

**DELEGATION OF THE EUROPEAN COMMISSION
For the REPUBLIC OF SEYCHELLES**

and

**NATIONAL AUTHORISING OFFICER
for the European Development Fund
in the REPUBLIC OF SEYCHELLES**

**Co-operation between the European Union and
Seychelles**

**Joint Annual Report
2002**

**CONCLUSIONS including comments of Country Team
Meeting and Operational Review Meeting**

Version 09/11/04

Conclusions

Since shortly after independence, Seychelles has been governed by the same party, which is the Seychelles People's Progressive Front (SPPF). Socialist in nature, SPPF ideals permeate both the Seychelles economy and society in general. The consequence has been generous social welfare, including free access to education and health care. It is not surprising that the country has one of the highest literacy rate in the African continent. Similarly, the country is known to have an impressively low infant mortality rate. While there are more - and less - advantaged Seychellois, there is no abject poverty. GDP per capita reached some \$ 8,000 in 2001 – the highest level in Africa. The MDG's clearly show the fact that the average Seychelles enjoys relatively a much higher standard of living than their African counterparts. It is to be noted that the Seychelles is among countries with a 'High Human Development' index.

Such generous welfare provision has not come cheap, however, and maintaining this acquis together with implementing ambitious development projects, often on borrowed money, has proven to be more than the economy could really afford. The result has been a growing budget deficit, difficulties in attracting foreign investment and an acute shortage of foreign exchange having a negative impact on business and individuals alike. These economic problems have had a dire impact on the political front; in effect, these have contributed to the increasing popularity of the Opposition Party(SNP), who in the legislative elections of December 2002 won 11 out of the 34 seats in Parliament compared to their scoring only 3 seats in 1998.

Government spending has been significantly reduced, but without radical macroeconomic reform – of a nature that the government considers unwise to implement – the target deficit of 3 % of GDP by 2003 may be difficult to meet. The need for reform is shared by the EU as well as other major donors. The economic problems linked to the financial crisis, as identified during the year 2002, have shown no sign of improvement– in fact they have tended to aggravate and this again underlines the need for the country to embark on the appropriate reform. Budgetary support IS desperately needed but requires the Government to significantly change present policies to address the concerns of the IMF and WB.

It is most likely that the years to come will see a reduction in social provisions. This has already been noticed in certain areas, like payments of unemployment benefits, which is now done on a more selective manner. With the expected reduction of such social provisions, together with the high inflationary pressures, it is to be expected that the average Seychellois will not have the same standard of living that was seen in the past few years. Government's policy, as enunciated in recent Budget Speeches would be to maintain the social nets but this will depend on the extent to which economic conditions could permit this to happen.

Government's policies would have to be more outward looking. It is expected that in addition to its membership of various regional groupings, joining in the Economic

Partnership Agreement (EPA) together with other countries of the region as foreseen in the Cotonou Agreement, will represent an opportunity that cannot be ignored, in particular for the purpose of increased trade and revenue generation.

It is to be pointed out that overall commitment rates have generally been good, though the shortage of foreign exchange has recently had negative upstream effects on one 8th EDF landfill project-Anse-Royale project, delaying its operation. Other technical problems also contributed to this delay, in particular, the unexpectedly large volumes of wastes that would be directed to the landfill in the absence of any proper pre-treatment facilities at Providence, and the shortage in the capacity of treatment plant to accommodate the volume of leachate that would be generated. It is important to ensure that the conclusions/recommendations of the final evaluation of the Anse Royale project are taken into considerations when preparing the new focal sector project under the 9th EDF so as to avoid repeating the same mistakes, and in particular to ensure appropriate stakeholders consultations.

The EC's grant aid to Seychelles has produced useful results, and has generally been efficiently spent, but it is probably true that it has been the EC-Seychelles trade co-operation provisions that have done more to nurture its development as a whole.

According to the CSP, a total of € 3.9 m were allotted under the A-envelope, of which € 3.3 m are destined for the focal sector of solid waste management, and the remaining € 0.6 m for a programme of capacity building for state and non-state actors. Following the Operational review in the country end January 2004, it was agreed with the Government to add the reliquats of previous EDF's estimated at € 0.5 m to the A-envelope which would hence increase to € 4.4 m of which € 3.0m would be allocated to the focal sector and € 0.50 m to be used for the Technical Cooperation Facility. As for the balance the Government, recognising certain shortcomings in the areas linked to human rights, agreed that performance in this area should be improved through an enhanced dialogue and an increased support to the component of capacity building programme linked to human rights (police, journalists, and possibly judiciary). The agreed amount for the capacity-building programme now amounts to € 0.86m.

The B-Allocation (€ 0.7 million following the contribution to the Peace Facility) on the other hand would be to cover unforeseen needs, as indicated in the Cotonou Agreement.

The Operational review maintained the solid waste sector as focal sector but stated that '*for the future programming this sub-sector should be enlarged to environment in general in order to ensure long-term absorption capacity and rational prioritization*'.

On the focal sector, a sectoral approach was agreed, inter alia this implies that the contract for collection and sorting of solid waste will be reviewed by the Commission and the Government and the foreign exchange foreseen for spare parts, etc, will be regularly paid to reduce the risks otherwise attached to investment financed by the Commission. Furthermore a technical assistance, financed by the French Government, is provided to monitor the solid waste Master Plan.

The following specific objectives that shall be pursued for the environment focal sector are:

- an improvement in environmental health (public health and living standards in general), both for the benefit of the populations concerned and for the safeguarding of important economic sectors ;
- the disposal and/or treatment of solid waste in an ecologically sustainable manner.

The main policy measures to be taken by the Government as a contribution to the implementation of the response strategy in this sector are:

- continued commitment to the 2000-2010 Environmental Management Plan ;
- the creation of an enabling environment in which waste collection and landfill management can operate efficiently.

It was noted that some € 125,000 were already committed from previous reliquats of the 6th, 7th and 8th EDFs to undertake an update of the Solid Waste Master Plan of the Seychelles. Due to delay in the finalization of this report and due to the need for further detailed studies, the initial time frame as agreed in Nairobi in February 2004 could not be respected. It is now expected that resources for the new focal sector project could be committed by late 2005 at the earliest.

The updated Solid Waste Master Plan was completed and approved by the Government in June 2004. The new Master Plan recommends a number of urgent initiatives to be taken to i) strengthen institutional arrangements and ii) develop new physical facilities and practices for waste handling, processing and disposal. The plan identifies 16 main priority actions which will be used as a basis for formulating the performance indicators for the EC's intervention.

As regards the non-focal sector project, attention should be paid to ensure that resources under the Non-State Component are not restricted exclusively to LUNGOS members; all NGO's should be eligible to benefit from these resources.

The sectoral policy is supported by a number of donors, including one member state of the EU, namely the French Government, under the Agence Française de Développement. Further consultations and dialogues among state and non-state actors should be encouraged to ensure smooth implementation of major programmes/projects.

**DELEGATION OF THE EUROPEAN COMMISSION
for the REPUBLIC OF SEYCHELLES**

and

**NATIONAL AUTHORISING OFFICER
for the European Development Fund
in the REPUBLIC OF SEYCHELLES**

Co-operation between the European Union and Seychelles

Joint Annual Report

2002

CONTENTS

1. Executive Summary.....	3
2. The policy agenda of the partner country	4
3. Update on the political and social situation	6
3.1 Millenium Development Goals	6
3.2 The economic situation	8
3.3 The political situation	9
3.4 Good governance	9
4. Overview of past and on-going cooperation	9
4.1 Focal sectors	10
4.2 Projects and programmes outside focal sectors	14
4.3 Other instruments	15
5. Programming perspectives for the following years	17
6. Annual operational reviews	18
6.1 Speeding up of the use of old EDF resources	18
6.2 Setting indicators and targets for measuring results in focal sectors – Refinement of the 9th EDF Indicators	19
6.3 Assessment of the ongoing in-field dialogue and proposals for further strengthening	20

1. EXECUTIVE SUMMARY

This report is a joint report of the Delegation of the European Commission in Mauritius and the National Authorising Officer, Minister of Foreign Affairs of Seychelles. The report summarises the past and on-going cooperation between the EU and Seychelles and makes assessment of the results of programmes and projects as far as possible. It discusses also the programming exercise of the 9th EDF. Chapters 6 and 7 have been written in view of the preparation of the 2004 mid-term reviews, by selecting three specific themes as priorities for 2003 operational reviews: (1) the speeding up of the use of old EDF resources; (2) setting indicators and targets for measuring results in focal sectors; and (3) dialogue in the country with the NAO and non-State actors.

