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DEPARTMENT OF STATE  
AGENCY FOR  
INTERNATIONAL DEVELOPMENT

PAAD

PROGRAM ASSISTANCE  
APPROVAL DOCUMENT

1. PAAD NO.	662-K-605		
2. COUNTRY	SEYCHELLES		
3. CATEGORY	COMMODITY FINANCING STANDARD PROCEDURE		
4. DATE	OCTOBER 1985		
5. OYB CHANGE NO.	N/A		
6. OYB INCREASE	NONE		
TO BE TAKEN FROM:	N/A		
10. APPROPRIATION - ALLOTMENT			
11. TYPE FUNDING	12. LOCAL CURRENCY ARRANGEMENT	13. ESTIMATED DELIVERY PERIOD	14. TRANSACTION ELIGIBILITY DATE TIME OF SIGNIN
<input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE	3/86 - 9/86	THE GRANT AGREEMENT
15. COMMODITIES FINANCED			

7. FROM:  
JOHN W. KOEHRING  
DIRECTOR, REDSO/ESA  
8. APPROVAL REQUESTED FOR COMMITMENT OF:  
\$ 1,914,000

POL (Medium Fuel Oil - 180 Centistokes and Diesel fuel)

16. PERMITTED SOURCE

U.S. only:  
 Limited F.W.: CODE 941 \$1,714,000  
 Free World: CODE 935 \$ 200,000  
 Cash:

17. ESTIMATED SOURCE

U.S.:  
 Industrialized Countries: \$200,000  
 Local:  
 Other: \$1,714,000

18. SUMMARY DESCRIPTION

THE PROGRAM IS justified on the grounds of improving the Government of Seychelles' (GOS) balance of payments and difficult budgetary situation. The \$1.914 million from ESF will be used to purchase and transport POL (medium fuel oil and diesel fuel) from Geographic Code 941 sources. The POL will be used by the Seychelles Electricity Corporation to power its electric generators:

The local currency equivalent (\$1.914 million in Seychelles Rupees) will be used to finance and support the GOS' proposed plans for the East Coast port expansion project which will support the development of a fishing industry, which will create employment opportunities for Seychelles and earn foreign exchange.

19. CLEARANCES

PROJ: JGRAHAM (DRAFT)	14/11/85
RLA: PSCOTT (Draft)	11/3/86
RCMO: BSTADER (DRAFT)	15/11/85
REMG: PKRAMER	
D/DIR: AMEELL	3/11/86

20. ACTION

APPROVED  DISAPPROVED

*John W. Koehring*  
 AUTHORIZED SIGNATURE

MAR 15 1986  
 DATE

DIRECTOR, REDSO/ESA  
 TITLE

CLASSIFICATION:

**SEYCHELLES FY 86 CIP PAAD  
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## I. SUMMARY AND RECOMMENDATIONS

- A. Title : Seychelles FY 1986 Commodity Import Program
- B. Amount : \$1,914,000 (US dollars one million nine hundred fourteen thousand).
- C. Type of Funding : Economic Support Fund (ESF) Grant.
- D. Term of Program : Twenty-one months
- E. Executing Agency : Department of Finance
- F. Program Justification:

The political and security interests of the United States are best served by encouraging a stable, neutral, and independent environment in Seychelles. The justification for the FY 1986 Commodity Import Program (CIP) is based upon the desirability of assisting Seychelles to: improve its balance of payments position; increase foreign exchange resources; and, finance the capital investment required to promote long-term economic growth.

### G. Program Description:

This document proposes to authorize a Commodity Import Program for Seychelles which provides \$1,914,000 for FY 1986 and expands the range of commodity support from previous CIP's to include diesel fuel, as well as medium fuel oil, for the generation of electricity. The design of the FY 1986 CIP is based upon four previous years of experience with Commodity Import Programs in Seychelles and reflects the following conditions:

1. Opportunities for US exports to Seychelles are extremely limited;
2. The Seychelles private sector is small and imports few bulk commodities;
3. Limited USAID resources to implement and monitor the Seychelles Program necessitate that administrative procedures for the CIP be minimized;
4. To more accurately reflect the mix of fuels used by the Seychelles Electricity Corporation, the end-user of the financed commodities, diesel fuel, as well as medium fuel oil, will be included in this year's CIP; and,
5. An additional benefit of selecting medium fuel oil and diesel fuel for program financing is that they can be purchased from a developing country.

The GOS Project Appraisal Committee (PAC) is proposing that most of the local currency generated by the sale of the medium fuel oil and diesel fuel to the Seychelles Electricity Corporation for their power generating plant be used to support local cost requirements of the East Coast Port Expansion Project, Mahe. This multi-donor supported development project will enhance the fishing and trading industries, and ultimately, foreign exchange earnings and economic growth in Seychelles.

The FY 1986 CIP for Seychelles is responsive to the extent possible to the Congressional requirements shown in Section 801 of the International Security and Development Cooperation Act of 1965 that imports financed by CIP's in Africa be used to meet long-term development needs in those countries. Specifically, imported fuels, financed by foreign exchange under the CIP mechanism, are used to produce a capital good (electrical power) which is primarily consumed (70 percent) by the tourism industry, the major source of foreign exchange, and local industry. In terms of the local currencies generated by the CIP, these again are reinvested in a long-term capital investment, in the form of the East Coast Project mentioned above. An annual evaluation by REDSO/ESA is scheduled to review the Program in relation to its relevance to the long term development needs of Seychelles.

H. Program Implementation:

1. Institutions: The institutional relationships for the FY 1986 CIP are:

- a) The Ministry of Planning and External Relations, GOS is responsible for the overall coordination of the Program and the allocation of counterpart funds. The Department of Finance is responsible for overseeing the implementation of the commodity procurement and collecting and warranting counterpart funds.
- b) The United States Agency for International Development (USAID) is the financing institution;
- c) The Seychelles Petroleum Company (SEPEC) is the import agent of the GOS for all petroleum products in Seychelles; and,
- d) The Seychelles Electricity Corporation (SEC) is the end user of the program financed petroleum products.

2. Waivers: The following waivers/determinations have been requested and approved from AID/Washington :

- a) A source/origin waiver to permit purchase of the selected commodities from a Code 941 country;
- b) A certificate of non-availability of US flag vessels;
- c) A waiver to permit shipping on Code 935 vessel; and,
- d) A prior approval for a charter shipping.

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3. IEE: An Initial Environmental Examination has been prepared, cleared by the Regional Environmental Officer with the concurrence of the Regional Legal Advisor, and is attached for approval by the REDSO/ESA Director as per State 004005 and State 323763
4. Statutory Checklist: A Statutory Checklist has been prepared and is attached as Annex B.
1. Recommendation:

It is recommended that the REDSO/ESA Director approve this PAAD and sign an amendment to the existing Seychelles CIP Grant Agreement which provides an additional grant of \$1,914,000 (US dollars one million nine hundred fourteen thousand) from ESF funds for the purpose of purchasing medium fuel oil and diesel fuel for the Government of Seychelles to be used to generate electric power.

