

COOPERATION
European Union – Republic of Seychelles

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LIST OF ACRONYMS

AfDB	African Development Bank
ARPEGE	Appui Régional à la Promotion d'une Education pour la Gestion de l'Environnement
CBS	Central Bank of Seychelles
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSP	Country Strategy Paper
DP	Democratic Party
DTA	Double Taxation Agreement
EC	European Commission
EDF	European Development Fund
EIB	European Investments Bank
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
ESIPP	EU-SADC Investment Promotion Programme
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FPA	Fisheries Partnership Agreement
GDP	Gross Domestic Product
GoS	Government of Seychelles
GST	Goods and Services Tax
IBC	International Business Company
IMF	International Monetary Fund
IOC	Indian Ocean Commission
MDG	Millennium Development Goals
MERP	Macro economic Reform Programme
MS	Member States
NGOs	Non Governmental Organisations

NHRDC	National Human Resources Development Council
NSAs	Non State Actors
PRPV	Programme Régional de Protection des Végétaux
PUC	Public Utilities Corporation
SACOS	State Assurance Corporation of the Seychelles
SADC	Southern African Development Community
SARS	Severe Acute Respiratory Syndrome
SBC	Seychelles Broadcasting Corporation
SCR	Seychelles rupee
SFA	Seychelles Fishing Authority
SIDS	Small Island Development States
SITZ	Seychelles International Trade Zone
SMB	Seychelles Marketing Board
SNP	Seychelles National Party
SPPF	Seychelles' People Progressive Front
STB	Seychelles Tourism Board
STTWB	Seychelles Tourism and Trade Weighted Basket
TCF	Technical Cooperation Facility
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
UNFCC	United Nations Convention for Climate Change
USD	United States dollars
WB	World Bank
WTO	World Trade Organisation

1. Executive summary

In 2007, the milestone of Seychelles' political landscape was the legislative elections that were held in May. The outcome was the same as in the 2002 poll as the Seychelles People's Progressive Front (SPPF), the ruling party defended its majority with 23 seats out of 34. The end of the year also saw a change in the relationship between the President and the Leader of Opposition (from the Seychelles National Party-SNP) who started a dialogue further to the release of the Judge Reilly report of the enquiry into the events of October 2006.

The year 2007 saw a second year of robust economic growth with a real GDP growth rate of 7.3% supported by record performance in FDI flows and in the tourism sector. The annual average inflation rate reached 5,3% as a result of domestic and external factors. The government budget posted a surplus for the 5th consecutive year equivalent to 1.3% of GDP. Government is still committed to its policy of debt reduction; however, as at end 2007 the debt burden remained high compared to international standards with the total debt stock to GDP ratio representing 146.3%. Although Government started to gradually remove remaining foreign exchange controls, the unavailability of foreign currencies on the local market remained a constraint to private sector development and regular availability of basic consumer goods.

Government maintained a generous welfare state and subsequently Seychelles continued to hold a high position in the Human Development Index ranking (50th out of 177 in 2007). Absolute poverty *per se* does not exist in Seychelles. The country 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). Government remained committed to its people centred approach policy geared at promoting health, education and assisting each Seychellois family in having their own home.

As regards environment, the Government is engaged to ensure that a higher level of environmental preservation is achieved and is currently implementing several waste policies in line with the waste free initiative.

Implementation of the 9th EDF projects shows a mixed record in 2007: there were further delays in the 9th EDF focal sector "Solid Waste Management Programme", following an unsuccessful tender for the Mahé new sanitary landfill works. The scope of works will be reviewed and a new tender re-launched in 2008. The other components of the programme were started notably with the support of the International Technical Assistance to the Ministry of Environment and Natural Resources mobilised in October 2007. Good progress was noted for two of the "National Capacity Building Programme" components namely: i) "capacity and qualification of manpower" which targets state actors and ii) "capacity of non-state actors in delivering social services to the most vulnerable groups of the population strengthened". The mobilisation of a Human Resources Manager in January 2008 should allow for the launching of the activities under the 3rd component of the programme concerning Human rights.

As regards donor coordination, the harmonisation process has been implemented on an *ad hoc* basis in view of the limited number of donors present in Seychelles. However, the EU Code of Conduct on Complementarity and Division of Labour in Development Policy could represent an opportunity to promote the harmonisation process. The participation of NSAs in cooperation needs to be further encouraged.

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

2.1 Update on the political situation

The milestone of Seychelles' political landscape in 2007 was the legislative elections held in May. The distribution of seats remained the same as in the 2002 poll: the ruling party, the Seychelles People's Progressive Front (SPPF) defended its parliamentary majority with 23 seats and the Seychelles National Party (SNP), the main opposition party kept the remaining 11 seats. The President, Mr. J.A. Michel reshuffled his cabinet in July; this resulted in a reduced number of ministries, eight instead of ten, and the reorganisation of departmental responsibilities. At the end of 2007, the alliance formed between the SNP and the other opposition party, the Democratic Party (DP) fell apart, only a few months after its constitution prior to the May elections. In November, the President released the report of the enquiry into the events of October 2006¹ (Reilly report). Subsequently, the President and the Leader of Opposition, Mr. W. Ramkalawan (SNP) started political dialogue notably on the recommendations of the Reilly report regarding the police force, the National Broadcasting Service of the Seychelles (SBC) and the Constitution, legislation and Human Rights. Moreover, the President announced that the year 2008 would be dedicated to the Constitution on the occasion of its 15th Anniversary.

The opposition, that was absent from Parliament since October 2006, resumed participation to parliamentary debates in March 2007. In the context of the dialogue between the President and the Leader of Opposition, the Budget 2008 which was presented on 14 December 2007 was adopted unanimously by the National Assembly for the first time ever.

At the regional level, while assuming the Presidency of the Indian Ocean Commission (IOC) in 2007, Seychelles continued to be actively involved in the EPA negotiations with interests focusing mainly on fisheries² and trade in goods and signed the interim agreement in November. Actually, Seychelles played an active role in the IOC in having Comoros, Madagascar, Mauritius and Seychelles (CMMS) join together in the finalisation of the interim EPA. Moreover, Seychelles is in the process of re-accession to SADC which it had left in 2003 because of the high cost of annual membership contribution fee.

2.2 Update on the economic situation (see Annex I A for further details)

Provisional data show that Seychelles recorded another year of robust economic performance in 2007 with a real GDP growth rate reaching 7.3%. Underlying this good economic performance is marked tourism activity, increased Foreign Direct Investment (FDI) in tourism-related fields as well as a booming construction sector. The average inflation rate reached 5.3% compared with -0.4% in 2006 fuelled by domestic and external factors.

Consistent with government's strategy to achieve fiscal consolidation and public debt reduction, as reflected in the Strategy 2017 launched in March 2007, the government budget posted a fiscal surplus for the 5th

¹ Report of the inquiry into the events in Victoria on 3 October, 2006, Judge M. Reilly, October 2007.

² Seychelles is concerned over the eventual reduction of custom duties on Asian canned tuna, the principal competitor for the Seychelles's first exporting commodity; and over the possible disruption of trade on canned tuna exports to the EU that would result from an increase in tariff (from 0%-Cotonou preference to 20.4%-GSP preference) in the event that the EPA is not concluded on time. Actually, having initialed an interim EPA and benefiting from the EU autonomous interim provisions called Market Access Regulation (Council Regulation 1528/2007), the above mentioned trade disruption threat has been avoided.

consecutive year in 2007, equivalent to 1.3% of GDP. Though the surplus is lower than the 5.3%³ initially planned, this result is commendable notably in view of the upsurge in prices of fuel and food and the significant domestic debt reduction effort. In the second half of 2007, in order to better reflect international price movements, Government decided to revise domestic fuel prices on a quarterly basis as from September 2007 and to revise water and electricity tariffs every six months effective early 2008.

The total debt burden increased from 141.2% of GDP in 2006 to 146.3% of GDP in 2007 with the external debt stock accounting for 55.8% of GDP and 75.9% of GDP respectively. Government maintains debt reduction on its priority agenda and targets an indebtedness of 60% of GDP by 2016. Part of the increase in the external debt stock (from USD 514.1m in 2006 to USD 580.5m in 2007) is related to the USD 30m bond⁴ issued on the international capital market in August 2007. 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 negotiate with Paris Club creditors⁵.

As at end 2007, the banking sector's net claims on Government fell by 3.8% whereas that on the private sector increased by 33%, indicating that the shift in banking sector resources towards the productive sector in general and the private sector in particular was further strengthened. Since 1977, for the second consecutive year, Seychelles' net foreign asset position remained positive (USD 54m in 2007). Although the foreign exchange allocation mechanism, which was exclusively administered by the CBS, was transferred to commercial banks at the end of 2006, there is still a shortage of foreign currency for the private sector at large. The country's gross official reserves position deteriorated in 2007 thus covering 2.9 weeks of c.i.f import value as compared with 8.1 weeks in 2006.

Seychelles, like most SIDS, is highly dependent on imported goods for consumption, investment, production, export & re-export. Provisional data show that the trade deficit deteriorated from USD 371.4 m in 2006 to USD 490.8m in 2007 (with an average 21.6% depreciation of the local currency against the USD between those two years, i.e. a 32% deterioration in USD terms). With 7 countries⁶ accounting for 68% of its total imports, and the high concentration level in the composition of both its exports & imports of goods basket, Seychelles is highly vulnerable to exogenous factors. With regards to trade in services, the service account posted a USD 174 m surplus in 2007, that is a 11.5% improvement compared to 2006.

With regards to the tourism sector performance, the total number of visitors reached the record level of 161,273 in 2007, an unprecedented increase of 15 percent over 2006, which was the previous record level year. In the same year, the Seychelles Tourism Board launched the Tourism Strategy 2017 and the new brand logo. Earnings from tourism rose by 19.1% from USD 242.8 m in 2006 to USD 289.1 m in 2007. Overall tourism represented 21% of GDP and provided over 8,000 direct jobs (about 20% of total employment) in 2007.

The Seychelles International Trade Zone (SITZ) comprises 57 licensed SITZ companies and employs over 2,000 persons of which 55% are Seychellois. In 2007, the sector generated an estimated turnover of USD 25 to 30m through the provision of offshore services excluding the international trade zone. In 2007, Seychelles continued to grow as an offshore company formation centre: as at 31st December 2007, Seychelles registered

³ The forecasted balance for 2007 was SCR 327 m.

⁴ The proceeds of which were mainly used to reduce domestic debt. The structure of public debt by type of creditor shifted towards an increasing reliance on external creditors.

⁵ As at end 2007, 75% of total arrears were due to Paris Club creditors.

⁶ France (food, machinery), Germany (machinery, manufactures, chemicals), Saudi Arabia (mineral fuels), Singapore (machinery, manufactures, food), Spain (food, machinery), South-Africa (manufactures, machinery, food) & UAE (food, machinery, manufactures).

a total of 43,456 International Business Companies (IBC) with a number of 10,295 companies incorporated in 2007 alone, i.e. an increase of 25% new companies incorporated in 2007. The conclusions of the OECD, FATF, the United Nations and the IMF are that Seychelles' regulatory framework is compliant with the applicable requirements and global best practice.

As for the country's investment climate, the Investment Code which was enacted in January 2006, provides the legal environment for the promotion of investment activities in Seychelles⁷. 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. In 2007, FDI inflows amounted to USD 248 m that is a 69.9% increase compared to the 2006 level.

At domestic level, economic development in Seychelles, like in most Small Island Development States (SIDS), also critically depends on its human resource base. In December 2007, the unemployment rate reached its lowest level representing 1.9% of the labor force (i.e. 909 active job seekers) versus 3.4% in 2006. About 75% of active job seekers remain unskilled, consisting mainly of junior and senior secondary school leavers. In order to provide training to young unskilled job seekers, Government has developed the Apprenticeship Scheme (in the area of construction, engineering and tourism) which was integrated into post secondary education and training in 2005 as well as the Skills Acquisition Programme to encourage on the job training in areas not related to post secondary training institution, i.e. hair dressing, beauty therapy, shop management. The number of non-Seychellois workers in the economy has kept on increasing in parallel with increasing FDI: as at December 2007, there were 7,879 foreign workers in the economy. In 2007, in order to better respond to acute human development needs, the government developed a National Human Resource Development Plan and launched the Seychelles University foundation.

