

Implementation of the Circular Economy Roadmap – Republic of Mauritius

TECHNICAL NOTE

Initial Assessment Report on CE Financing Opportunities

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This document was produced with the financial support of the European Union. Its contents are the sole responsibility of Expertise France and do not necessarily reflect the views of the European Union.

Submitted to:

European Union Delegation Mauritius
Business Mauritius
Ministry of Environment

Date:

18 – May – 2026

1. Introduction and Objective

This note provides a preliminary assessment of access to finance for circular economy (CE) actors in Mauritius and Rodrigues, based on limited consultations with stakeholders from the construction sector and Circular ecosystem. Therefore, data collected cannot be fully extrapolated at this stage and some hypothesis would need to be confirmed by additional research and interviews.

It aims to establish a baseline that will be used to refined more precise objectives and focused the research and assessment in the identified gaps.

2. Access to financing: a central constraint for all actors

Access to finance emerges as a decisive constraint across all categories of actors though it manifests differently depending on the structure, maturity, and sector of the enterprises. Some issues are specific to the construction sector such as small contractors.

2.1. Keys problematic in Circular Economy

The challenges identified at actor level reflect broader systemic issues, consistent with regional analyses on financing the circular economy, including work conducted at Indian Ocean level.

Circular economy financing typically relies on a combination of public and private instruments. Public funding mechanisms, mainly in the form of grants or SME support schemes, remain limited in scale and often characterised by slow disbursement and restricted eligibility. Private financing, largely dominated by commercial banks, is based on traditional lending models that require strong collateral and predictable cash flows.

As highlighted in regional analyses, including the COI work on circular economy financing¹, this results in a structural mismatch between available financial instruments and the needs of circular projects. These projects often require higher upfront investment, involve longer return periods, and rely on business models

¹ Trinomics / COI (2025). *Innovative Financing Mechanism for the Blue and Circular Economy for Island States of Africa and the Indian Ocean* — Annex 2, Commission de l'Océan Indien, March 2025.

that are still perceived as non-standard or higher risk. This perception of risk seems to be related to the uncertainty surrounding market demand and the non-conventional supply chain structures that circular models depend on — such as reverse logistics and material recovery — which differ significantly from standard bankable project profiles²³

Financial institutions generally lack dedicated tools and frameworks to assess such projects, reinforcing a conservative approach to lending. Consultation with Zero Waste Mauritius confirm this: civil society organisations and small entrepreneurs report that the resources required to access bank financing — both in terms of financial expertise and time — are frequently unavailable within small structures, and that the delay to obtain a positive funding decision is perceived as a major deterrent

This has also been documented by the COI report: the Mauritius Commercial Bank, has developed its own internal green taxonomy and a dedicated lending instrument offering lower rates to circular businesses, reports that it does not receive enough bankable circular projects to fully deploy this instrument. This finding highlighted the necessity to collaborate closely with the SUNREF programme.

At the same time, it shall be note that the pipeline of investment-ready circular projects seems to remain limited, due to capacity gaps among SMEs and insufficient technical support.

More broadly, financing opportunities remain fragmented and insufficiently visible, particularly for smaller actors. This lack of visibility across public and private instruments further limits the mobilisation of capital towards circular economy activities.

2.2. General approach: MSMEs in Circular economy

This focus extended the approach to MSMEs but not limited on the construction sector to provide a broader approach to the assessment.

For small initiatives - including start-ups - the challenge is equally pronounced but takes a different form. Accessing financing requires technical capacities that are often lacking, including the ability to structure bankable projects and navigate complex application procedures. Funding processes are often perceived as long and resource-intensive, discouraging smaller actors from engaging. In addition, limited access to information on available financing opportunities further constrains uptake.

Overall, the financing gap reflects both :

- **supply-side constraints** with risk perception and lack of adapted instruments
- **demand-side limitations**: capacity gaps among beneficiaries

This dual constraint is well illustrated by the experience of “*La Dechéthèque*”, a circular economy operator in the construction and demolition sector, which highlighted that the challenge is not only access to financing but also the difficulty of generating sufficient demand to develop viable and bankable business models

This observation echoes findings in the literature: without sufficient and predictable demand signals from clients and project owners, circular business models in construction struggle to reach the scale necessary to attract investment⁴. In the construction sector, three types of demand driver have been pre-identified:

² Rizos, V. et al. (2016). Implementation of circular business models by small and medium-sized enterprises (SMEs): Barriers and facilitators. *Journal of Cleaner Production*, 135, 1021–1032.