Seychelles has developed considerably since the 1970s, in particular since the opening of the international airport in 1971 and the subsequent growth of the tourism industry. Tourism became a vital pillar of the economy in the decades that followed, replacing agriculture as a major employer and generator of foreign exchange. By the end of the 1990s, however, while tourism remained important, efforts to diversify the economy had resulted in the development of a manufacturing sector, in particular in the form of tuna canning for export. More recently still, a financial services sector has developed. The 80,000-strong population has been governed since shortly after independence in 1976 by the same party, the Seychelles People's Progressive Front (SPPF), under a single President. Socialist in nature, SPPF ideals permeate both the Seychelles economy and society in general. Social welfare, which includes free access to education and health care, has always been a major Government priority, and has resulted in a high literacy rate, an impressively low infant mortality rate and in good housing provision. Seychelles is among the top ten countries in the world in terms of gender equality. While there are more - and less - advantaged Seychellois, there is no abject poverty. GDP per capita reached some \$ 8,000 in 2001 – the highest level in Africa.

Such generous welfare provision has not come cheap, however, and maintaining this acquis together with implementing ambitious development projects, often on borrowed money, has proven to be more than the economy could really afford. The result has been a growing budget deficit, difficulties in attracting foreign investment and, by the end of the last millennium, an acute shortage of foreign exchange having a negative impact on business and individuals alike. Government spending has been significantly reduced, but without radical macroeconomic reform – of a nature that the government considers unwise to implement – the target deficit of 3 % of GDP by 2003 may be difficult to meet.

Given the satisfactory coverage of the main social sectors – education, health care and housing – and the lack of preparedness for the kind of macroeconomic reform generally prescribed by institutions such as the IMF, discussions between the Government of Seychelles (GoS), EC representatives, other donors and representatives of civil society have resulted in an agreement that the environment should be the focal sector of Seychelles' 9th EDF programme. The particular area designated for support was solid waste disposal, a vitally important area if Seychelles

is to preserve the beauty of its environment – on which its tourism industry is based – and the purity of its lagoon waters, vital for both the tourism and fishing industries.

The specific activity envisaged for support is a Waste Management Programme, using some 85 % of total funds (Euro 3.3 million). The remaining 15 % of 9th EDF funds (Euro 0.6 million) will be allocated to a national capacity-building programme for state and non-state actors.

2. THE POLICY AGENDA OF THE PARTNER COUNTRY

Seychelles has traditionally been regarded as a show case when instances of an '*état providence*' are quoted. Over the years much attention has been given to social welfare. The result is evidenced by the free access for every Seychellois to education and health. Public expenditure on education over the period 1998-2000 stood at 7.8% of GDP. The Seychelles can boast to have an adult literacy rate which is as high as 94% as in 2001 among the 12 years old and plus. The education index, on the other-hand, stood at 0.87, which is also comparable with that of a number of European countries.

Government's commitment to health can be seen through the high expenditure that was injected into that sector [see above]. The per capita health expenditure was in the amount of 327 US\$ for that year. The result can be seen in a series of impact-variables. For instance, 80-94% of the population is estimated to have sustainable access to affordable essential drugs. Over the period 1990-2002, there were on average 132 physicians for every 100,000 of people. The under-5 mortality rate was 17 in 2001, from 21 in 1990. Over the same period of time, infant mortality rate fell from 17 to 13. At the same time, the number of one-year olds who were fully immunised against measles rose from 86 to 95.

Seychelles with its life expectancy standing at 72 years and a GDP per capita of US\$ 8,000, falls within the 'High Human Development' brackets, by ranking 36th on the UNDP Human Development Index in 2002. With the wide social umbrella that is provided by government, it is difficult to talk of the existence of abject poverty in the Seychelles. It is true that there are more advantaged and less advantaged Seychellois, but in either case, the welfare state ensures that they are provided with a reasonable standard of living. The GDP per capita was estimated at almost US\$ 8,000 in 2001 that is the highest in Africa.

An analysis of some key environmental variables is called for, for two main reasons. First of all, given the inexorable link between poverty and the environment, an analysis of the poverty situation of any country necessarily needs to address some basic environmental considerations. Secondly, the environment sector is the focal sector which will consume the vast majority of funds under the 9th EDF, as provided for in the CSP.

Environmental issues have for long been at the forefront of government policy. A number of islands in the archipelago are designated as reserves for rare bird or animal species. A clean environment, including unpolluted coastal waters, is regarded as of utmost importance to the tourist and fisheries industries, as well as a fundamental "right" of the archipelago's population.

Seychelles is world-known for its pristine environment. The policy measures taken by government have been of fundamental importance in ensuring that the country does not witness the environmental degradation problems that is common in almost all other countries in the world. With a ratio of protected-area-to-surface-area equal to 1.11, Seychelles effectively ranks first in that category at the international level. Consumption of ozone-depleting chlorofluorocarbons also fell from 3 ODP metric tons in 1990 to 1 metric ton in 2001. Carbon dioxide emissions have however gone up from 1.6 tons to 2.7 tons over that same period.

The environment is, however, being placed under increasing strain: not only is the population growing, by about 1% per annum, while land remains limited, but changing lifestyles as well as general improvement in living standards are generating ever-growing volumes of wastes. The higher consumption of water by the population and by hotels has also meant an increase in the volume of effluents requiring treatment. Present arrangements for solid waste disposal are inadequate: leachates from the wastes at the main island's biggest landfill at Providence are causing pollution in the bordering lagoon. Praslin Island, one of the most beautiful of the islands and most exclusive of resorts, has no landfill, and solid waste is deposited at a designated dumpsite, which is highly damaging to the land and sea environment nearby. While it is a fact that Seychelles has the world's highest ratio of protected area to total land area, it is a country which needs to be extremely vigilant to the way by which its natural resources are being used/maintained. The rise in emission of carbon dioxide, as shown in the table above bears testimony to the vulnerability of the sector. The increasing amount of untreated wastes, both solid and liquid, also indicate the risks that are posed to water resources.

In line with efforts deployed to safeguard the environment, and bearing in mind the link between the environment and tourism which is the backbone of the economy, government, together with the civil society and with the EU, designated solid waste disposal to be the focal sector for the 9th EDF.

As pointed out above, the tourism sector accounts for more than 17% of the GDP and employs 22% of the labour force. Government's policy over the years has been to diversify the economic base. The recent financial problems witnessed by the country further highlighted the need to reduce dependence on only one sector. The manufacturing sector is, on the other-hand, dominated by tuna canning, which is an equally important activity particularly for its capacity to generate foreign exchange. It is estimated that of the Seychelles SR 885.8 million worth of exports in 2001, SR 771.2, representing 87% of total exports, was accounted for by canned tuna. Agriculture has been declining over the years, especially since the opening of the airport in the early 1970's, whereby the economy opened up to the outside world in particular to tourism. The recent financial troubles which the economy witnessed catalysed government efforts to encourage imports substitution especially in the agricultural sector. Policies geared at encouraging domestic production of agricultural products is also synonymous to job creation, including among women.

The social safety nets provided by the Government are known to be closely knotted. The recent financial crisis however drew the attention of government to the fact that too extensive social provisions, if not properly calculated, can prove to be unhealthy to the economy. In effect, the maturation of several long-term loans contracted in the

late 1970's and early 80's to finance the generous welfare provisions and social development, had begun to impose a heavy and unsustainable burden on government finances leading to persistent large budget deficits and balance of payments problems. The structural imbalances became more apparent as the loss of foreign reserves (from US\$ 43.7m in 2000 to US\$ 30.2m in 2001), high external debt (US\$ 165m in 2000) and payment arrears, and acute foreign exchange shortages began to affect the domestic economy, threatening to erode the past socio-economic achievements of the previous welfare state.

The policy of government aimed at striking the balance between these two considerations, in such a way as to ensure a sustainable economic development of the country by paying due attention to the social well-being of each and every Seychellois. The EU, together with other major donors, support the fact that the economy urgently needs to be reformed.