J. PAAD Design Team:

1. W. Jeffers, PDO, REDSO/ESA
2. B. Stader, RCMO, REDSO/ESA

## II. PROGRAM JUSTIFICATION

### A. The Government of Seychelles

The Republic of Seychelles, which became independent in 1976, consists of more than 100 islands with a total land area of only 164 square miles scattered over 400,000 square miles of the Indian Ocean. About 90% of the total population of 65,000 is located on the main island of Mahe. One third of the islands are within 22 miles of Mahe and typically have a granite mountainous interior and a narrow coastal strip. The remaining islands are largely uninhabited.

Following general elections in June, 1984, in which President Albert Rene was overwhelmingly elected to another five year term, the President has concentrated governmental efforts on internal economic changes. These changes, according to the President, are aimed at lessening imports and increasing local productive activity, the ultimate goal being self-sufficiency in food production.

At the same time, a number of inaccurate stories appeared in overseas newspapers stating that the Seychelles Government had very close ties with the Soviet Union and would soon allow the Soviets to build military bases in Seychelles. The culmination was a small public demonstration against close Soviet ties in September 1984.

In reply, some participants were arrested and President Rene gave a series of nationwide talks, continually stressing that Seychelles and his government is non-aligned. Although he subscribes to socialistic principles, the President denied that he is a Marxist or communist.

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The Five Year National Plan for 1985-1989 was recently issued and, as expected, it calls for heavy investment in the most productive sectors of the economy and downplays investment for infrastructure. The Plan is aimed at reducing imports through the creation of import substitution industries and of new employment opportunities. For "increases in efficiency and economy", an expanded agriculture and marketing board was established with increased regulatory powers. This decision is not popular with some sectors of the population. Many individuals, even within the Seychelles Peoples Progressive Front, argue that increasingly tight governmental control is unlikely to be successful and that the lack of trained manpower will guarantee failure. President Rene, in turn, has stated that increased government control is necessary if the country is to improve its balance of payments situation and if proper investments are to be made in productive sectors of the economy. He has said that the private sector has a key role to play, although many individuals say that the effect of the Marketing Board (which will administer many of the measures of the National Plan) will be to increase pressure on the small private sector, especially in the area of retail trade.

The recent Seychelles voting pattern in the United Nations General Assembly and in other international organizations has been more neutral than in the past. Since 1982 President Rene has determined that Seychelles will abstain on issues of major importance to the super-powers, but in 1984 Seychelles broke that pattern and on several occasions supported US positions.

Since 1983 US and British Naval vessels have been allowed to make port calls in Victoria. The US continues to operate the USAF Satellite Tracking Station facility on Mahe Island without any harassment or difficulty. The GOS has also granted permission to the British Broadcasting Corp. to establish an Indian Ocean relay station (to be constructed in 1986).

Although North Korean troops are still in residence, their number has decreased. There is much less reference to particular ideologies than in the past. Overall, for the USA, the political climate is reasonably satisfactory and improving.

## B. Macro-Economic Overview

### 1. Structure and Performance

The following analysis should be read in context of the FY 1985 PAAD. During the early 1970's, the economy shifted from mainly agricultural and fishing production, with little external trade, to a service economy dependent on tourism. Until the opening of the international airport in 1971, the economy produced mainly copra and cinnamon for export, and fruit, vegetables, and fish for domestic markets. With the opening of the airport, the number of tourist arrivals increased from 3,000 in 1971 to 79,000 in 1979, an average annual increase of 50 percent. During the first half of the decade, construction of hotels, roads, water, electricity and transport facilities increased rapidly. Services supporting tourism such as trade, banking, and handicrafts also expanded. When the associated effects of tourist expenditure are considered, tourism contributes about 50 percent of GDP. In 1976, the first year for which national income data are available, tourism and other services, including government, provided 75 percent of GDP.

With the large increase in the numbers of tourists, real GDP grew rapidly, averaging a 10% annual increase from 1976 through 1979. After 1979, however, the volume of tourists declined sharply because of recession in the industrialized countries, rising air fares, uncertainties resulting from the raid by mercenaries in 1982, falling hotel standards, and increasing costs associated with the 15% revaluation of the Rupee in 1981. Revaluation was intended to reduce domestic inflation, but other countries competing for tourists, such as Kenya and Mauritius, were devaluing their currencies which resulted in a decline in Seychelles' relative competitiveness. Because of the decline in tourism, real GDP declined annually for four consecutive years to \$2,300 per capita in 1983. Tourists arrivals declined from 79,000 in 1979 to 47,000 in 1982 and two commercial airlines discontinued services to Seychelles. However, from 1976 to 1982, the share of tourism in GDP decreased from 14.6 percent to 11.4 percent. More recently price competitiveness and the quality of services have improved, airline connections have increased, and the number of tourists arriving in 1983 and 1984 increased to 56,000 and 65,000, respectively. Arrivals in 1985 through June were 17 percent higher than the first half of 1984. Another important economic activity and foreign exchange earner, fishing, is on the upswing.

## 2. Balance of Payments

Seychelles normally has a large merchandise trade deficit, exports constituting only 4% of GDP with imports two thirds of GDP. Before 1979, the trade deficit was financed by receipts from tourism and transfers from the rest of the world. However, service earnings declined from \$87.8 million in 1980 to \$65.1 million in 1983. As tourism receipts declined, external borrowing increased for development programs, mainly from the United Kingdom and the African Development Bank.

The external public debt, which was only SR 11 million in 1977, increased rapidly to SR 159.0 million in 1980, and SR 405.0 million in 1983 (US \$60.0 million) However, although the debt service ratio increased sharply, it was still only 3.9 percent in 1983. Service payments for the port project will increase the debt service ratio during the late 1980's.

## 3. Foreign Exchange Reserves

Foreign exchange reserves declined steadily after the peak of US \$18.4 million at the end of 1980 to \$10.0 million in 1983, \$5.4 million in 1984 and \$4.7 million at the end of July 1985.

#### 4. Public Finance:

Fiscal conditions have also deteriorated. The budget deficit increased from 7.5 percent of GDP in 1979 to 16 percent in 1983. The deficit has resulted largely from parastatal organizations, which exist in nearly all sectors of the economy, incurring large deficits and requiring budget subsidies. Prices rose 13 percent annually from 1976 through 1980 but the revaluation reduced the rate of increase to 4 percent in 1984 and under 2 percent, so far, in 1985. The GOS has attempted to reduce the budget deficit by increasing duties and expanding the turnover tax. Expenditures have been curtailed and salaries have been frozen since 1983. A study is being undertaken to review the financing and management of parastatal enterprises and is scheduled to be completed this year. The Rupee has remained fully convertible in international markets.

