

Validation of Seychelles

Report on initial data collection and stakeholder consultation

Abbreviations

AGM	Annual General Meeting
BO	Beneficial Ownership
CBS	Central Bank of Seychelles
CCCL	Civil Construction Company LTD
EEZ	Exclusive Economic Zone
EIAs	Environmental Impact Assessment Studies
EITI	Extractive Industries Transparency Initiative
FY	Financial Year
GDP	Gross Domestic Product
GoS	Government of Seychelles
INMBT	Income & Non-Monetary Benefits Tax
JMZ	Joint Management Zone
MHILT	Ministry of Habitat, Infrastructure and Land Transport
MLUH	Ministry for Land Use and Housing
MSG	Multi-Stakeholder Group
NBS	National Bureau of Statistics
OAG	Office of the Auditor General
PAPT	Petroleum Additional Profits Tax
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PIT	Petroleum Income Tax
RG	Registrar General
ROR	Rate of Return
SEITI	Seychelles Extractive Industries Transparency Initiative
SEYPEC	Seychelles Petroleum Company
SCR	Seychellois Rupee
SOEs	State-Owned Enterprises
SRC	Seychelles Revenue Commission
ToR	Terms of Reference
UCPS	United Concrete Products Seychelles
USD	United States Dollar
VAT	Value-Added Tax
WHT	Withholding tax

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Executive Summary

Overall conclusions

There is clear commitment by the Government of Seychelles with regards to transparency in government systems. This is seen in the implementation of various initiatives on extractives and fisheries, as well as ongoing efforts to establish dedicated legislation on transparency. Striking the right balance with regards to EITI implementation in the Seychelles has however been challenging given the small size of the sector. EITI reporting and governance processes do not appear to be proportionate to the current size of the sector. While key civil society members are engaged in the process, wider interest in the EITI by civil society is limited to environmental protection concerns. The petroleum industry's engagement is particularly low, which is understandable in light of the limited activities and the lack of in-country presence. It is clear that the potential benefits of EITI as presently implemented in Seychelles are unlikely to materialise until there is a commercially-viable discovery of oil and gas.

Nonetheless, there are signs that the EITI has provided useful insights about developments in the petroleum sector. The SOE and regulator PetroSeychelles regularly publishes information on licensing in line with EITI Requirements, highlighting the potential for furthering systematic disclosures. Another area the EITI has improved disclosures on is the quarrying sector, showing the contribution of the sector in terms of revenue and highlighting specific challenges related to the legal framework.

In the case of an oil discovery, the EITI will have contributed to establishing a good foundation for transparent and accountable management of the petroleum sector. Until then, stakeholders may wish to reconsider the way the EITI is implemented to ensure that it takes the specific circumstances of the country and emerging sector into account. A way forward for the MSG maybe to consider applying to the EITI Board for adapted implementation to ensure that the process reflects the sector's nascent stage and does not become excessively burdensome and costly without any tangible benefits. There appeared to be a common understanding among stakeholders consulted that this would help Seychelles make EITI implementation more relevant to the country.

Recommendations and corrective actions

The MSG should consider the following list of specific improvements against the EITI Requirements, in addition other strategic recommendations in this report that could help the Seychelles make even greater use of the EITI as an instrument to support reforms:

- In accordance with Requirement 1.4.a and b.vi, the MSG should ensure that the industry constituency is adequately represented on the MSG and that there is a system in place for replacing representatives that leave their positions. In accordance with Requirement 1.4.b.vii, the MSG should also ensure that there is adequate record keeping of their discussions and decisions.
- In line with EITI Requirement 1.5, the MSG should ensure it has a current EITI work plan outlining targeted objectives in line with the national priorities for the sector, and that the work plan is made widely available to the public, for example published on the national EITI website and/or

other relevant ministry and agency websites, in print media or in places that are easily accessible to the public.

- In accordance with EITI Requirement 2.2, the government should disclose a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. The MSG should ensure that there is clarity on the government's plans for future licensing in the quarrying sector, and that there is a publicly available description on the allocation of mining licenses, the process for transferring licenses and the technical and financial criteria applied.
- In accordance with EITI Requirement 2.3, the government should ensure that comprehensive information on petroleum licenses and agreements is made available, including dates of application and award of licenses/agreements.
- In accordance with Requirement 2.6, the Seychelles should ensure that there is publicly-accessible information on the rules and practice of financial relations between SOEs and the state (including retained earnings, reinvestments and third-party funding), the level of state participation, including associated terms, and any change thereof in the year(s) under review.
- In accordance with Requirement 4.9 and the standard Terms of Reference for Independent Administrators, the Seychelles should ensure that future EITI Reports provide a clearer assessment on the reliability of the data disclosed, and that actual audit practices by government entities are described.
- In accordance with Requirement 6.1, the MSG should clarify whether there are any material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment.
- In accordance with Requirement 7.4, the MSG should ensure that future annual reviews of outcomes and impacts include an assessment of progress made against each EITI Requirement. This should also include an assessment of the impact and outcomes of the work plan objectives. The MSG could also consider alternative ways to assess progress of EITI implementation that would suit the context of Seychelles in a request for adapted EITI implementation.

The International Secretariat makes the following additional recommendations could help the Seychelles make even greater use of the EITI as an instrument to support reforms:

- To strengthen implementation, the MSG is encouraged to continue to consider ways to encourage industry to be fully, actively and effectively engaged in the EITI process, in particular in the event that there is an increase in the number of companies undertaking petroleum exploration activities.
- To strengthen implementation, civil society may wish to consider creative ways of building public interest in the EITI process and the broader governance of the extractive sector, such as addressing environmental sustainability issues that seem of greatest public interest in Seychelles.
- The government and the MSG may wish to consider applying for adapted EITI implementation to establish a governance structure that takes the limited activity in the petroleum sector into

account. This could allow the government and MSG to focus on their identified priorities for the extractive sector.

- To strengthen implementation, the MSG may wish to ensure that regulations supporting the implementation of the key laws governing the petroleum sector are made publicly available in a systematic manner on the PetroSeychelles website. This could include details on ongoing or planned reform. The government is further encouraged to ensure that the Mining Act is published where the government makes legal documents publicly available online, for instance the Attorney General's Office website or MHILT website.
- To strengthen implementation, PetroSeychelles is recommended to continue to regularly publish details on licenses awarded and transferred on an annual basis, if not in real time, and consider efforts to systematically disclose details on licensing as required by the EITI
- To strengthen implementation, PetroSeychelles could also consider publishing a comprehensive overview of current and expired licenses to provide a full picture of petroleum activities to date.
- To strengthen implementation, it is recommended that the MSG clarifies the actual practice regarding public access to quarrying agreements, and how members of the public can access these at the Registrar General's Office. Further consultations with relevant government authorities such as MHILT are encouraged to follow up on the disclosure of all quarrying contracts. The government is also encouraged to consider publishing petroleum contracts.
- To strengthen implementation, it is recommended that future beneficial ownership disclosures clarify whether the owners reported are ultimate owners, provide a clear overview of the corporate structures of the companies covered, and provides direct links to their stock exchange filings for publicly-listed entities.
- To strengthen implementation, it is recommended that the Government of Seychelles ensures that there is publicly available information related to the Joint Management Zone in Mauritius, and that adequate transparency mechanisms will be in place regarding exploration activities in the zone.
- To strengthen implementation, the Seychelles is encouraged to revisit its materiality decisions to strike an appropriate balance between the oil and mining sector's currently modest revenues and the objective of revenue transparency. The MSG is encouraged to assess the scope for integrating EITI reporting into other statutory reporting obligations as a means of streamlining EITI implementation. To strengthen implementation, the government and key SOEs should ensure that the rules and practices for transfers related to SOEs are clarified. It is also recommended that PetroSeychelles reports on the revenues they collect from the extractive sector on a project-level basis in their annual financial reporting, with a view of systematising ('mainstreaming') EITI disclosures.
- To strengthen implementation, the Seychelles may wish to consider the extent to which it can make progress in implementing project-level EITI reporting of sector-specific levies and taxes ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018. Given the EITI's "two-year rule" (requirement 4.8), this would effectively require project level reporting by all countries by 31 December 2020 at the latest.

- To strengthen implementation, it is recommended that the MSG ensure that future EITI disclosures provide analysis of inconsistencies in statistics on the contribution of the extractive industries to the economy.
- To strengthen implementation, the MSG may wish to ensure that EITI data is published in a timely manner.
- To strengthen implementation, the government and the MSG is also strongly encouraged to continue engaging key stakeholders such as MFTEP, PetroSeychelles and the OAG to develop a plan for how to mainstream EITI disclosures.
- To strengthen implementation, the MSG could consider continuing to produce summary EITI Reports and undertake more targeted communications and outreach activities related to key priority issues for the government and the MSG, for instance on environmental protection or revenue management.
- To strengthen implementation, the MSG could consider addressing obstacles related to disclosing EITI documents on government websites, and is encouraged to finalise an open data policy for EITI data in line with EITI Requirement 7.2.
- To strengthen implementation, the MSG may wish to prioritise recommendations over the short and medium term, engaging in regular follow-up with government agencies beyond those directly represented on the MSG.

