

de Melo, Jim

Working Paper

Education and Protection of the Environment to shape Mauritius' future in a COVID-19 landscape

FERDI Working Paper, No. P277

Provided in Cooperation with:

Fondation pour les études et recherches sur le développement international (FERDI), Clermont-Ferrand

Suggested Citation: de Melo, Jim (2020) : Education and Protection of the Environment to shape Mauritius' future in a COVID-19 landscape, FERDI Working Paper, No. P277, Fondation pour les études et recherches sur le développement international (FERDI), Clermont-Ferrand

This Version is available at:

<https://hdl.handle.net/10419/269557>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Education and Protection of the Environment to shape Mauritius' future in a COVID-19 landscape

Jaime de Melo

 JAIME DE MELO, University of Geneva and FERDI

Abstract

In a span of fifty years, Mauritius has reached high-income status according to the World Bank criterion. Key to this success was the combination of: (i) effective policies; (ii) resilience to shocks; (iii) adaptation to changing external events cemented by close collaboration between Government, the private sector, unions, and civil society. These actors will need to continue to collaborate on the new challenges: (i) restoring trust in the Government following the COVID-19 pandemic and its aftermath; (ii) facing the 4th industrial revolution; (iii) shifting to a development path that arrests the deterioration in the environment. ... / ...

Acknowledgement

Thanks to Paul Baker, Myriam Blin, Henri Casella, Ali Mansoor, Gilles Michel, Boopen Seetanah, and Verena Tandrayen-Ragoobur for helpful comments.

.../... Past success has rested on five pillars of which two, sugar and textiles have faded, leaving the three pillars of tourism, offshore and outsourcing. After noting the importance of combining effective policies, resilience to shocks and adapting to changing external events, the paper offers remarks for the short and long-run.

For the short-run, restoring confidence and resisting protectionist pressures are essential. To this effect, making the Independent Commission against Corruption (ICAC) truly independent is required. Greater reliance on external scrutiny should also help.

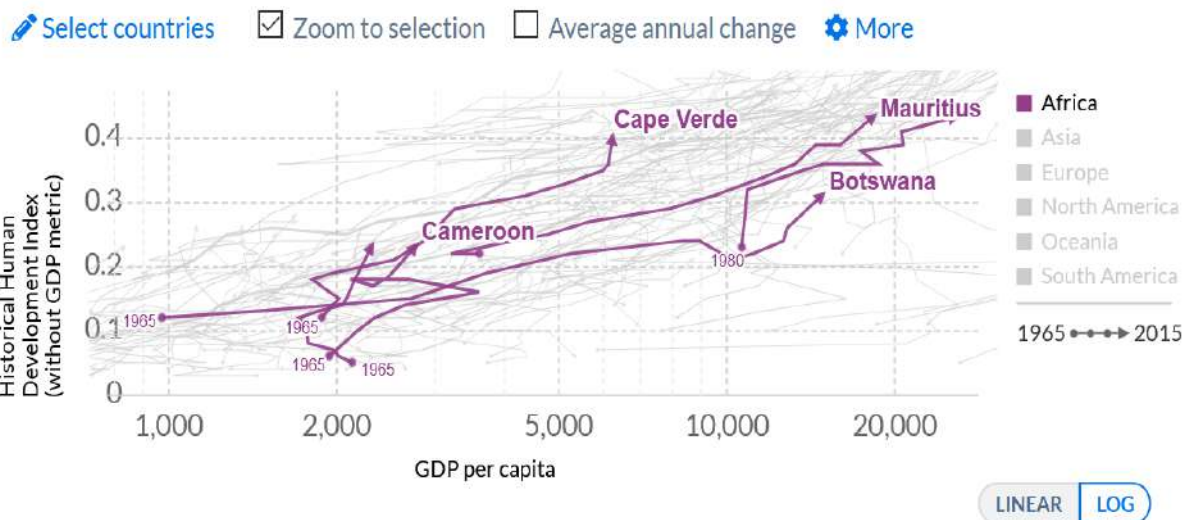
For the long-run, substantial resources should be attributed towards building three 'new' pillars: education, service center for Africa and the Environment. Twenty years ago education was already signaled as the marginal contribution to the Mauritian miracle. This situation still prevails: for its per capita income, education outcomes are still lagging. The second pillar would develop a service centre for Africa (contingent on improved education outcomes) by building on the ICT infrastructure and the Services economy. The third pillar is related to the SDGs and strengthening the tourism pillar by building and projecting an 'environmentally friendly' image. Indicators of the health of the environment suggest that Mauritius has failed to protect both its land and its maritime environment. Here too, a sustained commitment by all actors will be necessary.

