

COOPERATION
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1. Executive Summary

In 2006, the milestone for Seychelles was the 4th Presidential elections since the re-introduction of multiparty politics in 1993. Incumbent President James Michel of the Seychelles People's Progressive Front, who was appointed to power by former President René in 2004, won his first elected term. In spite of making a number of recommendations to further strengthen the electoral process, the 2006 presidential elections was considered, by the Commonwealth electoral observer team, as credible and "allowed for the expression of the will of the Seychellois people".

The year 2006 saw a sustained positive economic outcome of the measures put in place by Government through the home-grown Macroeconomic Reform Programme (MERP) initiated in July 2003. In effect, the Government's commitment to the MERP continued to be rewarded by strong gains in both the fiscal and monetary domains. Following almost 6 years of economic stagnation, provisional data on real GDP shows that Seychelles recorded a 5.3% growth rate in 2006. The Government also remained fully committed to its policy of public debt reduction. Government successfully issued a bond of US\$200 million on the international capital market, proceeds of which were used principally to clear debt. It is noteworthy that as at end 2006, Seychelles cleared its arrears with multilateral banking institutions.

However, other components of the MERP have been slow including implementation of the privatisation programme. Furthermore, notwithstanding the positive trends in the fiscal balance, the pace of fiscal adjustments could not fully compensate for the uncompetitive exchange rate. Since October 2006, although Government started to gradually remove remaining foreign exchange controls, the unavailability of foreign currencies on the local market remained a serious constraint to private sector development and regular availability of basic consumer goods. In addition, despite efforts to reduce the debt level, the total debt stock is still very high compared to international norms, standing at 176% of GDP.

As regards the social situation, in 2006, Government maintained a generous welfare state and subsequently Seychelles continued to hold a high position in the Human Development Index ranking (47th in 2006). Government remained committed to its policy of assisting each Seychellois family in having their own home. By December 2006, 3,756 housing units were in various stages of construction and nearly 15% of the government's recurrent expenditure was directed to the health sector. However, to date, Seychelles has not defined its national poverty line and there is no national standard by which such poverty should be measured; this is part of the targeted actions of the National Plan of Action of Social Development (2005-2010).

The dialogue between the EC and Government of Seychelles continued to be open, transparent and constructive. However, the regular flow of information is at times constrained due to the absence of an EC office in Seychelles coupled with the human resource constraints on the Seychelles side. Moreover, in 2006, the interaction with the two resident EU Member States (FR, UK) was particularly reinforced which enabled to initiate political dialogue as per Art. 8 of the Cotonou Agreement. The appointment of a resident Ambassador to Brussels as at end 2006 has further consolidated the EC-Seychelles cooperation.

As regards the EC-Seychelles cooperation, 2006 proved to be a turning point since the financing decision was taken on the 9th EDF focal sector programme and it saw the start of the non-focal sector programme. 2006 was also the last year of the 8th EDF Melon Fruit Eradication Programme, with overall some good results, including the installation of the incinerators. The second semester of the year focused on the 10th EDF programming exercise, with the submission of a draft CSP in October, which followed the evaluation of the 10 year cooperation earlier in the year. In addition, all the funds on the 9th EDF B-envelope have been committed for emergency activities related to the December 2004 Tsunami, under the aegis of the UN Appeal.

2. Update on the political, economic and social and environmental situation

• *Update on the political situation*

In July 2006, Seychelles held its 4th presidential elections. Incumbent President James Michel of the Seychelles People's Progressive Front, appointed to power by former President René in 2004, won his 1st elected term¹. The electoral process for the 2006 presidential elections was considered, by the Commonwealth electoral observer team, as credible & "allowed for the expression of the will of the Seychellois people". In its report, the observer team made several recommendations to further strengthen the electoral process, including proposals to limit electoral campaign financing, the establishment of an Electoral Commission to replace the current Electoral Commissioner, the establishment of an independent Public Service Commission, and enabling of a democratic environment through dialogue and the opening of radio/TV media. The Electoral Commissioner & Government have announced that the recommendations would be reviewed for possible amendments of the laws to ensure that best practices are applied to the electoral process. Last quarter of 2006 was marked by political tension following a clash between the security forces and members of the Opposition in October, with the latter deciding thereafter to boycott parliamentary sessions. As for regional cooperation, Seychelles, which has traditionally had close political ties with Southern Africa countries, applied for renewed membership in SADC in 2006, which is currently under consideration. It is noteworthy that during this reporting period, there was the re-opening of a Seychelles Embassy in Brussels.

• *Update on the economic situation*

After almost 6 years of economic stagnation, provisional data on real GDP shows that Seychelles recorded a 5.3% growth rate in 2006. Underlying this real growth acceleration is marked tourism activity, continued buoyancy in industrial fishing and increased Foreign Direct Investment (FDI) in tourism-related fields as well as a booming construction sector. Production activity improved with increases recorded in tuna canning, beverage production and in various manufacturing lines. Results in the agricultural and livestock sector were however mixed. The Consumer Price Index (CPI) is reported to have dropped by 0.4% in 2006 although the price of fish and 'other food' increased by 11.5% and 2.8% respectively between 2005 and 2006, the price of non-food items decreased by 1.8% in 2006 compared to 2005. To be noted that a Ministry of Finance was set up as a separate entity².

Government's commitment to the home-grown Macroeconomic Reform Programme (MERP) continued to be rewarded by strong gains in both the fiscal & monetary domains. In 2006 the government budget posted a surplus for the 4th consecutive year equivalent to 4.1% of nominal GDP³. This was consistent with government's strategy to achieve fiscal consolidation and public debt reduction. On the revenue side, the continued buoyancy in Goods and Services Tax (GST: 33% of total revenues in 2006) confirmed the underlying economic recovery. Despite a 36% reduction in trade taxes from 2004 & 2006, resulting from the trade liberalization process initiated in mid-2004, total receipts increased to reach SCR 2.476 million in 2006 (14% increase viz 2005). On the public expenditure side, total budget outlays also increased & amounted to SCR 2.302 million with outlays of 2 ministries, education & youth and health, absorbing 17% of total budget outlays. Overall the primary balance was equivalent to SCR 580 million in 2006 compared to SCR 357 million in 2005. In 2006, Government remained fully committed to its public debt reduction policy. Government successfully issued a bond of US\$200 mio on the international capital market, proceeds⁴ of which were used principally to clear debt. As at end 2006, Seychelles cleared its arrears with multilateral banking institutions - repayments were made to AfDB (USD 46.75 mio), World Bank (USD 1.3 mio) & EIB (USD 3.2 mio). Further, the largest collateralised loan with the Mitsubishi Bank (USD

¹ Final vote count - 53.73% for SPPF viz 45.71% for opposition alliance candidate & Seychelles National Party (SNP).

² In the past, finance portfolio was under the responsibility of the President.

³ This figure is based on a GDP estimate of SR 4276.6 million for 2006.

⁴ The left-over balance was transferred to the Central Bank to support the liberalisation process.

