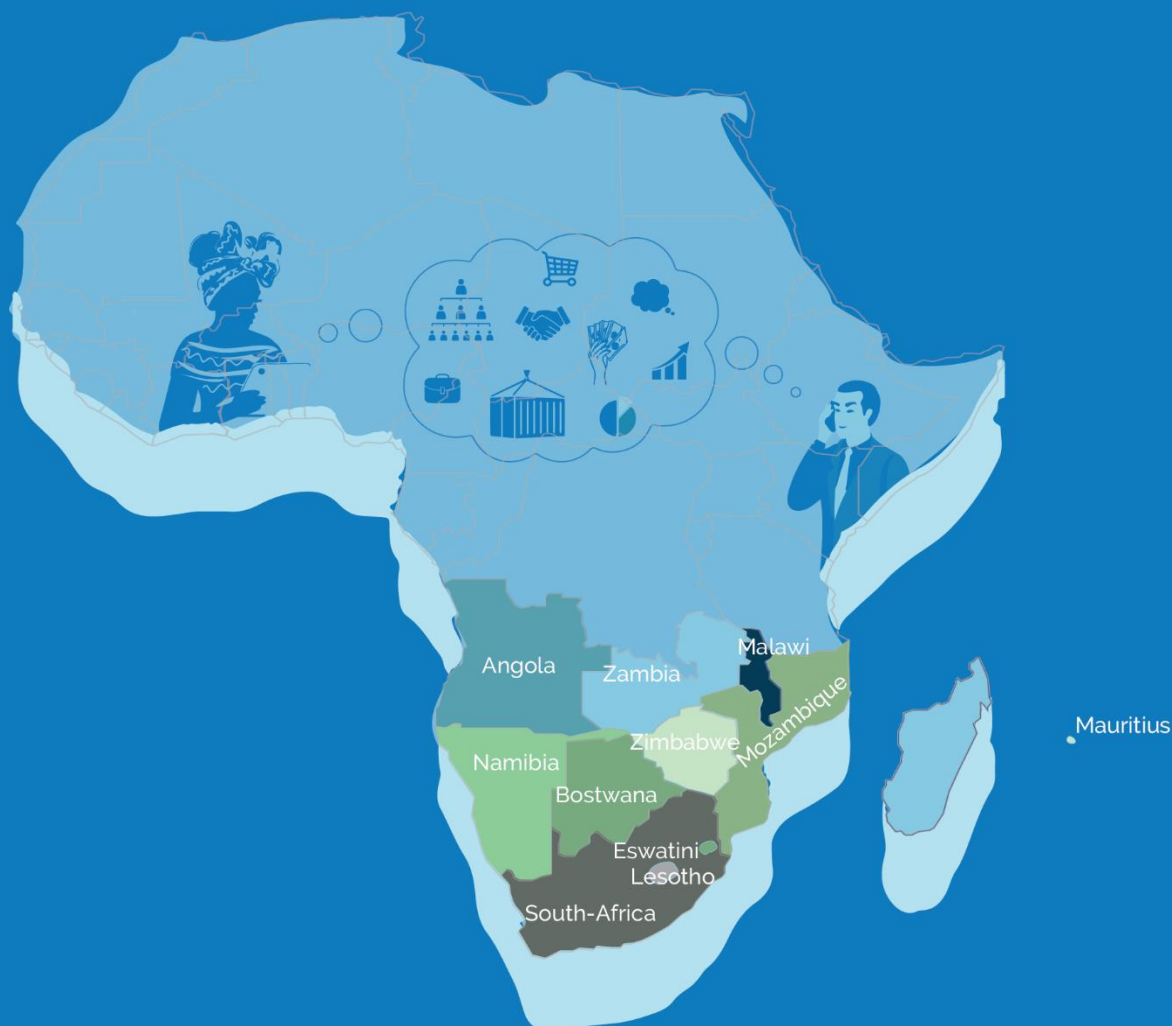


Impact of COVID-19 and the Russia-Ukraine Crisis on Micro Small and Medium-Sized Enterprises (MSMEs) in Mauritius



United Nations Economic Commission for Africa
Sub-Regional Office for Southern Africa

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This country report is one of 11 country reports assessing the impact of COVID-19 and the Russia-Ukraine crisis across the member states of ECA SRO-SA which comprise of Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. The report is a collaboration between ECA SRO-SA, the SADC Business Council, the Mauritius Chamber of Commerce and Industry (MCCI) and the Association of Mauritian Manufacturers (AMM).

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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
ATPC	Africa Trade Policy Center
COMESA	Common Market for Eastern and Southern Africa
DBM	Development Bank Mauritius
EDB	Economic Development Board
MSMEs	Micro Small and Medium Sized Enterprises
SADC	Southern African Development Community
SEAS	Self-Employment Assistance Scheme
SME Act	Small and Medium Sized Enterprises Act
SMEs	Small and Medium Sized Enterprises
UNECA	United Nations Economic Commission for Africa
WAS	Wage Assistance Scheme

EXECUTIVE SUMMARY

MSMEs play a vital role in the development pathway of the Mauritian economy. The MSME sector contributes to both increased output and productivity as well as job creation. They also act as a catalyst in restructuring and diversifying further the productive base of the economy and help in the industrialisation process of the country.

In an era of technological and innovation advancement, the MSME sector is seen to hold the key to future expansion of any existent industrial sector. Mauritian MSMEs comprise 99% of all enterprises and their contribution to Gross Value Added amounted to 35.7% in 2019. MSMEs generate employment, contributing nearly 50% of employment creation. In terms of trade, they account for around 12% of total exports (Economic Development Board, 2021). As per the last Census of Economic Activities (CEA) undertaken in 2018, the number of MSMEs operating in Mauritius across all sectors stood at 138,553 out of which the vast majority of business are micro-enterprises (81%), followed by small enterprises representing 18% and ultimately medium enterprises constituting only 1% of total MSMEs.

The COVID-19 pandemic crisis, which started at the beginning of 2019, is a permanent component of the current world, social and economic landscape. Its progression with new waves of the disease and changing variants of the virus has led to a global economic downturn, having a domino effect on individuals, households, businesses and sectors of economic activity.

The effects of COVID-19 on countries exceed the health dimension and extend to major economic and social implications. The human cost of the virus has been high but beyond the loss of human life, the pandemic has led to increased levels of structural vulnerabilities in many countries.

COVID-19 has in fact exposed the interconnectedness of countries and as such, the degree to which risks cascade and compound across nations and sectors has been fast and very often difficult to manage. COVID-19 and the systemic nature of risks that it generates do not occur only from outside but also within the country due to pre-existing weaknesses and limitations.

With the pandemic, several stringent measures were imposed by countries to restrict mobility and contain the virus. These had widespread consequences across the populations operating in sectors where mobility or close contact are vital. Hence, the trade-offs implicit in these measures had unexpected repercussions on households, communities and businesses exacerbating their existing vulnerabilities. In addition to the COVID-19 pandemic, the Russia-Ukraine crisis has important implications on countries due to soaring food and energy prices.

The COVID-19 pandemic and the Russia-Ukraine crisis have had important effects on Micro, Small and Medium sized Enterprises (MSMEs). Being a category that remains highly vulnerable to shocks, MSMEs have been, and sometimes irreversibly, affected by both shocks. In fact, as MSMEs were starting to recover gradually and slowly from the pandemic in 2022, they were faced with additional shocks namely the Russia-Ukraine crisis with ripple effects.

While COVID-19 primarily disrupted global supply chains and had a direct impact on sectors like tourism and manufacturing, the Russia-Ukraine crisis had more indirect effects on the cost structure of Mauritian MSMEs due to rising oil and transportation costs. The cascading effects of the crisis can be observed in terms of rising global food and fuel prices, leading to a surge in the inflation rate, the escalation of food insecurity, rising freight costs and reduction in demand for goods and services, to name a few.

To mitigate these challenges, MSMEs in Mauritius had to adapt to the changing global economic landscape, explore alternative sourcing options, and diversify their product offerings. Government support, including financial aid and policy adjustments, played a crucial role in helping these businesses navigate the complex challenges posed by both the pandemic and the war.

In essence both crises have impacted the Mauritian economy in different ways, thus the objective of this study is to assess the impact of both COVID-19 and the current Russia-Ukraine crisis on MSMEs in Mauritius. The study specifically assesses the impacts on MSMEs' ease to produce, trade and to do business and identify new opportunities to enhance their resilience and competitiveness as they move forward especially opportunities through trade (e.g. AfCFTA, etc) and technology and innovation.

Findings

The pandemic and its health containment measures have impacted MSMEs on both the supply and demand sides. On the supply side, many micro, small and medium sized enterprises have experienced a fall in the supply of labour along with a drop in capacity utilisation. Supply chains were highly interrupted leading to shortages of inputs and intermediate goods. MSMEs were also affected by a drastic decline in demand and revenue causing severe liquidity shortages. A reduction in spending and consumption due to heightened uncertainty and fear of contagion or loss of income had a negative bearing on MSMEs. These effects were compounded by a reduction in the workforce whereby firms have had to lay off workers and, in many instances, enterprises were not able to pay the same salaries as before the pandemic. Some sectors like tourism, leisure, and transport were particularly impacted and these industries represent the backbone of the Mauritian economy.

The **main findings of the study** can be summarised as follows:

The survey comprised of 352 MSMEs and provides an overview of the impacts of the COVID-19 pandemic and the Russia-Ukraine crisis on micro, small and medium sized enterprises in Mauritius. Out of the 352 enterprises, 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%). They were mainly micro enterprises (73.1%) and 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 (Figure 3).

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 ones (58%). This can be explained by the nature of their activities, which are primarily labour-intensive and are based around small markets (Figure 6).

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 (Figure 5).

In addition, they were also requested to present their perceptions on the severity of the impact of COVID-19, the aspects of business most impacted, and how they responded to the pandemic. The findings show that most businesses were negatively impacted by the pandemic. Businesses of all sizes and types of trade operations were negatively affected by COVID-19, with micro enterprises being the most impacted one. Analysis of how businesses responded to COVID-19 shows that enterprises have laid workers off and lowered production. Businesses production level, sales and profits dropped leading to the lay off workers (Figure 6).

The COVID-19 pandemic had a significant and immediate impact on Mauritian MSMEs and trade. The country's export-oriented textile and apparel industry, a major contributor to the economy, faced disruptions in the supply chain and a drop in demand as lockdowns and economic uncertainty affected consumer spending in key markets such as Europe and the United States. Tourism, another crucial sector, suffered due to travel restrictions and a decline in international visitors. Subsequently, it can be observed from the findings that MSMEs faced reduced revenue and operational challenges. Government measures such as wage subsidies and financial support programs were implemented to alleviate some of the financial strains.

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 (Figure 7.6). The war had indirect effects on the global economy, leading to rising oil prices and increasing shipping costs. In response to these challenges, MSMEs had to adapt their cost structures, explore alternative sourcing options, and implement strategies to mitigate the impact of fluctuating global oil prices and increased transportation costs on their operations.

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. In terms of the share of sales from digital tools, 34.4% reported more than 50%, 23.1% reported between 26% to 50%, 10.6% reported between 11% to 25%, and 15.6% reported less than 10%. However, the majority of the businesses have seen no change (70.4%) on the sales from digital platforms further to the pandemic while, 23.2% reported an increase in their sales and 6.4% reported a decrease (Figure 8).

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 (Figure 9).

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. The respondents were asked to provide a forecast of their financial position in the next six months. Almost 50% believed that there would be no change in their financial situation. Around 43% were positive about their situation and 7% were pessimistic. Businesses perceive that the environment would improve if the government solved the prevailing economic challenges in the country. The main areas in which support was needed were access to capital (28%) and access to markets (16%) (Figure 10).

Recommendations

Given the importance of MSMEs to the Mauritian economy, it is vital that appropriate measures be implemented to build resilience of MSMEs to the social and economic effects of shocks namely the global COVID-19 pandemic and the Russia-Ukraine crisis, amongst others. In order to support MSMEs recovery, there is a need to set up an adequate entrepreneurial ecosystem with greater emphasis on enhancing access to markets, improving access to finance, technology and innovation, reinforcing business skills, simplifying business registration and promoting formalisation of enterprises, to name a few. MSMEs in Mauritius can further maximise their opportunities under the African Continental Free Trade Area (AfCFTA) and expand their footprint in the African market, contributing to their growth and the overall economic development of Mauritius. Mauritian MSMEs stand to benefit significantly from the AfCFTA by gaining access to a vast and diverse market of 1.3 billion people across the African continent. The AfCFTA provides an opportunity for these enterprises to expand their reach, increase exports, and tap into new customer bases, thereby boosting revenue and growth. Reduced trade barriers and tariffs under AfCFTA promote cost-effectiveness in regional and international trade, enhancing the competitiveness of Mauritian MSMEs. Furthermore, the agreement facilitates partnerships and collaborations with businesses in other African countries, enabling knowledge sharing, technology transfer, and the potential for synergistic growth.

1. INTRODUCTION

1.1. Background of the study

The COVID-19 crisis, revealed at the beginning of 2020, has already become a permanent part of the 21st century world history. Its consequences indicate a clear economic downturn, and its progression, dynamics, and global character prove the occurrence of the domino effects, which have affected whole economies, in particular, MSMEs. Prior to the COVID-19 pandemic, small businesses were already facing significant tailwinds and the outbreak of the virus aggravated the precarious financial situation of many MSMEs. With the outbreak of the virus, immediate and significant impacts have been felt by MSMEs. They have been abruptly confronted with disturbances along the value chains with changes in availability of inputs, product distribution and consumption patterns, to name a few. The consequences stemming from the Russia-Ukraine crisis have also imperilled MSMEs from the COVID-19 pandemic and are reshaping and disrupting global supply chains, with ramifications for food security, energy, and other critical sectors.

To assess the impact of the pandemic on African businesses, the United Nations Economic Commission for Africa (ECA) Africa Trade Policy Center (ATPC) and the International Economics Consulting (IEC) Ltd conducted a survey in April 2020 and a second survey was further effected in June 2020 in collaboration with ECA SRO-SA. The results revealed that MSMEs viewed operational issues as most at risk under the COVID-19 crisis whereby "lack of cash flow" was cited as being the number one challenge for them, whereas "business is closed" was the case for medium sized enterprises. MSMEs seemed to be primarily concerned about surviving the COVID-19 crisis.

The aim of this study is to assess how MSMEs in Mauritius have been affected by the COVID-19 crisis as well as the 2022 war in Ukraine. The analysis probes further into any differential impact between the two crises and identifies potential mitigation policy options with a particular emphasis on technology and innovation, trade (access to markets, supply chain disruptions) and regional integration. In essence, the specific objectives of the study are as follows:

- An impact assessment of COVID-19 on MSMEs for the period 2020-2022;
- An impact assessment of COVID-19 on enterprises according to gender, spatial location and sector of operations;
- An assessment of the impact of Ukrainian/Russian war on MSMEs and impact on the nature of the relationships between MSMEs and larger companies in supply chain networks;
- An assessment of the use of technology, innovation and regional integration agreements in mitigating these impacts;
- An investigation into how MSMEs are utilising COMESA/SADC, the AfCFTA and other trade agreements to address the impacts and challenges they are facing.

1.2. Research methodology

The methodological approach is based on data collected via face-to-face and telephone interviews with MSMEs. A group of trained enumerators was used for more efficient data collection. A stratified random sampling methodology was adopted where all micro, small and medium firm size have the same probability of being selected. The strata for the survey are

firm size, business subsector, and geographic region within Mauritius as well as gender. A sample of firms in the informal sector has been targeted for additional insights.

To establish a national random sampling and enhance the data collection method, key partners were consulted. These were mainly Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers, the Economic Development Board and the Ministry of Foreign Affairs, International Trade and Regional Integration – The International Trade Division.