Botswana, Cabo Verde, Mauritius and Seychelles have combined effective social policies (sustained improvement in the value of their human development index) with sustained growth over 50 years (see figure). More common are the trajectories where, when improvements are sustained, they only hold on one index. This is the case of Cameroon and Senegal. With a Gross National Income per capita of \$12,740 in 2019, Mauritius is the second country in Africa with Seychelles to have reached high-income status according to the World Bank criterion. In the developing world, the combination of sustained improvements in both indicators is rare.

Historical Index of Human Development (without GDP metric) vs. GDP per capita, 1965 to 2015



The Historical Index of Human Development (HIHD) is a summary measure of average achievement in key dimensions of human development: it represents an index of life expectancy, literacy rates, educational enrolment, and per capita gross domestic product (GDP). The HIHD variable below has had this GDP metric removed. Here it is measured against GDP per capita.



Note: Labels for Seychelles next to Mauritius and of Senegal next to Cameroon are missing. By clicking on the link below allows to change country coverage and time period

Source: <https://ourworldindata.org/grapher/hihd-without-gdp-vs-gdp-per-capita?zoomToSelection=true&time=1965..2015&country=BWA~CMR~CPV~MUS~SEN~SYC>

The COVID-19 pandemic and associated events have exacerbated some worrying trends and shaken confidence in the prospects of continuing along this journey. Past success reflects a close partnership between Government, the private sector, unions and civil society. This coordination facilitated the combination of effective policies, resilience to shocks and adaptation to changing external events. Below, I argue that this combination of resilience and adaptation to external shocks under good policies will be needed but is under threat. Moreover, future success requires a big push to improve education and deal with the environment.

Favorable conditions ¹, including performing institutions inherited from the British but further developed in the early years of independence (Darga (1996)), and visionaries at the helm (cf. Poncini memoirs (2018)) were crucial in shaping this trajectory that resulted in a relatively inclusive growth.² Five pillars emerged: Sugar, Textiles, Export Processing Zone (now offshore), Tourism, Outsourcing³. Resilience, effective policies, and adaptation were key attributes to this successful trajectory. They reflect social cohesion based on extensive dialogue between Government, Private Sector, Unions and Civil Society.

- Resilience to game-changing shocks requiring a change in the model of development. The Carol cyclone of 1960 made it clear that Mauritius could not continue to develop on a model of “one ton of sugar per capita”.⁴ The oil shocks of the 1970’s pushed to an FDI driven export growth model. The loss of sugar and textile quotas at the start of the 21st century moved the country from relying on rents towards a globally competitive economy. The Great Recession in 2009 spurred market conforming interventions to restructure firms and support SMEs.
- Effective policies. Early shift from a development strategy behind high protection towards an open development strategy, arguably the most important policy measure for a small country⁵. Most importantly, inclusive growth was built-in through continued extension of the social safety net.⁶
- Adaptation by the private sector through diversification to the relatively sudden loss of rents from the sugar quotas under the Lomé convention and to the textile quotas under the Multi-fiber Agreement (MFA)⁷.

¹ A widely publicized report by James Meade in 1960 had a pessimistic outlook about the future of Mauritius. However, in 1968, Seychelles and Mauritius had a life expectancy of 64 and 63 years at birth, 10 to 20 years above life expectancy in the rest of Africa at the time. Along the way, the small size of the country helped avoid competition from other countries when attractive fiscal conditions were offered to global business companies.

² Though increasing, income inequality is still lower than in many other developing countries. The top 10% capture 46% of gross national income vs. 17% for the bottom 50% placing Mauritius in a group of 16 (out of 48) African countries with the least disparity in income shares between the top and the bottom half. (Chancel et al. 2019). Over 2001-2015, the Gini coefficient increased by 16% to 0.42 (World Bank (2017)).