Infrastructure is another important development pillar which is receiving particular attention. In 2007, the master plan for the redevelopment of the harbour infrastructure was elaborated and funds were secured for the electricity, water and sewerage sectors. In addition, measures for a better financial sustainability in these sectors were provided by Government through the 2008 budget which was voted in December 2007 (increased tariffs and better access to foreign currency for PUC).

2.3 Update on the social situation

The end-year population was estimated at 85,307, with an absolute increase of 1,365 persons representing an annual growth rate of 1.6%. In 2007, life expectancy at birth for men and women were 69 and 78 years respectively. Maternal mortality ratio was 0, infant mortality represented 10.67 per 1,000 live births and fertility rate was equivalent to 2.24.

Although Seychelles ranks high in HDI (50th out of 177 in 2007⁸) 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 as well as 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.

⁷ 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.

⁸ Human Development Report, UNDP, 2007-2008.

Three social ills receive outmost attention and careful monitoring: drug and alcohol abuse, child sexual abuse and domestic violence. Drug use is especially worrying amongst the youth⁹; the Mont Royal Rehabilitation Centre is operating at maximum capacity and has a long waiting list. In order to better coordinate the national approach and to better understand the impact of such abuse, a new government anti-drug agency, the National Drugs Bureau (NDB), was created in December 2007 to spearhead the government's anti-drug trafficking drive, to manage drug-crime information and to coordinate responses to illegal drug activities. In relation to substance abuse, HIV/AIDS and STIs remain a growing concern of the country¹⁰. Figures prove that the HIV/AIDS epidemic is rising despite relentless education and prevention efforts, especially among the youth population. The government is committed to face HIV and AIDS, not only as medical and health problems, but also as cultural, social and economic issues that affect all sectors of the society and every Seychellois family. In line with this, a new National Policy on HIV/Aids in workplaces has been launched. The policy addresses discrimination and stigmatization against HIV positive employees and provides for strict and lawful measures in place to deal with employers who are guilty of stigmatizing/discriminating them. With regard to child sexual abuse, data show a persistent increase in the number of reported cases (from 58 in 2005 to 66 in 2006 and 74 in 2007). Although greater awareness has been created on the issue, a number of challenges remain. Delays in prosecution and even parents' reluctance to pursue the matter in court are issues that need addressing if more perpetrators are to be brought to justice. So as to curb exploitation/victimization of children, the National Assembly has amended section 130 of the Penal Code thus providing for harsher sentences for child molesters. 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.

Concerning domestic violence, 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 experiencing moderate physical violence and 28% severe physical violence. 11% admitted to have been victims of rape.

In 2007, Government current expenditures on Health and Education & Youth represented 8.5% and 7.6% of the total budget respectively. Apart from Health and Education & Youth, another sector which featured high on Government's agenda in 2007 was housing. In response to the increased demand for housing, the Government remained committed to its policy of assisting Seychellois family in having their own home. Housing development programmes absorbed SCR156 million in 2007 that is 6.3% of the total budget.¹¹ As a result, current expenditures on Health, Education & Youth and capital expenditure on housing summed up to 9.1% of GDP in 2007.

With respect to health, the increasing prevalence of non-communicable diseases (cancer, cardiovascular diseases and others) remains a major concern for Government; in 2007, mortality from such diseases represented 49% of total mortality. The emerging and re-emerging non-communicable diseases represent a new concern for public health. One example is the 2006/2007 Chikungunya epidemic, which severely affected the South West Indian Ocean region as well as the heightened vigilance required to avoid new health threats such as the SARS and avian flu.

On the education side, figures show that 42% of the population is under 25 years of age; among them 51% are of school going age. The school going population is expected to increase annually by approximately

⁹ The Mont Royal Centre treated 233 patients in 2007 (193 for drugs and 42 for alcohol). The figure for 2006 was 241. Alcoholism has reduced while drug abuse (especially heroin) has almost doubled.

¹⁰ 42 news cases in 2006 and 43 in 2007

¹¹ A significant part of this capital outlay was absorbed by the Ile Perseverance housing project.

1.5% to reach 22,891 in 2015. The results from the 2007 A-Level examinations show that 58 out of the 150 students have qualified for government scholarships. The results showed a 96 percent pass rate where 92 percent of the candidates got principal passes. With the cost of overseas graduate training restricting the number of potential Seychellois who can attend University notwithstanding the need for the country to fully embrace the concept of a knowledge based society, the Government launched the Seychelles University Foundation in June 2007. The Foundation which is currently made up of a Board Committee, supported by an Advisory Committee and a Fund Raising Committee, published its strategic plan in February 2008 for the establishment of the University of Seychelles in several phases. The African Development Bank has already allocated financial resources for the preliminary studies and is currently working with key domestic institutions¹² to create a conducive environment for the successful establishment of the first University in Seychelles.

2.4 Update on the Environment Situation

Under the 9th EDF Solid Waste Management Programme, technical assistance is provided to the Government for capacity building, review of institutional, financial and contractual arrangements in the sector. An experienced international firm was successfully recruited by tender in the fourth quarter of 2007 and is currently assisting the Department of Environment for a period of two years. This comes at an opportune time following a re-organisation of the Department of Environment in the third quarter of 2007. The Government is engaged to ensure a higher level of environmental preservation is achieved and is currently implementing several waste policies in line with the waste free initiative. These initiatives are targeting not only the promotion of recycling and waste minimisation but also littering and enforcement of waste legislation. In 2007, the Government of Seychelles approved a number of policies aimed at reduction of wastes by consumers. Under a strategy entitled 'A Waste-Free Seychelles', the Department of Environment implemented measures for the recycling of paper and PET bottles. As a result, two recycling companies started operations.

In September 2007, the President announced the creation of a new National Park, the Silhouette National Park. Silhouette is the third largest island in granite group, and is known for its unique and endemic flora and fauna. This announcement brings the protected area of the Seychelles territory beyond 50%. The President of the Republic also announced the creation of a global organisation to be based in Seychelles, the Sea Level Rise Foundation. The Foundation is to act as a platform of excellence on adaptation to sea level rise.

3. Overview of past and ongoing co-operation

All 7th and 8th EDF projects are completed.

3.1 9th EDF Focal sector: Environment - Solid Waste Sector

The Financing Agreement of the 9th EDF focal sector project was signed in January 2007. The tenders for Providence 2 works, supervision and Technical Assistance (TA) were all launched in the 1st semester with mixed results: i) the tender for the construction of a new sanitary landfill at Providence-Mahé had to be cancelled due to bids being well above budget for the main contract funded by the EC; ii) as a result, the works supervision tender had to be cancelled as well; iii) the Initial Programme estimate (16.08.07-16.02.08) was signed in August 2007 ; iv) a volunteer from AFVP was mobilised in October 2007 to support the

¹² This involves working closely with key institutions such as the Seychelles Qualifications Authority, the National Human Resource Development Council and Ministry of Education to prepare the platform to establish a viable university which will benefit the country especially in light of the rising costs related to overseas studies

Ministry of Environment and Natural Resources on waste minimisation and sensitisation; he is partly financed through the Initial PE and v) the International Technical Assistance contract was signed with RODECO and the Team Leader was mobilised in October 2007. The Inception Report was submitted in December 2007.

The main concern of the project has been the delay of the works component due to an unsuccessful tender. It is noteworthy that since July 2007, the Ministry of Environment & Natural Resources is undergoing a lengthy restructuring process which has delayed GoS decision on the scope and re-launching of the tenders for works. In November 2007, the Government finally requested a 're-design' of the scope of the works via a study financed under the project's contingencies using the Contract BENEf procedure. The study will notably look at alternative options for the landfill membrane and leachate treatment, since the solutions prescribed by the initial consultant were too sophisticated and thus too costly. Further to the study, the re-launch of the tender for works and supervision is expected in the 3rd quarter of 2008. In order to identify cheaper and more sustainable solutions regarding waste disposal infrastructure on Praslin and La Digue, the EC launched a complementary feasibility study funded under the Technical Cooperation Facility in November 2007. The construction of the infrastructure cannot be covered by 9th EDF resources given the limited envelope and increasing construction costs. Government will therefore have to identify other resources.

3.2 Projects and Programmes outside focal sectors

Melon Fruit Fly Eradication Programme

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). The activities carried out under the latter were completed at end 2006. Two incinerators were purchased in this context. Due to financial constraints on the government side and rising operating costs (petrol dependency), their proper use is compromised. Consultations have already started with the NAO and the Ministry of Environment and Natural Resources about the use of the two incinerators. Up to now the dialogue has been constructive and there is ongoing work to develop operating procedures and identify necessary accessories for the efficient operation of incinerator facilities at the Seychelles International Port and Airport. The Delegation will continue a close dialogue in 2008 in order to address the situation.

In 2007, Government pursued the activities initiated under the project namely: i) the National Plant Protection Office of Seychelles continued the distribution of bait and traps to farmers for on field control of the pest; ii) the Agricultural Extension Services continued with farmer training for baiting and trapping techniques, iii) the construction work on the buildings to house the incinerators was completed and the incinerators installed and iv) in 2007, the IAEA (International Atomic Energy Agency) accepted the Seychelles proposal to continue into a phase II of the project and eventually, if required, use the Sterile Insect Technique to eradicate the pest. To this end, a briefing meeting of all parties was held in Vienna in November 2007 to discuss a work programme for 2008. The programme was based on a recommendation from the Imperial College (UK) who managed the phase I of the project.

Technical Cooperation Facility

The budget of the TCF was increased through a 2nd addendum with the reliquats of the Melon Fruit Fly Programme; this allowed for the launching of two studies which are due to start in January 2008: i) for Praslin and la Digue solid waste disposal (see above) and ii) for the water supply in Mahé in preparation of the 10th EDF. A second Programme Estimate was also signed in October to allow for continued training

activities and participation in seminars, in particular for the EPA negotiations. As a result, in December 2007 all TCF funds were committed, i.e. well before the D+3 date.

National Capacity Building Programme

The 9th EDF "National Capacity Building Programme" is being implemented since July 2006 under a Contribution Agreement between the EC and UNDP for an amount of €781,000. Following the 1st Steering Committee held in September 2007, good progress was noted for two of the programme's components namely: i) "capacity and qualification of manpower" which targets state actors and ii) "capacity of non-state actors in delivering social services to the most vulnerable groups of the population strengthened".

Under the 1st component, the following activities were implemented: a) with the support of an International expert, the Seychelles Institute of Management - SIM, designed the programmes of the Management Degree and the Executive Development Plan. The international expert also provided training to staff to deliver the programmes and to develop training materials; b) with the assistance of an International expert, the National Human Resource Development Council (NHRDC) developed a *multi-year Human Resource Plan* which was adopted by Cabinet; the expert also carried out a Training Needs Assessment prior to the training of NHRDC staff; c) the Seychelles Qualifications Authority, set up in 2006, prepared a draft National Qualifications Framework – NQF with the support of the South African Qualifications Authority which is to be approved in 2008. This set of activities should be instrumental in enabling the country to provide relevant and up to standard degrees to the maximum of Seychellois. This is fully in line with the national development strategy for 2017 published in 2007, which is based on a growing supply of qualified people.

In this context, result 1 (enhanced capacity of the Ministry of Administration and Manpower Development in policy formulation & implementing a Human Resources action plan), result 2 (a national system of academic qualifications is in place) and result 3 (capacity of SIM to run a Degree course & an Executive Development Programme - EDP is reinforced) are partly achieved; a number of activities (implementation of the NQF once it is approved by Cabinet, setting up a system of academic qualifications accreditation with regional qualifications authority, training of local trainers to deliver the EDP) have yet to be implemented. The relative successful implementation of these activities is due to the ownership and dynamism of the respective executing institutions. The principal lesson learnt is the importance of encouraging participation of a large array of development partners in the formulation/ identification of projects in order to build on national led-initiatives, promote ownership and ensure sustainability.

