Banks of Mauritius (DBM) Ltd is thus being reviewed to ensure a more effective channeling of funds and to strengthen the delivery of business development services to SMEs. In this connection, DBM is already concentrating on enterprises with an annual turnover of less than Rs 15 m, while commercial banks will cater for SMEs with annual turnover between Rs 15 m and Rs 50 m. The consultants recruited for the review of the DBM have proposed several options as the way forward and these are being examined by a high level committee.

C2. Support Schemes and New Financial Products

Under the Manufacturing Adjustment and SME Development Fund (MASMED) six schemes with a total provision of Rs 118.4 m are being implemented with a view to consolidating and enhancing the competitiveness of SMEs for sustained growth. These are: Support to SMEs to Upgrade Management Capabilities; International SME Technology Expo Scheme; Export Assistance Scheme for Air freighting of samples; Market Link Fund; Technology Diffusion Scheme; and Upgrading Packaging and Labelling for SMEs. New schemes are being developed.

A number of financial instruments have been and are also being developed to assist SMEs to have access to traditional as well as new form of financing. Thus, the SJR Fund, with an amount of Rs1.5 bn, has been set up to support SMEs mitigate the adverse effects of the global economic crisis and promote growth. The main components are:

- Leasing Schemes for the acquisition and modernization of equipment ;
- The Mauritius Approach where commercial banks have agreed to place at the disposal of SMEs in difficulty an envelope of Rs 300 m;
- The Transitional Support to SMEs in difficulty where the SJR Fund, through the DBM and SEHDA, being structured into SMEDA, will assist SMEs to restructure and obtain financing regardless of the crisis; and
- A New Micro Financing Scheme for women, either individual or grouped into societies, being implemented by the Mauritius Post and Cooperative Bank (MPCB).

Part 5: Strategic Priorities & Thrusts (2010-2013)

With a view to making the SMEs more resilient and innovative, a series of measures have been introduced in the Budget 2010 to further consolidate the SME sector and create new windows of opportunities for both start ups and existing ones. These comprise:

- The Leasing Equipment Modernisation Scheme (LEMS) has been broadened to cover all productive equipment including goods vehicles and now finances up to 100% for non-VAT registered SMEs with a turnover of Rs 3 m. It also covers newly incorporated companies with the sole trade having proven track record.
- Introduction of a new Factoring Scheme.
- Setting up of an Export Credit Scheme.
- Creation of an SME Portal to provide business information on service providers.
- Subsidize participation for SMEs participating in foreign fairs.
- Development and leasing of 100 arpents of lands with 10 sites of 5 arpents each for 2 SMEs or the construction of industrial buildings.
- Leasing of about 33 arpents of fully serviced lands for the development of industrial areas exclusively for women.
- Establishment of a permanent exhibition/sale centre for SMEs.
- Setting up of a Venture Capital Fund with the participation of business angel to support Technopreneurs capable of creating technology products for the global markets.
- Consultancy services for recruitment of interior decorators/designers under the Small Hotels and Restaurants Scheme extended to assist jewellers in upgrading and renovating their outlets.
- A Mentoring Scheme to support unemployed and retrenched women starting a business under the New Micro Financing Scheme.
- Revamping the operations of the SME Partnership Fund and linking it with the Mauritius Business Growth Scheme (MBGS) to finance start-ups and SMEs expanding their business.
- Development of a new scheme under the MBGS to encourage high potential start-ups companies using technological innovations through financing of feasibility studies and meeting the cost of patent filling and registration.
- Increasing the ceiling of the Booster Loan to Rs 150,000.

In addition, the MBGS with a total budget of Rs 360 m is being launched to support enterprise productivity and competitiveness, specifically in the area of skills and training, technology upgrading, standards and marketing constraints facing marketing. The MBGS will provide the following services to firms:

- Cost sharing grants on a 50: 50 or 10: 90 basis to buy specialised outside expertise
- Free handholding or mentoring to help each firm plan and execute a business plan for growth, stage by stage typically based on a quarterly firm visits
- Free assistance for preparation plans and loan application to secure bank borrowings

Strategy	Goal	Objective
Improving Access to Finance	To stimulate investment by SMEs	To allow enterprises to grow

Part 5: Strategic Priorities & Thrusts (2010-2013)

TABLE 5.7: IMPROVING SMES ACCESS TO FINANCE

	Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1	Technology Expo Scheme	SEHDA	No additional staff required	5
2	Upgrading Management Capabilities	SEHDA	No additional staff required	27.5
3	Export Assistance Air Freight of Samples	SEHDA	No additional staff required	5
4	Market Link Fund	SEHDA	No additional staff required	0.5
5	Technology Diffusion Scheme	SEHDA	No additional staff required	77
6	Packaging and Labeling	SEHDA	No additional staff required	3.4
7	Implementation of schemes under the SJR Fund	MoBEC	No additional staff required	1,500 [SJR/ Beneficiary Cost-Share/ Refund from Beneficiary when successful]
8	The implementation of the Mauritius Business Growth Scheme(MBGS)	MoBEC	1 Manager 3 advisers	Cost to be met under the MBGS Rs 360 million project

Strategy Eight : Expanding the Entrepreneurial Base

Entrepreneurial development stimulates business vibrancy leading to economic buoyancy. The following measures are proposed to expand the entrepreneurial base and make Mauritius a nation of entrepreneurs.

C3. Mentoring System

A permanent full-fledged Mentoring System should be set up with a pool of mentors to assist and handhold SMEs including start-ups in their gestation period as well as in their expansion process. Under this system, businessmen/managers who have been successful or who have acquired extensive experience in enterprise management would pass their specialist knowledge on to SMEs. Foreign retired experts/mentors should be invited to offer free high skill training and other services.

C4. Forging international linkages

A Collaborative Mechanism Programme should be established to forge links with reputed international organisations to help SMEs leverage opportunities for cooperation. This program will support SMEs with guidance to help them improve their competitiveness besides creating room for growth.

Part 5: Strategic Priorities & Thrusts (2010-2013)

C5. Entrepreneurship Development Programme for Graduates

Graduate enterprise courses (successfully run in various countries) should be introduced in three phases approach, namely a one day introductory course for all interested people at the university; followed by a 2-days workshop to test entrepreneurial acumen; and thirdly, after rigorous self-selection, implementation of a graduate course of several weeks, to help identify and perfect business ideas, and elaborate bankable business plans.

C6. Capacity Building in handicraft

A Handicraft Development Centre manned by expert foreign craftsmen should be set up to provide technical on-site guidance, support and counseling from A to Z to our local craftsmen. Intensive courses with duration ranging between 3 to 6 months will be held regularly to raise the capability and dexterity of our craftsmen.