³ Silve (2018) elaborates on the contributions of each pillar to what he calls harmonious growth because the usual conflicts over the sharing of rents (here sugar and textiles) were handled well. Social policies started in the late 1950’s with free primary education and school meals and free primary health care were also an important ingredient in this harmonious growth. As growth created wealth, the social safety net expanded with a big push starting in 1972.

⁴ In his memoirs, Poncini (2018) recounts that the cyclone Carol of 1960 was a turning point for Mauritius. With 40% of sugar cane plantations destroyed accompanied by huge material loss, Mauritius could no longer count on the development model of “one ton of sugar exports per capita”. Mauritians became sensitized to the dead-end alley of the then-prevailing dogma that industrialization called for substituting imports with local production behind high protection. The next steps included the success story of the Micro Jewels company started in 1965 extended to the development of the Export Processing Zone (EPZ). The Micro Jewels company drilled a hole for a rubis in imported watches that were then re-exported to Switzerland. Here Mauritius was an innovator, probably the first example of the now widespread outsourcing in supply chains where goods cross borders several times during the stages of production.

⁵ Efficient taxation policies (relying on a large tax base with the VAT and taxing land rather than income) were also important. Mauritius also ranks high on proxy indicators of economic freedom ([here](#)).

⁶ Although this has resulted in a safety net that is effective but inefficient as it has created a patchwork of complicated programmes.

⁷ Subramanian and Roy (2001) estimate that sugar rents averaged 5.4% of GDP over 1977-2000 and that rents from the MFA started in 1974, rose to reach 3.5% of GDP. Together these rents amounted to close to 10% of GDP per year over a long period (1977-2000). This is roughly half the 20% GDP loss attributed to the one-time COVID-19 shock.

These attributes will be needed in the coming years under the challenges exacerbated by COVID-19 and, for a long time to come, by environmental challenges. Of the five pillars, sugar and textiles have faded away. The other three can be preserved and expanded. Three new pillars, each requiring strong government commitment are recommended:

- Education to face the 4th. industrial revolution (and to preserve the three pillars)
- Developing a service centre for Africa (contingent on improved education outcomes)
- Protecting the environment (both the land and marine environments)

COVID-19: Early resilience to confront the paper-clip shock⁸

A half-century post-independence, Mauritius was cruising on a new model of “one tourist visit per Mauritian” every year when the COVID-19 pandemic arrived, another game-changing, though unexpected, shock⁹.

An early hard lock down was crucial to stop COVID-19 from spreading. Health-protecting measures were accompanied by substantial fiscal and macro-financial measures to protect incomes¹⁰. Even though the case fatality ratio of 3% did not place Mauritius among the top performers according to this indicator, Mauritius was among a handful of countries that did not just flatten but crushed the curve by applying ‘the hammer’. Tough lockdown supported by enforcement and an effective safety net for the self-employed arrested community transmission within [40 days](#), successfully protecting health and wealth.

Economic prospects remain uncertain. For tourist-dependent economies, especially those with a weak health sector like Mauritius¹¹, it is appropriate to apply the precautionary principle (“better safe than sorry”) by not re-opening the economy to tourists without health restrictions. However, since it is highly unlikely that the virus will be “under control” in the next 6-12 months around the world, the government cannot expect to have a successful partial re-opening for tourism and business travel under the current strict 14-day quarantine regime through confinement in a hotel room. Having missed the end-of-year holidays, probabilistic calculations like those illustrated by Pueyo (2020) recognize that a country is unlikely to remain COVID-19-free, even though in the coming months the strict quarantine confinement could be attractive for foreigners to come for a longer stay so long as the pandemic is not under control in their home country. Borrowing from [Pueyo](#),

⁸ Shocks can lead to two kinds of socio-economic outcomes: those governed by rubber band shocks like the financial crisis of 2008-2009 where the economy returns to its previous path. Others, like Carol or COVID-19, are shocks where the economy does not return to its previous path. These are what Baldwin (2020) calls paper-clip shocks.

⁹ I do not mention the deterioration in governance not reflected in governance indicators where Mauritius has occupied first place on the Mo Ibrahim index in Africa each year for the past 10 years but has returned to the OECD black list in 2020, except to note that this cold shower might be a blessing in disguise if it leads to an improvement in governance.