#### 5. Economic Policy Objectives

Significant progress has been achieved by the GOS under the Fourth National Economic Development Plan 1982-86. Financing for agriculture and fisheries increased, almost double from previous plans, to 26% of planned expenditure. At the same time, the share allotted to social services was reduced substantially. The major economic policy objectives of the Fifth National Development Plan for 1985-89 are to: (1) revive tourism; (2) diversify production; (3) reduce imports; and (4) reduce the budget deficit.

#### C. US Assistance Objectives

US interests in Seychelles are: (1) the continued operation of the US Satellite and Space Vehicle Tracking Station; (2) access to Seychelles ports for US ships; and, (3) the maintenance of good relations between the Government of Seychelles and the Government of the United States of America.

These interests are best advanced by supporting the GOS's efforts to: (1) improve its balance of payments position; (2) increase the country's foreign exchange resources; and, (3) finance those capital investments contained in the National Development Plan which will facilitate sustained economic growth. This approach recognizes the benefits of tourism, external assistance, and the consequent value of a moderate, non-aligned foreign policy.

#### D. Prior Commodity Import Programs

The initial Seychelles Commodity Import Program (CIP) was authorized in FY 1982 in the amount of US \$ 2.0 million. Subsequently, this program was expanded by means of Grant Agreement amendments in FY 1983, FY 1984, and FY 1985 which, in each case, provided an additional annual increment of \$ 2.0 million. To date, a total of \$8.0 million has been provided for Commodity Import Programs in Seychelles. The first three Programs, from FY 1982 through FY 1984, have been fully disbursed. The FY 1985 Program, which was obligated by Grant Agreement Amendment Number 3 signed on March 28, 1985, has disbursed \$602,883 as of October 1st 1985.

All four previous Commodity Import Programs have been used to finance the purchase of medium fuel oil by the Government of Seychelles. In turn, this fuel oil has been resold to the parastatal Seychelles Electricity Corporation, which uses it to power its electric generators. This electric power sustains tourism and other productive endeavors. Recent SEC figures indicate that commercial and industrial users (including tourism) consume almost 70 percent of the electric power generated. Moreover, the procurement and delivery of medium fuel oil has been on schedule, and in all other ways consistent with the implementation plan.

The local currency generated by past Commodity Import Programs have been used by the GOS to improve local infrastructure and increase the productive capacity of the Seychelles economy. Specifically, these funds have been used to rehabilitate roads on the main island of Mahe, to construct a potable water system and aerodrome on the island of Praslin, to establish a pilot boat building scheme on the island of La Digue, and to support the construction and equipment of the Agricultural Research Station at Grand Anse, Mahe. The principal investment for the local currencies now being generated by the FY 1985 CIP is the East Coast Project, a multi-donor capital project which will rehabilitate and expand the port facilities (fishing and commercial) in Victoria. For more details on these projects see Annex C.

REDSO/ESA and Embassy personnel have visited the sites of all of these projects and have concluded that satisfactory progress has been achieved and adequate provisions for maintenance exist. Peace Corps personnel have made major contributions to the implementation and management of CIP local currency-financed projects. All of these projects have been approved by the Project Appraisal Committee and concurred in by the US Embassy and REDSO/ESA as being appropriate and development oriented.

#### E. Other Donors

Although funding from multilateral sources and export credits are increasingly being secured, nearly ninety percent of development assistance to Seychelles has been provided through bilateral programs, mainly from the United Kingdom, France, and the U.S. The amount of development assistance appears to have diminished about twenty-five percent since 1980, having declined from US \$21.8 million to US \$15.9 million in 1983. Over the same time period, the share of grants has increased from 62.4 percent to 88.1 percent. In recent years France has replaced the U.K. as the largest donor. Multilateral financing, mainly from the African Development Bank, the Kuwait Fund for Arab Economic Development, and the Arab Bank for Economic Development of Africa, has been the primary source of funding for the Mahe East Coast Project, the largest development project ever undertaken in Seychelles. Development financing data from Eastern Bloc countries is not available, but is estimated to be much less than the amounts from Western and OPEC bilateral and multilateral sources.

### III. PROGRAM DESCRIPTION

#### A. Proposed Assistance

This Program Assistance Authorization Document (PAAD) proposes to provide an additional US \$1.194mil. grant from FY 1986 ESF funds for the purposes of financing an amendment to the existing Seychelles Commodity Import Program Grant Agreement.

Commodity Procurement:

1. Procurement Under Previous CIP's: The previous four CIP Programs in Seychelles have financed approximately 10,000 Metric Tons (MT) of medium fuel oil each year. The decision to limit procurement to this one commodity was based upon the following:

- a) With no AID Mission in country, the program had to be kept simple to minimize monitoring and implementation requirements;
- b) Since medium fuel oil is the primary fuel used to generate electricity on the islands, financing this commodity contributed directly and in a significant way to productive activity in the country;
- c) Very little opportunity exists to finance the importation of US products into Seychelles. US trade with this country is extremely limited and for geographic and historical reasons is unlikely to grow;
- d) Foreign exchange disbursements for medium fuel oil flow to an AID Geographic Code 941 country. Thus AID financing of medium fuel oil has contributed to strengthening an intra-regional trading relationship in keeping with AID strategy in this area of the world.

2. Selection of Commodities for the FY 1986 CIP:

The FY 1986 Seychelles CIP will finance the importation of both medium fuel oil and diesel fuel for use by the Seychelles Electricity Corporation (SEC) to generate electricity. The above-mentioned factors continue to be valid reasons for limiting the program to a simple procurement of bulk commodities. However, an analysis of the actual and projected fuel use by the SEC indicates the desirability of financing both diesel fuel and medium fuel oil under this year's CIP. A table, provided by the SEC, of actual and projected fuel use by type and year follows:

SEC FUEL REQUIREMENTS  
1984-1986

<u>Year</u>	<u>kwh Generated</u>	<u>Diesel Fuel(MT)</u>	<u>Fuel Oil (MT)</u>
1984	54,640,223	5,025	8,486
1985	58,434,310	7,610	7,000
1986	60,187,339	6,520	8,700

It should be noted that approximately \$500,000 of available 1985 CIP funding will be undisbursed at the end of this year. This pipeline has developed because previous CIP's financed medium fuel oil in quantities which were actually in excess of SEC annual usage. These CIP's were based upon SEC optimistic projections which contained higher usage of medium fuel oil and lower usage of diesel fuel than actually occurred. Because maintenance costs and periods of downtime for the generating equipment increase as medium fuel oil is substituted for diesel fuel, the SEC has been unable to carry out planned increases in the use of cheaper medium fuel oil vis a vis more expensive diesel fuel.