Strategy	Goal	Objective
Expanding the Entrepreneurial Base	Creating a nation of innovative entrepreneurs	Promote self employment and job creation

TABLE 5.8: EXPANDING THE ENTREPRENEURIAL BASE

Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1 Set up a Mentoring System	SEHDA	No additional staff required	6 [SJR/Donor Agency Refund from beneficiary when successful]
2 Develop a collaborative Mechanism Programme	SEHDA	Existing SEHDA Staff	No additional funding required
3 Introduce an Entrepreneurship Development Program for Graduates	SEHDA	Existing SEHDA Staff	No additional funding required
4 Set up a Handicraft Development Centre	SEHDA	3 experts to be recruited	6 [SJR/Donor Agency/ User Charges]

Note: In case donor financing does not materialise, then the activity will be reprioritised and rescheduled so that it fits within the overall financing available.

Strategy Nine: Improving Access to Markets

Inadequate market access and low quality products have prohibited SMEs to expand and capture regional markets. To address these issues, the following measures are suggested:

C7. Connecting suppliers with buyers

An E-enabling programme should be established to help SMEs use the power of the internet to strengthen their competitive advantage and develop new market opportunities. This programme which will be done in partnership with ICT organisations will eventually lead to an increase in e-business transactions, cost reduction and increase in sales.

Part 5: Strategic Priorities & Thrusts (2010-2013)

C8. Information services

A National Database for SMEs should be set up providing industry-specific business information and value added services.

C9. New marketing infrastructure for SMEs

Tourists villages which are being established throughout the island will be an important avenue to help SMEs market their products.

C10. Upgrading retail outlets

All existing retail outlets should be re-engineered to become more appealing, customer-friendly and competitive with a view to increasing turnover. These outlets are vital for the success of the handcraft sector to attain new heights.

C11. Branding

The Mauritius Branding Programme which is under the responsibility of the Ministry of Tourism, Leisure and External Communications will assist in branding SME products.

C12. Promotion of locally made products

A National Campaign would be conducted to encourage the consumption of locally made products based on the concept: *Help Save Jobs – Buy Mauritian Products*.

C13. Inculcate a Quality Culture

The MSB will strengthen its existing awareness campaigns and training courses in quality related fields to stress on the importance of quality and adoption of necessary certification and standards among SMEs.

C14. Packaging and Labelling Programme

A Packaging and Labelling Programme will be established to provide continuous training courses and organize workshops to help SMEs improve their products.

C15. Tapping regional markets

A SME Export Drive Approach would be launched to promote exports of SMEs in SADC/COMESA countries. Enterprise Mauritius would provide more assistance to SMEs in promotional campaigns and participation in international fairs.

Strategy	Goal	Objective
Improving Access to Markets	Improving contribution of SMEs to the Economy	Ensuring sustainability and growth

Part 5: Strategic Priorities & Thrusts (2010-2013)

TABLE 5.9: IMPROVING SMES ACCESS TO MARKET

Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1 Conduct an e-enabling programme to make wider use of e-commerce and ICT in business.	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
2 Set up a National Database	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
3 Re-engineer existing retail outlets	SEHDA	1 designer	10 Budgetary provisions
4 Conduct a National Campaign to promote <i>Made in Mauritius</i> products	SEHDA	No additional staff required	1 [local sponsors]
5 Run packaging and labeling training courses	SEHDA	Existing SEHDA Staff	No additional funding required
6 Creation of an SME Portal	SEHDA	1 consultant	0.5 (Budgetary provision)
7 Establishment of a permanent exhibition sale centre	SEHDA	No additional staff	20 (Budgetary provision)

Strategy Ten : Strengthening the Institutional Framework

In order to improve the institutional framework to meet the development needs of SMEs, the following measures are proposed:

C16. Reviewing the role of SEHDA

The role of SEHDA should be reviewed to ensure that SMEs real needs are met. Reviewing its current structure to provide world class services to its users in all domains should become its leitmotiv. A Trouble Shooting Centre should be created to provide quick services either on site or online to address all concerns of SMEs. The existing regional offices should be restructured into Business Development Centres providing all guidance and support on SME related issues.

C17. Strengthening coordination and implementation among organisations

An SME Advisory Council comprising public-private sector stakeholders should be established to formulate broad policies and strategies to facilitate SME development and to ensure the effective implementation of policies and action plans.

C18. SME Commemoration

A National SME Day should be declared and celebrated annually given the bedrock status of SMEs in the economic structure. National Awards and Commendations for outstanding SMEs in various fields should also become an annual feature.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy	Goal	Objective
Strengthening Institutional Framework	Ensuring effective response to the needs of enterprises	Improve delivery of business services

TABLE 5.10: STRENGTHENING SMES INSTITUTIONAL FRAMEWORK

	Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1	Review the organisational structure of SEHDA	MoBEC	1 consultant	0.5 [Donor Agency]
2	Establish a Trouble Shooting Centre	SEHDA	Existing SEHDA Staff	No additional funding required
3	Restructure SEHDA's regional offices	SEHDA	Existing SEHDA Staff	No additional funding required
4	Set up an SME Advisory Council	MoBEC	No additional staff required	No additional funding required
5	Holding of Business Award Competition on the SME Day	MoBEC	No additional staff required	2 [Budgetary provisions and Sponsors]

Strategy Eleven: Improving the Technology Base

A deficiency in the acquisition of modern technology through lack of support has hindered considerably SMEs. The following measures are proposed to facilitate the acquisition of new technologies:

C19. Greater collaboration between technology-based institutions and stakeholders

A Networking System will be established with Technology Providers and R & D institutions to help SMEs in the acquisition and upgrading of technologies.

C20. Industrial Linkage Programme

An Industrial Linkage Programme should be established to develop linkages between small and larger enterprises including MNCs. An Enterprise Linkage Unit will be set up to identify potential products, components and parts required by larger enterprises and which can be supplied by SMEs. Focus will be targeted on specific sectors which have the greatest potential for linkages like furniture, light engineering, plastics and printing.

C21. Cluster development

Industrial Clusters specifically in furniture, light engineering, agro-processing, printing and plastics sectors will be created in the existing and new SMEs industrial estates to reduce costs, increase competitiveness and promote greater business linkages.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Small enterprise workshop clusters will be set up in partnership with local authorities, which will include provision of common facilities (eg access to a few machines by the hour). Such clusters could be built up at cost, charging commercial rents, benefiting the local authorities as much as the enterprises. The entrepreneurs themselves will in principle administer the workshop clusters.

Cluster training should be organized for emerging associations of SMEs based on the "Nucleus" approach which has been successful in Brazil and Sri Lanka.

C22. Reorganisation of the Incubator Centre

The existing Incubator Centre will be converted into Sector-based Technology Incubators which will be equipped with latest technologies and manned by experts. The centre will, besides, imparting technical skills, also provide other business development services to help entrepreneurs start their own enterprises after a period of say, six months coaching. This centre will be entirely self-financing from user charges and funding from development partners.

