

## AFRICA RISK CONSULTING

### Mauritius Monthly Briefing February 2026

---

#### Mauritius Summary 27 February 2026

*Mauritius' score and rank on Transparency International's Corruption Perception Index (CPI) is downgraded in the 2025 results, pointing towards critical governance and legislative failures. United States (US)-headquartered Moody's affirms Mauritius' Baa3 rating with a negative outlook but issues such as foreign exchange shortages, challenges in the domestic labour force, and the utilities crisis raises concern that Mauritius will not be able to avoid a downgrade next year. The World Bank releases its Country Climate and Development Report (CCDR) report, highlighting the detrimental effect climate change is currently having but also projected to have on Mauritius. While the report outlines pragmatic solutions, such solutions might prove to be difficult to implement with the islands' fiscal constraints.*

---

#### Mauritius downgraded on the Corruption Perception Index

Germany-headquartered **Transparency International's Corruption Perception Index (CPI)** for 2025 [ranked](#) Mauritius 61<sup>st</sup> out of 182 countries, a significant downgrade from its position of 56<sup>th</sup> in 2024. Mauritius' score on the CPI has also gradually declined since 2012, initially scoring 57 out of a 100, but now scoring 48 out of a 100. Countries with a low score, nearer to zero, are calculated to be more corrupt than countries with a high score, nearer to 100.

The index only [accounts](#) for public sector corruption which includes, but is not limited to, bribery, diversion of public funds, nepotistic appointments and state capture. The score is calculated by drawing on 13 different corruption surveys and assessments to determine an overall average score of how corruption is perceived within a country.

Although 2025's global average of 42 out of a 100 does point towards a global increase in perceived corruption within countries, Mauritius' continual poor performance on the index is noteworthy. While it is concerning from an investor confidence perspective, especially considering the island's dependency on international financial institutions to boost its finance and investment sector, it is also detrimental to Moody's annual credit risk assessment and the 2027 **Financial Action Task Force (FATF)** review.

It should be noted that Moody's and the FATF do not directly consider the CPI results in their assessments, the CPI score is valuable to grasp the on-the-ground sentiment towards perceived corruption in the public sector. For example, the increase of perceived corruption within the country points towards governance and legislative failures whereby public officials are not sufficiently held accountable for their actions. Such institutional failures are significant indicators which are highly likely to influence external assessment of the island.

There has been several high profile governance and legislative failures in Mauritius over the last 18 months, including the arrest of former prime minister **Pravind Jugnauth** (2017-2024) on corruption charges in late 2024. Jugnauth has not faced any serious legislative repercussions yet. In addition to Jugnauth, there was the arrest of former **Bank of Mauritius (BoM)** (central bank) governor **Harvesh Seegolam** on charges of fraud. Subsequently, his replacement, **Rama Sithanen**, faced allegations of nepotism in 2025 and was relieved from his post. No further investigation into the allegations has been completed.

The increased perceptions of public sector corruption within the island do not shed a favourable light on accountability and governance structures within the country. Accountability and the performance

of governance structures are critically important factors to determine the safety for international investment in the island but also to external reviews.

### Moody's rating stays the same

**United States**-headquartered Moody's released its annual credit rating results for Mauritius on 4 February, affirming the island's Baa3 rating with a negative outlook. Although it was a relief to not be further downgraded to junk status, [analysts](#) are now questioning whether the government can implement corrective measures swiftly enough to prevent any risk of a further downgrade. Aside from fiscal deficit concerns and institutional weaknesses at the central bank, new structural imbalances have emerged that increases the island's downgrade risk.

Mauritius now faces three interconnected resource crises that threaten economic stability. Firstly, its foreign exchange shortage. While the previous administration heavily relied on intervention with domestic foreign exchanges to artificially inflate the rupee, the current government seems unable to shake this strategy, as increasing interventions in domestic exchange market remains. It remains concerning that the BoM continues to intervene in the domestic market to smooth volatility, rather than implementing decisive measures to restore foreign reserves. Continuous intervention pushes the government towards a difficult ultimatum to restore the rupee. The government would either need to allow the currency to adjust freely, which would trigger inflation, or intervene aggressively in foreign reserves, which is likely to deplete reserves further.

