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(R) SEYCHELLES MISSION REPORT

22-28 May 1978

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Investment Co-operative Programme Office  
Industrial Operations Division

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Objectives of the mission

In his letter under reference ECON/1/2/15 of 2 February 1978 the Secretary General of the Department of Economic Affairs, Planning and Habitat addressed a request to Dr. Khane, Executive Director of UNIDO, for a mission to provide "assistance to the Republic of the Seychelles in middle-level management and the identification of development projects and sources of financing".

This request was the outgrowth of a previous exploratory mission by Mr. A.F. Blumeris, Senior Industrial Field Adviser for the countries of the Indian Ocean, namely Madagascar, Mauritius, the Seychelles and the Comoros.

The mission was to include a representative of the Factory Establishment and Management Section and a representative of the Investment Co-operative Programme Office.

Initially, the mission was to have been a joint one, but because of prior commitments the representative of the Factory Establishment and Management Section has so far been unable to come to the Seychelles.

Ultimately, we were accompanied on this mission by Mr. A.F. Blumeris, Senior Industrial Field Adviser, who resides at Antananarivo, Madagascar.

Conclusions

Given below is the list of projects jointly agreed with the Seychelles authorities. The official request will be transmitted through UNDP and the SIDFA.

(1) Identification and evaluation of possible industrial undertakings and project formulation

The Government of the Seychelles has discussed this project with the National Industrial Development Corporation Ltd., an Indian Government company, which has already submitted a proposal. The Government of the Seychelles would like to have this project financially backed by UNIDO.

(2) BODCO Ltd.

Expansion of a furniture production unit and addition of a springmattress production unit. The relevant documents are being prepared and will be sent by the promoter, Mr. Basil Soundi.

(3) Repair and maintenance workshop

The Government of the Seychelles has nationalized the road transport sector, particularly city transport, in an effort to improve the quality of the service. Under this nationalization, vehicles and busses have been bought back from their former owners. Unfortunately, the hoped-for improvement has failed to materialize as most of the vehicles have had no maintenance and have remained in their garages. There are no repair-shops, nor are there any mechanics or skilled workers. A repair-shop of this kind would also be an advantage to all sectors - agriculture, public works, engine maintenance, etc. In addition, this shop could be designed to function as a technical training centre.

Initially, therefore, a mission might be arranged for a UNIDO expert or consultant to determine the nature and requirements of the project. This mission, which would be one of exploration and evaluation, should be of not more than three weeks' duration.

(4) Management institute

As noted at the beginning of this report, the Seychelles authorities are unanimous in recognizing the lack of management personnel, whether it be to serve the requirements of the Government or the private sector.

- Accountants;
- Accounting machine operators;
- Training of auditors and auditor-accountants.

The Government would even support the idea of a regional institute. The definition of this project should be the work of an expert on a local mission of at least two weeks.

(5) Fishing boat construction programme

The Seychelles authorities have been favourably impressed by UNIDO's successful early experience in the Fiji Islands. This experience might also prove beneficial in providing assistance for the building of vessels to maintain communications between the various islands of the Archipelago.

Mission activities

- Welcome at the airport (because of confusion surrounding the number of the flight, we were not met at the airport).

- Meeting with officials of the Department of Finances.

- Meeting with officials of the Department of Economic Affairs, Planning and the Habitat.

- Meeting with officials of the Development Bank.
- Meeting with the Minister of Agriculture and Soil Utilization.
- Meeting with officials of the Port Department.
- Meeting with Seychelles businessmen.
- Meeting with the Director of Information and Radio.

Talks at the Department of Finances

Our first official talk took place on 22 May 1978 at the Department of Finances with Mr. Richard Walker, Senior Finance Officer, and Mr. Emmanuel Fauré, an economist with the Department of Economic Affairs. Mr. Walker is an expatriate employed under the British technical assistance programme.

In a general sense the country has a national development plan for the period 1977-1981, but this plan was withdrawn following the change of government in 1977. Certain priorities and political options will be changed, and the new, revised plan will be ready in two or three months.

The Seychelles have no investment code in operation, but there are no restrictions on capital entering or leaving the country.

The installation or participation of foreign nationals in industrial, commercial or agricultural activities is likewise subject to no restrictions. There is merely an authorization application requirement, which involves no particular difficulties.