In order to rectify this situation, this year's CIP will finance both medium fuel oil and diesel oil in approximately the same proportions as was used by SEC in 1985, i.e one part medium fuel oil to one part diesel fuel. Under current market conditions, available funds will finance approximately 6,000 MT of medium fuel oil and 6,000 MT of diesel fuel.

### C. Use of Local Currencies

#### 1. Process for Generating Local Currencies:

From the date that the petroleum fuels are delivered to Seychelles, a ninety day period is provided to deposit the local currency equivalent of the dollar value of the shipment in a separate account with the Seychelles Central Bank. This account is part of the Development Fund, which finances the GOS capital investment. Allocations from this account, for the purposes of financing local development projects, is made by the Project Appraisal Committee which includes: the President; the Ministers of National Development, Manpower and Social Security, and Education; the Principal Secretaries from the Office of the President, the Ministries of Planning, and Manpower and Social Security and the Department of Finance; and, individual technical personnel as needed. The US Embassy, Victoria and REDSO/ESA review and concur in the allocation decisions of the Project Appraisal Committee. These arrangements for establishing and allocating counterpart funds have worked well during previous CIP's and no changes are proposed for the FY 1986 Program.

#### 2. Programming of Local Currency Generations

The GOS has tentatively proposed to use most of the local currency generations from the FY 1986 CIP for the East Coast Project, Mahe. The final decision will be made at the upcoming PAC meetings. Subsequently, the US Embassy, Victoria and REDSO/ESA will be requested to concur in these decisions. The East Coast Project provides for the rehabilitation and expansion of the fishing and commercial ports in Victoria, including the complementary development of adjacent processing and industrial facilities. There are six major components to the Project: harbor dredging; commercial port quays; commercial port services; fishing port quays; fishing port services; and, road rehabilitation. The initial construction phase of the East Coast Project started in 1984 and is expected to be completed by the end of 1987. The US is one of a number of donors financing the East Coast Project. Loans are being provided by the IBRD (\$6.2 million), the African Development Bank (\$6 million), the Kuwaiti Fund (\$5.0 million) and BADEA (\$5.0) million. The GOS is expected to make direct investments of about \$6.5 million in the East Coast Project. A full description of the East Coast Project was provided as part of the the FY 1984 PAAD.

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The local currency generated under the FY 1984 and FY 1985 CIP's have provided an estimated \$ 3.0 million for the construction of a causeway and stone shoring to protect the port area. Approximately fifty percent of the causeway has been completed and the building of the stone shoring has started. Local currencies made available from the FY 1986 CIP are currently planned to finish construction activities and, thereafter, funds will be programmed to support development activities in the port area.

D. Impact of the FY 1986 CIP

A comparison with figures provided by the Seychelles Electricity Corporation (SEC) indicates that the FY 1986 CIP, together with the residual balance from the 1985 Program, will finance approximately 75 percent of the fuel requirements of the SEC for the coming year. Information from the Seychelles Petroleum Company (SEPEC), the sole importer of petroleum products in Seychelles, indicates that the program-financed commodities will represent approximately 40 percent of the total medium fuel oil and 20 percent of the total diesel fuel requirements of the country. The Program is, thus, a significant contribution spurring economic development in Seychelles.

With respect to the financial impact of the FY 1986 CIP, the US \$1.914 million foreign exchange represents 40 percent of the current Seychelles foreign exchange reserves. The SR 12.5 million of counterpart funds generated by this CIP is equivalent to about 8 percent of the GOS capital expenditures for FY 1985.

**IV. PROGRAM IMPLEMENTATION**

A. Implementation Responsibilities:

Overall coordination responsibility for the program will fall upon the office of the Principal Secretary of the Ministry of Planning and External Relations. The implementation responsibility for procurement actions and for collecting and warranting counterpart funds rests with the Principal Secretary, Department of Finance. In contrast to previous CIP's where Shell of the Islands served as the GOS agent, the Seychelles Petroleum Company, (SEPEC) will now act as agent for the Ministry of Finance in effecting the procurement and receiving the medium fuel oil and diesel fuel. REDSO/ESA will oversee the implementation of the program to ensure compliance with AID requirements.

B. Commodities To Be Purchased:

As noted above, the foreign exchange made available under the Program will finance the procurement of approximately 3,300 MT of medium fuel oil and 6,000 MT of diesel fuel. Additionally, the approximately \$500,000 remaining undisbursed from the 1985 CIP will be used to procure approximately 2,700 M.T. of additional medium fuel oil. The above commodity mix more accurately reflects the actual use of generating fuel used by the Seychelles Electricity Corporation (SEC).

**C. Procurement Arrangements:**

In contrast to previous CIP's where negotiated procurement procedures were used, the medium fuel oil and diesel fuel will be purchased using an Invitation for Bid (IFB) issued by the SEPEC acting as agent for the GOS Department of Finance. The IFB will be prepared with the assistance of the REDSO/ESA RCMO. Specifications for the medium fuel oil and diesel fuel will be provided by SEPEC and reviewed by SEC, the end user of the commodities. The IFB will be advertised in Kenya and distributed to oil companies requesting them. Sealed bids will be received at the REDSO/RCMO office in Nairobi. A bid public opening will then be held at the Department of Finance offices in Victoria about one week after the bid deadline. The IFB will call for bids on 6,000 MT of medium fuel oil and 6,000 MT of diesel fuel, plus or minus twenty percent of each individual quantity in order to provide leeway in the amounts ordered and to fully utilize the funds available.

**D. Financing Arrangements:**

Payment will be made to the winning supplier(s) under an AID Direct Letter of Commitment to be issued by the RFMC/Nairobi. An AID Direct Letter of Commitment has been chosen as the financing mechanism in order to eliminate unnecessary banking charges. It is anticipated that no more than two Direct Letter of Commitment and no more than four partial payments will be required for the entire program and, thus, AID direct financing will not cause an undue burden on RFMC. Because it has been necessary to extend the terminal dates in past CIP's, these dates for the FY 1986 CIP Program will be set, dating from the signing of the Grant Agreement Amendment, as follows:

1. Terminal Date for Requesting Disbursement Authorizations - 15 months
2. Terminal Shipping Date - 20 months
3. Terminal Disbursement Date - 21 months

**E. Program Implementation Schedule:**

The following schedule is also referenced to the date of the the signing of the Grant Agreement Amendment:

1. Conditions Precedent Met: 30 days
2. IFB Prepared 60 days
3. DRA Obtained from AID/W 75 days
4. IFB Issued 90-100 days