In terms of definition of MSMEs, there is no universally accepted definition and category of small and medium businesses. In Mauritius, MSMEs are categorised based only on their turnover as per the SME Act 2017 and for statistical purposes, the local statistical office additionally uses the employment criteria to define the micro enterprises (Ministry of Finance, Economic Planning and Development, Ministry of Industrial Development, SMEs and Cooperatives, Economic Development Board, 2021). The definition is as per Table 1 below:

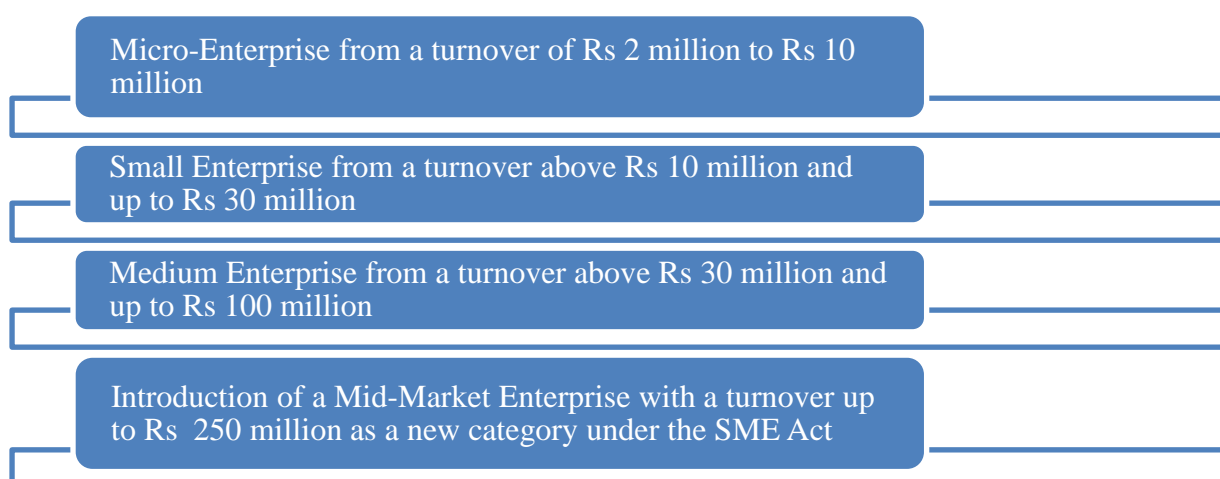
Table 1: Category of SMES- Definition Prior to 2022

Type	Category of Small and Medium Enterprises		
	SME Act 2017	Statistics Mauritius	
	Turnover	Turnover	Employment
Micro Enterprises	< Rs 2 million	< Rs 2 million	$\geq 1 \leq 5$
Small Enterprises	> Rs 2 million \leq Rs 10 million	> Rs 2 million \leq Rs 10 million	
Medium Enterprises	> Rs 10 million \leq Rs 50 million	> Rs 10 million \leq Rs 50 million	

Source: Ministry of Finance, Economic Planning and Development, Ministry of Industrial Development, SMEs and Cooperatives Economic Development Board, 2021.

In 2022, an amendment was proposed to the SME Act to review the existing definition of MSMEs, whereby companies with a turnover of up to Rs 100 million be categorised as MSMEs. The new definition for MSMEs is as per Figure 1 below:

Figure 1: New MSME Definition as from 2022



Source: Ministry of Finance, Economic Planning and Development, Budget Speech 2022/2023.

The survey covers 352 enterprises, out of which 280 were operational. A representative sample of MSMEs was obtained across both urban and rural areas as well as across different economic sectors namely services, manufacturing and agriculture.

1.3. Limitations of the Study

While the interviews were conducted on a face to face basis or by telephone, appointments were at times cancelled or postponed and this delayed the data collection. The team had to engage in constant follow up with the enumerators and the enterprises. Since a sample of enterprises in the informal sector were to be interviewed, the respondents in this category were not always willing to give full information about their activities or submit their ‘true opinions’. The team followed and monitored more closely on this category.

1.4. Outline of Report

Section 2 provides an overview of the current Mauritian context since the outbreak of the COVID-19 pandemic and the Russia-Ukraine crisis.

Section 3 sets out the profile of the 352 firms surveyed in terms of location, sector, activities undertaken, employment, firm age and ownership, amongst others.

Section 4 analyses the impact of COVID-19 and Russia-Ukraine conflict on businesses in Mauritius in terms of the effects of the two crises on sales revenue and employment.

Section 5 probes into the main challenges reported by MSMEs.

Section 6 presents the perceptions of MSMEs on the severity of the impact of COVID-19, the aspects of their businesses, which were mostly impacted, and how they responded to the pandemic.

Section 7 assesses the extent to which the Russia-Ukraine conflict affected MSMEs, the aspects of the businesses that were impacted, and how they responded to the conflict.

Section 8 reports on the challenges and opportunities in technology uptake by MSMEs surveyed.

Section 9 discusses the challenges and opportunities of international trade and regional integration for Mauritian MSMEs.

Section 10 provides an outlook for the future and business policy implications.

Section 11 concludes with relevant policy implications.

2. MAURITIUS – COUNTRY CONTEXT

2.1. Economic Context

Mauritius pre-pandemic economic situation indicated a pressing need for major restructuring and investment in innovation to achieve higher growth potential and move towards the high-income economy status. In July 2020, Mauritius was classified by the World Bank as a high-income country with a GNI per capita of USD 12,740 (World Bank, 2020), making Mauritius the second country in Africa after the Seychelles to join the high income league. This marks a major milestone in the development trajectory of the small island economy. However, over the recent years, growth rate had been stagnating and many sectors had not been growing at the desired or expected rates. Mauritius' GDP grew by only 2.9% in 2019 with manufacturing growing by only 1.4% with the textile industry facing a 5.4% fall in output. Likewise, Export Oriented Enterprises (EOE) continued with their decline, experiencing a 3.2% reduction in output. However, tourism experienced a meagre growth 0.2% due to the fewer than-expected tourist arrivals. The main sectors which recorded positive growth rates were construction (6.0%), information and communication technology (ICT) (5.6%), followed by financial and insurance activities (3.7%) and real estate (3.4%).

COVID-19 exacerbated existing challenges by cutting off access to major markets, affecting logistics and transport costs as well as impacting on production and productivity. GDP growth for Mauritius dropped to 14.5% in 2020 but rebounded to 3.4% in 2021 and 8.9% in 2022. The increased activities in the manufacturing and construction sectors in 2022, coupled with a gradual recovery of the tourism sector have helped annual GDP growth to improve. Statistics Mauritius forecasted real GDP growth rate to be around 7.1 % for 2023, while the IMF is estimating a growth rate of 5.1% in 2023.

In terms of the sectorial composition of GDP in 2021, services account for around 83%, followed by industry (13.6%) and agriculture (3.3%). The structural transformation of the Mauritian economy has been driven by a diversification strategy from an agricultural based economy to a broader manufacturing sector and a services-oriented economy. Over the past two decades, from 2000 to 2020, there has been a rise in the contribution of the services sector to GDP. Probing further into the contribution to GDP growth rate of the three sectors, the statistics reveal that there have been higher fluctuations in the agricultural sector's growth rate over the past two decades. COVID-19 has affected all sectors, with the highest impact being felt in the industrial sector with a negative 9.0% in 2020 and a gradual recovery reaching 1.7% in 2021.

The macroeconomic environment is also characterised by other economic fundamentals like exchange rate and inflation. Exchange rate has been rising over the years and increasingly more since 2020 with COVID-19 and the Russia-Ukraine crisis. The Mauritian rupee has been depreciating causing prices to rise. Inflation has been rising largely due to rising food and energy prices and supply chain disruptions, and depreciation of the local currency. Year on year inflation stood at 11% in February 2023, compared to 9% in February 2022. Headline inflation for the 12 months ending February 2023 stood at 11.3% compared to 5.2% for the 12 months ending February 2022 (EDB, 2023). The IMF projected consumer prices to increase by 9.5% for the year 2023 in Mauritius (IMF, 2023).

Furthermore, in terms of trade, the gap between imports and exports has been increasing, causing an important trade deficit. COVID-19 has disrupted economic activities and as such, merchandise trade flows.

There are several dimensions to the pandemic that have affected international trade: its direct health impact and associated behavioral changes; the consequences of governments' actions to contain the pandemic. Mauritius faced a decline in both total exports and imports in the second quarter of 2020 when the country was in different lockdown phases with mobility and travel restrictions. The external trade situation improved after that period when restrictions started to ease up and Mauritius had no COVID-19 cases. However, with the second wave of the pandemic in March 2021, both exports and imports deteriorated. An improvement was then noted in the second quarter of 2021. Total trade for the year 2022 amounted to Rs 678 billion, out of which total exports represented 47% and total imports 53%, leaving a trade deficit of around Rs 39.6 billion. Total exports of goods and services for the year 2022 witnessed a growth of 51.2%, increasing from Rs 211.7 billion in 2021 to Rs. 320.1 billion in 2022. Total imports for the same year stood at Rs 359.6 billion, representing a 39.2% increase over its preceding year (EDB, 2023). According to Statistics Mauritius' latest projections, total exports of goods and services for year 2023 would be around Rs 346.4 billion and total imports around Rs 390.2 billion.

Moreover, in terms of employment, Mauritius being a resource poor economy depends entirely on its labour force and human capital as a driver for development. The majority of employment is generated by the services sector with the share of employment being 70.3% compared to 23.7% and 6% for the share of employment by the industry and agricultural sectors, respectively. Employment across all sectors have been impacted by COVID-19. Despite the Wage Assistance Scheme provided to private businesses across various economic activities, a high drop in employment has been noted across most sectors. The top 3 sectors mostly hit by the pandemic in terms of a decline in employment from March 2020 to March 2021, were the real estate sector (-18.22%), followed by the accommodation and food services activities (tourism industry -12.33%) and manufacturing sector with (-11.06%).

MSMEs act as a crucial engine for economic growth and employment in Mauritius. Bestowed with innovative and breakthrough ideas, MSMEs are well-known for their flexibility and proactiveness (EDB, 2023). However, 81% of MSMEs remain micro; followed by 18% being small enterprises and 1% classified as medium-sized businesses. This makes the sector vulnerable to the current pandemic and other shocks.

2.2. Government response

To reduce the vulnerability and improve the resilience of businesses and workers to the pandemic, Mauritius had put in place several economic and social measures. The two main policies were the Wage Assistance Scheme (WAS) and the Self Employment Assistance Scheme (SEAS), which helped to boost the resilience of micro, small and medium sized enterprises as well as workers to withstand the COVID-19 crisis and prepared them for economic recovery. The WAS targeted businesses in the private sector and their employees drawing a monthly basic wage of up to Rs 50,000 (USD 1,250). Priority sectors for assistance were the travel and tourism sector, export-oriented enterprises, ICT/BPO sector and MSMEs where workers became technically unemployed on a temporary basis due to the impact of the virus.

Workers in the informal sector, the self-employed and employees who faced immediate lay-off and transient poverty risk benefitted from different social protection measures. The SEAS was an economic measure by the Government to assist self-employed persons who had suffered a loss of revenue because of the lockdown following the COVID-19 pandemic.

The scheme was applicable to self-employed individuals who were in business and tradespersons operating in the informal sector, e.g. masons, cabinet makers, plumbers, hairdressers and artists provided the self-employed or tradesperson is a Mauritian national above 18 years of age and who has been economically active for the last 3 months. COVID-19 had severe impacts on the informal sector and, more so, on families who live on daily wages for their subsistence. Hence, a financial support of 50% of the minimum wage, that is, Rs 5,100 to every self-earned person was provided by the Government. Many casual workers, who form part of the informal sector and were in a position of vulnerability, including the beneficiaries of the Marshall Plan Social Contracts, have been able to benefit from the assistance.

The purpose of the two schemes was to cushion the socio-economic impact of COVID-19 by providing financial support to employees who had become unemployed on a temporary basis, as well as those who were employed in informal sectors or were self-employed. From mid-March to end of June 2020, the Government paid out Rs 8.2 billion (USD 205 million) of WAS to more than 268,000 workers in 14,700 companies. Further, more than 197,000 self-employed Mauritians received Rs 2.4 billion (USD 60 million) over the same period. A total of Rs 10.6 billion (USD 265 million) had been disbursed under the two employment assistance programmes to companies and self-employed people affected by the COVID-19 pandemic. The Government decided to maintain both schemes for workers in the tourism industry as long as the borders were closed. In total the Wage Assistance Scheme and Self-Employed Assistance Scheme benefitted 542,000 workers and self-employed and costed the government around MUR 27.3 billion.

The Government also set up the COVID-19 Solidarity Fund Framework and Operating Guidelines which aimed at building a resilient society by alleviating suffering during and in the aftermath of the COVID-19 pandemic. The Fund aimed to help strengthen the preparedness and response of the nation to face COVID-19 type situations. It intervened during the confinement/curfew period and the recovery period. The key objectives of the fund were to contribute to the financing of projects, programmes and schemes related to the COVID-19 and other related public health issues and provide financial support to citizens and organisations affected by the COVID-19 virus. The COVID-19 Solidarity Fund received its financing mainly through sums received from the Consolidated Fund, public enterprises and statutory bodies; contributions, donations, grants and other receipts from the private sector, national or international organisations, and any other person; and any other sum which may lawfully accrue to it.

Amidst the COVID 19 pandemic, various schemes were introduced in 2021 to improve the competitiveness of SMEs and safeguard employment. These were mainly government financing mechanisms. For instance, the Development Bank Mauritius (DBM) provided the COVID-19 Loan Scheme and the Wage Support scheme for Export Oriented Enterprise to help affected companies due to COVID 19. Other schemes such as the Business Loan, Agro-Industry and loans to women entrepreneurs were also offered by the DBM. The DBM granted an extended moratorium period of 1 year to all SMEs, on all its existing schemes. Second, the SME Equity Fund provided equity financing to companies as well as an investment support through Crowd-lending.

Next, the Investment Support Programme limited (The ISP Ltd) provided several schemes such as the SME factoring Scheme, Leasing Equipment Modernisation Schemes (LEMS), Export Factoring Scheme and Micro Entity Financing Scheme to assist SMEs. The ISP Ltd also issued corporate guarantee to banks to enable them to grant loans to companies affected by COVID-19.

The Bank of Mauritius further provided a Special Relief Amount of Rs 5 Billion to meet cash flow and working capital requirements to economic operators, which were being directly impacted by COVID-19. The State Investment Corporation also provided an equity participation scheme and a corporate guarantee to help companies to overcome their financial difficulties in the wake of COVID-19. In addition, the period for the repayment of Value Added Tax (VAT) was extended in 2020 to 15 July 2021. Likewise, the EDB was mandated to implement the SME refund Scheme, which concerns international promotion of SMEs. In 2022, this Scheme has benefitted 100 SMEs and for the period of Jan-May 2023, 50 enterprises applied for the SME Refund Scheme (EDB, 2023).

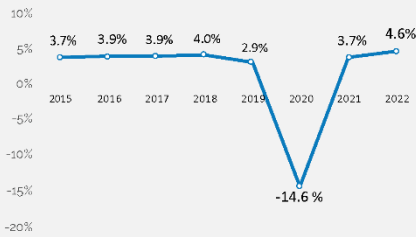
The private sector played a key role in maintaining stability and ensuring essential supplies during the pandemic. Local manufacturers, recognising the urgency of the situation, swiftly pivoted their production lines to meet the escalating demand for food items. Their agility and dedication not only ensured food sufficiency within communities but also mitigated potential disruptions in the supply chain. This proactive response underscored the resilience of the private sector and its commitment to supporting the welfare of society during times of crisis.

The collaboration between the public and private sectors proved indispensable in navigating the challenges posed by the pandemic and the Russia - Ukraine crisis. Organisations such as the Mauritius Chamber of Commerce and Industry (MCCI), the Association of Mauritian Manufacturers (AMM) and other private sector associations worked hand in hand with the government to coordinate relief efforts, streamline regulations, and implement effective strategies for recovery. This synergy between different stakeholders facilitated the swift dissemination of resources, expertise, and information, ultimately bolstering the nation's capacity to withstand and rebound from adversity. These crises served as a testament to the importance of collective action, highlighting the significance of partnerships between government entities and businesses in fostering resilience and driving sustainable development.

2. MACRO ECONOMIC DATA

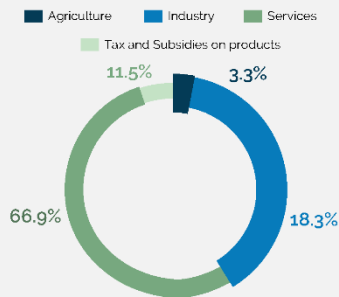
Mauritius GDP, which is at 12.77 Billions US\$ (current prices) has known a decrease in growth in 2019 and 2020. It went up again in 2021 and 2022. Covid-19 had substantial impact on Mauritius's economy. The services sector which accounts for 67% of the GDP has been driving the growth of the economy in the past few years.