³ Linder, M. et al. *Financing Circular Business Models: The challenges of obtaining bank credit for Product-as-a-service models*. <https://www.diva-portal.org/smash/get/diva2:1826887/FULLTEXT01.pdf>

⁴ Pomponi, F., & Moncaster, A. (2017). Circular economy for the built environment: A research framework. *Journal of Cleaner Production*, 143, 710–718.

1. Institutional demand (government)
 - Regulations framework : requirements, standards, waste management
 - Incentives policy including fiscal instruments
 - Public procurement policies : significant market-making instrument, generating initial demand volumes that could allow circular suppliers to scale⁵
2. Top-down demand (large companies & developers)
 - Create initial market volume (procurement, design, contractual obligation)
 - Set specifications and subcontractors and suppliers
3. Bottom-up demand (users & SMEs)
 - SMEs innovating in reuse, repair, materials
 - Individual Households requesting sustainable housing (renovation and construction)

2.3. Stakeholders in the construction sector

This assessment in the construction sector is based on limited actors feedback. The interview of the *Association of contractors* allowed identifying the problematic of small contractors, but also other actors such as architect (Morphos) and Engineer (MS Engineering) and reusing platform (Déchèteque). This vision was completed with interviews with large companies - usually seen as front-runner in circular economy: material producer (Gamma material, UBP, Saint Gobain, SOFAP) construction companies (GCC, Transinvest, Lax Manhbai) and real estate companies (CIEL group, ER group, Nova Terra).

An initial mapping of MSMEs in the construction sector have been established below:

- Material producers and Products manufacturer : workshops (glass, metal, wood) - *few SMEs in material production but important variety in products manufacturer*
- Materials and products suppliers: *suppliers, including scrap dealer, importers and distributors.*
- Design & Pre-Construction : *architectural firms / freelance architects, quantity surveyors Engineering consultancies*
- Construction & logistic (including Off-site Production): *General contractors, Specialized subcontractors (Masonry Carpentry / joinery, Plumbing, Electrical works, Painting and finishing, Tiling and flooring, Roofing etc.)*
- Demolition and renovation
- Recovery Activities : *reuse platform, recyclers, waste transportation, waste sorting*
- Use Phase & Maintenance : *waste collection, Plumbing, Electrical works, Painting*
- Cross-Cutting Support : *trainers, audits, consultants, financial intermediaires, digital solution*

This mapping will be refined through a dedicated SME assessment and integrated in a more generic mapping of the construction value chain within CE Hub activities.

⁵ European Commission (2020). *Buying Green! A Handbook on Green Public Procurement* (4th ed.). Publications Office of the EU, Brussels.

Two focus have been made:

1. Small contractors in the construction sector:

Small contractors in Mauritius operate within a sector that has undergone significant structural evolution. The Construction Industry Authority (CIA) has revised its registration grades (A, B, and C) based on capital and delivery capacity: Grades A and B cover approximately twenty large companies, while Grade C⁶ encompasses around 1,800 contractors representing nearly 18,000 jobs (Association of Contractor, January 2026). Large companies increasingly rely on subcontracting, meaning that the operational capacity of the sector is substantially carried by SMEs.

These contractors operate under structurally constrained financial conditions. The Association of Contractors underlines the following problematics:

- Projects are often pre-financed by contractors, while payments from larger firms can be delayed by 6 to 12 months, creating severe cash flow constraints
- Access to bank financing is limited due to:
 - High collateral requirements
 - Personal guarantees
 - Cash-based bank guarantees (up to 10% of project value)

As a result, many contractors rely on overdraft facilities at relatively high interest rates, which are not suited to investment or innovation. It should be highlighted that while these financing constraints can hinder the development of circular economy practices — as small contractors have little margin to adapt their activities — they are part of a broader contractual and structural issue within the construction sector, characterised by an extensive reliance on subcontracting.

