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**Report No. P-5919-SEY**

**MEMORANDUM AND RECOMMENDATION**

**OF THE**

**PRESIDENT OF THE**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**TO THE**

**EXECUTIVE DIRECTORS**

**ON A**

**PROPOSED LOAN**

**OF US\$4.5 MILLION**

**TO THE**

**REPUBLIC OF SEYCHELLES**

**FOR THE**

**ENVIRONMENT AND TRANSPORT PROJECT**

**DECEMBER 2, 1992**

**Infrastructure Operations Division  
South-Central and Indian Ocean Department  
Africa Region**

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## CURRENCY EQUIVALENTS

Currency	:	Seychelles Rupee (SR)
Exchange Rate	:	\$1.00 = SR 5.0
		\$0.20 = SR 1

## WEIGHTS AND MEASURES

<u>Metric</u>	<u>US/UK</u>
1 ha	2.47 acres
1 km	0.62 miles
1 mm	0.039 inch
1 km <sup>2</sup>	0.386 square mile
1 kg	2.2 pounds
1 metric ton	2,205 pounds
1 m <sup>3</sup>	1.307 cubic yards

## ABBREVIATIONS AND ACRONYMS

DCA	Directorate of Civil Aviation
EC	European Community
EMPS	Environmental Management Plan of Seychelles
GDP	Gross Domestic Product
GEF	Global Environment Facility
GET	Global Environment Trust Fund
GNP	Gross Natural Product
IDF	Institutional Development Fund
LTD	Land Transport Division, Ministry of Tourism and Transport
MEPER	Ministry of Environment, Economic Planning, and External Relations
ODA	Official Development Assistance
PIP	Public Investment Program
PMSD	Ports and Marine Services Division, Ministry of Tourism and Transport
PUC	Public Utilities Corporation
SFA	Seychelles Fishing Authority
SIF	Seychelles Island Foundation
SMB	Seychelles Marketing Board
SOE	State-owned enterprises
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization

## GOVERNMENT OF SEYCHELLES FISCAL YEAR

January 1 - December 31

SEYCHELLES

ENVIRONMENT AND TRANSPORT PROJECT

LOAN AND PROJECT SUMMARY

**Borrower:** Republic of Seychelles

**Beneficiaries:** Ministry of Environment, Economic Planning, and External Relations (MEPER); Seychelles Island Foundation (SIF); Land Transport Division (LTD); Public Utilities Corporation (PUC); Directorate of Civil Aviation (DCA); Ports and Marine Services Division (PMSD); Seychelles Fishing Authority (SFA)

**Amount:** US\$4.5 million.

**Terms:** Standard variable interest rate and maturity of 15 years, including a grace period of 5 years.

**On-lending Terms:** Interest rate of 8 percent for 13 years, including 3 years of grace.

**Co-Financing:** Global Environment Trust Fund (GET) Grant

**Financing Plan:**

	(US\$ million)		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
IBRD Loan	0.7	3.8	4.5
GET Grant	0.6	1.2	1.8
Government	0.7	—	0.7
<b>TOTAL</b>	<b>2.0</b>	<b>5.0</b>	<b>7.0</b>

**Economic Rate of Return:** 22 percent for 38 percent of project costs.

**Staff Appraisal Report:** Seychelles: Environment and Transport Project (Report No. 11259-SEY).

**Maps:** IBRD No. 23524: Praslin Improvement Program  
 IBRD No. 23521: GEF Investment: Biodiversity Protection  
 IBRD No. 23522: GEF Investment: Abatement of Marine Pollution

**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN TO  
THE REPUBLIC OF SEYCHELLES  
FOR AN  
ENVIRONMENT AND TRANSPORT PROJECT**

1. I submit for your approval the following report and recommendation on a proposed development loan to the Republic of Seychelles for US\$4.5 million to help finance an Environment and Transport project. The loan would be at the Bank's standard variable interest rate, with a maturity of 15 years including five years of grace. An amount of US\$170,000 of the proceeds of the loan would be onlent to the Public Utilities Corporation for 13 years, including three years of grace, at an interest rate of 8 percent. Additional grant financing would be provided by the Global Environment Trust Fund (GET). The Vice President, Africa Region, has approved the GET Grant. Part I of the present document describes the country's policies and the Bank's assistance strategy. Part II describes the loan, the rationale for Bank involvement, project objectives, agreements reached, and the risks of the operation.

**PART I - COUNTRY POLICIES AND BANK GROUP ASSISTANCE STRATEGY**

**I. Historical Perspective and Recent Economic Performance.**

2. Background. Seychelles is an archipelago of some 115 islands in the western Indian Ocean, having a total land area of about 445 square km (sq. km) but claiming an exclusive economic zone of about 1.3 million sq. km. Some 40 granitic islands with a total area of 235 sq. km form a relatively compact group within 50 km from Mahé, the main island, some 1600 km east of Kenya and 900 km north-east of Madagascar. The outlying islands are predominantly coralline and spread over a considerably wider area. An essential feature of the islands is their unique ecology, pristine environment and touristic attraction. The largest of the secondary islands, Aldabra, is one of the last refuges of the giant land tortoise. Seychelles' population of about 70,000 is concentrated on the main island of Mahé and two others nearby; its growth rate is about 0.9%, reflecting a relatively low birth rate and, until recently, considerable net emigration. The minuscule size of the economy and its reliance on external markets explain why the country's economy is heavily influenced by international economic conditions and is extremely fragile. Since independence in 1976, Seychelles has experienced rapid and reasonably equitable economic growth. GNP per capita has risen from US\$870 in 1976 to US\$5,160 in 1991.

3. Seychelles' main economic activities are tourism and fishing, along with some agriculture and small-scale manufacturing. The development of tourism since the early 1970s and of port services for foreign tuna fishing fleets since the early 1980s have raised incomes and living standards, while diminishing the role of traditional plantation agriculture and artisanal fishing. The country's tropical climate and unique environment attract mid- and upscale tourists. Almost 104,000 visitors arrived in 1990 compared to 37,000 in 1976, an average growth rate of

7.5% per annum. In 1990, tourism generated about 17% of GDP, 60% of the exports of goods and services, and 19% of formal employment; up to 80% of the visitors are from European countries. Fishing, the second most important foreign exchange earner, lagged far behind, accounting for only 1% of GDP and about 8% of the exports of goods and services. Industrial and agricultural activities have been severely constrained by the small size of the domestic market, the limited factor availability (skilled labor, land, water, natural resources) and the remoteness of the islands.

