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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

Assistance to Seychelles

Report of the Secretary-General

1. In its resolution 33/129 of 19 December 1978 on assistance to Seychelles, the General Assembly, inter alia, requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Seychelles, and to arrange for a review of the economic situation of Seychelles and the progress made in organizing and implementing the special economic assistance programme in time for the matter to be considered by the Assembly at its thirty-fourth session.
2. The Secretary-General arranged for a review mission to visit Seychelles to consult with the Government on the economic situation in that country and on the progress which had been made in implementing the special economic assistance programme. The report of the review mission, which is annexed hereto, describes the economic and financial position of the country and summarizes the progress which has been made in implementing the projects included in the special economic assistance programme.
3. In resolution 33/129, the Secretary-General was also requested to pursue with the Government of Seychelles the question of organizing a meeting of donors and, in that respect, to co-ordinate efforts with the United Nations Development Programme (UNDP), the Economic Commission for Africa and the World Bank. Initial consultations with the Government took place during the visit of the review mission. After discussions with the three offices cited above have been completed, it is planned to transmit the results to the Government for its consideration before pursuing the matter further.

* A/34/150.

4. In paragraph 6 of resolution 33/129, the General Assembly invited a number of United Nations organizations and specialized agencies to bring to the attention of their governing bodies for their consideration the assistance they are rendering to Seychelles and to report the results of that assistance and their decisions to the Secretary-General in time for consideration by the Assembly at its thirty-fourth session. Furthermore, in paragraph 8 of the resolution, the appropriate specialized agencies and other organizations of the United Nations system were requested to report to the Secretary-General on the steps they had taken and the resources they had made available to assist Seychelles. The text of resolution 33/129 has been communicated to the agencies and organizations concerned and their attention drawn to the specific requests addressed to them by the Assembly. Their replies will be issued as an addendum to this report.

ANNEX

Report of the review mission to Seychelles

(15 to 19 May 1979)

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I. INTRODUCTION

1. In accordance with General Assembly resolution 32/101 of 13 December 1977, the Secretary-General dispatched a mission to Seychelles to consult with the Government on the nature and the extent of the development assistance required to expand and strengthen the economic and social base of the country and to initiate an accelerated development programme.
2. On 19 December 1978, the General Assembly adopted resolution 33/129 in which it endorsed fully the assessment and recommendations contained in the report of the Secretary-General on assistance to Seychelles (A/33/139) and reiterated its appeal to the international community to provide financial, material and technical assistance to Seychelles.
3. The General Assembly also requested the Secretary-General to arrange for a review of the economic situation of Seychelles and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fourth session.
4. The Secretary-General arranged for a review mission to visit Seychelles from 15 to 19 May 1979, to consult with the Government on the economic situation and to obtain information on the progress made in implementing the special economic assistance programme. The mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions.
5. The mission was received by the President of the Republic of Seychelles, His Excellency Mr. France Albert René. The President briefed the mission on the response of the international community and discussed the urgency of the major projects for which the Government wished international support. The mission was also received by the Minister for Foreign Affairs.
6. Throughout the mission's stay in Seychelles, regular meetings were held with Ministers and senior officials mainly concerned with economic and social development. The mission also met with members of the diplomatic corps and with many of the technical assistance personnel being provided under bilateral and multilateral programmes.
7. The mission wishes to record its appreciation of the assistance it received from the Government of Seychelles. The Government had made a major effort to prepare for the mission's visit and all information required for the review was provided. The mission also wishes to acknowledge the very valuable assistance it received from the Regional Adviser on National Income Statistics from the Economic Commission for Africa, who had worked with the Government of Seychelles to prepare the statistics required for the review mission.