65mio) was also repaid. Government also paid €4 mio to the Paris Club creditors as a 1st step in finding an agreement on the payment of remaining arrears. Whereas external arrears on multilateral banking institutions declined considerably as at end 2006, external arrears now remain mostly with Paris Club creditors. The external debt stock is still considerably high compared to international norms standing at 70% of GDP in 2006, almost a 17 percentage point increase compared to 2005; underlying this increase is the US\$ 200 million bond. Debt reduction thus remains a high priority on the Government's agenda since it has targeted to reduce indebtedness to 60% of GDP by 2016. Domestic debt, currently representing the bulk of the total debt stock, has been reduced to 106.6% of GDP in 2006 following fiscal surpluses, down from 137% in 2002.

As at end 2006, the banking sector's net claims on Government fell by 10% since the balance of the bond proceeds were sold to the Central Bank of Seychelles (CBS). Seychelles is currently on a regular 12-month Article IV consultation cycle with the IMF, but has no financial arrangements with the Fund. An agreement with the IMF for a Staff Monitored Programme is deemed crucial in assisting Seychelles to align its debt level on a sustainable path & to facilitate negotiations with the multilateral/bilateral creditors.

A lower level of primary budget surplus could undermine efforts to reduce public debt and could send the wrong signals to the international capital markets. However, the possibility remains that a significant exchange rate adjustment could entail high risks to fiscal stability as in its aftermath, strong upward pressure on government expenditure is anticipated; tax buoyancy, notably on imports, may not necessarily compensate for any resultant budgetary slippages. Hence, the cautious approach adopted by Government towards external policy reforms, deemed to be the most pragmatic option in the short-term.

Within the monetary sector, since 1977, for the 1st time, Seychelles' banking sector's net foreign asset position turned positive (SCR 539 mio from SCR 274 mio in 2005). Contributing factors for this improvement were stronger FDI flows, improved performance in the tourism industry, as well as the remaining proceeds of the Bond issued in September 2006. Since October 2006, Government has started to gradually remove remaining foreign exchange controls. The foreign exchange allocation mechanism, which was exclusively administered by the CBS, was transferred to commercial banks in 2006. The CBS reviewed the currency composition and respective weights of the Seychelles Tourism and Trade Weighted basket (STTWB). Effective as from October 2006, the STTWB was rationalised into 3 currencies: €(59.1%), £ (30.2%) & US\$ (10.7%). Since end 2006, the SCR weakened against these 3 currencies. The country's gross official reserves position improved thus covering 8.1 weeks of c.i.f. imports value in 2006 as against 4.3 weeks in 2005. However, debt servicing continues to exert considerable pressure on the foreign exchange reserves: current level of debt servicing on external debt represents 17% of goods and non-factor services export revenue and 33% of government revenue and there is still a shortage of foreign currency for the private sector at large.

Since Government introduced its trade liberalization & privatisation programmes in 2004, there has been progressive dismantling of the Seychelles Marketing Board's⁵ (SMB). At the start of 2006, privatization of the insurance company State Assurance Corporation of the Seychelles (SACOS) was completed; next round of the privatization of some units of SMB as well as Nouvobanq and Seychelles Savings Bank is underway.

As for the country's investment climate, the Investment Code, enacted in January 2006, provides the legal environment for the promotion of investment activities in Seychelles⁶. In 2006, the Seychelles Investment Bureau approved a total of 225 investment projects of which 208 were by Seychellois & 17 by foreigners. Despite the very small number of projects by foreigners, 76.9% of the total projects' value (SCR 3.6 bio) represented investment by non-Seychellois.

⁵ SMB is a parastatal body which manages imports of basic goods, with monopoly on certain goods' imports.

⁶ Main provisions are to protect investment, guarantee incentives for approved projects & the setting up of a mechanism to resolve investment disputes. There are a number of economic activities defined in the Code that are restricted to domestic investors.

Economic development in Seychelles, like in most Small Island Development States (SIDS), depends heavily on its human resource base. In 2006, there was a rise in the average number of employees in all industries except education. With the boom in construction activities, the latter alone recorded a 39% rise in employment due to an influx of foreign workers. The annual average total number of persons in formal employment stood at 39,561⁷ in 2006, a rise of 15% compared to 2005. In 2006, the private sector employed 53% of all registered employees, followed by government with 32% & the parastatal sector with 15%. The existing labor demand-supply mismatch within the public service & the private sector is an issue that remains to be addressed. In 2006, Government set up a National Human Resources Development Council to promote, oversee & coordinate human resource development activities in the private & public sectors. In April 2006, the Employment Act was reviewed to allow for more flexibility to facilitate part-time/temporary employment.

In 2006, the 'active job-seekers' population stood at 1,175 (i.e. 2.6% of the active population) falling by 23% compared to 2005; to be noted that the majority of the active job seekers remain unskilled labour. There is also still a limited pool of technical & professional labour in some of the key economic sectors (particularly health, education, tourism & construction). The very small size of the population & of the working-age population in particular is an important determinant factor. As a direct result of this small (if not micro) size feature, the issue of brain-drain deserves particular attention.

Seychelles, like most SIDS, is highly dependent on foreign goods for consumption, production & re-export. The country's trade balance is invariably in deficit. Trade balance deteriorated from an overall deficit of SCR 1,843.7 mio in 2005 to SCR 2,080.2 mio in 2006. Merchandise imports rose by 13% in 2006 compared to a 2% increase in merchandise exports, with canned tuna accounting for over 86% of total merchandise exports. It should be noted that oil re-exports increased by 30% thus generating 43% of total receipts in goods exports. On the trade-related payments side, the main item was oil transactions. In 2006 the energy sector absorbed 26% of the country's total import bill, followed by food & live animals, 23%. With 7 countries⁸ contributing to almost ¾ of total imports, trade in Seychelles is highly concentrated on the basis of its composition but also on that of its trading partners. On account of the global rise in energy prices, the country's oil imports expenses rose by 21% in 2005 and by a further 28% in 2006 over the previous respective years. The total trade (in goods & services) to GDP ratio exceeding 110% in 2006 & the high concentration level in the composition of both its exports & imports of goods basket, render Seychelles highly vulnerable to constraints associated with erosion of preferences, notably of canned tuna exports, the increasing competition driving the international market and the volatility in the international price of traditional and strategic commodities.

As a member of COMESA, Seychelles is negotiating the EPA under the ESA configuration. Throughout the year 2006 the country has been actively involved in on-going EPA negotiations and is committed to meeting the December 2007 deadline. The main concern is the possible disruption of trade on canned tuna exports to the EU that would result from an increase in tariff (from 0% to 20.4%) in the event that the EPA is not concluded on time. Seychelles initiated its application for accession to the World Trade Organisation (WTO) since 1995, but the process has been fraught with difficulties due to lack of human technical capacity & slowness in institutionalizing domestic reforms in line with WTO conformity. Government deems that whilst an open, rules-based and non-discriminatory trading & financial system might provide some opportunities for Seychelles, the negative impacts on the national economy seem likely to outweigh these. The main pillars of the economy remain tourism & fisheries, which accounted for 21% & 15% of GDP, respectively, in 2006. They also both represented significant sources of foreign currency: tourism revenue was equivalent to almost ½ of services' exports & canned tuna accounts for more than ¾ of domestic exports. Although the Chikungunya epidemic in March 2006 temporarily slowed down the tourism

⁷ If domestic workers as well as self-employed persons are added to this the total number of employees in 2006 is 45,620.