4. The country became an independent republic in 1976 under a coalition government. In 1977, a coup d'Etat established a one-party socialist State. In December 1991, President France Albert René announced a shift to political pluralism. In early 1992, the government lifted the longstanding state of siege and in July multi-party elections were held for a constituent assembly to prepare a new constitution. The referendum on the new constitution, which took place on November 15, 1992, obtained less than the 60 percent of the popular vote required to adopt the constitution. As a result, presidential and legislative elections, initially planned for December, have been postponed until a revised draft of the constitution is prepared and put to another referendum.

5. Economic Policies. Until recently, Seychelles' strong development performance relied on economic policies emphasizing public sector-led development, centrally-managed response to changes in the international environment, a successful drive to mobilize important external savings, and social equity. Most of the economy – with the exception of the banking sector – is publicly-owned and managed, including the most modern part of the key tourism sector. The public sector employs two-thirds of Seychelles' labor force; the government's budget amounts to about half of GDP; and government consumption is about 30% of GDP. Until recently, trade and price controls were pervasive. The exchange rate is pegged to the SDR; the effective real exchange rate (trading partners weighted) has appreciated by about 30% between 1980 and 1992. The wage structure is dominated by public sector wages, which promote even income distribution rather than incentives and efficiency. The production and distribution of public services and goods (including housing) emphasizes equity, rather than efficiency or cost-recovery. Public investment, to date, has been concentrated in social and physical infrastructure, tourism infrastructure, and other production and export activities. Seychelles has received generous amounts of external assistance: net official development assistance (ODA) transfers per capita per annum averaged US\$223 in 1975-79, US\$295 in 1980-85, and US\$331 in 1986-90.

6. The success of public sector-led development in Seychelles, in contrast with the general experience elsewhere, can be attributed to the unusually small size of the country, which allows close monitoring and frequent adjustments; an effective public administration and good governance; high per capita levels of external assistance; and the country's unique natural environment, which has helped it attract upscale tourism. However, these development model's limits have become increasingly manifest. Since end-1991, in response to the adverse impact of the external environment and in parallel with the political opening referred to above, the Government has been moving towards more liberal economic policies, with State retrenchment from the production of tradeables, increased emphasis on private investment, and more selective public investment.

7. Performance during 1976-90. Between the mid-1970s and 1990, Seychelles' economy expanded rapidly driven by tourism and relatively abundant external financing, albeit with some pauses reflecting external shocks. Real GDP growth averaged 10.5% per annum during 1975-79, under the impetus of generally favorable world economic conditions. Growth

slowed to 1.4% per annum during 1980-85. GDP declined by 10% in 1980-83, underscoring the vulnerability of the economy to external shocks (higher petroleum prices and airfares in the late 1970s) and to adverse tourist reaction following an aborted coup attempt in 1981. The Government responded to the downturn by progressively increasing its intervention in the economy through investment in a relatively large number of newly-created state-owned enterprises (SOEs) and by resorting to external borrowing to stimulate domestic demand. Because of its relatively high per capita income, Seychelles had to rely more on commercial borrowing at a time when interest rates and repayment terms were hardening, and its external debt service ratio to the exports of goods and services (excluding re-exports) exceeded 13% in 1986-87. Although not high compared with other countries, this ratio was worrisome because of the economy's small size and fragility, its dependency on volatile exports, and its high import content. The country succeeded in arresting the economic decline and restoring growth by 1985, although pump-priming of the economy resulted in higher budget deficits (16% of GDP in 1986), a surge in money supply, higher inflation, and a more difficult balance of payments situation with foreign exchange shortages.

Table 1 - Selected Economic Indicators  
(percent)

	<u>1975-79</u>	<u>1980-85</u>	<u>1986-90</u>	<u>1991</u>
Average Annual GDP growth <u>a/</u>	10.5	1.4	7.2	-2.9
Average Export growth (GNFS) <u>a/</u>	12.2	4.8	17.2	-11.0
Imports growth (GNFS) <u>a/</u>	17.1	6.2	11.9	6.6
Current Account Balance/GDP	-17.2	-23.4	-7.6	-6.3
Debt Service Ratios —				
-to Exports G&S	0.1	2.8	11.1	9.6
-to Net Exports <u>b/</u>	..	..	12.6	10.8
Budget Deficit/GDP <u>c/</u>	-0.5	-11.1	-6.1	-2.5

a/ Based on aggregates in 1986 constant prices.

b/ Excluding re-exports and bunker sales.

c/ Overall deficit, including grants.

Sources: Government of Seychelles  
IMF, Article IV and Recent Economic Developments

8. Renewed rapid growth between 1986-90 (7.2% per annum on average) reached a high point in 1990, by which time the financial situation had also stabilized. In 1990, real GDP grew by 7.5%, owing to a single year 20% increase in tourism arrivals and a 24% increase in tourism expenditure; the budget deficit of the previous years had turned into a surplus equivalent to 2% of GDP (including official transfers); the external current account deficit (before official transfers) was narrowed to 8% of GDP, despite the substantial increase in the cost of oil imports following the loss of the Kuwaiti supplies in August 1990 in the aftermath of the Gulf crisis; and inflation, although higher than in preceding years, was kept below 4%.

9. Developments during 1991-92. Owing primarily to developments in the crucial tourism sector, the country's performance slipped sharply in 1991, and has not fully recovered in 1992. In 1991, tourist arrivals and expenditure fell by 13% and 19%, respectively, due

largely to the Gulf War, and have not yet returned to the 1990 peak levels. Tourist arrivals during the first seven months of 1992 were 7% lower than during the same period of 1990, and bed-night occupancy rates during the first semester were 10% lower in 1992 than in 1990. This has tempered the Government's expectations for sustained growth of this key sector and has caused it to reassess carefully its State-led development strategy and its public investment priorities. The slow rebound of the critical tourism sector reflects, in part, insufficient effort to rehabilitate and upgrade hotel infrastructure and diversify tourist services, and the vulnerability of Seychelles' tourism industry to economic conditions in industrialized countries, notably Europe.