Figure 2.1: Annual GDP growth



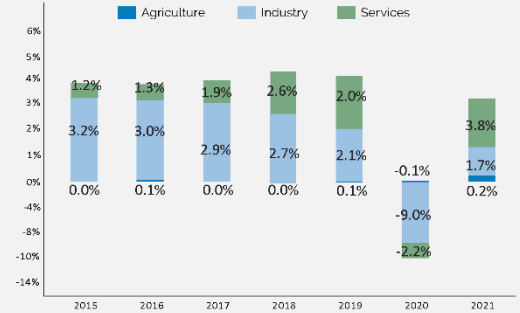
Source: International Monetary Fund

Figure 2.2: GDP Sector composition (2021)



Source: World Development Indicators

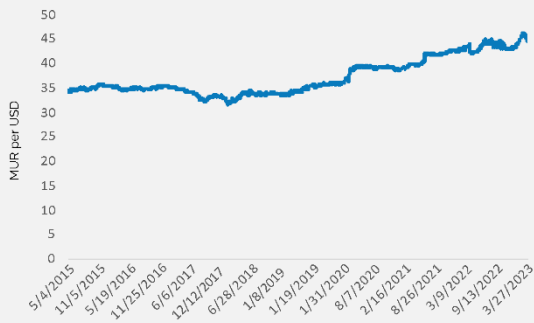
Figure 2.3: Sector contribution to GDP's growth



Source: Exchange rate, Bank of Mauritius

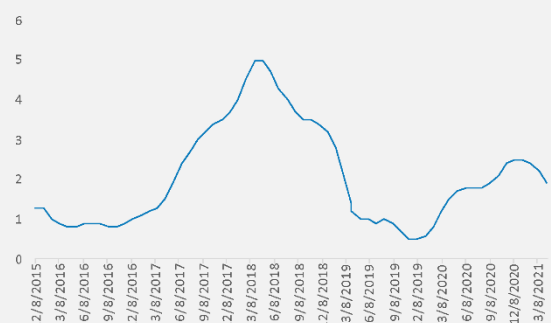
The exchange rate increased in 2020 and has been slightly increasing until 2022, while the inflation rate has also been rising since end of 2019.

Figure 2.4: Exchange rate



Source: Bank of Mauritius

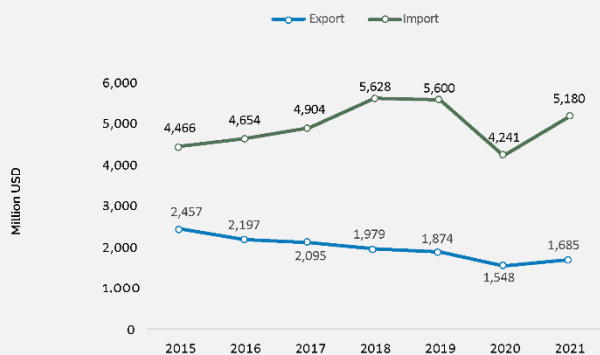
Figure 2.5: Inflation rate



Source: Trade economics

Figure 2.6: Exports and import as a share of GDP

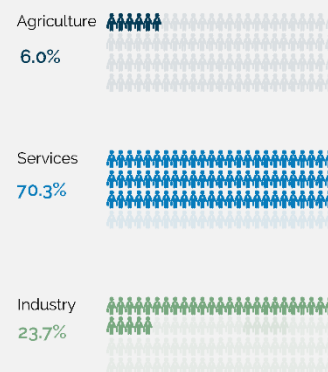
Imports account for a larger share of the GDP, revealing the trade deficit.



Source: Trade Map

Figure 2.7: Share of employment by sector

In Mauritius, the Services sector employs the majority of the population.



Source: World Development Indicators 2019

81% of enterprises in Mauritius are micro enterprises.

Figure 2.8: MSMEs by size



Source: 1st Census of Economic Activities (CEA)

3. PROFILE OF SURVEYED MSMEs

Key findings: The sample is representative of the known MSME population in terms of business size, age, sector, geographic location, ownership, and level of formality.

The survey comprises 352 responding MSMEs of which 79.6% were operational at the time of the survey. MSMEs located in urban areas constituted 67% of the respondents (Figure 3.1).

Majority of the businesses were formal (97%), micro enterprises (73.%), in the services sector (69.3%), owned by Mauritians (97.1%) and had a male owner (60%). 42.3% of the businesses earned less than US\$5,000 per year (Figures 3.2 and 3.3).

Most of the businesses are not involved in trade (76%). 21.4% of firms deal only in imports and only 2.5% are involved in both imports and exports. Among the respondents, 68.7% of the respondents were sole owners, 20.8% were co-owners, 3.5% were staff, 2.8% were board members, 2.8% were CEOs, and 1.4% were Managers (Figures 3.2.7 and 3.3.4).

Majority of the firms were established within the last 10 years with 16.4% operating less than 1 year, 21.8% operating between 1 to 3 years, 12.5% in operation for 4 to 5 years, and 14.3% in operation for 6 to 10 years. Only 35% of the firms have been in operation for more than 10 years (Figures 3.2.6).

3. PROFILE OF SURVEYED MSMEs

3.1 Enterprise location

352 businesses were surveyed and most are located in Urban areas.



Total businesses surveyed 352

Operational 280 Non-operational 72



3.2 Operational enterprise demographics

The Majority of businesses are formal, micro (0-10 employees) and in the services sector. 42.3% of the businesses earn less than US\$ 5k.

Figure 3.2.1: Formal vs. informal business



Figure 3.2.2: Enterprise registered with association



Figure 3.2.3: Size of enterprise by employees



Figure 3.2.4: Sectors

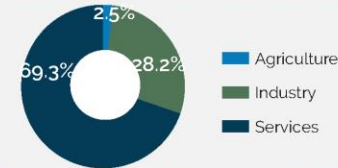


Figure 3.2.5: Annual turnover 2021 (US\$)

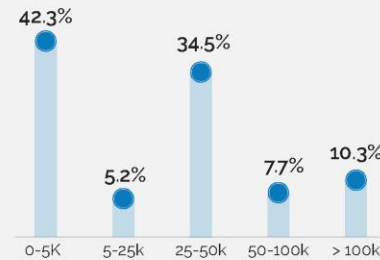


Figure 3.2.6: Age of firm



The majority of businesses were established within the last 10 years.

Figure 3.2.7: International traders



The majority of the enterprises do not trade.

3.3 Owner demographics

Enterprises are predominantly owned by Mauritians and more male owned. The vast majority is owned by non-youth.

Figure 3.3.1: Nationality of owners



Figure 3.3.2: Gender of owners



3.3.3 Age of owners



Figure 3.3.4: Respondent role in the enterprise



4. IMPACT ON MSME SALES REVENUE AND STAFF NUMBERS

Key Findings:

- Sales revenue amongst responding MSMEs follow a similar pattern as the GDP development. In 2020, there was a decline of 16% in median revenues amongst responding businesses followed by 7% recovery uptick in 2021, and another 3% recovery in 2022 (Figure 4.1.1)
- Industrial and agricultural businesses were most severely hit and saw declines in 2020. However, both of those sectors saw a recovery of 14% and 7% respectively in 2022 (Figure 4.1.2). The overall services sector seem to register zero growth over the same period. However, within the services sector, while MSMEs operating in the tourism sector faced a significant decline, other sub-sectors like IT, financial services, e-learning, and healthcare grew due to their adaptability and alignment with the changing demands brought about by the pandemic. It is essential to recognise these variances and develop targeted strategies to support struggling sub-sectors and capitalize on the opportunities presented by those that have performed well.
- Micro enterprises saw a decline in 2020 followed by a growth of 40% and 19% in 2021 and 2022 respectively. No fluctuations were observed for small and medium-sized enterprises (Figure 4.1.3).
- Trading businesses were generally more severely hit and saw more fluctuations than non-trading businesses (Figure 4.1.4). Importers saw a decline of 41% in 2020 followed by two recoveries of 49% and 25% in 2021 and 2022 respectively.
- Firms operating for more than 5 years saw declines in 2020. Firms operating for 5 years or less saw no fluctuations over the years (Figure 4.1.5).
- Fluctuations in part-time staff were significantly higher than full-time staff. This tendency continued through the pandemic years. Declines were seen among both part-time and full-time staff in 2020. However, over the next 2 years, recoveries could be seen for both (Figure 4.2.1).
- Importers were more severely hit in 2020 and 2021. However, by 2022 they had higher growth in part-time staff numbers (Figure 4.2.2).

To analyze the impact of COVID-19 and Russia-Ukraine conflict on businesses in Mauritius, the study measured annual sales of businesses and employment levels for the period from 2019 to 2022. Revenue and staff growth were calculated to analyze overall growth, growth by sector, type of business operations, size of business, and age of business.

The findings show that there was a decrease in overall revenue growth in 2020 which can be justified by the fact that only essential services had work permit access during the lockdown. In 2021, revenue growth picked up and was maintained in 2022 (Figure 4.1.1). Similarly, in 2020 businesses laid off both permanent and part time staff, with the highest reduction seen among part-time employees. In 2021, growth in numbers of permanent and part-time staff marginally increased, and a higher increase is seen again in 2022. Part time employees were laid off at a higher rate (44.7%) than full time employees (5.3%) in 2020 (Figure 4.2.1).

When revenue growth is compared among sectors, agriculture, and industry experienced substantial decreases in revenue growth in 2020 followed by two recoveries in 2021 and 2022. This can be justified by the fact that mostly the services sector jobs were given work permit access to work during the lockdown. When comparing staff growth among those sectors, it is noted that all of them experienced declines in 2020. With the work restrictions and with the

challenges that came with these, many employers had to lay off staff due to their inability to remunerate them.

This explains the decline experienced in 2020. In 2021, all the sectors experienced an increase in staff except for the services sector where a decrease can be seen in part-time employees (Figure 4.2.3). The agricultural sector saw a decline in both part-time and full-time employees in 2022. The industrial sector is the only one that saw an increase in both types of staff in 2022.

Overall, industry and agriculture performed better in revenue growth compared to services (Figure 4.1.2). The tourism sector in Mauritius, like in many countries, was significantly affected by the pandemic. Travel restrictions and lockdowns led to a sharp decline in international tourism, impacting hotels, restaurants, and tour operators. Many businesses in this sector faced decreased bookings, layoffs, and reduced revenues. In contrast, the IT and outsourcing sector experienced relatively stable and even increased demand. With the rise of remote work and increased reliance on digital services, IT companies and call centers adapted quickly to meet the growing global demand for tech solutions. It demonstrated resilience by transitioning to remote work and adapting to new service requirements. Further, financial institutions rapidly adapted to remote working, ensuring that banking, insurance, and financial services continued without significant disruption. The sector also benefited from increased demand for digital financial solutions, such as online banking and fintech services.

Similarly, the education sector underwent a significant transformation, with many institutions moving to online learning. This shift created opportunities for e-learning providers and tech-based education solutions. However, traditional educational institutions faced challenges in adapting to this new model and ensuring equal access to education for all.

Lastly, the healthcare sub-sector saw an increase in telemedicine services to provide remote healthcare consultations. Mauritius, like many countries, realised the importance of telemedicine during the pandemic, and this sub-sector saw growth as it helped maintain healthcare access while minimising in-person interactions.

When revenue growth is compared among types of business operations, the results show that in 2020, those that import only experienced decline in revenue growth (Figure 4.1.4). In terms of staff growth, both traders and non-traders' experienced declines in 2020. Non traders saw a recovery of 9% in 2021 followed by a decline of 4% in 2022. Importers on the other hand, experienced a decline in 2021 (17%) followed by an increase of 32% in 2022 (Figure 4.2.2).

The greater decline in sales revenue for micro enterprises in 2020 compared to small and medium enterprises (SMEs) can be explained by the acute vulnerability of micro-enterprises to economic shocks (Figure 4.1.3). These businesses are typically characterised by their limited resources, small customer bases, and minimal financial reserves, which left them ill-prepared to weather the sudden and severe disruptions caused by the COVID-19 pandemic. With limited resources to pivot or adapt their business models, they struggled to maintain revenue levels. However, the stronger performance of micro-enterprises in 2021 and 2022 can be attributed to their ability to adapt. Many micro-enterprises embrace digital technologies and innovative strategies to reach customers, whether through e-commerce platforms, online marketing, or delivery services. Their small size allowed for quicker decision-making which helped in seizing emerging opportunities. Additionally, government support in response to shocks played an important role in stabilising and rejuvenating these micro-enterprises, enabling them to recover more effectively in subsequent years. In contrast, SMEs, while having more resources, may face challenges linked to bureaucracy and slower decision-making processes, which hinder their adaptability. Larger firms may often have larger overheads, higher operating costs, and a

heavier reliance on traditional, in-person business practices and as such encounter difficulties in adjusting to sudden shocks.

When revenue growth is compared among businesses of different age levels, the findings show that micro businesses aged 6 years and more experienced a decrease in revenue growth in 2020 relative to those firms being less than 6 years in business. While they experienced more pronounced initial challenges compared to younger firms, they also exhibited a more robust recovery. The greater initial impact on older firms can be attributed to their established structures and business models, which may have made them less adaptable to rapid and unexpected disruptions in terms of the COVID-19 pandemic (Figure 4.1.5).

Their stronger recovery can be linked to several factors namely their years of experience often translate into more extensive networks, a loyal customer base, and a better understanding of market dynamics, which allow them to pivot and innovate more effectively in response to the crisis. Additionally, their access to financial resources and credit lines may have been more secure, enabling them to weather the initial storm and invest in necessary changes. The recovery can also be facilitated by their ability to leverage their brand reputation and credibility built over the years, instilling confidence in customers. These factors collectively enabled established firms to adapt, reposition, and capitalise on emerging opportunities, ultimately contributing to their stronger recovery compared to younger firms that lacked these advantages (Figure 4.1.5).

It can be concluded by the performance of businesses in terms of revenue and staff growth that COVID-19 affected businesses in all sectors, sizes, and age levels. Importing businesses, however, were mostly affected by COVID-19 when international trade was closed. For all other businesses their performance will continue to be negatively affected by the high costs of production due to rebound of prices in international markets of fuels, raw material and inputs, inflation due to devaluation of the Mauritian Rupee and scarcity of foreign currency among the main challenges.

4.1 MEDIAN REVENUE GROWTH

Figure 4.1.1: Overall revenue growth

Businesses experienced a significant decrease in sales revenue in 2020 due to the impact of COVID, but have recovered in 2021.

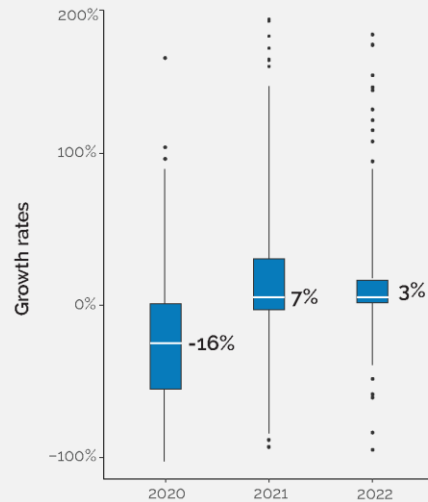


Figure 4.1.2: By sector

Businesses in agriculture and industry sectors performed better in 2021 but the services sector has not grown since 2020.

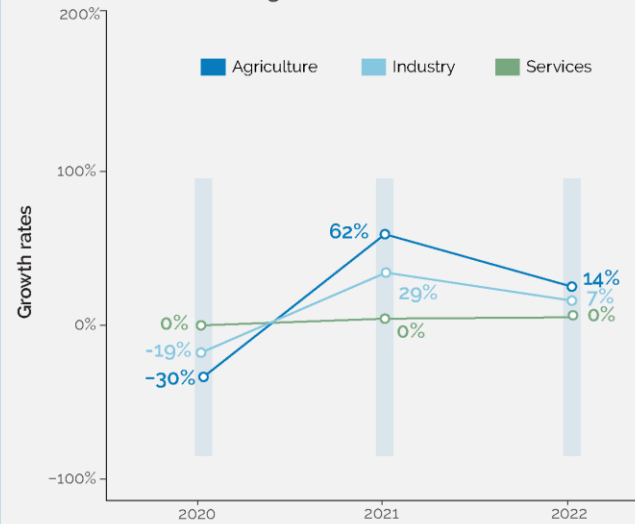


Figure 4.1.3: By size of business

In 2020, micro enterprises experienced a decrease in sales revenue more than small and medium enterprises, but they performed better in 2021 and 2022.

