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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR SEYCHELLES*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987 - 1991	IPF for 1987-1991	1 200 000
	Carry-over from the third cycle	<u>113 000</u>
	Total	1 313 000

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*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

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I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Seychelles, which consists of an archipelago of 92 islands, over a land area of 171 square miles off the east coast of Africa, encountered severe development problems at the time of independence in 1976. The openness of the economy with its dependence on external aid flows and tourism, the latter constituting 17 per cent of gross domestic product (GDP), and 14.5 per cent of employment and being the major foreign currency earner, posed major challenges to the new Government. Conditions were more acute with respect to a largely undeveloped economic infrastructure, weak financial base and manpower inadequately trained to meet the requirements of a developing economy.

2. Since the beginning of the 1980s, the economy of Seychelles has shown some signs of recovery. However, major problems still exist with regard to public, versus private, sector-led development; budgetary deficits; external debt-servicing, now estimated at 25 per cent of external earnings; and a manpower base in need of long-term support. While earnings from tourism and fisheries will improve the employment and foreign exchange situation, the economy, characterized by its small size and remoteness, will continue to depend on foreign aid disbursements as the significant source of development finance.

B. National development strategies

3. The 1985-1989 national development plan, which foresees an investment of 2.8 billion rupees (\$US 390 million), reflects a shift of development strategy to concentrate on investment in the productive, economic and income-generating sectors, constituting 40 per cent of the total cost compared with 26 per cent in the earlier plan, with an accompanying consolidation in the social sectors. This approach is designed to generate revenues and further improve the standard of living of Seychelles through economic growth.

4. The three main objectives of the plan are employment creation, improved balance of payments and increased exports.

(a) Employment creation. With 14.8 per cent unemployment in 1985 and an increasing number of youth entering the labour market each year, 11,350 new jobs will be created during the plan period, representing a 60 per cent increase in employment through specific projects in the productive sectors. Priority is therefore being given to vocational and professional training for new entrants;

(b) Improved balance of payments. Through a policy of import substitution and maximization of economic benefits from tourism, the Government will seek to reduce the deficit in the current account;

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(c) Increasing exports. A reorientation of the economy towards export requires the exploitation of natural and marine resources, especially within the context of the Exclusive Economic Zone.

C. Technical co-operation priorities

5. The development plan identifies the need for technical upgrading and training of human resources and a system-wide improvement in managerial skills, without which plan objectives, especially in the context of project formulation and management, will be difficult to attain. Training is therefore an important theme throughout the plan and provides a fundamental link among the priority development objectives, duly reflected in the country programme. Similarly, the recognition of training is given prominence in the programmes of many bilateral and multilateral donors, providing evidence of the complementarity of the various programmes.

D. Aid co-ordination arrangements

6. Co-ordination of external aid is the responsibility of the Government and this is accomplished through the Economic Division of the Ministry of Planning and External Relations which, in view of the small size of the country and its economy, has a firm grip on aid co-ordination which avoids overlapping and ensures complementarity and mutual reinforcement of contributions of the various donors.

7. Through its bimonthly programme monitoring visits, UNDP is able to consult the Government and bilateral donors on matters of mutual interest. In this way a co-ordinated programming approach is easily ensured considering the modest size of the various programmes, the small number of donor representatives and the dominant role of the Government in this process. Good examples of mutual reinforcement of donor contributions are the co-operation between UNDP and the Technical Co-operation Programme of the Food and Agriculture Organization of the United Nations (FAO) in food control activities and co-operatives (see paras. 15. and 16.) and the European Economic Community (EEC) capital assistance to the UNDP-financed technical assistance to the co-operatives project (see para. 15.).

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

8. The 1982-1986 country programme for Seychelles was approved at the special session of the Governing Council in May 1982 with an indicative planning figure (IPF) earmarking of \$US 1.6 million. Two adjustments (80 and 55 per cent) in the resources available for programming were introduced during the third cycle, which resulted in \$1.1 million for Seychelles, including the carry-over of \$90,000 from the previous cycle.

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9. The country programme was well integrated with the key development policy initiatives of the Government in terms of supporting self-sufficiency in food production through agricultural training and improved beef and milk production, improving the quality of education, housing and health services, augmenting per capita income and ensuring the maximum utilization of manpower resources. Actual implementation, however, was lower than anticipated in 1983 and 1984, largely because of the 55 per cent adjustment which necessitated reprogramming; the major portion of UNDP resources directed towards fellowships and short-term consultants which sometimes retards implementation in view of recruitment difficulties and delays in placement of fellows; and the fact that UNDP representation is based in the United Republic of Tanzania, causing slower communications. This was the major conclusion of the 1984 country programme review. The situation improved markedly in 1985, which showed the results of intensive programming activities in 1984.