10. The recent decline in tourism has hurt the economy. Real GDP is estimated to have contracted by 2.9% in 1991 -- the first such decline since the early 1980s -- and growth in 1992 will fall short of the 4% target set at the beginning of the year. The Government has taken steps to contain the impact of slower growth on public finances, through revenue-raising measures (particularly temporary import surcharges and tax increases on alcohol and tobacco) and measures to reduce expenditure, including capital spending. The budget deficit was equivalent to 2.5 % of GDP in 1991 and is projected at 1.3% of GDP for 1992, well below the deficits recorded during the 1980-90 period. Balance of payments difficulties in 1991 led to a temporary requirement for the surrender of 30% of the gross foreign exchange earnings by exporters to the Central Bank; this requirement has been recently eased to 20%, and the remaining restriction should be lifted by end-1992. Import controls and some administrative payment delays helped reduce the current account deficit from 8% of GDP in 1990 to 6.3% in 1991. However, as imports caught up with demand, this deficit is expected to rise to 9.4% of GDP in 1992. The debt service ratio was 11% of the exports of goods and services (excluding re-exports) in 1991, and the debt-to-GDP ratio was 54%.

11. Social developments. Seychelles' Government has given high priority to the welfare of the population, and economic growth has been accompanied by significant progress in social conditions. Seychelles has low unemployment and actually faces a shortage of skilled labor. Social indicators are comparable to those of higher income countries (Table 2). Social policies have sought to minimize income disparities and guarantee equal access to education, health and housing: 75% of the children 6 to 14 are in school; there are 6.2 hospital beds per 1,000 inhabitants and one physician for 1,403 people; 99% of the population has access to basic health care; life expectancy at birth is almost 71 years; infant mortality is 17 per thousand; almost all children under one year of age are immunized against the most common childhood diseases; and the entire urban population and 95% of the rural population have access to safe water. The Government's social spending policies -- including subsidized housing favoring lower-income and large families -- have helped reduce welfare disparities.

12. Seychelles has legislated and practiced gender equality. Women enjoy equal access to education and jobs, including management positions and official appointments. In 1990, women represented 43% of the active labor force.

**Table 2 - Selected Social Indicators  
Comparative Data**

	Seychelles	Average Same Income Group a/	Average Higher Income Group b/
Crude Birth Rate (per 1,000 inhabitants)	24.1	24.9	13.0
Crude Death Rate (per 1,000 inhabitants)	6.9	7.5	8.8
Population Growth Rate (%)	0.9	1.7	0.5
Infant Mortality (per 1,000 live births)	17.1	41.8	8.0
Life Expectancy at Birth (years)	70.7	68.3	76.7
Access to health care (%)	99.0	..	..
Immunization children under one (%)			
DPT	96.0	81.5	82.7
Measles	92.0	78.5	73.8
Polio	96.0	..	..
Females as of Labor Force (%)	43.0	23.3	35.8
Pupil-Teacher Ratio Primary Schools	19.0	25.0	19.0

a/ Countries with a GNP per capita of US\$2,466-7,619 in 1990.

b/ Countries with a GNP per capita of US\$7,620 or more in 1990.

Sources: Government of Seychelles (1990 Statistical Abstract)  
World Bank (Social Indicators of Development 1991-92)

## II. The External Environment

13. Seychelles' economy is minuscule and highly dependent on tourism and trade. Exports and imports of goods and services averaged, respectively, 65% and 75% of GDP over the last five years. The country's limited resource base and small size restricts the scope for economic diversification. In the foreseeable future, and despite efforts to diversify into fishing, fish processing, agriculture, light manufacturing, and regional trans-shipment and off-shore services, Seychelles' economy will remain dependent on tourism. The small land area, the fragile environment, and manpower limitations will likely continue to determine a tourism marketing strategy aimed primarily at "eco-tourists", i.e., middle-to-upper-scale tourists willing and able to pay above-average airfares and land fees, in order to enjoy the pristine environment, unique natural beauty, and peaceful atmosphere of the archipelago. So far, Seychelles has been successful in attracting such tourists.

14. At the same time, however, as the outcome of 1991-92 demonstrates, the tourism business is highly volatile. The slowdown of economic activity in Europe -- Seychelles' main tourist market -- and, for a time, heightened tensions in the Gulf followed by war, have demonstrated the vulnerability of Seychelles' economy and the difficulty of recovering lost tourist markets. The Government's recent emphasis on environmental protection, human resource

development, and increased private sector involvement is intended to maintain the country's unique tourist image, enhance the quality of tourist services, and make best use of a special niche in the tourism market in order to improve the country's economic prospects. In this context, the Bank's assistance strategy has been designed to help Seychelles put in place policies and programs that would allow the economy to weather more effectively the impact of the external environment. More specifically, as explained in para 23, the Bank's strategy emphasizes the preservation of the environment, human resource development, appropriate public investment policies, incentives to private sector development, and provision of essential public services needed to support tourism development. Such a strategy would help maintain the external competitiveness of the tourism sector, increase the scope for tourism activities, and encourage economic diversification.

15. Seychelles has so far maintained good external creditworthiness. The country has respected its debt service obligations without resorting to formal debt rescheduling or exceptional balance of payments assistance. Its debt service ratio was under 14% of the exports of goods and services through 1989, and below 10-11% in 1990-91. The Government is aware of the need to maintain the country's good external record, and it has taken steps to eliminate lower-priority public investments, screen even more systematically new investments, reduce the role of the State and encourage private investment, reduce the fiscal deficit, and increase the level of foreign reserves. The Government has combined prudent fiscal and borrowing policies with the decontrol of some prices and imports and the limited offering for sale of state assets (including hotels and land). The Bank will continue to monitor closely developments in this area, particularly through the proposed review of the country's first public investment program (PIP) for 1993-95.

### III. The Bank's Country Assistance Strategy

#### A. Seychelles' Development Objectives and Policies

16. Structural Issues. Notwithstanding Seychelles' economic performance, developments in 1991-92 have exposed the fragility of the economy and its structural weaknesses. Seychelles' tourism industry is subject to stiff competition in the world market, a shortage of skilled labor, infrastructure bottlenecks, and the danger of upsetting the fragile environment upon which it relies. The diversification of production and exports has been hampered by the narrow resource base and environmental constraints, as well as by exchange rate and trade policies. The appreciation of the exchange rate, while allowing Seychelles to adapt its fragile tourism capacity to upscale visitors, discouraged investment and export diversification. Price and trade controls - including the de facto monopoly of the Seychelles Marketing Board (SMB) on imports - hampered production and investment. Public investment has been managed on an ad hoc basis, shifting capital expenditure excessively towards social pursuits and commercial activities, such as housing, which could have been handled more efficiently by the private sector.