¹⁰ The Central Bank of Mauritius issued 10% of GDP and earmarked another 13% of GDP in foreign exchange to the government, placing Mauritius at par in June with the [11 percent average for the G20](#). Bonardi et al. (2020) suggest that governments should provide full support for labor costs but only partial support capital costs through corona loans.

¹¹ [Mauritius has a low score on the Global health index even among African countries](#)

having applied successfully ‘the hammer’, Mauritius is now confronted with navigating ‘the dance’ period.

Relatedly, the Wakashio shipwreck in late July and its aftermath has shown strong collective action support by Mauritians in the clean-up effort, a clear example of resilience reflecting the DNA of collective solidarity since independence. The event has also exposed the lack of preparedness and competence in protecting the maritime environment. The so far peaceful, but widespread, mass protests indicates forcefully that Mauritians are losing confidence in their government. Once lost, trust is hard to restore as shown by the recent example of Chile¹².

This commentary focuses on economic measures¹³. In the short-run, committing to external scrutiny should help discipline the government and help restore confidence. Resisting COVID-19-related protectionist pressures evidenced in other countries would also help. In the longer-run, all countries are facing a paper clip shock that is accelerating the pressure to adapt to the challenge posed by the twin challenges of globotics and the degradation of the environment.

Short-run: restore confidence and resist protectionist pressures

Restore confidence by committing to external scrutiny Health, education, basic research, hard infrastructure are public goods, all with indivisibilities and positive externalities calling for government action. Government financing is therefore necessary to insure adequate supply of these public goods. At the same time, management of government expenditures always requires scrutiny, especially so in this pandemic period of large government support measures. For example, for hard infrastructure where much provision is by local firms, the scope for kickbacks is amplified. Evidence-informed bidding and appraisal of infrastructure projects in a comparative setting should help alleviate concerns about the transparency and effectiveness of the public investment cycle.

More importantly, a reform to make the Independent Commission against Corruption (ICAC) truly independent is called for. To this effect, a return of the diaspora, if possible, should be highly encouraged¹⁴. The Constitution, prepared in a time where national interest had stronger sway, calls

¹² Recent events in Chile, the country in Latin America with the strongest indicators of trust (always in the top 20% of trust indicators in the world) show that it does not take much to push a successful society off what Acemoglu and Robinson (2019) call the ‘narrow corridor’ of development. see Velasco and Funk (2020)) present a model in which external effects can cause multiple equilibria and self-fulfilling equilibria as people change their behavior in ways that make government institutions less effective, triggering in turn and additional decrease in trust.

¹³ Adopting a [Freedom of information Act](#) in line with SDG goal 16 could help restore trust in Mauritius. A return of the diaspora in senior government positions would help shift decision-making towards a more technocratic direction. Current minister-level compensation packages in Mauritius evaluated at purchasing power parity (about twice salaries in current dollars) compare favorably with those in many high-income countries.

¹⁴ More generally, a return of the diaspora in senior government positions would help shift decision-making towards a more technocratic direction. Current minister-level compensation packages in Mauritius evaluated at purchasing power parity (about twice salaries in current dollars) compare favorably with those in many high-income countries.

for the Opposition to chair the Public Accounts Committee. This is because no one can police themselves effectively. The same principle should be applied to the Parliamentary Committee that oversees ICAC. It should be chaired by the Opposition and have a majority of opposition members. Moreover, it is this Committee that should appoint the leadership of ICAC. The appointed leaders of ICAC would serve until a new majority emerged in Parliament but could be reappointed by the new ICAC Parliamentary Committee. Moreover, the ICAC Parliamentary Committee would draw from a pool of qualified candidates who would apply according to pre-set criteria. There would need to be a three quarters vote to approve any candidates to the pool, ensuring that selected candidates are perceived by all political parties to have integrity.

Submitting to external scrutiny should help transparency and build trust. The transparency indicators collected in the [Open Budget Survey](#) every two years for a large number of participating countries helps benchmarking the level of a country's transparency in the budget process. Another is the IMF Public Investment Management Assessment ([PIMA](#)) framework. This is a tool for evaluating results of government investments through peer comparisons. Mauritius could also join the WTO plurilateral Government Procurement Agreement (GPA). Signatories take steps to ensure open, fair and transparent conditions of competition in government procurement.