Under the 2nd component, an international consultant was mobilised to carry out a diagnosis of NSAs in Seychelles. The consultant proposed a *draft action plan* for capacity building of the NSAs whose approval will be a key step in order to implement efficiently activities in this component. The consultant has also supported LUNGOS (Liaison Unit of NGO in Seychelles), which is responsible for the implementation of this component, to design relevant courses which will be delivered to the NSAs in 2008. There is concern over the full achievement of result 4 (the quality of delivery of social services by NSAs is improved) and result 5 (NSA networking and participation to national social policy making are improved). Actually, the commissions aimed at encouraging information-sharing and networking between NSAs are yet to be set up. Moreover, the information & database officer (who should be responsible for the finalisation of the database on which networking would be developed) has not yet been recruited. The Mid Term Evaluation to be launched in 2008 will serve to carry out an institutional assessment of the civil society to identify potential hindrances to the achievement of these results and propose strategies to overcome these obstacles.

In 2007, one main concern remained the lack of progress under the third component – improvement of awareness of human rights issues amongst police officers and general population. After initial difficulties in recruiting a programme manager, a Seychellois candidate was finally selected in January 2008. This should allow for a rapid launching of the activities, especially the training of police forces which will conveniently benefit from linkages with the training programme foreseen by government further to the recommendations of the Reilly report.

3.3 Utilisation of resources for the NSAs

The resources are allocated to NSAs via the National Capacity Building Programme for State and Non State Actors.

3.4 Utilisation of Envelope B

All the funds on the 9th EDF B-envelope (€700,000) have been committed under a contribution agreement with UNDP for emergency activities related to the December 2004 Tsunami. Delays in implementation were noted in 2006 and again during 2007 due to shortages of materials. The commissioning of the bridges (1st component of the project) was finally done in June 2007 (Cascade Bridge) and December 2007 (Roche Caiman Bridge). The 2nd component (rehabilitation of approximately 30kms of coastal roads) faced major delays given constraints in bitumen supply and recurring breakdowns of the asphalt plants. Hence, at end of 2007, road rehabilitation works were completed at 70%, and it was not yet known whether the totality of EC funds would be payable under the contribution agreement with UNDP (ending date of the CA being 30 June 2007).

3.5 Other Instruments

Fisheries Partnership Agreements (FPA)

The Fisheries Protocol was amended during the last Joint Committee held in March 2007 and the following amendments will enter into force in January 2008: i) the reference tonnage has been increased from 55,000 tonnes to 63,000 tonnes; ii) the fee to be paid by ship owners will increase from €25 to €35 per tonne. As a result, the fee to be paid by the EC will decrease from 75€ to 65€ per tonne; iii) in addition to the payment for fishing possibilities, the EC will further contribute to the development of the fisheries sector by allocating a specific amount of €1,260,000 per year; iv) the total EC financial contribution will increase from € 4.125 m to € 5.355 m; v) the percentage earmarked to support the enhancement of a sustainable and responsible sectoral fisheries policy will increase from 36% to 56% (almost € 3 m) of the total financial contribution; vi) a Technical Committee will be created to analyse and propose improvements to catch reporting; vii) a mechanism to settle disputes have been established; and viii) Seychelles will propose a new multi-annual sectoral programme in line with the new amount earmarked to be put towards defining and implementing a sectoral fisheries policy in Seychelles.

Regarding catches declaration for 2006, the Seychelles Fishing Authority has introduced a new method of calculation, applying a correction factor to the EC reported catches. Their explanation is that the EC fleet is underreporting in EEZ fishing zone. A Technical Committee met from 23rd to 25th of July 2007 in Seychelles and discussed the issue of the utilization of the correction factor but no agreement was reached during this Committee. Even if the parties did not share the same conclusions, they have decided to consult further on the matter with a view to arriving at a mutually satisfactory conclusion in order to address eventual misreporting and improve the control and surveillance policy

Since 1987, the fisheries protocols and agreements have significantly contributed to the country's financial resources, averaging some € 5m to € 7 m 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 3-year Regional Plan for Fisheries Surveillance (€ 7 m) in the Southwest Indian Ocean was launched in 2007. It will be implemented through a framework partnership convention between the EC and the IOC. Collaboration and participation of the Seychelles' surveillance authorities with the Regional Plan coordination unit is remarkable.

Regional Indicative Programmes

Seychelles is a member of the East Southern Africa region and therefore benefits from the relevant programmes such as the plant protection programme (PRPV) financed under the 8th EDF. As regards marine resources, Seychelles continued to play a key role in three 9th EDF marine-related regional programmes: the Regional Tuna Tagging Programme (project management unit located in Mahé); the Monitoring, Control & Surveillance Project (Seychelles is a leading country for setting up of regional databases & is strongly committed to the fighting against illegal fishing) and the Sustainable Management of Marine and Coastal Resources project, which began its activities in 2006 and focuses on integrated coastal zone management.

European Investment Bank (EIB)

As at end 2006, Seychelles repaid its main arrears to the EIB. It appears that there is still a minor arrear that needs to be cleared at the end of 2007. EIB has expressed interest to examine Seychelles situation and needs in 2008, and indicated that a mission will be scheduled in the first semester of 2008.

4. Policy Coherence for Development (PCD)

Policy coherence for development will advance in a number of areas. Its purpose is that all EU non-aid policies make a positive contribution to developing countries' efforts to attain the MDGs. The 12 areas in which the EU made commitments on improving PCD are *trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research, information society, transport and energy*, most of them being relevant to the Seychelles.

In this context, for all relevant areas for the Seychelles, it is important to develop the policy dialogue on the link between EU policies –other than aid- with national authorities and also examine the link between those policies and national policies. Moreover, the following issues have to be considered in each of these areas:

- In the area of trade, Seychelles needs further support to build trade capacity including the implementation of new arrangements in the context of regional integration and of EPAs.
- In the area of environment, since it is the focal sector of the 9th EDF, Seychelles needs notably technical support to adapt their exports to EU environmental standards (i.e. support for tracing and controlling the use of pesticides in order to comply with EU sanitary and phyto-sanitary requirements).
- In the area of climate change, which is an important concern for the Seychelles, the impact of EU policies in this area needs to be part of the dialogue with the Seychelles authorities in order for instance to include this concern into development cooperation programmes.

The EC could consider the opportunity of working with UNDP that is already providing support to Seychelles for the preparation of its 2nd National Communication to be submitted in the framework of the UNFCCC. This could be an opportunity for the EC to

support government and the National Climate Change Committee in identifying the impact of climate change in different sectors on the basis of the EC "Action Plan on Climate Change in the Context of Development Cooperation". Seychelles could also get access to findings of scientific research financed by the European Commission in the framework of the Framework Research Programmes.

In relation to the water sector, climate change will be considered in the sector policy dialogue that is expected to be initiated by GoS during the water master plan study and the donors meetings already scheduled in its framework. Such dialogue and a structured donors' coordination in the water sector, as well as GEF project are expected to start in mid 2009.

- In the area of fisheries, there is an increased coherence between aid cooperation and EC policies, notably a real complementarity between the programmes (RTTP - support to the evaluation of fish stocks - and Monitoring, Control and Surveillance - to prevent any illegal unreported and unregulated fishing) with the current Fisheries Partnership Agreement signed in 2004 as well as with the Regional Plan for fisheries surveillance in the South West Indian Ocean that will be implemented over a three-year period. It is noteworthy that the fisheries protocols have been essential to the reinforcement of sustainable and responsible fisheries through direct technical and financial support provided to the Seychelles Fishing Authority (SFA).
- In the area of research, up to now, one project from the Seychelles has benefited from the 6th Research Framework Programme; there are further opportunities to benefit from the 7th Research Framework Programme (FP 7 covers 2007-2013). Moreover, Seychelles can benefit from EU research work concerning global interests.
- In the area of information Society, increased use of information and communication technologies as well as the development of related research will contribute to bridging the technological divide and addressing the critical issue of isolation - typical features of SIDS economies. Progress with technological platforms for e-health, e-commerce, e-training, etc could be used to support the further development of the country's tourism and financial sectors, in line with the EU's Lisbon Agenda and Sustainable Development Strategy.
- In the area of transport: liberalisation of air transport, and reducing the cost of carrying air freight and passengers, will be instrumental in supporting the development of the tourism industry in the medium term. The EU's sustainable transport policy, based on the principle of partner country ownership, will contribute to ensuring transport safety and efficiency, and to minimising adverse effects on the environment.

5. Joint EU-Africa Strategy

The policy dialogue will also take into account the 1st Action Plan for 2008-2010 in the context of the EU Strategy for Africa which provides a long-term strategic framework for interaction between Europe and Africa at all levels: with pan-African institutions such as the African Union, regional organisations and national authorities. The 1st Action Plan was decided in December 2007 during the Lisbon Summit and focuses on **eight** partnerships and priority areas that will be monitored: peace and security, democratic governance, trade, regional integration and infrastructure, MDGs, energy, climate change, migration, mobility and employment, science, information society and space.

The priorities of the Government of Seychelles are in line with the Action Plan, in particular regarding the partnership related to the achievement of MDGs. The 6th partnership concerning the issue of Climate Change is particularly relevant to Seychelles' environment. Finally, Seychelles is

already committed to the 3rd partnership "trade and regional integration" since it signed an interim agreement in 2007 and is fully involved in the negotiation of the EPA. It is noteworthy that the ongoing monitoring of the list of governance commitments annexed to the Country Strategy Paper & National Indicative Programme also shows government commitment to better governance (partnership 2); a close monitoring of the effective implementation of the measures announced is necessary.

6. Donor Coordination and harmonisation

The EU Member States present in the Seychelles are France (FR) and UK. FR has been providing technical assistance in the fisheries and environment sectors, 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 a few bio-diversity projects in Seychelles. Coordination meetings between the Delegation & the resident EU MS are now organized on a more regular basis. In view of the limited number of donors present in Seychelles, the harmonisation process has been implemented on an *ad hoc* basis. The Code of Conduct on Complementarity and Division of Labour in Development Policy which was presented in September 2007 to government and Members States is flexible as regards the participation of other donors and represents an opportunity to promote the harmonisation process.

Dialogue between the EC and the National Authorising Officer continued to be open and constructive. The NAO's services have participated actively to the elaboration of the JAR 2006 and the corresponding consultation meeting as well as to the finalisation of the Country Strategy Paper. However, it is noteworthy that 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 2007 the number of EC Delegation missions rose and allowed for more regular contacts.

7. Dialogue in country with the NSAs, local authorities and national Parliaments

A structured Article 8 political dialogue took place in January and again in December 2007 between the NAO, resident EU MS and the EC. Also, in September 2007, the EC Delegation undertook jointly with the NAO's office a stakeholders' meeting, including the Non State Actors, as provided in the Cotonou Agreement, to present the final draft of the JAR 2006 and reach a consensus on the proposed contents of the document. Resident EU MS (UK, FR) were associated throughout the process. During the consultation meeting, the importance to start an internal brainstorming on possible specific areas where support of donor is required in the context of the 10th EDF non-focal sector "governance capacity building" was pointed out.

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 in the framework of the National Capacity Building Programme. The participation of NSAs in cooperation needs to be further encouraged and dialogue with local authorities and Parliament is yet to be further developed.

8. Conclusions

In 2007, the political scene was marked by the parliamentary elections in May when the ruling party defended its parliamentary majority, and the political dialogue between the President and the Leader of the Opposition further to the publication of the Reilly report. On the economic front, Seychelles experienced yet a second year of robust economic growth fuelled by tourism. Government budget posted another surplus equivalent to 1.3% of GDP and government remained committed to debt reduction. However, the average

inflation rate for 2007 increased compared to the 2006 figure. Moreover, the country remains vulnerable to external factors including the high food and oil prices.

The Seychelles was ranked 50th out of 177 in terms of HDI in 2007. Poverty per se does not exist; however, 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. As regards environment, the Government is engaged to ensure a higher level of environmental preservation is achieved and is currently implementing several waste policies in line with the waste free initiative.

In 2007, cooperation showed a mixed record with delays in the "Solid Waste Management Programme" and the Human Rights component of the "National Capacity Building Programme"; however, the appropriate measures have already been undertaken to allow the rapid implementation of the activities that have been delayed.