17. Medium-term Development Strategy. The Government's medium-term development objectives are to improve the quality of life of all Seychellois and achieve environmentally sustainable development. The Government's recent strategic thinking has been centered on: (i) emphasizing "eco-tourism" in order to reconcile environmental constraints and growth objectives; (ii) putting in place policies and programs to help diversify tourist markets; (iii) increasing the productivity of the labor force through skill enhancement; (iv) pursuing past poverty reduction efforts through social spending policies aimed at lower-income groups; (v) continuing the policy of fiscal moderation through gradual disengagement of the State from the

economy; (vi) expanding and accelerating the introduction of incentives for private investment; (vii) improving public investment management through improved public investment programming; (viii) improving debt management by seeking most favorable terms, converting floating-rate liabilities into fixed-rate debt, and reviewing debt buy-back or conversion opportunities; and (ix) maximizing public savings and foreign reserves to provide a cushion against future external uncertainties.

18. The preservation of the environment and effective use of human resources are Seychelles' main challenges of sustainable development. The Government is firmly committed to protecting the environment, and prepared in 1990 an Environmental Management Plan of Seychelles (EMPS) covering the period 1990-2000. In 1992, the Government initiated the preparation of a strategy for human resource development, which will be discussed at a Round Table sponsored by UNDP and scheduled for early 1993.

19. Given the common resource feature of some of the environmental issues, such as marine pollution, Seychelles looks to greater regional cooperation to provide the framework for addressing the concerns in such a vital area of its development. Seychelles is a member of the Indian Ocean Commission, which provides a forum for regional cooperation in a number of areas including trade and the protection of the environment. Seychelles is also keen on making best use of teaching institutions in the Indian Ocean countries, for skills development.

20. Medium-term Prospects and Financial Requirements. The Government intends to formulate a coherent medium-term macroeconomic framework in the context of preparing its first three-year public investment program, with the support of a Bank grant financed by the Institutional Development Fund (IDF). A likely scenario could envisage average annual real growth of about 4% for the period 1993-97, supported by investment amounting to 18-19% of GDP. This level would compare favorably with ratios averaging 24% over 1987-92, reflecting the expected gains from improved public investment management. It is expected the Government will pursue prudent fiscal policies, limiting the overall deficit to a maximum of 4% of GDP, and financing it in a non-inflationary way. Thus the inflation rate would be held to below 5%. Together with prudent credit policies, the cautious fiscal stance would keep aggregate demand broadly in line with resource availabilities, with an average current account deficit (before official transfers) in the order of 9% of GDP. This scenario is consistent with the objective of reducing the public investment-GDP ratio from an average of 13% in 1989-92 to around 10% during 1993-97, and keep the debt service-exports ratio below the 14% maximum observed in the past. With national savings increasing to about 10 percent of GDP (over US\$40 million per year) and net direct foreign private investment of about US\$10 million per annum on the average, net official external financing requirements for the next five years would be in the range of US\$100-150 million, about in line with net ODA flows in the past. These requirements could be essentially covered by disbursements from existing and expected medium- and long-term loans, and grants.

## B. Bank Group Assistance Strategy

21. Past Bank Group Role. Seychelles joined the World Bank in 1980, IFC in 1981, and MIGA in 1992. Given the country's small size and access to commercial lending sources, the Bank Group has had a modest assistance program in Seychelles. Only one loan of US\$6.2 million (approved in FY86) has been extended so far, to help finance the Mahé East Coast Development Project, principally for port improvements and the rehabilitation of the road

network on the main island. The implementation of the project was satisfactory, and the loan was fully disbursed on time and closed on December 31, 1990. IFC extended a loan of US\$10.5 million in 1986 to help restructure and complete a hotel, the construction of which had started in 1978. The project was subsequently beset by financial problems, and disbursements were suspended on January 15, 1988. The undisbursed balance (about US\$7.5 million) was canceled on March 14, 1990. This loan was acquired by the Government of Seychelles in 1991. In May 1992, IFC approved a US\$6.3 million loan to help rehabilitate the Paradise Hotel on Praslin Island. IFC is also considering additional prospects for investing in the rehabilitation and development of existing hotels in Seychelles. So far, no investors have applied for MIGA guarantees.

22. At the Government's request, in 1989 and 1992 the Bank provided technical assistance for macroeconomic modelling. The Bank also assisted Seychelles in the preparation of the EMPS. In 1991/92, the Bank conducted a Housing and Land Management Sector Study, which reviewed public policies in this area and provided recommendations aimed at increasing the role of private investment and improving the efficiency of public resource utilization. Finally, and at the Government's request, the Bank has recently intensified its dialogue on the medium-term outlook and policies, related to Seychelles' absorptive capacity. The Government has been responsive to the Bank's advice and, as mentioned before, has decided to put in place a multi-year public investment programming capacity, supported by an IDF grant extended by the Bank.

23. Strategy and Priorities. The Bank's main objective in Seychelles is to help the country on its path to environmentally sustainable and equitable development by assisting the Government to: (i) preserve the environment; (ii) further reduce relative poverty; (iii) develop human resources; (iv) encourage private sector development, including privatization of the housing sector and state-owned enterprises; (v) develop essential infrastructure, notably water supply and roads; (vi) mobilize external support by continuing to play a catalytic role in aid coordination efforts, particularly through participation in sectoral Round Tables, including assistance for the preparation of the first Round Table on Human Resource Development; and (vii) draw up a satisfactory Public Investment Program (PIP) which the Government intends to introduce in 1993, and provide policy advice on medium-term development policies and the macroeconomic framework underlying the PIP. These goals would be pursued through lending, policy advice, and aid coordination activities, as detailed below.

24. The proposed Environment and Transport Project is fully consistent with this strategy. The project would support the Government's environmental objectives by helping improve infrastructure on Praslin Island (the second most important tourist destination in Seychelles), strengthening the management of environmental issues, particularly marine resources and overall environmental programs, helping protect the unique environment of the Aldabra ecosystem (including protection of giant land tortoises), and helping control marine pollution at the Port of Victoria. The proposed project would also help improve road safety, now a major source of accidental death in Seychelles.