Figure 1– initial assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				■	
	Industry engagement (#1.2)				■	
	Civil society engagement (#1.3)				■	
	MSG governance (#1.4)			■		
	Work plan (#1.5)			■		
Licenses and contracts	Legal framework (#2.1)				■	
	License allocations (#2.2)			■		
	License register (#2.3)			■		
	Policy on contract disclosure (#2.4)				■	
	Beneficial ownership (#2.5)	■				
	State participation (#2.6)			■		
Monitoring production	Exploration data (#3.1)				■	
	Production data (#3.2)	■				
	Export data (#3.3)	■				
Revenue collection	Comprehensiveness (#4.1)				■	
	In-kind revenues (#4.2)	■				
	Barter agreements (#4.3)	■				
	Transportation revenues (#4.4)	■				
	SOE transactions (#4.5)				■	
	Direct subnational payments (#4.6)	■				
	Disaggregation (#4.7)				■	
	Data timeliness (#4.8)				■	
Data quality (#4.9)			■			
Revenue allocation	Distribution of revenues (#5.1)				■	
	Subnational transfers (#5.2)	■				
	Revenue management and expenditures (#5.3)	■				
Socio-economic contribution	Mandatory social expenditures (#6.1.)			■		
	SOE quasi-fiscal expenditures (#6.2)	■				
	Economic contribution (#6.3)				■	
Outcomes and impact	Public debate (#7.1)				■	
	Data accessibility (#7.2)	■				
	Follow up on recommendations (#7.3)				■	
	Outcomes and impact of implementation (#7.4)			■		

Legend to the assessment card

	No progress. The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	Inadequate progress. The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	Meaningful progress. The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	Satisfactory progress. The country is compliant with the EITI requirement.
	Beyond. The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

Introduction

Brief recap of the sign-up phase

The Government of Seychelles informed the International Secretariat about their intention to join the EITI in 2012. A public statement was subsequently made in form of a press release in June 2013. The application to implement the EITI in Seychelles was endorsed by the then President James Michel. The commitment to implement the EITI was repeated by the Minister of Finance, Pierre Laporte in his 2013 Budget Speech when he announced that the application to the EITI Board would be presented in April 2014.¹ Seychelles was admitted as an EITI candidate in August 2014.²

Objectives for implementation and overall progress in implementing the workplan

The first work plan of the Seychelles EITI multi-stakeholder group (MSG) covering 2014-2016 was developed to support governance activities during the exploration phase of the Petroleum sector. The work plan provides a guide and identifies priority areas for the MSG. The objectives of the work plan are:

- i. For Seychelles to become an EITI Candidate country
- ii. To establish the conditions to institutionalise the EITI
- iii. The prudent use of oil revenue for sustainable development and poverty reduction
- iv. To build the Seychelles MSG's capacity to implement, communicate and monitor EITI
- v. To reconcile oil payments and receipts and publish and disseminate the EITI Report
- vi. To validate the implementation of Seychelles EITI with all requirements

Subsequent EITI work plans agreed by the MSG (but not published) covering 2017 and 2018 further builds on these objectives, as well as other objectives related to open data, beneficial ownership and communications and awareness-raising about the extractive sector.

History of EITI Reporting

Seychelles has produced two EITI Reports since joining in 2014. Seychelles published its first EITI Report for the years 2013-14 on 6 February 2016.³ The report provided useful insights into the way the petroleum framework is set up and highlighted transparent practices by the main state-owned enterprise and sector regulator PetroSeychelles. Reporting by petroleum sector companies was however low. The 2015-2016 EITI Report was published in early January 2018.⁴ This second report also provided contextual information on quarrying and payments from the quarrying industry.

¹ A further description of the Seychelles' EITI candidature can be accessed from the government's application to join EITI: https://eiti.org/sites/default/files/documents/Seychelles_application_annexes.pdf

² EITI (2014), "Seychelles accepted as EITI Candidate": <https://eiti.org/news/seychelles-accepted-as-eiti-candidate>

³ 2013-14 Seychelles EITI Report <https://eiti.org/document/20132014-seychelles-eiti-report>

⁴ 2015-16 Seychelles EITI Report <https://eiti.org/document/20152016-seychelles-eiti-report>

Summary of engagement by government, civil society and industry

The engagement by the government is at a high-level with MSG meetings chaired by the Principal Secretary for the MFTEP, Patrick Payet. The MSG consists of representatives from the three sectors, plus local non-extractive private sector. The civil society are organised under an umbrella organisation, CEPS (formerly LUNGOS). These members are drawn from MFTEP, the Central Bank of Seychelles, PetroSeychelles limited, Seychelles Revenue Commission (SRC), Attorney General's Office (AGO), Ernst & Young Seychelles limited, Citizens Engagement Platform Seychelles (CEPS), and Ministry of Environment, Energy and Climate Energy. The civil society organisations (CSOs) engaged in the EITI have made progress in terms of developing their operational processes such as the feedback mechanism between CSO MSG members and CEPS. However, it is difficult to see the impact of CSO participation beyond the MSG especially in terms of information dissemination. There has been some engagement from the companies, especially PetroSeychelles and two foreign companies, WHL Energy limited and Afren Plc. The two foreign companies have since ceased their operations, and industry engagement has consequently weakened.

Key features of the extractive industry

Seychelles is an upper middle-income country and the highest ranking African country on the Human Development Index.⁵ Currently the economy is dominated by tourism and fisheries. The limited land space, capital, and human resources restrict Seychelles' ability to benefit from economies of scale in production and economic diversification. Seychelles relies on imports for almost all raw materials, products, and specialized services.⁶ The nation is ranked 4th in the Ibrahim Index of African Governance in 2013. Its lowest ranking was in public administration (27/52), which includes indicators such as budget management, revenue collection and diversification.⁷ The government has in recent years adopted investor-friendly policies, and increased transparency of public procurement.⁸

Seychelles has no production in the petroleum sector, but one company is currently undertaking exploration activities and others are collecting seismic data. Seychelles comprises 115 islands spread over 1.4 million square km. in the western Indian Ocean, covering only 455 square km. in land area. Seychelles also manages a joint petroleum zone with Mauritius on the extended continental shelf, where exploration activities have also recently initiated.⁹

Stakeholders in Seychelles are hopeful about the petroleum sector, although there are concerns regarding the impact petroleum mining might have on the marine ecology and other sectors such as tourism and

⁵ UNDP (2012), «Human Development Index», <https://data.undp.org/dataset/Table-1-Human-Development-Index-and-its-components/wxub-qc5k>

⁶ World Bank, "Seychelles overview" <http://www.worldbank.org/en/country/seychelles/overview>

⁷ Mo Ibrahim Foundation (2018), <http://mo.ibrahim.foundation/>

⁸ US Department of State (2013), "Investment Climate Statement", <http://www.state.gov/e/eb/rls/othr/ics/2013/204905.htm>

⁹ Republic of Mauritius (11 January 2018), "Extended Continental Shelf: Signature of agreement for geotechnical study", <http://www.govmu.org/English/News/Pages/Extended-Continental-Shelf-Signature-of-agreement-for-geotechnical-study-.aspx>.

fisheries. Currently, the revenue from the petroleum sector is small but information on licenses and the process of allocating licenses is useful in developing transparent and accountable systems. According to the 2015-16 EITI Report revenues collected from the extractive industries contributed 0,39% and 0,16% to total government revenues during 2015 and 2016 respectively (p.10). As per the 2015-16 EITI Report, the upstream petroleum sector is still at exploration stage and therefore, the contribution to GDP were 0% during the years 2015 and 2016 based on reports provided by the National Bureau of Statistics (NBS).

According to the 2015-16 EITI Report,¹⁰ the petroleum and hydrocarbon sector in Seychelles is still at exploration stage. The exploration of petroleum in Seychelles started in the early 1970s. No commercial hydrocarbon discovery has been made to date. Seychelles' petroleum sector strategy is to improve energy security and promote petroleum exploration in the Exclusive Economic Zone (EEZ) by putting in place fiscal and regulatory incentives that will attract oil companies, expedite exploration and allow an early commercial discovery.