II. THE ECONOMIC SITUATION

A. General

8. The economy of Seychelles was described in some detail in the annex to the report of the Secretary-General on assistance to Seychelles (A/33/139), hereafter referred to as the "principal report".
9. The principal report described some of the geographical disadvantages and special difficulties facing Seychelles as a small island developing economy widely separated from its nearest neighbours. With a population of 64,000 and a land area of only 438 square kilometres dispersed over nearly 100 islands, the Government is faced with major problems in administration, management and development of a total land and sea area exceeding 1 million square kilometres. The provision of transport, communications, social services and general government administration is costly and constitutes a heavy drain on the Government's resources. Relatively heavy investment in plant equipment and specialized services is made necessary by the small size and remoteness of the communities.
10. The economy is extremely open with imports approximately equal to gross domestic product (GDP) at factor cost and commodity exports covering less than 10 per cent of the import bill. With few exceptions, food, manufactured goods, fuel, and construction materials are imported. The economy is completely dependent on the tourist industry and extremely vulnerable to world inflation.
11. In the principal report, it was noted that the Government's main development objectives were to build up a stable, growing, but more diversified economy, to ensure that the benefits of economic growth were more widely distributed and to increase the country's independence and self-reliance.
12. Selected statistics on the economy of Seychelles are given in table 1 below.
13. In the principal report, provisional statistics for GDP at current prices and at factor cost were provided. However, the Government now believes that it will be necessary to revise the statistics as it appears that the contribution of some sectors may have been significantly overestimated. A recent estimate prepared for the Government suggests that GDP at current market prices for 1976 may have been overestimated by as much as 9 per cent. New and improved questionnaires are being designed and the Government will soon produce a revised series for GDP on the basis of the new information.

Table 1
Selected economic statistics
 (Millions of Seychelles rupees)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u> (Provisional)	<u>1979</u> (Projected)
<u>Foreign sector</u>					
Exports (f.o.b.)	13	18	24	25	25
Net imports (c.i.f.) . .	169	251	297	343	413
Visible balance	-156	-233	-273	-318	-388
<u>Government finance</u>					
Government local revenue	76	108	152	187	281
Development grants (United Kingdom)	33	8	7	6	5
<u>Total revenue</u>	109	116	159	193	286
Recurrent expenditure .	89	113	153	199	285
Capital expenditure . .	35	54	54	105	102
<u>Total expenditure</u> .	124	167	207	304	387
<u>Public debt</u>					
Net public debt at year-end	16	15	23	57	-
Of which foreign debt amounts to . .	6	5	8	33	-

Source: Government of Seychelles.

Note: The national currency is the rupee. All conversions have been done at the rate of Rs 7.30 to \$US 1.00.

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B. Government finances

14. In the period prior to 1976, development grants, largely from the United Kingdom of Great Britain and Northern Ireland, accounted for between one third and one half of total government revenue. Since 1975, however, locally generated revenue has increased sharply and development grants are no longer significant. Broadly speaking, recurrent expenditure in recent years has been equal to locally generated revenue with only minor current surpluses or deficits. The provisional figures for 1978 show a government revenue of Rs 187 million and recurrent expenditure of Rs 199 million. The approved estimates for 1979 show government revenue of Rs 281 million and recurrent expenditure of Rs 285 million.

15. In spite of the rapid increase in locally generated revenue, it has not been possible for the Government to finance any significant part of the public investment programme from current surpluses. As a result, net public debt at year-end more than doubled between 1977 and 1978 and is likely to more than double again during 1979.

16. In 1978, for the first time, more than half of the net public debt was owed abroad.

C. Balance of payments

17. The economy of Seychelles is extremely open and international inflation immediately affects the balance of payments and domestic price levels. The following table gives some selected foreign sector statistics:

Table 2

Selected foreign sector statistics

(Millions of Seychelles rupees, current prices)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u> (Provisional)	<u>1979</u> (Projected)
Imports	191	291	350	403	492
Gross tourism receipts . .	80	135	173	208	239
Re-exports	22	40	53	72	95
Domestic exports	13	18	24	25	25
Private capital, errors and omissions	56	72	60	25	N/A

18. Commodity imports, which had increased by nearly 30 per cent annually in the period from 1972 to 1976, continued to increase but at a slower rate. Domestic exports, however, remained relatively stable. As a result, the deficit on trade account increased sharply in 1978 and the Government has projected a further increase for 1979. Fortunately, gross receipts from tourism continued to grow, and the tourist industry provided most of the foreign exchange required to cover the trade balance. In 1978, gross tourism receipts are provisionally estimated at Rs 208 million and the projection for 1979 is Rs 239 million. As a consequence, the current account deficit is provisionally estimated at Rs 79 million for 1978 and is projected to increase to Rs 109 million for 1979.