The Seychelles Government requires no fixed percentage of local interest in the enterprises established; it is merely desired that local associations should take part in these businesses. As far as the Government itself is concerned, the instances of its majority holdings are limited to the Development Bank, the construction industries, the fishing sector (canning factory project).

There is no free zone. An industrial zone is in the process of being built around the port for the purpose of facilitating the establishment of small-scale industries through the rental of space.

At the present time, nearly all the development projects are in the hands of the Government, very few of them having been undertaken by the private sector.

The Department of Finances has presented a number of priority projects:

- Electrification of Praslin Island. Purchase of three generator units: two 657-KW units (type ESL-6) and one 886-KW unit. Estimated cost is 1.5 million pounds sterling/ 2.8 million United States dollars (1 pound = \$1.98).
- Purchase of a fishing surveillance vessel. Cost: 500,000 pounds sterling/\$940,000.
- Construction of new piers for Praslin and La Digue. Cost: 3 million rupees/\$428,600.
- Habitat. Cost: 8 million rupees/\$1,143,000.
- Development of the other islands: preparation of soil, parcelling out of forest land for the cultivation of maize and the growing of coconut palms.



- School construction project.
- Establishment of sawmills. Cost: 1.1 million rupees/\$157,000. This project has been entrusted to the Government of the Federal Republic of Germany.
- "Harbour Trading Estate" and "Industrial Estate" project. Cost: 11 million rupees/\$1,572,000.
- Study to identify industrial projects and prepare financing documentation. This project has been discussed with the Indian Government, and the Government of the Seychelles would like UNIDO to secure the financing. An official request will be sent to the Executive Director of UNIDO. The document setting forth the position of the Indian Government is annexed to this report. Cost: approximately 500,000 Indian rupees/\$62,500 ( 8 Indian rupees = \$1.00).

Our second talk at the Department of Finance took place on 23 May with Mr. Guy Morel, the Permanent Secretary. We reviewed rapidly with him the substance of our previous discussions with Mr. Walker and Mr. Fauré.

Mr. Morel particularly stressed the shortage, if not the outright lack, of competent personnel in the areas of accounting, management, and financial auditing. There is an immediate and urgent requirement for seven high-level accountants for assignment to each ministry.

At present there are too few personnel for the auditing of expenses, income and the recovery of taxes.

In addition to his work at the Department of Finances, Mr. Morel is himself giving courses (in accounting), since it is not only the public sector that suffers from a shortage of trained accountants, but also - and especially - the private sector.

Mr. Morel would like to see UNIDO undertake a study into the establishment of a Management Institute, which could also serve the other Indian Ocean countries, including Madagascar. He would like to discuss this project in detail with officials of the Factory Establishment and Management Section.

Mr. Morel also expressed his willingness to perform a liaison function for the Investment Co-operative Programme Office in following up all projects in the Seychelles. In addition, he has already begun the preparation of the document entitled Industrial Investment Information Sheet.

#### Talks at the Development Bank

Established on 1 January 1978, the Development Bank was only recently created. The staff consists of only two persons: Mr. Jean de Lamberterie, the Director General, who is on assignment from the Caisse Centrale de Coopération Economique Française, and an accountant who is an employee of a private Mauritian auditing firm and whose salary is paid out of UNDP funds.

The Bank's anticipated fully paid-up capital by 1982 has been put at 25 million rupees/\$3.6 million, distributed as follows:

	<u>US\$</u>	
Caisse Centrale de Coopération Française	720,000	20 per cent
European Investment Bank	720,000	20 per cent
Barclay's Bank	72,000	2 per cent
Standard	72,000	2 per cent
Government	2,016,000	56 per cent

The problem is that the Government lacks the funds with which to pay its share. Contacts have been made to seek contributions, particularly with the Deutsche Entwicklungsgesellschaft (DEG), whose reaction appears to be favourable.

At the present time the Bank has no line of credit. In any event, the European Development Bank is opposed to such a policy as long as the capital has not been completely used.

The Bank has already begun to function. A list of its projects is annexed to this report.

Asked whether he might be willing to act as an ICPO channel, the Director declined, pointing out that for the moment - and for some time to come - the projects would be run by the Government and that, accordingly, it would be best to address all inquiries directly to the responsible ministerial officials.

#### Talks at the Department of Economic Affairs

Our talks at this department were with Mr. Grandcourt, Permanent Secretary, and his associates: Mr. Fauré, an economist (whom we had already met at the Finance Ministry), Madam Mein, Assistant Permanent Secretary, and Madam MacGaw, economist.

