

Mauritius:

The Road to Invest in Africa

Why and how to invest in Africa?

Africa is increasingly becoming a preferred investment destination. Over the last few years, despite the development challenges, many African countries have embarked on a process of transformation, experiencing unprecedented rates of growth, a rise in trade and investment, and structural transformation.

Why Invest in Africa?

Africa's economic growth prospects are among the world's brightest. Africa – the world's poorest continent – was home to the fastest growing economies globally in 2019, according to estimates by the IMF. South Sudan was the fastest growing economy in the world in 2019 with a real GDP growth of 11.3%, followed by Rwanda, whose economic growth stood at 10.1%. The economic growth of Ethiopia and Libya were also among the fastest in the world at 9.0% and 9.9% respectively. Outside Africa, the fastest growing economy was Bangladesh at 7.9%.

Africa's growing, youthful population, amidst an aging population in most other regions, constitutes a formidable market. The continent's population is predicted to quadruple from 1.19 billion in 2015 to 4.39 billion by 2100. In 2015 alone, 200 million Africans entered the consumer goods market. Maximizing this growing market size calls for actively engaging Africa's structural economic transformation.

Africa's youthful population contributes to an abundance of labour, which is one of the region's highest potentials for labour-intensive industrialization, and lowers production costs, leading to benefits that far outweigh the cost of doing business on the continent. The hourly wage in Africa is less than 50 cents (for example, it's \$0.27 in Mozambique, \$0.34 in Nigeria and \$1.62 in Morocco) compared to \$10.49 in UK, \$7.25 in the USA and \$6.57 in Japan. Engaging more foreign companies may help raise wage rates in Africa as well as improve labour market efficiency.

Africa's large deposits of natural resources promise a bright future for developing value chains. Agriculture and the extractive sectors are linchpins of national, regional and global value chains. Africa hosts 60% of the world's uncultivated arable land. The African continent is home to five of the top 30 oil-producing countries in the world. It accounted for more than 7.9 million barrels per day in 2019, which is about 9.6% of world output. Further, as of 2019, African countries accounted for approximately 50% of the world's output for the production of gem-quality diamond, making it the largest producer of diamonds in the world.



Dr Ludovic C. Verbist
Managing Director



Dhruv Ghurburrun
Financial Analyst

How to Invest in Africa?

As Mauritius is strategically located at the crossroads of Asia and Africa, the country is positioning itself as the bridge to Africa. The Mauritius IFC's Africa strategy is underpinned by this appetite for foreign investments, by providing access to finance and expertise to and from Africa.

Why invest via Mauritius?

1. Bilateral Agreements (DTAs and IPPAs)

Out of its wide network of bilateral agreements consisting of 46 Double Taxation Agreements (DTAs) and 29 Investment Promotion and Protection Agreements (IPPAs), Mauritius has 21 DTAs and 24 IPPAs that have already been signed with African states. Mauritius offers a trusted, well-regulated and risk-mitigating platform for doing business in Africa.

The DTA is a tax treaty/agreement between two countries to prevent double taxation of income. The key objective of the DTA is to ensure that all income is taxed between the two countries and to prevent double payment of tax. These agreements promote bilateral investments and promote more clarity and transparency.

Double Taxation Agreements		
African Partner Country	Date of Signature	Date of Entry into force
Botswana	26/09/1995	13/03/1996
Lesotho	29/08/1997	9/9/2004
Madagascar	30/08/1994	4/12/1995
Mozambique	14/02/1997	8/5/1999
Namibia	4/3/1995	25/07/1996
Rwanda	20/04/2013	4/8/2014
Senegal	17/04/2002	15/09/2004
Seychelles	11/3/2005	22/06/2005
South Africa	17/05/2013	28/05/2015
Swaziland	29/06/1994	8/11/1994
Tunisia	12/2/2008	28/10/2008
Uganda	19/09/2003	21/07/2004
Zambia	26/01/2011	4/6/2012
Zimbabwe	6/3/1992	5/11/1992
Arab Republic of Egypt	19/12/2012	10/3/2014
Republic of Congo	20/12/2010	8/10/2014
Republic of Ghana	11/3/2017	22/01/2019
Republic of Cabo Verde	13/04/2017	5/3/2018

Mauritius' Double Taxation Agreements.