⁸ France, Italy, Saudi Arabia (mineral fuels imports), Singapore, Spain, South-Africa & UK.

industry, it still registered a record level of visitors arrival of 140,627 (9.3% rise compared to 2005) & tourism revenue⁹ amounted to SCR 885.1 mio (7.3% increase compared to 2005). Government continued to maintain its strategy of increasing tourism sector development: the bridge linking Eden Island¹⁰ to Mahé was completed; Eden Island was marketed extensively both in Seychelles and internationally with sales to foreign buyers exceeding 130 units by end 2006. It is noteworthy that since 2004, the Seychelles Tourism Board (STB) has started to focus on the promotion of small hotels. However, Seychelles remains the most expensive destination in the region & the sector's expansion remains constrained due to the lack of competitiveness in all market segments, except in the new high-end five-star category. Seychelles must contend with a price premium across most of its market segments, which the STB will justify with a new campaign and brand positioning to be launched in March 2007. In the fisheries sector, industrial fishing has maintained high catch levels resulting in more transshipment activities. Total revenue from industrial fishing including licenses, transshipment fees & services is estimated to be SCR400 mio. Artisanal, mostly demersal fisheries declined by 13.3% in 2006 (catch of 3,849 tonnes compared to 4,439 in 2005). Canned tuna exports rose by 6.4% in 2006 & is expected to be sustained as the country's tuna cannery has indicated further investments to increase its capacity by 40% by 2011. The EC-Seychelles Fisheries Partnership Agreement remains the most important single contributor to government revenue portfolio. Preliminary figures indicate that 2006 EC fleet catches have exceeded the reference tonnage and therefore the ship-owners and the EC should be making additional payments.

Within the Seychelles International Trade Zone (SITZ), there are 55 licensed SITZ companies including the Indian Ocean Tuna (IOT) cannery, still by far the biggest earner and employer. The free trade zone employs over 2,600 persons of which 53% are Seychellois. It is estimated that in 2006 the sector generated a turnover of USD 20 mio through the provision of offshore services excluding the international trade zone. In 2006, Seychelles continued to grow as an offshore jurisdiction. Out of nearly 37,000 companies on the International Business Company (IBC) register, over 8,232 were incorporated in 2006 alone. Progress has also been made in terms of FDI flows into the country, amounting to SCR 759 mio in 2006. In order to ensure the sustainability of the offshore financial sector & so as to comply with international best practices, Seychelles will also need to address the issue of its compliance with recognized international principles on transparency & effective exchange of information for tax purposes, which has become vital due to its related commitments of February 2001 towards the OECD to implement them. In 2006, Double Taxation Agreements (DTA) were signed with Qatar, the UAE & 2 two EU MS (Belgium & Cyprus)¹¹.

The infrastructure sector has benefited from significant public investment in the past, resulting in a solid electricity network and relatively modern communication and transport facilities. In 2006, the renovation of the international airport terminal was completed, and a master plan for the redevelopment of harbour infrastructure (in particular the fishing port) was elaborated. The modernisation of the water & sanitation sector is high on Government's agenda as it addresses both freshwater resources management and river and coastal waters' pollution control. In 2006, water supply shortages during the summer dry season became increasingly alarming. Although these shortages are related primarily to under-developed storage capacity and high water losses (> 50%¹² in Mahé due to accumulated maintenance backlog on the piping network), rather than to absolute rain deficit. Increased consumption patterns by the population and hotels (+8%/year) worsened the situation. Subsequently, Seychelles has submitted a project proposal to the GEF for a full size project on "Water adaptation to climate change" to be implemented as from 2008 under the GEF focal area of climate change.

⁹ As recorded by the commercial banking sector.

¹⁰ Eden Island has been built on reclaimed land East of Mahé.

¹¹ Seychelles has ratified DTAs with Botswana, China, Cyprus, Indonesia, Malaysia, Mauritius, Oman, S. Africa, Thailand & Vietnam.

¹² Over-registration of bulk meter, under registration of domestic meters, flushing of lines and other legitimate uses.

- ***Update on the social situation***

Although Seychelles ranks high in HDI (47th in 2006) and absolute poverty does not exist per se, the country has a situation of relative poverty found in certain segments of the Seychelles society, of which the elderly, the disabled, single-women headed households. Seychelles has not, to date, defined its national poverty line & there is no national standard by which such poverty should be measured. This is part of the targeted actions of the National Plan of Action of Social Development (2005-2010). It is feared that short-term costs of tight fiscal measures & cuts in the budget are likely to lead to the re-emergence of poverty if no counterbalancing measures are taken.

In 2006, Government remained committed to its policy of assisting each Seychellois family in having their own home. By December 2006 projects (i.e. 3,756 housing units), with contract values totalling SCR92mio, were in various stages of construction. A new Home Ownership Scheme was introduced in 2005 and extended in 2006: it is estimated that over 4,350 families stand to benefit from the scheme. In 2006, nearly 15% of the government's recurrent expenditure (5% of GDP) was directed to the health sector. Life expectancy at birth has risen continuously during the past 30 years & has been consistently high for both men and women (66 & 77 yrs respectively in 2006). In 2006, maternal mortality (0 in 2006) & infant mortality (10 per 1000 births in 2006) remained low & comparable to those of advanced countries. However, the increasing rate of non-communicable diseases (cancer & cardiovascular diseases) remains a major concern for Government; in 2006 mortality from such diseases represented 60% of total mortality. The emerging and re-emerging non-communicable diseases also represent a new concern for public health. One example is the 2006 Chikungunya epidemic, which severely affected the South West Indian Ocean region, and the associated vigilance required to avoid new health threats such as the SARS and avian flu. In the education sector, the National Qualifications Authority was enacted in December 2005 and became a parastatal organisation in 2006. The curriculum framework for post-secondary education and training institutions was endorsed by the Government in 2006. All courses developed locally will be based on the competency-based Approach; as at end 2006, over 12 courses had been developed using this approach.

The national Youth Policy gives the basis for integrated and collaborative actions by all government agencies impinging on youth as well as NGOs and other groups committed to youth development. So as to prevent exploitation/victimization of children, the National Assembly has amended section 130 of the Penal Code thus providing for harsher sentences for child molesters. Although Seychelles records a very good performance in terms of gender equity compared to other developing countries, the high prevalence and continued increase in domestic violence are symptomatic of the inequality that still exists. According to the preliminary findings of a national survey, 27% of Seychellois women surveyed admitted to experiencing moderate physical violence and 28% of severe physical violence by a partner. 11% admitted to have been victims of rape. Moreover, Drug and alcohol abuses have been depicted as factors undermining the accrued benefits of Seychelles' development and are invariably associated with interpersonal violence, family breakdown, delinquency, crime and other anti-social behaviour including unemployment.

