

Mauritius Africa's Philanthropy Hub

As private giving from countries around the world is on the rise, Assad Abdullatiff, Managing Director of Axis Fiduciary Ltd, sees opportunities for Mauritius to become a jurisdiction of choice for the structuring and professional management of charitable and philanthropic activities aimed at Africa



Pivate giving from all countries around the world is on the rise and this has created a new space for a whole range of professional services around charity and philanthropy. Mauritius offers not only the right legal vehicles to accommodate philanthropic ventures but also a number of other advantages through its conducive business ecosystem. It also has a clearly articulated Africa strategy with strong historical, cultural and geographical links with Africa. There is therefore no reason why Mauritius cannot become a jurisdiction of choice for the structuring and professional management of charitable and philanthropy

activities aimed at Africa.

Introduction

The word Philanthropy is derived from the Greek words "philo," which means loving and "anthropos" which means humankind. Philanthropy can therefore be broadly defined as love for humankind and is the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes. It contrasts with business initiatives, which are private initiatives for generating pecuniary gain. Philanthropy should also be distinguished from charity, because whilst the latter's objective is to

eliminate the suffering of a particular social problem, such as poverty, philanthropy attempts to address the root cause of the problem although there is some degree of overlap between the two.

Rise of philanthropy

The interest in philanthropy across the world has been on the rise. This is due to the explosion in global wealth over the last couple of decades and is fuelled by a desire by those who have benefited from economic expansion to make a difference to society at large. But philanthropy is not limited to the super rich. With the advent of technology, there is now more general awareness of the complex problems of our time and simple ways of channelling funds to worthy causes. Social media in particular has been instrumental in raising awareness and in promoting solidarity around a movement. Crowdfunding, through websites tailored to showcase specific projects or causes and accept donations seamlessly, has allowed the raising of money with donations from a large number of people for worthy causes.

Making an impact

It is fair to say that over time, the face of philanthropy has changed. According to Professor Vogel, "Philanthropy is clearly getting more organised and professionalised". Indeed, today's donors set impact goals, research the social or environmental issues they want to address and come up with funding strategies. Once funds are deployed, they measure impact and may accordingly refine or redefine their strategy.

Exigencies of the modern philanthropist

The professionalisation of philanthropy means that philanthropists are increasingly adopting business-like techniques and standards to make sure that they are able to appeal to donors. This means that they need the right vehicle for their philanthropy/ investment initiative, to demonstrate good governance and the professional management of funds, to show how impact is measured and report to their donors/investors. That is where the use of an appropriate jurisdiction from which to conduct the philanthropy project can have all its importance.

The right structure

Mauritius is an ideal jurisdiction for the establishment and administration of philanthropic structures. It offers the following vehicles, which are all exceptionally well suited to supporting philanthropic ventures:

Philanthropic Trusts

The Mauritius Trust has all the attributes for use in philanthropy. A trust can be specifically structured as a charitable trust so long as the trust has as its exclusive purpose or object one or more of the following:

- (a) the relief of poverty;
- (b) the advancement of education;
- (c) the advancement of religion;
- (d) the protection of the environment;
- (e) the advancement of human rights and fundamental freedoms;
- (f) any other purpose beneficial to the public in general.

Philanthropic activities would normally fall under one of the above purposes but even if they do not, the law allows a trust to be established for non-charitable purposes.



**By Assad Abdullatiff,
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Philanthropy can be broadly defined as love for humankind

Every trust set up in Mauritius must have at least one Qualified Trustee which is defined as a person specifically licensed or authorised by the Financial Services Commission of Mauritius. This ensures that all trusts are professionally managed, supervised, and subject to the AML/CFT framework.

Trustees have a number of statutory duties, including fiduciary duties, a duty in respect of the trust property, a duty to act together in case there is more than one trustee and a duty to act impartially. In particular, Trustees must keep updated and accurate accounts and records of their trusteeship.

Philanthropic Foundations

Alternatively, a philanthropic initiative may be undertaken through a foundation. There are a number of similarities between trusts and foundations, but the main difference is that a foundation is a legal entity in its own right and can therefore own assets directly. It may therefore be better suited to those clients who prefer to use a vehicle which has a legal personality.

In the context of philanthropic activities, similar to a trust, a foundation can also can be specifically

Philanthropists are increasingly adopting business-like techniques and standards

structured as a charitable foundation so long as its exclusive purposes or objects are charitable. The definition of "charitable objects" is similar to that of trusts. Similarly, if the specific philanthropic activity does not fall under one of the defined charitable purposes, the law allows a foundation to be established for non-charitable purposes.

A foundation is managed by a Council which carries out the objectives and purposes of the foundation. The law requires all foundations to have at least one council member resident in Mauritius. To ensure that foundations are professionally managed, supervised and subject to the AML/CFT framework, every foundation must also have a qualified secretary in Mauritius which is defined as a person specifically licensed or authorised by the Financial Services Commission of Mauritius.

Taxation of Philanthropic Trusts/Foundation

Both the charitable trust/charitable foundation are exempt from income tax in Mauritius, whereas a non-charitable trust/foundation of which the settlor/founder is a non-resident of Mauritius and the purposes for which it has been set up are conducted outside of Mauritius can make a declaration of non-residence which will also render it not to be subject to income tax in Mauritius.

Other attributes

Stability

Mauritius is a worldwide reference for political stability in this side of the world with a presidential democracy modelled on the British parliamentary system with the highest court of appeal being the Privy Council of the United Kingdom.

Regulatory framework

Philanthropists will benefit from operating in a well-

regulated jurisdiction which is supportive of international initiatives (FATF, Basel, IOSCO, IAIS) aimed at preventing the jurisdiction from being used for money laundering and terrorist financing. The two regulators for the Financial Services Sector, namely the Financial Services Commission and the Bank of Mauritius, are dedicated to the supervision of the banking and non-banking financial services sector.

Expertise

As a leading International Financial Services Centre, Mauritius has developed a fine brand of diligent, educated, multilingual and experienced network of specialists in wealth management, private banking, law and accounting. It has a burgeoning branch of STEP which is the leading global professional body of practitioners specialising in inheritance and succession planning. STEP members are well versed in helping clients to support charitable causes in an effective way.

Over time, the face of philanthropy has changed

The investment corridor to Africa

Mauritius is widely heralded as the "Gateway to Africa" and is already playing a pivotal role in facilitating investments in Africa. It is already trusted by institutional investors, development finance institutions, family offices and other investors who find it to be the natural domicile for investment into Africa.

Conclusion

Private giving from all countries around the world is on the rise and this has created a new space for a whole range of professional services around charity and philanthropy. Mauritius offers not only the right legal vehicles to accommodate philanthropic ventures but also a number of other advantages through its conducive business ecosystem. It also has a clearly articulated Africa strategy with strong historical, cultural and geographical links with Africa. There is therefore no reason why Mauritius cannot become a jurisdiction of choice for the structuring and professional management of charitable and philanthropic activities aimed at Africa.