The Ministry of Industry, Science and Research is working on an innovation system which would inter-alia assist in transforming innovative ideas into commercial applications.

Strategy	Goals	Objective
Improving the Technology Base	A technology driven SME sector	Enhance productivity and competitiveness of enterprises

TABLE 5.11: IMPROVING SMES ACCESS TO TECHNOLOGY

Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1 Set up a Networking System with reputed R & D institutions and technology providers.	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
2 Set up an Enterprise Linkage Unit	SEHDA	Existing SEHDA Staff	No additional funding required
3 Establish industrial clusters for selected sectors	SEHDA	Existing SEHDA Staff	No additional funding required
4 Organise cluster training program	SEHDA	Existing SEHDA Staff	No additional funding required
5 Set up small enterprise workshops/ clusters in partnership with local authorities	SEHDA	No additional staff required	2 [Donor Agency/ User charges]
6 Convert the incubator centre into sector-based technology incubators	SEHDA	3 experts	10 [Donor Agency/ User charges]
7 Setting up of a Venture Capital Fund to support technopreneurs	SEHDA	No additional staff	Under MBGS grant scheme

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy Twelve: Developing New Growth Poles for SMEs

Niches in the global markets where SMEs can excel must be identified. Efforts must be directed on a vital few such activities which demonstrate strong growth potential. These include:

C23. Promote development and export of halal products

Mauritian SMEs should be encouraged to develop and promote (export) halal products (both food and non foods items) in our effort to become a regional hub.

C24. Application of Bio-Technology for the Development of Renewable Sources of Energy by SMEs

In line with the 'Mauritius Ile Durable' concept, SMEs will be encouraged to produce energy from waste and bio-mass in order to reduce our dependence on traditional sources of energy.

Strategy	Goal	Objective
Developing New Growth Poles	Promote technology intensive enterprises	Diversify and widen the product base

TABLE 5.12: DEVELOPING NEW GROWTH POLES FOR SMES

Activities	Implementing Agencies	HR Requirement	Estimated Cost – MoBEC [Funding for 4 yrs] (Rs m)
1 Recruit an expert in halal food from Malaysia to devise the implementation mechanism	SEHDA	1 expert	1 [Donor Agency]
2 Recruit a consultant to devise the implementation process	SEHDA	1 expert	0.5 [Donor Agency]

D. Competitive Human Resource (HR)

Competitiveness and diversification require new skills as well as on-the-job training for enhanced work performance. The Human Resource Development (HRD) strategies need to encompass improved career guidance for students. The professional training system needs to a greater extent reach out to service professions. Entrepreneurship and business culture should be inculcated from an early age. "Graduate enterprise" courses can encourage young people to enter the knowledge based small enterprise sector.

There should be a stronger articulation between the mainstream education, technical training and vocational training. The different types of training should focus on multi-skilling to foster a versatile labour force. The classical model of apprenticeship scheme should also be reviewed to respond to the needs of the sector for skilled labour. SMEs should be encouraged to benefit under the levy grant scheme as they have not adequately enjoyed facilities under the scheme.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy Thirteen: Bridging the Human Resource Gap

Mauritius till the late 80's leveraged on its cheap labour to attract foreign investment in labour-intensive activities. The graduation to higher value sectors and the need to promote new high tech sectors demand a rethinking of the human resource development strategy.

In fact, the future paradigm of growth should be based on technical, managerial, marketing, production and specialised skills, requiring increased investment in human capital. Government expenditure on education, which stood at 14.3% of GDP compared to 17.9% in South Africa, 18% in Malaysia, 21.5% in Botswana and 25% in Thailand, should be stepped up. Expenditure in tertiary education in Mauritius, which is 12% of total education expenditure compared to South Africa 16%, Thailand 20%, and Malaysia 35%, should also be increased.

Training for Improved Performance

The Draft Education and Human Resources Strategy Plan 2008 – 2020 proposes key measures so that Mauritius can be successful in competing for capital investment and achieve production of quality products and services. It is recommended that Mauritius inspires itself from Singapore which developed a highly skilled workforce within the context of a strategy to attract Foreign Direct Investment (FDI) in high-technology industries. The Industry and SME strategy should, like Singapore, ensure that FDI flows and operation of existing enterprises are not constrained by shortage of human capital in terms of the necessary skills.

The Plan recommends measures for improved access to knowledge, computer literacy and life-long learning to ensure production of quality goods and services by developing a sound education, training and human resource development system that equips people with the appropriate skills.

One of the specific recommendations relates to greater participation of the private sector in the consolidation of the National Training Fund (NTF) and in the National Empowerment Foundation (NEF). In respect of entrepreneurship development, it is proposed that 40% of the labour force in Mauritius follows a basic course in entrepreneurship by 2015 and 75% by 2020. Overall the labour force in Mauritius should develop a mindset attuned to work round the clock which is an imperative for an economy that aspires to transit to a newly industrialised and modern economy. In this context, the Plan makes specific recommendation for 24/7 work culture.

Quality of Work Life

Quality of Work Life (QWL) constitutes a prerequisite to better manage people and achieve enhanced national productivity. A worker is now considered a valuable asset to the enterprise rather than a 'cost'. This approach motivates people by satisfying their economic, social and psychological needs while striking a balance between career and personal lives.

Enterprises should come up with new and innovative ideas to improve the quality of work and quality of work life of every individual. Various programmes such as flexi-time, alternative work schedules, compressed work weeks could be adopted. Enterprise implementing QWL programmes reap benefits in terms of increased productivity through a committed and satisfied workforce.

Greater emphasis on competitiveness and diversification requires development of new skills as well as on-the-job training for enhanced work performance. The Industrial & Vocational Training Board (IVTB) has played an important role as a provider of training for the manufacturing sector but shortages of skills continue to impinge on the performance of the industrial sector.

Part 5: Strategic Priorities & Thrusts (2010-2013)

Strategy	Goal	Objective
Developing a competitive HR base	Develop a labour force characterised by "savoir faire", world class competencies and creativity	Mauritius to become a preferred manufacturing location

E. Monitoring and Evaluation (M&E)

Strategy Fourteen : Effective Implementation

The effective implementation of strategies spelled out in this document is essential to ensure concrete benefits to the industry and SME sector and the economy in general. Monitoring and evaluation are tools to enhance efficiency and effectiveness of projects. M&E provide a better means of learning from past experience, improving service delivery, ensuring planning and optimum allocation of resources as well as demonstrate results obtained from project implementation. Altogether M&E contributes to better accountability to key stakeholders.

Monitoring entails the systematic collection and analysis of information as a project progresses. It is based on targets set and activities planned. It helps to keep the work on track, and identifies shortcomings. Proper implementation of M&E constitutes an invaluable tool for good management, and a useful base for evaluation. It also enables proper determination of adequacy of resources and appropriateness of implementation capacity. Evaluation is the comparison of actual project impacts against the agreed strategic plans.