- ***Update on the environmental situation***

Seychelles is characterised by the inherent vulnerabilities of SIDS including small land area, limited natural resources & environmental vulnerability. Seychelles' population was estimated at 84,600 as at June 2006 (90% in Mahé, 6% in Praslin, and 3% in La Digue), which highlights an increase of 1.2%/p.a. Given the country's limited success from economic diversification efforts, future growth will continue to depend on the expansion of fisheries & tourism, which are inextricably linked to the quality of the natural & physical environment. The year 2006 saw Seychelles take a progressive step with the donor community to develop a more comprehensive and holistic approach to funding of projects in the environmental sector. Seychelles' tourism industry is the largest consumer of 'nature'/biodiversity, and with country's pristine environment, eco-tourism provides a great opportunity for diversifying the tourism products. Subsequently, in 2006 Seychelles submitted a

project request to the Global Environment Facility (GEF). The project, “Mainstreaming Biodiversity management into Production Sectors”, was approved in 2006 for a sum of US\$3.7 mio & aims to ensure that “biodiversity conservation objectives are fully integrated into key production sectors of the economy”. Government aims at increasing the number of hotel beds during the period 2006-2008 and all newly developed resorts are compelled by law to undertake Environmental Impact Assessment (EIA) studies at construction stage. However so far such EIA procedures have been reportedly weak and the environmental management plans' implementation is not really controlled as well as for resort' effluents. The coming to saturation of Providence landfill on Mahé and the delay in the implementation of Providence 2 (as part of the 9th EDF focal sector project) are likely to put some strains on existing facilities to accommodate the increasing volume of wastes. The same situation applies on the smaller islands of La Digue and Praslin. At the end of 2006, the Integrated Solid Waste Management Programme was approved by the EC. In 2006, Government initiated discussions with various stakeholders to promote waste recycling and discouraging littering in all its forms. It has been announced that the 1st phase of such a programme will be launched by end of Q1 2007; to be noted that this forthcoming intervention is coherent with the EC-funded programme.

3. Overview of past and on-going cooperation

Following the adoption of the 2006 end-of-term review (ETR) conclusions, the country strategy as contained in the 9th CSP and NIP is maintained. This decision allows, nonetheless, the inclusion within the A-envelope of reliquats from NIPs of previous EDFs, revising this envelope to € 4,591,826. The additional funds (€ 88,976) have been allocated to the 9th EDF Technical Cooperation Facility (TCF) for the launching of preparatory studies for the 10th EDF.

An evaluation of the EC-Seychelles cooperation (1995-2005), carried out in 2006, highlighted the relevance of the programmes designed under successive NIPs for the country's sustainable development. One key conclusion of this evaluation - an ambitious NIP compared to the global financial allocation - has been considered from the onset of the 10th EDF programming exercise. Other pertinent conclusions of the evaluation are as follows:

- Delays encountered at programmes' formulation phase & their effective implementation thereof, partly due to a lack of human resources at local level, mobility of staff within the public service. Whilst major steps have been taken by GoS to recruit more qualified staff in the Public Service, further capacity building is necessary in particular in the environment-related bodies.
- Human resources' problems at local level for implementation of several programmes coupled with complex EDF procedures. This has usually resulted in a need for external technical assistance, thus limiting the availability of funds for project activities.

3.1 Focal sectors (and macroeconomic support)

3.1.1 9th EDF NIP

• Focal Sector 1: Environment – Solid Waste Sector

Preparation of the 9th EDF focal sector intervention needed a prior update of the country's Solid Waste Master Plan, completed and subsequently adopted by Government in 2004. This preliminary study & the project formulation detailed studies¹³ brought considerable delays in the instruction of the related 9th EDF focal sector project, which was approved only at end 2006, and is scheduled to start in Q1 2007. This reiterates the need to anticipate the required identification and formulation studies in order to ensure more rigorous project planning and design.

¹³ Studies (pre-requisite in 2005), cost > €200,000 & needed an international tender; this delayed project formulation by > 1 yr.

a) Results: Solid waste programme was committed only at end 2006, thus no results are yet available.

b) Progress in Activities

Detailed feasibility studies were completed by Carl Bro consultants in 2005 & approved in January 2006. Given the relatively high projects' costs on Praslin & La Digue, detailed design & tender documents were prepared in 2006 only for the construction of a new sanitary landfill at Providence-Mahé; launching the works tender scheduled in 2007, after signature of the Financing Agreement. Detailed studies for Praslin & La Digue landfills would be funded on the TCF in 2007 & the project cost will be met on national budget. The integrated solid waste management programme was approved in November 2006. The Financing Agreement is scheduled for signature by GoS in January 2007 and the project should be implemented over 3.5 years; expected results include: environmentally sound infrastructures for solid waste disposal put in place; management of the solid waste sector is strengthened; sustainable direct cost recovery system for solid waste services is in place; solid waste reduction/segregation/recycling programmes are developed.

3.1.2 8th EDF NIP

• **Focal Sector 1: Environmental Protection**

Focus was on Anse Royale landfill (€2.735 mio) & Le Niol Water treatment plant (€1.350 mio).

a) Results

The 2006 evaluation highlighted technical/organisational difficulties on the Anse Royale landfill project preventing full use of the site. The evaluation also flagged the overall sector's management, including limited supervision capacity & inappropriate contracts' arrangements. A key lesson learnt is the need to ensure detailed project planning/design on the basis of the sector's policy/strategy. Closer prior consultation with stakeholders is also required as well as a regular on-field monitoring of project implementation. Lessons drawn from the mitigated results of the Anse Royale project have been fully taken into account for the 9th EDF. For the Le Niol water treatment plant, the 2006 evaluation pointed out the positive results & a few minor technical issues, brought to the attention of the Public Utilities Corporation.

b) Progress in Activities: Not applicable since projects have been completed.

c) Degree of integration in cross-cutting themes:

As indicated in the evaluation exercise carried out on past EC interventions, cross-cutting issues such as gender, capacity building and institutional strengthening have been generally well taken into account.

3.1.3 7th EDF NIP

• **Focal Sector 1: Industrial Sector**

The focal area under the 7th EDF was the industrial sector, notably small industry and handicraft, with emphasis on increase of its productivity.

a) Results

Through the Consolidation of the Handicraft Development Project (€ 1 mio), support has been given to small entrepreneurs in training and in consulting, for access to equipment, infrastructure. A credit line for small entrepreneurs and artisans was set up and managed by the Seychelles Development Bank. There has also been an increased creation of employment in the handicraft sub-sector and increased use of local raw materials. The rehabilitation of the Victoria market project (€ 760,000) upgraded and expanded the market, in order to safeguard hygienic norms and to provide

additional stall space. The market was inaugurated in June 1999 and continues to be well used and well maintained.

b) Progress in Activities:

Not applicable since projects have been completed.

c) Degree of integration in cross-cutting themes:

As indicated in the evaluation exercise carried out on past EC interventions, cross-cutting issues such as gender, capacity building and institutional strengthening have been generally well taken into account.