B. New programme proposal

10. The 1985-1989 national development plan sets forth a reoriented development strategy, consolidating activities with social sectors while increasing investment in economic and income-generating activities. This shift is duly reflected in the 1987-1991 country programme. Accordingly, the priority sectors within which technical co-operation is required (planning and policy formulation, agriculture, industry, transport and communications and international trade) are directly linked to the three main objectives of the plan, i.e., employment creation, improved balance of payments and increased exports. By the same token, individual projects in the country programme are integral entities within each priority sector.

Improved development planning support

11. Policy formulation and planning require a reliable statistical data base, as well as capable managerial skills which are essential for the execution and monitoring of the various aspects of project formulation and management. These two areas have been identified as critical constraints which require technical assistance.

12. Statistical Training (SEY/84/004) (executing agency: United Nations Department of Technical Co-operation for Development). Statistical training is designed for national personnel in the Seychelles Statistics Division to enable the Division to provide essential data for the formulation of development policies and strategies and the decisions required to implement them. An IPF contribution of \$36,000 will cover the costs of six fellowships over a three-year period.

13. Management Development (SEY/84/007) (executing agency: International Labour Organisation (ILO)). The project will support the planning, implementation and monitoring of short-, medium- and long-term management development strategies by revising systems and procedures for planning, co-ordination and evaluation of management development in the public,

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parastatal and private sectors and by training the appropriate officers in the Personnel and Management Division under the Office of the President. The Management Training Centre will receive staff training, pedagogical materials and teaching equipment. New buildings are provided under United Kingdom aid. The IPF contribution is \$121,000 for 1987 to 1989.

Increased agricultural production and standards

14. Agriculture has not kept pace with the demand for food production, has failed to adjust to changing consumption patterns and has contributed less and less to export revenue. The development plan emphasises an adequate supply of food, import substitution, attracting workers to agriculture and increasing foreign exchange earnings. In addition to the planned investment, the Government proposes the establishment of 20 new co-operatives, of 12 to 15 hectares, with 15 to 20 members in each farm.

15. Strengthening the co-operative movement (executing agency: FAO). The project will assist in establishing a Co-operative Development Section in the Ministry of National Development to support various co-operatives, closely linked to capital development funds for co-operatives which will be secured from EEC. The project has an IPF provision of \$130,000 for two years with supplementary funding to be arranged through the FAO Technical Co-operation Programme.

16. Strengthening of food control infrastructure (executing agency: FAO). An important factor in attaining of the sector's objectives is food safety standards in keeping with increasing food production. A draft Food Law is under preparation and the Government needs to ensure that it is consistent with the Model Food Law recommended by FAO and the World Health Organization (WHO).

17. The project will assist in protecting the economic and health interests of the consumer, and promoting quality control and safety standards of locally produced and processed foods, thereby enhancing domestic and international food trade through the establishment of an export inspection programme. An IPF contribution of \$200,000 will finance the costs of consultancies, training and equipment to strengthen the food inspection service and food control personnel, to update food legislation and regulate and develop food control laboratories. To ensure the early commencement of project activities, support will be provided through the FAO Technical Co-operation Programme for four man-months of consultancy services in 1986, which will form an integral part of the project.

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18. Regional Fisheries Development and Management Project for the South-West Indian Ocean (RAF/79/065) (executing agency: FAO). As reflected in the development plan, the Government intends to increase foreign exchange revenues by strengthening the fishing industry. This will be accomplished by exploring and exploiting the Exclusive Economic Zone for commercial development of tuna and the construction of port fishing facilities. The regional project is being considered for continuation into the fourth programming cycle (1987-1991). It aims at upgrading the capabilities of national personnel in data collection and analysis, the development of fishing policies and strategies and the identification and formulation of technical and capital assistance projects.

Creation of small-scale industries

19. The Government's strategy is to create new industrial enterprises and employment opportunities. These new industries are to be mutually reinforcing, thereby contributing to planned industrial production in support of the plan's major objectives. Increased industrial growth will require strengthening manpower capabilities in project design and evaluation, technological decision-making, and infrastructure support services.

20. Establishment of Standards, Quality Control and Metrology Services (executing agency: United Nations Industrial Development Organization (UNIDO)). Domestic production for import substitution and export requires well established local standards and quality control measures for the maintenance of quality goods and the competitiveness of locally produced products. This is particularly pertinent to the tourism sector which is a major market for locally manufactured items. Through consultancy services a report will be prepared to identify the quality control needs of Seychelles, staffing and training requirements, laboratory cost estimates and quality control procedures. An IPF contribution of \$150,000 for an 11-month project has been allocated.