Our discussions centred mainly on the procedure to be followed for requesting UNIDO assistance for the Seychelles projects, as these projects had already been raised in talks with officials of the Department of Finances. Mr. Grandcourt is also acting as the co-ordinator for the European Development Fund. He pointed out to us that immediately before the UNIDO mission a mission from the Centre for Industrial Development (Lomé Convention), headed by Mr. Theisen himself, had left the country. By way of information, a list of the studies undertaken by the Centre is annexed to this report.

In our opinion, it will be necessary to hold a working meeting with the Centre in order to co-ordinate the activities of the two institutions in the Seychelles.

Talks at the Ministry of Agriculture

We were received by Dr. Ferrari, the Minister of Agriculture, and Mr. Savy, the Permanent Secretary.

The foremost problem facing this department is the problem of management, which was also a principal subject of our talks at the finance and economic affairs ministries.

There is very little economic activity in the Seychelles.

A cattle-raising project using cross-bred cows (Jerseys) does exist, but has not yet been started. It appears that this programme, along with the project for the industrial raising of chickens, is linked to the prior establishment of an animal feed industry. Currently, all the ingredients required are imported, as a result of which locally raised products are more expensive than chickens imported from Mauritius or South Africa.

In the agricultural sector there are genuine possibilities in the Seychelles for the growing of spices and for the development of the cinnamon and patchouli crops. During our stay in the islands a seminar, organized by the French Ministry of Co-operation, was held on this subject. An in-depth report will be submitted by the French expert. The Centre for Industrial Development (EEC/ACP) is also interested in this project.

The Ministry of Agriculture is also interested in the construction of small fishing boats and would like to explore with UNIDO the possibility of developing a project in this area.

The Minister will be coming to Vienna in July, accompanied by the Permanent Secretary of the Department of Economic Affairs, for the purpose of signing a convention with the OPEC Special Fund. He would like to take advantage of this opportunity to visit UNIDO and become acquainted with those of its technical divisions which are involved in the Seychelles projects.

As part of this same trip the Minister will be going to Belgrade and would like to visit the Joint UNIDO/Yugoslav Government Centre in that country.

The Minister of Agriculture would also like to see the establishment of a marketing board, but in our opinion such an initiative would more likely lie within the area of responsibility of UNCTAD in Geneva.

Talks at the Port Department

We were received by Captain Ferrari, the Permanent Secretary.

The three main projects under the jurisdiction of this department are:

- The extension of the jetty at Port Victoria;
- The construction of an industrial zone around the port, already mentioned during the talks at the economic affairs and finance departments;
- The purchase of boats for inter-island traffic. (We should perhaps note that the Seychelles Archipelago consists of 92 islands. The Government has only one boat).

Our view is that, for the time being, it would not be possible for UNIDO to assist in the above projects.

A fourth project, on the installation ashore of a refrigeration facility for the conservation and packaging of fish products, is under study. A request for assistance may be sent to UNIDO.

Talk with the Director of Radio and Information

We were interviewed by Mr. Bonnelame, the Director, not only on the purposes of our mission, but on UNIDO in general - what it is, what it does, and what it can do. The interview was broadcast in English and French over Seychelles Radio and published in the Government journal Nation.

Talks in the private sector

We met with Mr. A.M.S. Parkar, Secretary General of the Chamber of Commerce, and Mr. Basil Soundy, Manager of the BODCO Ltd., a furniture-manufacturing company.

The BODCO company desires to expand its product line to include mattresses. The related documentary information is being prepared and will be transmitted to UNIDO.

It may be of interest to recall at this point Mr. Soundy's remarks on the subject of manpower. He is compelled, he noted, to work with increasingly automated machinery since, despite the fact that, for example, 2,000 to 3,000 young people finish school every year, he is unable to find either workers or foremen. These young people lack any practical training and are thus not suited for employment. On the other hand, they also have no wish to return to farming activities in the country.

Talks with the President of the Republic

Owing to his having been abroad on official business, we had a meeting with the President of the Republic on his return on 26 May 1978. He was kind enough to set aside a few minutes for us, during which we informed him of the objectives of our mission and our preliminary conclusions.