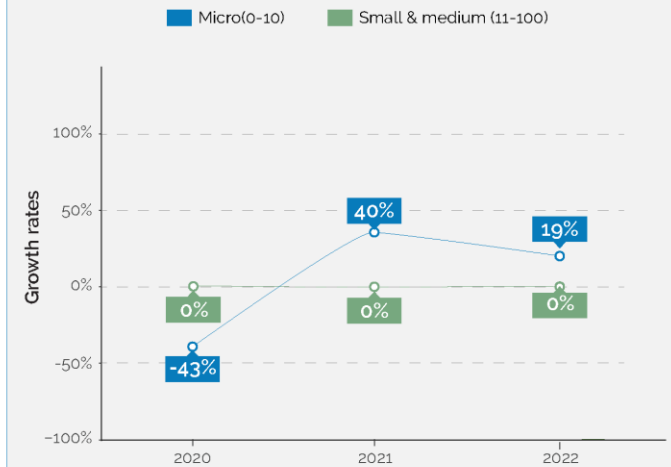


Figure 4.1.4: By international traders

Importers revenues significantly decreased in 2020.

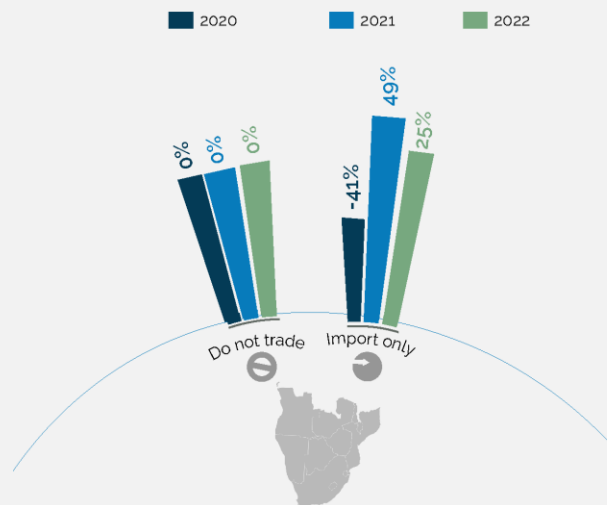
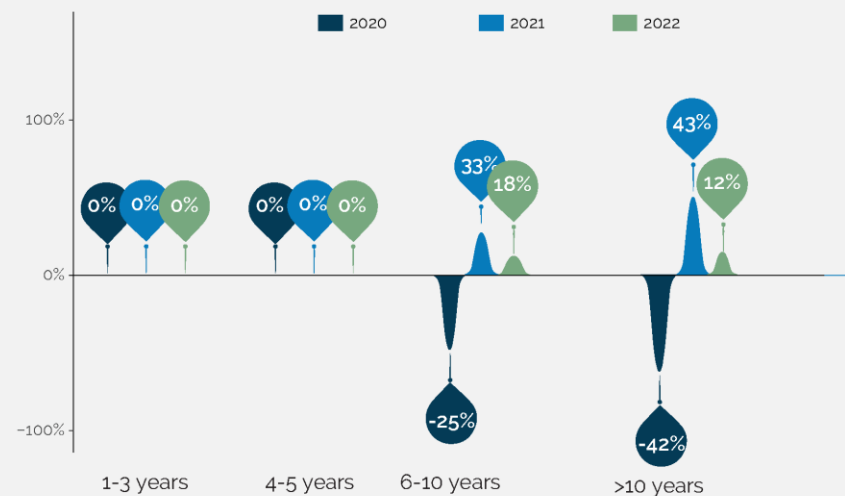


Figure 4.1.5: By age of firm

Enterprises aged 6 years and more saw a decrease in revenue growth in 2020.



4.2 AVERAGE GROWTH CHANGES FOR STAFF

Figure 4.2.1: Overall staff growth

Part-time employees were laid off at a higher rate than full-time employees in 2020. The COVID-19 in 2020 had a significant impact on permanent employees.

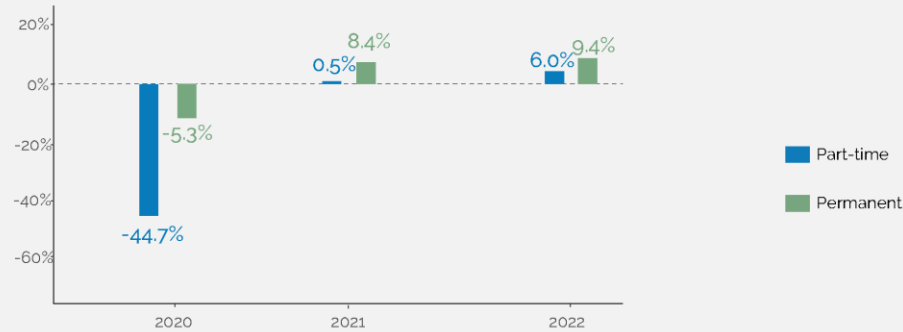


Figure 4.2.2: By international traders

In 2020, non trading and importing businesses significantly cut off the number of part-time employees. In 2022, importing businesses increased the number of part-time employees.

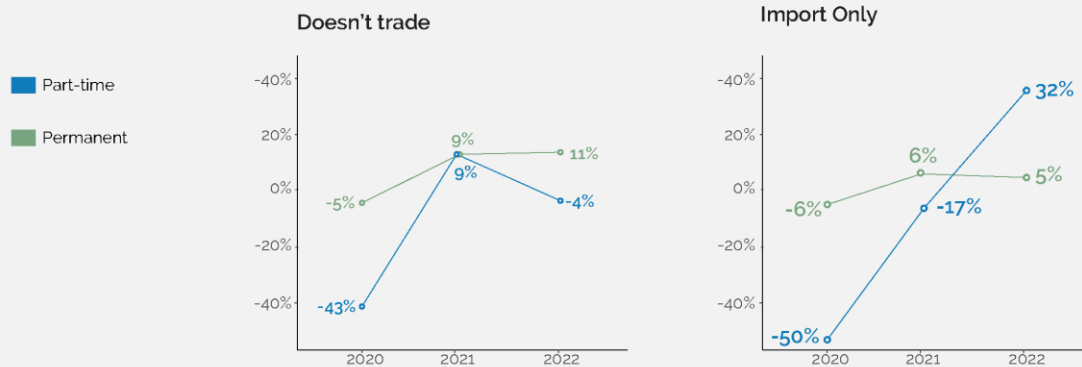
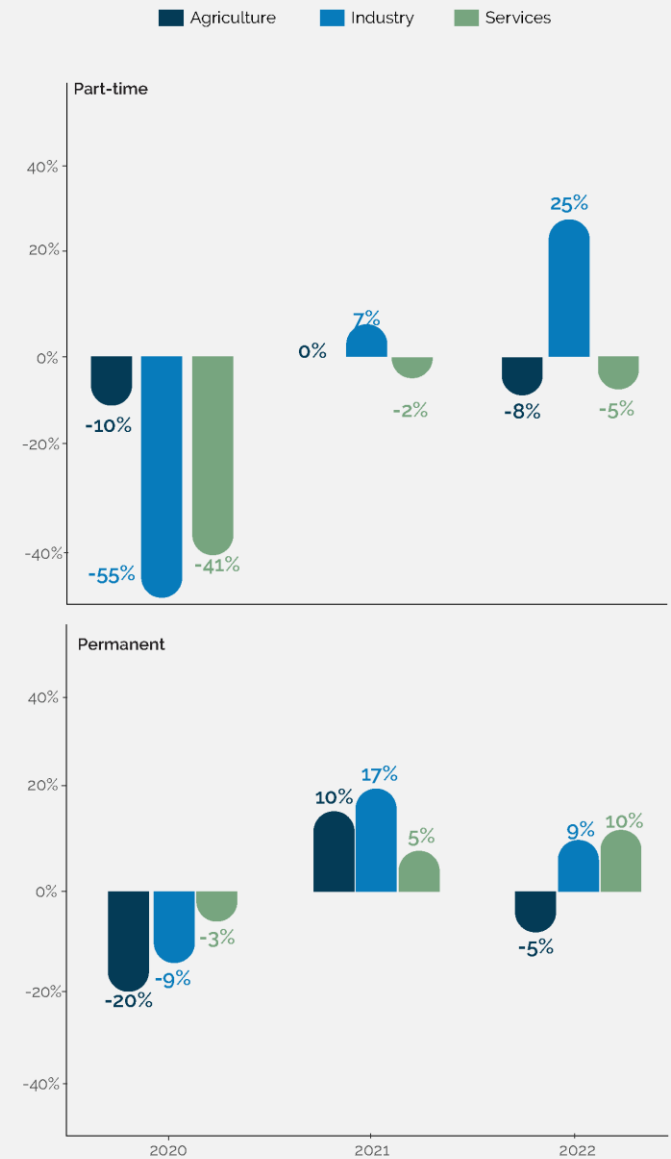


Figure 4.2.3: By sector

In 2020, part-time employees in the services and industry sectors were more affected. In 2022, employees in agriculture sector were more affected.



5. CURRENT CHALLENGES OF MSMEs

Key findings:

- The main challenges reported by MSMEs are low demand for their goods and services (23.9%), followed by the 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%) (Figure 5.1). These challenges were also prevalent for MSMEs prior to the pandemic.
- Agricultural firms report more challenges than other sectors (Figure 5.3). Similarly, importers and non-traders report more challenges than exporters (Figure 5.4).
- Importers mainly face inflation as their main challenge, whereas non-traders face low demand for their goods and services (Figure 5.4).
-

The firms were also requested to present their main challenges faced. The low demand for their goods and services (23.9%), followed by the 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%) were among the most faced challenges (Figure 5.1). This is in line with the report by the International Trade Centre (2021) which states that the lack of access to finance, and associated constraints prevents SMEs' growth, or their entry into global markets and value chains, instead resulting in their stagnation or collapse.

When the main challenges faced by firms were further analysed by the sector in which they operate, the type of trades the firm is involved in, and the size the firm, it is noted that the main challenges were more prevalent in the agricultural sector, micro enterprises, and those that import only (Figures 5.3, 5.4 and 5.5). In a study that assesses the recovery of Mauritian MSMEs amid the pandemic, the findings show that disruptions in the international supply chain caused by the COVID-19 led to disturbances in the import of raw materials (Tandrayen et al. 2023). Moreover, Sannegadu (2021) noted that MSMEs experienced severe shortage of finances, low consumption of their goods, high labour cost, over dependence on selected markets (such as Europe and US), and an upsurge of cheap substitutes further to the pandemic.

It can be observed that firms in the industry sector were mostly affected by the price of inputs (30%), followed by the low demand for goods and services (29%) and inflation (19%). In the agriculture sector, firms were affected by the price of inputs and inflation equally (43%). In the services sector, firms were mostly affected by the low demand for goods and services (23%) followed by inflation (22%) and the price of inputs (20%) (Figure 5.3).

In terms of the type of trade involved, firms that only import reported the main challenge as inflation (42%) followed by the cost of inputs (33%) and the low demand for goods and services (22%) compared to firms that are not involved in trade who reported the low demand for goods and services (24%) to be the main challenge faced, followed by the price of inputs (20%) and inflation (16%) (Figure 5.4).

When analysed with respect to the size of the firm. It could be observed that micro enterprises' main challenge was the price of inputs (28%) followed by the low demand for goods and services (27%) and inflation (24%). Small and medium enterprises on the other hand, reported the main challenges to be Inflation (15%) and the low demand for goods and services (15%) followed by the price of inputs (8%) (Figure 5.5).

It is noted that the services and industry sector, especially those businesses that are not involved in international trade and are part of the small and medium-sized category, do not experience many of the main challenges.

5. CHALLENGES

Figure 5.1: Challenges faced by businesses

Low demand for good and services, price of inputs, and inflation are the main three challenges that surveyed businesses face.



Figure 5.2: Why non-operating business closed

Low demand for goods and services is the main hurdle that propelled 72 businesses to close.

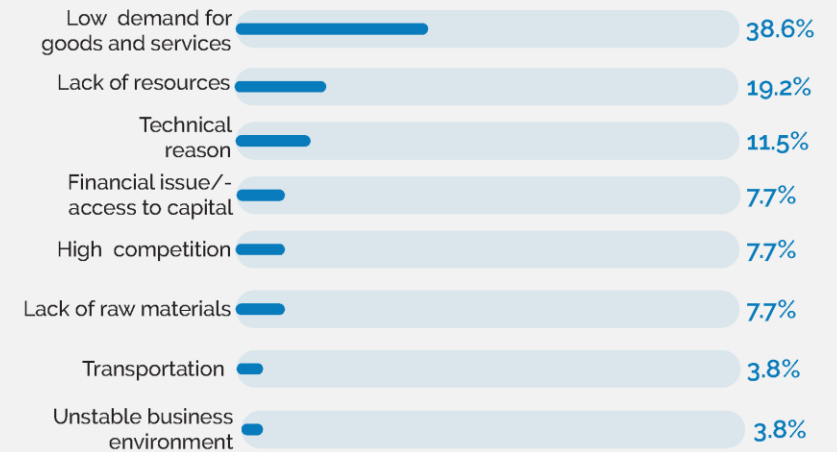


Figure 5.3: Main challenges by sector

Low demand for goods and services and price of inputs are the most prevalent challenges in the industry sector.

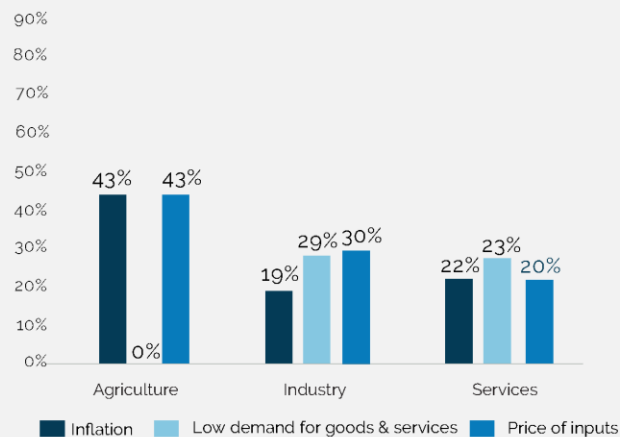


Figure 5.4: Main challenges by traders

Inflation is the main challenge among importers.

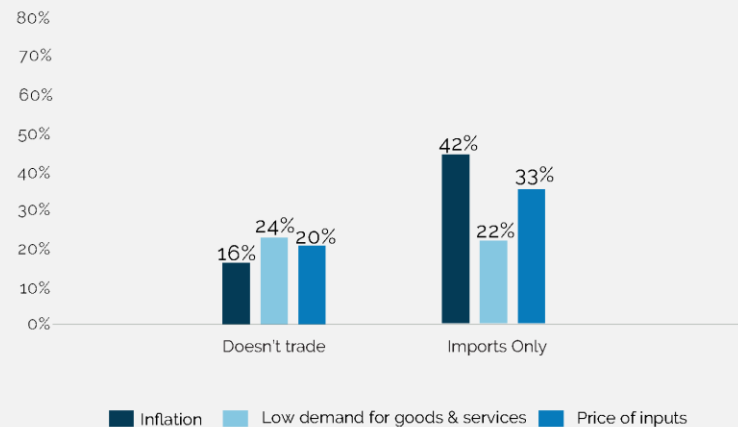
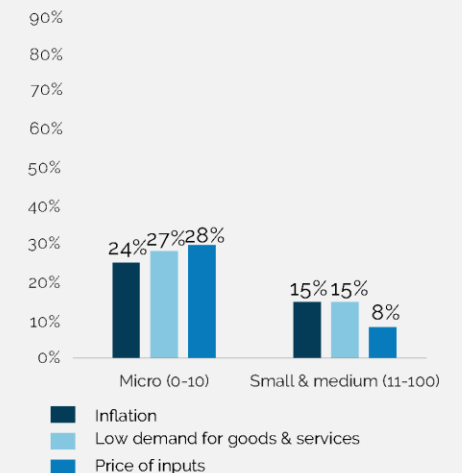


Figure 5.5: Main challenges by size of business

Low demand of goods and services and inflation are the main challenges faced by small and medium enterprises.