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Millenium Development Goals

The political, economic and social situations of the economy can best be explained by way of some key indicators. The choice of these indicators drawn from the Millennium Development Goals, has been made on the basis of their representativeness of poverty alleviation measures. They are enlisted in the following table and concern the period 1999 through to 2002. Projections beyond 2002 are not available (Na)

Type	Indicator	1999	2000	2001	2002
Impact	Proportion of population under US\$ 1 per day	Na	Na	Na	Na
	Population below poverty line (%)	7	Na	7	Na
	Life Expectancy at birth	73	72	73	72
Outcome	Infant mortality per 000	10.3	9.9	13.2	10.3
	Adult literacy rate (% age 12 and above)	Na	94	94	94
	Pupil/teacher ratio	13.8	13.8	Na	Na
	One year olds fully immunized against tuberculosis (%)		99	95	Na
	Children under weight for age (% under age 5)		6	Na	Na
	Carbon dioxide emission per capita (metric tons)		2.6	Na	Na
	Seats in parliament held by women(as % of total)		23.5	Na	Na
	Human development index	0.79	0.81	Na	Na
	Education index		0.83	Na	Na

Sources Human Development Reports 2000, 2001, 2002 and 2003 of the UNDP
Economist Intelligence Unit
Seychelles in figures 2001

On the basis of data available, it can be said that the Seychellois enjoyed a reasonably good standard of living. There was no decline in this standard over the period 1999 to 2001. For instance, Seychelles managed to maintain a life expectancy at birth of 72 years over 1999-2002. The Human Development Index rose from 0.79 in 1999 to 0.81 in 2000, hence maintaining Seychelles' position among countries with High Human Development Indices.

Adult literacy rate was maintained at high 94% over the period 1999-2002. This reflects the government's policy of ensuring free access to education to all Seychellois. The education sector is one government's largest components of government expenditure, accounting for 11.5% in 2002. Over the period 1998-2000, on average, public expenditure on education was as high as 7.8% of GDP. In the 2003 Budget presented in December 2002, the government announced a total spending of SR 146.6 million amounting to an average of US\$ 1000 for every Seychellois student, an amount unheard of in many developing countries. As in 2000, the student/teacher ratio stood at 14.1, which is one of the highest in the sub-Saharan region.

The health sector is the other sector which accounted for the largest share of government expenditure. In 2002, the budget allocated to the Ministry of Health was an equivalent of US\$ 340 per every Seychellois. This puts Seychelles on top of the SADC list of social indicators. Public expenditure on health accounted to 3.9% of GDP in 2000. The year 2002 saw a 50% increase in the personal emoluments, with the view to increasing the number of doctors and nurses in hospitals. The results can be seen in the relatively low infant mortality rate of 10.3 ‰, and the 99% of one-year olds who are fully immunized against tuberculosis, as shown in the table above, for 2000.

A look at the gender dimension shows that Seychelles is among the top ten countries in the world in considering women as equal partner to their male counterparts. In the educational sector for instance, over the period 2000-2001, the ratio of girls to boys in primary education was as high as 0.97. In secondary education, there were, in absolute terms, more girls than boys, with the ratio equal to 1.02. On the political arena, the percentage of seats occupied by women currently amounts to 29 compared to 16 in 1990. Seychelles has 60% of positions in local government filled by women, including 31% of principal secretaries and 42% of directors general.

The absence of data on the above, in particular on forecasts, is regrettable because an analysis of the situation over a number of years would have been helpful. Even more so given that the economic, and hence social, scenes are likely to change over the years to come given the recent acute financial strains that the economy has undergone. For instance, unemployment benefits were previously granted to all those formally without a job. Now such automatic eligibility is limited to certain social categories only, such as single mothers and the handicapped. With reductions in government expenditure now in force, together with the additional demands on the welfare state engendered by an increasingly long-living population, a gradual reduction in standard of living is not unlikely. Inflationary pressures – such as those seen in recent years – are also likely to contribute to this situation.

3.2 The Economic Situation

The economic transition made by the Seychelles since independence is noteworthy because it shows the capacity of the economy in seizing opportunities when these are available. This is in effect one of the reasons explaining how the economy had attained a per capita income of some US \$ 8,000 in the early 2000's. The structure of the economy has moved from one based on agriculture, with cinnamon and copra as the main export products, to a relatively diversified economy with two important generators of income, employment and foreign exchange: tuna exports and tourism. A significant construction industry has developed, partly in response to the needs of the growing tourism industry, and an emerging financial services sector as from the later part of the 1990's, and which accounted for 6% of GDP in 2001.

Seychelles is now experiencing serious economic and, in particular, financial difficulties. Years of generous social provision and over-ambitious government investment in major capital projects are now taking their toll on the economy, however, and putting these social and economic achievements at risk. Growth is 2 %, inflation has risen to 6 % and the trade deficit reached SR 1,400 m (Euro 290 million) in 2000 and is predicted to continue to rise. In 2001, the deficit on trade balance fell by a factor of 1.3% over the previous year but then almost doubled in 2002. Both the budget deficit and the level of external debt deteriorated especially over previous years figures. Access to scarce foreign exchange is tightly controlled, and its non-availability is affecting industries and individuals alike. Most outside observers regard the Rupee as significantly overvalued: its exchange rate is tightly controlled and is not allowed to fluctuate in response to the market, making local producers uncompetitive.

To address the problems, government has shown itself flexible and open to change in a number of policy areas: its encouragement of greater private sector participation in agriculture, for example, motivated by the need to reduce the budget deficit, has resulted in a higher level of import substitution and in the development of new products. However, a number of parallel measures need to be adopted. The present tightly controlled monetary and fiscal policies and the failure to have a fully liberalised market, severely limit the volume and quality of private investment.

Table 2: Government Budget (in millions of Seychelles Rupees) [1EUR = 5,2767 SCR dec 2002]

	1995	1996	1997	1998	1999	2000	2001	2002 proj.	2003 proj.
Current receipts	1187.8	1082.1	1176.2	1312.1	1399.6	1283.1	1389.0	1488.0	1502.0
Grants	12.8	13.8	9.5	28.8	40.6	49.6	16.0	28.0	10.0
Current Outlays	1062.4	1179.1	1317.4	1379.7	1352.2	1357.7	1468.0	1780.0	1625.0
Capital Outlays	144.2	203.1	225.6	412.4	402.3	462.6	263.0	274.0	68.0
Net Lending	48.4	25.3	95.7	150.2	33.5	-145.4	-80.0	-80.0	-
Overall Balance	-54.5	-311.6	-453.0	-602.4	-347.9	-342.2	-246.0	-458.0	-181.0
GDP (current SR prices)	2419.8	2500.3	2844.6	3060.0	3155.4	3450.4	4271.1	3337.0	3337.0
Deficit as a % of GDP	-2.3	-12.5	-15.9	-19.7	-11.0	-9.9	-5.76	-13.73	-5.4

Source: Quarterly Review of the Central Bank of Seychelles for April/June 2001

The most immediate challenge for Seychelles is to overcome its present serious economic and financial problems. A medium-term challenge is to adapt smoothly and successfully to the increasingly open world-trading environment. Seychelles perceives regional economic integration as a stimulus to trade but has been slow in implementing regional tariff reductions – because of its reliance on import duties for revenue – and reluctant to eliminate domestic price controls. With the gradual erosion of preferential treatment in certain traditional markets on the one hand, and the emergence of more, and more direct, competitors from lower-cost countries on the other, competition in both the current export markets and in tourism is likely to become increasingly fierce. Seychelles will need to increase its competitiveness, diversify its markets and improve investor confidence in order to avoid economic decline.

3.3 The Political Situation

Seychelles is a unitary republic with a legal system based on English Common Law, the Napoleonic Code and the amended 1993 constitution. The Head of State, the President, is elected by universal suffrage and is empowered to rule by decree for a five-year term. The government consists of the President and his appointed Council of Ministers. The National Assembly consists of 34 seats, with members elected by universal adult suffrage using a combination of the first-pass-the-post system (25 seats) and proportional representation (9 seats). General elections are held every 5 years, and the last one was held in December 2002.

Seychelles gained its independence from the U.K. in 1976. Over the period 1977 to 1992 the country was governed by Mr France Albert René under a one-party state system. In the 1993 Presidential elections, following the introduction of a multiparty system, Mr René was elected President. He was re-elected in 1998 and again in 2001. This is President René's last term in office. The ruling party, the Seychelles People's Progressive Front holds 23 of the 34 seats in Parliament. The Seychelles National Party holds 11 seats whilst the other opposition party, the Democratic Party, failed to win any seats at the last legislative elections.

3.4 Good Governance

Seychelles has been a multi-party democratic state since 1993. The President is responsible inter-alia for appointing members of the Constitutional Appointments Authority, which, in turn, appoints a number of key public authorities (e.g. judges and the auditor-general). Civil society groupings such as NGOs exist, but are often unstructured and under funded.

The Public Finance Act of 1996 and the Financial Instructions and Accounting Manual of 1997 govern public expenditure. The Tender Board, after examination and recommendation of the Ministries, Departments or Para-statals concerned, decides on the award of contracts or any other directive it deems appropriate to ensure that Government obtains the best return for funds allocated to a project.