The labour market presents equally acute challenges. Mauritius' shrinking domestic workforce, declining productivity, and steady outflow of young Mauritians [seeking](#) opportunities abroad have created critical skills shortages. The economy has become increasingly dependent on foreign workers, but the [immigration](#) processes remain slow, with businesses reporting months-long delays in work permit approvals. These administrative barriers undermine investor confidence and create a foreign skilled labour force while Mauritians remains trapped as unskilled labourers without the opportunity for upward social mobility.

Finally, and perhaps the most alarming for a tourism-dependent economy, are the utilities crises. Water and electricity shortages have become increasingly frequent, with the government [warning](#) of potential scheduled power cuts in 2026 if domestic energy supply is not significantly boosted. Additionally, climate change is further intensifying these pressures, with more forceful cyclones arriving from unusual directions and increasing water scarcity (see below). Despite these escalating threats, Mauritius lacks a coherent long-term strategy for energy and water security, a critical institutional failure that Moody's evaluates when assessing sovereign risk.

The government's post-election performance has exacerbated these challenges. Despite the **Alliance du Changement** securing a victory in November 2024, the new administration has wasted critical momentum by failing to act and placing perpetual blame on the previous administration. For example, key appointments, such as the finance minister, remain delayed and monetary and fiscal policy direction remain vague. This administrative paralysis directly contradicts the decisive governance that Moody's requires to maintain investment-grade status.

Adding this already precarious situation is the looming 2027 FATF review, which could compound reputational damage if Mauritius fails to demonstrate robust anti-money laundering frameworks. With successive budget deficits exceeding 9% in fiscal years 2023/24 and 2024/25, institutional governance weaknesses, and mounting structural imbalances, the window for corrective action is rapidly closing. Unless the government immediately restores institutional trust through policy consistency, securing critical utilities, streamlining labour immigration, and stabilising the foreign exchange market, a downgrade appears increasingly inevitable, which will undoubtedly have negative implications for borrowing costs and foreign investment flows.

### World Bank releases the Mauritius Country Climate and Development Report

On 23 February 2026, the **World Bank** released its **Country Climate and Development Report (CCDR)** for Mauritius on 23 February, revealing that even though the island [contributes](#) only 0.01% to global greenhouse gas emissions, it faces significant consequences directly related to climate change. The report projects that without decisive climate action, climate change related impacts could reduce the island's GDP by up to 4% by 2050. In turn, this threatens the country's economic foundations precisely when fiscal space remains severely constrained.

The two most alarming findings the CCDR outlines is in regard to coastal vulnerability and water scarcity. The report [details](#) that the island's coastline is expected to retreat between five to 50 metres by 2050, which will have an impact on over 4,000 buildings. Furthermore, the report projected that based on current rates, by the year 2100, the coastline could further retreat by ten to 60 metres, which will impact nearly 90,000 buildings. Coastal infrastructure is further at risk to storm surges that could potentially reach 3.45 to 4.5 metres during submersion events. The coastline reduction is a significant risk for the island given that one-third of Mauritius' population resides in coastal areas and tourism infrastructure is concentrated along shorelines.

Water scarcity is another significant challenge for the island, with competing demands from tourism, agricultural irrigation, and household needs. For example, January 2026 was [recorded](#) as the seventh driest January in 30 years, with rainfall at only 48% of seasonal norms. Water scarcity increases tensions between economic sectors dependent on reliable water access, such as tourism and agriculture.

To combat the effects of climate change on the island, the CCDR outlines a comprehensive roadmap which requires \$5.6 billion in additional investment over 25 years, which is currently an estimated annual financing gap of \$213m. The report frames climate action as an economic opportunity, by projecting that investments in renewable energy and sustainable ocean industries could generate up to 32,000 jobs by 2030.

Furthermore, the report [prioritises](#) ten high-impact policy actions across three pillars, which includes, firstly, reinforcing macro-fiscal foundations which will enable private-public partnerships, fiscal consolidation, and structural reforms. Secondly, transforming key economic sectors such as tourism, to be more sustainable and climate resilient. Lastly, implementing risk-reduction measures against climate change, which includes coastal protection, climate-proofing **Port Louis**, and water pricing reform.

