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Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Dec-2022 | Report No: PIDC35318

**BASIC INFORMATION****A. Basic Project Data**

Country Mauritius	Project ID P180266	Parent Project ID (if any)	Project Name Mauritius: Rodrigues Airport Project (P180266)
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date Apr 24, 2023	Estimated Board Date Jun 29, 2023	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Airport of Rodrigues Limited (ARL)	

Proposed Development Objective(s)

To increase the connectivity of the island of Rodrigues through the development of a new runway and improvement of Plaine Corail airport's infrastructure safety and efficiency.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	140.00
Total Financing	140.00
of which IBRD/IDA	124.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	124.00
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Non-World Bank Group Financing

Other Sources	16.00
EC: European Development Fund (EDF)	16.00



Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue

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Other Decision (as needed)

B. Introduction and Context

Country Context

- Mauritius is an island state of about 1.25 million people (2021) located off the southeast coast of Africa, neighboring the French island of La Reunion.** Mauritius is one of the most stable democracies in Africa due to its strong institutions, and the current Government has a strong mandate. The country's economy has made great strides since independence in 1968 and is now classified as an upper-middle-income economy. Mauritius has benefited from sound economic management and democratic continuity with peaceful transitions of power virtually uninterrupted since 1968.
- Mauritius is one of Africa's most remarkable success stories.** At the time of independence in 1968, per capita GDP was US\$260 and agriculture (mainly sugar cane production) accounted for more than 22 percent of Gross Domestic Product (GDP). Over the following years industrial policies paved the way for economic diversification and employment creation and by 2013 economic transformation had reduced agriculture's share of GDP to just 3 percent. Starting as a monocrop, inward-looking economy, Mauritius moved toward an export-oriented and diversified economy producing textiles, tourism, financial and Information and Communication Technology (ICT) services. Meanwhile GDP expanded at an annual average of 5.3 percent or 4.4 percent in per-capita terms. Savings were high and reinvested in diversifying the economy. Per capita income of US\$9,780 in 2015 is the 3rd highest in Africa and placing it solidly in the upper middle-income category.
- Mauritius delivered a largely successful COVID-19 response through hard lockdowns and quarantine measures and deployed an extensive state support package.** The economy came to a near standstill as a hard lockdown was imposed from March to May 2020, and GDP is estimated to have contracted by 14.9 percent in 2020. Drastic and fast action by the government of Mauritius to lock down and isolate the island allowed the country to record only 315 cases and 10 deaths from COVID-19 between January and December 2020. But the protocol that allowed the island nation to escape the worst of the pandemic entailed a very high cost for the economy. In just one year, Mauritius lost 18 percentage points of growth. The tourism and hospitality industry, which traditionally contribute around 24% of GDP and account for 22% of employment with significant spillover effects on the whole economy (transport, agriculture, wholesale and retail trade, and administrative and support services), incurred an estimated 75% loss in value added. Mauritius responded to the economic impact of the pandemic with a large state support program to assist the private sector in coping with the effects of COVID-19. These measures appear to have been effective in preventing widespread bankruptcies or a contagion of the crisis to the banking sector, but also came at a high fiscal cost and caused public debt to spike to unprecedented levels.
- Mauritius has seen solid progress in reducing poverty, but the positive trend was rapidly reversed by the economic impacts of the COVID-19 pandemic.** Poverty is estimated to have fallen from 19 to 11 percent between 2012 and 2019 when measured at the international poverty line of \$6.85/day at 2017 purchasing power parities (PPPs). However, given the dramatic contraction of GDP in 2020, poverty is projected to have increased from 11.4 percent to 16.5 percent in 2020 and, due a to robust resumption of growth, it is estimated to fall below 11 percent by 2024 when measured against the 2017 PPP line. About one in two poor in Mauritius are inactive and live off public transfers while a substantial share of the working poor is employed in the informal sector in tourism, manufacturing, and household services. Measures to address the pandemic disproportionately impacted



vulnerable households. The impact of COVID-19 reversed recent gains in women's labor force participation as women were significantly more likely to be displaced during the pandemic, while men and women with a better education were significantly less likely to be laid off.

