



In collaboration with



“Impact of Covid-19 and Russia-Ukraine Crisis on Micro, Small and Medium-sized Enterprises (MSMEs) in Mauritius”

Presentation of MCCI-AMM-UNECA-SADC Business Council Report

Venue: MCCI

Port Louis, Mauritius

Date: Monday, July 15, 2024

Concept Note and Draft Programme

1. Background.

The United Nations Economic Commission for Africa (UNECA) Subregional office for Southern Africa (SRO-SA) had commissioned a set of 11 country studies and a regional report to assess the impacts of Covid-19 and the Russia-Ukraine War on Micro, Small and Medium-sized Enterprises (MSMEs) on its 11 member states in Southern Africa that consist of Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. Each country study was based on a survey implemented among MSMEs in the respective member state and was a collaborative venture between the UNECA and the Southern African Development Community (SADC) Business Council and with the national business associations of that member state. The deliverables were funded by the United Nations (UN) Development Account (DA) project titled “*Global initiative towards post-COVID-19 resurgence of the MSME Sector*”, or the MSME Surge project. The project brought together the United Nations Trade and Development (UNCTAD), the UN Department of Economic and Social Affairs (DESA) and the five UN regional economic commissions including the United Nations Economic Commission for Africa, through its Sub-regional office for Southern Africa (ECA SRO-SA) based in Lusaka, Zambia.

The country report for Mauritius was a collaboration between UNECA SRO-SA, the SADC Business Council, the Mauritius Chamber of Commerce and Industry (MCCI) and the Association of Mauritian Manufacturers (AMM). The country report also contained insights from key government officials including from the Ministry of Foreign Affairs, Regional Integration and International Trade and Economic Development Board of Mauritius.

All the 11 draft country reports were presented and discussed at the Regional Meeting on Technology and Innovation for MSMEs in Southern Africa, held from 21 to 23 June, 2023 in Cape Town, South Africa, organised by the UNECA SRO-SA and the SADC Business Council. The meeting was attended by senior government officials and private sector associations of UNECA SRO-SA member states including from Mauritius (MCCI and AMM).

The country report for Mauritius is available at the website of the UNECA at: <https://repository.uneca.org/handle/10855/50163#:~:text=While%20COVID%2D19%20primarily%20disrupted,rising%20oil%20and%20transportation%20costs>. The report is based on a survey that was conducted among a sample of MSMEs in Mauritius.

The survey comprised of 352 MSMEs, out of which 79.65% were operational at the time of the survey. MSMEs located in urban areas constituted 67% of the respondents. The majority of the businesses were formal (97%) and were mainly micro enterprises (73.1%), operating in the services sector (69.3%) and owned by Mauritians (97.1%). Most of the businesses were not involved in trade (76.1%). Around 21.4% of firms dealt only in imports and only 2.5% were involved in both imports and exports.

In terms of impact of COVID-19 on MSMEs, 46% of businesses reported they were severely affected in 2020. By 2022, 50% were still facing the effects of the pandemic. Importers were especially hit by the pandemic in 2020. Overall businesses were mainly hit in terms of their sales and net profits in 2020. About 11.4% of the businesses laid-off staff and 10.8% lowered production as a response to the crisis. Businesses of all sizes and types of trade operations were negatively affected by COVID-19 in Mauritius, with micro enterprises being the most impacted (58%). This can be explained by the nature of their activities, which are primarily labour-intensive and are based around small markets.

The firms surveyed were also requested to present the main challenges they encountered. The major constraints could be summarised in terms of low demand for their goods and services (23.9%), followed by rising cost of inputs (23.2%), inflation (21.4%), difficulty in accessing capital (18.6%), high interest rates (12.5%) and difficulty in obtaining imported goods (11.4%). An analysis of the main challenges by sector, size and trading activity shows that enterprises in the agricultural sector and those micro businesses that mainly import were the most impacted.

The Russia-Ukraine crisis, which occurred after the onset of COVID-19, introduced a different set of challenges for Mauritius. It did not disrupt supply chains as drastically as the pandemic but had a more indirect impact on the cost structure of Mauritian MSMEs. It led to rising oil prices and increased transportation costs, causing the price of imports to surge. Mauritius, being a net importer, faced higher costs for goods and raw materials. These elevated costs squeezed profit margins for MSMEs, affecting their competitiveness and profitability. Additionally, the uncertainty and volatility in international markets caused by the conflict influenced investor confidence and trade relations. Some MSMEs may have experienced increased costs and potential difficulties in sourcing materials, which have affected their profitability and competitiveness.