3.2 Projects and Programmes outside focal sectors

Under the 7th EDF, environment was earmarked as the non-focal sector. For the 8th EDF, intervention in the non-focal sector was directed towards the private sector (as a follow-up to the small industries' project, funded under the 7th EDF), tourism development (capacity building) and agriculture (melon fruit fly eradication programme). It is to be noted that the Melon Fruit Fly Eradication Programme saw its last year of project activities, following a 1-yr extension of the programme (from 31.12.2005 to 31.12.2006) granted by HQ as at end 2005. The overall objective of the Melon Fruit Eradication Programme was to contain and eradicate the fruit fly and prevent the incursion of any new fly species at its most likely entry points. The installation of the incinerators at the commercial port and the airport as at end 2006 is considered as crucial to this end.

3.3 Utilisation of Resources for NSAs

Focus on non-state actors has only emerged under 9th EDF in response to the specific needs of NGOs and in line with provisions made by the Cotonou Agreement. Ongoing activities under this 9th EDF project focus on: improvement in the quality of delivery of social services and other services by NSAs, in their networking capacity and in their participation in national development policy dialogue and support to State Actors in particular in the field of human rights, directly linked to certain governance commitments.

3.4 Utilisation of Envelope B

All the funds on the 9th EDF B-envelope (€700,000) have been committed for emergency activities related to the December 2004 Tsunami, under the aegis of the UN Appeal. The programme, implemented by UNDP through a Contribution Agreement (CA), focuses on the rehabilitation of approximately 30kms of coastal roads and the reconstruction of 2 main bridges that should be completed in 2007. Project implementation was initially delayed because at end 2005, it was necessary to carry out the detailed design for the 2 bridges' reconstruction. Works started in August 2006 and progressing satisfactorily; the commissioning of the bridges is expected in mid-2007. The 2nd component of the project (road rehabilitation) faced major delays given constraints in bitumen supply. Hence, progress at end of 2006 was estimated at 30% & the works are likely to be completed in the 2nd semester 2007. Despite delays on roads rehabilitation, all funds from the EC CA are expected to be spent before the end of June 2007 (ending date of the CA).

3.5 Other Instruments

3.5.1 Fisheries Partnership Agreements (FPA)

A new EC & Seychelles FPA, initialled in 2004, was adopted by the Council in September 2006. In 2005, the total contribution of the FPA was €6.4 mio (€4.125 mio from the FPA & the remaining part from the shipowner's contribution)¹⁴. From the financial contribution (€4.125 mio), 36% is

¹⁴ At the time of submission of this report, the figure for 2006 was not available.

earmarked to support enhancement of a sustainable & responsible sectoral fisheries policy. Since 1987, the fisheries protocols and agreements' have significantly contributed to the country's financial resources, averaging some €5mio to €7 mio of foreign exchange p.a.; 5 times greater than the NIP envelope. The fisheries protocols have also been crucial to the reinforcement of sustainable & responsible fisheries through direct support provided to the Seychelles Fishing Authority for the sectoral fisheries policy. In addition to the FPA, a Regional Plan for Fisheries Surveillance (€7 mio) in the Southwest Indian Ocean will be implemented in 2007 through a framework partnership convention between the EC and the IOC. This Regional Plan will be for a period of 3 years.

3.5.2 Water & Energy Facilities

In 2005 & 2006, Seychelles responded to past calls for proposals under the Water Facility, but its project proposals were not selected.

3.5.3 Horizontal private sector support programmes

Support to the private sector has been available under a number of horizontal instruments such as the *Centre de Développement de l'Entreprise*, PROINVEST and EU-SADC Investment Promotion Programme (ESIPP), provided Seychelles' application for membership is approved by SADC on time.

3.5.4 Regional Indicative Programmes

Since the 7th EDF, Seychelles has benefited from regional environmental initiatives, under the aegis of the Indian Ocean Commission (IOC). Amongst the other IOC Member States, Seychelles experience was instrumental for the 8th EDF environmental education programme (ARPEGE - ended in 2006). Seychelles are also benefiting from the 8th EDF plant protection programme (PRPV). As regards marine resources, Seychelles continued to play a key role under the 3rd 9th EDF marine-related regional programmes: Tuna Tagging Programme (project management unit located in Mahé), the Monitoring, Control & Surveillance Project (Seychelles: leading country for setting up of regional databases & is strong commitment in fighting against illegal fishing), the Sustainable Management of Marine & Coastal Resources project, which began its activities in 2006 & focuses on integrated coastal zone management, which remains an essential issue for Seychelles. The evaluation of EC-Seychelles cooperation, undertaken in 2006, concluded that there was a strong complementarity between national & regional programmes.

3.5.5 European Investment Bank (EIB)

As at end 2006, Seychelles repaid its arrears to the EIB.

4. Assessment of Performance Indicators

During this report period, it is not possible to assess the performance indicators defined for the focal and non-focal sector programmes given that the former has not yet started and the latter started its activities in mid 2006.

5. Donor Coordination and Harmonisation

The EU Member States present in the Seychelles are France (FR) and UK. FR has been providing technical assistance, including in the fisheries and environment sector, including solid waste, nature conservation and land use management. This has resulted in closer donor collaboration with the EC in these sectors. FR is also actively involved in the educational and cultural fields. The UK is financing some bio-diversity projects in Seychelles. UNDP's country programme 2003-06 focused on the environment sector, in particular on institutional and human capacity building via 9th EDF financing. In 2006, the UNDP started the tsunami rehabilitation programme, following its Flash Appeal which was launched in early 2005. In 2006, Seychelles signed its 1st fisheries agreement with a Chinese company. The Chinese Government continued to contribute to the financing of

infrastructure and housing projects. In view of the limited number of donors present in Seychelles, the harmonisation process has been, up to now, implemented on an ad hoc basis. Coordination meetings between the Delegation & the resident EU MS are now organized on a more regular basis.

6. Dialogue in country with the NAO and NSAs

Dialogue between EC & GoS continued to be open & constructive. However, the regular flow of information is at times constrained due to the absence of an EC office in Seychelles coupled with the Seychelles' human resource constraints. However, in 2006 the number of EC Delegation missions rose considerably & allowed for more regular contacts. A structured Art. 8 political dialogue was initiated since late 2006, between the GoS, resident EU MS & the EC. The objective of this dialogue is to address issues of common interest in particular related to the governance commitments. The appointment of a resident Ambassador to Brussels as at end 2006 has further consolidated the EC-Seychelles cooperation. During the 10th EDF CSP drafting phase (2nd semester 2006), key stakeholders (incl. NGOs) were met by an external consultant leading to a 1st formal stakeholders' meeting in mid-August 2006. The Ministry of Foreign Affairs & the EC Delegation held a 2nd stakeholders' meeting in mid-September to outline the CSP response strategy. Resident EU MS (UK, FR) were associated throughout the process. Main points and concerns raised during the consultation meetings focused on the general need to strengthen the consultation process at country level, for the importance of paying greater attention (& dialogue) to governance issues together with the need to encourage public-private partnership through EC cooperation.