4. OVERVIEW OF PAST AND ON GOING CO-OPERATION

Programmable aid, through successive European Development Funds (EDF), has supported almost every economic and social sector over the past 25 years. In general, the chosen focal sector followed developments in the economy: i.e. the early

concentration on agriculture was later replaced by activities in the sectors of economic diversification (e.g. tourism and private sector development) or of growing policy emphasis (e.g. environment). Under the 8th EDF, 80 % of funds were allocated to one sector, environment, and the trend towards a limited number of projects was confirmed. In all, some Euro 24 million has been made available for projects and programmes under successive National Indicative Programmes (NIP). Commitment rates have generally been good, though the shortage of foreign exchange has recently had negative upstream effects on one 8th EDF landfill project, delaying its operation. Though the two 8th EDF projects in the environmental sector are now in operation – a water treatment plant and a landfill – it is too early to evaluate their longer-term impact.

Non-programmable aid (especially emergency aid) has been made available on various occasions, such as following 1981, 1985 and 1997 floods.

The Centre for the Development of Enterprise (CDE) has supported several activities in the Seychelles (principally in the form of Technical Assistance to SMEs).

Other areas of co-operation include trade co-operation, where Seychelles currently benefits from preferential treatment in a number of areas. These include preferential treatment (quota-free and duty-free) for production from the Indian Ocean Tuna plant, which at present supplies some 18 % of the entire EU market.

Five EC-Seychelles Fisheries Agreements have also been signed over the years, and a sixth has now been negotiated. Under the (1999-2002) Agreement, Seychelles received Euro 6.9 million as compensation for permitting a given number of EC vessels to fish in Seychelles' EEZ, together with Euro 3.45 million for various fisheries development activities. The current agreement allows EC vessels to fish in Seychelles waters for three more years (2002-2005). The total amount of the new agreement is Euro 10.38 million.

In addition, Seychelles has benefited from regional co-operation activities under successive Regional Indicative Programmes (RIP) for the Indian Ocean.

Though Seychelles continues to secure some loans – both soft and commercial – grant aid is limited. The EC's grant aid to Seychelles has produced useful results, and has generally been efficiently spent, but it is probably true that it has been the EC-Seychelles trade co-operation provisions that have done more to nurture its development as a whole.

4.1 Focal sectors

The focal sector of the 7th EDF (Euro 6 million, out of which Euro 1,5 million managed by EIB) was industry, especially small industry and handicraft (50 % of the total allocation). The focal sector of the 8th EDF (Euro 5.5 million) was environmental protection (80% of the total allocation).

The intervention frameworks, as defined in the 7th and 8th EDF National Indicative Programmes, are listed in Annex I.

4.1.1 Industry - 7th EDF

Objective

The principle objectives of the industrial development were rational use of existing raw materials and improvement of the external account by the increased export of industrial products and widening of the range of locally produced export products. Within this framework, the objective of Community support was industrial expansion and increased productivity, especially of small industry and handicraft sector by enhancing:

- efficient service industry
- improvement of the quality of handicraft products
- improvement of the training of small entrepreneurs and handicraft men
- setting up of a system of credit with special conditions
- identification of export markets

Support was to be given to small entrepreneurs in training and in consulting, for access to equipment, for infrastructure and for the Seychelles Industrial Development Corporation (SIDEDEC). Concerning handicraft the support was aimed at consolidation of the results of the Lomé III programmes with emphasis on training, specialisation and marketing and support to the Company for the Development of Handicraft (CODEVAR). A credit line for small entrepreneurs and handicraft men was to be set up and managed by the Seychelles Development Bank (SDB).

The Government was committed to continue and reinforce its policy of industrial and handicraft development, focused on small and medium size entrepreneurs. This implied fiscal advantages for the creation and expansion of small and medium size industries; availability of a sufficient number of agents in the Department of Industry, SIDEDEC and CODEVAR; creation of advisory committee for industrial development; publication of an investment guide for the promotion of local and foreign investment; reliable statistics and land for creation of industrial zones.

Activities and results

Consolidation of the Handicraft Development (Euro 1,000,000¹) aimed to promote and create employment by establishing small enterprises, reinforcing the process of import substitution and encouraging a more intensive use of local prime materials. The project was completed in 1998. Craftsmen are now offered the possibility of even buying their raw materials and improving their design capabilities through the setting up of a specialised shop and library in Victoria. The objectives of the project, insofar as the promotion/creation of employment, reinforcement of import substitution process and use of local prime materials are concerned are met.

Rehabilitation of Victoria Market project (Euro 760,000²) upgraded and expanded the market, in order to safeguard hygienic norms and to provide additional space to

¹ 7 ACP SEY 001

² 7 ACP SEY 025

marketers. The market was inaugurated in June 1999 during National Day Celebrations.

4.1.2 Environmental Protection/Water Sector - 8th EDF

Objective

The principal objective of the Government is to arrest environmental degradation which otherwise would become a serious impediment to sustainable economic growth. The replacement of the present dumping site for solid wastes with appropriate fully engineered landfill has the high priority of the Government. In addition, the improvement of the living standards of the people by, amongst others, providing safe and reliable potable water is high in the government's agenda of interventions in this sector. The Community supports the sectoral policy of the Government through financial and technical cooperation, rehabilitation, technical assistance, administration and supervision, investments projects/programmes.

Activities and results

Anse Royal Landfill (Euro 2,735,000³) is a fully engineered landfill projected in Seychelles for over 20 years. The country in the past has disposed of solid wastes in different dumping grounds, located around the island. The capacity of the Anse Royale site has been projected to host approximately 110,000 m³ of solid waste. Based on the various treatment options before disposal, the lifetime of the site has been estimated to last for about 20 years. It is assumed that much of the waste will be reduced, recycled, treated and only the remaining mainly inert portion transported to Anse Royale.

Although the project had received the positive opinion of the EDF Committee in 1997, no financial commitments could be entered into until the Lomé IV/2 Convention had been ratified. Once this procedure was accomplished, the Financing Agreement was signed on 13 July 1998.

Works have been completed in 2000. However, the site is not operational due to lack of capacity problems. On one hand, the volume of waste to be disposed of is much higher than the initially estimated 20 years which means that the lifespan of the landfill will be much shorter than what was originally expected. On the other hand, lack of pre-treatment facilities at Providence would mean that the volume of wastes to be sent to Anse Royale would not be compacted, and this would not help in extending the lifespan of the landfill. In addition, the leachate treatment plant at Anse Royale would not have the capacity to cater for the expected amounts of waste. The operation of the landfill was also delayed as a result of the foreign exchange problems faced by the country.

The objective is now to initiate an effective operation of the landfill as foreseen in the financing agreement. Therefore, the EC Delegation requested the GoS to complete the necessary works for accessibility of trucks in Anse Royale to allow the deposit of

³ 8 ACP SEY 001

selected inert material. The landfill is expected to become fully operational early in 2003.

A post completion project evaluation contract (Euro 59,940⁴) was awarded in December 2001. The draft final report was submitted in June 2002 and the final report in September 2002. However, the comments made by the NAO, the EC Delegation and the Ministry of Environment have not been incorporated satisfactorily. Therefore, a revised final report is expected early 2003. The final report will serve as a discussion basis for the review of the National Solid Waste Master Plan in the context of the 9th EDF focal sector, agreeable to all partners involved – national and local government, the private partners and civil society.

Le Niol Water Treatment Plant (Works) project (Euro 1,350,000⁵) aims to improve living conditions for the population of the northern part of Mahé by providing a safe and reliable water supply.

4.1.3 9th EDF: Environment – Solid Waste Sector

Environment is an area with a clear and stable policy framework, which receives high government priority; it impacts clearly and directly on the well-being or otherwise of important economic sectors, tourism and fisheries in particular. It is also an area with which EC is familiar, and where it has recent cooperation experience. The environment sector is therefore proposed as the sole focal sector for Seychelles' 9th EDF Indicative Programme (Euro 3.9 million). The activities that it is proposed to fund under the Programme, which relate more specifically to environmental health (solid waste disposal), will have a direct and positive impact on the population as a whole, in the form of improved public health and general living standards. They will also help to sustain Seychelles' reputation as one of the greatest areas of natural beauty in the world, and will preserve the logic of activities carried out in the context of other EC policy areas (e.g. development support, through the Fisheries Agreements, to coastal and lagoon fishing). The production of landfill gas, as an energy source, may also be considered.

The activity that it is proposed to fund, through programme aid, consists of a Solid Waste Management Programme. Specifically, it is envisaged to allocate 85 % of 9th EDF funds (approx. Euro 3.3 million) to building appropriate land filling facilities.

The launch for consultancy services for the actualisation of the National Solid Waste Master Plan are expected in mid 2003. Actions towards the preparation of the necessary tender dossier and terms of reference initiated.