19. Largely as a result of the growth of the tourist industry and the influx of foreign capital, the over-all balance of payments showed a small surplus in each year from 1974 to 1977. However, in 1978, there was an over-all deficit and foreign exchange reserves fell by some Rs 14 million.

20. It follows, therefore, that, unless Seychelles receives additional foreign assistance or there is a significant increase in the inflow of private capital, foreign exchange reserves will fall further as a consequence of the large current account deficit projected for 1979.

III. PROGRESS IN IMPLEMENTING SPECIAL ECONOMIC ASSISTANCE PROGRAMMES

International assistance

21. Seychelles receives international bilateral assistance from only a small number of countries. The major sources of development assistance are France and the United Kingdom. Appendix I below, provided by the Government of Seychelles, provides details of the major project agreements which were signed with bilateral and multilateral donors in 1977 and 1978.

Special economic assistance programme

22. The special economic assistance programme recommended in the principal report (see A/33/139, annex, sect. III) involved 27 projects of which 19 were classified as urgent and 8 were recommended for accelerated implementation.

23. A summary statement of the projects is provided in the following table:

Table 3

Summary of special economic assistance programme
 (In United States dollars)

	Cost
<u>A. Urgent projects</u>	
1. <u>Outer islands</u>	
Desroches airstrip	411 000
Telecommunication and navigation equipment	28 000
Forestry production on Desroches	55 000
2. <u>Inner islands (other than Mahé)</u>	
Inner island ferry replacement	1 500 000
Jetty at Baie St-Anne, Praslin	165 000
Upgrading Praslin airstrip	80 000
Access roads on Praslin	440 000
Rural water supplies on Praslin	15 000
3. <u>Development of Mahé</u>	
Self-help housing scheme at Anse Boileau	1 300 000
Programme to support small contractors and artisans	125 000
Sewage scheme for the Beau Vallon/Bel Ombre area	100 000
Replacement of existing pipeline to Pointe La Rue	1 000 000
Rural water supply projects on Mahé	275 000
Garbage collection	550 000
4. <u>National</u>	
Physical planning project	275 000
Survey of building materials	12 000
Water resources inventory and plan	180 000
Craft training centres	150 000
Refurbishing 10 day-care centres	<u>35 000</u>
Subtotal	<u>6 696 000</u>

Table 3 (continued)

		Cost
<u>B. Accelerated projects</u>		
1.	<u>Outer islands</u>	
	Housing and public buildings	100 000
2.	<u>Inner islands (other than Mahé)</u>	
	La Digue jetty	300 000
	Praslin electricity	1 500 000
3.	<u>Development of Mahé</u>	
	Self-help housing scheme at Le Rocher	400 000
	Extension of the sewage system in Victoria	2 700 000
	Stage 2 of the north-east/north-west link of the main water system	200 000
	Extension of water reticulation in Victoria	850 000
4.	<u>National</u>	
	Expansion of pre-school education	<u>900 000</u>
	Subtotal	6 950 000
	Total	<u><u>13 646 000</u></u>

Progress in implementing special economic assistance programmes

24. Of the 27 projects included in the special economic assistance programme, 4 have now been fully funded by bilateral and multilateral donors. Partial financing has been arranged for 7 of the projects, and 5 projects are the subject of advanced negotiations.

25. One project, the replacement of the inner island ferry "The Lady Esme", has been temporarily postponed, as no interest was shown in providing international assistance for a replacement ferry. The Government is now hoping that the private sector will provide regular services between Mahé and Praslin.

26. No international assistance has been arranged for the other 10 projects. Because of their high priority, the Government has begun carrying out 3 of the projects using local resources.