7. Conclusions

In 2006, the political scene was marked by the Presidential elections giving the 1st elected mandate to President Michel. The year 2006 was also discernable by a relatively positive economic recovery, in particular in terms of economic growth and debt reduction with all multilateral institutions outstanding arrears being cleared, including those with the EIB. In parallel FDI increased significantly in particular in tourism-related activities.

As regards the EC-Seychelles cooperation, 2006 proved to be a turning point since the financing decision was taken on the 9th EDF focal sector programme and it saw the start of the non-focal sector programme. 2006 was also the last year of the 8th EDF Melon Fruit Eradication Programme, with overall some good results, including the installation of the incinerators. 2nd semester 2006 focused on the 10th EDF programming exercise, with the submission of a draft CSP in October, which followed the evaluation of the 10 year cooperation earlier in the year.

The interaction with the two resident EU Member States (FR, UK) was particularly reinforced which enabled to initiate political dialogue as per Art. 8 of the Cotonou Agreement. However, involvement of NSAs remained fairly limited outside of the 9th EDF non-focal sector programme. This issue will need to be given particular attention both by the Government of Seychelles and the Delegation of the EC.

ANNEXES

- Annex IA – Country at a glance table
- Annex IB – Millennium Development Goals (MDGs)
- Annex IIA – Financial Situation for 7th EDF Projects
- Annex IIB – Financial Situation for 8th EDF Projects
- Annex IIC – Financial Situation for 9th EDF Projects
- Annex III – Financial Situation of EIB projects
- Annex IV: Indicative timetable for commitments & disbursements

Annex IA – Country at a Glance Table

	2000	2001	2002	2003	2004	2005	2006
BASIC DATA							
Population (Nos)	81131	81202	83723	82781	82475	82852	84600
- annual change in %	0.9	0.1%	3.1%	-1.1%	-0.4%	0.5%	2.1%
Nominal GDP (Rupees)	3513.3	3644.9	3822.4	3811.3	3848.9	3974.4	4276.6
Nominal GDP (in million €)	..	694	739	623	563	580	617
Nominal GDP per capita (Rupees)	43304	44887	45655	46041	46667	47970	50551
Nominal GDP per capita (in €) (3)	..	8547	8822	7528	6825	7005	7295
- annual change in %	4.4%	3.7%	1.7%	0.8%	1.4%	2.8%	5.4%
Real GDP (Rupees) (3)	2615.4	2556.0	2587.1	2434.4	2365.3	2393.9	2520.7
Real GDP (annual change in %)	4.20%	-2.3%	1.2%	-5.9%	-2.8%	1.2%	5.3%
Gross fixed capital formation (Rupees)	884.5	1482.0	978.5	395.4	490.2	1200.7	1082.5
Gross fixed capital formation (in % of GDP)	25.2%	40.7%	25.6%	10.4%	12.7%	30.2%	25.50%
INTERNATIONAL TRANSACTIONS							
Exports of goods and services (Rupees), BOP data	2889.7	2990.9	3014	3331.3	3452.4	3958.2	4711.7
Exports of goods and services (in % of GDP)	82.3%	82.1%	78.9%	87.4%	89.7%	99.6%	110.2%
- of which the most important: ... (in % of GDP)							
Trade balance (Rupees), BOP data	-960.6	-1493.7	-1025.4	-776.9	-1277.4	-2269.5	-2445.5
Trade balance (in % of GDP)	-27.3%	-41.0%	-26.8%	-20.4%	-33.2%	-57.1%	-57.2%
Current account balance (Rupees)	-108.0	-896.6	-555.0	-49.3	-330.0	-1075.0	-905.1
Current account balance (in % of GDP)	-3.1%	-24.6%	-14.5%	-1.3%	-8.6%	-27.0%	-21.2%
Net inflows of foreign direct investment (Rupees)	79.0	329.2	213.6	271.5	167.3	431.4	759.9
Net inflows of foreign direct investment (in % of GDP)	2.2%	9.0%	5.6%	7.1%	4.3%	10.9%	17.8%
External debt (Rupees)	1567.0	1934.0	2774.5	2511.3	2461.3	2108.4	2979.8
External debt (in % of GDP)	44.6%	53.1%	72.6%	65.9%	63.9%	53.0%	69.7%
Service of external debt (million rupees)	-	-	-	753	870	254	805
Service of external debt (in % of exports of goods and non-factor services)				22.6	25.2	6.4	17.1
Foreign exchange reserves (Rupees)	271.1	210.6	352.3	369.2	187.8	308.7	653.3
Foreign exchange reserves (in weeks of c.i.f. imports)	7.2	3.9	8.0	8.6	3.5	4.2	8.1
GOVERNMENT							
Revenue (Rupees)	1314.8	1290.3	1477.9	1867.6	1891.1	2167.6	2476.2
Revenue (in % of GDP)	37.4%	35.4%	38.7%	49.0%	49.1%	54.5%	57.9%
in grants (Rupees)	31.8	14	4.7	10.7	5.1	49.8	73.0
- of which grants (in % of GDP)	0.9%	0.4%	0.1%	0.3%	0.1%	1.3%	1.7%
Expenditure (Rupees)	1797.7	1638.2	2121.1	1597.2	1788.8	1815.6	2301.9
Expenditure (in % of GDP)	51.2%	44.9%	55.5%	41.9%	46.5%	45.7%	53.8%

	2000	2001	2002	2003	2004	2005	2006
Capital expenditure	481.4	207.8	357.7	85.5	177.0	254.0	403.8
- of which: capital expenditure (in % of GDP)	13.7%	5.7%	9.4%	2.2%	4.6%	6.4%	9.4%
Deficit including grants (Rupees)	-451.3	-333.9	-638.5	281.1	107.4	401.8	247.4
Deficit (in % of GDP) including grants	-12.8%	-9.2%	-16.7%	7.4%	2.8%	10.1%	5.8%
Deficit excluding grants (Rupees)	-515	-361.9	-647.8	259.6	97.2	302.2	101.3
Deficit (in % of GDP) excluding grants	-14.7%	-9.9%	-16.9%	6.8%	2.5%	7.6%	2.4%
Total Debt (Rupees)	5459.9	6064.1	6929.5	6885.9	6305.3	6994.7	7541.0
Debt (in % of GDP)	155.4%	166.4%	181.3%	180.7%	163.8%	176.0%	176.3%
External Debt	1567.0	1934.0	2774.5	2511.3	2461.3	2108.4	2979.8
- of which: external (in % of total public debt)	28.7%	31.9%	40.0%	36.5%	39.0%	30.1%	39.5%
OTHER							
Consumer price inflation (annual average change in %)	6.3%	6.0%	0.2%	3.3%	3.9%	0.9%	-0.4%
Interest rate (for money, annual rate in %)							
Exchange rate (annual average of national currency per 1 €)	..	5.2516	5.1751	6.1156	6.8378	6.8483	6.9300
Unemployment (in % of labour force, ILO definition)							
Total Employment (nos.)	32131	33105	34017	33111	32780	34542	39561
Employment in agriculture (nos.)	2129	2143	2122	697	611	695	719
Employment in agriculture (in % of total employment) (1)	6.6%	6.5%	6.2%	2.1%	1.9%	2.0%	1.8%

Source: National Statistics Bureau, Central Bank of Seychelles – data compiled in April 2007

Notes:

(1) 2000 – 2002 includes forestry and fishing

(2) 2005 has been revised

(3) GDP figures for 2006 are preliminary estimate

(4) Trade balance figures for 2005 and 2006 from Statistical Bulletin from NSB.