The Ministry of Finance, Trade and Economic Planning (MFTEP) is the primary government entity responsible for the oil and gas sector, with the state-owned enterprise PetroSeychelles incorporated in 2012 regulating the upstream petroleum sector and overseeing all exploration activities. There is currently one company with an active exploration license, the Japanese Oil Gas and Minerals Exploration Company, (JOGMEC). The Petroleum Mining Act (1976) provides for two types of upstream petroleum arrangements (exploration licenses and petroleum agreements). Seychelles operates under concession type contracts as opposed to production sharing types of agreement.¹¹

Mineral commodities are produced in the Seychelles at a very small scale, and include clay for bricks, crushed stone, granite dimension stone, salt, and sand. Currently, there are only two only operating companies with active quarrying licenses (United Concrete Products Seychelles - UCPS and Civil Construction Company - CCCL). As the cost of construction in Seychelles is linked to prices of these products, the performance of the quarrying sector is sensitive to the growth of the construction sector. However, mining activities in the Seychelles are heavily regulated as the only objective of the sector is to supply materials for the construction sector and not to export any production.

Explanation of the Validation process

Validation is an essential feature of the EITI implementation process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. It also addresses the impact of the EITI, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The Validation process is outlined in chapter 4 of the EITI Standard¹². It has four phases:

1. Preparation for Validation by the multi-stakeholder group (MSG)

¹⁰ 2015-16 Seychelles EITI Report (p. 19), <https://eiti.org/document/20152016-seychelles-eiti-report>.

¹¹ Overview of legal framework for petroleum activities in Seychelles on PetroSeychelles website: <http://www.petroseychelles.com/index.php/legal-issues>

¹² See also <https://eiti.org/validation>.

2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.
3. Independent quality assurance by an independent Validator who reports directly the EITI Board
4. Board review.

The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, and more detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator.

The Validation Guide includes a provision that: “Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”. The MSG did not raise any particular issues to the International Secretariat team to be given particular attention as part of this assessment.

In accordance with the Validation procedures, the International Secretariat’s work on the initial data collection and stakeholder consultation was conducted in three phases:

1. Desk Review

Prior to visiting the country, the Secretariat conducted a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings made available by the MSG (covering 2014-2015);
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

In accordance with the Validation procedures, the Secretariat has not taken into account actions undertaken after the commencement of Validation.

2. Country visit

A country visit took place on 6-9 February 2018. All meetings took place in Victoria. The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that

requests for confidentiality are respected. MSG members were also invited to provide written statements or comments directly to the International Secretariat, and the International Secretariat followed up with government representatives in writing by email. The list of stakeholders consulted is outlined in Annex E.

3. Reporting on progress against requirements

This report provides the International Secretariat initial assessment of progress against requirements in accordance with the Validation Guide. It does not include an overall assessment of compliance.

The International Secretariat's team comprised: Ines Marques and Ian Mwiinga with support from the Technical Director, Sam Bartlett and Validation Director, Alex Gordy.

Part I – MSG Oversight

1. Oversight of the EITI process

1.1 Overview

This section relates to stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government engagement in the EITI process (#1.1)

Documentation of progress

Public statement: The then Minister of Finance, Trade and Investment, Pierre Laporte, expressed the Government of Seychelles' intention to join the EITI in 2012. A public statement through a press release was issued in June 2013. The commitment to implement the EITI was repeated in Minister Laporte's budget speech in December 2013 stating that the application to the EITI would formally be made the following year (in 2014)..¹³ The application to join the EITI was endorsed by the Seychelles Cabinet on 11 June 2014.¹⁴

Senior lead: The Seychelles MSG is led by the Principal Secretary for Finance, Patrick Payet. Mr. Payet was appointed by the then Minister of Finance, Trade, and Investment Pierre Laporte on 21 March 2014. There are ongoing discussions regarding moving the EITI portfolio under the Principal Secretary for Blue Economy.

Active engagement: The government appears to be actively engaged in EITI implementation. The government organised an initial televised meeting with relevant stakeholders, including the media and civil society in October 2013 to inform them about the intention for Seychelles to join EITI. A memorandum from the meeting on 17 October 2013 demonstrates that civil society and government shared a high interest in implementing the EITI in the Seychelles. Subsequent to this meeting, the government extended invitations to join the MSG to the Liaison Unit of Non-Government Organizations Seychelles, LUNGOS (CEPS) –a coalition of over 80 NGOs, and to the two international oil companies – WHL Energy Ltd. and Afren Plc - operating in Seychelles.

The MSG has developed and adopted Terms of Reference (TORs) to govern the functioning of the MSG. According to the TORs, the government has six representatives: The Principal Secretary for Finance, Patrick Payet, the Central Bank Governor, Caroline Abel, the Commissioner of the Seychelles Revenue

¹³Budget Speech 2014, delivered to the National Assembly on 10 December 2013 by the Minister of Finance, Trade and Investment, State House, http://www.statehouse.gov.sc/uploads/downloads/filepath_29.pdf, (p.19)

¹⁴ Seychelles EITI Candidature Assessment:

https://eiti.org/sites/default/files/documents/Seychelles_application_annexes.pdf

Commission, Georgette Capricieuse, the Tax Legal Consultant, Ms. Aurore Arcambal, Seychelles Revenue Commission, one representative from the Attorney General's Office, Alexandra Madeleine and one representative from the Ministry of the Environment, Sharon Gerry. The MSG meeting minutes from 2014 and 2015 show that the attendance of government officials has usually been three-four members per meeting. However, the Chairperson for the MSG has been consistently chairing all the meetings in 2014 and 2015.

The government has since 2015 been in the process of enacting a transparency legislation.¹⁵ The bill is currently being finalised by the Office of the Attorney General. The bill was initially intended to institutionalise EITI specifically, but the scope has since expanded to wider transparency multi-stakeholder processes covering other sectors. The legislation will include provisions for the strengthening of transparency and accountability in the government's operations. This affirms the government commitment to the call for transparency and accountability in public institutions and agencies.

The government has continued to provide funding for EITI activities in Seychelles after the end of World Bank support through the EITI Multi-Donor Trust Fund (MDTF) in 2016. The government is currently fully funding the EITI process and financed the production of the 2015-16 EITI Reports (USD 32,350).

Stakeholder views

Stakeholders generally appeared satisfied by the level of government engagement in the EITI process, with senior level representation on the MSG being the most cited example. A government representative on the MSG noted that the introduction of the EITI in Seychelles had enabled the country to raise the profile of good governance within the government. A representative from PetroSeychelles noted the SOE had been key in lobbying for Seychelles to join the EITI.

MSG members noted that because MSG members especially from the government side are senior officials, physical participation in the MSG meetings can be a challenge. Another challenge that was noted by the MSG was that the Cabinet had since 2016 required that all government policy documents would require Cabinet approval before publication. This applied to the EITI work plans and reports. was one of the causes for the delayed publication of the beneficial ownership roadmap.¹⁶

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. There have been regular public statements of support from senior government officials, a senior government official has been appointed as EITI lead and the government appears fully and actively engaged in all aspects of implementation. The restrictions on the publication of EITI document requiring Cabinet approval do not affect the assessment of satisfactory progress on government engagement, although it has an impact on the ability of the MSG to make their documents widely available to the public (see section on *Work plan (#1.5)*).

¹⁵ Seychelles EITI Annual Progress Report 2015 (p. 25-26), <http://www.finance.gov.sc/uploads/resources/2SEYCHELLES%20APR%202015%20final.pdf>

¹⁶ Also cited in the letter from the Permanent Secretary of MFTEP, Patrick Payet, to Jonas Moberg, Head of the EITI Secretariat on "Seychelles Multi-Stakeholder Group Commitment to Beneficial Ownership Roadmap" (19 May 2017).

Industry engagement in the EITI process (#1.2)

Documentation of progress

Active engagement: The extractives sector in the Seychelles is very small. There are only exploration activities in the petroleum sector. The mining sector consists predominantly of quarrying, with only two companies currently in operation (UCPS and CCCL). According to the MSG's TORs, industry should be represented by three representatives: the CEO of PetroSeychelles and two representatives from the oil companies. There should also be two additional representatives from the private sector, namely from the Seychelles Chamber of Commerce and Industry (SCCI), represented by the Ernst and Young office in Seychelles, and from a private company, represented by the Public Utility Company. The industry constituency is represented on the MSG by the state-owned enterprise (SOE) PetroSeychelles and two international oil companies, WHL Energy Limited and Afren Plc, who were conducting exploration activities. At inception, both companies endorsed the decision of the Seychelles government to implement the EITI. The MSG meeting minutes indicate that company representatives relatively regularly attended meetings in 2014-2015, although they were rarely all present (only at two occasions during the two years for which minutes were made available). However, at the moment only the SOE is effectively represented on the MSG as the two foreign oil exploration companies have since ceased operations in the Seychelles.