Resist protectionist pressures. Mauritius is in the club of countries most open to the world for trade in goods and trade in services¹⁵. Resisting protectionist pressures in times of distress is especially difficult even in an open economy because of the pressure to provide for jobs. However, once in place, protectionist measures are difficult to remove because of pressures to maintain them. More importantly, they destroy more jobs in the long run than they protect in the short run. Since the start of the pandemic, the rupee has depreciated approximately 20%. This is a boost for Mauritian export activities but also a boost for import-competing activities equivalent to a 20% tariff. However, a depreciation of the rupee is also a boost for exports rather than a penalty resulting from a tariff. Raising tariffs on food imports would increase the cost of living for the poorest households. Raising tariffs on imported inputs for agriculture, manufacture and tourism activities would penalize exporting activities directly by making them relatively less profitable and indirectly by raising the costs of imported inputs¹⁶.

For a small economy like Mauritius where dominant positions can develop easily, an economy open to foreign competition by low tariffs is the most effective anti-trust policy to protect the interests of the consumers. In the current tariff-free economy, the threat of competition from imports (known as the 'import-discipline' hypothesis in the economics literature) remains the best anti-trust policy.

¹⁵ Mauritius' trade-weighted applied MFN tariff has fallen from 6.6% in 2007 to 0.9% in 2019, placing it among the top five countries with the lowest average applied tariff ([here](#)).

¹⁶ Resisting protectionist pressures is important because Mauritius has a very low binding coverage ratio for tariffs at the WTO. A tariff on imports is equivalent to a tax on exports at the same rate is among the most robust lessons from trade theory. It is often referred to as the 'Lerner symmetry theorem'

Long-run: Three new pillars, education, service center for Africa and the Environment

Education 20 years ago, human capital was already signaled as ‘the marginal’ contributor to the Mauritian miracle (Bunwaree (2001)). Relatedly, health-preparedness has not kept up with other indicators of development. Subsequent structural change over the period 2001-2015 exacerbated this diagnostic through an expansion in the relative demand for highly educated labor outpacing the expansion in relative supply. The outcome was an increase in household income inequality over 2001-2015, notwithstanding large increases in public transfers to the bottom quintile of households.¹⁷

This growing shortage of high-skill labor was exacerbated by the advent of the Information and Communication Technologies (ICT). Progressively ‘telemigration’ took hold with workers in one country working for offices in another country, like call centers in Mauritius. Emerging technologies (advanced robotics, Artificial Intelligence (AI), Internet of Things (IoT)) were already on their way to bring about a [fourth industrial revolution](#) when the COVID-19 pandemic accelerated this transition.¹⁸ Now, white-collar robots-software perform functions, like those in call centers, traditionally accomplished by humans. This is a new challenge for many jobs in the Services industries. With a permanent shift towards Work from Home (WFH) fewer Services activities will be relying on face-to-face contacts. In the longer-run, expect a slowdown in construction activity¹⁹.

This accelerating change in demand for skill presents a great challenge for Mauritius involving hardware and software sides. On the hardware side, access to performing ICT technologies will be necessary. On this front, Mauritius, as the sixth country in the world with 100% fiber to home is well prepared. Education is the software side of this challenge. Here Mauritius needs a big push. Currently the share of education expenditures in GDP is around 5% (about the average for the OECD), but there are no indicators of ICT skills. Neither are indicators of preparedness available on a comparative basis. Education outcomes need to be monitored and improved.

Notwithstanding the presence of foreign universities and of further fiscal incentives announced in the 2020 budget speech to attract foreign institutions to establish campuses on the island, Mauritius will have to improve its higher-education outcomes if it is to be ready to face the fourth industrial revolution as well as being an attractive destination for African students. The top University in Mauritius [ranks 77 out of the top 200](#) universities in Africa. Proactive efforts are needed for (i) the top Universities in Mauritius to be in the top 5 in Africa within a decade and (ii) to attract Universities in the top 20 in the World to open campuses in Mauritius. But the first step is improving education

¹⁷ Public transfers have risen steadily over the last 20 years to counteract the increasing wage inequality. For the bottom quintile of the household distribution, public transfers contributed for 20 percent of household income in 2001 and for 30 percent in 2015 (World Bank (2017, figure 1.7))

¹⁸ Many observers describe ICT as the third industrial revolution. Baldwin (2018) calls this new industrialization phase combining telemigration with robotics, ‘globotics’.