Investment Promotion and Protection Agreements (IPPAs)		
African Partner Country	Date of Signature	Date of Entry into force
Burundi	18/05/2001	22/11/2009
Republic of Cabo Verde	13/04/2017	7/3/2018
Egypt	25/06/2014	17/10/2014
Madagascar	6/4/2004	29/12/2005
Mozambique	14/02/1997	26/05/2003
Republic of Congo	20/12/2010	15/12/2013
Senegal	14/03/2002	14/10/2009
South Africa	17/02/1998	7/10/1998
Tanzania	4/5/2009	2/3/2013
Zambia	14/07/2015	6/5/2016

Mauritius' Investment Promotion and Protection Agreements (IPPAs).

2. Integration and Common Blocs

Furthermore, the Government has embarked on an ambitious program of setting up special economic zones in Selected Key African countries, including Senegal, Ghana, Côte d'Ivoire, Madagascar and soon Kenya.

In addition, the setting up of Permanent Joint Commissions across Africa (Ghana, Kenya, Zambia, Comoros & Seychelles) will complement its membership to existing trading blocs such as South African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), Indian Ocean Rim Association (IORA) and African Union (AU).

Also, Mauritius is a member of the Multilateral Investment Guarantee Agency (MIGA), which is part of the World Bank Group, since the 28th December 1990. Hence, companies incorporated in Mauritius are eligible for MIGA guarantees, which protect investors against the risks of transfer restrictions, expropriation, war and civil disturbances, breach of contract and failure to honour sovereign financial obligations.

Moreover, investors are also guaranteed of multilateral protection of their investments through SADEC, COMESA and other regional associations in which Mauritius is a part of.

3. Ease of doing business

Mauritius was ranked 13th globally in the 2020 edition of Ease of doing business ranking, which was released by the World Bank in October 2019. It was also ranked 1st in Africa, followed by Rwanda, which was ranked at the 38th place.

Mauritius has moved up by 36 places in the Ease of Doing Business survey within a span of only 3 years. According to the World Bank, reforms which bear testimony in modernising the Mauritian economy included the automation of public services, reviewing of licensing procedures and regulatory

amendments through the Business Facilitation (Miscellaneous Provisions) Act 2017 and the Business Facilitation (Miscellaneous Provisions) Act 2019 in line with international best practices.

In addition, some of the key areas of reforms undertaken by Mauritius and recognised by the World Bank's doing business team included: dealing with Construction Permits, where Mauritius ranks 8th out of 190 countries; paying Taxes, where the country is ranked 5th with a score of 94% in the ease of paying taxes indicator; registering a business/Incorporate a company online in less than two hours; registering property; and, improving the legal framework for Resolving Insolvency.

Following the budget 2020/21, to reduce cost of doing business in the aftermath of the COVID-19 pandemic, the fees for re-instating companies will be reviewed downwards from Rs 15,000 to Rs 5,000 and the requirements for giving notice shall be done online.

Why AAMIL?

Since 1997, AAMIL has been assisting its clients with company formation and company management. We have developed a wealth of knowledge and leading expertise in this area and leverage this to the benefit of our clients' needs on a daily basis.

Under the leadership of its founder, Dr Ludovic C. Verbist, lawyer and Ph.D. in economics, a team of 40 professionals based in Switzerland and Mauritius stands at your service.

AAMIL Group is a specialist financial service provider. AAMIL Suisse SA is regulated by the FINMA while AAMIL Mauritius Ltd is licensed as a Management Company by the Mauritius Financial Services Commission ("FSC"). We offer a full range of corporate and fiduciary services to an international client base. AAMIL can set up companies, trusts, funds and other legal entities and provide the necessary fiduciary, corporate secretarial, administration, accounting and other additional services.

Further, in October 2019, the Group launched AAMIL Africa Capital Partners PCC (AACP), as a Protected Cell Company. It is a unique and cost-effective platform, providing investors with the opportunity to penetrate African markets. It is an investment platform, which enables investors with different interests to invest through the establishment of their own cells.

Dhruv Ghurburrun, **Financial Analyst**

Dr Ludovic C. Verbist, **Managing Director**

www.aamil.com

info@aamil.com