25. The lending program for the medium term beyond FY93 would be selective and in keeping with the strategy and priorities outlined in para. 23. More specifically, it would consist of two proposed loans totalling US\$15-20 million. The first operation would support an integrated water supply project on the main island of Mahé. Increased water supply -- especially in the southern and western portions of Mahé -- is a critical condition for tourism expansion. It would also aim at improving living conditions for local inhabitants who currently do not have access to piped water during the dry months. The second operation would help finance a project

to help improve access of low-income groups to housing, through broader private sector participation and enhanced efficiency of government spending in the sector.

26. The centerpiece of the Bank's economic and sector work program in the near-term is a Public Investment Review to be carried out in late FY93. The discussion of the first PI? under preparation by the Government would also offer an opportunity for a broader dialogue on medium-term development policies and investment strategy with the new Government expected to emerge from elections in 1993. A Tourism and Environmental Management Study, scheduled for FY94-95, would assess more fully the environmental costs and benefits of tourism and recommend measures to enhance the beneficial impact of tourism on environmental preservation.

27. Areas of Special Operational Emphasis. The Bank's program emphasizes environmental protection, development of key infrastructure, and private investment. As discussed before, environmental protection has been a constant preoccupation both directly through the proposed project, and indirectly in the preparation of water supply investments. The dialogue in the housing and land management sector has focused primarily on an increased role for private investment. Institutional development aspects are being addressed through lending operations and -- in the area of public resource management -- through an IDF grant. Poverty issues are to be covered by contributing to the Government's human resource sector strategy, keeping in mind the already strong progress made by Seychelles in this area.

28. Cooperation with other Multilateral Institutions and other Donors. The Bank has played a significant role in formulating and securing financing for the EMPS through the Donors' Conference on the Environment co-sponsored with UNEP and UNDP in 1991. Similarly, the Bank is now assisting the Government to draft a strategy paper for human resource development, and to prepare a Round Table (sponsored by UNDP) in early-1993 to discuss the strategy and mobilize the financing for its implementation.

29. Relations with the IMF. Seychelles is on a two-year consultation cycle with the IMF. The most recent Article IV consultation was concluded by the Fund's Executive Directors on October 7, 1992. Seychelles has benefited from IMF technical assistance for government finance statistics in February 1990, but it has not made use of Fund resources to date. The Bank is coordinating closely with the IMF, and it fielded a parallel mission during the previous Article IV consultations in 1990.

### C. Summary Assessment

30. Seychelles has achieved strong growth and poverty alleviation against formidable odds. The challenge now facing the country is to continue environmentally sustainable and equitable growth. The Bank will play an important role at this juncture, through financial support for environmental protection and critical infrastructure, and policy advice aimed at strengthening public resource management and decreasing the role of the public sector. The Government has been increasingly responsive to Bank's advice and has demonstrated commitment to taking the measures needed to maintain fiscal and external balances, while proceeding with the introduction of market mechanisms and the transfer of some public activities to the private sector. Over the next five years, the Bank would consider financing up to two projects. The Bank's economic work will focus on the review of public investment, and on policies required for environmentally sustainable development, human resource development, and continued external creditworthiness.

31. **IBRD Graduation.** The country assistance strategy does not propose initiation of graduation procedures at this juncture, though, at US\$5,160 in 1991, the GNP per capita was 15% above the graduation benchmark. Seychelles has a minuscule economy with limited resources and a heavy dependence on a notoriously volatile tourism market. Moreover, the country is facing a period of political and economic change in an uncertain global environment, and will need more than ever Bank support and advice in order to preserve past accomplishments and continue its strong growth performance. The Bank will closely monitor developments in the country and review the suitability of the proposed assistance strategy and lending program on a regular basis.

32. **Country Performance Monitoring.** The Bank's assistance strategy will be monitored against the following benchmarks: (i) Government adoption of policies promoting private sector investment and a reduction in the role of the State; (ii) progress on environmental preservation; (iii) continued successful implementation of Bank-financed operations; (iv) preparation of the country's first three-year rolling public investment program including priority projects consistent with the country's development strategy, and integrated in a coherent macroeconomic framework; (v) the explicit adoption as from 1993 of the link between the PIP and the budget in such a way that annual capital expenditure plans reflect the appropriate annual tranche of the three-year PIP; and (vi) maintenance of external creditworthiness.

## PART II - THE LOAN

### Background

33. For several decades the Government of Seychelles has demonstrated a sustained commitment to environmental preservation. Seven national parks and three special reserves, including two UNESCO World Heritage Sites, have been designated which together comprise 42% of the total land area of the country and 23,000 ha of surrounding reefs. Seychelles fauna and flora display an exceptional richness and diversity. Many species are endemic to isolated islands of the archipelago, which explains at once their attractiveness and their vulnerability. Human settlement, and its attendant overexploitation of species and attempts to reorganize island ecosystems, has been the main cause of declines in species populations.

34. Attempts to preserve resources in the 1.3-million sq. km maritime zone surrounding Seychelles have been hampered by growing pollution generated from fishing and commercial vessels. Because of its remote location in the western Indian Ocean, Seychelles relies to a great extent on maritime transport for imports. The rapid development of an industrial tuna fishery has resulted in a sharp increase in shipping activities at the country's main port of Victoria. Waste oil from the commercial fishing fleets is dumped at sea, and brine contaminated by fish waste is pumped into offshore waters on a regular basis. The most urgent action to be taken to reduce ship-generated pollution of the sea is to provide adequate facilities at the Port of Victoria for the reception, storage, recycling or disposal of waste from all commercial vessels, cruise ships, yachts, and fishing vessels.

35. Concerted, nationwide efforts at conservation date from the 1960s, with the creation of the National Parks and Nature Conservancy Commission (later the Seychelles National Environment Commission) and the conferring of full responsibility for the management of Cousin

island to the International Council for Bird Preservation. In addition to legislation establishing the national parks and preserves, other regulations protect land birds, sea birds and their eggs, marine turtles, shells, marine mammals, at least 25 species of trees, and giant tortoises. Following the Cousin island example, Aride island has been managed since 1973 by the Royal Society for Nature Conservation. In 1979 the Seychelles Island Foundation (SIF), a charitable trust, was established to manage and conduct scientific research on Aldabra, the world's largest coral atoll and a remarkably rich environment for terrestrial and marine life.