¹⁹ Dingel and Neiman (2020) estimate that 35% of US jobs can be performed at home For the US. For a sample of developing countries, Saltiel (2020) estimates it in the range 5.5% (Ghana) to 23% (Yunnan, China) so 20%, would be a ballpark estimate for Mauritius.

outcomes at the high-school level.²⁰ Grigoli (2014) finds that Mauritius lags behind many peers in efficiency of education expenditure, ranked 48th out of 89 developing countries behind, inter alia Barbados, Botswana, Cabo Verde, Fiji, Jamaica, Samoa, Seychelles, Saint Lucia and Tonga. Here too, submitting to external scrutiny by participating with 77 other countries in the regularly administered OECD [PISA tests](#) would be a good yardstick to monitor progress. Linking the pay of the Education Ministry to progress in improving efficiency and improving scores in PISA relative to peers could help.

A Service Centre for Africa : Drawing on its geographic location, solid infrastructure and ethnic diversity, improved educational outcomes should lay the ground for Mauritius to become the prime service centre that contributes to the development of Africa by offering a range of business services and logistics. In addition to the type of services offered by Dubai, Hong Kong and Singapore, Mauritius can export its social model as an alternative to the investment by China and by multi-nationals. The Mauritius social model includes making workers and farmers into shareholders as well as the provision of free primary health and education and a rudimentary social safety net.

Lacking the resources of China, India and other large countries like Nigeria and South Africa, Mauritius will need to focus on soft power. It would also need to work closely with the International Financial Organizations (IFIs) such as ADB, EIB and IFC and donors (ADF, EU, IDA and bilateral aid agencies). Further developed, the Stock Exchange of Mauritius could become a convenient platform for listing Global Business Companies developing. Just as it is a small land-size country but a large 'ocean state' (Chan (2018)), Mauritius could become a hub for the IFIs and other institutional investors. Provided institutions remain strong (Dharmapala and Hines (2009)), being a small country is an advantage in the realm of providing fiscal incentives as there is less competition than in large jurisdictions (Slemrod and Wilson (2009)).

The Environment: Millenium Development Goals (MDG) targets for water usage and per capita CO2 emissions have been off target ([see Government of Mauritius \(2011, table 1.2\)](#)). According to UNEP data, Mauritius has failed to protect substantial land and marine area, threatening the health of the island ecosystem. (see table below from Chan (2018))²¹. . Mainstreaming biodiversity stakes in the public and private sectors has not yet taken place. And scores on progress towards meeting the Aichi (2011) biodiversity targets for 2020 are low²².

²⁰ Based on UNESCO data, Binwaree (2001, table 1) documents that Mauritius was lagging Bangladesh, Indonesia and other Asian countries in the enrollment rates in technical fields.

²¹ Target 11 of the convention on biological diversity calls for at least 17% of land and 10% of coastal and marine areas to be conserved by 2020. On protecting Land areas, [Mauritius ranks 158 out of 192](#). On marine areas, the table suggests that Mauritius has no legislation to protect its Exclusive Economic Zone (EEZ). In a composite Environmental Protection Index that includes ecosystem preservation, [Mauritius ranks](#) 82 out of 180 countries. As an example of challenges ahead on biodiversity, the GOM recognizes the lack of progress towards the Aichi (2011) biodiversity targets (see 2017,

²² The scores for the 20 targets shows little progress (an average score of 22 out of a maximum score of 100 if all 2020 targets were met at the time of the report in 2017. [See GOM \(2017, tables 1.10-1.14\)](#).