Enabling environment: There do not appear to be any obstacles to an enabling environment for the participation of companies in the EITI process. This can be noted by the invitation that the government extended to two international oil companies – WHL Energy limited and Afren Plc - operating in Seychelles. Both companies endorsed the decision of the Seychelles government to join the EITI. There are no laws or regulations that have been passed to make EITI reporting mandatory, although the government and the MSG has been developing a transparency bill in the last couple of years with the aim of mandating such disclosures (see section on *Government engagement in the EITI process (#1.1)*).

Stakeholder views

A representative from PetroSeychelles noted that the government had not impeded their ability to discuss issues in the MSG. The industry representative noted that they participate in the formulation of the EITI work plans and have in the past also participated in dissemination activities. Regarding industry representation on the MSG, government representatives explained that there was some uncertainty regarding the current representation of the petroleum companies, the private sector/Public Utility Company, and Ernst and Young/SCCI as the representatives had left their positions and their replacements had yet to be appointed. A representative from PetroSeychelles noted that the implementation of the EITI in Seychelles has helped the nascent petroleum sector gain a positive reputation when the SOE would try to raise investment abroad from investors, as an appreciation for their efforts to promote transparency and accountability in the petroleum sector.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. At the initial stages of EITI implementation, companies appeared to be fully, actively and effectively engaged in the EITI process. However, since the MSG was established in 2014, the main petroleum industry players ceased their activities are no longer operating in the country. This does

not at the time of the assessment appear to have a negative effect on the EITI process.

To strengthen implementation, the MSG is encouraged to continue to consider ways to encourage industry to be fully, actively and effectively engaged in the EITI process, in particular in the event that there is an increase in the number of companies undertaking petroleum exploration activities.

Civil society engagement in the EITI process (#1.3)

Documentation of progress

Civil society on the Seychelles MSG is represented by a non-governmental organisation (NGO) coalition known as the Citizens Engagement Platform Seychelles (CEPS, formerly Liaison-Unit of Non-Governmental Organizations of Seychelles - LUNGOS). The involvement of this coalition in the EITI was through an invitation by the government to the NGO coalition to be part of the set-up process. The government organised an initial meeting with relevant stakeholders, including the media and civil society, in October 2013 to inform them about the intention of Seychelles to join the EITI. A memorandum from the meeting on 17 October 2013 demonstrates that civil society and government shared a high interest in implementing the EITI in the Seychelles.

Among the activities the coalition was involved in at the inception was the approval of the work plan and the development of implementation documents such as the Terms of Reference for the MSG.

Expression: Seychelles scored an average of 71/100 in the Freedom in the World ranking in 2018, falling within the category as “partly free”.¹⁷ The latest narrative report from Freedom House on the Seychelles notes that the government has taken some steps to improve its legal framework in recent years, including revisions of its electoral code and Public Order Act in 2015. However, the report also highlights that despite the media environment being relatively free, there are few non-partisan sources of information.¹⁸

From every indication, civil society has made contribution on the content of the 2015-16 EITI Report. The inclusion of the quarrying industry through a suggestion from the CSOs clearly demonstrates that CSOs are able to speak freely about the EITI process and also actively take part in strategic decision making on the implementation of the EITI in Seychelles. Minutes from the Seychelles EITI meetings show that civil society is able to speak freely about the EITI process without restraint or coercion. Evidence about this includes the recent inclusion of the Ministry of Environment on the MSG through a suggestion from CSOs. There is no evidence indicating that civil society representatives are not able to engage in public debate related to the EITI process and express opinions about the EITI process without restraint, coercion or reprisal.

Operation: Civil society is organised as a coalition of NGOs under one umbrella. The CEPS is a coalition of over 40 NGOs operating under one umbrella in the Seychelles. Civil society is represented by four representatives. Three of the members are from the NGO coalition LUNGOS/CEPS and one youth

¹⁷ Freedom House (2017), “Seychelles – profile”, <https://freedomhouse.org/report/freedom-world/2017/seychelles>.

¹⁸ Freedom House (2016), “Freedom in the World 2016 – Seychelles”, <https://freedomhouse.org/report/freedom-world/2016/seychelles>.

representative.

There is no evidence suggesting any barriers to civil society representatives' ability to operate freely in relation to the EITI process. CEPS provides an overview of the process for registering a civil society organisations with the Registration Division Department of Seychelles (as per the Associations Act, amended in 1991). Their guidelines for members highlight that applications are usually evaluated and civil society organisations informed in writing within seven working days, and that no application fee is levied for the registration of civil society organisations.¹⁹ An estimate by CEPS suggests that local CSOs receives EUR 3.5 million annually in foreign funding.²⁰

Association: CEPS estimates that there are about 200 organisations that can be defined as civil society organisations in Seychelles (legally registered organisations that are not-for-profit, voluntary-based and operating independently from government).²¹ Civil society organisations actively participate in the MSG meetings in Seychelles. The CEPS representatives on the MSG are organised around four thematic areas. These are Life and Water Seychelles, represented by Giovanna Neves, Environment and Natural Resources represented by Marie-Thérèse Purvis, Socio-Economic represented by Germaine Michaud, and faith-based organisations represented by Jude Fred.

The CEPS representative report to the wider network after the MSG meetings as a way of providing feedback to the larger civil society constituency. This feedback mechanism is aimed at ensuring that other civil society members are kept informed about EITI implementation in Seychelles. In 2013, the civil society network established a Terms of Reference (TORs) specifically for civil society engagement in the EITI, which included transparency procedures for selecting civil society representatives from the MSG and placed an obligation on civil society representatives to report back on the EITI process to the civil society network.²²

There is no evidence of any barriers to civil society representatives' ability to freely communicate and cooperate with each other regarding the EITI process. CEPS is affiliated to CIVICUS (the World Alliance for Citizen Participation), and the Southern African Development Community Council of Non-Governmental Organisations.

Engagement: Civil society is involved in the design, implementation, monitoring and evaluation of the EITI through participation in Seychelles EITI meetings. The minutes from the MSG meetings testify to the active engagement of CSO representatives in the planning and implementation of the EITI process. The work plan includes an objective and activities on monitoring and evaluation of the implementation of the EITI in Seychelles. The stakeholders noted that MSG meetings are used as a monitoring tool for the

¹⁹ CEPS, "Registering as an NGO in Seychelles", <http://www.civilsociety.sc/civil-society-in-seychelles/ngo-setting-up-guidelines/>.

²⁰ CEPS (2015), "Civil Society in Seychelles", <http://www.civilsociety.sc/civil-society-in-seychelles/>

²¹ CEPS (2015), "Civil Society in Seychelles", <http://www.civilsociety.sc/civil-society-in-seychelles/>

²² The TORs do not appear to be available online, but were shared with the International Secretariat during stakeholder consultations.

implementation of EITI activities in the Seychelles. There is no evidence of any barriers to civil society representatives' ability to be fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process.

The 2015 EITI Annual Progress Report also notes the government efforts aimed at deepening the engagement of CSOs in the EITI process through the promotion of exchange visits with countries that are implementing the EITI.²³ To improve the engagement of the civil society organisations in the EITI process, MFTEP invited delegates from Tanzania and Timor-Leste to share their experiences on the how to get civil society engaged.²⁴

Access to public decision-making: There do not appear to be any barriers for participation of civil society in the EITI process in Seychelles. The recent inclusion of the Ministry of Environment on the MSG through a suggestion from the CSO sector is a case in point, given CSOs' lobbying to include the Ministry of Environment on the MSG to ensure that issues concerning the environment would be raised at MSG meetings. More generally, according to the US Department's report on human rights in Seychelles for 2017, "NGOs are consulted on most national concerns and are appointed to boards of national organizations and agencies."²⁵

The media has quoted civil society representatives promoting public debate urging the public to actively participate in the governance of natural resources.²⁶ The 2016 Annual Progress Report notes the shared role of civil society and government in disseminating the findings of the EITI Report to the public and sharing of lessons between the two sectors to enhance collaboration, and the MFTEP has organised various events for civil society in collaboration with CEPS.²⁷

Stakeholder views

Civil society representatives consulted stated that civil society was free to express themselves during MSG meetings and outside on matters related to natural resource governance. One of the representatives consulted cited the recent inclusion of the quarrying sector in the recent EITI report as one of the key achievements of the CSOs on the MSG. Government and industry representatives consulted also stated that civil society representatives on the MSG were vocal about their concerns, in particular those related

²³ Seychelles 2015 EITI Annual Progress Report, <https://eiti.org/document/seychelles-eiti-annual-progress-report-2015>.

²⁴ Seychelles Nation (16 September 2015): "Getting the civil society engaged in oil development" <http://www.nation.sc/article.html?id=246781>.

²⁵ US Department of State (2017), "Seychelles Human Rights Report 2017" (p. 12), <https://www.state.gov/documents/organization/277285.pdf>.