36. The Government's strategic objective of sustainable development calls for public and private investment to be fully consistent with environmental preservation. To achieve this objective, environmental and resource management issues have been integrated into the current 1990-94 development plan. As a more detailed and operational extension of the development plan, environmental projects and portions of projects were consolidated into an Environmental Management Plan for Seychelles (EMPS) during 1990-91. The EMPS was presented in February 1991 at a donors' meeting sponsored by the Bank, UNDP, and UNEP and held at the Bank's European Office in Paris. Pledges totalling US\$40 million were secured from bilateral donors, NGOs, and multilateral agencies. Responsibility for implementation of the EMPS rests with the Ministry of Environment, Economic Planning, and External Relations (MEPER), in collaboration with several public and private agencies.

37. As an island nation, Seychelles has long recognized the importance of effective transport links, both with trading partners and between islands. The deep-water port at Victoria processes most freight imports and exports, and an active inter-island cargo trade is handled by schooners, a government cargo vessel, and hundreds of small boats. Air Seychelles, the national carrier, has 7 aircraft including a B-767 in its fleet and serves the main islands of Mahé and Praslin as well as several outer Seychelles islands. About 6,000 vehicles use a network of 240 km of main roads, and an extensive network of secondary roads and tracks. A program to rehabilitate the main roads of Mahé was carried out under the 1985-89 development plan, with support from the Bank (Ln. 2492-SEY). With the completion of this program in 1991, the main road network on Mahé can be maintained without recourse to external aid. Some resources in this program were also devoted to roads on Praslin. There is a need, however, to upgrade other segments of the main road network on Praslin so as to achieve a similar result. In view of the economy's heavy reliance on tourism, transport improvements of this type are critical for national development since they facilitate access of visitors to environmental attractions while strengthening the local economy.

### **Project Objectives**

38. The proposed project is designed to improve the basis for sustained tourism growth, while preserving or restoring environmentally sensitive areas. Tourist access on Praslin would be facilitated through rehabilitation of the main road network, airport improvements, and enhancement of reliable water supplies. For environment the project would support EMPS programs in resource management, biodiversity conservation, and marine pollution control, the latter two through a program financed under the Global Environment Facility (GEF). Under both the project and the GEF program, the Bank would continue to assist with implementation of the EMPS as a whole. A set of indicators to monitor progress toward the attainment of these objectives has been developed in collaboration with the government.

## **Project Description**

39. The project would consist of the following components: (a) **Resource Management** - improvement of water supplies on Praslin island; study of water resources and preparation of water management plans for selected outer islands; preparation of management plans for marine resources; and an organizational study of the Environment Division of MEPER; estimated cost: US\$1.77 million (25%); (b) **Biodiversity Conservation and Abatement of Marine Pollution** - restoration and preservation of Aldabra ecosystem; protection of sea turtles; and a study of waste reception facilities at the Port of Victoria; estimated cost US\$1.8 million (26%); and (c) **Transport** - upgrading to paved standard of main roads on Praslin island; resurfacing of runway and expansion of parking apron at the Praslin airport; and the preparation and implementation of an action plan for road traffic safety, chiefly on the main island of Mahé; estimated cost US\$2.72 million (39%). Schedule A provides more detailed costs for each of the components, as well as the project financing plan. Schedule B provides details on the procurement arrangements and the disbursements under the proposed loan.

## **Implementation**

40. Responsibility for implementation of EMPS activities rests with MEPER, which will appoint a National Coordinator to supervise the progress of EMPS execution, provide advice to participating groups, exchange information, and directly manage some EMPS projects. MEPER has delegated management of other EMPS projects to the Seychelles Island Foundation (SIF), a charitable trust supported by international scientific agencies, and other groups whose specialized expertise can be brought to bear. The Public Utilities Corporation (PUC), the water and electricity authority, will carry out the Praslin water supply improvements. The Environment Division of MEPER will be responsible for other portions of the resource management program, including the water resources and marine resources management plans. In carrying out these programs, MEPER will maintain close liaison with the Seychelles Fishing Authority (SFA), which regulates the taking of marine turtles, and the Department of Industry for artisan re-training. SIF will implement the Aldabra program, with support from the international scientific groups represented on its Board of Directors. Road and airport improvements on Praslin will be the responsibility of the Land Transport Division (LTD) and Directorate of Civil Aviation (DCA) of the Ministry of Tourism and Transport. To facilitate implementation, a draft Implementation Handbook has been prepared, and will be finalized prior to the launching of implementation. Progress will be evaluated during a Mid-Term Review.

## **Sustainability**

41. The EMPS represents a commitment to carry out an integrated program of environmental preservation and sustainable development through the year 2000. A strengthened MEPER, combining environment with economic planning, will be increasingly able over the 1990s to reflect the lessons of EMPS experience in development planning. Likewise, SIF will be able to supervise plans and actions for research, conservation, and possibly limited ecotourism on Aldabra. It is expected that through the project, SIF management capabilities will be significantly strengthened. Sustained monitoring of cost recovery in the treatment of ship wastes will ensure successful replication in Seychelles and other similar economies of the region. International interest and the Government's long-standing commitment to environmental preservation indicate good prospects for sustainability of this and other project interventions.

## **Lessons Learned from Previous Bank Involvement**

42. The Bank's only project in Seychelles, focusing on port and road improvements (Ln. 2492-SEY), was approved in 1986 and successfully completed in 1991. Flexibility in project design, allowing adaptations if and as required during implementation, proved to be extremely useful in this project, especially in the road maintenance component which took account of changes in the condition of the roads and in maintenance requirements between appraisal and actual implementation. The project also benefited from experience gained in environment operations in small island settings, including the Caribbean, the Galapagos islands and Mauritius. Largely as a result of the more intensive involvement over the past three years, Seychelles has become much more familiar with Bank policies and procedures.

## **Rationale for Bank Involvement**

43. The project supports the Bank's country assistance strategy which aims to direct national development efforts toward mid- and upscale tourism and fishing, while paying special attention to the preservation of Seychelles' environment. Experience gained from the project, and the studies financed by the project, will deepen the Bank's knowledge of environmental management and of practical issues in the implementation of environmental action plans. The Bank's involvement should also lead to better coordination of the donors and international NGOs active in the environment and transport sectors.