5. **GDP growth is estimated to have rebounded by 3.9 percent in 2021, although subsequent COVID-19 variants hindered the recovery of tourism and output remains below pre-pandemic levels.** A successful COVID-19 vaccination campaign resulting in 76 percent of the population being fully vaccinated by end-February 2022 has been a cornerstone of the recovery. While several economic sectors have rebounded strongly and are close to pre-pandemic levels, a large output gap remains in tourism, where 2021 arrivals were 41.8 percent lower than in 2020. Economic activity will remain depressed through 2023/24, with predicted GDP growth of 6% in 2023, due to the energy prices shock and rising airfare costs hindering a stronger recovery of tourism. Oil prices rose to historical heights in the wake of the Russian invasion of Ukraine and ensuing sanctions on Russia. The primary impact has been through price inflation, which reached its highest point in over a decade in August 2022 (at 8.8 percent), accompanied by slower tourism growth and delayed recovery of the current account.
6. **Mauritius, lying within the cyclone basin of the Indian Ocean, is highly vulnerable to natural disasters and climate change.** Mauritius experiences direct losses due to tropical storms and floods of some 0.8 percent of GDP on average and each year, there is a 1 percent chance of losses exceeding US\$1.9 billion (13 percent of GDP) (World Bank 2016). Climate change has already increased the frequency and intensity of cyclones and is likely to raise these risks in the future. The outer island of Rodrigues is at particular risk and has experienced significant storm impact over the past years. Across Mauritius infrastructure, transport, housing, education and tourism are already affected by flooding, coastal erosion and cyclones. Heavy rains and insufficient drainage infrastructure are causing roads and buildings to be inundated, resulting in frequent interruptions to services and economic activity, as well as school closures. Cyclone winds, especially on Rodrigues, frequently destroy houses and public infrastructure. Increased frequency and intensity of these events under a changing climate will, if left unmitigated, cause increasing losses for the exposed sectors.

Sectoral and Institutional Context

7. **Rodrigues is a 108 km² island of the Republic of Mauritius about 650 km north-east of Mauritius.** Since October 2001, Rodrigues Island has an autonomous status within the Republic with its own Rodrigues Regional Assembly (RRA) and an Executive Council for the framing and implementation of its socioeconomic policies, elections held every five years. The capital of the island is Port Mathurin and as of 2019, the island's population was about 43,500, according to government statistics. Its economy is based mainly on fishing, farming, handicraft and a developing tourism sector. Rodrigues is a beautiful island, dominated by volcanic hills and a large lagoon, and has ample opportunities for enhanced sustainable tourism which is a key pillar of its development plan being updated by the Rodrigues Regional Assembly with support from the European Union. The Rodrigues' airport is the island main window to the rest of the World. Its current airport's runway is however short, allowing only ATR 72 planes to operate, which largely increase airlines' operating costs and ticket fares, constrain the further growth of traffic, and allow for very limited cargo traffic. The airport is also the main evacuation routes of the Rodrigues population during emergencies, including cases of medical emergencies requiring treatment on Mauritius.
8. **Tourism is expected to be the principal engine for growth on Rodrigues Island, which had enjoyed steady growth in arrivals over the last two decades.** In 2017, the Rodriguan tourism industry was thriving, and the island welcomed nearly 78,000 tourists, and had 220 registered tourism enterprises with the Rodrigues Tourism Office. Table 1 below shows the total air passenger and growth on Rodrigues Island. About half of the visitors are Mauritian nationals benefiting from subsidized air fares to encourage local tourism. Air traffic to Rodrigues, dominated by local and intranational tourism, is highly seasonal especially between October and May, peaking in December with almost 6 ATR 72 flights per day to meet demand. The island had capitalized on the economic opportunities of the tourism industry, but the onset of the COVID-19 pandemic led to devastating impacts. With the closure of Plaine Corail Airport to commercial flights from the 20th of March 2020 to 1st July 2020, no tourists were allowed on the island while returning residents and local tourists from the mainland had to abide to strict sanitary protocols. This sudden halt had an immediate knock-on impact on the wider economy of the island, including the major economic sectors.