6. IMPACT AND RESPONSE TO COVID-19

Key findings:

- The COVID-19 has tapered off by 2022, but it remains significant. Whereas 46% of businesses reported they were severely affected in 2020, by 2022 it was 50% (Figure 6.1).
- Importers were especially hit by the pandemic in 2020 (Figure 6.3). Similarly, overall, businesses were mainly hit on their sales and net profits in 2020 (Figure 6.4).
- About two thirds of businesses did not respond to the pandemic, and another one third responded by stopping their production. 11.4% of the businesses laid-off staff and 10.8% lowered production (Figure 6.5).

The businesses surveyed were requested to present their perceptions on the severity of the impact of COVID-19, the aspects of business most impacted, and how they responded to the pandemic. The findings show that most businesses were negatively impacted by the pandemic (Figure 6.1). A slight increase is noted in the number of businesses negatively impacted by covid (50%) in 2022.

Businesses of all sizes and types of trade operations were negatively affected by COVID-19 in Mauritius, with micro enterprises being the most impacted one (58%) (Figure 6.2 and Figure 6.3). This can be explained by the nature of their activities, which are primarily labour-intensive and are based around small markets. They also operate in sectors that have been the hardest hit by the pandemic namely retail, travel, tourism, hospitality, food services, entertainment services, and construction (Tandrayen et al., 2023).

Also, in 2022, 33% of the firms had positive impacts from the pandemic, only 17% reported no impacts (Figure 6.1). This may be attributed to the opening of borders and removal of travel restrictions, which have enabled many enterprises to access international markets.

In terms of trade, businesses involved in imports were the most negatively impacted by COVID-19 (26.6%) compared to those not involved in trade (13.6%) (Figure 6.3).

The aspects of businesses most affected by COVID-19 include sales (86%) and net profits (86%) (Figure 6.4).

Analysis of how businesses responded to COVID-19 shows that two thirds of the enterprises did not respond to the pandemic. This reflects the lack of business agile skills to respond to changes in the business environment. Another common response to the pandemic included laying off staff and lowering production. The impact on production level is justified by the fact that the lockdowns caused businesses to work with reduced staff and hence the drop. Since demand for goods and services were impacted, businesses production level and sales dropped. The drop in sales and hence profits justified the need to lay off staff due to insufficient revenue.

6. IMPACT OF COVID-19

Figure 6.1: Extent of COVID-19 Impact

46% of MSMEs were negatively impacted by the pandemic.

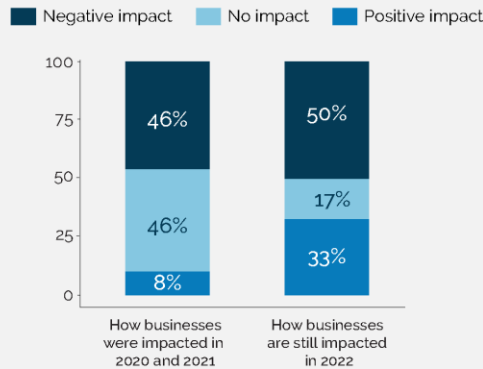


Figure 6.2: Impact by size of business

Micro businesses experienced more negative effect of the pandemic.

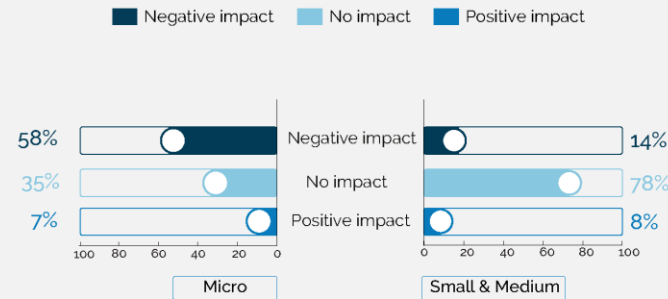


Figure 6.3: Impact on international traders

Importers were more affected by the COVID-19 pandemic.

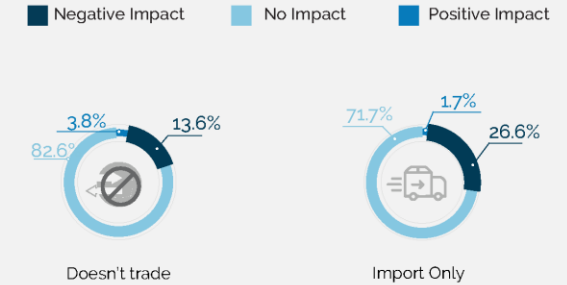


Figure 6.4: Aspects of business affected by COVID-19

Sales, and net profits were among the most affected business aspects.

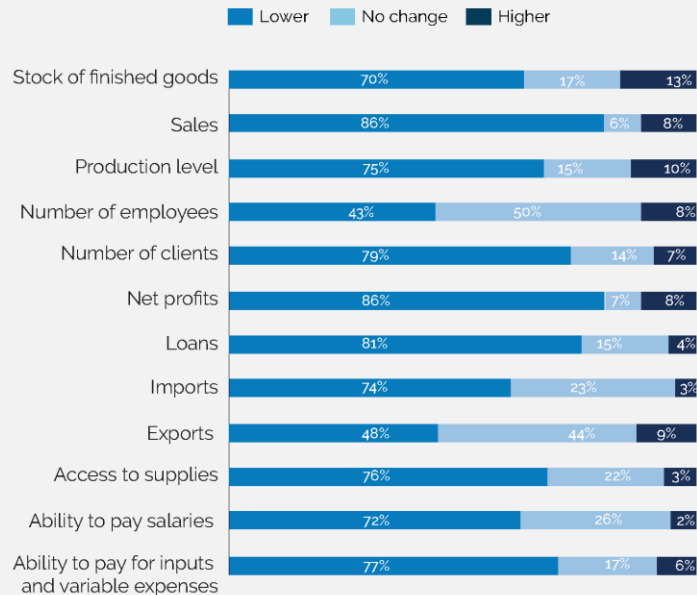


Figure 6.5: How businesses responded to

A third of the enterprises stopped operating during the COVID-19 pandemic.

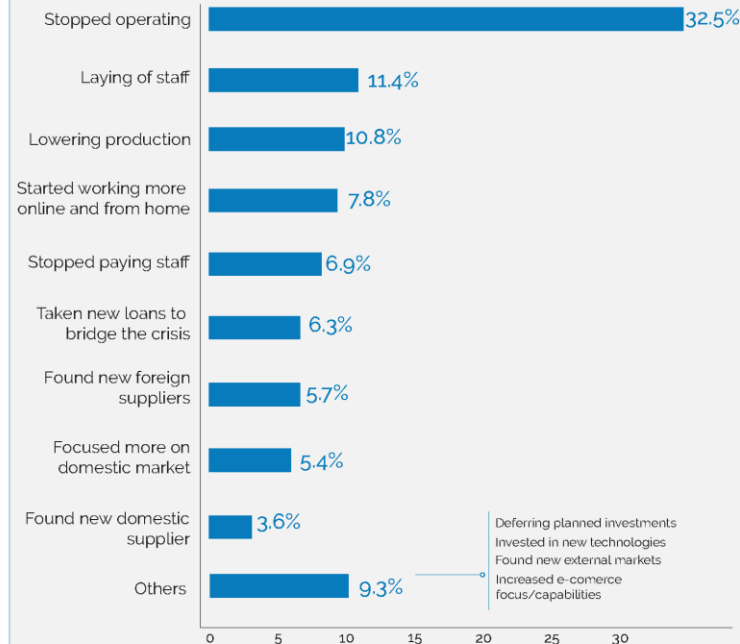


Figure 6.6: Whether main challenges that businesses face have worsened since 2020

More than 70% of the businesses who faced inflation and price of inputs believe that the challenge has worsened since 2020.



7. IMPACT AND RESPONSE TO THE RUSSIA-UKRAINE CRISIS

Key findings:

- The Russia-Ukraine crisis impact is concentrated on just under a fifth of the responding MSMEs (Figure 7.1).
- Businesses that were involved in trade were more severely hit than non-trading businesses (Figure 7.3).
- Businesses were mainly hit on their access to supplies (Figure 7.4).
- The most common response to the crisis was to stop operations (27.2%) (Figure 7.5).
- About one third of businesses attribute their current main challenges to the Russia-Ukraine crisis (Figure 7.6).

Respondents were requested to rate how the Russia-Ukraine conflict impacted their businesses, the aspects of the business which were impacted, and how they responded to the conflict. The results show that majority of businesses were not impacted by the Russia-Ukraine conflict. One fifth of the businesses are however substantially impacted negatively by the conflict (Figure 7.1).

Firms involved in trade were more negatively impacted (27%) compared to the non-traders (14%) (figure 7.3). The crisis did not have a significant negative impact on imports and exports. Only 27% of firms involved in imports reported that they were affected negatively.. . T

The most impacted business aspects by the Russia-Ukraine crisis are the stock of finished goods (24%), exports (22%), sales (12%), the ability to pay inputs and variable expenses (11%) followed by the production level (10%) and the number of employees (10%) (Figure 7.4).

Most of the enterprises responded to the crisis by stopping operations (27.2%), focusing more on the domestic market (19.6%), lowering production (12.6%) and laying off staff (12.6%) (Figure 7.5).

Among the main challenges reported by the firms further to the Russia-Ukraine crisis, the price of inputs were the biggest challenges (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.

7. IMPACT OF THE RUSSIA-UKRAINE CRISIS

Figure 7.1: Extent of the Russia-Ukraine

The majority of enterprises did not experience any impact.

■ Negative impact ■ No impact ■ Positive impact

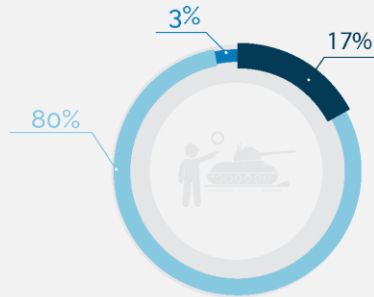


Figure 7.2: Impact by size of business

Micro businesses experienced a more negative effect of the crisis.

■ Negative impact ■ No impact ■ Positive impact

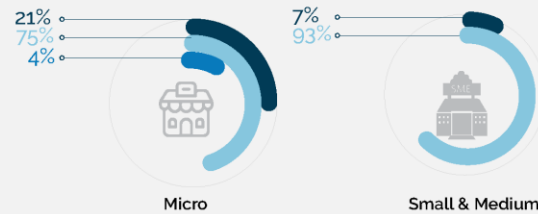
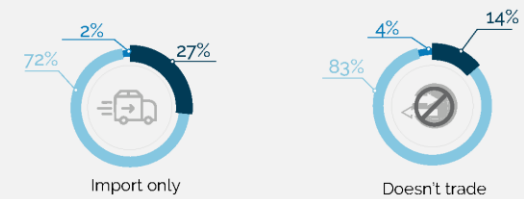


Figure 7.3: Impact on international traders

Importers were more negatively affected by the Russia-Ukraine compared to non traders.

■ Negative impact ■ No impact ■ Positive impact



7.4 Aspects of business affected by the Russia-Ukraine Crisis

Access to supplies is the most affected business aspect.

■ Lower ■ No change ■ Higher

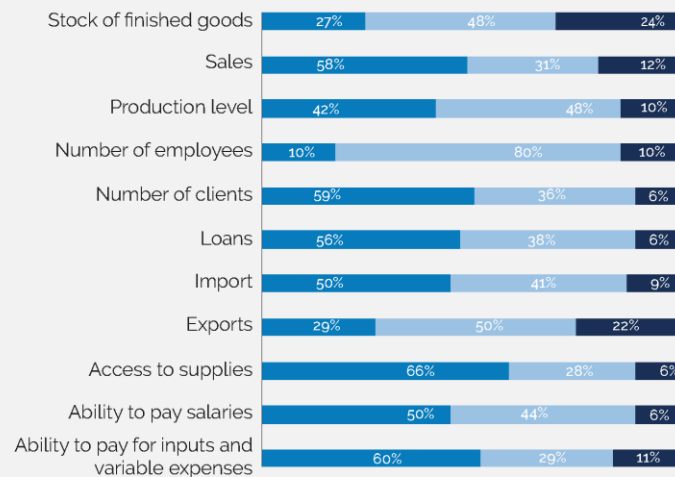


Figure 7.5: How businesses responded to the Russia-Ukraine crisis

Most enterprises responded to the crisis by stopping operations and focusing more on domestic market.

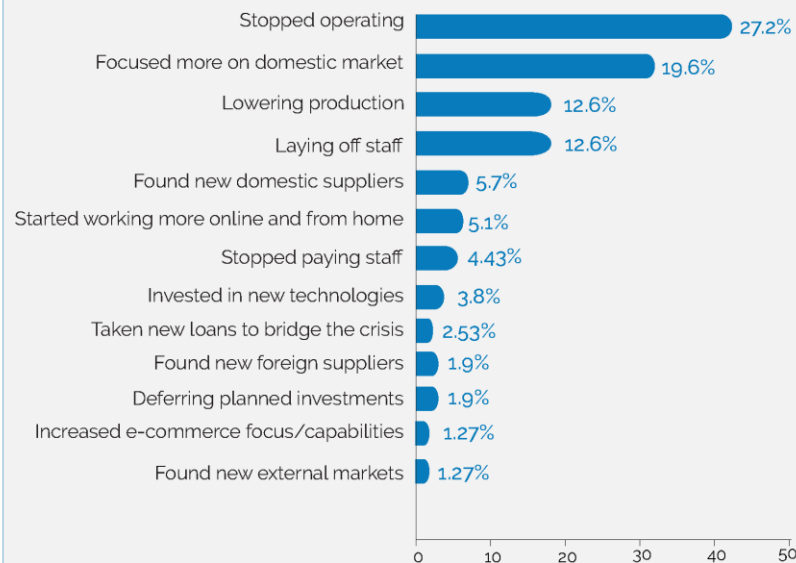
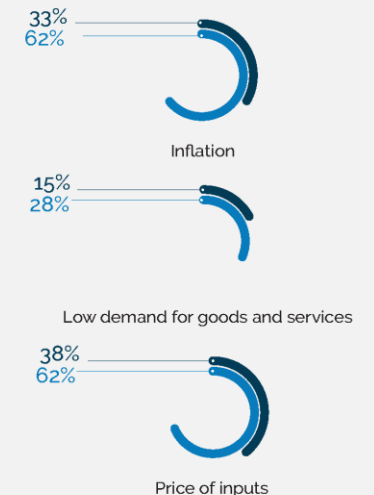


Figure 7.6: Whether main challenges of businesses are related to the Russia-Ukraine crisis

The majority of businesses believe that inflation and price of inputs are have worsened since february 2022 but few of them believe it is related to the crisis.

■ Challenges related to Ukraine-Russia Crisis
■ Challenged worsened since Feb 2022



8. CHALLENGES AND OPPORTUNITIES IN TECHNOLOGY UPTAKE

Key findings:

- Only 15% of responding businesses adopted new digital tools in response to COVID-19. Amongst those who did, 30% started using online social media, 22.3% increased their use of the internet, and 19.1% started using digital platforms (Figure 8.1).
- Majority of the businesses have seen no change (70.4%) on their sales from digital platforms further to the pandemic (Figure 8.5).
- The two most popular digital marketing tools are Facebook (28.1%) and Whatsapp (15.2%). 19.7% do not use any social media platform (Figure 8.2).
- About 34.4% of businesses generate more than half of their sales through digital marketing tools, whereas 16.3% do not know how much of their sales derive from digital tools. About half of the MSMEs believe that digital tools generate less than 50% of their total sales (Figure 8.3).
- 18.7% of businesses believe that support with access to markets would be the best way to increase their use of digital tools (Figure 8.5).

Respondents were requested to indicate the areas in which their businesses started using or increased the use of technology in response to the pandemic. The findings 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 (Figure 8.1).

