

Validation of Seychelles
Response to MSG Feedback
CowaterSogema Independent Validator
30th August 2018

The Validator wishes to thank the MSG for their helpful feedback. The Validator also wishes to apologise for the typo which resulted in “Colombia” appearing in the draft Validator report. This has been rectified in the final report. What follows is the Validator’s response to the feedback from the MSG.

Requirement 1.5 Work plan

It appears that *only* the 2013-14 EITI Report was available on this website at the start of Validation (and indeed up to 6 August 2018, as indicated on the Internet Archive). Only the 2014-16 work plan was assessed for Validation. The 2017 work plan was however not made widely publicly available during 2017 (and only online after the start of Validation), and the objectives in this work plan do not appear to reflect national priorities for the extractive sector. The assessment remains unchanged.

Requirement 2.2 License allocations

We do not see a case for upgrading the assessment to “satisfactory progress” based on the MSG’s feedback, given the lack of clarity about the procedures for awarding and transferring licenses in the quarrying sector.

Requirement 2.3 Register of licenses

There appears to be a misunderstanding of the requirement as the MSG comment relates to the bid submission process. As per the Initial Assessment (p39), dates of application and award of the licenses are not disclosed – so the assessment remains unchanged.

Requirement 2.4 Contracts

P32 of the SEITI Report does not document government policy on disclosure of licences and contracts, but merely points to the absence of restrictions on disclosure in law. While there are no provisions preventing contract disclosure in law, contract disclosure doesn’t happen in practice. The Validator notes the comment in the report that “the government is open to considering a substantive contract policy in future.”

Requirement 2.6 State participation

The MSG comments that the SOEs' financial statements are available from PEMC, although the latest report from PetroSeychelles is only from 2015, while the assessment covers 2016. The gaps identified in the initial assessment relate to the lack of clarity in the prevailing rules and practices regarding the financial relationship between two of the SOEs (SEYPEC and PetroSeychelles), and the lack of reference in the EITI Report to any loans or loan guarantees extended by the government or SOEs to extractives companies. The assessment remains unchanged.

Requirement 4.9 Date quality and assurance

The issue here is that while the SEITI report in section 3.5.1 outlines the constitutional and legal framework for public sector auditing in the Seychelles, it does not outline the actual auditing practices. The SEITI report does not therefore offer a clear assessment of the comprehensiveness and reliability of the reconciled data. The assessment remains unchanged.

Requirement 6.1 Social expenditures by extractive companies

The MSG's comments clearly indicate that there are no legal or contractual provisions requiring mandatory social expenditures for either oil and gas or quarrying companies. The Validator considers that this new information warrants a change in the assessment to "not applicable", despite the lack of explicit statement to this effect in the SEITI Report.