Table 1: Air passenger arrival statistics to Plaine Corail Airport of Rodrigues Island

Year	2010	2011	2012	2013	2014	2015	2016	2017
Passenger Arrivals	54,017	59,456	62,114	63,543	66,196	80,463	91,004	96,812
Annual Growth		10.07%	4.47%	2.30%	4.18%	21.55%	15.00%	8.69%

9. **The objective of RRA is to host 100,000 visitors per year starting in 2025 and about 150,000 by 2030.** RRA and the Government of Mauritius have been looking to expand Rodrigues Plain Coral Airport’s capacity for over a decade. Tourism and air traffic to Rodrigues before COVID had outpaced the estimates of the 2011 feasibility study for the new runway, a rare occurrence. RRA is currently finalizing the multi-sectoral Rodrigues Development Plan, with support from the European Union (EU), to attract additional tourists as a key enabler for Rodrigues’ economy. Plans are being developed to attract about 150,000 passengers per 2030 which requires increasing the capacity of the Plane Corail Airport especially the runway to attract bigger jet planes (A321 Neo, Boeing 747...) which has substantially larger passenger capacity (about 200 passengers per plane vs 66 to 70 per plane for ATR72), allows for air cargo transport to further supply the island (currently non existing on the ATRs), allows for regional direct flights, and cuts the travel time to almost half. In addition to the runway expansion and associated facilities, the Development Plan includes the expansion tourism infrastructure on the island. Given the rapid growth of passenger travel to Rodrigues in the past decade, Rodrigues pristine beauty, and the existing large number of tourists and passengers Mauritius attracted pre-COVID, the ambitions of RRA for the Plaine Coral Airport’s development seem reasonable.
10. **The Government of Mauritius is keen on supporting the development of Rodrigues through the implementation of the Rodrigues Development Plan under preparation, and the expansion of Plain Coral Airport.** The Government program implementing the Government Vision 2030 sets out the short-term priorities for developing Mauritius into a modern, vibrant, and advanced economy by focusing on innovation and entrepreneurship underpinned by industrial and trade policies and robust macroeconomic fundamentals. It also focuses on combating poverty and improving the standard of living of the population as a key Government priority, and the program emphasizes the importance of fair access to prosperity and wealth distribution. The development of the Plain Coral Airport is critical for improving Rodrigues’ connectivity and increasing tourism and the development of economic activities on the island.

Relationship to CPF

12. **The project is fully aligned with the World Bank’s FY23 to FY27 Country Partnership Framework for Mauritius under preparation,** which will support Mauritius national Vision 2030 for accelerating growth by diversifying the economy, generating jobs, and increasing the effectiveness of the public sector. The proposed project supports the two Higher-Level Objectives (HLO’s) of the CPF: (a) improving competitiveness and employment and (b) enhanced resilience to climate change. The development and growth on Rodrigues island is closely tied to tourism, that can create significant direct and indirect employment. This growth, in turn, is dependent on investment in supporting infrastructure and connectivity, such as investment in aviation infrastructure.

C. Proposed Development Objective(s)

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To increase the connectivity of the island of Rodrigues through the development of a new runway and improvement of Plaine Corail airport's infrastructure safety and efficiency.



Key Results (From PCN)

Achievement of the PDO is expected to be evaluated using the following key result indicators:

- (i) Increase the number of destinations with direct flights to Rodrigues;
- (ii) Reduced travel time between Mauritius and Rodrigues;
- (iii) Increased passenger traffic;
- (iv) Reduced percentage of flight cancellation due to climate events;
- (v) Increased volume of cargo traffic.

The principal target beneficiaries include:

- (i) Residents of Rodrigues who will benefit from better air connectivity, cargo and passenger services, and increased economic activity on the island that will contribute to increasing income levels;
- (ii) Tourists and passengers, who will benefit from augmented capacity, reduced travel time, and more efficient and safer airport services;
- (iii) Businesses in Mauritius, which will benefit from increased tourism and associated activities in Rodrigues and Mauritius;
- (iv) Workers, who will benefit from job creation during construction as well as increased airport services;
- (v) Airlines, which will benefit from increased passenger transport and reduced travel time and operating costs.