Table 1 Top Fifteen States with Largest Marine to Land Area Ratios

Name	Marine Area (km ²)	Marine Protected Area (%)	Land Area (km ²)	Land Protected Area (%)	Marine to Land Area Ratio
Tuvalu	731,900.0	0.01	41.8	2.39	17,510
Cook Islands	1,972,842.4	100.00	258.1	25.99	7,644
Marshall Islands	2,004,587.3	0.27	281.9	11.92	7,111
Federated States of Micronesia	3,011,917.0	0.02	817.2	0.05	3,686
Kiribati	3,459,130.4	11.82	1,032.6	22.37	3,350
Maldives	922,110.0	0.05	304.7	1.21	3,026
Seychelles	1,340,839.5	0.04	486.9	42.10	2,754
Palau	608,152.5	82.99	501.1	27.94	1,214
Niue	318,243.7	0.01	267.8	19.96	1,188
Tonga	668,054.6	1.51	766.5	15.92	872
Mauritius	1,280,068.3	0.00	2,062.5	4.75	623
Barbados	185,019.8	0.01	444.1	1.27	417
Antigua and Barbuda	108,492.4	0.16	455.2	18.67	238
Monaco	284.2	99.93	1.6	33.16	178
Malta	55,696.7	6.27	325.0	30.29	171

Source: UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), “Global Statistics from the World Database on Protected Areas (WDPA)” (Cambridge, UK: UNEP-WCMC, March 2018).

This is particularly disappointing for the country that was the source of inspiration for Pierre Poivre, the first environmentalist. He wrote the Règlement Economique (1769) for Mauritius the first set of measures ever proposed that included provisions for forest conservation (Techera (2019)).

In recognition that very few countries have taken steps to mitigate environmental damage related to climate change, five countries Costa Rica, Fiji, Iceland, New Zealand and Norway announced the launch of negotiations for an Agreement on [Climate Change, Trade and Sustainability \(ACCTS\)](#), inviting other countries to join the group. The ACCTS intends to:

- Remove tariffs on Environmental Goods (EGs) and make new commitments on Environmental Services (ESs)
- Establish concrete commitments to eliminate fossil fuel subsidies
- Develop voluntary guidelines for eco-labelling programs and mechanisms

No punishments are planned for members not meeting agreed targets so pressure on sovereignty is minimal. Rather, participants expect that negotiations in a small group of like-minded countries will foster a virtuous circle of measures to address the pressing environmental agenda. A [plea](#) shortly before the COP26 meeting in December 2019 listed benefits for Mauritius from joining the ACCTS. Among the benefits, participation would

- Signal that the country is taking the environment seriously

- Provide support at home for taking environmental measures when facing politically difficult decisions
- help meet the Sustainable Development Goals (SDGs) (e.g. by elimination fuel subsidies, moving towards a green development path, etc..)
- Show credibly that the country is serious about being "environmentally friendly", a boost for the tourism pillar.

Final thoughts

The early days of COVID-19 showed, once more, that the country has resilience in times of crisis. Post-crisis developments brought out cracks in government's preparedness and overall transparency reflected in nation-wide manifestations signaling a growing loss of trust. The economic hardship brought about from the pandemic is an additional challenge to stay on the narrow corridor to ['Get to Denmark'](#)

In the short-run, a reform to make the Independent Commission against Corruption (ICAC) truly independent is called for to rebuild platforms for consultation and collaboration with stakeholders. Committing to external scrutiny should also contribute to restore trust. And standing up to protectionist winds in the name of job creation would avoid facing the resistance to removing protection later on.

In the longer-run emerging technologies (AI, IoT) represent an 'Apollo' type challenge calling for a huge boost in education. Greater preservation of the environment is the second long-run challenge. Taking the SDGs more seriously is the way forward in both these areas. Moreover, the SDGs also offers a convenient marker for the third pillar of exporting the Mauritius social model as part of the development of a service centre for Africa. The long-run challenges would also benefit from more transparency and accountability together with external benchmarking and scrutiny.