This differs from the corresponding current account balance BOP figure compiled by the Central Bank of Seychelles.

Annex IB – Millennium Development Goals (MDGs)

		Base year								Target		
	Indicator	1990	1995	2000	2001	2002	2003	2004	2005	2015	Remarks	
1	Proportion of population living on less than USD 1 per day (1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	not relevant to SEY	
2	Prevalence of underweight children (under five years of age) (1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	not relevant to SEY	
3	Under-five mortality rate (per 1000 live birth)	19	16	13.2	15.3	18.2	19.4	14.6	10.4	not applicable	Achieved	
4	Net enrolment ratio in primary education	n/a	n/a	93	91	92	94.8	96.4	100	not applicable	Achieved	
5	Primary Completion Rate (%)	n/a	n/a	112.9	117.6	118.3	115.7	106.5	n/a	not applicable	Achieved	
6	Ratio of girls to boys in (%)											
	- Primary education	n/a	n/a	97	96	95	95	95	94	Achieve equal access		
	- Secondary education	n/a	n/a	102	103	100	101	103	100	not applicable	Achieved	
	- Tertiary education	n/a	n/a	117	113	126	119	143	133	not applicable	Achieved	
7	Proportion of birth attended by skilled medical personnel (%)	n/a	n/a	100	100	100	100	100	100	not applicable	Achieved	
8	Proportion of one-year-old children immunised against measles (%)	86	97	97	95	98	99	99	100	not applicable	Achieved	
9	HIV prevalence among 15 to 24 year old pregnant women	n/a	n/a	0.3	0.0	0.3	0.2	0.1	0.3	Halt & reverse the spread of HIV		
10	Proportion of population without sustainable access to an improved water source	12	n/a	n/a	n/a	n/a	n/a	12	n/a	6		

Notes

n/a: not available

(1) no country data available for this indicator

Annex IIA – Financial Situation for 7th EDF Projects

Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]	Action taken/to be taken and when (A-D):RAL Status of projects open beyond end date A: GFC to close, B: IFCs to close,C:IFC with open advances, D: IFC with problems
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5,312,260.20	5,312,260.20	100.00%	5,312,260.20	100.00%	TOTALS
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7 ACP SEY 1	ECO CONSOLIDATION DEVEL ARTISANAT	987,215.36	987,215.36	100%	987,215.36		CLOSED
7 ACP SEY 2	BIODIVERSITY CONSERVATION AND NATIONAL PARKS PROGRAMME	406,075.14	406,075.14	100%	406,075.14		CLOSED
7 ACP SEY 3	CREDIT LINE FACILITY FOR SMALL ENTERPRISES	250,000.00	250,000.00	100%	250,000.00		CLOSED
7 ACP SEY 4	ASSISTANCE TO SMALL INDUSTRY	977,192.77	977,192.77	100%	977,192.77		CLOSED
7 ACP SEY 5	PROMOTION TOURISTIQUE (REALISATION DE 2 FILMS)	150,198.20	150,198.20	100%	150,198.20		CLOSED

7 ACP SEY 6	(EX 05 P016) ET APPUI A LA PETITE INDUSTRIE	2,140.00	2,140.00	100%	2,140.00		CLOSED
Accounting N°	Project title	GFC [1]	IFC [2]	%	Paid [3]	%	Action taken/to be taken and when (A-D):RAL Status of projects open beyond end date A: GFC to close, B: IFCs to close,C:IFC with open advances, D: IFC with problems
7 ACP SEY 7	(EX. 05 P018) ECONOMIC IMPACT OF TOURISM	29,654.30	29,654.30	100%	29,654.30		CLOSED
7 ACP SEY 8	PREPARATION OF A MASTER PLAN FOR THE VICTORIA PORT DVLPMT.	52,666.55	52,666.55	100%	52,666.55		CLOSED
7 ACP SEY 9	FRUIT FLY CONTROL	67,500.72	67,500.72	100%	67,500.72		CLOSED
7 ACP SEY 10	INTEGRATED BIODIVERSITY,MARINE AND COASTAL CENTRE	322,282.96	322,282.96	100%	322,282.96		CLOSED
7 ACP SEY 11	SUPPORT TO AIDS PROGRAMME	140,539.14	140,539.14	100%	140,539.14		CLOSED
7 ACP SEY 12	ETBLIS.LEGISLATION PECHE & FORMATION PROF. UNITE INSPECTION	43,834.14	43,834.14	100%	43,834.14		CLOSED
7 ACP SEY 13	A.T. A LA DIRECTION DU PLAN	150,397.04	150,397.04	100%	150,397.04		CLOSED

7 ACP SEY 15	GREATER VICTORIA SEWERAGE:STUDY OF SEWAGE TREATMENT OPTIONS	42,792.92	42,792.92	100%	42,792.92		CLOSED
7 ACP SEY 16	SOLID WASTE MANAGEMENT PROJECT/TENDER DOCS	207,882.75	207,882.75	100%	207,882.75		CLOSED
Accounting N°	Project title	GFC [1]	IFC [2]	%	Paid [3]	%	Action taken/to be taken and when (A-D):RAL Status of projects open beyond end date A: GFC to close, B: IFCs to close, C:IFC with open advances, D: IFC with problems
7 ACP SEY 19	SOLID WASTE MANAGEMENT- TA FOR PRIVATISATION	59,250.00	59,250.00	100%	59,250.00		CLOSED
7 ACP SEY 20	MISE A DISPOSITION COORDINATEUR PROJETS "ENVIRONNEMENT".	47,554.00	47,554.00	100%	47,554.00		CLOSED
7 ACP SEY 21	LA DIGUE ENVIRONNEMENT & TRANSPORT PROJECT. (+7/21+7/22+6/17).	593,138.07	593,138.07	100%	593,138.07		CLOSED
7 ACP SEY 22	LA DIGUE ENVIRONNEMENT & TRANSPORT PROJECT. (+7/21+7/22+6/17).	22,495.18	22,495.18	100%	22,495.18		CLOSED
7 ACP SEY 23	SEMINAIRE DE FORMATION SUR LES PROCEDURES FINANCIERES DU FED	22,375.70	22,375.70	100%	22,375.70		CLOSED
7 ACP SEY 24	VICTORIA MARKET REHABILITATION	59,828.56	59,828.56	100%	59,828.56		CLOSED