The interaction with the two resident EU Member States (FR, UK) was particularly reinforced. This enabled to initiate political dialogue as per Article 8 of the Cotonou Agreement. Since a number of donors are considering resuming their cooperation with Seychelles, donor coordination and harmonisation are essential; in this context, the Code of Conduct represents an opportunity to develop harmonisation.

The 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, in particular in view of the formulation of the 10th EDF non focal sector. The Delegation will continue a close and constructive dialogue with the authorities.

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ANNEX Ia - KEY MACROECONOMIC PERFORMANCE INDICATORS

	2003	2004	2005	2006	2007
BASIC DATA					
1 Population (Nos)	82781	82475	82852	84600	85032
- annual change in %	-1.1%	-0.4%	0.5%	2.1%	0.5%
Nominal GDP (Rupees)	3811.3	4620.9	4860.67	5341.53	6113.24
2a Nominal GDP (in million €)	623	676	710	771	662
Nominal GDP per capita (Rupees)	46041	56028	58667	63139	71893
2b Nominal GDP per capita (in €) (3)	7528	8194	8567	9111	7784
2c - annual change in %	0.8%	21.7%	4.7%	7.6%	13.9%
Real GDP (Rupees) (3)	2434.4	4588.687	4931.643	5341.534	5729.562
3 Real GDP (annual change in %)	-5.9%	88.5%	7.5%	8.3%	7.3%
Gross fixed capital formation (Rupees)	395.4	871.8	1668.2	1499.8	1984.015
4 Gross fixed capital formation (in % of GDP)	10.4%	18.9%	34.3%	28.1%	32.5%
INTERNATIONAL TRANSACTIONS					
Exports of goods and services (Rupees), BOP data	3331.3	3452.4	3958.2	4694.716	5,862.8
5 Exports of goods and services (in % of GDP)	87.4%	74.7%	81.4%	87.9%	95.9%
- of which the most important: ... (in % of GDP)					
Trade balance (Rupees), BOP data	-776.9	-1277.4	-2269.5	-2428.8	-3,792.3
6 Trade balance (in % of GDP)	-20.4%	-27.6%	-46.7%	-45.5%	-62.0%
Current account balance (Rupees)	8.3	-277.7	-957.4	-738.31	-1819.71
7 Current account balance (in % of GDP)	0.2%	-6.0%	-19.7%	-13.8%	-29.8%
Net inflows of foreign direct investment (Rupees)	271.5	167.3	431.4	759.9	1605.6
8 Net inflows of foreign direct investment (in % of GDP)	7.1%	3.6%	8.9%	14.2%	26.3%
External debt (Rupees)	1725.1	2423.4	2340.3	2979.8	4642.6
9 External debt (in % of GDP)	45.3%	52.4%	48.1%	55.8%	75.9%
Service of external debt (million rupees)	753	870	254	805	425
10 Service of external debt (in % of exports of goods and non-factor services)	22.6	25.2	6.4	17.1	7.3
Foreign exchange reserves (Rupees)	369.2	187.8	308.7	653.3	322.6
11 Foreign exchange reserves (in weeks of c.i.f. imports)	8.6	3.5	4.2	8.1	2.9
	2003	2004	2005	2006	2007
GOVERNMENT					
Revenue including grants (Rupees)	1867.6	1891.1	2167.6	2476.2	2548.89
12 Revenue (in % of GDP)	49.0%	40.9%	44.6%	46.4%	41.7%
in grants (Rupees)	10.7	5.1	49.8	73.0	17.0
- of which grants (in % of GDP)	0.3%	0.1%	1.0%	1.4%	0.3%
Expenditure (Rupees)	1597.2	1788.8	1815.6	2301.9	2484
13 Expenditure (in % of GDP)	41.9%	38.7%	37.4%	43.1%	40.6%
Capital expenditure	85.5	177.0	254.0	403.8	374
- of which: capital expenditure (in % of GDP)	2.2%	3.8%	5.2%	7.6%	6.1%
Deficit including grants (Rupees)	281.1	107.4	401.8	247.4	82
14a Deficit (in % of GDP) including grants	7.4%	2.3%	8.3%	4.6%	1.3%
Deficit excluding grants (Rupees)	259.6	97.2	302.2	101.3	48.1
14b Deficit (in % of GDP) excluding grants	6.8%	2.1%	6.2%	1.9%	0.8%
Total Debt (Rupees)	6910.91	7583.92	7226.62	7541.0	8945.1
15 Debt (in % of GDP)	181.3%	164.1%	148.7%	141.2%	146.3%
External Debt	1725.1	2423.4	2340.3	2979.8	4642.6
- of which: external (in % of total public debt)	25.0%	32.0%	32.4%	39.5%	51.9%
OTHER					
16 Consumer price inflation (annual average change in %)	3.3%	3.9%	0.9%	-0.4%	5.3%
17 Interest rate (for money, annual rate in %)					
18 Exchange rate (annual average of national currency per 1 €)	6.1156	6.8378	6.8483	6.9300	9.2363
19 Unemployment (in % of labour force, ILO definition)					
Total Employment (nos.) (5)	33111	32780	34542	39561	41821
Employment in agriculture (nos.)	697	611	695	719	662
20 Employment in agriculture (in % of total employment) (1)	2.1%	1.9%	2.0%	1.8%	1.6%

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.

(5) Employment figures 2007 is based on Formal Employment & Earnings Jan-Jun 2007 Statistical Bulletin from NSB.

Source: National Statistics Bureau, Central Bank of Seychelles

ANNEX I B – EXPLANATORY NOTE ON ECONOMIC INDICATORS

Inflation

In 2007, the average inflation rate reached 5.3% compared with -0.4% in 2006. In a net food and fuel importing SIDS such as Seychelles, the CPI surge reflects the concomitant effects of the increase in food and fuel commodity prices on the international market and the exchange rate realignment which took place in October 2007.

Government finance

In fostering greater stability and competitiveness in the economy, adjustment in the monetary and exchange rate policies took place in the last quarter of the year. This together with the increase in international prices can have an impact on the fiscal performance of the country.

The government budget posted a fiscal surplus for the 5th consecutive year in 2007, equivalent to 1.3% of GDP. Though the surplus is lower than the 7% initially planned, this result is commendable given (1) the direct and indirect effects of the upsurge in international market prices of food and fuel products on Government outlays (2) the pursuit of domestic debt reduction effort (in 2007, domestic debt represented 74.2% GDP, down from 85.4% in 2006).

On the public expenditure side, total budget outlays exceeded expectations by 18.6% as a result of a combination of both domestic and external factors. Current outlays were above target notably due to government assistance to two strategic parastatals, namely the Public Utilities Corporation and the former Seychelles Marketing Board¹, to mitigate the adverse effects of the increase in oil and in food international prices on their respective production costs. Capital outlays were also above the target notably due to the inflation in the procurement of both imported and domestic construction materials. In the second half of 2007, in order to better reflect international price movements, Government engaged in a full reassessment of its policy previously centred on a fixed price environment on certain strategic commodities. This resulted in the Government decision to revise domestic fuel prices on a quarterly basis as from September 2007 and to revise water and electricity tariffs every six months effective early 2008.

On the revenue side, Government receipts totalled SCR 2.55 billion in 2007 thus exceeding the forecasted amount by over 7%. Underlying this performance is the continued buoyancy in Goods and Services Tax and in income/business tax confirming economic recovery.

External sector

Expressed in SCR, merchandise imports rose by 41% in 2007, a record year for FDI driven imports. With fuel and food & live animals representing 25% and 22% respectively of total imports, the increase in international fuel and food prices were also important contributing factors to the increase in the cif import bill. Expressed in SCR, merchandise exports increased by 11%. However, in USD terms, owing to the exchange rate adjustment, merchandise exports decreased by 9% whereas receipts from oil re-exports decreased by 3%. They remained concentrated over canned tuna which represented 91.4% of the total merchandise export value. Actually, the 1.7% nominal decrease in canned tuna export receipts (-3.2 mio USD) contributed by 22% to merchandise export drop². In volume terms, canned tuna exports decreased by 15.7% in 2007 (-6

¹ SMB was a parastatal body which managed imports of basic goods, with monopoly on certain goods' imports. Its dissolution was announced in end 2007 and will take place in March 2008 that is less than three months after the launching of the Government Privatization Programme.

² 70% of the decrease in merchandise exports is explained by a 70% drop in the receipts derived from the exports of medicaments and medical appliances.

tons) as a result of adverse weather conditions (El Nino) which impacted negatively on the IOT's production. It is noteworthy that payments under the EC-Seychelles Fisheries Partnership Agreement remain an important contributor to government revenue portfolio. Additional investment plans in the port facilities to promote activities in the sector are being elaborated by the Seychelles Ports Authority.

With 7 countries³ accounting for 68% of total imports, trade in Seychelles is highly concentrated on the basis of its composition but also on that of its trading partners. The total trade (in goods & services) to GDP ratio exceeding 219% in 2007 and the high concentration level in the composition of both its exports & imports of goods basket, render Seychelles highly vulnerable to exogenous factors associated to the increasing competition driving the international market, the increase in and volatility of the international price of traditional and strategic commodities, erosion of preferences, not withstanding climate change. With regards to trade in services, the service account posted a USD 174 mio surplus in 2007, that is a 11.5% improvement compared to 2006. This performance is mostly attributed to record levels in foreign exchange earnings from the tourism sector which in 2007 generated over 58% of total foreign exchange earnings.

Regional Trade frameworks

As a member of COMESA, Seychelles is negotiating the EPA under the ESA configuration. Throughout the year 2007 the country has been actively involved in on-going EPA negotiations and signed the interim agreement in November 2007. 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. The threat was finally avoided since Seychelles signed an interim agreement. At sub-regional level, while assuming the Presidency of the Indian Ocean Commission (IOC) in 2007, Seychelles continued to be actively involved in the EPA negotiations with interests focusing mainly on fisheries⁴ and trade in goods and signed the interim agreement in November. At sub-regional level, Seychelles played an active role in the IOC in having Comoros, Madagascar, Mauritius and Seychelles (CMMS) join together in the finalisation of the interim EPA. Moreover, Seychelles is in the process of re-accession to SADC which it had left in 2003 because of the high cost of annual membership contribution fee

Public debt

Whereas 2006 featured an exceptional year in terms of debt servicing (equivalent to over 17% of exports of goods and non factor services) due to massive payment of debt service arrears⁵, debt servicing decreased significantly in 2007 thus representing 7.3% of exports. 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

³ France (food, machinery), Germany (machinery, manufactures, chemicals), Saudi Arabia (mineral fuels), Singapore (machinery, manufactures, food), Spain (food, machinery), South-Africa (manufactures, machinery, food) & UAE (food, machinery, manufactures).

⁴ Seychelles is also concerned over the eventual reduction of custom duties on Asian canned tuna, the principal competitor for the Seychelles's first exporting commodity.

⁵ At the end of 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 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.

approach adopted by Government towards external policy reforms, deemed to be the most pragmatic option in the short-term.

Monetary sector

As at end 2007, the banking sector's net claims on Government fell by 3.9% whereas that of parastatals increased by 42% as a result of increased cash flow requirements derived from the local currency depreciation and the increase in international prices of strategic products. Still, with a 33% increase in net claims on private sector, the shift in banking sector resources towards the productive sector in general and the private sector in particular was further strengthened. Within the monetary sector, since 1977, for the second consecutive year, Seychelles' net foreign asset position remained positive (USD 54 mio in 2007). The factors that contributed to this overall positive outcome were notably unprecedented FDI flows and record performance in the tourism industry. Compared to 2006, this positive result was however less impressive as it represented a 39% deterioration in the net foreign asset position (in USD terms). This decline was driven by a contraction in the Central Bank net external balance which has not been compensated by the increase, albeit significant, in commercial bank net foreign assets.

Employment

The number of non-Seychellois workers in the economy has kept on increasing in parallel with increasing FDI. As at December 2007 there were 7,879 foreign workers in the economy, over 90 percent of which employed in the private sector and the remainder distributed almost equally between the government and parastatal sectors.

In the context of Seychelles robust economic recovery, the increasing reliance on foreign workers is illustrative of the limited pool of skilled human resources 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.