27. The following projects have been financed in whole or in part by bilateral or multilateral sources:

Table 4

Projects financed in whole or in part by bilateral or multilateral sources

Project	Source of finance
Forestry production on Desroches	Federal Republic of Germany and the United Kingdom
Praslin electricity supply	Government of Oman (partial)
Access roads on Praslin	United States of America (partial)
Rural water supplies on Praslin	Australia and Canada
Self-help housing schemes on Mahé	Organization of Petroleum Exporting Countries (OPEC) Special Fund (partial)
Programme to support small contractors	UNDP (partial)
Extension of the sewage system in Victoria	United Kingdom and the African Development Bank (ADB) (partial)
Rural water supply projects on Mahé	United Nations Children's Fund (UNICEF), Canada, European Economic Community (ECE) and non-governmental organizations (NGO) (partial)
Water resources inventory and plan	United Kingdom
Craft training centres	UNICEF, United Nations Educational, Scientific and Cultural Organization (UNESCO) and non-governmental organizations
Pre-school education	UNICEF, UNESCO, ADB and United Kingdom (partial)

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28. Six new projects have been identified for which the Government is anxious to obtain external assistance. These are: (a) a feasibility study of the improvement and extension of the port; (b) development of an abattoir; (c) a new school at Plaisance; (d) land settlement schemes on Mahé and Praslin; (e) an ice-making plant (to supply the expanded fisheries); and (f) improvements to the mental hospital.

29. Appendix II describes the progress which has been made in implementing the projects included in the special economic assistance programme and provides a description of the new projects for which the Government is also seeking assistance.

APPENDIX I

International assistance agreements signed during 1977 and 1978

Project	Date approved	Amount	Country/ organization	Terms
Mahé International Airport	1978	\$4 757 463	African Development Bank	Loan
Primary education project	1978	3 171 642	"	"
Technical training	1977	7 313	Australia	Grant
Taxation officers	1978	125 373	"	"
Aid to Development Bank	1978	238 806	"	"
Food aid	1977	(500 tons flour, 500 tons rice and 10 tons milk powder)	"	"
Dental equipment	1977	17 307	Canada	"
Agricultural small loans fund	1977	9 701	"	"
Medical equipment	1977	2 668	"	"
Land reclamation	1977	9 701	"	"
Fisheries small loans fund	1977	7 761	"	"
Rural water project	1977	24 254	"	"
Training grant	1977	4 172	"	"
Boat for outer islands	1978	4 172	"	"
Equipment, youth programme	1978	9 701	"	"
Training grants	1978	5 821	"	"
Rural water project	1978	14 552	"	"

Project	Date Approved	Amount	Country/ organization	Terms
Text books	1978	\$ 388	Canada	Grant
Recreation project	1978	3 493	"	"
Blood transfusion unit	1978	14 552	"	"
Model land-reclamation project	1978	6 791	"	"
Recreation equipment	1978	2 910	"	"
Cinnamon kiln	1978	18 433	"	"
Rural water scheme	1978	5 821	"	"
Senior secondary school	1978	2 388 060	China	Loan
Training	1978	15 672	"	"
Site and service housing scheme	1978	1 895 522	European Economic Community (EEC)	Grant
Meteorological station	1978	223 880	"	"
Rural water supplies	1978	319 403	"	"
Planning assistance	1978	8 246	Food and Agriculture Organization of the United Nations (FAO)	"
Pilot milk and beef units	1978	223 377	"	"
Centre island tourist development	1978	2 238 806	France	"
State farm project	1977	671 642	"	\$78 358 loan; balance grant
Tuna fishing project	1978	10 074 627	"	\$4 477 612 loan; balance grant
Housing for technical assistance personnel	1978	671 642	"	Loan