Although, the report makes valuable recommendations, it directly conflicts with Mauritius' current fiscal reality (see above). To achieve the CCDR's \$5.6 billion investment requirement, by mobilising private-public partnerships, it would require the government to ensure a return on investment for the private sector. In turn, this enablement would necessitate policy reform and targeted public expenditure. While these are manageable requirements in principle, it is challenging given the country's already high debt [levels](#) - 80.5% of nominal GDP as of December 2025 - and policy misalignment, such as a lack of a dedicated finance minister and central bank governance turbulence.

Mauritius' institutional capacity to currently execute this complex public-private financing strategy remains questionable. The government faces a critical choice, accept short-term fiscal strain to secure long-term climate resilience, or prioritise immediate fiscal consolidation while climate vulnerabilities increase, which could potentially trigger the 4% GDP loss the CCDR warns against.

## Planner

16 – 27 Mar 2026 (**Mauritius**) Mauritius Europe Investment Promotion Roadshow  
2026 (**Mauritius**) 18<sup>th</sup> United States-Africa Business Summit

## Chronology

24 Feb 2026 **Port Louis (Mauritius)** *Ministry of Foreign Affairs*. An **International Monetary Fund (IMF)** delegation calls on prime minister **Navinchandra Ramgoolam** to discuss developments in the IMF's ongoing technical mission to support economic reform;

23 Feb 2026 **Port Louis (Mauritius)** *Kenya Ministry of Defence*. The **Kenyan Navy** and **Mauritius National Coast Guard** executes a coordinated naval exercise which reflects the two country's strengthened partnership;

23 Feb 2026 **Port Louis (Mauritius)** *Comsure*. Mauritius completes its second **Terrorist Financing Risk Assessment (TFRA)**, a significant step for strengthening national safeguards against terrorist financing;

19 Feb 2026 **Port Louis (Mauritius)** *Ministry of Foreign Affairs*. The foreign affairs ministry, **Overseas Development Institute (ODI)** and **British High Commission** host a workshop to support implementing the **African Continental Free Trade Area (AfCFTA)** and further integrating Mauritius into the programme;

19 Feb 2026 **New Delhi (India)** *Ministry of Foreign Affairs*. Prime minister **Navinchandra Ramgoolam** attends the **Artificial Intelligence (AI) Impact Summit**, stating that there must be greater international partnerships between countries, businesses and organisations to fully unlock the opportunities of AI and mitigate its risks;

19 Feb 2026 **Port Louis (Mauritius)** *ReNews.Biz*. **Qatar** completes its financing for the \$150m renewable solar energy **Stor'Sun** project in Mauritius;

18 Feb 2026 **Washington (United States)** *Sky News*. United States (US) President **Donald Trump** continues to argue against the **Chagos Island** deal between **Mauritius** and the **United Kingdom (UK)**, which is placing strain on the relations between the UK and US, and leaves the deal hanging in the balance;

6 Feb 2026 **Port Louis (Mauritius)** *Ministry of Foreign Affairs*. **Madagascar's** justice minister **Fanirisoa Ernaivo**, meets with prime minister **Navinchandra Ramgoolam** to discuss cooperation and shared interests between the two countries;

5-7 Feb 2026 **Mumbai (India)** *Mauritius Now*. The **Mauritius Tourism Promotion Authority (MTPA)** leads a delegation to **OTM**, an international tourism convention in Mumbai, to promote tourism to the island;

5 Feb 2026 **Port Louis (Mauritius)** *Le Mauricien*. **United States (US)** reactivates **African Growth and Opportunity Act (AGOA)** trade preferences until 31 December 2026, restoring duty-free access for thousands of **African** products and providing short-term relief to Mauritian exporters after months of uncertainty;

27 Jan 2026 **Kampala (Uganda)** *Monitor*. The **Absa Africa Financial Markets Index** indicates that Uganda is emerging as **East Africa's** most stable financial market, ranking fourth overall in Africa behind **South Africa, Mauritius** and **Nigeria**, driven by macroeconomic stability, legal certainty, and consistent policy;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting

and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)

Africa Risk Consulting (ARC) Pty Ltd expressly forbids the collection of information and content from ARC Briefing as data to train generative artificial intelligence models.

© Africa Risk Consulting (ARC)