

Bank of Mauritius Granted Permission to Make Equity Investments in Companies

By Kaleb Nygaard

Original post [here](#).

On [May 16](#), in response to the economic downturn caused by COVID-19, the government of Mauritius passed a law granting permission to the Bank of Mauritius (BOM), the country's central bank, to make equity investments in companies.

As announced by the BOM on [May 22](#), it will establish a special purpose vehicle called the Mauritius Investment Corporation (MIC) to make the capital investments. The announcement indicated the purpose was to “mitigate contagion of the ongoing economic downturn to the banking sector, thus limiting macro-economic and financial risks.”

The MIC will operate independently and be [governed by](#) a board of directors consisting of the first vice-governor and the second vice-governor of the BOM as well as three other independent members chosen from the private sector. A committee of professionals and advisors from the private sector will conduct in-depth analysis on the funding requests from companies and then submit their recommendations to the board of directors, who will have the final say on investments made by the MIC.

The MIC will make investments through a range of equity and quasi-equity instruments. The funds will be [directed to](#) “domestic systemic economic operators.” The announcement said this would help preserve jobs. In a [press interview](#), the BOM Governor expanded, “by helping the economic operators who have a systemic importance, the MIC intends to avoid these companies from being in an irreversible financial situation and to provoke a shock wave which will affect the banking system and, by extension, the whole economy.”

The law allowing the BOM to initiate these new equity investments indicated that funding for the MIC would come from the BOM's foreign reserves. As of [April](#), the BOM held MUR 280 billion (USD 7 billion), roughly half of the country's GDP. No additional details are available at this time.

The same law that allowed BOM to establish the MIC also allowed BOM to make a one-time grant of MUR 60 billion to the government to be used “to assist it in its fiscal measures to stabilise the economy of Mauritius.” The grant was issued on [May 22](#).