⁴ 8 ACP SEY 008

⁵ 8 ACP SEY 002

4.2 Projects and programmes outside focal sectors

4.2.1 7th EDF

The non-focal sector of the 7th EDF (50 % of the total allocation) included environment and tourism (and other possible technical assistance projects).

La Digue Environment & Transport Project (Euro 648,185⁶) consisted of two components; (i) a properly engineered landfill; and (ii) a 1.7 km improved main road constructed to fit in with the environment and nature of the Seychelles. The road has been completed and is fully operational. The management of the landfill, on the other hand, is under a French company, by way of a long term contract

4.2.2 8th EDF

27 % of the 8th EDF was earmarked for the non-focal sectors. Euro 650,000 were earmarked for support to the private sector, the rest for tourism and other activities (such as women in development and human resources).

1) Support to Private Sector

The objective is to facilitate the private sector's participation in the economic growth and employment through the creation of an enabling environment and provision of financial and technical assistance, in particular to small local entrepreneurs.

Macroeconomic Strategy for the Seychelles (Euro 200,000⁷) is a study for the strategy to sustain continued progress in the economic and social fields and was finalised in 2002. Based on the recommendations made by the consultants, three major sub-sectors were identified, namely export promotion, SME development and macroeconomic modelling. These three studies have been completed.

2) Tourism

Tourism Capacity Building project (Euro 350,000⁸) aims to promote the growth of the Seychelles economy and tourism sector in particular. Progress has been satisfactory. Given that the funds of the project were judiciously earmarked and that there were some additional activities that needed to be financed, a request was submitted by the NAO in October, 2002 for an increase in budget by Euro 70,000. At the same time, the Head Quarters were requested to look into the possibility of extending the validity of the FA from 31st March 2003 to 31st March 2004. Request to Brussels was sent on 31st October, 2002.

⁶ 7 ACP SEY 021 + 022

⁷ 7 ACP RPR 476

⁸ 8 ACP SEY 005

3) Other activities

Melon Fruit Fly project In response to the accidental introduction of the Melon Fly into the Seychelles the Government requested the assistance to eradicate this agricultural pest. A feasibility study was launched and an eradication programme amounting to Euro 1,100,000 was proposed. An important component will be the purchase and installation of two small incinerators for quarantine purposes. The signature of the Financing Agreement is awaited before the launching of activities (the decision was taken end November 02). It is expected that the project will cover a period of two and a half years.

4.2.3 9th EDF: capacity building

The non-focal area will focus on capacity building, in both state and non-state sectors. State capacity building will centre on training for the Ministries of Administration and Manpower Development and Education and Youth. Capacity building for non-state actors will aim at empowering NGOs and delivering quality services through strengthening NGO information and coordination capacity and, inter alia, developing a culture of volunteering popular participation.

Activities in the NGO sector will aim at empowering the NGOs and delivering quality services, mainly through the NGO association, LUNGOS. Such activities would include strengthening co-ordinating capacity and providing backstopping and secretariat facilities for NGOs.

Some 15 % (Euro 0.6 million) of the 9th EDF “A” envelope is allocated to this area, 50 % of which for state capacity building, 50 % in support of NGO capacity building. A Financing Proposal is expected to be finalised in 2003.

In addition to the above, Seychelles is also entitled to benefit from resources (Euro 0.8 million) under 9th EDF non-programmable aid (the “B” envelope) and from other instruments, including EC budget lines and the investment facility. Particular mention is made in this respect of All-ACP capacity-building funds destined to support e.g. WTO membership, EPA preparation and sanitary/phytosanitary conditions in the fisheries sector.

4.3 Other instruments

4.3.1 European Investment Bank

Total EIB financing under successive Lomé Conventions (I – IV) has so far amounted to Euro 11.6 million (Euro 1.5 million from own resources and Euro 10.1 million from risk capital). Given the small size of the Seychelles economy, on-lending via a financial intermediary has proved to be the most effective way for the Bank to support the development of private sector SMEs. EIB interventions have therefore concentrated on global loans to the Development Bank of Seychelles (DBS), for the financing of small and medium-sized private sector enterprises in the industrial, agro-industrial, fisheries, tourism and transport sectors (Euro 11 million in all). A founding shareholder of DBS, the EIB also holds, in the name of the EC, a 16 % equity share in DBS. In the public sector, a Euro 1 million loan from risk capital was made to the

Government of Seychelles in 1999 to part-finance the rehabilitation and extension of the Le Niol water supply system, a project co-financed by a Euro 1.35 million EDF grant.

A list of EIB projects under the fourth Lomé Convention is in Annex 8.

4.3.2 Regional co-operation

The chosen priority sector, environment, is coherent with a number of ongoing regional co-operation programmes in the South Indian Ocean. Seychelles is a member country of the Indian Ocean Commission, which benefits from EDF regional allocations. An ongoing project under the 7th EDF in this region is the Regional Support Programme for Environmental Initiatives. An environmental education programme is also being implemented under the 8th EDF. In addition, the World Bank has approved the financing of a major environmental project for the IOC (oil spillage contingency).

A list of regional projects is in Annex 7.

4.3.3 General trade preferences

Under the Lomé Convention, Seychelles benefits from general trade preferences including special derogations. The benefits of trade preferences are eroding with the general process of trade liberalisation. However, the countries of the region are to negotiate Economic Partnership Agreements (EPA) with the EC, for the purpose of increased trade and revenue generation. The negotiations are to be completed by 2008 when the transitional period for general trade preferences will end.

4.3.4 Fisheries Agreement

Fisheries agreements constitute a significant component of Seychelles/EU relations. Since 1984, five fisheries agreements have been signed, each having a three-year validity period. While these agreements benefit the Seychelles by way of providing financial compensation, they also, on the other hand, permit community vessels to fish in the Seychelles' "Exclusive Economic Zone".

During 2001, negotiations were concluded for a new Fisheries Agreement 2002-2005. The new agreement provides for a financial contribution of Euro 10,38 million corresponding to a catch of 46,000 tons per year. Under the current agreement the installation of a Vessel Monitoring System based on satellite linked transponders was installed and commissioned. A second long liner and an ice generator plant were as well financed from the resources of the past (1999-2002) agreement.

4.3.5 Budget lines

In mid August 1997 an intense tropical depression centred on Seychelles produced some 600 mm of rain in two days with continuous rainfall over 3-4 days. Given the steep terrain of the main islands, roads and agricultural land were inundated, causing many landslips and damage to roads and property. The Government of Seychelles immediately appealed to the international community for assistance.

The Commission responded by financing a rapid short-term study (Euro 10,000) and the most appropriate instrument of Community support was determined to be the supply of road and pavement construction equipment and materials (bitumens) funded within the Budget-Line B7-6410.

4.3.6 Centre for Development of Enterprise

There were no CDE interventions/activities in Seychelles in 2002.

5. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS

8th EDF: an amount of 1.1MEuro has been committed in 2002 for the Melon Fruit Fly eradication Project and it's due to start in 2003.

9th EDF: A-Allocation (Euro 3.9 million) is to cover long-term development operations within the Country Strategy. The indicative distribution of this allocation to the various components of the strategy is, in principle, as follows: environment: Euro 3.3 million and Capacity Building, State and Non-State: Euro 0.6 million. Funds for Non-State actors will be directly accessible. B-Allocation (Euro 0.8 million): to cover unforeseen needs, as indicated in the Cotonou Agreement.

Annex 2 gives a tentative chronogram of activities insofar as the implementation of the programmes under the 9th EDF is concerned. It is expected that the financing decisions would be signed for both the focal and non-focal programmes in the second semester of 2003.

The following specific objectives shall be pursued for the environment focal sector:

- an improvement in environmental health (public health and living standards in general), both for the benefit of the populations concerned and for the safeguarding of important economic sectors ;
- the disposal and/or treatment of solid waste in an ecologically sustainable manner.

The principal intervention foreseen is a Solid Waste Management Programme.

The main policy measures to be taken by the Government as a contribution to the implementation of the response strategy in this sector are:

- continued commitment to the 2000-2010 Environmental Management Plan ;
- the creation of an enabling environment in which waste collection and landfill management can operate efficiently.

As pointed out earlier in the document, an indicative amount of Euro 0.6 million has been reserved for the following purpose:

- a National Capacity Building Programme for both state and non-state actors (NGOs).

EC budget lines could be used to finance specific operation. Finance from this instrument will, however, be decided on in accordance with the Commission's procedures for the budget line concerned and will depend on availability of funds.

Apart from the above-mentioned financial instruments, of which the A-envelope is the main programmable basis for the Indicative Programme, the 9th EDF also includes the "Investment Facility" as a financing instrument managed by the European Investment Bank. The Investment Facility does not form part of the Indicative Programme.