A high level Steering Committee, co-chaired by the Ministry of Industry, Science and Research and the Ministry of Business, Enterprise and Cooperatives will have to be set up to facilitate the monitoring of the measures proposed in this document and other support programmes as well as to ensure proper evaluation. Apart from facilitating implementation, its tasks will include:

- Identifying solutions to implementation impediments
- Harmonising approaches followed by different institutions (e.g. determination of the cost of services, caps for the rates of national and international consultants providing services under the programmes)
- Ensuring synergy and complementarity between the measures of different institutions
- Ensuring adequate monitoring and achievements of KPIs
- Directing audits to ensure that there is transparency and there are no cost overruns

Strategy	Goal	Objective
Effective implementation	Proper monitoring and evaluation of programmes/projects	Ensure better delivery of service to the business community and greater buoyancy of the sector

The different strategies enunciated in the strategic plan have been consolidated in a Strategic Plan Matrix at Appendix A with corresponding projects and programmes, implementing agencies, HR requirements and financial resources in line with the Programme Based Budgeting.

Part 5: Strategic Priorities & Thrusts (2010-2013)

The projects and programmes have been further developed into sub-programmes and activities as indicated at Appendix B. The programmes are divided between the Ministry of Industry, Science & Research (MISR) and the Ministry of Business, Enterprise & Cooperatives (MoBEC) in line with their mandates and the capacities of the institutions they supervise, ensuring that smaller and larger firms receive the professional support they require in coordinated fashion. The PBB is compatible with the Manufacturing Adjustment and SME Development Fund, the SJR Fund and harmonised with the upcoming World Bank and UNIDO programmes.

The PBB matrix entails the details of planning and implementation of the recommendations made, as far as they relate to specific measures. In the matrix, strategies are broken down into main programmes, each with several sub-programmes, which again are defined by specific objectives and various outputs.



Part 6: Other Areas of Research

The above chapters brought out a number of areas which should be included in an industry and SME strategy. Areas which require further study include:

- (i) The establishment of renewable energy and recycling related enterprises in Mauritius;
- (ii) The possibility of establishing bio-technology enterprises in Mauritius;
- (iii) Development of bio-informatics, clinical research and bio-medical including bio-materials;
- (iv) The opportunity to establish "green" competitive logistics of transportation between Mauritius and Europe;
- (v) The possibilities of setting up Mauritius as an air transportation hub between East Asia and African countries; and
- (vi) To gather data on the social and family structures that may reinforce the basis of competitive production in Mauritius.

Part 7: Coping with the global financial crisis

The global financial crisis had shown potential to impact negatively on the Mauritian economy as the ripples are more damaging to economies that are open to global trade finance and international flows. The volume of exports of goods and services has contracted, financial flows to emerging market countries declined, commodity prices fell and FDI is also contracting.

The policy response adopted by countries has involved measures spanning over two separate time horizon. In the short term, policy effects has been directed at mitigating the effects of the economic slowdown on enterprises and for the longer term, policy actions has promoted improved resilience of enterprises.

In the short term, a combination of monetary and fiscal has been the prime response factors. Credit expansion and interest rates cuts have complemented other measures to reduce cost and stimulate demand for products and services. Fiscal stimulus goes in the same direction apart from assisting indebted enterprises to financially restructure themselves. Measures to ease lending to business are important at a time when financial institutions can become over-cautious when weighing the risk reward ratio. Bailout for ailing but viable enterprises should be pursued. In the medium to long term, measures to support structural transformation of enterprises are imperative.

Part 8: Conclusion

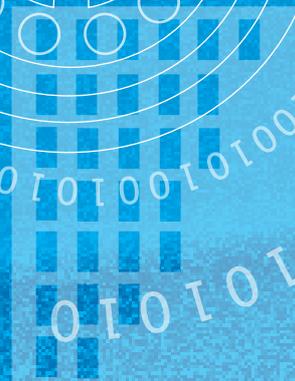
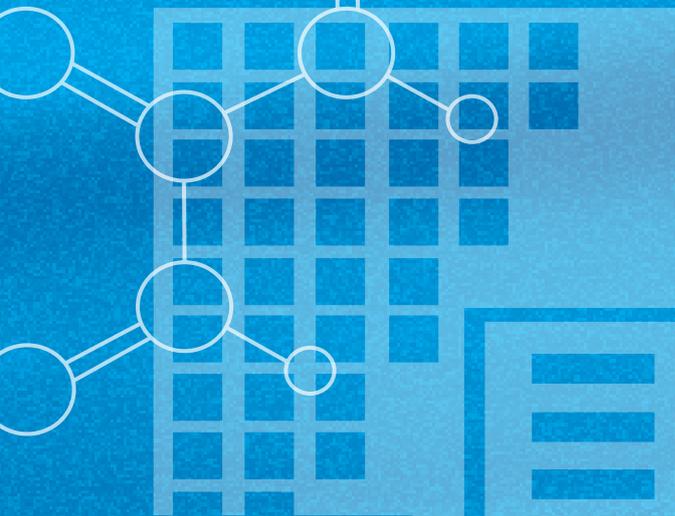
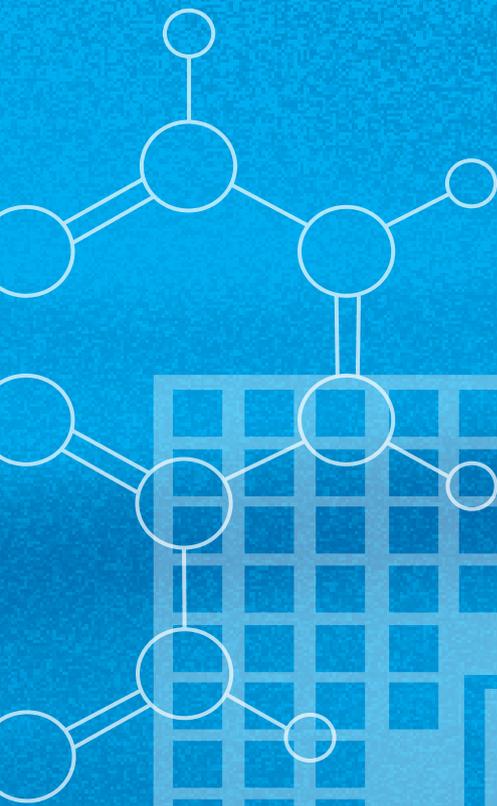
The Industrial and SME Strategic Plan focuses on an entrepreneurial and innovation-led model of industrial development, harnessing more on intangible assets such as knowledge and business ideas, innovation, creativity, technology, appropriate skills and effectiveness among support institutions. Businesses charting their future plans on innovative market-driven practices will better adapt to fierce global competition and will achieve enhanced sustainability in terms of their competitive edge.