Project	Date Approved	Amount	Country/organization	Terms
Fishing scheme	1978	\$ 477 762	France	Grant
Agricultural imports	1978	817 164	Federal Republic of Germany	"
Housing projects	1978	2 179 104	"	Loan
Development Bank assistance	1978	273 388	"	"
Construction materials	1977	38 209	India	Grant
Construction materials	1978	38 209	"	"
Forestry - feasibility study	1977	197 015	Norway	"
Reafforestation project	1978	197 015	"	"
Land purchase	1977	164 179	Organization of Petroleum Exporting Countries (OPEC)	Loan
Land purchase	1978	164 179	"	"
Agreement for import purchases	1978	291 044	"	Loan (used for petroleum and rice)
Social security adviser	1977	152 239	United Nations Development Programme (UNDP)	Grant
Postal services adviser	1977	32 985	"	"
Assistance to Development Bank	1977	131 520	"	"
Assistance to housing programme	1978	15 037	"	"
Handicrafts expert	1978	22 313	"	"
Manpower planning expert	1978	9 701	"	"

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Project	Date approved	Amount	Country/ organization	Terms
Assistance to radio service	1978	\$ 26 485	United Nations Development Programme (UNDP)	Grant
Assistance to secretarial school	1978	9 022	"	"
Assistance to postal service	1978	54 425	"	"
Assistance to family welfare programme	Pending	532 515	United Nations Fund for Population Activities (UNFPA)	"
Maternal and child health services	1977	31 045	United Nations Children's Fund (UNICEF)	"
Day-care centres	1978	23 284	"	"
Child-feeding programme	1978	17 463	"	"
Non-formal education	1978	111 567	"	"
Industrial planning assistance	1978	45 597	United Nations Industrial Development Organization (UNIDO)	"
Roads on Mahé	1977	242 725	United Kingdom	Loan
Spares for dredger	1977	170 107	"	"
Electricity generator set	1977	1 253 418	"	"
Sawmill	1977	161 950	"	"
Airport electricity supply	1977	42 974	"	"
Urban water system	1977	202 934	"	"
Ground-water exploration equipment	1977	25 466	"	"
Urban water supply	1977	302 412	"	"

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Project	Date approved	Amount	Country/ organization	Terms
Victoria hospital	1977	\$ 149 216	United Kingdom	Loan
School expansion	1977	77 593	"	"
Electricity distribution	1977	224 819	"	"
Electricity transmission line	1977	2 278 037	"	"
Capital equipment	1977	138 142	"	"
Coconut palm pesticide project	1977	12 435	"	"
Fisheries research equipment	1978	48 595	"	"
Aeronautical telecommunications project	1978	196 966	"	"
Assistance to police	1978	4 098	"	"
Tuna fisheries project	1978	2 805 269	"	"
Agricultural store	1978	458 592	"	"
Equipment for water system	1978	275 950	"	"
Victoria water system	1978	318 328	"	"
Land use improvements	1978	119 400	"	"
Coconut improvement scheme	1978	45 860	"	"
Miscellaneous capital goods	1978	170 823	"	"
Fisheries protection vessel	1978	467 545	"	"
Development Bank assistance	1978	387 963	"	"
Electricity distribution	1978	485 450	"	"

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Project	Date approved	Amount	Country/organization	Terms
Victoria airport project	1978	405 869	United Kingdom	Loan
Animal health services	1978	95 638	"	"
Airport road study	1978	125 342	"	"
National crafts centre	1977	19 403	United States	Grant
Feeder road projects	1978	29 264	"	"
Training and technical assistance in the health sector	1977	103 282	World Health Organization (WHO)	"

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APPENDIX II

Details of development projects

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APPENDIX II

DETAILS OF DEVELOPMENT PROJECTS

A. Outer islands

(a) Desroches airstrip

1. The airstrip on Desroches is about to be constructed, using local funds. No revised estimate of costs is at present available, but the original estimate of \$411,000 will be insufficient.

(b) Telecommunication and navigation equipment

2. No provision has been made for telecommunication and navigation equipment for the airstrip on Farquhar. The cost of necessary equipment has been estimated at \$28,000.

(c) Housing and public buildings

3. The objective of the project is to upgrade the standard of housing and public buildings (community centres, schools, etc.) on Farquhar and Desroches. The project is being implemented with local funds. However, due to limited funds, project implementation has been delayed.