Tourism

Between 2006 and 2007, earnings from tourism rose by 19.1% from USD 226.8 mio to USD 283.3 mio. Overall tourism represented 21% of GDP and provided over 8,000 direct jobs (about 20% of total employment) in 2007.

With regards to the tourism sector performance, the total number of visitors reached the record level of 161,273 in 2007, an unprecedented increase of 15 percent over 2006, which was the previous record level year. In the same year the Seychelles Tourism Board launched the Tourism Strategy 2017 and the new brand logo. Visitors from Europe accounted for 80% of total visitors⁶ and earnings from tourism rose by 19.1% from USD 226.8 mio in 2006 to USD 283.3 mio in 2007. The average tourism expenditure per visitor per day is estimated at \$158 for 2007. In the tourism sector as a whole, an increase of 16 percent above 2006 level in new tourism businesses was recorded. All tourism businesses benefit from concessions provided under the Tourism Incentives Act which was revised in 2007 to allow the tourism service providers to be more competitive and provide a better product and service to the customers.

As part of the re-organisation of government departments, the Seychelles Tourism Academy (STA) was transferred from the Ministry of Education to the Seychelles Tourism Board in July 2007. The STA has initiated a number of partnerships with regional and international institutions to improve training programmes. Plans for renovation and expansion of the school have been finalized and

⁶ France, Italy, Germany and UK/Eire alone accounted for 60% of total visitors. Direct flights from the source markets by Air Seychelles and its code share partners contribute largely to arrivals from these markets. Dubai and Doha serve as convenient hubs for Russian and other European destinations.

construction is expected to commence in mid 2008. BADEA will finance the project estimated at SCR 66/- million.

Offshore sector

Other offshore products available include company and tax formation structures involving the use of double taxation treaty networks. Recently, Seychelles has also enacted new legislation for introduction of higher yield offshore products such as the Mutual and Hedge Fund Act, 2008, the Insurance Act, 2008 and the Securities Act, 2007. Seychelles is a jurisdiction committed to providing an environment, which strikes a realistic balance between client confidentiality in legitimate business matters and the desire to participate in the fight against the use of corporate vehicles and trust for criminal purposes. The conclusions of the OECD, FATF, the United Nations and the IMF are that Seychelles' regulatory framework is compliant with the applicable requirements and global best practice. Corporate Service Providers and Trustees are licensed under the International Corporate Service Providers Act, 2003. These regulatory codes provide further regulation on due diligence procedures incorporating the FATF's recommendations on know your Customer principle (KYC) and anti-money laundering procedures.

Infrastructure

Infrastructure is another important development pillar which is receiving particular attention. This sector has benefited from significant public investment in the past, resulting in a solid electricity network and relatively modern communication and transport facilities. In 2007, the country benefited from the reconstruction of two main bridges on the highway from the capital city Victoria to the airport that had been damaged by the Tsunami. Traffic congestion measures were also adopted in Victoria and plans for traffic diversion formulated. The master plan for the redevelopment of harbour infrastructure (in particular the fishing port) was elaborated. Regarding power transmission and distribution projects on Mahe, to cater for growth in electricity demand in all sectors of the economy, funds were secured from China for the additional 33kV South Mahe Transmission reinforcement project. With respect to the expansion of the power generation capacity on Praslin, funds were secured from OFID. Developments in the water and sewerage sector in the last quarter of 2007 confirmed that the sector gained a higher rank on Government's agenda. Several project financings were secured from: i) ADB/AWF - new water master plan to be launched in 2008; ii) China (Exim bank) – various works for water and sewerage; iii) India (line of credit): for the water and electricity sectors; iv) EC 10th EDF - CSP signed focussing on water supply and sanitation; v) BADEA/KFAED – Sewage facilities for Praslin island. A study was launched by the EC on the improvement of Mahé water supply, targeting the high 'Unaccounted For Water' in Mahé (over 40%⁷) and leakage management and control (to be completed in 2008), and a full size project on “Water adaptation to climate change” was proposed by the Government under GEF focal area 'climate change' to be implemented from 2009.

⁷ Over-registration of bulk meter, under registration of domestic meters, flushing of lines and other legitimate uses.

ANNEX IC – MILLENNIUM DEVELOPMENT GOALS (MDGs)

Indicator	Base year									Target	Remarks	
	1990	1995	2000	2001	2002	2003	2004	2005	2007	2015		
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	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	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	n/a	not applicable		Achieved
4 Net enrolment ratio in primary education	n/a	n/a	93	91	92	94.8	96.4	100	n/a	not applicable		Achieved
5 Primary Completion Rate (%)	n/a	n/a	112.9	117.6	118.3	115.7	106.5	n/a	114.9	not applicable		Achieved
6 Ratio of girls to boys in (%)												
- Primary education	n/a	n/a	97	96	95	95	95	94	100.3	Achieve equal access		
- Secondary education	n/a	n/a	102	103	100	101	103	100	100.3	not applicable		Achieved
- Tertiary education	n/a	n/a	117	113	126	119	143	133	n/a	not applicable		Achieved
7 Proportion of birth attended by skilled medical personnel (%)	n/a	n/a	100	100	100	100	100	100	n/a	not applicable		Achieved
8 Proportion of one-year-old children immunised against measles (%)	86	97	97	95	98	99	99	100	n/a	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	n/a	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	n/a	6		

Notes:

n/a: not available

(1) no country data available for this indicator

Prospects to meet the MDGs by 2015

Human development has been an essential element of all policies and national development plans. Since independence, government has considerably invested in health, education, adequate infrastructure for water and sanitation and has also provided a social security net to the most vulnerable groups (orphans, elderly, disabled, etc). In this context, Seychelles has met most of its MDG targets and is on track to meet all MDG goals by 2015¹. They are all part of Government's commitments and most of them are provided in the Constitution.

Currently there are no reliable data to determine the level of poverty using the 1\$ per day measure for daily survival per person. There is also no national poverty line for measuring poverty. According to the household income and expenditure survey done in 2000, the minimum level of expenditure per person on food, water and shelter was estimated to be SCR 841 (approximately €90 based on the exchange rate in 2007: 1€=9.2 SCR). Around 16% of all households was found to be spending below that level. In 2005, the prevalence of under nourishment was 9% of the total population. Generally, it could be said that extreme poverty per se in Seychelles does not exist due to the existence of an effective social welfare system which provides protection for vulnerable and disadvantaged groups. There are nonetheless pockets of poverty among single women-headed households and seasonally unemployed including fishermen, stevedores and small farmers.

With free education and access to health services, Seychelles has achieved universal primary education for boys and girls as well as low child and women mortality rates. The literacy rate of youth (15-24) is 98% and primary school completion rate is 114.9%. There is 100 % primary school enrolment. Seychelles has achieved universal primary education and access to schools and education programmes. All births are attended by trained medical staff. So far, the government has managed to immunize 99% children aged 12-23 months for measles. The infant mortality rate per 1,000 live birth was 10.7 in 2007 (down from almost 60 in the 1960s). 100% of births were attended by skilled health staff. Maternal mortality ratio per 100,000 live births is nil. The incidence of tuberculosis per 100,000 people is 33.7. In 2002, the prevalence of HIV/AIDS among people aged between 15-24 years stood at 0.6%. Combating HIV/Aids is a growing concern of government: despite sensitisation campaigns and a number of prevention activities, risky behaviours among youngsters persist and call for renewed efforts towards sensitisation campaigns.

There is a good representation of women at decision-making level (with 35% of women in Parliament and 45% at chief executive or middle management levels); however, gender stereotypes remain: 60% of job seekers are women and men's salaries are still higher than women's.

Because of the country's vulnerability as a small Island state, there are numerous constraints and challenges to sustainable development that need to be overcome. In order to ensure that Seychelles achieves the MDG 2015 targets, it is important to take due consideration to the issue of capacity building (sufficient pool of human resources, training, staff management) in Education and Health sectors especially. Indeed, government increasingly relies on foreign teachers and training and retaining Seychellois staff in Health sector has become a major issue.

¹ Millennium Development Goals, Status Report, Seychelles, UNDP, January 2003.

With the development of hotel projects, environment protection is high on Government's agenda; Government has developed an Environment Management Plan of Seychelles 2000-2010. However, the implementation of the plan requires external support. The African Development Bank is financing a Water Sector Master Plan and the EC has allocated a €5 mio-envelope to support the water sector; China is also providing assistance in this area. The EC is also currently implementing the Solid Waste Management Programme to provide a sanitary landfill in Mahé.

Actually, the country requires continuous support from the global community to sustain its achievements. It is also vital to note that partnerships between the government, private sector, civil society and non-governmental organizations must be developed or maintained for the sustainability and improvement of the achievements that have been made in the various goals.

As regards the quality of data, UNDP deems that the recent surveys from which the data is extracted are of "fair" and even "strong" quality for education and health data (surveys of the Ministry of Health and Ministry of Education). There is a need for capacity building for data gathering, analysis and interpretation for policy development, monitoring and evaluation purposes where the quality of surveys is deemed "poor" or "fair". For all indicators, a system of monitoring and evaluation is lacking; also, it now proves essential to set up a system that enables the data to be incorporated into policy-making and programme development. It is also necessary to increase coordination among different Ministries to take advantage of complementary work.

COUNTRY: SEYCHELLES EDF 9							
SITUATION : 12/31/2007							
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
		5,291,826.00	2,570,079.83	48.57%	1,502,081.73	28.38%	TOTALS
9 ACP SEY 1	TECHNICAL CO-OPERATION FACILITY (TCF)	731,826	698,866	95%	512,165	70%	ON GOING
9 ACP SEY 2	CONTRIBUTION TO POST TSUNAMI REHABILITATION EFFORTS	700,000	700,000	100%	630,000	90%	ON GOING
9 ACP SEY 3	NATIONAL CAPACITY BUILDING PROGRAMME FOR STATE AND NON STATE	860,000	781,000	91%	329,067	38%	ON GOING
9 ACP SEY 4	INTEGRATED SOLID WASTE MANAGEMENT PROGRAMME	3,000,000	390,214	13%	30,850	1%	ON GOING

COUNTRY: SEYCHELLES EDF 9					
SITUATION : 12/31/2007					
			% of NIP	% of GFC	AMOUNT in EUROS
[A]	TOTAL N I P ENVELOPE including transfers and and Top Ups)	[A]			5,291,826
	Indicative Programme A envelope & B envelope				4,600,000
	Transfers from previous EDFs				691,827
	Transfer to long term development reserve				(1)
[B]	GFC : Global Financial Commitments	[B]	100.00%		5,291,826
[C]	IFC : Individual Financial Commitments	[C]	48.57%	48.57%	2,570,080
[D]	PAYMENTS	[D]	28.38%	28.38%	1,502,082
[E]	Uncommitted balance	[A] - [B]	0.00%		-

COUNTRY: SEYCHELLES EDF 8							
SITUATION : 12/31/2007							
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
		5,482,236.62	5,457,715.59	99.55%	5,457,715.59	99.55%	TOTALS
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	LE 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	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	MELON FRUIT FLY ERADICATION PROGRAMME	1,011,023.35	986,502.32	98%	986,502.32	98%	A CLOSED ON 25.01.08
8 ACP SEY 10	PREPARATION DE L'ACTUALISATION DU PLAN DIRECTEUR DECHET	80,663.14	80,663.14	100%	80,663.14	100%	CLOSED

COUNTRY: SEYCHELLES EDF 8					
SITUATION : 12/31/2007					
			% of NIP	% of GFC	AMOUNT in EUROS
	NET 8th EDF ENVELOPE*	[A]			5,482,237
[A]	Indicative Programme				6,000,000
	Transfers to 9th EDF upon closure of 8th EDF projects (inc partial decommitments)				(517,763)
[B]	GFC : Global Financial Commitments	[B]	100.00%		5,482,237
[C]	IFC : Individual Financial Commitments	[C]	99.55%	99.55%	5,457,716
[D]	PAYMENTS	[D]	99.55%	99.55%	5,457,716
[E]	Uncommitted balance	[A] - [B]	0.00%		-