Institutions operating in synergy and geared to match world class standards will be more apt to facilitate entrepreneurship and innovation in the industrial sector. Adopting a holistic approach in delivery of services through greater collaboration will ensure greater effectiveness. To this end, the strategic plan provides new mechanisms and measures.

Without the right skills, there can be no fresh winds of innovation. The strategy charts the way forward for the qualitative and quantitative expansion of human capital to ensure development of the necessary knowledge base for the next phase of industrial development. New skills in the labour market entail greater focus on high value production and high technology enterprises. Attracting foreign investment will be also critical to provide the necessary knowledge and skills to move to the higher level of development.

The implementation of the different strategies requires stewardship, policy direction and commitment at all levels, in public and private sectors. There is no doubt that the industrial sector, including SMEs, will tread on a new path to consolidate and achieve still greater heights of competitiveness in the regional and global arena.







APPENDIX A STRATEGIC PLAN MATRIX

Strategy One : INNOVATIVE APPROACH TO INVESTMENT PROMOTION
Goal : CONSOLIDATE AND DIVERSIFY THE MANUFACTURING BASE
Objective : STEP UP THE LEVEL OF INVESTMENT, PARTICULARLY IN HIGH-TECH SECTORS

Project/Programme	Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1. Identification of new products through Scanning Mechanism / value chain analysis (one study/yr)	MISR	45 man-days/yr & 2 local staff	12 [Donor Agencies]

Strategy Two : RE-DYNAMISING EXPORTS
Goal : ENHANCE CONTRIBUTION OF EXPORTS EARNINGS
Objective : CONSOLIDATE EXPORTS IN TRADITIONAL MARKETS AND TAP NEW OPPORTUNITIES IN THE GLOBAL TRADING ARENA

Project/Programme	Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
Export Promotion			
1. Conduct market prospection/ surveys and diffuse market intelligence including in Niche markets	EM		32 [MASMED /SJR Fund/Donor agencies]
2. Advise entrepreneurs on export procedures and provide them information on potential buyers	EM		4 [MASMED /SJR Fund/ Donor agencies]
3. Facilitation of exports through buyers/sellers meetings, contact promotion programmes and fairs	EM		192 [MASMED /SJR Fund/ Donor agencies]
4. Image building through inward press trips and adverts	EM	23 core EM staff	4 [MASMED /SJR Fund/ Donor agencies]
5. Recruit Liaison Officers and establish Offices abroad.	EM		48 [MASMED /SJR Fund/ Donor agencies]
6. Provide intensive support to target SMEs, starting with the most performing ones (supporting "winners" so as to gain experience and create demonstration effects that would encourage others). Support to SMEs will include audits of export capacity, training in export procedures and logistics, technical advice, establishment of B2B relations, market searches, and promotion of e-marketing activities	MSIR/EM		80 [MASMED /SJR Fund/ Donor agencies]

Strategy Two : RE-DYNAMISING EXPORTS

Goal : ENHANCE CONTRIBUTION OF EXPORTS EARNINGS

Objective : CONSOLIDATE EXPORTS IN TRADITIONAL MARKETS AND TAP NEW OPPORTUNITIES IN THE GLOBAL TRADING ARENA

7.	Connect suppliers with the global marketplace through a more effective e-platform and support initiatives of individual enterprises	EM	No additional staff	40 [MASMED /SJR Fund/ Donor agencies]
Improved response time:				
8.	A Technical Committee on Response Time comprising public and private sector representatives to be set up to explore all opportunities to improve response time of enterprises, promoting production engineering programmes, exploring avenue for a mix of air and ship transport, particularly for export to the U.S.	MISR /EM	No additional staff required	No additional funding required
Adding knowledge and service to products				
9.	Assist status of companies in terms of abilities to add value through integration of knowledge and services to the products	EM	4 additional staff	20 [MASMED /SJR Fund Donor agencies]
10.	Assist companies to incorporate knowledge and services to products	EM		

Strategy THREE: SUPPLY-SIDE CAPABILITIES DEVELOPMENT

- Goal** : INCREASE THE CONTRIBUTION OF THE MANUFACTURING SECTOR IN THE ECONOMY
- Objective** : ENABLE DEVELOPMENT OF SKILL, TECHNOLOGY AND INNOVATION LED ENTERPRISES

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1.	Expanding Leasing Equipment Modernisation Scheme (LEMS)	MISR/MoBEC	nil	MASMED/SJR
2	Launching of new degree courses by the Fashion and Design Institute (FDI)	FDI	HR plan being finalised	100 (Government Funding/User Charges)
3	Launching of professional/executive courses by the FDI	FDI	HR plan being finalised	100 Government Funding/User Charges
4	Support design development at enterprise level	FDI	HR plan being finalised	
Quality and compliance				
5	Implementation of a Quality Enhancement Programme to certify enterprises in quality, environmental and social standards.	MSB	2 additional staff	2
6	Provide for the accreditation of laboratories, certification and inspection bodies.	MAURITAS	3 additional staff	12 [Donor agencies & Revenue generated]
7	Establishing Multilateral Recognition Arrangements at international level	MAURITAS	No additional staff required	6 [Donor agencies & Revenue generated]
8	Establishment of closer links with international quality infrastructure organisations and fostering of cooperation among laboratories belonging to different ministries, preferably under one umbrella	MSB	No additional staff required	No funding required
9	Audits of SMEs leading to certification	MSB & SEHDA	No additional staff required	4 [Donor agencies & Revenue generated]
10	Training of business operators on quality issues and quality related management approaches	MSB	No additional staff required	2 [Donor agencies & Revenue generated]
11	Train the trainer courses for auditors and training in Corporate Social Responsibility, in support of the programme	MSB	Technical expertise	1 [Donor agencies & Revenue generated]
12	Application of standards to imported products through rigorous testing to create a level playing and ensure that domestic producers are not threatened by imports of lesser quality.	MSB	1 additional Quality Officer	2 [Donor agencies & Revenue generated]
13	Product development schemes on product quality and compliance to norms	EM	No additional staff required	50 [MASMED/SJR/Donor Agencies]

Strategy THREE: SUPPLY-SIDE CAPABILITIES DEVELOPMENT

Goal : INCREASE THE CONTRIBUTION OF THE MANUFACTURING SECTOR IN THE ECONOMY
Objective : ENABLE DEVELOPMENT OF SKILL, TECHNOLOGY AND INNOVATION LED ENTERPRISES