## **Agreed Actions**

44. During negotiations, agreement was reached with Government on the following matters: (a) legislation will be approved by December 31, 1993 banning the trade in endangered sea turtles and turtle products; (b) budgetary allocations at least equal in real terms to the approved 1992 operating budget will be maintained through fiscal year 1996 for the Division of Environment, MEPER with regard to its total expenditure and for LTD with regard to its operating budget and allocations for road maintenance; (c) charges for landing of aircraft at Praslin airport will be periodically adjusted to ensure that revenues from the airport are at least equal to operating costs; (d) all water assets presently owned by Government will be transferred to PUC by December 31, 1993; (e) PUC would ensure that, for its Praslin/La Digue water operations, (i) its working ratio is not higher than 85 percent by the end of 1994 and 70 percent by the end of 1995; (ii) unaccounted-for water is reduced to 18 percent by the end of 1993 and maintained thereafter; and (iii) receivables do not exceed 60 days of sales for domestic, commercial, and government accounts; (f) PUC would ensure that its Praslin/La Digue water operations yield a return on net fixed assets in operation of at least 2 percent by 1995, and would take all needed measures including tariff increases to achieve this result. Conditions of Effectiveness would be: (a) appointment in MEPER of a National Coordinator for implementation of the EMPS; and (b) signature of the subsidiary loan agreement between the Government and PUC for Praslin water supply improvements. Conditions of Disbursement of specific components would be: (a) signature of a Memorandum of Understanding between MEPER and SFA for supervision of the marine resources management plans; (b) completion of an assessment of the possible impacts of proposed water supply works on a national park on Praslin island; (c) appointment in LTD of a full-time representative on Praslin island for

management of the Praslin road rehabilitation program; and (d) increase in charges for landing of aircraft at Praslin airport to SR 30 per 1,000 kg of permissible weight or part thereof.

### **Environmental Aspects**

45. For the transport program, works will consist of paving and resurfacing of existing alignments rather than new construction. Elimination of dust problems on the present unpaved roads will mainly benefit road users. Effects on residents would be controlled by retaining the present alignments, which because of curves and other features are an automatic restraint on speed. The proposed Praslin water supply works are expected to have little or no adverse environmental impact. The GEF program should have significant positive effects on the environment, and the adverse impacts are again expected to be minimal. Studies and management planning comprise the bulk of this program. Civil works at the Aldabra research station will consist of rehabilitation of existing facilities rather than expansion. Overall environmental effects will be monitored by MEPER.

### **Program Objective Categories**

46. Although not intended to address poverty issues directly, the project would significantly benefit low-income populations in at least two respects. Poor families are affected more than others when marine resources such as octopus and lobsters become scarce. Preparation of management plans for marine resources would identify the sustainable yield of such resources, and consequently help prevent scarcities through over-exploitation. Aside from the poverty aspects discussed above, another program objective category addressed by the project is public sector management. Specifically, the project would support the efforts of public agencies to create the incentives for proper environmental management by all concerned groups.

### **Project Benefits**

47. Preparation of the EMPS in conjunction with the 1990-94 development plan represents in itself a major step toward incorporation of environmental practice into development decision-making. Within the EMPS program, the activities supported by the GEF program would primarily benefit the international community by addressing issues of global concern. GEF support of endangered sea turtles represents the pilot phase demonstration of how to meet the challenges of preservation of endemic biodiversity in isolated island communities. This program would provide alternative forms of livelihood and compensation for the foregone benefits of turtle harvesting to local populations. The Aldabra program, rather than seeking only to arrest degradation, aims at restoration and preservation of the ecosystem. For marine pollution, demonstration of how to deal with fishing fleet wastes will be beneficial to many other small islands which have fishing fleets operating in their marine economic zones. Finally, the direct beneficiaries of Praslin improvements will mainly be private operators of taxis and other vehicles for hire, the public bus company, and visitors enjoying easier access to departure points for tourism activities. Internal economic rates of return were calculated for the Praslin road improvement program (17 percent), water supply improvements (47 percent), and airport improvements (43 percent). The weighted average internal economic rate of return for all project elements for which a quantitative analysis was undertaken is 22 percent.

**Risks**

48. The main risk facing the project is that of delays in implementation due to the scarcity of trained staff. This risk would be minimized through the use of short-term technical advisers to provide specialized inputs, careful monitoring, and training. Among implementing agencies, SIF presents the greatest risk of inadequate management. This risk would be mitigated by the strengthened management capacity now being put in place at SIF, and by the hiring with GEF funds of two scientists with managerial experience over the span of two years.

**Recommendation**

49. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve it.

Lewis Preston  
President

Attachments  
Washington, D.C.  
December 2, 1992

## PROJECT COST ESTIMATES

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>	<u>% Foreign Exchange</u>	<u>% of Total</u>
	SR'000			US\$'000				
<b>I. ENVIRONMENT</b>								
<b>A. Resource Management Program</b>								
1. Prslin Water Supply, Phase II	530.3	193.5	723.8	106.1	38.7	144.8	27	2
2. Water Resources Study and Management Plans for Outer Islands	956.0	3,841.0	4,797.0	191.2	768.2	959.4	80	14
3. Marine Resources Management Plans	401.0	2,575.0	2,976.0	80.2	515.0	595.2	82	8
4. Organizational Study of Division of Environment	117.0	275.0	392.0	23.4	55.0	78.4	70	1
Sub-total	2,004.3	6,884.5	8,888.8	400.9	1,376.9	1,777.8	77	25
<b>B. Biodiversity Conservation and Marine Pollution Abatement Program (GRF)</b>								
1. Restoration and Preservation of Aldabra Ecosystem	397.0	2,576.0	2,973.0	79.4	515.2	594.6	87	8
2. Protection of Sea Turtles	3,029.0	2,284.0	5,313.0	605.8	456.8	1,062.6	43	15
3. Waste Reception Facilities (MARPOL) Study	77.0	688.0	765.0	15.4	137.6	153.0	90	3
Sub-total	3,503.0	5,548.0	9,051.0	700.6	1,109.6	1,810.2	61	26
<b>II. TRANSPORT</b>								
A. Prslin Road Improvement Program	2,938.3	7,037.7	9,976.0	587.7	1,407.5	1,995.2	71	28
B. Prslin Airport Improvements	253.0	1,183.3	1,436.3	50.6	236.7	287.3	82	4
C. Road Traffic Safety Program	422.0	1,792.0	2,214.0	84.4	358.4	442.8	81	7
Sub-total	3,613.3	10,013.0	13,626.3	722.7	2,002.6	2,725.3	73	39
<b>TOTAL BASE COST</b>	<b>9,120.6</b>	<b>22,445.5</b>	<b>31,566.1</b>	<b>1,824.2</b>	<b>4,489.1</b>	<b>6,313.3</b>	<b>71</b>	<b>90</b>
Physical Contingencies	469.7	1,463.4	1,933.1	93.9	292.7	386.6	76	6
Price Contingencies	392.7	1,136.5	1,529.2	78.5	227.3	305.8	74	4
<b>TOTAL PROJECT COST</b>	<b>9,983.0</b>	<b>25,045.4</b>	<b>35,028.4</b>	<b>1,996.6</b>	<b>5,009.1</b>	<b>7,005.7</b>	<b>72</b>	<b>100</b>