COUNTRY: SEYCHELLES EDF 7							
SITUATION : 12/31/2007							
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
100% clôturés (100% closed)		5,312,260.20	5,312,260.20	100.00%	5,312,260.20	100.00%	TOTALS
7 ACP SEY 1	ECC 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 P018) ET APPUI A LA PETITE INDUSTRIE	2,140.00	2,140.00	100%	2,140.00		CLOSED
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
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 ENVIRONMENT & TRANSPORT PROJECT. (+7/21+7/22+8/17).	593,138.07	593,138.07	100%	593,138.07		CLOSED
7 ACP SEY 22	LA DIGUE ENVIRONMENT & TRANSPORT PROJECT. (+7/21+7/22+8/17).	22,485.18	22,485.18	100%	22,485.18		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

COUNTRY: SEYCHELLES EDF 7							
SITUATION : 12/31/2007							
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
100% clôturés (100% closed)		5,312,260.20	5,312,260.20	100.00%	5,312,260.20	100.00%	TOTALS
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

COUNTRY: SEYCHELLES EDF 7					
SITUATION : 12/31/2007					
			% of NIP	% of GFC	AMOUNT in EUROS
	NET 7th EDF ENVELOPE	[A]			5,312,260
[A]	Indicative Programme				5,400,000
	Transfer 5th NIP to 7th EDF NIP				59,682
	Transfers to 9th EDF upon closure of 7th EDF projects (inc partial decommitments)				(147,422)
[B]	GFC : Global Financial Commitments	[B]	100.00%		5,312,260
[C]	IFC : Individual Financial Commitments	[C]	100.00%	100.00%	5,312,260
[D]	PAYMENTS	[D]	100.00%	100.00%	5,312,260
[E]	Uncommitted balance	[A] - [B]	0.00%		-

COUNTRY: SEYCHELLES EDF 6							
SITUATION : 12/31/2007							
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
100% clôturés (100% closed)		6,175,174	6,175,174	100%	6,175,174	100%	TOTALS
6 ACP SEY 1	ET-ELABOR PRÓG OPERAT DEV AGRICOLE	51,776.47	51,776.47	100%	51,776.47	100%	Closed
6 ACP SEY 2	AT-SEYCHEL FISHERIES- BIOLOGISTE-STATISTICIEN	407,359.99	407,359.99	100%	407,359.99	100%	Closed
6 ACP SEY 3	1 PRÓG MICROREAL - TECH PECHE NOUV-INTROD. COMMERC.	171,071.43	171,071.43	100%	171,071.43	100%	Closed
6 ACP SEY 4	ET DRAINAGE APPUI INST GOUVER	33,600.74	33,600.74	100%	33,600.74	100%	Closed
6 ACP SEY 5	PRÓG DEV ARTISANAT SEYCHELLES	1,166,347.24	1,166,347.24	100%	1,166,347.24	100%	Closed
6 ACP SEY 6	ET PRÓG ACT DEV SECT AGRICOLE	64,727.10	64,727.10	100%	64,727.10	100%	Closed
6 ACP SEY 7	RURAL DEVELOPMENT	2,865,802.24	2,865,802.24	100%	2,865,802.24	100%	Closed
6 ACP SEY 10	ET REHAB COCOTERAIE MAHE	20,119.11	20,119.11	100%	20,119.11	100%	Closed
6 ACP SEY 12	EXP RENOV OLD TUNA QUAY	31,177.73	31,177.73	100%	31,177.73	100%	Closed
6 ACP SEY 13	REHAB. QUAI THONIER	35,694.47	35,694.47	100%	35,694.47	100%	Closed
6 ACP SEY 14	REPARATION DU QUAI OLD TUNA	1,191,734.78	1,191,734.78	100%	1,191,734.78	100%	Closed
6 ACP SEY 15	TO REVIEW GLOBAL SITUATION(SOLID WASTE MANAGEMENT STUDY)	56,908.75	56,908.75	100%	56,908.75	100%	Closed
6 ACP SEY 16	DESIGN & TENDER DOCUMENTS FOR LA DIGUE LANDFILL	27,602.05	27,602.05	100%	27,602.05	100%	Closed
6 ACP SEY 18	LE NIOL WATER TREATMENT WORKS - CONSULTANCY SERVICES	32,061.87	32,061.87	100%	32,061.87	100%	Closed
6 ACP SEY 19	STORM DAMAGE REHABILITATION STUDY	9,842.79	9,842.79	100%	9,842.79	100%	Closed
6 ACP SEY 20	FEASIBILITY STUDY FOR FRUIT FLY ERADICATION	9,347.00	9,347.00	100%	9,347.00	100%	Closed

COUNTRY: SEYCHELLES EDF 6					
SITUATION : 12/31/2007					
			% of NP	% of GFC	AMOUNT in EUROS
[A]	NET 6th EDF ENVELOPE	[A]			6,175,174
	Indicative Programme				6,200,000
	Transfers EDF 5				1,815
	Transfers to 9th EDF upon closure of 6th EDF projects				(26,641)
[B]	GFC : Global Financial Commitments	[B]	100.00%		6,175,174
[C]	IFC : Individual Financial Commitments	[C]	100.00%	100.00%	6,175,174
[D]	PAYMENTS	[D]	100.00%	100.00%	6,175,174
[E]	Uncommitted balance	[A] - [B]	0.00%		0

9ème FED distribution sectorielle

pays: République des Seychelles

STRATEGIE POUR	CONSENSUS EUROPEEN	SOUS SECTEUR ET	en euro x 1000 total cumulatif des engagements 31.12.07
L'AFRIQUE		APPUI BUDGETAIRE SECTORIEL	
Droits de l'homme et gouvernance	gouvernance, droits de l'homme et appui aux réformes économiques et institutionnelles	gouvernance	860.00
		réformes économiques et institutionnelles	
		Acteurs Non Etatiques	
Paix et sécurité	prévention des conflits et de la fragilité des Etats	Prévention des conflits et de la fragilité des états	
Croissance économique, intégration régionale et commerce	commerce et intégration régionale	Accords de Partenariat Economique	
		intégration économique régionale	
		développement du secteur privé	
	infrastructure, communication et transport	infrastructure, communication et transport (enveloppe B)	700.00
	eau et énergie	eau	
		énergie	
		non spécifié	
investir dans les personnes	cohésion sociale et emploi	cohésion sociale et emploi	
	environnement et gestion durable des ressources naturelles	environnement et gestion durable des ressources naturelles	3,000.00
	développement rural, aménagement du territoire, agriculture et sécurité alimentaire	développement rural et aménagement du territoire	
		agriculture	
		sécurité alimentaire	
	développement humain	santé	
		éducation de base	
		éducation non spécifiée	
autres	FCT	FCT	731.826
	appui à l'ON	appui à l'ON	
	non spécifié	non spécifié	
Appui Budgétaire	ABG	Appui Budgétaire Général	-
TOTAL	TOTAL	TOTAL	5,291.83
niveau de concentration sur les secteurs	pourcentage des engagements du 9ème FED couvert par les secteurs de concentration les plus importants plus ABG	secteur le plus important + ABG	Environnement
		deux secteurs les plus importants + ABG	Environnement et Gouvernance (NSAs)
		Trois secteurs les plus importants + GBS	Environnement, Gouvernance (NSAs) et TCF
		Quatre secteurs les plus importants + ABG	Environnement, Gouvernance (NSAs) et TCF et Infrastructure (enveloppe-B)
		Cinq secteurs les plus importants + ABG	NA
		nbre de secteurs + ABG pour atteindre 85% du PIN	3
		secteurs (exclus NSA et ABG)	3

COUNTRY: REGIONAL IOC EDF 9							
SITUATION : 12/31/2007							
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
		37,065,796.57	27,673,576.26	74.66%	16,502,570.79	44.52%	TOTALS
9 ACP RSA 1	Projet Pilote Régional de surveillance, contrôle et suivi des Grands pélagique migrateurs	3,415,796.57	3,025,019.57	89%	1,706,593.23	50%	ON GOING PROJECT
9 ACP RSA 5	Regional Tuna tagging Project	4,300,000.00	4,081,297.22	95%	2,939,240.26	68%	ON GOING PROJECT
9 ACP RSA 6	Regional Tuna tagging Project	9,700,000.00	9,546,447.50	98%	7,943,667.50	82%	ON GOING PROJECT
9 ACP RSA 7	Appui institutionnel au secrétariat général de la COI	1,650,000.00	1,642,888.97	100%	1,472,796.01	89%	Projet en cours de clôture
9 ACP RSA 20	Regional Programme for the sustainable management of coastal resources	18,000,000.00	9,377,923.00	52%	2,440,273.79	14%	ON GOING PROJECT

ANNEX II d - Financial situation for EIB projects

Numéro de prêt	Nom du contrat	Nom de l'accord financier	Date de signature	Evolution	Secteur d'activité	Montant du contrat en EUR	Montant annulé en EUR	Montant versé en EUR	Solde à verser en EUR	Encours versé en EUR
20451	DBS GL V	LOME - CONVENTION 4 - PROT.2	1/24/2000	VERSE	PRETS GLOBAUX; PRETS GROUPES	2,000,000.00	0.00	1,770,000.00	0.00	1,327,500.00
70012	DEVELOPMENT BANK OF SEYCHELLES	LOME - CONVENTION 1	10/31/1978	VERSE	SERVICES	580,047.17	0.00	412,402.90	0.00	412,402.90
70787	DBS GLOBAL LOAN III A	LOME - CONVENTION 3	9/12/1989	VERSE	PRETS GLOBAUX; PRETS GROUPES	1,500,000.00	30,000.00	1,470,000.00	0.00	82,000.00
70990	DBS GL IV	LOME - CONVENTION 4	12/22/1994	VERSE	PRETS GLOBAUX; PRETS GROUPES	2,000,000.00	0.00	2,000,000.00	0.00	800,000.00
71145	LE NIOL WATER SUPPLY	LOME - CONVENTION 4	1/5/1999	VERSE	EAU, ASSAINISSEMENT	1,000,000.00	0.00	1,000,000.00	0.00	585,800.01
Total						7,080,047.17	30,000.00	6,652,402.90	0.00	3,207,702.91

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N°IC	TITLE GLOBAL COMMITMENT	Original RAC	Forecasted payments 2008	Possible RAC to decommit RAP after forecasted payments	1st SEM 2008		2nd SEM 2008		New RAC after Decommit & Payment
							Forecasted De-commitments	Forecasted De-commit. to not be re-use	Forecasted De-commitments	Forecasted De-commit. to not be re-use	
							24,521	20,059	0	0	
2002	8ACP SEY9	0	DRU MELON FRUIT FLY ERADICATION PROGRAMME	24,521		24,521	24,521				0
2004	9ACP SEY1	0	ECO TECHNICAL CO-OPERATION FACILITY (TCF)	32,960		32,960					53,019
2004	9ACP SEY1	1	INF CARL BRO A/S :STUDY FOR SOLID WASTE MANAGEMENT PROGRAMME	20,059	0	20,059		20,059			0
2004	9ACP SEY1	5	PE2 (6.11.07-05.05.09 : 22,830 EUR)	4,830	4,830	0					0
2004	9ACP SEY1	6	ILF BERANTENDE INGENIEURE-FS SOLID WASTE DISPOSAL ON	58,313	58,313	0					0
2004	9ACP SEY1	7	STDE/FEASIBILITY AND DETAILED STUDIES FOR THE IMPROVEMENT OF	103,499	103,499	0					0
2005	9ACP SEY2	0	CONTRIBUTION TO POST TSUNAMI REHABILITATION EFFORTS	0		0					0
2005	9ACP SEY2	1	ECO UNDP CONTRIBUTION AGREEMENT (OCTOBER 2005)	70,000	70,000	0					0
2006	9ACP SEY3	0	NATIONAL CAPACITY BUILDING PROGRAMME FOR STATE AND NON STATE	79,000		79,000					79,000
2006	9ACP SEY3	1	ECO CONTRIBUTION AGREEMENT WITH UNDP: 781,000EUR	451,933	451,933	0					0
2006	9ACP SEY4	0	INTEGRATED SOLID WASTE MANAGEMENT PROGRAMME	2,609,786		2,609,786					2,609,786
2006	9ACP SEY4	1	PE0 (16.08.07-16.02.08 :30,850 EUR)	0	0	0					0
2006	9ACP SEY4	2	RODECO-TBS-GOPA - SERVICE CONTRACT	359,364	359,364	0					0



