



1. Project Data:		Date Posted : 08/15/2002	
PROJ ID: P001926		Appraisal	Actual
Project Name: Port Dev. & Env Prot	Project Costs (US\$M)	100.2	69.98
Country: Mauritius	Loan/Credit (US\$M)	30.5	15.45
Sector(s): Board: TR - Ports waterways and shipping (94%), Sanitation (5%), Roads and highways (1%)	Cofinancing (US\$M)	44.1	29.05
L/C Number: L3908; L3909; LP215			
	Board Approval (FY)		95
Partners involved : European Investment Bank; Japan Export-Import Bank; and Government of Luxembourg	Closing Date	12/31/2001	12/31/2001

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2. Project Objectives and Components

a. Objectives

The overall objective of the project was to enhance Mauritius' transport and trade competitiveness in the maritime sector in an environmentally sound manner. The project aimed to help:

- (i) increase port productivity, efficiency and capacity to meet the demand of port users and operators at competitive rates through extension of facilities, mechanization and improved management of Mauritius Marine Authority (MMA), Cargo Handling Corporation (CHC) and Mauritius Freeport Authority (MFA);
- (ii) re-define the role of MMA as a landlord port authority working through a system of competitive concession contracts with performance indicators for port operations;
- (iii) support the development of MFA to promote Mauritius as an attractive tax-free base for regional entrepot trade; and
- (iv) accompany port development with sound environmental protection, including control of marine pollution, and port operations and vessels' safety enhancement.

b. Components

The project consisted of the following three components.

1. Port Development (US\$89.3 million): (i) institutional strengthening to make MMA a more commercially-oriented landlord port authority; (ii) improvement in the management and operations of MMA and CHC through the implementation of their corporate plans, including organizational restructuring ; (iii) construction of a new three berth container and oil terminal, and procurement of related equipment; and (iv) supervision contracts for civil works; and specialized short-term assistance to develop and implement actions needed to strengthen the institutional set-up, management and operations of MMA and training.

2. Freeport Development (US\$8.9 million): (i) a study on the modalities for liberalization of the national regime governing air transport licensing, to permit sea-air links; (ii) implementation of a targeted trade development strategy; (iii) construction of roads, offices and customs buildings; and (iv) supervision contracts for civil works, and specialized short-term assistance to develop and implement actions needed to strengthen management, operations and training at MFA.

3. Environment Protection (US\$2.0 million): (i) a study to define the requirements and to design facilities for collection and disposal of land and ship-based oily waste, and to draft regulations required to enforce safety in port operations and control vessels' sea- worthiness; (ii) construction of facilities for collection and pre-treatment of oily waste. (iii) supervision of contracts for civil works and equipment and training to fight oil spills.

c. Comments on Project Cost, Financing and Dates

The total cost of the project was US\$ 69.98 million compared with the appraisal estimate of US\$100.2 million. The difference is mainly due to (lower than expected) competitive bids received in respect of civil works and quay cranes contract, and appreciation of US Dollar vis a vis French Franc. The undisbursed amount of \$1.4 million was cancelled from the loan on December 14, 2001, and the undisbursed amount of \$8.0 million was cancelled from the loan in two stages, \$7.0 million on July 1, 1999 and \$1.0 million as of August 1, 2001.

3. Achievement of Relevant Objectives:

The project fully achieved its stated objectives:

(i) Increase in port productivity and efficiency has substantially improved Mauritius' transport and trade competitiveness in the maritime sector.

- Average productivity per ship working hour increased from 21.9 in 1999 to 28.7 in 2001.
- Global traffic at Port Louis at the end of 2001 was 4.81 million tons, 7.6% higher than the previous year. This was 1% above the appraisal target for 2001.
- In 2001, Port Louis handled 161,634 TEUs (Twenty Foot Equivalent Unit for containers), 2.7% higher than the previous year. This was 19% above the appraisal target for 2001.
- To improve efficiency, 119 MPA and 430 CHCL staff were made redundant.

(ii) The management of Mauritius Marine Authority (MMA), Cargo Handling Corporation (CHC) has improved. The government approved the new Ports Act in May 1998 and subsequently Mauritius Marine Authority (MMA) was renamed the Mauritius Ports Authority (MPA) and became the Landlord Port Authority and the Cargo Handling Corporation Limited (CHCL) formally became a full-fledged operator.

(iii) To support the development of MFA and to promote Mauritius as an attractive tax-free base for regional entrepot trade, new Freeport Act was passed in July 2001 along with Freeport Regulations, which defined the new role of MFA as a regulator and promoter. MFA's assets were transferred to Business Parks of Mauritius Ltd (BPML). BPML established a subsidiary under the name BPML-Freeport Services to provide logistical support services such as warehousing, open storage yard, and office space to Freeport operators.

(iv) Complementing the new Ports Law, Port Regulations comprising port operations, safety, hazardous cargos, licensing, finance, and environment protection became effective. A Port Users Council (PUC) was established.

4. Significant Outcomes/Impacts:

- Substantial increase in port productivity especially for ships that need to be operated by two or more cranes. Ship productivity is more than 40 moves per hour, which is comparable to international standards. With the operationalization of Mauritius Container Terminal, average service time has been reduced from 37.5 hours in 1998 to 8 hours.
- A new salary structure for MPA staff was implemented, which has resulted in creating a motivated work force.
- Operating performance of MPA has improved significantly. The net operating income more than trebled during the period 1995 to 2000.
- MFA management has been successful in attracting local private investors and few foreign investors.
- Port and Maritime Training center was established for both public and private staff.
- Port Safety and Environment Committee (PSEC) consisting of representatives from Mauritius Police Force, Fire Services, Department of Environment, Municipal Council of Port Louis, and CHCL was set-up for the safety of port operations, and also for the harmonious development of both the port and the city of Port Louis. A Port Safety Management Plan was put into place.
- The concept of Voluntary Retirement Scheme (VRS) introduced by MPA is now being used in other sectors in Mauritius, such as the sugar sector.

5. Significant Shortcomings (including non-compliance with safeguard policies):

Some surface disorders were discovered at one end of the Mauritius Container Terminal (MCT) working areas. This was largely due to insufficient attention given to soils compressibility both at the design and construction stage. Important settlements, localized on the areas where the thickness of the compressible layer is maximum, were responsible for the structural disorders. According to the ICR, MPA is expected to do the remedial works required to restore the terminal to normal operational conditions by end 2002.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	
Institutional Dev.:	Substantial	Substantial	
Sustainability:	Highly Likely	Highly Likely	

Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The ICR identifies the following lessons of broad applicability:

- For successful implementation of institutional reforms, strong government ownership along with consistency in political will, irrespective of change in administrations is critical.
- A participatory approach and broad consultation process is extremely helpful in diffusing social risks and clearing misunderstandings during project preparation, negotiations and implementation, especially with the trade unions.
- For measuring operational performance and productivity during implementation period, well defined monitoring indicators are important.
- The Bank needs to oversee the design more closely to mitigate potential technical risks in future projects.

8. Assessment Recommended? Yes No

Why? To verify the project ratings and to draw lessons from the privatization experience and the successful implementation of the social aspects (staff reduction) of port sector reform.

9. Comments on Quality of ICR:

The quality of ICR is satisfactory. It is comprehensive and provides a candid assessment of the project's implementation experience and results. However, the ICR does not provide the actual cost for the environment component.