The data reveals that the price of inputs was the biggest challenges encountered by firms (38%) followed by inflation (33%) and the low demand for goods and services (15%). Moreover, the firms stated that inflation (62%) and the price of inputs (62%) had worsened the most since 2022 among the main challenges faced.

Further, in terms of challenges and opportunities in technology uptake, the results show that only 15% of the businesses resorted to new tools and processes during COVID-19. They mainly adopted the use of online media and digital platforms. These tools were mainly used for supply chain management, marketing, and communication with employees

Moreover, in terms of the challenges faced when trading, 44% reported the lack of finance as the main reason preventing them from exporting. The import constraints were mainly high transport costs (17.98%), finance (17.928%), custom tariffs (17.1%) and regulations (13.74%). The businesses were further questioned about their knowledge on trade agreements. Around 35.3% were aware about SADC, 34.4% were aware of COMESA, 16.7% of AGOA and 13.6% of AfCFTA. Among those that are aware of the AfCFTA, 70% only knew of its potential, 20% knew and took advantage of its potential, and 10% never heard of it.

Lastly, the enterprises were more optimistic about the future and the main request to policy makers is to find ways to ease access to finance.

2. Objectives of the Meeting.

Against the foregoing, the Mauritius Chamber of Commerce and Industry (MCCI), in collaboration with the United Nations Economic Commission for Africa Subregional Office for Southern Africa (SRO-SA) and the Association of Mauritian Manufacturers (AMM), is convening a meeting of a target group of MSME stakeholders along with government officials in order to review and discuss the main findings of the country study for Mauritius. The aims of the meeting are to:

- Stimulate reflections on the challenges faced by MSMEs in Mauritius, in the wake of Covid-19 and the ongoing global conditions and the opportunities that are available to strengthen the competitiveness, growth and resilience of MSMEs in the years ahead;
- Discuss the vision and strategy of the Government of Mauritius in relation to MSME development and within the context of implementing the country's national industrial policy, 10-year Master Plan for the SME Sector, National AfCFTA Strategy and national development strategy;
- Establish the pressing needs of MSMEs in the context of the AfCFTA, national and regional development frameworks and the global environment and identify areas of targeted support from government, the United Nations, UNECA and the international development community.

3. Expected Outcomes.

- A road map is established to promote effective MSME development in Mauritius in the context of national and regional development priorities.

4. Expected Outputs.

- A press release highlighting the UNECA, SADC Business Council, MCCI and AMM report and the outcomes of the meeting;
- Short meeting report with a road map for further actions.

5. Participants. MSMEs and other stakeholders as per the invitation by MCCI and AMM.

6. Format, Date and Venue. In-person, MCCI Conference Room, Port Louis, Monday July 15, 2024.

7. Contacts.

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| Programme | |
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| 13:30 – 14:00 | Arrival of Guests & Registration |
| 14:00 - 14:05 | Opening Remarks by Dr. Drishtysingh Ramdenee , Secretary General of the Mauritius Chamber of Commerce and Industry (MCCI) |
| 14:05 - 14:15 | Address by Mrs. Eunice G. Kamwendo , Director, United Nations Economic Commission for Africa (UNECA) Subregional Office for Southern Africa (SRO-SA). |
| 14:15 - 14:20 | Address by Mr. Lawrence Wong , President of the Association of Mauritian Manufacturers (AMM) |
| 14:20 - 14:25 | Address by Mr. Patrice Marie , Vice President of the Mauritius Chamber of Commerce and Industry (MCCI) |
| 14:25– 14:45 | Speech by Hon. Naveena Ramyad , Minister of Industrial Development, SMEs and Cooperatives |
| 14:45 – 15:10 | Presentation of the Main Findings of the Report for Mauritius Dr. Verena Tandrayen-Ragoobur , Associate Professor in Economics, University of Mauritius |
| 15:10 – 15:30 | Presentation of Regional Findings of the Report Ms. Bineswaree Bolaky , Economic Affairs Officer, United Nations Economic Commission for Africa (UNECA) Subregional Office for Southern Africa (SRO-SA). |
| 15:30 – 15:45 | Overview of SADC Regional Strategy for MSMEs – Mr. Peter Varndell , Executive Secretary, SADC Business Council |
| 15:45 – 16:00 | Way Forward, Actionable Insights and Closing Remarks |