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EDF REGIONAL FORECASTS DECOMMITMENTS 2008

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 N°IC	TITLE GLOBAL COMMITMENT	Original RAC		Possible RAC to decommit	1st SEM 2008		2nd SEM 2008		New RAC after Decommit & Payment
				Original RAP	Forecasted payments 2008		Forecasted De-commitments		Forecasted De-commitments		
							RAP after forecasted payments	Forecasted De-commit. to not be re-use	Forecasted Decommit ¹ to Recommit	Forecasted De-commit. to not be re-use	
				0		0	0	0	0	0	0
1994	9ACP RPR82	0	(EX 06 P520) ECO	0		0					0
1994	9ACP RPR82	1	(EX 06 P520 C005) ECO	255,657	0	255,657					255,657

SUMMARY of EDF REGIONAL FORECASTS 2008 - 2009

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	0	0	0	0	0	0
New Individual Commitments	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Payments	0	0	0	0	0	0	0	0	0	0	0
Decommitments	0					0					0
Decommitments to recommit	0					0					0
Reduction of Old RAL	0	0	0	0	0	0	0	0	0	0	0

	FORECASTS 2009										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	0	0	0	0	0	0
New Individual Commitments	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Payments	0	0	0	0	0	0	0	0	0	0	0

R A L	SITUATION on 01/01/2008		SITUATION on 31/12/2008	
	ALL PROJECTS	PROJETS decided before YEAR 2003	ALL PROJECTS	PROJETS decided before YEAR 2003
Σ Ongoing GLOBAL COMMITMENTS	255,657	255,657	255,657	255,657
R A C	0	0	#DIV/0!	0
R A P	255,657	255,657	#DIV/0!	255,657
R A L	255,657	255,657	#DIV/0!	255,657
% RAL / Σ GLOBAL COMMIT.	100%	100%	#DIV/0!	100%
Nbr of years to absorb RAL	#DIV/0!		#DIV/0!	

	Amount	Nbr
Ceiling increase riders	0	0
Extension Date		0
Réaménagement budgétaire		0
Modification DTA		0
Total number of projects		0

YEAR of GLOB. CONTROL	ACCOUNTING NUMBER GLOB. CONTROL	TITLE LOCAL COMMITMENT	TITLE GLOBAL COMMITMENT	END Use of Funds	SITUATION END 2007		FORECAST on PAYMENTS 1st SEM 2008			FORECAST on PAYMENTS 2nd SEM 2008			FORECAST on PAYMENTS 1st SEM 2009			FORECAST on PAYMENTS 2nd SEM 2009			COMMENTS			
					GLOBAL COMMIT.	NEW COMMIT.	AMOUNT RECOVERED COMMIT.	1st SEMESTER	2nd SEMESTER	High II	Medium M	Low L	1st SEMESTER	2nd SEMESTER	High II	Medium M	Low L	1st SEMESTER		2nd SEMESTER	High II	Medium M
TOTAL ONGOING GLOBAL COMMITMENTS					3,526,849	3,526,849	2,746,327	514,028	444,028	71,000	184,594	244,004	244,004	44,384	84,384	44,384	84,384	0	0	0	0	OK
2002	BACP SEY9	0	DRU MECON FRUIT FLY RADIATION PROGRAMME	2005123	1,011,023	995,502	24,521															OK
2004	BACP SEY1	0	OPERATION FACILITY (CFI) INF CARL BROGAS STUDY	2011101	731,025	698,866	32,960															OK
2004	BACP SEY1	1	FOR SOLID WASTE MANAGEMENT	2007014	395,214	376,155	20,059															OK
2004	BACP SEY1	5	MANAGEMENT OF WASTE (H/R)	2006025	22,830	18,000	4,830				4,830											OK
2004	BACP SEY1	6	INGENIEURS SOLID WASTE DISPOSAL ON SITE/FEASIBILITY AND DETAILED STUDIES FOR CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2006016	145,782	87,468	58,313				58,313											OK
2004	BACP SEY1	7	INGENIEURS SOLID WASTE DISPOSAL ON SITE/FEASIBILITY AND DETAILED STUDIES FOR CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2006020	103,469	0	103,469	62,099			41,400											OK
2005	BACP SEY2	0	CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2006020	700,000	700,000	0															OK
2005	BACP SEY2	1	AGREEMENT WITH UNDP FOR STATE AND NON STATE BUILDING PROGRAMME	2007030	700,000	690,000	70,000															OK
2005	BACP SEY3	0	CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2011201	800,000	781,000	78,000															OK
2005	BACP SEY3	1	AGREEMENT WITH UNDP FOR STATE AND NON STATE BUILDING PROGRAMME	2009021	761,000	329,057	451,933	262,329														OK
2006	BACP SEY4	0	CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2012009	3,000,000	390,214	2,609,786															OK
2006	BACP SEY4	1	MANAGEMENT OF SOLID WASTE	2008015	30,650	30,650	0															OK
2006	BACP SEY4	2	CONTRIBUTION TO POST OPERATION REHABILITATION PROGRAMME	2009007	359,384	0	359,384	130,000			90,000											OK

EDF FORECASTS 2008-2009: NEW INDIVIDUAL Commitments (including payments) on ONGOING PROJECTS.

(amounts in €)

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YEAR CLASS COMMIT.	ACCOUNTING NUMBER	TITLE INDIVIDUAL COMMITMENT	FORECASTS 1st SEM 2008					FORECASTS 2nd SEM 2008					FORECASTS 1st SEM 2009					FORECASTS 2nd SEM 2009				
			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS		
					Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H
TOTALS on NEW INDIVIDUAL Commitments			180,000	80,000	0	80,000	0	2,199,000	92,000	12,000	80,000	0	37,000	708,000	8,000	700,000	0	0	897,000	0	897,000	0
2004	9ACP SEY1	ECO TECHNICAL CO- FINISH TO SLIDE CONTRACT (9 SEP 07)	20,000	0	0	0	0	20,000	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0
2006	9ACP SEY3	NATIONAL CAPACITY BUILDING	20,000	0	0	0	0	12,000	12,000	0	0	0	8,000	8,000	0	0	0	0	0	0	0	0
2006	9ACP SEY4	INTEGRATED SOLID WASTE Review works design & contract	100,000	60,000	0	60,000	0	40,000	0	40,000	0	0	0	0	0	0	0	0	0	0	0	0
2006	9ACP SEY4	Supervision contract	0	0	0	0	199,000	0	0	0	0	0	60,000	0	80,000	0	0	80,000	0	80,000	0	0
2006	9ACP SEY4	Works contract	0	0	0	0	2,000,000	0	0	0	0	0	600,000	0	600,000	0	0	800,000	0	800,000	0	0
2006	9ACP SEY4	PE1 (2008)	40,000	20,000	0	20,000	0	20,000	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0
2006	9ACP SEY4	PE2 (2008)	0	0	0	0	0	0	0	0	0	37,000	20,000	0	20,000	0	0	17,000	0	17,000	0	0
2006	9ACP SEY4	Evaluation (2010)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



ESTIMATED DECISION DATE	PROJECT TITLE - ACTION FICHE	CATEGORY	AMOUNT	RISK L, M, H	FORECASTS 1st SEM 2008			FORECASTS 2nd SEM 2008			FORECASTS 1st SEM 2009			FORECASTS 2nd SEM 2009										
					INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS		
							Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H
TOTALS on NEW GLOBAL Commitments:			2,900,000		0	0	0	0	0	15,000	15,000	0	15,000	0	70,000	39,000	0	39,000	0	60,000	57,000	0	57,000	0
09 2008	AAP 2008 TCF 10TH EDF (Project amount 250,000 €) PE & TAC Studies as inv commitments	PROJECT	250,000	L	0	0	0	0	15,000	15,000	0	15,000	0	70,000	39,000	0	39,000	0	60,000	57,000	0	57,000	0	
2sem2009	AAP 2009 Water supply Improvement Mahé T.A (ind commitment in 2010) works (1.600.000 €- ind comm in 2010)	PROJECT	2,000,000	M	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2sem2009	AAP 2009 Governance Capacity Building	PROJECT	650,000	M	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



SEYCHELLES

SUMMARY of EDF FORECASTS 2008 - 2009

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	250,000	250,000	0	0	250,000	250,000
New Individual Commitments	180,000	134,578	24,225	21,197	146,691	2,214,000	1,516,487	697,513	0	1,865,243	2,011,934
Payments	594,428	444,428	80,000	70,000	484,428	301,543	206,543	95,000	0	254,043	738,471
Decommitments	24,521					0					24,521
Decommitments to recommit	20,059					0					20,059
Reduction of Old RAL	24,521	24,521	0	0	24,521	0	0	0	0	0	24,521

	FORECASTS 2009										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	2,650,000	0	2,650,000	0	1,325,000	1,325,000
New Individual Commitments	107,000	27,257	79,743	0	67,129	60,000	5,401	54,599	0	32,700	99,829
Payments	991,604	252,604	739,000	0	622,104	1,048,364	94,364	954,000	0	571,364	1,193,468

RAL	SITUATION on 01/01/2008		SITUATION on 31/12/2008	
	ALL PROJECTS	PROJETS decided before YEAR 2003	ALL PROJECTS	PROJETS decided before YEAR 2003
Σ Ongoing GLOBAL COMMITMENTS	6,302,849	1,011,023	6,528,328	986,502
RAC	2,746,267	24,521	2,79,871	0
RAP	1,067,998	0	2,321,402	0
RAL	3,814,265	24,521	3,901,273	0
% RAL / Σ GLOBAL COMMIT.	61%	2%	61%	0%
Nbr of years to absorb RAL	5		4	

	Amount	Nbr
Celling increase riders	0	0
Extension Date		1
Réaménagement budgétaire		1
Modification DTA		0
Total number of projects		1

EDF ENERGY
 Global Energy Solutions
 Global Energy Solutions
 Global Energy Solutions

ACCOUNTING CODE	COUNTRY	TITLE GLOBAL COMMITMENT	TITLE INDIVIDUAL COMMITMENT	ESTIMATED VALUE	ESTIMATION OF RISK FACTOR		ESTIMATION OF RISK FACTOR		ESTIMATION OF RISK FACTOR		ESTIMATION OF RISK FACTOR		COMMENTS
					1st	2nd	1st	2nd	1st	2nd	1st	2nd	
1994	BACF RPR82	0	DEVELOPP. TOURISME PAYS 300 000€	255,057	255,057	0	0	0	0	0	0	0	OK
1994	BACF RPR82	1	COMMISSION C'CEAN (EX 00 P200 000€) ECO SERVICES	255,057	255,057	0	0	0	0	0	0	0	Recommandé en cours

Partenariats et Actions Prioritaires
du Plan d'Action de Lisbonne

pays: République des Seychelles

(uniquement pour les Délégations
en Afrique)

En euro x 1000

STRATEGIE POUR L'AFRIQUE	CONSENSUS EUROPEEN	SECTEURS	PARTENARIATS ET ACTIONS PRIORITAIRES DU PLAN D'ACTION DE LISBONNE	engagements programmés sur le PIN pour le 10ème FED
Droits de l'homme et gouvernance	Gouvernance, droits de l'homme et appui aux réformes économiques et institutionnelles	Gouvernance	Partenariats pour 2. Gouvernance Démocratique et les Droits de l'Homme 7. Migration, Mobilité et Emploi	650.00
		Réformes économiques et institutionnelles		
		Acteurs Non Etatiques		
Paix et sécurité	Prévention des conflits et de la fragilité des états	Prévention des conflits et de la fragilité des Etats	Partenariat sur 1. La paix et la sécurité	
Croissement économique, intégration régionale et le commerce	Commerce et intégration régionale	Accords de Partenariat Economique	Partenariat sur 3. le Commerce (et l'intégration Régionale)	
		Intégration économique régionale	3. (le Commerce) et l'intégration Régionale	
		Développement du secteur privé		
	Infrastructures, communication et transport	Infrastructures, communication et transport	8. Partenariat pour Science, société de l'information, l'espace	
	Eau et énergie	Eau		5,000.00
		Energie	5. Partenariat pour l'Energie	
Divers				
Investir dans les personnes	Cohésion sociale et emploi	Cohésion sociale en emploi	6. Partenariat sur le changement climatique	
	Environnement et gestion durable des ressources naturelles	Environnement et gestion durable des ressources naturelles		
	Développement rural, aménagement du territoire, agriculture et sécurité alimentaire	Développement rural, aménagement du territoire		
		Agriculture		
		Sécurité alimentaire		
	Développement humain	Santé		
		Education de base		
Education non spécifiée				
Autres	FCT	FCT		250.00
	Soutien à l'ON	Soutien à l'ON		
	non spécifié	non spécifié		
Appui Budgétaire	ABG	Appui Budgétaire Général		
TOTAL	TOTAL	TOTAL	4. Partenariat sur les OMD	5,900.00

ANNEX IV - EAMR AID EFFECTIVENESS QUESTIONNAIRE

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current baseline we have from the July 2007 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Delegations had difficulty completing the questionnaire for the July 2007 EAMR. Following discussions with them the guidance to measure each target has been made more specific, following the revised OECD guidance for the 2008 survey. We hope you find the new elements more helpful. If you would still like further clarifications please contact your desk officer in AIDCO.