These tools were mainly used for supply chain management, marketing, and communication with employees, and the three most popular social media platforms used by businesses for marketing being Facebook, websites and Whatsapp (Figure 8.2).

In terms of the share of sales from digital tools, 34.4% reported more than 50%, 23.1% reported between 26%-50%, 10.6% reported between 11%-25%, and 15.6% reported less than 10% (Figure 8.3).

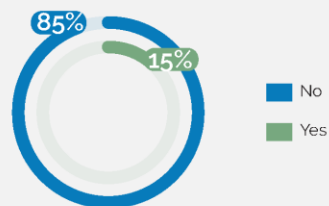
Majority of the businesses have seen no change (70.4%) on the sales from digital platforms further to the pandemic. In terms of those that were impacted, 23.2% reported an increase in their sales and 6.4% reported a decrease (Figure 8.4).

The firms were asked about the support they required to invest in innovative tools. Most of the firms reported the need to have access to markets (18.7%) and access to inputs (16.2%) to invest in new technologies. Other support involved financial support (9.36%), improved e-commerce (8.37%), improved infrastructure (7.39%), access to foreign currency (7.39%), improved regulations and processes (6.9%), capacity building (6.9%), empowerment of local businesses (3.45%) access to foreign internet (3.45%), access to electricity (2.46%), and access to the fuel crisis (1.97%) (Figure 8.5).

8. USE OF TECHNOLOGY AND INNOVATION DURING COVID-19

Figure 8.1: Whether businesses resorted to new tools and processes as a result of COVID-19

Only 15% of enterprises resorted to new tools and processes due to COVID-19. Companies mainly adopted the use of online media.



Tools and processes introduced

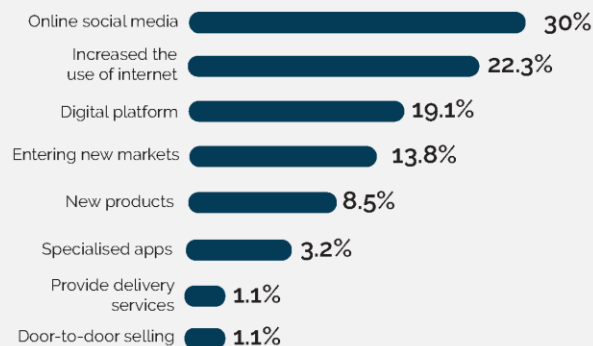


Figure 8.4: Impact of COVID-19 on sales from digital platforms

The majority of businesses have seen no change in sales from digital platforms.

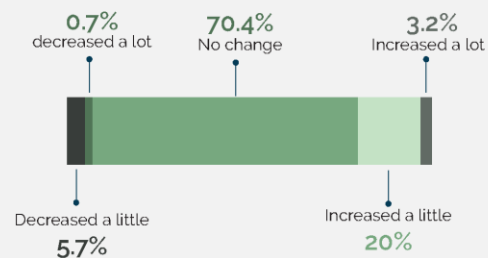


Figure 8.2: Social media used for marketing

Most businesses use Facebook, Whatsapp and a website to market their products or services.

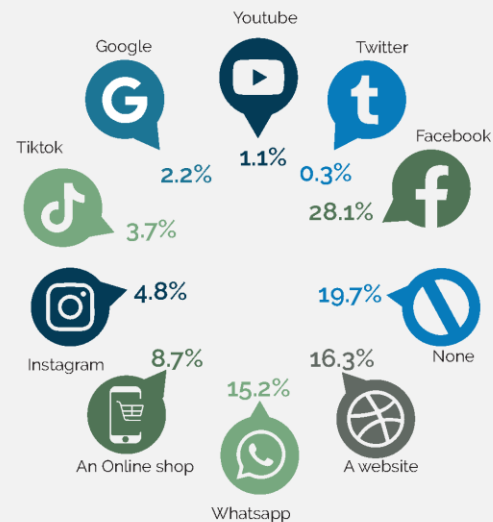


Figure 8.3: Share of sales from digital tools

Social media accounts for more than 50% of sales for a third of the businesses.

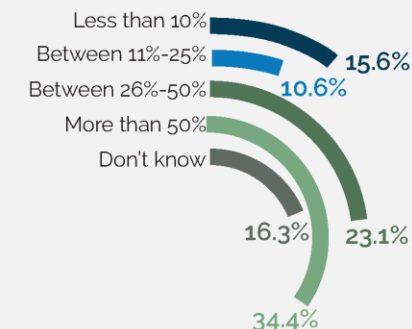
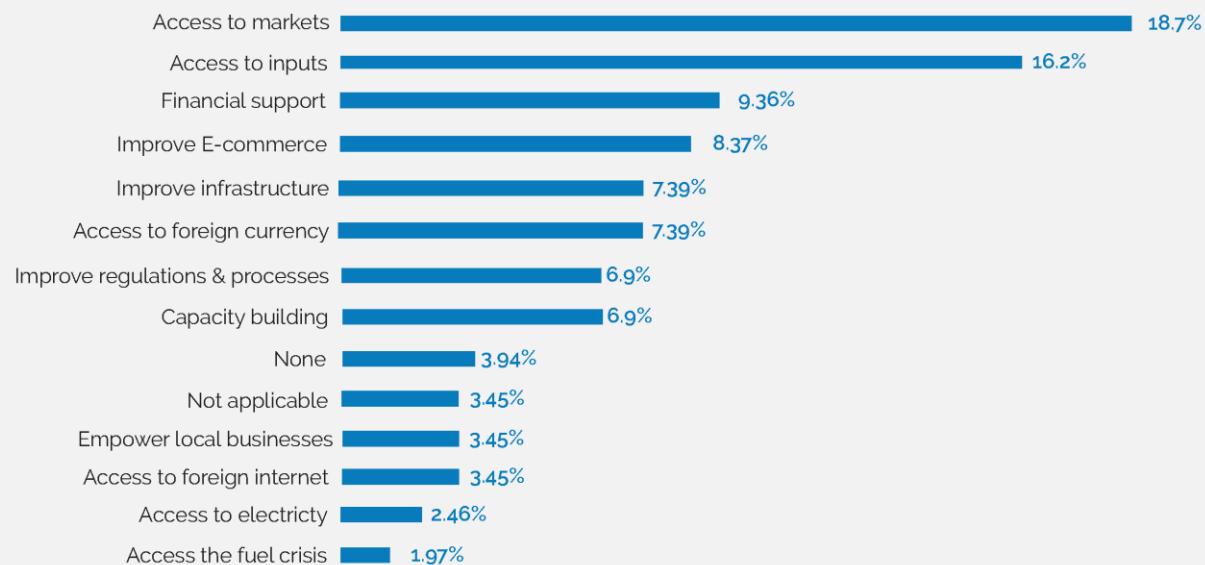


Figure 8.5: Support needed to invest in innovation and new technologies

Most companies need access to markets and access to inputs to invest in new technologies.



9. CHALLENGES AND OPPORTUNITIES IN INTERNATIONAL TRADE AND REGIONAL INTEGRATION

Key findings:

- According to the respondents, the main challenges to exporting are lack of finance (44%) (Figure 9.1).
- The main challenges to import are high transport costs (17.9%), finance (17.9%), custom tariffs (17.1%) and regulations (13.7%) (Figure 9.3).
- Only 13.6% of the respondents know the AfCFTA (Figure 9.5). 36.6% of traders who only import and 18.3% of traders who both import and export are unaware of the AfCFTA. In contrast, 3.8% of the importers only and 3.3% of both importers and exporters are aware of AfCFTA and its potential (Figure 9.6).

Respondents were asked if their businesses are involved in international trade, and the hurdles they face relating to exporting and importing. They were further asked about their knowledge of trade agreements to which the Government of Mauritius is a signatory, the African Continental Free Trade Area (AfCFTA), and what the government can do to improve business's ability to export and import (Figure 9).

The businesses were questioned about the challenges they faced when trading. 44% reported the lack of finance as the main reason preventing them from exporting (Figure 9.1). When further asked about suggestions to improve export, most of the firms stated access to finance (29%) as the main suggestion (Figure 9.2).

In terms of the import challenges, high transport costs (17.9%), finance (17.9%), custom tariffs (17.1%) and regulations (13.7%) were the main ones. The main suggestions for improving imports included reducing the custom duty (24.2%), financial support (18.2%), tax reduction (10.6%) and getting access to market (10.6%) (Figure 9.4).

The businesses were further questioned about their knowledge on trade agreements. 35.3% are aware about SADC, 34.4% are aware of COMESA, 16.7% of AGOA and 13.6% of AfCFTA (Figure 9.5). Among those that were aware of the AfCFTA and were taking advantage of it, 59.6% were importers only and 78.3% exported and imported. 3.8% involved only in importing and 3.3% involved in both importing and exporting were aware of the AfCFTA. 36.6% that import only and 18.3% that export and import had never heard of the AfCFTA (Figure 9.6).

9. IMPORT AND EXPORT CHALLENGES

Figure 9.1: Export challenges

Lack of finance is the main reason preventing businesses from exporting.

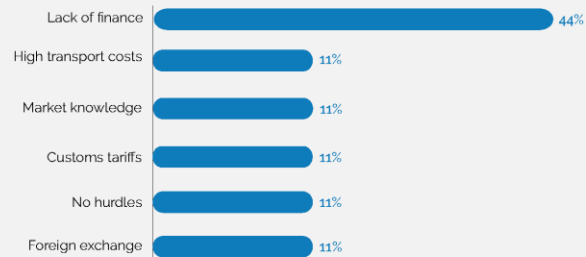


Figure 9.2: What could be done to improve exports

Access to finance is the top suggestion to improve exporting.

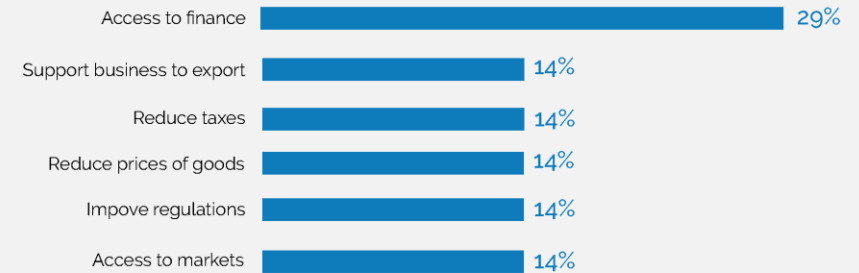


Figure 9.3: Import challenges

High transport cost, access to finance, and customs tariffs are the main import challenges.

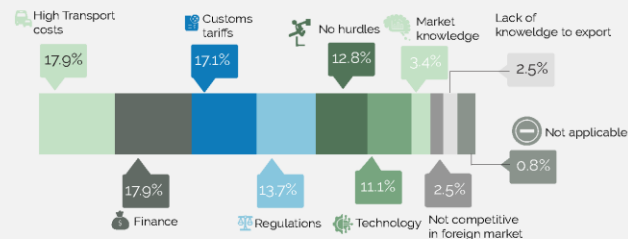


Figure 9.4: What could be done to improve imports

Enterprises suggested custom duty reduction and financial support as the main aspects to improve importing.

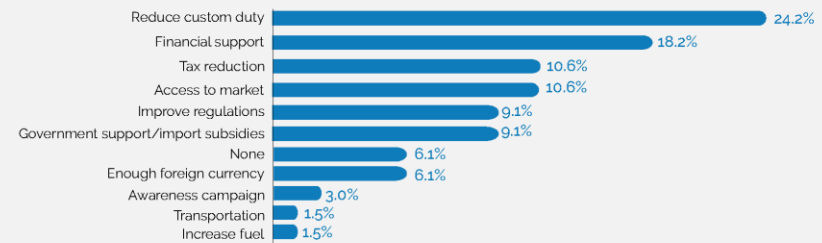


Figure 9.5: Proportions of enterprises who know trade agreements.

14% of businesses are aware of the AfCFTA.

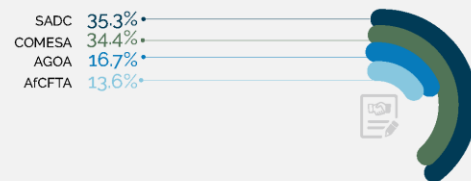
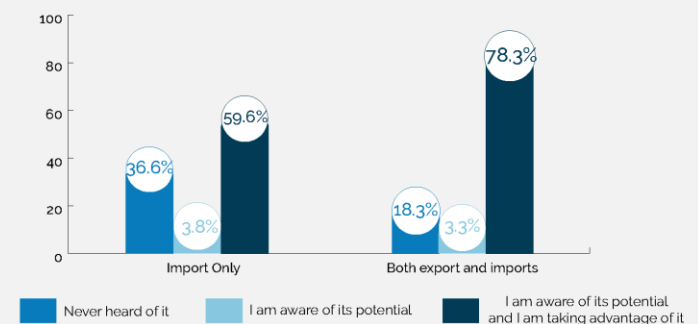


Figure 9.6: How traders perceive AfCFTA

Less than 4% of importers is taking advantage of the AfCFTA.



10. OUTLOOK FOR THE FUTURE AND BUSINESS POLICY IMPLICATIONS

Key findings:

- The responding businesses generally are more optimistic about the future than pessimistic.
- Their main request to policy makers is to find ways to ease access to finance.

The respondents were asked to provide a forecast of their financial position in the next six months. Almost 50% believed that there would be no change in their financial situation. 43.2% were positive about their situation and 7.1% were pessimistic (Figure 10.1).

Businesses perceive that the environment would improve if the government solved the prevailing economic challenges in the country. The main areas in which support was needed are to access capital (28%) and access to markets (16%) (Figure 10.2).

10. OUTLOOK FOR THE FUTURE

Figure 10.1: Forecast for financial situation

Half of the entrepreneurs believe their financial situation will be the same as today.

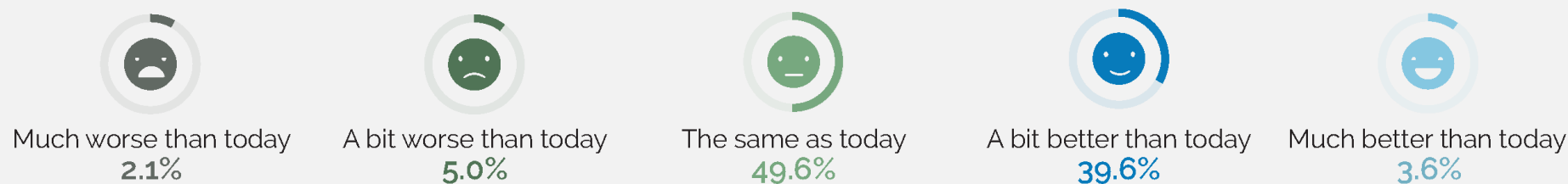
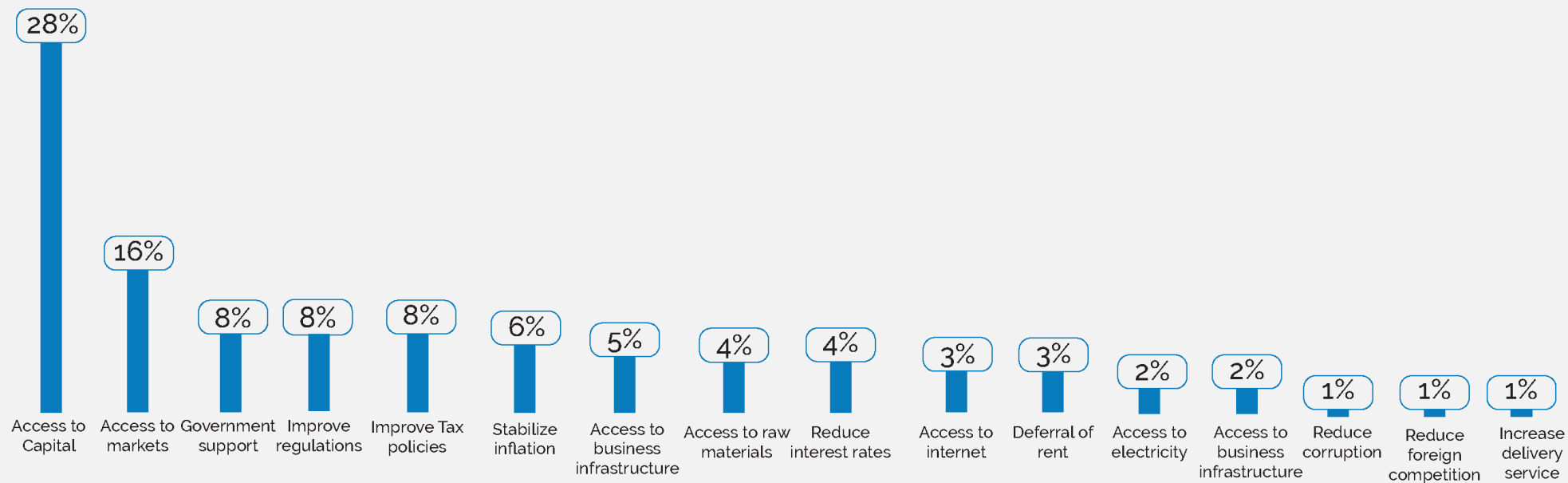


Figure 10.2: Area of support needed

Access to capital and to markets are the main areas of support needed.