(d) Forestry production on Desroches

4. Forests on Desroches could supply nearly half of the country's needs for construction timber for five years. The project would not only save substantial amounts of imports but also result in the improvement of the coconut plantations. The project is being partially implemented using local resources. The equipment component is fully financed by the Federal Republic of Germany and the United Kingdom.

B. Inner islands other than Mahé

(a) Inner island ferry replacement

5. The ferry, "The Lady Esme", is old and is nearing the end of its economic life; maintenance costs are extremely high. However, the Government is hoping that the private sector will provide inner island passenger transport, while the Government will supply basic transport between the inner and outer islands with a ferry boat which was recently supplied by France.

(b) La Digue jetty

6. The Government hoped initially to build a jetty-breakwater, using labour-intensive methods. The costs were initially estimated at \$300,000, and the project

was supposed to be completed within four to five years. Owing to difficulties in financing the originally designed project, the scale of the project has been reduced substantially and the cost is now estimated at \$100,000. Since no outside donors have shown any interest in this project, the Government is proceeding with it, using its own resources. Some minor private local funds have also been made available for the project.

(c) Jetty at Baie St-Anne, Praslin

7. The present jetty on Baie St-Anne can only be used by small boats, which is a serious obstacle to the marketing of local products (fish, vegetables, etc.). The cost of completing the jetty is estimated at \$165,000. No outside donor has shown particular interest in the implementation of the project.

(d) Upgrading Praslin airstrip

8. During the last year, a study providing more details on the importance of the project has been completed. On the basis of this study, discussions with the United Kingdom on the financing have taken place and, although no commitment has been made, a positive answer is expected shortly.

(e) Praslin electricity

9. The estimated cost of a centralized public supply system is \$1.5 million. The Government of Oman has responded favourably to the request for financing and has committed itself to providing \$500,000. Since the project has been classified as the single most important one, the Government of Seychelles will continue its efforts to raise the necessary amount - \$1 million - from other donors.

(f) Access roads on Praslin

10. The total costs involved are estimated at \$440,000. At present, the main source of financing is the Government of Seychelles, although the United States has provided \$80,000 to assist. The Government of Seychelles will not be able to continue financing the project, and negotiations with new possible donors are forthcoming. In order to assure undisturbed implementation, it is proposed to incorporate the project in a larger ongoing programme which is financed, in part, by EEC.

(g) Rural water supplies on Praslin

11. Two small rural water supply schemes are required on Praslin, at Anse Consolation and at Montplaisir. Two donors, Australia and Canada, have recently agreed to finance the required equipment.

C. Development of Mahé

(a) Self-help housing scheme at Anse Boileau

12. The project involves two phases, namely: (i) the purchase of land (50 hectares) by the Government, the development of 200 plots considered suitable for low-cost housing, and the material supplied for self-help housing; and (ii) the development of another 300 plots after finishing phase (i). The initial cost is estimated at \$1.3 million. At present, the project is partially implemented. With the assistance from the OPEC Special Fund, the land has been acquired but the second stage of phase (i) - the development of the first 200 plots - has not started yet, mainly because of funding difficulties.

(b) Self-help housing scheme at Le Rocher

13. No source of finance has been obtained for this project, which involves purchase by the Government of 16 hectares of land suitable for low-cost housing.

(c) Programme to support small contractors and artisans

14. The project consists of organizing artisans and skilled workers into a small building co-operative, which would enable them to participate more effectively in the private formal construction industry and to provide specialized services to people building houses under various self-help schemes. The project is in its implementation stage, but in a somewhat modified form. A United Nations associate expert assists contractors with the preparation of tender documents, procurement, accounts and regular work programmes.

(d) Extension of the sewage system in Victoria

15. A seven-stage plan to provide the whole island with a proper sewage system has been drawn up at an estimated cost of \$2.7 million. The design study, which has been carried out with the assistance of the United Kingdom, now has government approval and its first stage is about to start, financed by ADB. However, no donors have been found as yet for the financing of stages two to seven.

