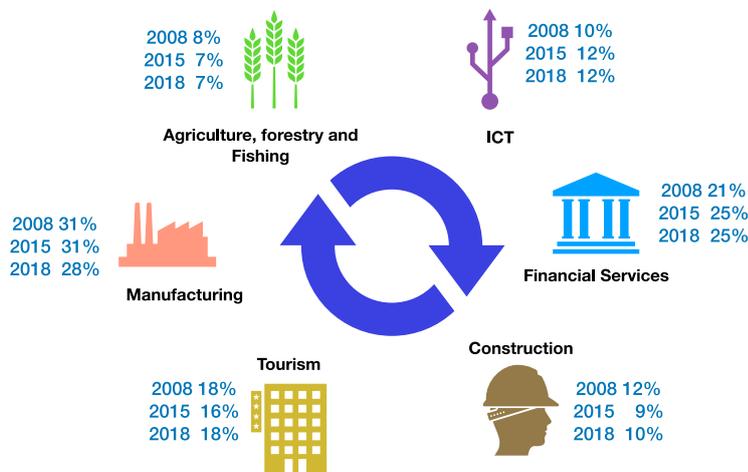


Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Mauritius has no natural resources and can therefore rely only on its human capital for its economic development. The island state has experienced various growth acceleration episodes since independence in 1968. It grew from a monocrop economy during the first decade after independence, transitioning through manufacturing until 1999, to services currently.

Evolution of Economic Sectors



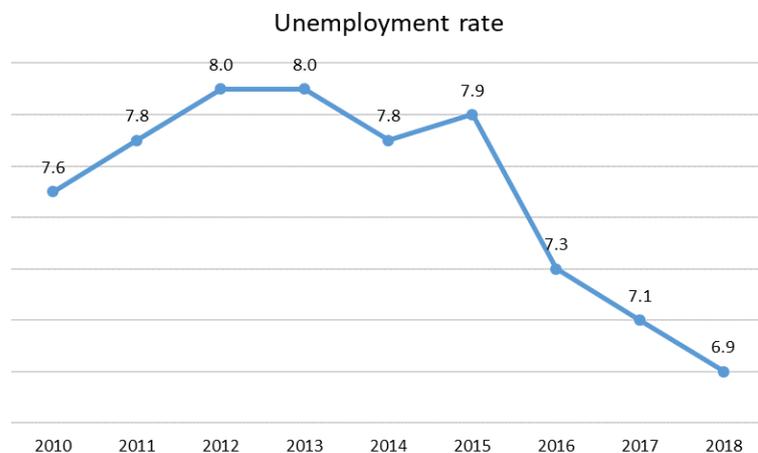
The Mauritian economy showed resilience to the 2007-08 global financial crisis (GFC). In 2018, though growth, estimated at 3.8 per cent, was below its 2010-levels, it maintains a steady growth trajectory in spite of uncertainties amidst both domestic and external challenges.

During the various economic cycles, Mauritius encountered numerous challenges in terms of unemployment and productivity. Various policies and schemes adopted over the past decade have

ensured that unemployment rate fall from a high of 8 per cent in 2012-13 to 6.9 per cent in 2018. Labour productivity was at its lowest in 2013 at 0.3%. It has since picked up and was estimated at 2.5 per cent end 2018.

Over the years, with improved access to education, more youths were schooled. However, the Mauritian education sector did not keep pace with the evolving needs of the industry leading to a serious skills mismatch and youth unemployment on the labour market. To tackle these issues, Government introduced the *Youth Employment Programme (YEP)*, the *Dual Training Programme* and the *Trainee Engineer Scheme*.

In line with the vision to graduate to an inclusive and sustainable high income economy, Government engaged in the creation of a strong, diversified, competitive resilient and innovative business ecosystem, whereby the SME



sector will be a key propeller to growth. The creation of SME Mauritius Ltd in 2017 as well as various schemes, are in place to enhance the competitiveness of micro, small and medium enterprises in Mauritius. The World Bank estimated self-employment in Mauritius at around 20 per cent in 2017. The aim is to increase the contribution of the sector to total employment from 55 per cent in 2016 to 58 per cent in 2020 and 66 per cent in 2030.

BRIGHT SPOTS

INCREASING WOMEN PARTICIPATION

In 2015 Government introduced the *Back-to-Work* programme. It targeted female workers, aged 35 and above, who lost their means of living or else have left their jobs for one reason or another.

Female unemployment declined from 11.2 percent in 2016 to 10.0 per cent in 2018. In 2018, out of 3,967 eligible registered women, 1,058 have been placed in private enterprises or individual employers. Also, 54 per cent of them were employed on a permanent basis after completing a 1-year placement.

To further empower these women, technical courses in Bakery/Pastry, Beauty Therapy, Hairdressing, Care of the Elderly and disabled and Early Childhood care have also been dispensed to some 100 unemployed women.