Addressing NTBS

14	Upgrade and establish new laboratories at MSB	MSB	4 additional Quality Officers	18 m for additional staff & equipment 10 m for [Donor agencies & Revenue generated]
15	Implement the necessary training programmes for staff capacity building	MSB	Technical expertise	2 [Donor agencies & Revenue generated]
16	Assisting enterprises to meet international standards and Technical Barriers to Trade	MSB & EM	No additional staff required	5 [MASMED /SJR Fund/Donor Agencies]
17	Review and modernise the technical regulatory framework.	MSB	No additional staff required	2 [AFD& Revenue generated]

Technology upgrade

18	Undertake a technology gap survey in the manufacturing sector to assess current status, identify constraints and promote technology development and transfer.	EM	No additional staff required	5 [MASMED /SJR Fund/Donor Agencies]
19	Feasibility study on the establishment of a Science and Technology Park	MISR	No additional staff required	2 [Donor agencies]
20	Formulation of a framework on Science, Technology and Innovation (STI) to establish the process for improving the linkage between research and technological advances with industrial application, including by SMEs. Establishment of an STI Fund to finance market oriented research projects and support creativity with regard to invention and innovation.	MISR	To be determined	22 [provided under budget 2010]

Productivity and competitiveness improvement

21	Audit of enterprises	EM	No additional staff required	24 [MASMED /SJR Fund/Donor Agencies]
22	Facilitate restructuring of enterprises	EM	No additional staff required	24 [MASMED /SJR Fund/Donor Agencies]

Strategy Four : SUSTAINABLE INDUSTRIAL DEVELOPMENT
Goal : DEVELOP MAURITIUS AS A CLEAN INDUSTRIAL PRODUCTION BASE
Objective : ENSURE "SUSTAINABILITY" BECOMES THE LINCHPIN FOR FUTURE INDUSTRIAL GROWTH

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
National Cleaner Production Programme				
1	Elaboration and implementation of a Resource Efficient and Cleaner Production Programme for the first three years, in the first stage.	EM [EM and UNIDO will jointly elaborate the programme]	To be determined during the elaboration of the programme	UNIDO has earmarked around Rs 27 m for the first of the project.
2	<p>Establishment of a Resource Efficient and Cleaner Production Centre (RECPC) in the second stage. Recommendations on its activities are as follows:</p> <ul style="list-style-type: none"> a. Assess the technical needs of operators to comply with systems certification related to quality, social accountability, and environmental management b. Upgrade the capacity of public and private institutions to support enterprises in environmentally sustainable development c. Bridge the information gap through sensitisation and training programmes on emerging trends regarding compliance on environmental issues d. Provide technical assistance to operators in obtaining systems certification-ISO, SA, WRAP, HACCP, etc e. Assist enterprises in adopting energy saving processes and alternative sources of energy f. Diffuse information on eco-friendly, organic and fair trade products and to facilitate the establishment of recycling activities 	EM	To be determined during the first stage.	[UNIDO-UNEP/ other donor funding/ budgetary provisions and User Charges]

Strategy Five: DYNAMIC TRADE NEGOTIATIONS**Goal: TO BETTER INTEGRATE THE GLOBAL ECONOMY****Objective: TO OPTIMISE ON OPPORTUNITIES EMANATING FROM REGIONAL AND INTERNATIONAL NEGOTIATIONS**

Projects and programmes form part of the strategic plan of the Ministry of Foreign Affairs, Regional Integration and International Trade

Strategy Six : INSTITUTIONAL UPGRADING**Goal : ENSURING EFFECTIVE RESPONSE TO THE NEEDS OF ENTERPRISES****Objective : IMPROVE DELIVERY OF BUSINESS SERVICES**

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
Setting up of a Competence Centre/Innovation System:				
1	Recruit specialists for evaluation of tasks and specific analysis	MISR	5 core staff plus support staffs	10 [under the STI Fund]
2	Recruit a coordinator (an international expert with outstanding experience in science) to establish and drive the innovation system	MISR	1	1.5 [under the STI Fund]
Setting up an Observatoire de l'industrie:				
3	Set up the "Observatoire de l'industrie" around the Knowledge Centre of Enterprise Mauritius.	EM	1	0.5
Setting up of an Industrial Advisory Council:				
4	Commission research on emerging issues	MISR	-	4 [Donor agencies]

STRATEGY SEVEN : IMPROVING ACCESS TO FINANCE
GOAL : TO STIMULATE INVESTMENT BY SME'S
OBJECTIVE : TO ALLOW ENTERPRISES TO GROW

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Technology Expo Scheme	SEHDA	No additional staff required	5
2	Upgrading Management Capabilities	SEHDA	No additional staff required	27.5
3	Export Assistance Air Freight of Samples	SEHDA	No additional staff required	5
4	Market Link Fund	SEHDA	No additional staff required	0.5
5	Technology Diffusion Scheme	SEHDA	No additional staff required	77
6	Packaging and Labeling	SEHDA	No additional staff required	3.4
7	Implementation of schemes under the SJR Fund	MoBEC	No additional staff required	1,500 [SJR/ Beneficiary Cost-Share/ Refund from Beneficiary when successful]
8	The implementation of the Mauritius Business Growth Scheme(MBGS)	MoBEC	1 Manager 3 Advisers	Cost to be met under the MBGS Rs 360 million project

Strategy Eight : EXPANDING THE ENTREPRENEURIAL BASE**Goal : CREATING A NATION OF INNOVATIVE ENTREPRENEURS****Objective : PROMOTE SELF EMPLOYMENT AND JOB CREATION**

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Set up a Mentoring System	SEHDA	No additional staff required	6 [SJR/Donor Agency Refund from beneficiary when successful]
2	Develop a collaborative Mechanism Programme	SEHDA	Existing SEHDA Staff	No additional funding required
3	Introduce an Entrepreneurship Development Program for Graduates	SEHDA	Existing SEHDA Staff	No additional funding required
4	Set up a Handicraft Development Centre	SEHDA	3 experts to be recruited	6 [SJR/Donor Agency/ User Charges]

Strategy Nine : IMPROVING ACCESS TO MARKETS**Goal : IMPROVING CONTRIBUTION OF SMES TO THE ECONOMY****Objective : ENSURING SUSTAINABILITY AND GROWTH**

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Conduct an e-enabling programme to make wider use of e-commerce and ICT in business.	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
2	Set up a National Database	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
3	Re-engineer existing retail outlets	SEHDA	1 designer	10 Budgetary provisions
4	Conduct a National Campaign to Promote Made in Mauritius Products	SEHDA	No additional staff required	1 [local sponsors]
5	Run packaging and labeling training courses	SEHDA	Existing SEHDA Staff	No additional funding required
6	Creation of an SME Portal	SEHDA	1 consultant	0.5 (Budgetary provision)
7	Establishment of a permanent exhibition sale centre	SEHDA	No additional staff	20 (Budgetary provision)