²⁶ See for example an article where civil society notes that the role the EITI can play to help the public understand the issues around the governance of the petroleum sector before production of oil commences: Seychelles News Agency (21 September 2015), "The transparency of oil exploration in Seychelles: are people 'too cynical' to make a difference?", <http://www.seychellesnewsagency.com/articles/3733/The+transparency+of+oil+exploration+in+Seychelles+are+people+too+cynical+to+make+a+difference>.

²⁷ See for example Seychelles Nation (25 September 2017): "Ceps members learn about the Blue Economy and extractive initiative", <http://www.nation.sc/article.html?id=255803>.

to environmental protection.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. Civil society appears to be engaged in the EITI process in the Seychelles. There is no evidence of government actions which would have resulted in narrowing or restricting public debate in relation to implementation of the EITI. Civil society appears to have been able to influence critical decisions within the MSG. There appears to be some challenges with engaging civil society beyond the MSG in debates on the petroleum industry, given that there has not been any commercially-viable discovery.

To strengthen implementation, civil society may wish to consider creative ways of building public interest in the EITI process and the broader governance of the extractive sector, such as addressing environmental sustainability issues that seem of greatest public interest in Seychelles.

MSG governance and functioning (#1.4)

Documentation of progress

Seychelles EITI Council composition and membership: The government organised an initial televised meeting with relevant local stakeholders, including the media and civil society in October 2013 to inform them about the intention for Seychelles to join EITI. After this meeting, the government extended invitations to join the MSG to the Liaison Unit of Non-Government Organizations Seychelles, LUNGOS (a coalition of over 80 NGOs now called CEPS), and to the two international oil companies operating in Seychelles (WHL Energy Limited and Afren Plc). Both companies endorsed the decision of the Seychelles government to join the EITI. Minutes from the MSG meetings from 2013-2015 that were made available to the International Secretariat demonstrate commitment and active discussion among stakeholders.

According to the MSG's TORs, which were approved on 15 May 2014, the MSG consists of 15 members. Section 2.1 of the TORs on the responsibility and functions of the MSG appoints the representative from MFTEP as chair of MSG meetings. The composition of the MSG consists of members from the following institutions and agencies:

- Principal Secretary- Department of Finance (MFTEP)
- Central Bank Governor
- Commissioner of the SRC
- Legal Adviser, SRC
- One representative from the Attorney General's Office
- One representative from the Ministry of the Environment (appointment expected)
- Three representatives from the Liaison-Unit of Non-Governmental Organizations of Seychelles, LUNGOS (now called CEPS)
- One additional civil society representative (to be appointed by LUNGOS, now called CEPS)
- One representative from the private sector (previously represented by the Public Utility Company)

- One representative of Seychelles Chamber of Commerce and Industry (SCCI) (previously represented by Ernst and Young)
- CEO of PetroSeychelles
- Two representatives from the international oil companies active in Seychelles (previously represented by WHL Energy Limited and Afren Plc)

The MSG members are elected by their constituencies for an initial period of 2.5 years, and may be replaced by their own constituencies, or re-elected for additional periods of two years each. Members may appoint alternates if unable to attend meetings. This decision should be notified to the MSG Chair ahead of a scheduled meeting. In terms of the provision on observers, the representatives of national institutions, bilateral or multi-lateral agencies and diplomatic missions may be invited to attend the meetings of the MSG and may participate in the discussions, but will not be able to have a right to vote.

The members of the MSG have not changed since inception of the implementation of the EITI in Seychelles. This is in breach of the provisions of the MSG TORs. There is no evidence showing an extension of mandate for all members of the MSG. MSG meeting minutes for 2017 were not made available to the International Secretariat.

Civil society representation: The government organised an initial meeting with relevant stakeholders, including the media and civil society in October 2013 to inform them about the intention of Seychelles to join EITI. After this meeting, the Government extended invitations to join the MSG to the Liaison Unit of Non-Government Organizations Seychelles, LUNGOS - a coalition of over 80 NGOs (now called CEPS). Out of the four representatives from the CSO sector, there are three females and one male on the MSG. (For further details on civil society engagement on the MSG, see section into account *Civil society engagement in the EITI process (#1.3)*).

Industry representation: According the MSG TORs, the representation from Industry comprises of three companies. The two international Oil companies are WHL Energy limited and Afren Plc, who were the two active companies at the time when the MSG was established. The third company is PetroSeychelles, which is a state-owned company. There should also be two additional representatives from the private sector, namely from the Seychelles Chamber of Commerce and Industry (SCCI), represented by the Ernst and Young office in Seychelles, and from a private company, represented by the Public Utility Company. The industry constituency is represented on the MSG by the state-owned enterprise (SOE) PetroSeychelles and two international oil companies, WHL Energy Limited and Afren Plc, who were conducting exploration activities. There seems to be no sector-specific industry body in place in Seychelles at the moment, although there are two other local companies engaged in quarrying. The current members from the industry sector have not changed since inception of the EITI implementation in Seychelles. Currently, only PetroSeychelles is effectively represented on the MSG as the two foreign oil exploration companies have since ceased operations in the Seychelles. The seats of the petroleum companies have not been replaced since both company representatives departed the MSG in mid-2015, and there appears to be a lack of certainty regarding the other private sector representatives (Public Utility Company and Ernst and Young) as they appear to have left their positions. There is no evidence of a process for re-selecting or replacing industry representatives on the MSG.

Government representation: The membership of Government on the MSG is enshrined in the TORs. Government representation on the MSG is drawn from the Ministry of Finance (lead agency), Trade and

Economic Planning, the Central Bank of Seychelles, the Ministry of Environment, Energy and Climate Change, the department of Blue Economy, Seychelles Revenue Commission, and the department of Legal Affairs. Government MSG members have not changed since inception.

TOR for the Seychelles Multi-Stakeholder Group: The Seychelles MSG agreed on their TOR on 15 May 2014 to strengthen transparency in the management of the extractive industries and the financial reporting of the oil revenues.

In terms of their roles, rights and responsibilities (section 2.0), members of the multi-stakeholder group should have the capacity to carry out their duties and liaise with their constituency groups. The main responsibilities of the MSG are to: i) maintain sustained political commitment of the government and adequate financing; ii) identify the objectives of the workplan and developing the path to achieve them; iii) assess and remove barriers to EITI implementation; iv) define the scope of the EITI Report and data templates; v) appoint the Independent Administrator (including approving the TORs for the EITI Report), vi) approve annual work plans, EITI Reports and Annual Activity Reports and their publication; vi) raise public awareness about the EITI and the results of the EITI Report; and vii) appoint the Validator and approve the final Validation Report.

Internal governance, procedures and attendance: The TORs for the Seychelles MSG (section 4.1, “Frequency, notice of meetings and quorum”) require that the MSG meet monthly. The MSG Chair may however call extraordinary meetings as often as required. In both cases, at least a week’s advance notice is required. Meetings may be called via email and phone. Members will be required to respond confirming their attendance or, in case of absence, the name of their alternate. The agenda and related materials will be sent to the members at least five working days prior to a meeting. Comments to documents may be presented to the EITI Chair’s office via email up to two working days prior to the scheduled meeting.

The minimum quorum to hold a meeting is seven members, with at least two members from each constituency - government, civil society (at least one member), private sector, and companies. Any member of the MSG has the right to table an issue for discussion.

Decision-making: According to the TORs of the MSG (section 4.2), the decision-making process by the MSG will be inclusive throughout implementation, with each constituency being treated as a partner. The MSG shall make every effort to take decisions by consensus. In case of disagreement, a decision will be taken by simple majority vote, with at least two members from each of the three sectors represented – government, civil society and oil companies-- including at least one member from civil society. Decisions between MSG meetings may be taken via email. The MSG meeting minutes from 2013-2015 suggest that all decisions have been made by consensus, and there were no instances identified where a decision was taken by vote.

Record-keeping: According to the TORs of the MSG (section 4.3), the MSG must keep written records of its discussions and decisions. The minutes of the MSG meetings will be drafted by the office of the EITI Chair. They will circulate via email to the MSG members, and comments will be requested to be sent via email up to at least a day prior to the following meeting. Minutes of the last meeting will be read and signed during the following meeting of the MSG. There is no requirement to make the meeting minutes public. The International Secretariat received MSG meeting minutes from 2014-2015 from the MSG during the initial assessment process. It was not possible to obtain meeting minutes for 2016-2017, which makes it unclear whether records of the MSG discussions during this period has been kept.

Per diems: The TORs do not include provisions on the MSG’s policy or practice with regards to per diems

for attending MSG meetings. The MSG confirmed the absence of a per diem policy and practice during stakeholder consultations.

National secretariat: The MSG has decided not to establish a national EITI secretariat office for the time being, and will assess the need for it in the future should the work plan be revised and more activities become necessary. Instead, MSG sub-committees such as the evaluation committee (responsible for evaluating the bids for the contract to produce the EITI Reports) have been established to support ad-hoc work. There have also been discussions underway to establish a technical working for additional work that will be needed by the MSG (this had not yet been established by the time of the initial assessment).