- |                                      |                                     |
|--------------------------------------|-------------------------------------|
| 5. <u>Gas received</u>               | 120-130 days                        |
| 6. <u>Bld Opening/Contract Award</u> | 137-145 days                        |
| 7. <u>Shipments of Fuel</u>          | First- 180 days<br>Second- 360 days |
| 8. <u>Final Payment</u>              | 360-400 days                        |

**F. Receipt and Utilization:**

The fuel financed under the Program will be received by the SEPEC as agents for the Government of the Seychelles. Plans call for the fuel to be received in two shipments: all of the diesel fuel and one half of the medium fuel oil in June 1986 and the remainder of the medium fuel oil in December 1986. Two shipments are indicated since SEPEC has storage capacity for only 6,400 M.T. of medium fuel oil and 8,000 M.T. of diesel fuel. A charter party has been used by the winning bidder on past CIP's to effect shipment of fuel from Mombasa and a similar scenario is likely under this year's program. The medium fuel oil and diesel fuel will be sold to the Seychelles Electricity Corporation. Deposits to the special account will be made by SEPEC in three equal monthly installments beginning 30 days after receipt of the fuel.

**G. Reporting Requirements:**

Reporting requirements under the previous CIP's will be continued. Three types of reports are required: the Commodity Report detailing the arrival and disposition of AID financed imported commodities; the Finance Report which provides information on the allocation and expenditure of local currency generated by the Program; and, the Progress Report which outlines the progress being made in implementing the local currency-financed projects. These reports have been adequate to effectively monitor past activities. Changes to these reporting procedures are, thus, not necessary.

**H. Program Evaluation:**

A Program Evaluation will be undertaken by the GOS and REDSO/ESA twelve months after the signing of the Grant Agreement Amendment, pursuant to Title VIII-Africa, Section 801 (b) of the Foreign Assistance Act, to assess progress against the objectives established for the CIP

**I. Waivers:**

As in past CIP's in Seychelles, the following waivers/ determinations have been requested

1. A waiver from AID Geographic Code 000 to AID Geographic Code 941 to permit purchase of the fuel from a neighboring RLDC.
2. A certificate of non-availability of U.S. Flag Vessels. U.S. Flag vessels are not available for charter shipment to Seychelles.
3. A waiver to permit shipping on Code 935 vessels.
4. Prior M/SER/COM approval of a chartered shipping arrangement.

## V. NEGOTIATING STATUS AND COVENANTS

The PAAD team discussed the contents of this document with both the Ministry of Planning and External Relations and the Department of Finance. During these discussions all substantive issues have been resolved.

A principal concern of the design team has been to ensure that the procurement and utilization of the previous programs resources have been used effectively. Our conclusions are that the four previous CIP's have been successful, by every measure, and that the implementation and monitoring procedures are satisfactory. Nevertheless, a pipeline on medium fuel oil was beginning to develop which could adversely affect the implementation of the FY 1986 CIP. By expanding the eligible commodity to include diesel fuel and, by spacing the shipments of medium fuel oil, this problem has been overcome. Therefore, no problems are anticipated in the FY 1986 CIP.

The Grant Agreement Amendment has been prepared and is ready to be signed by the REDSO/ESA Director in Victoria as soon as the project is authorized and funds become available. The Grant Agreement Amendment includes, as a condition precedent, that the GOS must provide a letter indicating the individual(s) who may sign on behalf of the GOS.

**MINISTRY OF PLANNING AND EXTERNAL RELATIONS**

P.O. Box 656, National House, Victoria, Republic of Seychelles  
Telex: 2260 MINAE SZ Telephone 22041



Please address all correspondence to the Principal Secretary:

Your Ref:  
Our Ref: ERC/110/8/6  
Enquiries To:  
Telephone Ext:  
Date: 25th October, 1985.

H.E. Mr. I. Hicks  
Ambassador of the USA  
American Embassy  
P O Box 251  
Victoria.

Excellency,

US/SEYCHELLES COMMODITY AID AGREEMENT 1985 - 86

I wish to express Seychelles Government's gratitude for the Commodity Aid worth 2m US\$ which was made available by your Government for the fiscal year 1984 - 85.

This intervention contributed positively to our balance of payments and the counterpart funds generated therefrom have allowed the financing of several very important projects in many fields. I believe that both our Governments have been satisfied with the prompt and efficient utilisation of the funds and with the system of quarterly reporting.

It is in this context that I would like to request another 2m US\$ for the coming fiscal year. Seychelles Government wishes to continue the existing programme of buying petroleum products and selling to Seychelles Electricity Corporation to generate counterpart funds.

In anticipation of your favourable reply I ask you to accept, Excellency, the assurances of my highest consideration.

Danielle de St. Jorre (Mrs)  
PRINCIPAL SECRETARY (ER)

NON-PROJECT ASSISTANCE

As Revised on 01/02/86

3A(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

GENERAL CRITERIA FOR COUNTRY  
ELIGIBILITY

1. FAA Sec. 481(h); FY 84 Continuing Resolution. Has it been determined or certified to the Congress by the President that the government of the recipient country has failed to take adequate measures or steps to prevent narcotic and pschotropic drugs or other controlled substances (as listed in the schedules in Section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971) which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country to United States Government personnel or thier dependents or from entering the United States unlawfully? No
2. FAA Sec. 481(h)(4). Has the President determined that the receipient country has not taken adequate steps to prevent (a) the processing, in whole or in part, in such country of narcotic and psychotropic drugs or other controlled substances, (b) the transportation through such country of narcotic and psychotropic drugs or other controlled substances, and (c) the use of such country as a refuge for illegal drug traffickers? No
3. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government? No
4. FAA Sec. 602(e)(1). If assistance is to a government, has it (included government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligation toward such citizens or entities? No

5. FAA Sec. 620(a), 620(f); 620(D); FY 1985 Continuing Resolution Sec. 512 and 513. Is recipient country a Communist Country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver? No
  
6. FAA Sec. 620(i). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action of U.S. property? No
  
7. FAA Sec. 620(1). Has the country failed to enter into an agreement with OPIC? No
  
8. FAA Sec. 620(o): Fishermen's Protective Act, 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against any U.S. fishing activities in international waters? No
  
9. FAA Sec. 620(q): FY 1985 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year or interest or principal on any U.S. loan under a program for which the appropriation bill (or continuing resolution) appropriates funds? No
  
10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Taking into Consideration" memo: taken into account by the Administrator at time of approval of Agency OYB. This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.) Yes.

