

Mauritius is emerging as a competitive ICT destination, with a long list of major ICT players established on the island. The reason could be the attractive fiscal and non-fiscal benefits that it offers.

MAURITIUS: A GROWING TECH HUB

As per the Frost & Sullivan report *The Telecommunications Market in Southern Africa – Key Fixed and Mobile Market Indicators*, Mauritius has revamped its ICT industry and is at the forefront as the African nation with the most noteworthy ICT advancement record, competing with South Africa and Botswana.

Mauritius has emerged as an international and competitive ICT destination and is steadily positioning itself as a regional ICT hub. Over recent years, the ICT sector has experienced a rapid and sustained growth and is a major pillar of the Mauritian economy. The ICT sector represented only 4% of the country's GDP in 2002 and has grown to 5.6% in 2016.

An increasing number of foreign companies are nowadays setting up their bases in Mauritius to conduct ICT and ICT-related activities. Some 600 ICT companies presently operate in Mauritius, in a wide range of activities including software development, call centre operations, business process outsourcing (BPO), IT-enabled services, web-enabled services, training, hardware assembly and sales, networking, consultancy, multimedia development, disaster recovery and other support services. Major international ICT players, including Oracle, Microsoft, IBM, HP, CISCO, Orange Business Services, Accenture, Infosys, Hinduja Group, France Telecom, Ceridian and the TNT Group, have set up their operation and development centres in Mauritius.

"The island is home to several mobile operators in addition to the fixed phone operator, Mauritius Telecom. The setting up of a new techno park, a third submarine fibre optic cable as well as enhanced integration of ICT and



Mauritius is a jurisdiction of substance and has the right infrastructure, from offices to efficient banking facilities.

business in the country are undoubtedly boosting competitiveness in the Information Technology sector," says Yogesh Gokool, Senior Executive and Head of Global Business at AfrAsia Bank.

Good country index

In addition, the report says that Mauritius continues to hold "the most astounding ICT development index (IDI)". It says that the island was ranked first last year out of nations in southern Africa and has "the highest networked readiness index (NRI) rank in the Southern African region". The IDI is an index published by the United Nations International Telecommunication Union based on internationally agreed ICT indicators, making it a valuable tool for benchmarking the most important indicators for measuring the information society. The IDI is a standard tool that governments, operators, development agencies, researchers and others can use to measure the digital divide and compare ICT performance within and across countries.

Furthermore, the country's ICT strength is in line with the government's Smart Mauritius Strategy. The World Economic Forum in 2015 identified Mauritius as the third best country when it comes to telecom and internet connectivity costs in its Global Information Technology Report.

The Mauritius advantage

The jurisdiction of Mauritius has attracted international ICT companies that have set up their holding companies in Mauritius for operation in other African countries. Why would they do so?

The reason could be two-fold: fiscal and non-fiscal benefits.

In terms of fiscal benefits, Mauritius has signed Double Taxation Agreements (DTAs) with some 50 countries globally, including some 15 African countries. ICT companies can benefit from these DTAs if they are tax resident in Mauritius, thus minimising the risk of double taxation in the countries where they are operating and in their countries of residence.

In the light of new Base Erosion Profits Shifting (BEPS) requirements, the emphasis nowadays is more on substance. "Mauritius is a jurisdiction of substance and has the right infrastructure, from availability of physical offices, talent, and bilingual pool of qualified and experienced professionals, to efficient banking facilities for business activities carried out from here," adds Yogesh.

One of the non-fiscal benefits is the availability of raising bank finance in Mauritius. There are about 23 banks on the island and many involved in global business activities are flushed with foreign currency liquidity, mainly dollars and euros. Borrowing in Mauritius, with proper security and guarantees, is a lot less expensive than in many other countries, including African countries, because the cost of funds is lower here.

A second non-fiscal benefit is that the Stock Exchange of Mauritius (SEM) is affiliated with some international stock exchanges and also a member of the WFE (World Federation of Exchanges). The SEM is the only exchange in Africa where multi-currency listing is allowed. Listing here could be an alternate means of raising finance and provide an exit opportunity to private equity funds that have invested in ICT companies. ■



Yogesh Gokool, Senior Executive and Head of Global Business at AfrAsia Bank, points out the many advantages of Mauritius as an ICT destination.