Stakeholder views

MSG members from civil society noted that the MSG had met most of its obligations and the internal governance was functioning well. However, concern was raised regarding the capacity of the MSG to implement the decisions that are agreed during the MSG meetings. This included issues related to the dissemination of the EITI information to the public.

Civil society representatives on the MSG noted they were satisfied that most of their proposals to the MSG had been approved without any major challenges. They cited the suggestion to include quarrying in the 2015/16 EITI Report and also the inclusion of the Ministry of Environment on the MSG as some of the key milestones that the CSOs have achieved. Civil society representatives also noted that the TORs for civil society engagement had help keep the CSOs who are not part of the MSG informed about EITI activities.

Regarding industry membership, government representatives explained that there was some uncertainty regarding the representation of the Public Utility Company, Ernst and Young and SCCI as the representatives had left their positions and there was uncertainty regarding who would replace these representatives.

In terms of tenure of the members of the MSG, it was explained that the MSG members had agreed to extend their tenures to be part of the Validation process and to await the passing of the transparency bill, which would likely institutionalise multi-stakeholder bodies such as the EITI MSG.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. The MSG had agreed a TORs establishing clear governance processes and decision-making processes. MSG meeting minutes for 2016-2017 were not available at the time of the initial assessment.. A clear feedback mechanism by civil society to their umbrella organisation is in place. There appears to be a lack of clarity with regards to industry representation and who to replace members who leave their positions.

In accordance with Requirement 1.4.a and b.vi, the MSG should ensure that the industry constituency is adequately represented on the MSG and that there is a system in place for replacing representatives that leave their positions. In accordance with Requirement 1.4.b.vii, the MSG should also ensure that there is adequate record keeping of their discussions and decisions. The government and the MSG may wish to consider applying for adapted EITI implementation to establish a governance structure that takes the limited activity in the petroleum sector into account. This could allow the government and MSG to focus

on their identified priorities for the extractive sector.

Workplan (#1.5)

Documentation of progress

This section provides an assessment of the 2014-2016 Seychelles EITI work plan. The 2017 work plan was approved by the MSG in early 2017, but was not publicly available at the time of the assessment as it was awaiting approval from Cabinet to be uploaded online on the MFTEP website. The International Secretariat was given access to the 2017 work plan and draft 2018 work plan after the commencement of Validation. According to the 2014-2016 work plan, the government has set key policy objectives that are aimed at contributing towards the prudent management of the petroleum sector in the Seychelles. Some of these objectives have clear links to EITI implementation, such as to “systematically build up a comprehensive data-base on all aspects of petroleum activity in Seychelles. This will entail proper collection, sorting, processing, storage, and dissemination of data”. This potential link is not made explicitly in the objectives for EITI implementation.

- Improve energy security, develop renewable energy and reduce oil price volatility;
- Attract foreign direct investment and stimulate ancillary economic growth in the services and other sectors, generating additional inflows of foreign exchange;
- Ensure transfer of technology and know-how from international oil companies to enable PetroSeychelles to effectively supervise petroleum agreements and manage resources;
- Maximize the economic benefit at minimum risk to safety and the environment; and,
- Systematically build up a comprehensive data-base on all aspects of petroleum activity in Seychelles. This will entail proper collection, sorting, processing, storage, and dissemination of data.

Publicly accessible workplan: The SEITI MSG work plan for the period 2014 to 2016 is available online at the MFTEP.²⁸ The MFTEP is the lead implementation ministry for the EITI in Seychelles. At the time of Validation, the 2017 work plan had not been made publicly available.

Objective for implementation: In summary, the main objective of the Seychelles-EITI is to contribute to enhancing oil sector governance through the efficient management of oil revenues for the benefit of present and future generations. Specifically, the 2014-16 work plan lists the following specific objectives below:

- Seychelles endorses and becomes an EITI candidate country;
- Seychelles establishes the conditions to institutionalise EITI;
- Prudent use of oil revenues for sustainable development and poverty reduction;

²⁸ <http://www.finance.gov.sc/resources>

- Build Seychelles MSG capacity to implement, communicate and monitor EITI;
- Reconcile Oil payments and receipts and publish and disseminate the EITI report; and,
- Validate the implementation of the Seychelles EITI and ensure that all requirements are met.

To some extent, the objectives in the 2014-2016 work plan establish the “EITI implementation objectives that are linked to the EITI principles and reflect national priorities for the Petroleum sector” (requirement 1.5a). “To contribute to enhancing oil sector governance through the efficient management of oil revenues for the benefit of present and future generations” reflects the government’s intention to effectively and efficiently manage the petroleum sector in case of an oil find from the current exploration activities.

Measurable and time-bound activities: The 2014-16 Seychelles work plan lists the planned activities to achieve the EITI objectives, expected outputs, responsible party, timeline, and costs. The work plan outlines activities that seek to establish the implementation of the EITI in the Seychelles and align the actions of the MSG to government priority areas regarding the management of the Petroleum sector in Seychelles.

Activities aimed at addressing any capacity constraints: The work plan includes activities aimed at building the capacity of the MSG to implement, communicate and monitor the implementation of the EITI in Seychelles. Further, the work plan also includes planned activities on training workshops for the MSG and stakeholders more extensively. Academia, media and parliamentarians are to be involved in the process. The plan also includes workshops for the MSG on the legal framework and fiscal regime of the Seychelles oil sector, the model Agreement, technical aspects of the oil industry, oil industry contracts and negotiation, EITI reporting and Validation.

Activities related to the scope of EITI reporting: Under objective 5, “Reconcile oil payments and receipts and publish and disseminate the EITI report”, the work plan includes in its scope of the EITI report beneficial ownership disclosure, PetroSeychelles expenditure, Environmental legislation, Area rentals, and contribution of the Petroleum sector to education.

Activities aimed at addressing any legal or regulatory obstacles identified: Under objective 2, “Seychelles establishes the conditions to institutionalise EITI”, the MSG has planned activities around the enactment of legislation that covers EITI implementation in the Seychelles.

The legislation is aimed at removing legal barriers to disclosure of information required by the EITI reporting. Currently, the government has drafted a Transparency Bill which has been approved by the Cabinet. The Bill is being finalised by the Office of the Attorney General pending presentation to Parliament later in the year.

Plans for implementing the recommendations from Validation and EITI reporting: Under objective 6, “Validate the implementation of Seychelles EITI with all requirements met”, provides a timeline for Validation including the roles of the MSG at each stage of the Validation. Although the work plan seems to have planned for the Validation to commence in the fourth quarter of 2015 and end in the third quarter of 2016.

Costings and funding sources, including domestic and external sources of funding and technical assistance: The work plan provides information on two sources of funding for the 2014-2016 period. These are the

World Bank (MDTF) and the Government of Seychelles. The work plan does not provide any details of whether the funds from both sources were disbursed in full and whether the timelines for disbursement were adhered to by both the World Bank and the Government of Seychelles.

The 2017 work plan was not made available to the International Secretariat by the commencement of Validation. The document was shared with the International Secretariat in February, and did not appear to have been made available beyond the MSG. The 2017 work plan is fully costed and aligned with the reporting and Validation deadlines established by the EITI Board, and is generally in line with EITI Requirement 1.5. The objectives of the work plan are however not linked to the EITI Principles and reflect national priorities for the extractive industries (Requirement 1.5.a). The objectives relate to meeting specific EITI Requirements, such as the publication of an open data policy and beneficial ownership roadmap. At the time of the assessment, the draft 2018 work plan was awaiting MSG approval and was due to be uploaded on the PetroSeychelles website and possibly the MFTEP website.

Stakeholder views

The MSG noted that the EITI work plans are drafted with input from all stakeholders. Civil society representatives stated that they had strongly advocated for the inclusion of activities related to the environment and legislation of the EITI process in Seychelles in the EITI work plan. The MSG noted that the MFTEP had been approached to consider uploading the 2017 EITI work plan and other EITI documents on its website as soon as the document would be approved by Cabinet.

However, both the industry and civil society highlighted the need for innovation in disseminating the EITI Reports. For instance, civil society members noted that they had made suggestions to the MSG to include activities in the work plan that would help in simplifying the report, including plans to develop summary reports and translate the EITI Report into creole. Due to lack of capacity at the national secretariat, this had not been done.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. The Seychelles MSG work plan for the period 2014-2016 is to some extent linked to key national priorities that are aimed at enhancing transparency in the management of the natural resources in the petroleum industries. The 2017 work plan was however not made widely publicly available during 2017, and the objectives in this work plan do not appear to reflect national priorities for the extractive industries.

In accordance with Requirement 1.5.a and e, the MSG should ensure it has a current EITI work plan outlining targeted objectives in line with the national priorities for the sector, and that the work plan is made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public.