References

Acemoglu, D. and J. Robinson (2019) *The Narrow Corridor: States, Societies and the Fate of Liberty*, Penguin, Random House

Atkinson, A. (2011) "Income Distribution and Taxation in Mauritius: A seventy-five year history of top incomes", <https://wid.world/document/atkinson-anthony-b-2011-income-distribution-and-taxation-in-mauritius-a-seventy-five-year-history-of-top-incomes-mimeo/>

Baldwin, R. (2019) *The Globotics Upheaval: Globalization, Robotics and the Future of Work*

Baldwin, R. (2020) "COVID-19, hysteresis, and the future of work", <https://voxeu.org/article/COVID-19-hysteresis-and-future-work>

Bonardi, J-P., M. Brühlhart, J-P. Danthine, E. Jondeau, D. Rohner (2020), "The Economics of wage compensation and corona loans: why and how the state should bear most of the economic cost of the COVID-19 lockdown", https://www.g20-insights.org/related_literature/the-economics-of-wage-compensation-and-corona-loans-why-and-how-the-state-should-bear-most-of-the-economic-cost-of-the-COVID-19-lockdown/

Bunwaree, S (2001) "The Marginal in the Miracle: Human Capital in Mauritius", *International Journal of Educational Development*, 21(3), 257-71

Chan, N. (2018) "'Large Ocean States': Sovereignty, Small Islands, and Marine Protected Areas in Global Ocean Governance", https://brill.com/view/journals/gg/24/4/article-p537_5.xml?language=en

Chancel, L., D. Cogneau, A. Gethin, A. Myczkowski, (2019) « How Large are African Inequalities ? Towards Distributional National Accounts in Africa, 1990-2017", WID WP *2019/13, <https://wid.world/document/cgm2019-full-paper/>

Darga, A. (1996) "Autonomous Economic and Social Development in Democracy: An Appreciation of the Mauritian Miracle", *Africa Development*, vol. 21(2-3), 79-88.

Dharmapala, D. and J.R. Hines (2009) "Which Countries Become Tax Havens", *Journal of Public Economics*, 92(9-10),1058-68

Dingel, J. and B. Neiman (2020) "Who Can Work at Home", *COVID-19 Economics*, vol. 1,

Grigoli, Francesco (2014) "A Hybrid Approach to Estimating the Efficiency of Public Spending on Education in Emerging and Developing Economies", IMF Working Paper WP/14/19, 2014

Hallward-Driemer, M. and G. Naygar (2018) *Trouble in the making: The Future of Manufacturing-led Development*, <https://www.worldbank.org/en/topic/competitiveness/publication/trouble-in-the-making-the-future-of-manufacturing-led-development>

OECD (2016) *Preventing Corruption in Public Procurement*,

<http://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf>

Poncini, José (2018) *Bâtir sur ses rêves*, éditions Vizavi, Port Louis

Subramanian, A. and D. Roy (2001) "Who Can Explain the Mauritian Miracle: Meade, Romer, Sachs, or Rodrik" <https://www.imf.org/en/Publications/WP/Issues/2016/12/30/Who-Can-Explain-The-Mauritian-Miracle-Meade-Romer-Sachs-or-Rodrik-15215>

Pueyo (2020) "Coronavirus: How to Reopen Travel Safely: Which Citizens should Countries Allow in? Under What Conditions", <https://medium.com/@tomaspueyo/coronavirus-how-to-reopen-travel-safely-f5951dfe06f0>

Saltiel, F. (2020) « Who can Work from Home in Developing Countries », COVID-19-Economics issue 6

Silve, A. (2018) "Maurice: L'industrialisation Inclusive", *Afrique Contemporaine*, vol. 266(2), 97-114, <https://www.cairn.info/revue-afrique-contemporaine-2018-2-page-97.htm>

Techera, E. (2019) "Deforestation, climate change and the emergence of legal responses: the international influence of Pierre Poivre's environmental leadership"

Velasco, A., R. Funk (2020) "Institutional Fragility, Breakdown of Trust: A Model of Social Unrest in Chile", CEPR DP# 15343

World Bank (2017) "Mauritius: Addressing Inequality Through More Equitable Labor Markets", <https://www.worldbank.org/en/country/mauritius/publication/mauritius-addressing-inequality-through-more-equitable-labor-markets>

“Sur quoi la fondera-t-il l'économie du monde qu'il veut gouverner? Sera-ce sur le caprice de chaque particulier? Quelle confusion! Sera-ce sur la justice? Il l'ignore.”

Pascal



Created in 2003 , the **Fondation pour les études et recherches sur le développement international** aims to promote a fuller understanding of international economic development and the factors that influence it.



Contact

www.ferdi.fr

contact@ferdi.fr

+33 (0)4 73 17 75 30