Upon request from the Government, and within the limits of available EDF resources, support may be given to the formulation and implementation of a fisheries sector strategy. Such a strategy should aim at strengthening the Government's capacity to enforce measures for a sustainable use of fisheries resources as well as to develop the fisheries sector as a whole. So as to strengthen activities adding maximum value, special consideration will be given to the fish-processing sub-sector. .

6. ANNUAL OPERATIONAL REVIEWS

6.1 Speeding up of the use of old EDF resources

As at 31st December 2002 the RAL⁹ and unused balances on the National Indicative Programmes (NIP) for the on-going European Development Funds (EDF) are as follows :

EDF	NIP (+transfers)	GFC (primary commitments)	RAL		Balance unused on NIP		
6	6 201 815	6 167 701	0	0% of GFC	34 114	0.6%	of NIP
7	5 459 682	5 322 240	12 251	0.2 % of GFC	137 442	2.5%	of NIP
8	6 000 000	5 529 629	132 560	2.4% of GFC	470 371	7.8%	of NIP

6th EDF : All projects have been closed and payments effected. To note that one project, namely, La Digue Environment & Transport Project, was cancelled and subsequently undertaken under the 7th EDF.

7th EDF : The RAL relates to mainly to approximately Euro 12,251 on project 7 SEY 01 (Consolidation of Handicraft Development). De-commitment to be effected early in 2003 for the total remaining sum.

8th EDF : The RAL amounts to Euro 132,560, on projects 8 SEY 2 (Le Niol Water Treatment Works), 8 SEY 5 (Tourism Capacity Building) and 8 SEY 9 (Evaluation Anse Royale). Outstanding payments for 8 SEY 2 are expected early 2003 after

⁹ RAL : "Reste à liquider" , is total funds yet undisbursed on primary commitments (now called global financial commitments, GFC)

receipt of Certificate of Acceptance of Works. Projects 8 SEY 5 and 8 SEY 9 are ongoing.

Available resources on 6,7,8 EDF and new commitments :

Unused NIP balances amount to Euro 641.927. Foreseen closures and decommitments in 2003 are not expected to add a large amount to the above reserves.

In total released resources will therefore amount to approximately Euro 650,000

Forecast new primary commitments tentatively programmed are :

Preparation de l'actualisation du plan directeur dechets Euro 125,000
(expected March 2003 as preparatory study in context of 9th EDF) :

6.2 Setting indicators and targets for measuring results in focal sectors – Refinement of the 9th EDF Indicators

Further to the broad outlines in the CSP and the initial set of indicators mentioned in the 2001 Joint Annual Report, there is need to refine the set of indicators with a view to monitor key variables, like macroeconomic trends and environmental/poverty alleviation evolution.

Data are not readily available concerning the Seychelles and consequently, selection of these indicators should be made on the basis of what data can be accessible.

The following table shows the set of indicators that would most probably be used for the targeted sector:

Performance indicators for the Solid Waste Sector	Notes/Proposed indicators measured
Project Capital Expenditure for the solid waste sector(Yearly)	The base projected expenditure is based on the financial year from 1st Jan to 31st Dec the following in Constant Rupees
Implementation of the Integrated Solid Waste Management Programme on Mahe, La Digue and Praslin as enunciated in the Environment Management Plan of Seychelles 2000-2010	Yearly
Access of the population to suitable sanitation	Yearly.

Regarding indicators appertaining to the macroeconomic situation and public finance management, the following aspects will be closely monitored by the Delegation:

- **Government budget deficit**
- **GDP growth**
- **Procurement procedures**

6.3 Assessment of the ongoing in-field dialogue and proposals for further strengthening

The sectoral policy is supported by a significant number of donors, including the French Government, under the Agence Francaise de Developpement.

It is proposed to carry out further consultations and dialogues in 2003 among state and non-state actors including EU Delegation and NAO to facilitate exchange of information and ensure the smooth implementation of major programme/projects for the coming year.

**DELEGATION OF THE EUROPEAN
COMMISSION
For the REPUBLIC OF SEYCHELLES**

and

**NATIONAL AUTHORISING OFFICER
for the European Development Fund
in the REPUBLIC OF SEYCHELLES**

**Co-operation between the European Union and
Seychelles**

**Joint Annual Report
2002**

ANNEXES

List of Annexes

- annex 1 intervention framework – 9th EDF ***
- annex 2 chronogram of activities – 9th EDF**
- annex 3 indicative timetable for commitments and disbursements**
- annex 4 financial situation for 8th EDF**
- annex 5 financial situation for 7th EDF**
- annex 6 financial situation for 6th EDF**
- annex 7 regional projects**

ANNEX 1 INTERVENTION FRAMEWORK – 9th EDF

Table 1: The Intervention Framework proposed for the Environment Sector

	Performance indicators	Sources of Verification	Assumptions
<p>Long-term National sector targets</p> <p>Striking the right balance between economic development and safeguarding the environment, i.e. ensuring sustainability in resource exploitation, and paying due attention to human resources</p> <p>Better protection of the environment</p> <p>To treat and dispose of solid waste in ecologically sustainable manner</p>	<p>All solid waste generated is being disposed with sound environmental practices</p> <p>Improvement in health status</p> <p>Clean environment with no visual soreness through littering</p> <p>Reduction in pollution of water courses, ground and surface water and lagoon</p>	<p>PUC, SWAC, SBS and Department of environment data (utilities companies and ministry)</p> <p>Ministry of Health Statistics</p> <p>DoE data and survey reports</p> <p>MoE test data on water quality</p>	<p>Recurrent budget and taxes are sufficient to cover operation and maintenance</p>
<p>Intervention objectives</p> <p>Integrated solid waste management programme</p>	<p>Efficient and integrated system of disposal of waste by comparing the amount of wastes generated and the amount of wasted disposed of.</p> <p>Solid waste is being collected, treated and disposed of sustainably.</p> <p>Gradual elimination of smell and flies nuisance.</p> <p>Hazardous waste is being collected, pre-treated and exported (scrap metal & waste oil).</p> <p>Solid waste being sorted at source.</p>	<p>MISD data and data from the on-site management company</p> <p>PUC, SWAC, SBS, & DoE Data (utilities companies and ministry)</p>	<p>Budget</p> <p>Interest</p> <p>Government support</p> <p>External Financial Assistance</p>

<p>Results</p> <p>Landfill facilities operational</p> <p>Environmental damage caused by solid waste minimised</p> <p>Increased solid waste treatment/recycling</p>	<p>Health of environment will have improved</p> <p>Landfill volume utilised yearly</p> <p>75% Of waste recycled of waste recycled</p>	<p>DoE, SWAC & STAR data on the amount of solid waste disposed of everyday</p> <p>MoE Statistical data</p>	<p>Export of waste for recycling remains feasible</p> <p>Waste collection and landfill management remains private</p> <p>Leachates are collected and treated</p>
---	---	--	--

ANNEX 2

CHRONOGRAMME OF ACTIVITES - 9TH EDF

(updated as at Nov 2004)

Programme	Amount (m euro)	Identification	Appraisal	Financing Decision
Focal sector: Environment Solid Waste Management Programme	3,0	2002/2	2003 - 2004	2005/1
Capacity building for NSAs	0.86	2002/2	2002/2 – 2004/2	2004/2
Technical Cooperation Facility	0.5	2004/1	2004/2	2004/2



SEYCHELLES

FORECAST EDF PAYMENTS 2004 - 2005 (ongoing INDIV. COMMITMENTS)

EUROPEAID
CO-OPERATION OFFICE

YEAR GLOBAL COMMIT	ACCOUNTING NUMBER (GLOBAL COMMIT.)	N° INDIV COMMIT	TITLE INDIVIDUAL COMMITMENTS	END DATE	SITUATION 1rst JULY 2004			FORECAST 2nd SEMESTER 2004			FORECAST 2005			ALARM				
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	PAYMENTS	ESTIMATION of RISK FACTOR			1st SEMESTER PAYMENTS A	2nd SEMESTER PAYMENTS B		TOTAL PAYMENTS A+B	ESTIMATION of RISK FACTOR		
									Low L	Medium M	High H					Low L	Medium M	High H
TOTAL FORECAST PAYMENTS ON ONGOING INDIVIDUAL COMMITMENTS								213.300	24.600	138.700	50.000	89.500	0	89.500	60.000	29.500	0	
2000	8ACP SEY5	3	ECO WORK PROGRAMME 3 (24.10.03: 31.03.04 : 707.346,.90 SCR)	20040331	119.000	77.713	41.287	-9.885	1.415	-11.300				0				OK
2000	8ACP SEY5	2	ECO WP 2 01022002-31122002	20021231	156.336	156.336	0	-1.415	-1.415					0				OK
2002	8ACP SEY9	1	DRU IMPERIAL COLLEGE LONDON CONSUL (TA CONTRACT DATED 20.08.00)	20040924	59.900	0	59.900	30.000			30.000	29.500		29.500		29.500		OK
2002	8ACP SEY9	2	DRU WP1 (06/05/04 - 05/05/05: 390,000 EUR)	20050505	390.000	177.273	212.727	150.000		150.000		60.000		60.000	60.000			OK
2003	8ACP SEY10	1	INF SCOTT WILSON KIRKPATRICK (T.A. CONTRACT DATED 24.09.03)	20040531	85.900	36.153	49.747	44.600	24.600	20.000				0				OK