11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No
  
12. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration Memo.) No
  
13. FAA Sec. 620A; FY 1985 Continuing Resolution Sec. 521. Has the country aided or abetted, by granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime? No
  
14. ISDCA Of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? No
  
15. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No
  
16. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safe-guards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 699 for Pakistan). No

17. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported illegally (or attempted to export illegally) from the United States any material, equipment, or technology which would contribute significantly to the ability of such country to manufacture a nuclear explosive devise? No
18. ISDCA of 1981, Sec. 720. Was the country represented at the meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be Taking into Consideration Memo.) N/A
19. FY 1985 Continuing Resolution. If assistance is from the population functional account, does the country (or organization) include as part of its population planning programs involuntary abortion? N/A
20. FY 1985 Continuing Resolution Sec 530. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?
21. FY 1986 Continuing Resolution Section 513. Will U.S. bilateral assistance funds be provided to any country whose duly elected head of government is deposed by military coup or decree? No
22. FY 1986 Continuing Resolution. If assistance is for Mozambique, is assistance provided only for activities in support of the private sector? No

B. FUNDING CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

- a) FAA Sec. 116. Has the Department of state determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the ~~people~~ <sup>people?</sup> N/A

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2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

No

3A(2) - NONPROJECT ASSISTANCE CHECKLIST

The criteria listed in Part A are applicable generally to FAA funds, and should be used irrespective of the program's funding source. In Part B a distinction is made between the criteria applicable to Economic Support Funds and the criteria applicable to Development Assistance. Selection of the appropriate criteria will depend on the funding source for the program.

CROSS-REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? IDENTIFY.  
HAS STANDARD ITEM CHECKLIST BEEN REVIEWED?

A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

1. FY 86 Continuing Resolution, Sec. 101(b), FY 85 CR.

a. Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the non-project assistance;

The congress has notified in the FY 1986 Congressional Presentation, Annex 1, p. 389.

b. Is assistance within (Operational Year Budget) country or international organization allocation reported to the Congress (or not more than \$1 million over that amount)?

Yes

c. If the proposed assistance is a new country program or will exceed or cause the total assistance level for the country to exceed amounts provided to such country in FY 85, has notification been provided to Congress?

Program is not new and will not cause the country total to exceed FY 85 level.

2. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is the basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

No further legislative action is required.

3. FAA Sec. 209. Is assistance more efficiently and effectively given through regional or multilateral organizations? If so why is assistance not so given? Information and conclusion whether assistance will encourage regional development programs.

No

- |   |   |
|---|---|
| <p>4. <u>FAA Sec. 601(a)</u>. Information and conclusions whether assistance will encourage efforts of the country to: (a) increase the flow of international trade;(b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce, and (f) strengthen free labor unions.</p> | <p>The Seychelles FY 86 CIP provides foreign exchange to the GOS which allows it to purchase petroleum products for a Code 941 country and re-invests the local currencies generated into the development of the Victoria Port, an important facility supporting international trade in the Indian Ocean.</p> |
| <p>5. <u>FAA Sec. 601(b)</u>. Information and conclusion on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).</p>   | <p>The FY 86 CIP will minimally affect US trade for reasons stated in the PAAD.</p>   |
| <p>6. <u>FAA Sec. 121(d)</u> If assistance is being furnished under the Sahel Development Program, has a determination been made that the host government has adequate system for accounting for and controlling receipt and expenditure of A.I.D. funds?</p>   | <p>N/A</p>  |
| <p>7. <u>FY 1985 Continuing Resolution Sec. 536</u>. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution?</p>   | <p>No</p>   |
| <p>8. <u>FAA Sec. 609</u>. If commodities are granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?</p>  |   |

9. FY 86 Continuing Resolutions. Will AID funds be available to any organization or program that supports or participates in the management of a program of coercive abortion or involuntary sterilization? Will AID funds be available only to voluntary family planning projects which offer either directly or through referral information about, or access to a broad range of family planning methods and services. N/A
10. FAA 86 and FY Continuing Resolutions, Sec. 522. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting operative and is such assistance likely to U.S. producers of the same or similar competing commodity? Yes
11. FAA Sec. 118(c) and (d). Does the program comply with the environmental procedures set forth in AID Regulation 16? Does the program take into consideration the problem of the destruction of tropical rain forests? Yes
12. FAA Sec. 612(b), Sec. 636(h); FY 86 and FY 85 Continuing Resolutions Sec 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of contractual and other services in lieu of dollars. This is a commodity import program which does not require local currencies for implementation. Host country owned local currencies generated under the program will be used for agreed upon development purposes. The U.S. owned local currencies are not available.
13. FAA Sec. 612(d). Does the United States own excess foreign currency and, if so, what arrangements have been made for its release? No

**B. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE**

**1. Nonproject Criteria for Economic Support Funds.**

- |  |   |
|--|---|
| a. <u>FAA Sec. 531(a).</u> Will this assistance support and promote economic or political stability? To the maximum extent feasible, does it reflect the policy directions of Part 1 of the FAA?   | Yes, this CIP will improve the Seychelles balance of payments and effect foreign exchange savings. These economic benefits in turn will promote political stability.                        |
| b. <u>FAA Sec. 531(c).</u> Will assistance under this chapter be used for military, or para-military activities?   | No  |
| c) <u>FAA Sec. 531(d).</u> Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?    | No  |
| d. <u>ISDCA of 1985 Sec. 205.</u> Will ESF funds made available for commodity import programs be used for the purchase of agricultural commodities of United States origin? If so, what percentage of the funds will be used?  | No  |
| e. <u>ISDCA of 1985 Sec. 801.</u> If ESF funds will be used to finance imports by an African country (under a commodity import program), will the agreement require that those imports be used to meet long-term development needs in those countries in accordance with the following criteria? | <u>See separate responses below.</u>  |
| 1) spare parts and other imports shall be allocated on the basis of evaluations, by AID, of the ability of recipients to use such spare parts and imports in a maximally productive, employment generating, and cost effective way;  | Yes, the CIP will help support both the country's major contributor to GDP, the tourism industry, which is also one of the country's major sources of employment, and other local industry. |

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2) imports shall be coordinated with investments in accordance with the recipient country's plans for promoting economic development. AID shall assess such plans to determine whether they will effectively promote economic development;

3) emphasis shall be placed on imports for agricultural activities which will expand agricultural production, particularly activities which expand production for export or production to reduce reliance on imported agricultural products;

4) emphasis shall be placed on a distribution of imports having a broad development impact in terms of economic sectors and geographic regions;

5) in order to maximize the likelihood that the imports financed by the United States under the ESF chapter are in addition to imports which would otherwise occur, consideration shall be given to historical patterns of foreign exchange uses;

6)(A) 75% of the foreign currencies generated by the sale of such imports by the government of the country shall be deposited in a special account established by that government, and except as provided in subparagraph (B), shall be available only for use in accordance with the agreement for economic development activities which are consistent with the policy directions of section 102 of the FAA and which are the types of activities for which assistance may be provided under sections 103 through 106 of the FAA;

The current 5-Year National Plan is aimed at creation of more industry and employment opportunities. The CIP, by assisting in the provision of energy, fits with this aim.