A complete assessment on MSMEs in the construction sector will complete this initial approach that cannot be limited to the sole contractors.

⁶ Grades are meant to classify the size of contract contractors are allowed to undertake Grade A : Large (above 500 Millions MUR) B (up to 500 millions MUR, Grade C up to 300 Millions MUR) <https://ciamauritius.org/grade-selection-for-local-contractors-2-2/>

2. Large companies in construction sector:

Large companies face different constraints than MSMEs. They are mostly related to the scale and uncertainty of circular investments. Transitioning towards circular practices requires significant upfront investment, while the regulatory framework, market conditions and the demand for potentially more expensive products remain partially uncertain.

In addition, the island nature of Mauritius brings additional challenges, including competition with imported products not subject to equivalent standards, and constraints related to access to sufficient volumes of secondary materials for viable and competitive circular investment.

It shall be highlighted that in the construction sector “Project owners” — whether large real estate developers or public procurement bodies — occupy a **structurally central position** in the construction value chain. As clients, they define the **specifications, standards, and procurement criteria** that cascade down to contractors, materials suppliers, and subcontractors.

Their choices therefore determine whether circular practices are incorporated from the design stage to the construction site organization, construction operation, maintenance, renovation and end-of life. This top-down influence has been documented in the construction CE literature: demand from developers and clients is identified as a powerful lever for mainstreaming circular practices across the supply chain.⁷ In Mauritius, this is illustrated by real estate groups such as Nova Terra and ER Group, which use LEED certification to reduce the environmental impact of their construction — through the use of recycled materials and waste reduction — and to improve waste management practices, including waste sorting, reuse, and recycling planning.

These circular economy activities mobilised a wide range of contractors, including MSMEs, developing skills and demonstrating that the ability to implement CE practices can be a source of contracts and market development. During consultations, The General Construction Company (GCC) and Transinvest mentioned that training and securing subcontractors able to meet their standards was critical to their operations.

To conclude, large real estate groups and construction companies are not only actors facing financing constraints, but also primary demand drivers whose strategic choices shape the pace of CE adoption across the entire construction ecosystem.

⁷ Tingley, D.D., & Davison, B. (2012). Design for deconstruction and material reuse: The circular economy and the construction sector. *Proceedings of the ICE — Engineering Sustainability*, 165(4), 233–243.

3. Expertise France activities to address access to financing

This initial assessment highlights the need for a structured approach addressing both financial and non-financial barriers. The table below resume the main gaps identified and the activities being developed to address them.

Identified Gaps	Project's activities	Expected outputs
Limited visibility and difficulties to access adapted financing instruments	Consultancy : Access to financial opportunities : public and private funding - Mapping of financing opportunities - public and private- including Rodrigues	A comprehensive mapping of public and private instruments, combined with the development of guidelines and training for financial institutions
Perception and capacity to evaluate CE project within financial institutions	- Development of CE criteria and guidelines for financial institutions - Training for financial institution - Restitution for private sector	More equipped Financial institution personnel to review CE projects
Capacity gaps among MSMEs – technical and financial access	Consultancy : Assessment of SMEs in the construction sector – - Mapping of SMEs on the construction sector - Identify technical and financial constraints affecting MSEM - Tender for	Strategy to precise for each type of MSMEs and an level of priority : - Technical training content and type of support to access financing opportunities through CE Hub - Adapted tools and methodology
CE-specific regulatory frameworks in construction	Consultancy - Strategy, Regulation and Guidelines for Construction and Demolition Waste (CDW) – Within policy action P16 and KP24 of the roadmap	Provides complete framework and clear vision of upcoming requirements
Demands for CE practices through private and public entities	Collaboration with PPO : to include CE criteria in public procurement	Support the demand for CE practices
Coordination between actors in the C&D value chain	CircuHub training plan : - Inclusive technical training and assistance - Sharing good practices and peer to peer	Technical readiness to implement CE practices Streamline exchange between large companies, public entities, MSMEs and other relevant stakeholders (Academic, Civil society)