FORECAST NEW INDIVIDUAL COMMITMENTS (INCLUDING PAYMENTS) 2004-2005 ON ONGOING GLOBAL COMMITMENTS

			FORECAST 2nd SEMESTER 2004					FORECAST 2005									
						ESTIMATION of RISK on PAYMENTS			1st SEMESTER 2005		2nd SEMESTER 2005		TOTAL 2005		ESTIMATION of RISK on PAYMENTS		
YEAR GLOBAL COMMIT	ACCOUNTING NUMBER (GLOBAL COMMIT.)	TITLE of <u>NEW</u> INDIVIDUAL COMMITMENT	INDIVID. COMMIT.	PAYMENTS	Low L	Medium M	High H	INDIVID. COMMIT.	PAYMENTS A	INDIVID. COMMIT.	PAYMENTS B	INDIVID. COMMIT.	TOTAL PAYMENTS A+B	Low L	Medium M	High H	
TOTAL INDIVIDUAL COMMITMENTS & PAYMENTS			0	0	0	0	0	0	0	600.000	180.000	600.000	180.000	0	80.000	100.000	
		Melon Fruit Fly Eradication Program										0	0				
2002	8ACP SEY9	DRU: WP2 (01.07.05-)								200.000	80.000	200.000	80.000	0	80.000	0	
2002	8ACP SEY9	DRU: SUPPLY CONTRACT INCINERATOR								400.000	100.000	400.000	100.000			100.000	
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				
												0	0				

FORECAST NEW GLOBAL COMMITMENTS (INCLUDING INDIVIDUAL COMMITMENTS & PAYMENTS) 2004-2005

TITLE PROJECT (GLOBAL COMMITMENT)	Décision DATE Sem./Year	GLOBAL AMOUNT	FORECAST 2nd SEMESTER 2004					FORECAST 2005								
			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK on PAYMENTS			1st SEMESTER 2005		2nd SEMESTER 2005		TOTAL 2005		ESTIMATION of RISK on PAYMENTS		
					Low L	Medium M	High H	INDIVID. COMMIT.	PAYMENTS A	INDIVID. COMMIT.	PAYMENTS B	INDIVID. COMMIT.	TOTAL PAYMENTS A+B	Low L	Medium M	High H
TOTAL COMMITMENTS & PAYMENTS		4260000	0	0	0	0	0	630.000	267.000	2.550.000	398.000	3.180.000	665.000	255.000	340.000	70.000
													0			
9ACP SEY?:Technical Cooperation Facility	1rst/2005	500000											0			
INF: STUDY FOR SOLID WASTE DISPOSAL							350.000	140.000		210.000		350.000	350.000	140.000	210.000	
ECO: EVALUATION OF PROJECT TOURISM CAPACITY IN SEYCHELLES							20.000	12.000	0	8.000		20.000	20.000			20.000
9ACP SEY?:Capacity Building	1rst/2005	860000										0	0			
ECO: STATE WP1							190.000	95.000		90.000		190.000	185.000	95.000	90.000	
ECO: NON-STATE START UP WP							70.000	20.000		40.000		70.000	60.000	20.000	40.000	
ECO: NON-STATE WP1									150.000	50.000		150.000	50.000			50.000
9ACP SEY?:Solid Waste Disposal Landfill Programme	2nd/2005	2900000										0	0			
INF: WORKS CONTRACT									2.000.000	0		2.000.000	0			
INF: TECHNICAL ASSISTANCE CONTRACT									400.000	0		400.000	0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			
													0			

PAYMENTS

SUMMARY of	FORECAST 2nd SEMESTER 2004				FORECAST 2005						
	2 nd SEMESTER	ESTIMATION of RISK for 2004			1 st SEMESTER A	2 nd SEMESTER B	TOTAL PAYMENTS A+B	ESTIMATION of RISK for 2005			TARGET 2005
		Low L	Medium M	High H				Low L	Medium M	High H	
TOTAL FORECAST PAYMENTS <u>ONGOING INDIV. COMMITMENTS</u>	213.300	24.600	138.700	50.000	89.500	0	89.500	60.000	29.500	0	74.750
TOTAL PAYMENTS ON <u>NEW INDIVIDUAL COMMITMENTS</u>	0	0	0	0	0	180.000	180.000	0	80.000	100.000	40.000
TOTAL payments on <u>NEW GLOBAL COMMITMENTS</u>	0	0	0	0	267.000	398.000	665.000	255.000	340.000	70.000	425.000
TOTAL PAYMENTS	213.300	24600	138.700	50.000	356.500	578.000	934.500	315.000	449.500	170.000	539.750

INDIVIDUAL COMMITMENTS

SUMMARY of	2004	2005		
	2 nd SEMESTER	1 st SEMESTER A	2 nd SEMESTER B	TOTAL PAYMENTS A+B
TOTAL NEW INDIVIDUAL COMMIT. ON ONGOING GLOBAL COMMIT.	0	0	600.000	600.000
TOTAL NEW INDIVIDUAL COMMIT. ON NEW GLOBAL COMMIT.	0	630.000	2.550.000	3.180.000
TOTAL PAYMENTS	0	630.000	3.150.000	3.780.000

GLOBAL COMMITMENTS

SUMMARY of	2004	2005		
	2 nd SEMESTER	1 st SEMESTER A	2 nd SEMESTER B	TOTAL PAYMENTS A+B
TOTAL NEW GLOBAL COMMITMENTS	0	1.360.000	2.900.000	4.260.000

**ANNEX 4 – FINANCIAL SITUATION FOR 8TH EDF
31/12/2002**

Project n°	Project Title	Project amount	Committed	% (2)/(1)	Paid	% (3)/(1)	Remarks
		(1)	(2)		(3)		
8.ACP.SEY.001	Anse Royale Landfill	2,644,734	2,644,734	100%	2,644,734	100%	Closed (18 SEP 2002)
8.ACP.SEY.002	Le Nioi Water Treatment Works	1,350,000	1,350,000	100%	1,300,427	96%	All payments for EDF component effected. Project to be closed after certificate of acceptance of works
8.ACP.SEY.003	Short-Term consultancy: Vessel Monitoring System	24,955	24,955	100%	24,955	100%	Closed (10 DEC 2002)
8.ACP.SEY.004	Feasibility study SME Projects	-	-	54%	-	-	Cancelled (10 DEC 2002), EURO 60 000 reverted to NIP
8.ACP.SEY.005	Tourism capacity building project	350,000	188,800	-	122,481	35%	
8.ACP.SEY.007	Consultancy : Setting up VMS	-	-	99%	42,432	-	Cancelled (18 NOV 2002), EURO 11 000 reverted to NIP
8.ACP.SEY.008	Evaluation Anse Royale 8 SEY 1	59,940	59,100	0%	-	71%	
8.ACP.SEY.009	Melon fruit fly evaluation	1,100,000	-	0%	-	0%	
	TOTALS	5,529,629	4,267,589	77%	4,135,029	75%	
	8 th EDF N.I.P for Seychelles (including TOP-UP)	6,000,000					

			RATIO per (A)	RATIO per (B)	Amount in euros
(A)	NIP ENVELOPE including transfers and Top Ups	(A)			6,000,000
(B)	PRIMARY COMMITMENTS	(B)	92.16%		5,529,629
(C)	SECONDARY COMMITMENTS	(C)	71.13%	77.18%	4,267,589
(D)	PAYMENTS	(D)	68.92%	74.78%	4,135,029
(E)	BALANCE UNDISBURSED ON PRIMARY COMMITMENTS	(B) – (D)	23.24%		1,394,600
(F)	BALANCE UNCOMMITTED ON INDICATIVE PROGRAMME	(A) – (B)	7.84%		470,371