(e) Sewage scheme for the Beau Vallon/Bel Ombre area

16. The scheme to provide the first stage of an over-all sewage system for the Beau Vallon area was drawn up in 1972. The first stage would include a sewage treatment plant and initial work on the main sewer system. The project involves a consultancy to update the 1972 project in order to take account of the new demands arising from new developments in the area. The cost of the consultancy is estimated at \$100,000; the Government has requested the United Kingdom to carry out the study and negotiations with the Kuwait Fund are under way to assure the financing. A favourable answer to this request is expected shortly.

(f) Stage 2 of the North-east/North-west link of the main water system

17. The project, which is concerned with improving the water supply on the main island, consists of two stages. Stage 1 was finalized last year. Stage 2 involves a link from Anse Etoile to Carena Bay. The Government has submitted the project for financing to the United Kingdom and its final approval is expected shortly. The total estimated cost is \$200,000.

(g) Replacement of existing pipeline to Pointe la Rue

18. Both the asbestos main pipe along the Cascade causeway and the cast-iron water-main paralleling the highway have deteriorated and need to be replaced. The project, the cost of which is estimated at a total of \$1 million, has not been implemented yet. The United Kingdom is considering the project, but final approval is still awaited.

(h) Extension of water reticulation in Victoria

19. Only phase 1 of the project is currently under way. No sources of financing for the second and third parts of the reticulation scheme covering upper Victoria, St. Louis and Mount Buxton have been agreed. The United Kingdom is studying the project, but final approval is still awaited.

(i) Rural water supply projects on Mahé

20. A number of small villages, such as Quatre Bornes, Les Cannelles and Dame le Roi, need to be provided with adequate treated water. Since the commencement of the project, at least one village, Anse Boileau, has received assistance from UNICEF to upgrade its water quality. The project is also partly financed by Canada, EEC and non-governmental organizations.

(j) Garbage collection

21. The Government of Seychelles is anxious to establish adequate refuse collection services but is handicapped by a severe lack of facilities and equipment. With the steady growth of tourists, the need for a garbage collection system is urgent. The estimated cost of the project is \$550,000, but no donor has been identified.

D. National

(a) Physical planning project

22. The Government has published a five-year development plan for the period 1977-1981 and specific land use plans and policies have been prepared for certain parts of Mahé. However, the scope of physical planning activities are to be expanded and integrated with social and economic development policies. The cost of the project is estimated at \$275,000; no donor has been found.

(b) Survey of building materials

23. At present, Seychelles imports a very large part of its building materials. Recently, a mission carried out by a visiting expert from UNIDO made a survey of the available domestic building materials. The results and recommendations of this mission have not yet been received by the Government.

(c) Water resources inventory and plan

24. The project involves a detailed inventory of potential water resources on all inhabited islands and is being funded by the United Kingdom (\$210,000).

(d) Craft training centres

25. The aim of the project is to increase employment of youths and to improve the quality and quantity of crafts. Eventual construction of 10 such centres is envisaged. At present, funds for the construction of four craft training centres are available, financed from three major sources: UNICEF, UNESCO and non-governmental organizations.

(e) Expansion of pre-school education

26. The Government intends to develop a series of multipurpose district social centres. Each centre will facilitate pre-school education, and will include day nurseries, supplementary feeding schemes, organized community efforts, informal education, and mother-and-child health schemes. The estimated cost for these multipurpose centres amounts to \$900,000. The project is being implemented, partially financed by ADB and the United Kingdom. UNICEF and UNESCO have assisted in financing pre-school education, which is a part of the project.

(f) Refurbishing 10 day-care centres

27. These centres cater to children, between the ages of 6 months and 4 years, of working mothers and provide some facilities for children coming from underprivileged homes. If opportunities of female employment are to be encouraged, improved day-care centres are essential. The project is now executed by the Ministry of Community Development and the estimated cost of refurbishing the 10 existing centres is \$35,000. No outside donor has offered assistance. The Government has started to implement the project with local funds.

E. New projects

(a) Improvement and extension of the port

28. The Government has realized the urgency of improving existing port and marine services in Victoria in order to encourage international shipping services to meet the country's needs.