The potential for agricultural exports from the Seychelles is relatively small. However, the CIP does support foreign exchange earning activities.

The provision of electricity, which is the end result of the CIP, will have broad development impact in that it will service various industries.

Because service earnings have recently declined, Seychelles is experiencing declining foreign exchange reserves. The CIP is designed to supplement those reserves in an area critical to economic development, the provision of electricity.

A special account has been established, and the deposit arrangements have been made. The tentative proposal is for local currency generated to be used to help revive and expand the fishing industry. This both will generate employment and will make use of a plentiful natural resource. In accordance with Section 103, it will improve marketing facilities, and will help create productive off-farm employment. In addition, associated with the project are significant contributions from other countries.

*JH*

(B) the agreement shall require that the government of the country make available to the United States Government such portion of the amount deposited in the special account as may be determined by the President to be necessary for requirements of the United States Government.

Yes, the agreement does so require.

7) ISDCA of 1985 Sec. 207. Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues non-proliferation policies consistent with those of the United States?

No

3A(3) -- STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by exclusion (as where certain uses of funds are permitted, but other uses not).

These items are arranged under the general headings of (A) Procurement and (B) Other Restrictions.

A. PROCUREMENT

1. FAA Sec 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

N/A

2. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed?

While U.S. business may participate in the program it is not likely to do because of the nature of the commodity to be procured.

3. FAA Sec. 604(a). Will all commodity procurement be from the United States except as otherwise determined by the President or under delegation from him? **Yes**
4. FAA Sec. 604(b). Will all commodities in bulk be purchased at prices no higher than the market price prevailing in the United States at time of purchase? **Yes**
5. FAA Sec. 604(c). Will all agricultural commodities available for disposition under the Agricultural Trade Development & Assistance Act of 1954, as amended, be procured in the United States unless they are not available in the United States in sufficient quantities to supply emergency requirements of recipients? **N/A**
6. FAA Sec. 604(d). If the cooperating country discriminates against U.S marine insurance companies, will agreement require that marine insurance be placed in the United States on commodities financed? **The country does not discriminate.**
7. FAA Sec. 604(e) ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? **N/A**
8. FAA Sec. 604(f). Are there arrangements whereby a supplier will not receive payment under the commodity import program unless he/she has certified to such information as the Agency by regulation has prescribed? **Yes**
9. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? **Yes**
10. Merchant Marine Act of 1936, Sec. 901(b), Sec. 603, FAA. Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. **N/A**  
**No. A determination of non-availability is required and has been requested from AID/W.**

*JH*

11. International Air Transport and Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available? N/A
12. FY 86 and FY 85 Continuing Resolutions, Sec. 504. If the U.S. Government is a party to a contract for procurement, will the contract contain a provision authorizing termination of such contract for the convenience of the United States?. Yes
13. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? N/A

B. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A
2. FAA Sec. 301(d). if fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the communist-bloc countries. Yes
4. Will arrangements preclude use of financing:

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- |    |   |     |
|----|---|-----|
| a) | <u>FAA Sec. 104(f); FY 1985 Continuing Resolution Sec. 527.</u> (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) To pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) To pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) To lobby for abortion? | Yes |
| b. | <u>FAA Sec. 488.</u> To reimburse persons, in the form of cash payments, whose illicit drug crops are eradicated?   | Yes |
| c. | <u>FAA Sec. 620(g).</u> To compensate owners for expropriated nationalized property?  | Yes |
| d. | <u>FAA Sec. 660.</u> To finance police training or other law enforcement assistance, except for narcotics programs?   | Yes |
| e. | <u>FAA Sec. 662.</u> For CIA activities?  | Yes |
| f. | <u>FAA Sec. 636(i).</u> For purchase, sale long-term lease exchange or guaranty of the sale of motor vehicles manufactures outside U.S., unless a waiver is obtained?   | Yes |
| g. | <u>FY 1985 Continuing Resolution, Sec. 503.</u> To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel?  | Yes |
| h. | <u>FY 1985 Continuing Resolution, Sec. 505.</u> To pay U.N. assessments, arrearages or dues?  | Yes |
| i. | <u>FY 1985 Continuing Resolution, Sec. 506.</u> To carry out provisions of FAA Sections 209(d) (Transfer of FAA funds to multilateral organizations of lending)?  | Yes |

- j. FY 86 and FY 85 Continuing Resolutions, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? **Yes**
- k. FY 86 and FY 85 Continuing Resolutions Sec. 511. To aid the efforts of the government to express the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? **No**
- l. FY 86 and FY 85 Continuing Resolutions Sec. 516. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? **Yes**

**ANNEX C**  
**LOCAL CURRENCY REPORTS**

NOTE NO: 58/85

The Ministry of Planning and External Relations of the Republic of Seychelles presents its compliments to the Embassy of the United States of America and has the honour to enclose herewith progress reports relating to the US/Seychelles Commodity Aid Agreement, CIP 1983 and 1984 :-

- Praslin Treated Water Supply
- La Digue and Praslin Boatbuilding
- Improvement of Grand Anse Research Station
- Praslin Aerodrome
- Development of outer islands
- East Coast Project

The Ministry of Planning and External Relations of the Republic of Seychelles avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

VICTORIA

25 OCTOBER, 1985

THE EMBASSY OF THE UNITED STATES OF AMERICA

VICTORIA HOUSE

VICTORIA

Seychelles CIP Special Account

Project Implementation Report

(11)

A. SUMMARY DESCRIPTION - Problem, purpose, activities.

1 The purpose of the project is to expand and improve the present water supply system by providing treated water and a more extensive reticulation network. This objective will be met by construction of the following elements:

- (a) Stores and workshop for SWA.
- (b) Four (4) water treatment works.
- (c) 15 km of 150 ND water main.
- (d) Five (5) km of 100 ND water mains.
- (e) Ten (10) 100 kL storage tanks.
- (f) Minor reticulation; and 600 metered connections.

B. ADMINISTRATIVE DATA

- 1. Date of Report. 30th September 1985.
- 2. Office in Charge. Ministry of Planning & Ext. Relations.
- 3. Implementing Ministry and Department. Sey. Water Authority (SWA)
- 4. Project Title. Praslin Treated Water Supply Phase I
- 5. Project Start and Planned Completion Dates. May 1984 - June 1986.