Table 1 – Summary initial assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Government oversight of the EITI process (#1.1)	There have been regular public statements of support from senior government officials, a senior government official has been appointed as EITI lead and the government appears fully and actively engaged in all aspects of implementation.	Satisfactory progress
Company engagement (#1.2)	At the initial stages of EITI implementation, companies appeared to be fully, actively and effectively engaged in the EITI process. However, since the MSG was established in 2014, the main petroleum industry players ceased their activities are no longer operating in the country. This does not at the time of the assessment appear to have a negative effect on the EITI process.	Satisfactory progress
Civil society engagement (#1.3)	Civil society appears to be engaged in the EITI process in the Seychelles. There is no evidence of government actions which would have resulted in narrowing or restricting public debate in relation to implementation of the EITI. Civil society appears to have been able to influence critical decisions within the MSG. There appears to be some challenges with engaging civil society beyond the MSG in debates on the petroleum industry, given that there has not been any commercially viable discovery.	Satisfactory progress
MSG governance and functioning (#1.4)	The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. The MSG had agreed a TORs establishing clear governance processes and decision-making processes. MSG meeting minutes for 2016-2017 were not available at the time of the initial assessment.. A clear feedback mechanism by civil society to their umbrella organisation is in place. There appears to be a lack of clarity with regards to industry representation and who to replace	Meaningful progress

	members who leave their positions.	
Work plan (#1.5)	The Seychelles MSG work plan for the period 2014-2016 is to some extent linked to key national priorities that are aimed at enhancing transparency in the management of the natural resources in the petroleum industries. The 2017 work plan was however not made widely publicly available during 2017, and the objectives in this work plan do not appear to reflect national priorities for the extractive industries.	Meaningful progress
<p>Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. To strengthen implementation, the MSG is encouraged to continue to consider ways to encourage industry to be fully, actively and effectively engaged in the EITI process, in particular in the event that there is an increase in the number of companies undertaking petroleum exploration activities. <ul style="list-style-type: none"> • To strengthen implementation, civil society may wish to consider creative ways of building public interest in the EITI process and the broader governance of the extractive sector, such as addressing environmental sustainability issues that seem of greatest public interest in Seychelles. • In accordance with Requirement 1.4.a and b.vi, the MSG should ensure that the industry constituency is adequately represented on the MSG and that there is a system in place for replacing representatives that leave their positions. In accordance with Requirement 1.4.b.vii, the MSG should also ensure that there is adequate record keeping of their discussions and decisions. The government and the MSG may wish to consider applying for adapted EITI implementation to establish a governance structure that takes the limited activity in the petroleum sector into account. This could allow the government and MSG to focus on their identified priorities for the extractive sector. • In line with EITI Requirement 1.5, the MSG should ensure it has a current EITI work plan outlining targeted objectives in line with the national priorities for the sector, and that the work plan is made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public. 		

Part II – EITI Disclosures

2. Award of contracts and licenses

2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

Legal framework: The 2015-16 EITI Report describes the key legal frameworks governing the sector, namely the Petroleum Mining Act 1976 and the Petroleum Taxation Act 2008 (as amended in 2013) and the Model Petroleum Agreement 2013. It also describes the Income and Non-Monetary Benefits Tax Act 2010 and the Corporate Social Responsibility Tax Act 2013 as these apply to petroleum companies (pp. 20-21). The report also includes a section on “Environmental Protection” (p. 27) where requirements related the environment in the Model Petroleum Agreement are explained.

The PetroSeychelles website also provides an up-to-date overview of the legal²⁹ and the fiscal³⁰ frameworks, a summary of the Model Petroleum Agreement³¹ and the actual document.³² The Seychelles Revenue Commission (SRC) also publishes the relevant tax laws on their website³³, while the Attorney General’s office provides a more comprehensive overview of laws and regulations including those governing the extractive sector.³⁴

For mining, a brief description of the Mineral Act 1962 is provided in the 2015-16 EITI Report (p. 31). The actual document is available from the non-governmental Seychelles Legal Information Institute.³⁵

Government agencies’ roles: Section 3.2.4 on “Institutional framework” (pp. 21-22) describes the role of the key agencies involved in managing the petroleum sector, namely the primary government entities responsible for the sector, namely the Ministry of Finance, Trade and Economic Planning (MFTEP), SCR and the Registrar General. The responsibilities of the three SOEs engaged or invested in the petroleum

²⁹ <http://petroseychelles.com/index.php/legal-issues>

³⁰ <http://petroseychelles.com/index.php/economic-issues>

³¹ <http://petroseychelles.com/index.php/legal-issues/model-petroleum-agreement>

³² <http://petroseychelles.com/images/pdfs/Model%20Petroleum%20Agreement%202013.pdf>

³³ <https://www.src.gov.sc/pages/resources/into.aspx>

³⁴ <http://www.attorneygeneraloffice.gov.sc/index.php/resources/print-publications/laws-of-seychelles>

³⁵ <https://www.seylii.org/sc/legislation/consolidated-act/129>

industry (PetroSeychelles Ltd, Seychelles Petroleum Company Ltd - SEYPEC) and Société Seychelloise d'Investissement Ltd - SSI) are also explained.

The EITI 2015-16 Report explains that the legal framework for mining does not specify which Ministry should be responsible for overseeing activities, but that the Ministry of Habitat, Infrastructure and Land Transport (MHILT) currently governs quarrying (p. 31). The MHILT receives rent from the quarrying companies on behalf of the government.

Fiscal regime: The laws described in the report (pp.20-21) include the relevant fiscal frameworks (Petroleum Taxation Act 2008, Income and Non-Monetary Benefits Tax Act 2010 and Corporate Social Responsibility Tax Act 2013) and the applicable fiscal rates. Changes to the calculation of tax base and depreciation as part of the 2013 reform of the Petroleum Taxation Act are described (p. 20). The section also explains how the fiscal terms are also reflected in the Model Petroleum Agreement, and which revenue flows the model agreement covers.

The report (pp. 24-27) provides more detailed information on the different tax and sector specific revenue streams from petroleum companies, categories by which entity collects these. It also lists and describes taxes that petroleum companies are exempted from (pp. 26-27).

Regarding the fiscal regime for mining, the report details the kind of taxes that apply to quarrying companies including sector or activity-specific royalties and rentals (pp. 31-32).

Degree of fiscal devolution: The report does not refer to any provisions on fiscal devolution related to extractive sector revenues in the legal and fiscal framework. The International Secretariat did not come across evidence that there is such fiscal devolution in Seychelles.

Reforms: The report mentions legal and policy documents being developed and the status of the, such as these documents, such as the Petroleum Environment and Safety Act (p. 20) and the Upstream Petroleum Policy (p. 71). The International Secretariat did not come across any ongoing or planned reforms related to extractive sector governance that were not mentioned in the report.

Stakeholder views

Government stakeholders confirmed that there is no degree of fiscal devolution of revenues from the extractive sector specifically.

The MHILT confirmed that there are currently only two quarrying companies operating in the Seychelles. The representative from MHILT noted that the rent that is collected from the quarrying activities is transferred to the Ministry of Finance. This is mainly due to lack of capacity. In view of this, quarrying companies conduct their own geotechnical studies and submit these to the MHILT for validation without third-party verification.

The MSG noted that the government is currently finalising the enactment of a Transparency Bill which will cover all initiatives that focus on transparency and accountability including the EITI. The Bill might include provisions on beneficial ownership disclosure as a requirement for all companies operating in the

Seychelles. A representative from PetroSeychelles explained that there were plans underway to include transparency objectives in the Upstream Petroleum Policy being developed.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. Various government agencies disclose descriptions or full documents of laws and regulations and the fiscal regime governing the sector. The EITI 2015-15 Report also provides this information and mentions ongoing reforms. While the report does not confirm the lack of fiscal devolution, there is no evidence of any subnational transfers or payments in Seychelles.

To strengthen implementation, the MSG may wish to ensure that regulations supporting the implementation of the key laws governing the petroleum sector are made publicly available in a systematic manner on the PetroSeychelles website. This could include details on ongoing or planned reform. The government is further encouraged to ensure that the Mining Act is published where the government makes legal documents publicly available online, for instance the Attorney General's Office website³⁶ or MHILT website.³⁷

License allocations (#2.2)

Documentation of progress

The Petroleum Act permits the Government of Seychelles to grant a non-exclusive licence to companies to carry out petroleum exploration operations or enter into a petroleum agreement giving them the exclusive right to undertake exploration, development and production operations within the area covered. The report describes the different types of petroleum permits (exploration licenses and Petroleum Agreement) in Section 3.2.5 (p. 22).

The mining sector is governed by the Mineral Act 1962, which outlines different types of mining licenses but does not appear to provide for any statutory procedures for awarding the licenses listed. According to the report, there are also no further details in the legislation and no available regulations or guidelines that define other aspects of quarrying licenses such as duration (p. 32).