Strategy Ten : **STRENGTHENING INSTITUTIONAL FRAMEWORK**
Goal : **ENSURING EFFECTIVE RESPONSE TO THE NEEDS OF ENTERPRISES**
Objective : **IMPROVE DELIVERY OF BUSINESS SERVICES**

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Review the organisational structure of SEHDA	MoBEC	1 consultant	0.5 [Donor Agency]
2	Establish a Trouble Shooting Centre	SEHDA	Existing SEHDA Staff	No additional funding required
3	Restructure SEHDA's regional offices	SEHDA	Existing SEHDA Staff	No additional funding required
4	Set up an SME Advisory Council	MoBEC	No additional staff required	No additional funding required
5	Holding of Business Award Competition on the SME Day	MoBEC	No additional staff required	2 [Budgetary provisions and Sponsors]

Strategy Eleven : **IMPROVING THE TECHNOLOGY BASE**
Goal : **A TECHNOLOGY DRIVEN SME SECTOR**
Objective : **ENHANCING PRODUCTIVITY AND COMPETITIVENESS OF ENTERPRISES**

Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Set up a Networking System with reputed R & D institutions and technology providers.	SEHDA	Existing SEHDA Staff	0.5 Budgetary provisions
2	Set up an Enterprise Linkage Unit	SEHDA	Existing SEHDA Staff	No additional funding required
3	Establish industrial clusters for selected sectors	SEHDA	Existing SEHDA Staff	No additional funding required
4	Organise cluster training program	SEHDA	Existing SEHDA Staff	No additional funding required
5	Set up small enterprise workshops/clusters in partnership with local authorities	SEHDA	No additional staff required	2 [Donor Agency/ User charges]
6	Convert the incubator centre into sector-based technology incubators	SEHDA	3 experts	10 [Donor Agency/ User charges]
7	Setting up of a Venture Capital Fund to support technopreneurs	SEHDA	No additional staff	Under MBS grant scheme

Strategy TWELVE : **DEVELOPING NEW GROWTH POLES FOR SMES**
Goal : **PROMOTE TECHNOLOGY INTENSIVE ENTERPRISES**
Objective : **DIVERSIFY AND WIDEN THE PRODUCT BASE**

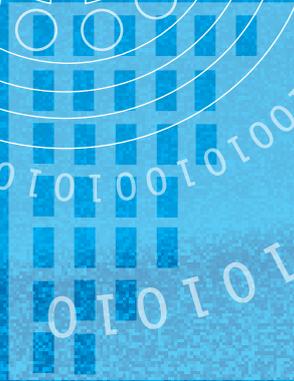
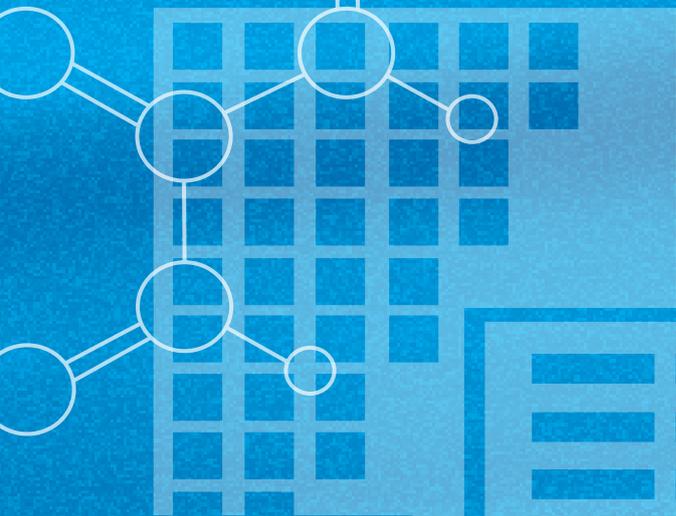
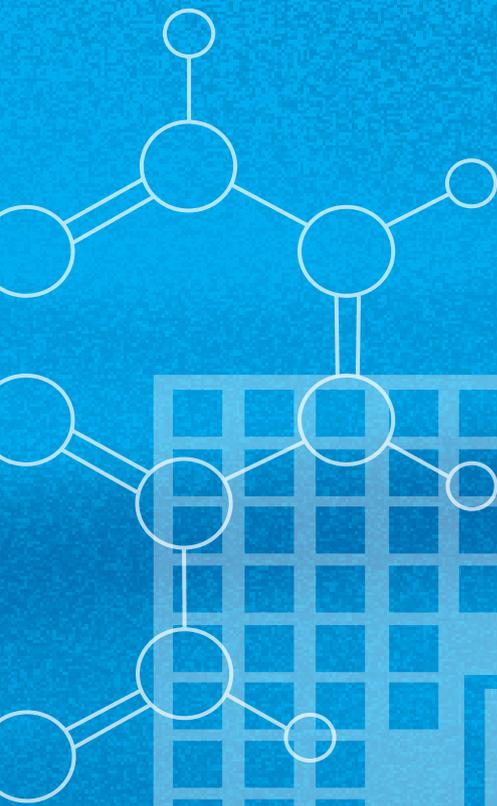
Project/Programme		Implementing Agency	HR Requirement	Estimated Cost – Funding for 4 Yrs
1	Recruit an expert in halal food from Malaysia to devise the implementation mechanism	SEHDA	1 expert	1 [Donor Agency]
2	Recruit a consultant to devise the implementation process	SEHDA	1 expert	0.5 [Donor Agency]

Strategy THIRTEEN : **BRIDGING THE HUMAN RESOURCE GAP**
Goal : **DEVELOP A LABOUR FORCE CHARACTERISED BY “SAVOIR FAIRE”, WORLD CLASS COMPETENCIES AND CREATIVITY**
Objective : **MAURITIUS TO BECOME A PREFERRED MANUFACTURING LOCATION**

Projects and programmes form part of the Education and Human Resource Plan of the Ministry of Education, Culture and Human Resources.

Strategy FOURTEEN : **EFFECTIVE IMPLEMENTATION**
Goal : **PROPER MONITORING AND EVALUATION OF PROGRAMMES/PROJECTS**
Objective : **ENSURE BETTER DELIVERY OF SERVICE TO THE BUSINESS COMMUNITY AND GREATER BUOYANCY OF THE SECTOR**

Setting up of a high level Steering Committee to monitor the implementation of the strategic plan.