Some Delegations will also be completing the OECD survey during Jan-March 08. Your responses below should make it much easier to answer the OECD survey.

Regional offices will have to complete Annex C separately for each country in their region.

Please note that within the strategy that EuropeAid in relation to EU Target 4 – reduce the number of uncoordinated missions by 50 % - a number of new points have been prepared:

- Delegations are invited to:

- list dates for HQ missions already planned for the immediate 6 months period and mention if they are not coordinated;
- indicate to HQ what priority missions the Delegations estimate better serves coordination arrangements at local level for the following 6 months period.

The periods for missions, to be used in the January and July EAMR are as follows:

- In the 2008 January EAMR; Delegations list missions agreed for the period March to August 2008 and indicate their priorities for HQ in the period September 2008 to February 2009;
- In the 2008 July EAMR: Delegations list missions agreed for September 2008 to February 2009 and then indicate their priorities for HQ missions in the period March to August 2009.

1. EU Target No 1

Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements

2. Introduction

The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)

3. Questions and definitions

Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2007 (EUR)?	Qd2	€ 0.8 million
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	€ 0 million
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	€ 0 million
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	€ 0 million
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	€ 0 million

4. Definition of Indicator

$[(Qd5 + Qd6 + Qd7 + Qd9) \div 4] \div [Qd2]$ (please calculate and enter as response %)

0 %

5. Additional information

Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)

The Seychelles will be subject to a Public Financial Management (PFM) assessment based on the PEFA methodology in the course of the year 2008 in order to assess the possibility to introduce budget support for the 10th EDF.

1. EU target 2

Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements¹

2. Introduction

EU target 2 aims to measure progress in aligning and coordinating support for capacity development. It's closely linked with indicator 4 of the Paris Declaration. Therefore, the term "capacity building" used in the EU target is interpreted as "technical cooperation". This use of the DAC definitions allows consistency with the DAC monitoring of the Paris Declaration.

The term "coordinated" also refers to the DAC definition which covers the following principles: ownership of TC by partner countries, alignment of TC with countries/local strategies and objectives and, where more than one donor is involved, harmonisation of TC among donors.

To avoid confusion, we strongly advise that you use the definitions given in the OECD guidance, by clicking on the link <http://www.oecd.org/dataoecd/13/29/36306366.doc>. DAC criteria on this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.

Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.

3. Questions and definitions

1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q^{d3}</i>	€ 0.18 million
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q^{d4}</i>	€ 0.18 million
4. Definition of Indicator		
3	<i>Q^{d4} / Q^{d3} (please calculate this and enter in the next column as %)</i>	100 %

¹ Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^{d4}.

5 Additional Information

4

Seychelles: The 9th EDF capacity-building programme is implemented through a contribution agreement with the UNDP and close dialogue with EU MS. Coordination meeting has been held with representatives of UNDP in the context of post-tsunami programme and EC intervention in water sector under 10th EDF.

NB.

Region: The IOC is diversifying its donor mix and ensuring complementarities rather than coordination. This involves co financing with France (FCEM) on Coastal and Marine Resources and with World Bank on GEF facility; Contribution Agreement is under implementation with FAO/IOTC in context of Tuna Tagging project. Though there has been no donor coordination at IOC level this might be required in the context of 10th EDF programming and we note the initiative started by the ESA RIOS (COMESA, EAC, IGAD, IOC) at the Development Cooperation Partners meeting in June 2007 in Nairobi.

Qualitative information² :

EU Code of Conduct: has been disseminated in all countries of the region and discussions are ongoing on their appropriate application in the specific country context, in particular the absence or limited EU MS presence in the countries.

² These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

1. EU target 3

Avoid establishment of new project implementation units (PIUs).

2. Introduction

EU target 3 aims to assess progress towards strengthening local capacity by tracking the number of PIUs put in place to manage projects and programmes. It is linked to indicator 6 of the Paris Declaration. This target is interpreted as "avoiding the establishment of new parallel PIUs"

To avoid confusion, we strongly advise that you use the definition of parallel PIUs given in OECD guidance, by clicking on the link <http://www.oecd.org/dataoecd/13/29/36306366.doc>. DAC criteria for this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.

Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.

3. Questions and Definitions

1	How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q^d10</i>	0
2	Out of these, how many <u>new</u> parallel project implementation units were established during 2007?	0

4. Additional Information

3	<p>Qualitative information³:</p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country? Requests for the establishment of PIUs are screened in the early phases of the Project Cycle. Support Groups, such as the QSG, are particularly attentive to the aspects of project implementation.</p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements?</p> <p>Capacity building activities including provision of technical assistance and training to government and other key actors. In this context, an amount of €0.25m has been allocated to a Technical Cooperation Facility to support government in the implementation of the 10th EDF National Indicative Programme (NIP).</p> <p>Besides, it is noteworthy that the existence of a PIU is not detrimental to domestic ownership, nor the quality of a project. It has been noticed that the support function provided by PIUs relates to facilitating the implementation of often complex projects.</p> <p>If so, please provide a short description. If not, highlight key constraints.</p> <p>The continuous effort to switch from the project approach to budget support, as well as the intention to further simplify the underlying rules and regulations are appropriate</p>
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³ These questions are taken from the survey on "Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. They need to be answered by delegations who are not participating in this survey.

steps towards streamlining implementation mechanisms that at a medium term will render PIUs obsolete.

Please note any other comments you have on these issues

1. EU Target No 4

Reduce the number of uncoordinated missions by 50%.

2. Introduction

The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.

The Paris Declaration **objectives** underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field⁴ it is important that donors: Conduct **fewer missions**, coordinate timing of missions with partner authorities and, where necessary, with other donors, *conduct more joint missions, avoid conducting missions during "mission free periods"*⁵.

Coordinated mission is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another. In practice, the following 3 questions help to clarify what is meant by a mission:

1. Does the mission involve international travel to a beneficiary country? i.e. **this concerns only missions from HQ, not missions undertaken within the country by the Delegation.**
2. Does the mission involve a request to meet with government officials, including local government?
3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor?

The Definitions and Guidance of the OECD (www.oecd.org/dataoecd/13/29/36306366.doc) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.

3. Questions and definitions

OECD	ref: Q ^d 15	How many HQ missions to the field were undertaken in FY 2007? ⁶	2
	Q ^d 16	How many of these were coordinated?	0

⁴ 'Field' refers to the country in general including missions to the capital only.

⁵ The target set for 2010 for indicator 10 a) is to have 40% if donor missions to the field as joint.

⁶ This question applies to the missions from the HQ

Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated
Members of Commission		
AIDCO		
DEV		
RELEX		
TRADE		
ECHO		
FISH	2	0
OTHER DGs		
Consultants contracted by the Commission		
Total	2	0

4. Definition of Indicator		
Q ^d 16 / Q ^d 15	2006	2007
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;		0

5. Additional Information			
Delegations are invited to list the dates for main HQ missions already planned for the March 2008 to August 2008, indicating whether they are, or not, to be coordinated with other donors;			
HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
FISH	May –June	Fisheries	No
Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2008 to February 2009, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.			
HQ DG	Date planned	Purpose/Sector	Donor(s) involved
Sector	January 2009	Water	EIB, African Development Bank
Budget Support (for the formulation stage of the 10 th EDF focal sector)			
Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.			
A joint mission was organised in April 2008 with the European Investment Bank (regional office in Pretoria). The mission focused on the water -10th EDF focal sector- and solid waste -9th EDF focal sector- which are sectors in which the EIB could be interested in view of a potential re-engagement in Seychelles.			
Moreover, the 10th EDF CSP-NIP provides for the possibility to envisage a Budget Support in the focal sector; this would be an opportunity to enhance donor coordination in the sector. In fact, donor coordination already started in 2007 in the			

sector with the UNDP and the African Development Bank. Upon the EC's suggestion, the draft Master Plan for Water and sanitation submitted to government will also be circulated to all donors concerned.

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: Yes/No
- EU target of halving the number of un-coordinated missions: Yes/No

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned: Provide assistance in assessing the possibility of a Sector Budget Support in the 10th EDF focal sector.

Other aid effectiveness related information

On 4 July 2007 our Counsellors Louis Michel and Benita Ferrero-Waldner wrote to all Heads of Delegations requesting implementation of the Code of Conduct for Division of Labour. Several Delegations have responded and have attached their progress reports on aid effectiveness. We need information on the specific points below:

1. Paragraph 5 of the Council conclusion on Division of Labour notes:

"Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission **will promote wide discussions with partner countries and other donors on complementarity and division of labour**, based on the EU code of Conduct which will be complemented by first experiences in the field. **The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008.** The Council invites the **incoming Presidencies to actively support such a process**, in close cooperation with the Member States and the Commission."
(Highlights by AIDCO 01)

1.1 Have the discussions with partner countries and other donors been held?

(a) **If yes**, when and what was the result? Please describe in brief how these talks are progressing.

IN 2007, the Delegation organized a meeting to formally present the Code of Conduct to the Seychelles' authorities and the resident EU Member States (United Kingdom and France). The participants expressed great interest in the future concrete steps that would be taken to implement some of the principles of the Code in the Seychelles' context. The Code represents an opportunity to promote the harmonisation process, which up to now, has been implemented on an ad hoc basis in view of the limited number of donors present in Seychelles.

(b) If no, are there plans to hold them? If yes, please describe briefly what the plans are.

1.2 What input on division of labour is planned by the partner country towards HLF III? If none, then leave blank.

2 In paragraph 14 the Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including: 'a self-assessment in its potential areas of comparative advantage as referred to in the joint Development Policy Statement'. (highlights by AIDCO 01)

2.1 What action has been taken towards this self assessment of comparative advantage?

(a) If yes, please describe the process in brief and the results.

In the context of the 10th EDF programming, there was a consensus amongst all stakeholders that the environment sector, in particular water and sanitation, was the chief concern on the Government's agenda and for the country at large; it is also one of the sub-sectors where Seychelles requires external assistance. Moreover, in determining the focal sector, the EC has also considered i) its presence in the sector (environment was the focal area of EC support under previous EDFs) and ii) the presence of other donors (the environment currently receives assistance from France and from the UNDP/GEF).

Actually, the small size of the country and the small number of donors render the self-assessment less important than in the case a high number of donors.

However, since a number of donors are in the process of resuming their cooperation with Seychelles, the self-assessment of EC comparative advantage will probably be more important in view of the 10th EDF Mid Term Review and the 11th EDF programming exercise.

(b) If no, do you have any plans for initiating such a process? What are the plans?

3 In country that have already initiated some form of division of labour: Not applicable

3.1 Please describe the process. (e.g., when did it start; partner country leadership; donors involved; results on the ground, etc).

3.2 As a result of this process, did the Delegation:

- Reduce or expand the sectors in which it remains active?
- Exit from any sectors? Specify
- Enter any new sectors? Specify
- Become lead donor in any sectors? Specify
- Enter into delegated cooperation partnerships? Please specify.