D. Concept Description

The proposed project will finance the following components:

Component 1: Infrastructure Development (US\$130 million - indicative)

This component will finance works, equipment, and consultancy services for the construction of a new airport runway on the island of Rodrigues, and associated facilities, which consist of the design of a new 2,100m long runway with connecting taxiways and apron suitable for Airbus A321 Neo type jet aircrafts. This will represent the bulk of the project cost, and its final cost will be confirmed upon the completion of the ongoing detailed design studies. The development of a new 2.1km runway will allow the operation of jet planes (such as A321 Neo or Boeing 737) and is a key connectivity project for Rodrigues which will cut travel costs and time, offer enhanced opportunities for cargo transport, and direct international routes to nearby countries (Reunion, Seychelles, Madagascar...) as currently most flights to Rodrigues have to connect and/or transfer to ATRs on Mauritius island.

Component 2: Technical Assistance (US\$10 million - indicative)

This component will finance i) necessary studies and technical assistance for the direct management of the project, such as the recruitment of a Project Implementation Unit, environmental and social studies, and audits; ii) studies for the development and modernization of the air transport sector in Mauritius; and iii) assistance to the implementation of key pillars of the Rodrigues Development Plan such as in Water and Agriculture sectors, among others. The exact scope and content of component 2 will be further defined during project preparation.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts



Note to Task Teams: This summary section is downloaded from the PCN data sheet and is editable. It should match the text provided by E&S specialist. If it is revised after the initial download the task team must manually update the summary in this section. *Please delete this note when finalizing the document.*

The Environmental and Social Risk Classification for the project is rated High at this stage. A preliminary Environmental and Social Impact Assessment (ESIA) was prepared in 2019, inline with the World Bank ESF and World Bank Group ESHG for the airport expansion based on preliminary design. A rapid gap analysis was undertaken by the Bank, to identify information gaps in the preliminary ESIA (2019) which will be addressed during the preparation of a final ESIA, which will be consulted and disclosed prior to Board. The preliminary ESIA identifies preparation of various management plans. Other instruments required include Stakeholder Engagement Plan (SEP) including a Grievance Mechanism (GM), Labor Management Procedures (LMP), GBV Risk Assessment, SEA/SH Action Plan and revised Marine and Terrestrial Biodiversity Management Plan. The timing and preparation of the additional management plans will be captured in the ESCP. A Terms of Reference will be prepared for the updating and finalization of the ESIA and the management plans. The airport expansion will require some land acquisition and economic and physical displacement of households and agricultural, livestock herding and fishing activities. An initial Resettlement Action Plan was prepared and has been under implementation. Because the RAP preparation and implementation was carried out prior to Bank involvement in project preparations, the Borrower will need to conduct an independent audit of the RAP implementation to ensure it meets ESS 5 requirements. An audit will be conducted on associated facilities including the existing terminal and bulk fuel storage areas, to identify gaps in the current management practices which need to be strengthened to meet the requirements of the ESSs.

Component 2 will support the preparation of technical studies through technical assistance. The downstream environmental and social impacts associated with the TAs cannot be determined at this stage as the details of the technical support are currently not defined or fully understood. The PIU will prepare Terms of References for the technical studies, which incorporates E&S sustainability considerations to fulfill the requirements of national laws and international good practices as exemplified in the relevant World Bank ESSs.

The project will be implemented by a Project Implementation Unit within the Airport of Mauritius Limited (AML), a public owned enterprise. AML is considered a sophisticated operator, with experience in implementing large airport construction projects including experience with implementation of lender funded airport and infrastructure construction projects under the French Development Agency (AFD) and EU. It has an established integrated environmental and safety management system (IESMS) in line with international standards, including a carbon reduction and energy efficiencies management plan for its operations. The IESMS makes provision for rigorous health and safety and environmental training and the monitoring and review of system effectiveness. The existing IESMS systems will be assessed during appraisal to determine areas of strengthening to align with the ESF for implementation of existing facilities as part of the project. Experienced environmental and health and safety resources are established within the AML.

Note: To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.
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APPROVAL

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