Annex I

List of Persons and Officials Contacted

President of the Republic

His Excellency France Albert René, President of the Republic

Ministry of Agriculture and Soil Utilization

Mr. Ferrari, Minister

Mr. Serge Savy, Permanent Secretary

Department of Economic Development, Planning and Habitat

Mr. Robert Grandcourt, Permanent Secretary

Miss C. Mein, Assistant Permanent Secretary

Mr. Emmanuel Fauré, economist

Mrs. MacGaw, economist

Department of Finances

Mr. Guy Morel, Permanent Secretary

Mr. Richard Walker, Senior Finance Officer

Port Department

Captain Ferrari, Permanent Secretary

Department of Information

Mr. Bonnelane, Director

National Development Bank

Mr. de Lamberterie, Director General

Private Sector

Mr. A.M.S. Parker, Secretary General of the Chamber of Commerce

Mr. Basil Soundy, Manager, BODCO Ltd.

Annex II

Mission Schedule

Sunday, 21 May

Arrival by Air France flight 465 at 1.00 pm.

Monday, 22 May

10.00 am

Working meeting at the Department of Finances. Mr. Guy Morel, Permanent Secretary.

2.00 pm

Meeting at the Development Bank.

Tuesday, 23 May

9.00 am

First meeting at the Department of Economic Affairs with Mr. Grandcourt, Permanent Secretary.

10.00 am

Meeting at the Ministry of Agriculture with Mr. Savy, Permanent Secretary.

12.00 noon

Meeting at the Department of Finances with Mr. Guy Morel, Permanent Secretary.

2.00 pm

Interview at Seychelles Radio with Mr. Bonnelame, Director.

3.30 pm

Talk with Captain Ferrari, Permanent Secretary and Director of the Port.

Visit to the port.



Wednesday, 24 May

- 9.00 am Working session at the Department of Economic Affairs with Mr. Fauré and Mrs. MacGaw.
- 11.00 am Second meeting with Mr. Grandcourt, Permanent Secretary at the Department of Economic Affairs.
- 3.00 pm Talk with Mr. A.M. Parkar, Secretary General of the Chamber of Commerce.

Thursday, 25 May

Free day. Visit to Ile aux Oiseaux (Bird Island).

Friday, 26 May

- 9.00 am Working session with Mr. Ferrari, Minister of Agriculture, and Mr. Savy, Permanent Secretary.
- 10.30 am Visit to the BODCO Ltd. company.
- 12.00 noon Meeting with His Excellency France René, President of the Republic.
- 2.30 pm Recapitulatory working meeting at the Department of Economic Affairs.

Sunday, 28 May

Departure.

Annex III

List of projects under study by the Centre  
for Industrial Development ACP/EEC

1. Salt-works production of cooking salt.
2. Production of compost from household refuse and vegetable wastes.
3. Production and bottling of table water.
4. Production of active charcoal from coconut husks.

The promotion of these projects should be co-ordinated with the Centre once the studies have been completed.

Annex IV

List of loan applications to the Development Bank

Development Bank of the Seychelles

Applications under study as of 22 April 1978

<u>Name</u>	<u>Amount (\$US)</u>	<u>Purpose of loan</u>
1. <u>Agriculture</u>	10,000	Filling in of swamp (La Digue)
	10,000	Terracing, building of water reservoir, purchase of cattle
	20,000	Building of water reservoir, pig sty and chicken house
	65,000	Chicken farming (broilers)
	27,000	Chicken farming (layers)
	<u>150,000</u>	Farming equipment
	282,000	
2. <u>Fisheries</u>	2,480,000	Purchase of fishing boat and installation of cold-store on land
3. <u>Tourism</u>	220,000	Building of a restaurant for guest house
	235,000	Completion of a hotel
	460,000	Building of a 16-bed hotel on La Digue
	250,000	Purchase of shares held by a foreigner in hotel business
	<u>60,000</u>	Completion of a guest house
	1,225,000	

4.	<u>Industry</u>	1,950,000	Building of an expanded poly- styrene factory
		80,000	Setting up of a sausage-making factory
		<hr/>	
		2,030,000	
5.	<u>Small businesses</u>	50,000	Setting up of a carpentry shop
		22,000	Restaurant equipment
		9,000	Setting up of a carpentry shop
		15,000	Restaurant equipment
		30,000	Repairs to boat transporting goods between Victoria and Praslin
		<hr/>	
		104,000	
	<u>Grand total</u>	\$US 6,121,000	

Annex V

Miscellaneous

Correspondents (liaison agents) for project follow-up

It is not possible to have a single correspondent (liaison agent).