11. CONCLUSIONS AND RECOMMENDATIONS

Summary of results

The survey comprises of 352 MSMEs and provides an overview of the impacts of the COVID-19 pandemic and the Russia-Ukraine crisis on micro, small and medium sized enterprises in Mauritius. Out of the 352 enterprises, 79.6% were operational at the time of the survey. MSMEs located in urban areas constituted 67% of the respondents. The majority of the businesses are formal (97%). They were mainly micro enterprises (73%) and operating in the services sector (69.3%) and owned by Mauritians (97.1%). Most of the businesses are not involved in trade (76.1%). Around 21.4% of firms deal only in imports and only 2.5% are involved in both imports and exports (Figure 3).

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 ones (58%). This can be explained by the nature of their activities, which are primarily labour-intensive and are based around small markets (Figure 6).

The firms were also requested to present their main challenges 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 (Figure 5).

The businesses surveyed were requested to present their perceptions on the severity of the impact of COVID-19, the aspects of business most impacted, and how they responded to the pandemic. The findings show that most businesses were negatively impacted by the pandemic. Businesses of all sizes and types of trade operations were negatively affected by COVID-19, with micro enterprises being the most impacted one. Analysis of how businesses responded to COVID-19 shows that enterprises laid workers off and lowered production. Businesses production level, sales and profits dropped leading to the lay-off of workers (Figure 6).

The COVID-19 pandemic had a significant and immediate impact on Mauritian MSMEs and trade. The country's export-oriented textile and apparel industry, a major contributor to the economy, faced disruptions in the supply chain and a drop in demand as lockdowns and economic uncertainty affected consumer spending in key markets such as Europe and the United States. Tourism, another crucial sector, suffered due to travel restrictions and a decline in international visitors. Subsequently, it can be observed from the findings that MSMEs faced reduced revenue and operational challenges. Government measures such as wage subsidies and financial support programs were implemented to alleviate some of the financial strains. 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 challenge 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 (Figure 7.6). The war had indirect effects on the global economy, leading to rising oil prices and increasing shipping costs. In response to these challenges, MSMEs had to adapt their cost structures, explore alternative sourcing options, and implement strategies to mitigate the impact of fluctuating global oil prices and increased transportation costs on their operations. 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. In terms of the share of sales from digital tools, 34.4% reported more than 50%, 23.1% reported between 26% to 50%, 10.6% reported between 11% to 25%, and 15.6% reported less than 10%. However, the majority of the businesses have seen no change (70.4%) on the sales from digital platforms further to the pandemic while, 23.2% reported an increase in their sales and 6.4% reported a decrease (Figure 8).

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 (17.9%), finance (17.9%), custom tariffs (17.1%) and regulations (13.7%). 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 (Figure 9).

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. The respondents were asked to provide a forecast of their financial position in the next six months. Almost 49.6% believed that there would be no change in their financial situation. Around 43% were positive about their situation and 7% were pessimistic. Businesses perceive that the environment would improve if the government solved the prevailing economic challenges in the country. The main areas in which support was needed were access to capital (28%) and access to markets (16%) (Figure 10).

Support Measures

Despite these challenges, MSMEs have been quite resilient amid the COVID-19 pandemic. While they succeeded so far in weathering the storms, trusting their resilience alone is not enough. It has to be noted that the government played a crucial role in supporting the MSMEs since the outbreak of the pandemic until the recent 2023 budget, recognising the key role that MSMEs play in fostering economic growth, exporting and employment. The government has consciously introduced major economic and social support measures to assist businesses (particularly MSMEs), employees in the private sector and informal workers, in addition to setting up a conducive framework for their progress in these tough times. These host timely strategic measures and schemes aimed to ensure that the island recovers and becomes more resilient to the crisis and protect businesses as well as workers. For instance, specific support measures offered to firms included wage assistance, safeguard employment, a liquidity program, dedicated freight schemes, waiving of port rights, automatic extension of work permits, and rescheduling of rent and loan payments among others.

The introduction of the Wage Assistance and Self-Employed Assistance schemes for SMEs was indeed one of the most important supports. From 23 March 2020 to September 2021, the government assisted employers and employees involved in the MSME sector by providing them with monthly financial assistance. Moreover, the government has also sustained the wages of MSMEs by offering a monthly salary compensation of Rs 375 throughout the financial year 2021/22.

As such in 2020, the Mauritian government together with the Mauritius Revenue Authority (MRA) put in place the Tax Arrears Settlement Scheme. This helped MSMEs to pay their tax arrears by providing them with full relief from penalties and interest imposed. To further support this sector, the government has also offered free renting to start-up MSMEs for the first three years of operation in upcoming SME Industrial Parks. Under the Credit Guarantee Scheme (CGS), MSMEs were also granted a 200 per cent deduction from taxable income for the acquisition of specialised software and systems.

Financial support remained also a crucial element in keeping MSMEs afloat, for instance the Development Bank of Mauritius (DBM) earmarked Rs 10 billion to support the MSME sector in 2020. As such, entrepreneurs were eligible for several loan facilities: loans of up to Rs 10 million per enterprise at a concessional rate of 5% per annum while women entrepreneurs were provided with loans of Rs 200 million at a concessional rate of 5% per annum. In 2021, MSMEs were allowed to take a Rs 100,000 interest-free loan for cash flow issues. Retailers with a turnover of up to Rs 250 million were entitled to loan facilities of up to Rs 5 million at a concessional rate of 3.5% per annum. The government further extended the interest-free loan scheme up to June 2023. Additionally, to ease cash flow, the government also encouraged the broadening of access to factoring facilities through Maubank and the Investment Support Programme Limited (ISP) subsidised 50% of the factoring fee per invoice for MSMEs. An amnesty was also granted on trade fees, penalties and interests that were due before January 2020. The total maximum grant across all MSME Mauritius schemes was increased from Rs 150 000 to Rs 200 000.

Structural policies included the construction of several SME industrial parks at different places (announced in the budget 21/22) and reiterated in 2022-23's budget. In 2020, an online marketplace was also put in place by the Economic Development Board (EDB) of Mauritius

to allow start-up MSMEs to display their products and services. The government has also set up a new institution namely the Industrial Financial Institution (IFI) to manage the modernisation and transformation fund of MSMEs. On 29 April 2021, the Mauritian government announced the extension of the SME Employment Scheme for one additional year to boost the employability of graduates and diploma holders within the SME sector. This also provided SMEs with fresh talents to support their development.

Other notable support measures include a 110% deduction allowed on taxable income for direct expenses on the purchase of products manufactured locally by MSMEs (to encourage local production). As such, the interest rate for the existing Leasing Equipment Modernisation Scheme (LEMS) was also reduced. In March 2022, the National Productivity and Competitiveness Council launched the Enterprise Go Digital (EGD) project to foster the resilience of MSMEs during and after the Covid-19 pandemic. The project aims to support MSMEs in their recovery phase, particularly in the provision of funds for the implementation of digital solutions.

The latest budget continued to support the island MSMEs through the extension of some policies for the forthcoming financial year as well as introduction of new policies. For instance, the MSME Refund Scheme for marketing promotion programmes in international fairs has been increased up to Rs 250,000 per enterprise per year while financial support through the MSME interest free loan scheme and the Covid-19 Special Support Scheme have been extended up to June 2024. As such, outstanding loans of more than 20 years and loans of deceased micro entrepreneurs would be written off and the Development Bank Mauritius Ltd would extend its loan to MSMEs up to Rs 25 million at a concessional rate of 3.5 percent per annum. The above measures have further been complemented by financial assistance related to a salary compensation of Rs 500 to be paid to MSMEs and the SME Employment Scheme, which was extended for another year. Other interesting support measures relate to the 30% margin of preference provided to MSMEs or the fact that public contracts below Rs 30 million were meant to be reserved for micro and small enterprises. Lastly, a handholding programme to support some 120 MSMEs over the next 3 years was introduced.

Recommendations

Given the importance of MSMEs to the Mauritian economy, it is vital that further appropriate measures be implemented to build resilience of MSMEs to the social and economic effects of shocks namely the global COVID-19 pandemic and the Russia-Ukraine crisis, amongst others. In order to support MSMEs recovery, there is a need to set up an adequate entrepreneurial ecosystem with greater emphasis on enhancing access to markets, improving access to finance, technology and innovation, reinforcing business skills, simplifying business registration and promoting formalisation on enterprises, to name a few.

In addition, regional trade offers significant advantages to MSMEs in Mauritius. A higher level of integration within the regional trading blocs such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) can significantly benefit trade and MSMEs in Mauritius.

Proximity to neighbouring markets in Africa and in the Indian Ocean region allows for cost-effective logistics and shorter transit times, making MSMEs more competitive. By diversifying their customer base and reducing dependency on domestic markets, they can improve their resilience. Engaging in regional trade thus provides an opportunity for Mauritian businesses to form valuable partnerships and networks, collaborate on projects, and benefit from economies of scale. Additionally, the shared cultural and linguistic ties in the region facilitate market entry and a better understanding of consumer preferences, enhancing marketing efforts and product adaptation. Regional trade can further prepare MSMEs for global markets by building their capacity and compliance with international trade regulations.

Hence, these regional trade agreements provide access to a broader market, reduced trade barriers, and improved market access, creating opportunities for MSMEs to expand their reach and enhance their competitiveness. To fully leverage these agreements, support institutions must assist MSMEs on how to tap into the benefits of regional trade agreements by promoting an understanding of the current trade regulations and compliance. Furthermore, simplifying market access and offering financial support, such as trade financing options, will enable MSMEs to actively engage in regional trade, ultimately contributing to economic growth and stability.

In addition to the various regional trade agreements, the AfCFTA is seen as a major opportunity for MSMEs to engage in international trade. However, this must be accompanied by a comprehensive set of support strategies to enhance MSMEs engagement and participation in international trade whereby a multi-pronged approach is essential. MSMEs should be equipped with the necessary knowledge and skills to understand trade regulations, compliance, and export procedures, ensuring they are well-prepared to capitalize on the opportunities presented by the AfCFTA. Moreover, governments and trade organisations must simplify market access for MSMEs by reducing trade barriers, streamlining customs procedures, and providing support in obtaining the required permits and licenses. Access to trade financing options, such as export credit agencies and trade finance programs, is crucial for mitigating the financial risks associated with international trade. Further, the promotion of digitalisation and e-commerce adoption helps MSMEs reach international markets efficiently, while market intelligence and data analysis services are essential for making informed decisions about market entry and product strategies. Support for intellectual property protection and compliance with international quality and standards requirements is vital to ensure the quality and integrity of products and services in foreign markets. These strategies can foster an environment where MSMEs are equipped to leverage the benefits of the AfCFTA and actively participate in international trade.

Indeed, measures should be more long-term and trigger investment and behavioural changes within enterprises to reduce the likelihood of future shocks while at the same time increasing resilience to these stresses when they occur. Central to this approach is a focus on long-term, sustainable and well-designed recovery policies that take on board all categories of firms, and in particular the most vulnerable ones in terms of micro and small enterprises.

MSMEs are also called to adapt to growth models that can better enhance their resilience and sustainability, particularly integrating sectoral, product and market diversification. Such businesses should leverage technologies that can stimulate their productivity growth and strengthen their linkages with larger companies. Development and application of technology and innovation by MSMEs, including technology incubators and hubs and adoption of soft robotics and Artificial Intelligence could be particularly important forward-looking measures in increasing preparedness in times of unforeseen events.

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ANNEXES

Survey Questionnaire

▪ Introduction and consent to interview

a. Yes

☐

b. No

☐

A. Respondent Demographics

A1. Current role in the business (tick those that apply)

a. Sole owner

☐

b. Co-owner

☐

c. Board member

☐

d. Managing Director/CEO

☐

e. Manager

☐

f. Staff

☐

g. Other _____

B. Enterprise/Firm Characteristics

1.1 Name and start year

B1. Country of the Survey

a. Mauritius

B2. Name of the Enterprise/Firm

a. _____

B3. In what year did the Enterprise/Firm start operating in Mauritius?

a. _____

1.2 Location

B4. Does the Enterprise/Firm have global Headquarters in Mauritius?

a. Yes

☐

b. No

☐

B5. If no to B4, in which country is the Headquarters located?

a. Country _____

B6. If yes to B4, does the Enterprise/Firm have establishments in other countries?

a. Yes

☐

b. No

☐

B7. If yes to B6, please list the countries in which the Enterprise/Firm has establishments

a. Country a _____

b. Country b _____

c. Country c _____

d. Other countries _____

B8. Province of the national enterprise Headquarters

a. Flacq

☐

b. Grand Port

☐

c. Moka

☐

- d. Pamplémousses ☐
- e. Plaines Wilhems ☐
- f. Port Louis ☐
- g. Rivière du Rempart ☐
- h. Rivière Noire ☐
- i. Savanne ☐
- j. Other: _____ ☐

B9. Location of the national enterprise Headquarters

- a. Rural ☐
- b. Urban ☐

1.3 Main economic activity

B10. Main Economic Activity of the Enterprise/Firm (select as applicable)

- a. Agriculture, forestry and fishing (A) ☐
- b. Mining and quarrying (B) ☐
- c. Manufacturing (D) ☐
- d. Construction (F) ☐
- e. Wholesale and retail trade (G) ☐
- f. Transport and storage (H) ☐
- g. Accommodation and food services (I) ☐
- h. Information and communication (J) ☐
- i. Financial and insurance activities (K) ☐
- j. Real estate activities (L) ☐
- k. Professional, scientific and technical (M) ☐
- l. Human health and social work activities (Q) ☐
- m. Arts, entertainment and recreation (R) ☐

B11. Description of economic activity (describe what your enterprise does)

- a. _____

1.4 Business registration

B12. Business registration

- a. Sole proprietorship ☐
- b. Private company limited by shares ☐
- c. Publicly traded company (Ltd) ☐
- d. Cooperative ☐
- e. Limited by guarantee ☐
- f. NGO ☐
- g. Not registered (informal) ☐
- h. Other _____ ☐

B13. Is the Enterprise/Firm a member of a business association?