FINANCING PLAN  
(US\$ million)

	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
IBRD Loan	0.7	3.8	4.5
GET Grant	0.6	1.2	1.8
Government	0.7	--	0.7
<b>TOTAL</b>	<b>2.0</b>	<b>5.0</b>	<b>7.0</b>

**PROCUREMENT ARRANGEMENTS  
(US\$ MILLION)**

	<u>ICB</u>	<u>LCB</u>	<u>Other <sup>a/</sup></u>	<u>Not Applicable <sup>b/</sup></u>	<u>Total Cost</u>	<u>Percentage of Total</u>
Civil Works	2.5 (2.1)	0.1 (0.0)	0.1 (0.1)		2.7 (2.2)	39%
Equipment, Materials, and Supplies	0.6 (0.6)	0.2 (0.2)	0.2 (0.0)		1.0 (0.8)	14%
Training			0.2 (0.1)		0.2 (0.1)	3%
Technical Assistance <sup>a/</sup>			0.8 (0.7)		0.8 (0.7)	11%
Consulting Services <sup>a/</sup>			1.5 (0.6)		1.5 (0.6)	21%
Operating Expenses				0.2 (0.0)	0.2 (0.0)	3%
Artisan Compensation and Resettlement				0.6 (0.1)	0.6 (0.1)	9%
<b>TOTAL</b>	<b>3.1 (2.7)</b>	<b>0.3 (0.2)</b>	<b>2.8 (1.5)</b>	<b>0.8 (0.1)</b>	<b>7.0 (4.5)</b>	<b>100%</b>

**Note:** Figures in parentheses indicate amounts to be financed under Bank loan.

- <sup>a/</sup> International shopping, direct purchase, force account, and hiring of consultants
- <sup>b/</sup> Includes incremental operating costs and salaries and revenue compensation to artisans (GEF)
- <sup>a/</sup> Long-term advisers for studies
- <sup>a/</sup> Other consulting services for studies

## DISBURSEMENT ARRANGEMENTS

<u>Disbursement Category</u>	<u>Bank Loan Allocated, in US\$ million</u>	<u>% of Expenditure to be Financed</u>
Civil Works	2.1	100% of foreign expenditures and 75% of local expenditures
Equipment, Materials, and Supplies	0.7	100% of foreign expenditures and 75% of local expenditures
Training	0.1	100% of foreign expenditures and 50% of local expenditures
Technical Assistance	0.6	100% of foreign expenditures and 50% of local expenditures
Consulting Services	0.6	100% of foreign expenditures and 50% of local expenditures
Artisan Compensation and Resettlement	0.1	100% of foreign expenditures and 50% of local expenditures
Unallocated	0.3	
<b>TOTAL</b>	<b>4.5</b>	

Estimated Disbursements  
(US\$ million)

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>Total</u>
<b>Annual</b>						
IBRD Loan	0.8	1.9	1.1	0.5	0.2	4.5
GET Grant	0.3	0.7	0.6	0.2	-	1.8
Government	0.1	0.2	0.2	0.1	0.1	0.7
<b>Total</b>	<b>1.2</b>	<b>2.8</b>	<b>1.9</b>	<b>0.8</b>	<b>0.3</b>	<b>7.0</b>
<b>Cumulative</b>						
IBRD Loan	0.8	2.7	3.8	4.3	4.5	4.5
GET Grant	0.3	1.0	1.6	1.8	1.8	1.8
Government	0.1	0.3	0.5	0.6	0.7	0.7
<b>Total</b>	<b>1.2</b>	<b>4.0</b>	<b>5.9</b>	<b>6.7</b>	<b>7.0</b>	<b>7.0</b>

**SEYCHELLES****ENVIRONMENT AND TRANSPORT PROJECT****Timetable of Key Processing Events**

- |    |                                |  |
|----|--------------------------------|--|
| 1. | <b>Time taken to prepare:</b>  | <b>18 months</b>                         |
| 2. | <b>Responsible Bank unit:</b>  | <b>AF3IN</b>                             |
| 3. | <b>First Bank mission:</b>     | <b>September 1990</b>                    |
| 4. | <b>Identification mission:</b> | <b>September 1990</b>                    |
| 5. | <b>Preparation missions:</b>   | <b>February, July,<br/>December 1991</b> |
| 6. | <b>Appraisal mission:</b>      | <b>June-July 1992<sup>a/</sup></b>       |
| 7. | <b>Negotiations:</b>           | <b>November 1992</b>                     |
| 8. | <b>Planned Effectiveness:</b>  | <b>February 1993</b>                     |

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<sup>a/</sup> This project is based on the findings of an appraisal mission that visited Seychelles in June/July 1992, comprising O. Grimes (mission leader), F. Cardy (environmental specialist), A. Zohore (financial analyst), C.G. Lundin (ecologist), and L. Rasmussen (sanitary engineer).

## STATUS OF BANK GROUP OPERATIONS IN SEYCHELLES

A. STATEMENT OF BANK LOANS AND IDA CREDITS

September 30, 1992

<u>Loan Number</u>	<u>Fiscal Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Bank</u>	<u>Amount in US\$ Million (less cancellation)</u>
1					6.2
					6.2
					<u>2.08</u>
					4.12

B. STATEMENT OF IFC INVESTMENTS

September 30, 1992

	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
- Original commitment	16.10	0.00	16.00
- Disbursed and fully repaid	2.60	0.00	2.60
- Cancelled	<u>7.20</u>	<u>0.00</u>	<u>7.20</u>
Net Commitments	6.30	0.00	6.30
Undisbursed	6.30	0.00	6.30



# SEYHELLES

## GEF INVESTMENT: BIODIVERSITY PROTECTION

### ALDABRA ISLAND