7 ACP SEY 25	VICTORIA MARKET REHABILITATION	674,768.85	674,768.85	100%	674,768.85		CLOSED
7 ACP SEY 26	PARTICIPATION IN PROJECT CYCLE MANAGEMENT SEMINAR	2,477.85	2,477.85	100%	2,477.85		CLOSED

Annex IIB – Financial Situation for 8th EDF Projects

Accounting N°	Project title	GFC [1]	IFC [2]	% [2] / [1]	Paid [3]	% [3] / [1]	Action taken/to be taken and when (A-D):RAL Status of projects open beyond end date A: GFC to close, B: IFCs to close,C:IFC with open advances, D: IFC with problems
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5,571,213.27	5,533,386.38	99.32%	5,040,850.81	90.48%	TOTALS
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8 ACP SEY 1	ANSE ROYAL LANDFILL	2,644,734.00	2,644,734.00	100%	2,644,734.00	100%	CLOSED
8 ACP SEY 2	INF NIOL WATER TREATMENT WORKS	1,300,426.93	1,300,426.93	100%	1,300,426.93	100%	CLOSED
8 ACP SEY 3	SHORT TERM CONSULTANCY - SETTING UP VESSEL MONITORING SYSTEM	24,955.00	24,955.00	100%	24,955.00	100%	CLOSED
8 ACP SEY 5	ECO TOURISM CAPACITY BUILDING PROJECT	361,394.20	361,394.20	100%	361,394.20	100%	CLOSED
8 ACP SEY 8	ANSE ROYALE LANDFILL PROJECT EVALUATION (8 SEY 1)	59,040.00	59,040.00	100%	59,040.00	100%	CLOSED
8 ACP SEY 9	DRU MELON FRUIT FLY ERADICATION PROGRAMME	1,100,000.00	1,062,173.11	97%	569,637.54	52%	GFC TO BE CLOSED AS AFTER 31.12.2006

8 ACP SEY 10	INF PREPARATION DE L'ACTUALISATION DU PLAN DIRECTEUR DECHET	80,663.14	80,663.14	100%	80,663.14	100%	CLOSED
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Annex IIC – Financial Situation for 9th EDF Projects

Accounting N°	Project title	GFC [1]	IFC [2]	%	Paid [3]	%	Action taken/to be taken and when (A-D):RAL Status of projects open beyond end date A: GFC to close, B: IFCs to close,C:IFC with open advances, D: IFC with problems
				[2] / [1]		[3] / [1]	
		5,202,000.00	1,943,523.36	37.36%	1,069,114.56	20.55%	TOTALS
9 ACP SEY 1	ECO TECHNICAL CO-OPERATION FACILITY (TCF)	642,000	462,523	72%	320,048	50%	ON GOING PROJECTS
9 ACP SEY 2	CONTRIBUTION TO POST TSUNAMI REHABILITATION EFFORTS	700,000	700,000	100%	420,000	60%	ON GOING PROJECTS
9 ACP SEY 3	NATIONAL CAPACITY BUILDING PROGRAMME FOR STATE AND NON STATE	860,000	781,000	91%	329,067	38%	ON GOING PROJECTS
9 ACP SEY 4	INTEGRATED SOLID WASTE	3,000,000	-	0%	-	0%	ON GOING PROJECTS

MANAGEMENT PROGRAMME							
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Annex III – Financial Situation of EIB projects

Situation as at 31.12.2006

EIB own resources								
Loan No	Project	signed on	Amount signed	Amount disbursed	Amount cancelled	Current	1st repayment	last repayment
14149	DBS GL III B	9/12/1989	1,500,000.00	1,500,000.00		-	1/31/1994	7/31/2001
			1,500,000.00	1,500,000.00		-		

EDF								
Loan No	Project	signed on	Amount signed	Amount disbursed	Amount cancelled	Current	1st repayment	last repayment
70012	DBS Equity Participation	10/31/1978	580,047.17	580,047.17		815,877.37		
70275	DBS PG	5/14/1982	1,000,000.00	1,000,000.00		92,381.80	3/1/1988	3/1/2007
70563	DBS GL II	9/16/1985	3,000,000.00	3,000,000.00		-	3/1/1991	3/1/2000
70787	DBS GLOBAL LOAN III A	9/12/1989	1,500,000.00	1,470,000.00	30,000.00	498,400.00	7/31/1995	7/31/2014
70990	DBS GL IV	12/22/1994	2,000,000.00	2,000,000.00		1,763,148.00	12/15/2000	12/15/2009
71145	LE NIOL WATER SUPPLY	1/5/1999	1,000,000.00	1,000,000.00		1,000,000.00	12/15/2001	12/15/2013
20451	DBS GL V	1/24/2000	2,000,000.00	1,770,000.00	230,000.00	1,770,000.00	12/15/2004	12/15/2011

11,080,047.17	10,820,047.17	260,000.00	5,939,807.17
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Annex IV: Indicative timetable for commitments (up to end 2007) and disbursements (up to end 2008)

	FORECASTS 2007										TARGET ANNEE
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	
New Global Commitments	0					0					0
New Individual Commitments	15,000	5,929	9,071	0	10,464	2,532,000	1,941,661	590,339	0	3,502,831	3,513,295
Payments	251,520	99,413	152,107	0	175,467	549,000	421,000	128,000	0	485,000	660,467
Decommitments back to the NIP	114,577										114,577
Decommitments to recommit	15,037										0
Reduction of Old RAL	0	0	0	0	0	0	0	0	0	0	0

	FORECASTS 2008										TARGET ANNEE
	1st SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	Target 100%L+50%M	
Engagements Individuels	20,000	1,654	18,346	0	10,827	219,000	5,111	213,889	0	112,055	122,883
Payments	1,414,329	117,000	1,297,329	0	765,665	857,000	20,000	837,000	0	438,500	1,204,165

R A L	SITUATION on 01/01/2007		SITUATION on 31/12/2007		Amount	Nbr
	ALL PROJECTS	PROJETS decided before YEAR 2002	ALL PROJECTS	PROJETS decided before YEAR 2002		
? Ongoing GLOBAL COMMITMENTS	6,302,000	0	6,264,173	0	0	0
R A C	3,296,304	0	-254,818	0	0	0
R A P	1,066,299	0	3,842,377	0	0	0
R A L	4,362,602	0	3,587,559	0	0	0
% RAL / ? GLOBAL COMMIT.	69%		57%			
Nbr of years to absorbe RAL	7		5			

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007

SUMMARY of	AMOUNT
CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2006	5,202,000
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007	0
TOTAL GLOBAL COMMITMENTS	5,202,000

SUMMARY of	AMOUNT
COUNTRY ENVELOPE A & B AT 31-12-2006 avant ETR	5,202,850
DECOMMITMENTS OVER THE PERIOD OF 2007	114,577
TOTAL EDF AVAILABLE COUNTRY RESOURCES	5,088,273
USE OF AVAILABLE RESSOURCES in %	102.24%
EDF COUNTRY RESSOURCES THAT COULD BE LOST	-113,727