Mauritius: the Port Development and Environment Protection Project

The overall objective of the project (1996-2001) was to enhance the country's transport and trade effectiveness in the maritime sector in an environmentally sustainable manner. It 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 the Mauritius Port Authority (MPA), formerly the Mauritius Marine Authority, the Cargo Handling Corporation Ltd. (CHCL) and the Mauritius Freeport Authority (MFA); (ii) redefine the role of MPA as a landlord port authority working through as series 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.

Impact on the ground

- **Sector reform**: The MMA became the MPA and became the Landlord Port Authority, whereas the CHC formally became a full-fledged operator. Complementing the new Law (1998) that legislated these changes, Port Regulations comprising port operations, safety, hazardous cargos, licensing, finance, and environment protection came into effect soon after, and a Port Users Council was established as a permanent consultative forum. As a landlord of the port, the MPA has started getting substantial rental revenue (approximately $700,000 per year) directly from land lessees.

- The new Freeport Act (2001) along with Freeport Regulations defined the new role of the MFA as a regulator and promoter. With the simultaneous enactment of the Freeport Transfer of Undertaking Act, MFA's assets were transferred to Business Parks of Mauritius Ltd (BPML), which then established a subsidiary, BPML-Freeport Services to provide logistical support services such as warehousing, open storage yard, and office space to Freeport operators.
Productivity: Operational performance has improved significantly since the Mauritius Container Terminal started operations in early 1999, reaching 19.4 moves per gross crane hour in 2000. Moves per ship working hour also increased substantially, reaching 28.7 in 2001 compared to 21.9 in 1999. A closer analysis focusing on ships that can be operated with 2 or more cranes during the whole call showed ship productivity hovering around 40 moves per hour, which is presently the international standard required for competitive service.

Traffic: At the end of the calendar year 2001, the global traffic at Port Louis reached 4.81 million tons—a 7.62% increase rate in comparison with the previous year.

A key event in port modernization was the concession contract (1997) for existing terminals between MPA and CHCL. This introduced new working hours in the port, enhanced flexibility to carry out operations, and a clear commitment from MPA and CHCL staff and management to achieve measurable minimum productivity targets.

The government formally withdrew MPA's 40% shareholding from CHCL, thus providing an opportunity for CHCL to enter into a strategic partnership with an international container operator.

A new salary structure for MPA staff has resulted in creating a motivated and more content work force. A salary raise in the range of 12-16% was given to 85% of the employees and about 20% to the senior and middle-level management.

With the support of a European Union grant, a Port and Maritime Training Center was established in 2001 for both public and private sector staff. A Computer Training Center delivers courses to port employees and children living near the port area.

A Port Safety and Environment Committee has been set up, consisting of several related organizations such as the Department of Environment, the Municipal Council of Port Louis, the Mauritius Police Force, etc.

Even though the reform process involved staff reduction, there was no social unrest due to close collaboration with the unions, who were involved in the decision-making process. The guarantees extended by the MPA and CHCL management included a social plan for all redundant employees. The Voluntary Retirement Scheme concept has now been embraced by other organizations, such as in the sugar sector.

Lessons learned

The project’s success was mainly attributable to consistency in political will, and strong government commitment and ownership, irrespective of changes in administration.

Participative management is critical to a project involving many stakeholders. It is important to bring in the trade unions early in the process, so as to diffuse social risks and clear up misunderstandings during project preparation, negotiations, and implementation.

Continuity of Bank task management helped to build a strong relationship with the government, trade unions, and other stakeholders.

Well-documented monitoring indicators are very useful for measuring and enhancing operational performance and productivity during implementation.

Donors and governments should factor in exchange risk issues which result from the limitations of existing financial market arrangements and are often beyond the control of the concerned organization. Other financial instruments should be considered which would provide more institutional ability to hedge against foreign exchange risks.

This Infobrief has been excerpted from Implementation Completion Report No. 23880. The Task Manager for Report preparation was Marc Juhel. For more information, e-mail mjuhel@worldbank.org