- a. Yes ☐
- b. No ☐

B14. If yes, which ones?

a. The Association of Mauritian Manufacturers ☐

b. Other (specify) _____ ☐

1.5 Ownership

B15. What is the gender of owners?

a. Fully owned by women (100%) ☐

b. More than 50% owned by women ☐

c. Less than 50% owned by women ☐

d. Fully owned by men (100%) ☐

B16. What is the nationality of owners?

a. Fully owned by nationals (100%) ☐

b. More than 50% owned by nationals ☐

c. Less than 50% owned by nationals ☐

d. Fully owned by foreigners (100%) ☐

B17. If any foreign owners, list their nationality

a. _____

b. _____

C. Enterprise/Firm Performance

1.6 Capacity utilization

C1. Are you currently producing at full capacity

a. Yes ☐

b. No ☐

C2. If no to C2, what level of capacity are you currently operating at?

a. Less than 50% ☐

b. 50-60% ☐

c. 61-70% ☐

d. 71-80% ☐

e. 81-90% ☐

f. 91-100% ☐

g. Don't know ☐

1.7 Staffing

C3. Number of employees in the beginning of July 2022:

a. Permanent employees _____

b. Part-time employees _____

c. Casual Labour _____

C4. Number of employees in the beginning of July 2021:

a. Permanent employees _____

b. Part-time employees _____

c. Casual Labour _____

C5. Number of employees in the beginning of July 2020:

a. Permanent employees _____

b. Part-time employees _____

- c. Casual Labour _____
- C6. Number of employees in the beginning of July 2019:
- a. Permanent employees _____
- b. Part-time employees _____
- c. Casual Labour _____
- C7. Do you currently have any plans for increasing or decreasing staff numbers in the coming 6 months?
- a. Significantly increase ☐
- b. Moderately increase ☐
- c. No change planned ☐
- d. Moderately decrease ☐
- e. Significantly decrease ☐

1.8 Sales turnover

- C8. In what currency do you report sales:
- a. National currency ☐
- b. USD ☐
- c. Other: (specify) _____
- C9. Estimated sales turnover for the financial year ending in the following years:
- a. 2022 (expected) _____
- b. 2021 _____
- c. 2020 _____
- d. 2019 _____

1.9 International trade

- C10. Does this Enterprise/Firm export, import or both?
- a. Both exports and imports ☐
- b. Export only ☐
- c. Import only (skip to C15) ☐
- d. Firm does not import nor export ☐
- e. Don't know ☐
- C11. In what currency do you report export sales:
- a. National currency ☐
- b. USD ☐
- c. Other: (specify) _____

- C12. Estimated exports for financial years ending in the following years
- a. 2022 (expected) _____
- b. 2021 _____
- c. 2020 _____
- d. 2019 _____

- C13. Over the past year, which countries did the enterprise export to?
- ☐

- a. Southern Africa ☐
- b. Rest of Africa ☐
- c. Europe ☐
- d. Asia & Oceania ☐
- e. North America ☐
- f. South America ☐

C14. If “a.” to C13, to which countries? (Tick those that apply)

- a. Angola ☐
- b. Botswana ☐
- c. Eswatini ☐
- d. Lesotho ☐
- e. Malawi ☐
- f. Mauritius ☐
- g. Mozambique ☐
- h. Namibia ☐
- i. South Africa ☐
- j. Zambia ☐
- k. Zimbabwe ☐

C15. Over the past year, which countries did the enterprise import from?

- a. Southern Africa ☐
- b. Rest of Africa ☐
- c. Europe ☐
- d. Asia & Oceania ☐
- e. North America ☐
- f. South America ☐

C16. Over the past year, what type of imports did the enterprise buy from foreign suppliers?

- a. Intermediate goods ☐
- b. Finished goods ☐
- c. Services ☐
- d. Others: (specify) _____

D. Business Challenges and Policy Response

1.10 Challenges in general

D1. What are currently the main challenges for the business? (tick the 3 most relevant)

- a. Low demand for goods and services ☐
- b. Accessing capital ☐
- c. High interest rates ☐
- d. Devalued currency ☐
- e. Price of inputs ☐
- f. Supply chain disruptions ☐
- g. Regulations ☐
- h. Corruption ☐
- i. Access to skilled labour ☐
- j. High taxes ☐
- k. Others: (specify) _____

For each selected, specify the issue (loop):

D2. If challenge a selected:

a. Specify _____
—

D3. If challenge b selected:

a. Specify _____
—

D4. If challenge c selected:

a. Specify _____
—

D5. If challenge d selected:

a. Specify _____
—

D6. If challenge e selected:

a. Specify _____
—

D7. If challenge f selected:

a. Specify _____
—

D8. If challenge g selected:

a. Specify _____
—

D9. If challenge h selected:

a. Specify _____
—

D10. If challenge i selected:

a. Specify _____
—

D11. If challenge j selected:

a. Specify _____
—

D12. If challenge k selected:

a. Specify _____
—

1.11 Impact of Covid-19 pandemic 2020-2022

D13. How did the Covid-19 pandemic impact your business during 2020 and 2021?

- | | |
|-------------------------------|--------------------------|
| a. Highly positive impact | <input type="checkbox"/> |
| b. Moderately positive impact | <input type="checkbox"/> |
| c. No impact | <input type="checkbox"/> |
| d. Moderately negative impact | <input type="checkbox"/> |
| | <input type="checkbox"/> |

- e. Highly negative impact

D14. What was the impact on your business in the following parameters? (Tick your rating)

	Very Low	Low	No Change	High	Very High
a. Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Exports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Number of employed staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Production level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Number of clients/contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Stock of finished goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Access to supplies to operate the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Ability to pay salaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Ability to pay for inputs and variable expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Ability to pay back loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Imports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D15. If positive impact (a or b to D13), in what way did the pandemic have a positive impact on your business?

a. Increased profit margins from higher prices	<input type="checkbox"/>
b. Less competition in the market	<input type="checkbox"/>
c. Improved access to skilled labour	<input type="checkbox"/>
d. Increased use of technology	<input type="checkbox"/>
e. Increased use of local raw materials	<input type="checkbox"/>
f. Other: (specify)_____	<input type="checkbox"/>

D16. How did your business respond to the pandemic 2020-22? (select those that apply)

a. Stopped operating	<input type="checkbox"/>
b. Stopped paying staff	<input type="checkbox"/>
c. Laying off staff	<input type="checkbox"/>
d. Lowering production	<input type="checkbox"/>
e. Found new domestic suppliers	<input type="checkbox"/>
f. Found new foreign suppliers	<input type="checkbox"/>
g. Invested in new technologies	<input type="checkbox"/>
h. Taken new loans to bridge the crisis	<input type="checkbox"/>
i. Started working more online and from home	<input type="checkbox"/>
j. Increased e-commerce focus/capabilities	<input type="checkbox"/>
k. Deferring planned investments	<input type="checkbox"/>
l. Found new external markets	<input type="checkbox"/>
m. Focused more on domestic market	<input type="checkbox"/>
n. New customer/go to market strategy	<input type="checkbox"/>
o. Created new organizational structure	<input type="checkbox"/>
p. Other: (specify)_____	<input type="checkbox"/>

D17. Since the outbreak of COVID-19 in 2020, has this establishment benefited from support measures issued in response to the crisis?

a. Yes	<input type="checkbox"/>
	<input type="checkbox"/>

b. No

D18. If no to 17, what of the follow options best describe the reason why this establishment did not receive any national or local government measures issued in response to the crisis?

- a. We were not aware ☐
- b. Too difficult to apply ☐
- c. We were not eligible ☐
- d. We applied but did not receive it ☐
- e. Corruption is preventing us to access ☐
- f. Other: (specify)_____

D19. If yes to D177, what kind of support? (tick those that apply)

- a. Cash transfer ☐
- b. Deferral of rent, mortgage or utilities ☐
- c. Deferral of credit payments ☐
- d. Suspension of interest payments ☐
- e. Rollover of debt ☐
- f. Access to new credit ☐
- g. Loans with subsidized interest rates ☐
- h. Fiscal exemptions or reductions ☐
- i. Tax deferral ☐
- j. Wage subsidies ☐
- k. Suspension of membership fees ☐
- l. Personal Protection Equipment (PPE) ☐
- m. Hand washing stations or hand sanitizer ☐
- n. Health and Safety guidelines on social distancing in the workplace ☐

D20. Who provided the support?

- a. Landlord ☐
- b. Commercial bank ☐
- c. The Government ☐
- d. Family ☐
- e. Suppliers ☐
- f. Buyers ☐
- g. Business Association ☐
- h. Other: (specify)_____

D21. To what extent was the support useful for the business?

- a. Very useful ☐
- b. Useful ☐
- c. Not very useful ☐
- d. No effect ☐
- e. Negative effect ☐

D22. By mid-2022, to what extent was the business still impacted by the Covid-19 pandemic?

- a. Now a highly negative impact ☐
- b. Now a moderately negative impact ☐

- c. No impact any more ☐
- d. Now a moderate positive impact ☐
- e. Now a highly positive impact ☐

1.12 Impact of Russia-ukraine crisis since February 2022

D23. How is the Russia-ukraine crisis since February 24th impacting your business?

- a. Highly negative impact ☐
- b. Moderate negative impact ☐
- c. No impact ☐
- d. Moderate positive impact ☐
- e. Highly positive impact ☐

D24. What was the impact on your business in the following parameters? (Tick your rating)

	Very Low	Low	No Change	High	Very High
a. Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Exports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Number of employed staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Production level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Number of clients/contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Stock of finished goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Access to supplies to operate the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Ability to pay salaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Ability to pay for inputs and variable expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Ability to pay back loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Imports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D25. If positive impact (a or b to D13), in what way did the Ukraine crisis have a positive impact on your business?

- a. Increased profit margins from higher prices ☐
- b. Less competition in the market ☐
- c. Improved access to skilled labour ☐
- d. Increased use of technology ☐
- e. Increased use of local raw materials ☐
- f. Other (specify) _____ ☐

D26. How did your business respond to the Ukraine crisis? (select those that apply)

- a. Stopped operating ☐
- b. Stopped paying staff ☐
- c. Laying off staff ☐
- d. Lowering production ☐

- e. Found new domestic suppliers ☐
- f. Found new foreign suppliers ☐
- g. Invested in new technologies ☐
- h. Taken new loans to bridge the crisis ☐
- i. Started working more online and from home ☐
- j. Increased e-commerce focus/capabilities ☐
- k. Deferring planned investments ☐
- l. Found new external markets ☐
- m. Focused more on domestic market ☐
- n. New customer/go to market strategy ☐
- o. Created new organizational structure ☐
- p. Other: (specify)_____ ☐

D27. Since the Ukraine crisis, has this establishment benefited from additional support measures beyond those issued in response to the crisis?

- a. Yes ☐
- b. No ☐

D28. If no to D17, what of the follow options best describe the reason why this establishment did not receive any national or local government measures issued in response to the Ukraine crisis?

- a. We were not aware ☐
- b. Too difficult to apply ☐
- c. We were not eligible ☐
- d. We applied but did not receive it ☐
- e. Corruption is preventing us to access ☐
- f. Other: (specify)_____ ☐

D29. If yes to D17, what kind of support? (tick those that apply)

- a. Cash transfer ☐
- b. Deferral of rent, mortgage or utilities ☐
- c. Deferral of credit payments ☐
- d. Suspension of interest payments ☐
- e. Rollover of debt ☐
- f. Access to new credit ☐
- g. Loans with subsidized interest rates ☐
- h. Fiscal exemptions or reductions ☐
- i. Tax deferral ☐
- j. Wage subsidies ☐
- k. Suspension of membership fees ☐
- l. In-kind contribution of inputs/raw materials ☐
- m. Other: (specify)_____ ☐

D30. Who provided the support?

- a. Landlord ☐
- b. Commercial bank ☐
- ☐

- c. The Government ☐
- d. Family ☐
- e. Suppliers ☐
- f. Buyers ☐
- g. Business Association ☐
- h. Other: (specify)_____

D31. To what extent was the support useful for the business?

- a. Very useful ☐
- b. Useful ☐
- c. Not very useful ☐
- d. No effect ☐
- e. Negative effect ☐

1.13 Desired Policy response

D32. To what extent do you think the current Government policies are positive for the business environment in Mauritius?

- a. Extremely positive ☐
- b. Very positive ☐
- c. Moderately positive ☐
- d. Moderately negative ☐
- e. Very negative ☐
- f. Extremely negative ☐

D33. What measures would be needed to improve the business environment in the current situation? (pick maximum 2)

- a. Prefer as little government interventions as possible ☐
- b. Loan guarantee facilities ☐
- c. Trade agreements with improved market access ☐
- d. Tax deferral ☐
- e. Wage subsidies ☐
- f. Subsidies on inputs ☐
- g. Cash transfers ☐
- h. Other: (specify)_____

E. Trade Agreements

E1. Does the Ukraine crisis have any impact on your ability to trade?

- a. Severe impact ☐
- b. Moderate impact ☐
- c. Insignificant impact ☐
- d. No impact at all ☐

E2. As of today, does the Covid-19 pandemic still impact your ability to trade internationally?

- a. Severe impact ☐
- b. Moderate impact ☐
- ☐

- c. Insignificant impact
- d. No impact at all ☐

E3. What hurdles are you currently facing related to exporting?

- a. Regulations ☐
- b. Customs tariffs ☐
- c. Market knowledge ☐
- d. Not competitive in foreign markets ☐
- e. Technology ☐
- f. High transport costs ☐
- g. Corruption ☐
- h. Lack of knowledge how to export ☐
- i. Home market is large enough ☐
- j. Other (specify)_____

E4. In your view, what could government do to improve your ability to export?

- a. Specify_____

E5. What hurdles are you currently facing related to importing?

- a. Regulations ☐
- b. Customs tariffs ☐
- c. Market knowledge ☐
- d. Not competitive in foreign markets ☐
- e. Technology ☐
- f. High transport costs ☐
- g. Corruption ☐
- h. Lack of knowledge how to import ☐
- i. Home market is large enough ☐
- j. Other (specify)_____

E6. In your view, what could government do to improve your ability to import?

- a. Specify_____

E7. To your knowledge, which of these trade agreements is your country signatory to?

- a. AfCFTA ☐
- b. SADC ☐
- c. COMESA ☐
- d. AGOA ☐
- e. Others (specify)_____

E8. In your perception, what is the main objective of the AfCFTA?

- a. Specify_____

E9. Are you planning to take advantage of new opportunities in AfCFTA?

- a. Yes ☐
- b. No ☐

E10. What will be the impact of AfCFTA on your business?

- a. Very positive impact ☐
- b. Positive impact ☐
- c. No impact ☐
- d. Negative impact ☐
- e. Very negative impact ☐

E11. If positive impact, how does the business benefit? (tick maximum 2)

- a. New market access on the company ☐
- b. Improved access to suppliers and inputs ☐
- c. Improved access to skilled labour ☐
- d. Improved access to investing in other countries ☐
- e. Opportunities for using new technology ☐
- f. Improved access to investment into the business due to a larger market ☐
- g. Others (specify)_____ ☐

E12. If negative impact, how is the business impacted? (tick)

- a. Increased competition in our home market ☐
- b. Others (specify) _____

E13. What do you think will be the top 3 most significant challenges for your enterprise to be able to trade under the AfCFTA and benefit?

- a. Specify_____
- b. Specify_____
- c. Specify_____

F. Use of Technology

F1. For which of the following business functions has this establishment started using or increased the use of internet, online social media, specialized Apps or digital platforms in response to COVID-19 outbreak? Choose all options that apply

- a. Communicating with employees ☐
- b. Communication with clients and suppliers ☐
- c. Supply chain management ☐
- d. Marketing ☐
- e. Sales and bookings ☐
- f. Payment methods ☐
- g. Service delivery ☐
- h. Other: (specify)_____

F2. Has the use of technology in the business increased or decreased in response to Covid-19?

- a. Increased a lot ☐
- b. Increased a little ☐
- c. No change as a result of Covid-19 ☐
- d. Decreased a little ☐

e. Decreased a lot ☐

F3. Does your business use any of the following to market your business or sell your products or services?

- a. A website ☐
- b. Facebook ☐
- c. An online shop ☐
- d. Youtube ☐
- e. Instagram ☐
- f. Whatsapp ☐
- g. Twitter ☐
- h. None of the above ☐
- i. Other (specify)_____ ☐

F4. If any to the above, what is the share of sales generated using the external digital platforms?

- a. Less than 10% ☐
- b. Between 11%-25% ☐
- c. Between 26%-50% ☐
- d. More than 50% ☐
- e. Don't know ☐

F5. Has the focus on using digital platforms for sales increased or decreased as a result of Covid-19?

- a. Increased a lot ☐
- b. Increased a little ☐
- c. No change ☐
- d. Decreased a little ☐
- e. Decreased a lot ☐

F6. In the year ahead, do you plan to invest in new technologies for your business operations or sales?

- a. Yes ☐
- b. No ☐

F7. If yes, in what?

- a. Specify_____

F8. What is the motivation for investing?

- a. Demanded by clients ☐
- b. Responding to competitors ☐
- c. To lower costs ☐
- d. To access new markets ☐
- e. Others (specify)_____

F9. If No, why not?

- a. Too expensive ☐
- b. Don't know what to invest in ☐
- c. Cannot find a product/supplier ☐

d. No need

F10. What kind of support would you need from Government in order to invest in new technologies?

a. Specify_____