FINANCIAL DATA

- 1. Source of Funds (FY82 CIP, FY83 CIP?). FY 83 CIP
- 2. Amount Allocated.
  - a. Original Allocation SR 5,000,000
  - b. Increase/Decrease None
  - c. Current Allocation SR 5,000,000
- 3. Expenditures.
  - a. Expenditure through previous qtr ending 30/6 SR3 17.1 000
  - b. Expenditure during current qtr ending 30/9 SR1 066 000
  - c. Total expense to date ending 30/9 SR4 237 000
- 4. Unexpended Balance of SR 713 000, date N/A.
- 5. Value of materials not used (if applicable) N/A.

D. PROJECT PROGRESS

1. Major project objectives.

To supply treated water to approximately 3 000 indigenous population and a projected 1 000 hotel beds.

2. Progress to date and over last quarter.

Shipment of materials to Praslin completed.	(a)	100%
Stores and workshop completed	(b)	70%
N. Decouverte treatment Works completed	(c)	80%
N. Decouverte pipeline to Grand Anse Completed	(d)	0%
Fond B'Offay treatment works completed	(e)	30%
Baie Ste Anne to Cap Samy and Cote D'Or pipeline completed	(f)	* 30%
Grand Anse to Anse Kerlan pipeline 60% completed		
Various distribution pipes installed and 200 meters connected.		
		Percentage com (see A)

3. Actual and scheduled major events.

- (a) Pipelaying ahead of schedule.
- (b) Service connections behind schedule (due to delay in import of materials).
- (c) Treatment works behind schedule - direct labour supplemented by letting one treatment works to contract.

4. Major events for next quarter.

- (a) 40% completion for Kerlan Treatment Works
- (b) Grand Anse to Anse Kerlan pipeline 100%
- (c) Complete service connections at Baie Ste Anne.
- (d) 60% completion for Salazie Treatment Works.
- (e) Anse Madge to Anse La Blague pipeline.

5. Major changes over previous plans.

Nov.

6. Major problems and solutions.

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Project Implementation Report

(18)

A. SUMMARY DESCRIPTION - Problem, purpose, activities.

1 The project is to construct - spanish designed fishing vessel LDY 103 at the La Digue yard of Boatbuilders Company Ltd and to purchase - timber stocks for the Praslin Yard of the same Government owned parastatal company.

B. ADMINISTRATIVE DATA

1. Date of Report. 30/9/85
2. Office in Charge. Boatbuilders Ltd.
3. Implementing Ministry and Department. Boatbuilding Ltd.
4. Project Title. La Digue and Praslin Boatbuilding.
5. Project Start and Planned Completion Dates. 15/01/84 - 30/01/85

C. FINANCIAL DATA

1. Source of Funds (FY82 CIP, FY83 CIP?).
2. Amount Allocated.
  - a. Original Allocation SR1,000,000
  - b. Increase/Decrease \_\_\_\_\_
  - c. Current Allocation SR1,000,000
3. Expenditures.
  - a. Expenditure through previous qtr ending SR1,000,000
  - b. Expenditure during current qtr ending NIL
  - c. Total expense to date ending SR1,000,000
4. Unexpended Balance of NIL, date \_\_\_\_\_
5. Value of materials not used (if applicable) N/A

D. PROJECT PROGRESS

1. Major project objectives.

- To construct fishing vessel LDY 103 of Length 21.5m
- To Purchase timber stock for Praslin Boatyard.

2. Progress to date and over last quarter.

- LDY 103 will be launched by end of October 1985.
- The 3 small boats built on Praslin boatyard have been launched.

3. Actual and scheduled major events.

4. Major events for next quarter.

5. Major changes over previous plans.

Seychelles CIP Special Account

Project Implementation Report

A. SUMMARY DESCRIPTION - Problem, purpose, activities.

Problem: Predial Larceny is on the increase at the Research Station.

Purpose: Research materials and products are too open to theft-Fencing major areas and plots where research materials have been placed so that field results obtained would be reliable research findings.

Activities: Erecting seven-foot high fence (Chain link fence with galvanised steel pipes support (3") at defined distances, so as to enclose all major cultivations under research.

B. ADMINISTRATIVE DATA

1. Date of Report. 30/9/85
2. Office in Charge. Agricultural Promotion Division
3. Implementing Ministry and Department. Ministry of National Development
4. Project Title. Improvement of Grand'Anse Research Centre
5. Project Start and Planned Completion Dates.

FINANCIAL DATA

1. Source of Funds (FY82 CIP, FY83 CIP?).
2. Amount Allocated.
  - a. Original Allocation SR1,000,000
  - b. Increase/Decrease \_\_\_\_\_
  - c. Current Allocation SR1,000,000
3. Expenditures.
  - a. Expenditure through previous qtr ending 908909.30
  - b. Expenditure during current qtr ending 91390.70
  - c. Total expense to date ending 1,000,000
4. Unexpended Balance of \_\_\_\_\_, date 10.9.85
5. Value of materials not used (if applicable) \_\_\_\_\_

PROJECT PROGRESS

1. Major project objectives.

Improvement to Grand'Anse-Research Station.

2. Progress to date and over last quarter.

- Garage/Store complex completed
- Improvements to irrigation facilities completed
- Fencing partially completed

3. Actual and scheduled major events.

4. Major events for next quarter.

- Project will be completed by the end of October 1985.

5. Major changes over previous plans.

None.

6. Major problems and solutions.



1. Major project objectives.

- Lengthening and widening the runway, from 800 m to 1300 metres

- Building of a new terminal, Tower control, Fire Station

2. Progress to date and over last quarter.

Runway : - Drainage culvert has been completed and the marsh which will be under the runway has been cleared and filled.

- Clearing of the grass and topsoil from the area of the enlarged runway

- clearing of trees and vegetation from the 150 metres wide

- clearway has been an ongoing task.

Terminal : Final plans have been submitted to the Planning Authority.

Control Tower- Fire Station : Plans submitted to Planning Authority.

3. Actual and scheduled major events.

N/A

4. Major events for next quarter.

Runway : Work will concentrate on the area at the south end of runway and the area to be widened along the existing runway.

Terminal : construction to start

Fire station, Control tower : construction to start

5. Major changes over previous plans.

N/A

6. Major problems and solutions.

N/A



## PROJECT PROGRESS

### 1. Major project objectives.

Development of the outier islands

### 2. Progress to date and over last quarter.

- No. 1. Desroches-Maize production Project: Land has been cleared fence on fresh walls established.
- No. 2. Alphonse - Coconut dryers and Store: Construction is completed fire drums have been fitted.
- No. 3. Farquhar - Coconut dryers and Store: Construction is completed fire drums have been fitted.
- No. 4. Desroches and Marie Louise Land Clearing: Both islands have been cleared and an increase in coconut production has been the result.
- No. 5. Fishings - Coetivy and Farquhar: Two vessels completed to date

### 3. Actual and scheduled major events.

Project has been completed

### 4. Major events for next quarter.

### 5. Major changes over previous plans.

### 6. Major problems and solutions.

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