EMPOWERING THE YOUTH

Introduced in 2013, the *Youth Employment Programme* (YEP) allows unemployed youths to be placed in private companies and public sector to facilitate their transition from education to employment. They are provided with core skills required by different sectors. In 2018, of the 29,674 youths registered under the YEP, around 73 per cent were placed in private companies, of whom 54 per cent were females. It is interesting to note that upon completion of the programme, approximately 50 percent of registered employers in the YEP have recruited those youths on a permanent basis. Ultimately, the YEP is contributing to reduce the unemployment rate in the country and also the imbalance between male and female unemployment

INNOVATION AND COLLABORATION WITH PRIVATE SECTOR IN ADDRESSING SKILLS MISMATCH

The *Graduate Training for Employment Scheme* (GTES) is an innovative measure that was introduced in 2015/16 with a view to enhance the employability of unemployed graduates. They are provided with skills matching the requirements of the industry. The programme is mounted and run in collaboration with the private sector. Government covers the cost of training up to a maximum amount for each graduate and provides him or her with a monthly stipend.

The employer has the responsibility to identify the required training providers, mounting appropriate courses, which last between 3 to 12 months, and selection of graduates for subsequent placement and eventual employment.

Accenture Academy in Mauritius has mounted one such course in collaboration with the *University of Mauritius*. A masters degree has been developed to support the strategy of *Accenture Technology* to grow and develop its workforce in view of catering for the evolving needs of the ICT industry. Thus students having a first degree in a discipline other than computing are trained and exposed to the latest technologies and develop the technical, analytical and professional skills required to join a dynamic industry. After the success of a first batch of 30 non-IT graduates who were trained in 2018, *Accenture Technology* has called for a second batch this year.

CREATING AN ENTREPRENEURIAL NATION – WORK-FROM-HOME SCHEME

In an attempt to raise productivity and provide new opportunities for the youth while creating a more flexible work environment, the “*work-from-home*” scheme was introduced in 2018. It is estimated that the scheme will create some 3,500 new job opportunities and will empower more women, in particular young mothers, to join the labour force.

Appropriate regulations are now enshrined in the law and homeworkers are now granted employment status and are entitled to paid leaves and other benefits similar to employees in the mainstream sectors of activity and working in traditional workplaces. Employers of homeworkers are also required to refund any work-related expenses borne by the former as well as to respect the privacy of the latter and has access to the homemaker’s residence only with his prior authorization.

Employers are allowed for a double deduction from tax, of the wage and salary costs of homeworkers for the first two years. They are also granted an annual tax credit of 5 per cent for three years on investment in the required IT system required to enable the work-from-home to take place.

Furthermore, under the *Switch Africa Green*, a partnership initiative of the *European Union* and UNEP with 6 African countries, Mauritius is implementing the *Industrial Symbiosis* project which aims to green Mauritian manufacturing businesses with special focus. Some 100 SMEs and 70 companies have thus been trained to incorporate sustainable waste management practices within their organisations.

INTRODUCTION OF THE NATIONAL MINIMUM WAGE

In January 2018, a national minimum wage was introduced. This narrowed the wage differential between the top and the low-earners, thus increasing the purchasing power of those on the lower-end. It allowed workers to improve their standard of living and upholding overall consumer optimism, which in turn lead to a positive impact on growth.

Analysis indicates that the introduction of the national minimum wage, coupled with the negative income tax scheme, reduced income inequality and improved adherence to the National Pension Fund Act. Indeed, there is an increase of 7.5 per cent in the number of contributors to the National Pension Fund from December 2017 to June 2018, indicating a possible movement of workers from informal employment to formal employment.

| CHALLENGES | OPPORTUNITIES |
|--|---|
| <p>The major challenge to the Mauritian economy in terms of labour is to address the existing skills mismatch in the labour market. The problem of youth unemployment persists, rising from 23.9 per cent in 2016 to 25.2 per cent in 2018.</p> | <ul style="list-style-type: none"> • While retraining facilities in collaboration with private companies and local universities, especially in the field of ICT are being undertaken, current reforms in the education sector are expected to address the skills mismatch in the long run. • More in-depth analysis is required so as to identify exactly which skills set will enable today's student to be a winner in the future. |
| <p>There is a scarcity of manual workers.</p> | <ul style="list-style-type: none"> • The private sector resorts to foreign labour in certain economic sectors, such as agriculture, manufacturing and construction. • A <i>Migration and Development Policy</i> is currently being developed. The Policy would analyse and deal with the complexity of migration in a broad perspective with a view to ensuring better and sustainable living conditions, including measures to address unemployment among others. |
| <p>With the advent of the fourth industrialization, it is essential to increase labour productivity in general as well as within the public service delivery.</p> | <ul style="list-style-type: none"> • A <i>National Employment Policy</i> (NEP) is currently being formulated. The NEP will adopt a coherent and comprehensive approach for the creation of productive employment and decent work for all by taking into consideration the social dimensions of employment. • Existing policies hindering employment growth and encouraging inappropriate conditions of work in Mauritius, Rodrigues and outer islands, are also being reviewed. |
| <p>There is need to ensure decent and safe work environments, increase competitiveness of the Mauritian workforce while ensuring there is no gender gap in the labour market.</p> | <ul style="list-style-type: none"> • Mauritius is finalising the elaboration process of its second generation <i>Decent Work Country Programme</i> (MDWCP II) to further promote employment across all sectors through innovation and productivity and improve working conditions through protection of rights at work. |