29. At present, the scale of port operations in Victoria, with comparatively small tonnages, makes calling at Seychelles of only marginal interest to the major shipping lines. For Seychelles, regular calls are of crucial importance, since its entire economy is dependent on overseas supplies. Therefore, in order to make Seychelles a more attractive port of call, consideration is being given to the promotion of Seychelles as a transshipment centre to supplement domestic traffic and to create a higher throughput of cargo.

30. The growth of traffic and the increasing use of containers is being constantly monitored in order to plan for any additional facilities which may be required. Port Victoria is a one-berth port which makes a certain amount of congestion unavoidable since international shipping cannot always be programmed to permit an even flow of vessels. An evaluation of the port was carried out in 1977 and the following six projects have been proposed over the next five years at an estimated cost of \$450,000 (Rs 3,440,000):

- (i) and (ii) A new workshop and berth to provide the necessary accommodation for repairs;
- (iii) New shed accommodation to expand the capacity of the port;
- (iv) Gangways needed to provide more ready access to ships;
- (v) Urgent replacement of the existing fire-fighting equipment which is considered inadequate for the present level of traffic;
- (vi) A canteen, including adequate shower facilities.

31. A major study of the extension of the port is needed. Although no estimates of costs are available for the extension of the port, heavy equipment for dredging, reclamation of land, etc. will be necessary. A fisheries harbour, adjacent to the port, with its own cold-store is also needed.

(b) Development of an abattoir

32. At present, only one third of the total meat requirements are met from domestic sources. Meat and poultry products costing \$800,000 (Rs 6 million) were imported last year. The Government intends to increase meat production in Seychelles. In order to cope with the anticipated expansion of livestock, the State abattoir needs to be developed to assure a greater volume of throughput. Furthermore, additional facilities are required to produce bacon, sausages, ham, etc. The estimated total cost of developing the State abattoir is \$186,600 (Rs 1.4 million).

(c) New school at Plaisance

33. The improvement of the educational system in Seychelles is accorded high priority by the Government and is seen as the basis of future economic development in the country. One of the Government's policies is the introduction of

nine years of universal education; another is to introduce more scientific and technical subjects into the curriculum. As a result of these measures, school facilities are becoming overcrowded and a large number of new class-rooms have to be constructed. In Victoria, many of the existing schools cannot be expanded because of lack of space. The number of streams in these schools will be reduced to permit an extra year and also to permit class-rooms to be used for specialized subjects (science, technical fields, home economics). The Government had decided to construct a new five-stream school at Plaisance. The cost of the project is estimated at \$1.6 million (Rs 12 million).

(d) Land settlement schemes on Mahé and Praslin

34. There are two large existing land settlement schemes at Val d'Endor in South Mahé and l'Amitie on Praslin. Six new settlements of 5 acres each will be created at Val d'Endor and the l'Amitie settlement will be completely upgraded through the provision of drainage, irrigation and land clearance. This project will contribute towards greater self-sufficiency in food production. The estimated cost of the project is \$800,000 (Rs 6 million).

(e) Ice-making plant

35. There is only one ice-making plant on Mahé at present, with a daily production of about 6 tons for sale to fishermen. The capacity is inadequate as daily demand is some 10 tons. The present plant only supplies block ice, whereas there is a high and growing demand for flake ice for the fisheries. It is proposed to install two ice-making plants, capable of producing 5 to 6 tons daily, plus silos. The cost of the project is estimated at \$267,000 (Rs 2 million).

(f) Improvements to the mental hospital

36. The mental hospital at Les Cannelles was originally built to accommodate a maximum of 43 patients, but in recent years there has been an average of from 60 to 80 patients under treatment at the same time. The design of the buildings is more appropriate to a penal than to a medical institution. The hospital accommodates a variety of patients ranging from the mentally subnormal to the senile, without differentiating the various categories within the wards. Furthermore, staffing shortages are severe: the post of psychiatrist is vacant and, at present, only three trained nurses are employed. The remainder of the staff is totally untrained and suitable only for custodial and menial functions.

37. The objective of the project is to renovate the building and improve the most urgent facilities. The estimated cost is \$73,000 (Rs 550,000).