APPENDIX B

PROGRAMME BASED BUDGETING

MINISTRY OF INDUSTRY, SCIENCE AND RESEARCH (MISR)

NON-FINANCIAL DATA

Programme 601 (4 Staff and 3.4% Budget of the Ministry: **Policy and Management for Industry, Science and Research**)

Outcome: Sustained performance of the manufacturing sector

Delivery Units	Outputs (Services to be delivered)	Indicators (Service Standards)	Performance				
			2009 Targets	2010 Targets	2011 Targets	2012 Targets	2013 Targets
Office of the Minister; Office of the Permanent secretary, and Administration	O1: Management of correspondence, requests and complaints.	P1: Date limit set or 5 working day rule met, whichever is the earliest, for following percentage of requests as verified by Registry records or an alternative system (2010 to become a baseline).	-	90%	90%	95%	95%
		P1: Satisfaction of Minister with quality, timeliness and relevance as verified in surveys by the Secretary to Cabinet. Percentage mark out of total possible.	-	90%	95%	95%	95%
	O3: Preparation of Cabinet papers.	P1: Quality of the documents as assessed twice a year by the Secretary to Cabinet based on agreed criteria (over 75% of possible marks).	-	75%	90%	95%	95%
	O4 : Update 3-Year Strategic Plan / Strategic Note.	P1: Annual operational Action Plan to implement the PBB submitted to the Secretary to Cabinet after budget vote within months specified.	-	2	2	2	2

MINISTRY OF INDUSTRY, SCIENCE AND RESEARCH (MISR)

NON-FINANCIAL DATA

Programme 601 (4 Staff and 3.4% Budget of the Ministry: **Policy and Management for Industry, Science and Research**)

Outcome: Sustained performance of the manufacturing sector

Delivery Units	Outputs (Services to be delivered)	Indicators (Service Standards)	Performance				
			2009 Targets	2010 Targets	2011 Targets	2012 Targets	2013 Targets
Office of the Minister; Office of the Permanent secretary, and Administration	O5: Delivery on PBB programmes / sub-programmes requirements that are funded through the 2010 PBB.	P1: % of PBB indicators that are met.	70%	80%	90%	90%	90%
	O6: Compliance with National Audit Office.	P1: All uncontested recommendations from the last Director of Audit's report implemented.	75%	90%	100%	100%	100%
	O7: Improvement of fiscal discipline (only to be included by Min/Depts having public enterprises- statutory bodies under supervision).	P1: In cases where financial targets are missed, corrective action is agreed between Ministry, Organisation and MoFEE for percent of such cases.	75%	85%	95%	100%	100%

Programme 602 (113 Staff and 96.7% Budget of the Ministry: **Industrial Development****Outcome:** Achieve Rs 130 billion as total output from the manufacturing sector excluding sugar by 2013**Sub-Programme 60201:** (75 Staff and 47.8% Budget of the Ministry: Industrial Consolidation and Diversification

Delivery Units	Outputs (Services to be delivered)	Indicators (Service Standards)	Performance					
			2008-09 Baseline	2009 Targets 6 months	2010 Targets	2011 Targets	2012 Targets	2013 Targets
Ministry of Industry, Science and Research	01: Excellence in Business recognised	P1: Number of participants sensitised on Total Quality Management through assessment exercise.	132	150	175	200	225	250
	02: New products identified through a Scanning Mechanism and value chain analysis	P1: New products identified developed into business opportunities	-	-	-	3	4	5
	03: Facilitate development of value added activities through the Science Park	03: New infrastructure and services for high tech industries	-	-	Feasibility Study	Implementation	-	-
	04: Facilitate enterprises to adopt innovative practices	P1: An Innovation System is in operation	-	-	System in operation	-	-	-
Enterprise Mauritius	01: Assistance to enterprises to grow and become more productive and competitive through the SJR Fund approved schemes	P1: No of firms assisted	-	179	300	335	360	390
	02: Assist enterprises to restructure to become more productive and competitive	P1: Number of firms audited in management, productivity, marketing and strategy formulation	61	35	70	75	80	85
	03: Assist enterprises to grow through capacity building	P2: Number of in-plant interventions P1: Number of beneficiaries adopting standards after benefiting from the Product Development Schemes on Product Quality, In-house Technical Assistance, etc.	9	20	35	35	35	35
						40	45	50

Sub-Programme 60204 (5 Staff and 20.4% Budget of the Ministry: **Quality Enhancement, Accreditation and Conformity Assessments**)

Delivery Units	Outputs (Services to be delivered)	Performance						
		2008-09 Baseline	2009 Targets	2010 Targets	2011 Targets	2012 Targets	2013 Targets	
MAURITAS	01: Accreditation of Laboratories and Certification Bodies		4	5	5	5	5	
		P1: Number of applications processed						
		P2: Processing time (years) for new applications	-	1	1	0.9	0.9	0.9
	02: Capacity building for assessors and conformity assessment body (CAB) personnel	P3: Number of surveillance visits effected	4	4	10	10	12	15
P1: Number of stakeholders trained		20	40	80	80	90	90	

Delivery Units	Outputs (Services to be delivered)	Performance						
		2008-09 Baseline	2009 Targets	2010 Targets	2011 Targets	2012 Targets	2013 Targets	
Mauritius Standards Bureau	01: Ensure products conform to standards for better consumer protection		6 000	12 000	14 000	16 000	18 000	
		P1: Number of Samples tested by MSB Laboratories	-					
	02: Sensitisation/training of business operators on Quality/Standards/food safety and social responsibility		20	25	25	25	25	
		P2: Number of new standards developed	-					
	03: Certification of organisations to international standards on management systems (ISO 9001, ISO 22000, ISO 14001, etc)		200/70	400/150	400/200	400/200	400/200	
		P1: Number of operators sensitized	-					
	P1: Organisations certified to international standards	-	60	70	80	90	100	

Sub-Programme 60203 (26 Staff and 4.1% Budget of the ministry): Assaying and marking of Jewellery								
Delivery Unit(S)	Output(S) (Services to be delivered)	Indicator(s) (Service Standards)	Performance					
			2008-2009 Target(s)	2009 Target(s)	2010 Target(s)	2011 Target(s)	2012 Target(s)	2013 Target(s)
Assay Office	O1: Inspection services to ensure compliance with Jewellery Act	P1: Number of inspection visits effected	350	175	350	400	425	425
Gemmology Laboratory	O2: Verification and identification services to ensure authenticity of precious and semi-precious stones	P1: Number of verification and identification reports issued	25	30	120	125	130	130

Sub-Programme 60205 (7 Staff and 24.5% Budget of the Ministry) : Harnessing Science & Technology for National Development								
Delivery Unit(S)	OUTPUT(S) (Services to be delivered)	Indicator(s) (Service Standards)	Performance					
			2008-2009 Target(s)	2009 Target(s)	2010 Target(s)	2011 Target(s)	2012 Target(s)	2013 Target(s)
Rajiv Gandhi Science Centre (23 staff)	O1: Dissemination of science and technology among students and the general public	P1: Number of participants in science and technology activities	800	400	1 500	2 000	3 000	3 500
Mauritius Research Council (31 staff)	O1: Facilitation of research to promote science, technology and innovation	P1: Number of research outputs developed for potential commercial utilisation	5	10	10	10	11	11



... nurturing excellence & innovation.