Two persons have expressed their willingness to assume this responsibility:

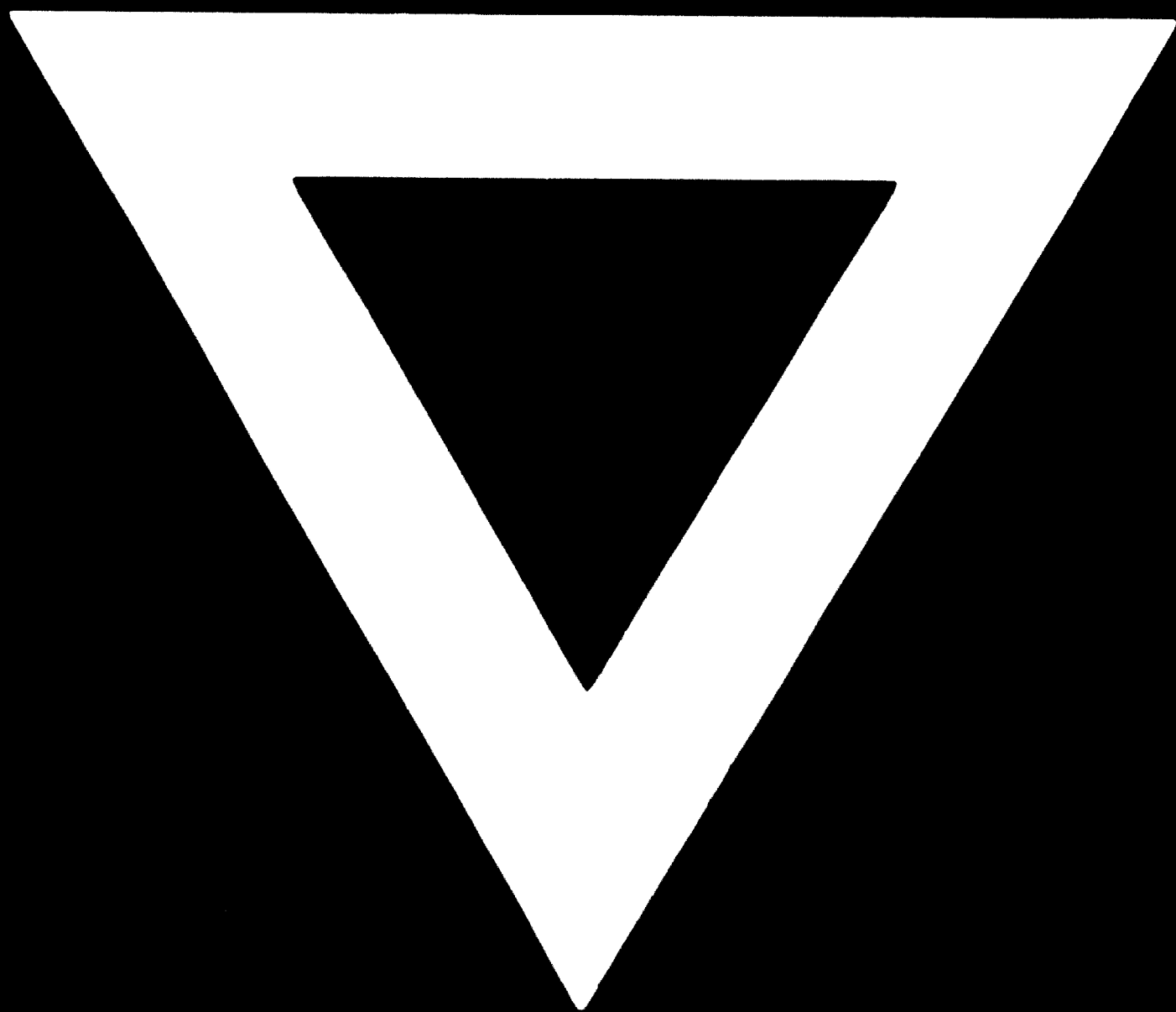
- Mr. Guy Morel, Permanent Secretary at the Department of Finances, Queen's Building, Victoria;
- Mr. Emmanuel Fauré, economist at the Department of Economic Affairs, P.O. Box 189, Unity House, Victoria.

"Industrial Investment Information"

Mr. Guy Morel, Permanent Secretary at the Department of Finances, has already begun the preparation of this document, and, in principle, it will be transmitted to UNIDO in July of this year.



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**79.11.13**