**ANNEX 5 FINANCIAL SITUATION FOR 7TH EDF
31/12/2002**

Project N°	Project Title	Project Amount	Committed	%	Paid	%	Remarks
		(1)	(2)	(2)/(1)	(3)	(3)/(1)	
7ACP.SEY.01	Consolidated of handicraft development	1,000,000	999,466	100%	987,215	99%	WP 97/98 not able to close because of missing vouchers to settle advance account.
7ACP.SEY.02	Biodiversity conservation	406,075	406,075	100%	406,075	100%	Closed
7ACP.SEY.03	Credit line to small enterprises	250,000	250,000	100%	250,000	100%	Closed
7ACP.SEY.04	TA to small industry	977,193	977,193	100%	977,193	100%	Closed
7ACP.SEY.05	Films for tourism promotion	150,198	150,198	100%	150,198	100%	Closed
7ACP.SEY.06	Study on assistance to small industry	2,140	2,140	100%	2,140	100%	Closed
7ACP.SEY.07	Study on economic impact of tourism	29,654	29,654	100%	29,654	100%	Closed
7ACP.SEY.08	Prep. ToR re Master Plan Victoria Port Dvp	52,667	52,667	100%	52,667	100%	Closed
7ACP.SEY.09	Fruit fly control	67,500	67,500	100%	67,500	100%	Closed
7ACP.SEY.10	Integrated biodiversity project	322,283	322,283	100%	322,283	100%	Closed
7ACP.SEY.11	Support to AIDS Program	140,539	140,539	100%	140,539	100%	Closed
7ACP.SEY.12	TA for fish legislation	43,834	43,834	100%	43,834	100%	Closed
7ACP.SEY.13	TA to Division of Planning	147,594	147,594	100%	147,594	100%	Closed
7ACP.SEY.15	Design review study on Sewage Treat.	42,793	42,793	100%	42,793	100%	Closed
7ACP.SEY.16	Design & Tender Docs. For landfill	207,883	207,883	100%	207,883	100%	Closed
7ACP.SEY.19	Study on Privitisation of solid waste Man.	59,250	59,250	100%	59,250	100%	Closed
7ACP.SEY.20	TA to division of Environment	47,554	47,554	100%	47,554	100%	Closed
7ACP.SEY.21	La Digue Environment & Transport project	593,138	593,138	100%	593,138	100%	Closed
7.ACP.SEY.22	La Digue Env. & Transport Project (Supervision)	22,495	22,495	100%	22,495	100%	Closed

SEYCHELLES
EDF 7
31st December 2002

Project n°	Project Title	Project amount	Committed	% (2)/(1)	Paid	% (3)/(1)	Remarks
		(1)	(2)		(3)		
7.ACP.SEY.23	Seminar on EDF procedures	22,375	22,375	100%	22,375	100%	Closed
7.ACP.SEY.24	Victoria market rehabilitation study	59,829	59,829	100%	59,829	100%	Closed
7.ACP.SEY.25	Victoria market rehabilitation works	674,769	674,769	100%	674,769	100%	Closed
7.ACP.SEY.26	Participation in PCM seminar in Mauritius	2,478	2,478	100%	2,478	100%	Closed
	Total projects	5,322,240	5,321,706	100%	5,309,456	100%	

N.I.P Allocation under EDF 7	5,400,000
Transfer of 5 th EDF balance	59,682
TOTAL ALLOCATION EDF 7 Seychelles	5,459,682

			RATIO per (A)	RATIO per (B)	Amount in euros
(A)	NIP ENVELOPE including transfers and Top Ups	(A)			5,459,682
(B)	PRIMARY COMMITMENTS	(B)	97.48%		5,322,240
(C)	SECONDARY COMMITMENTS	(C)	97.47%	99.99%	5,321,706
(D)	PAYMENTS	(D)	97.47%	99.76%	5,309,456
(E)	BALANCE UNDISBURSED ON PRIMARY COMMITMENTS	(B) – (D)	0.23%		12,784
(F)	BALANCE UNCOMMITTED ON INDICATIVE PROGRAMME	(A) – (B)	2.52%		137,442

**ANNEX 6 FINANCIAL SITUATION FOR 6TH EDF
31/12/2002**

Project N°	Project Title	Project Amount	Committed	%	Paid	%	Remarks
		(1)	(2)	(2)/(1)	(3)	(3)/(1)	
6ACP.SEY.01	Study – Prog. Elaboration on dev. of agriculture	51,,776	51,,776	100%	51,,776	100%	closed
6ACP.SEY.02	T.A to Seychelles Fisheries	407,360	407,360	100%	407,360	100%	Closed
6ACP.SEY.03	1 st Microroject Programme	171,071	171,071	100%	171,071	100%	Closed
6.ACP.SEY.04	Study on drainage	33,601	33,601	100%	33,601	100%	Closed
6ACP.SEY.05	Handicraft Development Programme	1,166,347	1,166,347	100%	1,166,347	100%	Closed
6ACP.SEY.06	Study – Agricultural sector dev. Prog.	64,727	64,727	100%	64,727	100%	Closed
6ACP.SEY.07	Rural Development Programme	2,858,329	2,858,329	100%	2,858,329	100%	Closed
6ACP.SEY.10	Study – coconut rehabilitation	20,119	20,119	100%	20,119	100%	Closed
6ACP.SEY.12	Study – Old Tuna Quay Rehabilitation	31,178	31,178	100%	31,178	100%	Closed
6ACP.SEY.13	Design Old Tuna Quay Rehabilitation	35,694	35,694	100%	35,694	100%	Closed
6ACP.SEY.14	Old Tuna Quay: Rehab. Works and Supervision	1,191,735	1,191,735	100%	1,191,735	100%	Closed
6ACP.SEY.15	Solid Waste Management Study	56,909	56,909	100%	56,909	100%	Closed
6ACP.SEY.16	La Digue Landfill Study	27,602	27,602	100%	27,602	100%	Closed
6ACP.SEY.17	La Digue environment and transport project	-	-	100%	-	100%	Cancelled
6ACP.SEY.18	Le Niol water works study	32,062	32,062	100%	32,062	100%	Closed

ANNEX 7

LIST OF ON-GOING REGIONAL PROJECTS financed under the Indian Ocean Regional Indicative Programme (RIP) of the 6th, 7th and 8th EDF

Situation as at 31st December 2002

EDF Project Accounting N°	Project name	Project Amount (€)	Remarks
REGIONAL INDIAN OCEAN : EDF 6			
6.ACP.RPR.066	Invent. Plantes aromatiques et médicinales de l'Océan Indien	2,200,000	Closed
6.ACP.RPR.067	Prog. d'assistance à l'Artisanat des pays de la COI	3,100,000	Problem to close because of missing supporting docs.
6.ACP.RPR.332	Prog. De Coopération Culturelle monde Bantu	300,000	On-going
6.ACP.RPR.458	Projet Thonier II	5,000,000	Closed
6.ACP.RPR.520	Prog. Tourisme régional COI (+7RPR067+8RIN003)	4,739,000	Court litigation
REGIONAL INDIAN OCEAN : EDF 7			
7.ACP.RPR.067	Prog. Tourisme régional COI (+6RPR520+8RIN003)	1,500,000	Court litigation
7.ACP.RPR.068	Appui aux prog. Environnementaux pays COI	11,000,000	On-going
7.ACP.RPR.308	Prog. d'appui communautaire – formation en statistiques	200,000	On-going
7.ACP.RPR.400	Prog. Régional – Mouche des fruits	1,900,000	Closed
7.ACP.RPR.459	PRIDE	9,300,000	Cannot close. Awaiting Del. Madagascar to close WPs
7.ACP.RPR.640	Université Océan Indien	1,925,000	On-going
7.ACP.RPR.672	CBI : Technology Introduction Scheme	2,900,000	On-going
REGIONAL INDIAN OCEAN : EDF 8			
8.ACP.RIN.001	Unité Technique de Gestion auprès de la COI	1,560,000	To be completed on 31.12.03
8.ACP.RIN.002	Prog. Cadre de coopération technique IV	1,950,000	On-going until 01/04
8.ACP.RIN.003	Prog. de coopération météorologique	1,800,000	On-going
8.ACP.RIN.004	Promotion d'une éducation pour la gestion de l'environnement	1,800,000	On-going
8.ACP.RIN.005	Augmentation plafond + PRIDE 7° FED (7RPR459)	1,583,000	Cannot close. Awaiting Del. Madagascar to close WPs
8.ACP.RIN.006	Université Océan Indien + 7RPR640	385,000	On-going
8.ACP.RIN.007	Prog. tourisme régional COI (+6RPR520+7RPR067)	380,000	Cannot close, court litigation
8.ACP.RIN.008	Manifestation culturelle tournante	750,000	On-going
8.ACP.RIN.010	Feasibility Study – Regional Indian Ocean Tuna Tagging Programme	175,000	On-going