21. Assistance to the Seychelles Pottery Co-operative Society (executing agency: UNIDO). Consistent with the plan's objective to develop small-scale industries based on available local materials, has been the identification of clay in sufficient quantities and the establishment in 1980 of a co-operative society for pottery. The project will assist the Government to achieve increased employment in the pottery industry, promote rural industrialization and maximize the use of local clays suitable for pottery and ceramics. This will be accomplished through the provision of consultancies in technical and financial management, training of co-operative members and workshop equipment. For this purpose \$45,000 has been provided out of the IPF.

22. Technical Assistance for Small-Scale Industries (executing agency: UNIDO). The Government has allocated an amount of \$100,000 from the IPF for a technical assistance project to develop employment opportunities for women by encouraging handicrafts. At the same time women will manufacture uniforms and various garments for the public service, domestic market and tourists.

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Expanded transport support services

23. Reliable and regular air services are essential for the growth of tourism. The main objective of the plan for air transport is to stimulate growth in the tourist sector and to conclude bilateral air service agreements to optimize air transport services. The total planned investment during the plan for civil aviation and its supporting service will be 262.55 million rupees (\$US 36.29 million) of which 80 per cent will be for the purchase of a wide-bodied aircraft. The Government furthermore aims at localization of staff.

24. Training in Civil Aviation (SEY/81/001) (executing agency: International Civil Aviation Organization (ICAO)). The project is assisting the Government in training nationals to assume responsibility for civil aviation tasks being performed by expatriate staff or subcontracted to private firms. Fellowships in air traffic control, radio maintenance, airport management, airport electro-mechanics, airport lighting and aeronautical information service are being financed by the project. These fellowships will continue at a cost of \$180,000 from the IPF.

25. Training in Meteorology (SEY/84/008) (executing agency: World Meteorological Organization (WMO)). Development in the Seychelles has made increasing demands on meteorology services for information on aviation, agricultural development, marine activities, alternate energy sources and tourism. Climatological information is sought by development organizations for planning and construction purposes and by WMO as part of its World Weather Watch. With the expansion of existing airport facilities, additional airports on the outer islands and the increasing demand for information, the project is being extended to cover the costs of essential training and fellowships for national meteorological personnel with a contribution of \$50,000 from the IPF.

Strengthened economic market control

26. An essential component in the reoriented development strategy of the plan is the Seychelles Marketing Board. The Board is to have full control of all imports and marketing in the country with the purpose of reducing imports, encouraging local production and exports and increasing production and employment opportunities.

27. Strengthening the Seychelles Marketing Board (executing agency: International Trade Centre). The project will enhance the capabilities of the Board's national staff to perform their functions through specific training programmes, study tours and a horticultural sales mission. For institutional support the project will provide short-term consultancies, equipment and documentation. A total IPF contribution of \$100,000 will be provided for financing this project.

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Improved quality of education

28. The Government's policy on education is guided by three principles: universal education, education for life and education for personal and national development. These principles shaped the structural reform programme for education which strengthened institutions and programmes at the pre-school, primary, secondary and post-secondary levels.

29. The objectives to be pursued during the plan period within the framework of structural reform relate to improving the quality of education and access to educational opportunity, developing innovative approaches to educational planning, indigenizing teaching posts, improving the cost effectiveness of the education system and expanding the physical infrastructure of education. The Government has earmarked \$100,000 from the IPF for technical assistance support to meet some of these critical needs in this sector.

Consolidation of health services

30. A major task of the Ministry of Health is to implement the integrated national health plan to ensure adequate and proper development of health services in Seychelles. Attainment of the plan's objectives will result in a healthier and more productive society which will contribute towards the attainment of other development objectives. The strategy to be followed by the Ministry of Health during the plan period will aim at consolidation rather than expansion of health services, encourage greater participation of communities in health-related matters and foster individual responsibility for the maintenance and improvement of health. This will be achieved in part through health education and training. The Government has allocated \$100,000 to this sector from the IPF for technical assistance support.

C. Unprogrammed reserve

31. An unprogrammed reserve of \$51,000 will be utilized to meet unforeseen contingencies.

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Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	113 000	
Fourth cycle IPF	1 200 000	
Sub-total IPF		1 313 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Sub-total, UNDP non-IPF funds		-
 <u>B. Other Sources</u>		
Funds from other United Nations agencies	-	
Parallel financing from non-United Nations sources	-	
Sub-total, other sources		-
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		 <u>1 313 000</u>

II. USE OF RESOURCES

Ongoing projects	337 000	
New projects proposals	725 000	
Programmed reserve	200 000	
Sub-total, programmed resources		1 262 000
Unprogrammed reserve		<u>51 000</u>
 TOTAL USE OF RESOURCES		 <u>1 313 000</u>