Awards/transfers during the reporting period: There were no bidding rounds and no licenses/agreements were awarded during the reporting years (p. 23). The six-month extension of the JOGMEC license in 2015 and the renewal of the license in 2016 is detailed on p. 28, and is described on JOGMEC's website.³⁸ It was also reported by the government's news agency.³⁹

There does not appear to be any evidence in the report indicating that any licenses or interest in a license

³⁶ <http://www.attorneygeneraloffice.gov.sc/index.php/resources/print-publications/laws-of-seychelles>

³⁷ <http://www.luh.gov.sc/>

³⁸ http://www.jogmec.go.jp/english/news/release/news_06_000015.html

³⁹

<http://www.seychellesnewsagency.com/articles/4722/Seychelles+grants+license+extension+to+Japanese+oil+exploration+company>

were transferred during the reporting year. The section on “Main petroleum projects (p.28) explains that two of the petroleum companies relinquished their licenses in 2015. Afren East African Exploration suspended their operations in July 2015 as they have gone into administration, and Ophir exited their Petroleum Agreement with the government and PetroQuest International Incorporated (WHL) in accordance with the terms of the agreement in 2015. As per the agreement, the rights to the licensed blocks return to the government, and the agreement was terminated on 30 December 2015.

According to the IA, MHILT has not previously released any information on the award or transfer of mining permits publicly (p. 34). The report does not describe any award of leases/agreements related to quarrying activities during the reporting year, nor any transfers of rights related to quarrying leases/agreements. The report describes an agreement currently being negotiated between the government and CCCL, but that had not been signed at the time of EITI data collection (p. 32).

Award/transfer process: The process of awarding a petroleum agreement as per the Petroleum Act is described (pp.22-23). This information is also available from the PetroSeychelles website, which provides a general description of the blocks licensing scheme⁴⁰ and a more detailed description on the application procedures⁴¹ and application guidelines.⁴²

The report does not describe the process for transferring ownership or shares in petroleum agreements. The process for transferring rights related to Petroleum Agreements is however outlined in the Model Petroleum Agreement (under “Transfer and assignment”).⁴³ Exploration license holders do not have rights to transfer their stake in a license to another company.

For quarrying, the report highlights that the Mining Act does not provide any process nor procedures to be followed with regards to application for a mining license, nor the name of the government entity that it is supposed to award mining license (p. 32). A description of an ongoing negotiation between CCCL and the government suggests that licenses are awarded through direct negotiation (p. 32). The report explains that the Mineral Act 1962 does not provide any further detail on whether rights and licences under the act can be transferred or extended (p. 32).

Technical and financial criteria: The report explains that full details of the bid criteria including the criteria for assessing the bids prior to the reporting period were not made publicly available (p. 23). It further notes that PetroSeychelles is committed to publishing all applications received online once the preliminary assessments are completed. However, the 2013-14 EITI Report noted that “a full description of the awarding process and of the technical and financial criteria used is detailed on the website of PetroSeychelles” (p. 23).⁴⁴ The application guidelines published by PetroSeychelles provide a description of the technical, financial and management criteria applied in the evaluation of bids.⁴⁵

⁴⁰ <http://petroseychelles.com/index.php/blocks-licensing/blocks-licensing-scheme>

⁴¹ <http://petroseychelles.com/index.php/blocks-licensing/procedures-for-applying>

⁴² <http://petroseychelles.com/index.php/downloads> (“Call for Submissions” under *Bocks Licensing Documents*)

⁴³ <http://www.petroseychelles.com/images/pdfs/Model%20Petroleum%20Agreement%202013.pdf>

⁴⁴ https://eiti.org/sites/default/files/documents/2013-2014_seychelles_eiti_reports.pdf

⁴⁵ <http://petroseychelles.com/images/pdfs/Call%20for%20submissions.pdf>

There does not appear to be any technical and financial criteria applied to assess license applicants in the mining sector, and the IA notes their understanding that “neither the legal framework nor the internal ministerial memorandum include any technical or financial criteria for selecting mining right applicants” (p. 32).

Non-trivial deviations: There is no mention in the report of any non-trivial deviations from the licensing process in the petroleum sector. (This would for the reporting year only relate to the extension of the JOGMEC license in 2015 or renewal of the license in 2016.)

For the quarrying sector, the report notes that CCCL has begun operations on one of the islands without a valid licence or signed agreement, and that it appears that the company was granted a right to ‘Early Entry’ by MHILT. The IA further notes that “such right is not defined in the legislation and it is questionable whether MHILT is authorised to grant such rights without any agreement in place” (p. 69). Based on this information, the IA recommends that no activity is undertaken unless a signed agreement setting out the terms and conditions is in place (recommendation 7.5, p. 69).

Commentary on efficiency: The report does not comment on the efficiency of the petroleum licensing procedures in Seychelles. For the mining sector, it highlights gaps in the Mining Act regarding lack of detailed provisions on different types of licenses and technical and financial criteria for awarding a license. The report recommends that revisions are made to the Mining Act to address gaps in the license allocation procedures such as the lack definitions for each mining right (including duration, costs and renewability), a description of the application process itself and eligibility criteria for quarrying (p. 70). It also recommends that a licensing procedure be put in place for any individual or company intending to undertake quarrying activities, even if such activity takes place on privately-owned lands, to ensure government oversight of all mining activities.

Stakeholder views

For the petroleum sector, representatives from PetroSeychelles confirmed that there had been no transfers of licenses in the reporting year. Regarding deviations from the licensing procedures, PetroSeychelles described two cases where there could potentially be deviations from the statutory licensing procedures. One would have been a transfer of the Afren agreement, where PetroSeychelles entered into negotiations with Sub Saharan Resources (SSR) in 2016, as the company expressed an interest in taking over Afren share as the company had gone into administration, but which had not been agreed. PetroSeychelles also explained that the JOGMEC exploration license agreement included a provision for JOGMEC to be given matching rights to any bids received from investors by the Government of Seychelles for a new Petroleum Agreement for exclusive rights to the area covered by the JOGMEC license. PetroSeychelles representatives explained that this would be made clear in the public announcement should an application be submitted for the area of the JOGMEC license. It was confirmed that there had been no actual trivial deviations during the reporting year.

PetroSeychelles representatives confirmed that they do currently not have any procedures for disclosing any deviations from legal framework in allocating a license. Representatives from PetroSeychelles also noted that their upstream policy which is currently being developed includes a suggestion to establish a committee including civil society representatives that will assess the license applications.

With regards to quarrying, MHILT representatives explained that the quarrying sector was particular in that commercial exploitation would only be allowed for supplying necessary materials for construction and not for exports, given concerns related to environmental conservation. MHLT representatives explained that the granting of quarrying licenses is conducted through competitive tender. During the bidding process, prospective companies are supposed to provide technical and financial proposals for their respective companies. It was explained that the lease agreements outline the rules relating to transfer of rights, which involved seeking approval from MHILT. The lease agreements that are publicly accessible for a small fee from the land register administered by the Registrar General detail the rules related to transfers of rights (see section on *Contract disclosures (#2.4)*). Government representatives and the IA confirmed that there had not been any quarrying leases or agreements awarded or transferred during the reporting year.

Representatives from MHILT confirmed the findings of the report that there were no technical financial criteria specifically for awarding mining licenses to quarrying companies, apart from those outlined in the public procurement regulations. It was explained that the lack of pre-qualification financial criteria had been one of the reasons why there had been specific challenges with a Chinese company that had sought a quarrying license, but that had not demonstrated the financial capacity to operate. A civil society representative expressed concern about the lack of transparency in awarding agreements related to quarrying activities, given the environmental significance of such activities.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. PetroSeychelles publishes comprehensive information on the process for allocation petroleum licenses/agreements. This information is also described and referenced to in the 2015-16 EITI Report. There appear to be a lack of clarity on the procedures for allocating quarrying agreements, including what technical and financial criteria should be applied. Non-trivial deviations are not explicitly mentioned in the report, although what appears to be a deviation by allowing a company an 'early entry' is described. There were no awards to transfers of petroleum or mining licenses/agreements in the years covered by the assessment.

In accordance with Requirement 2.2, the government should disclose a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. The MSG should ensure that there is clarity on the government's plans for future licensing in the quarrying sector, and that there is a publicly available description on the allocation of mining licenses, the process for transferring licenses and the technical and financial criteria applied.

To strengthen implementation, PetroSeychelles is recommended to continue to regularly publish details on licenses awarded and transferred on an annual basis, if not in real time, and consider efforts to systematically disclose details on licensing as required by the EITI .

License registers (#2.3)

Documentation of progress

Licenses held by material companies: There is currently only one active petroleum license (held by JOGMEC), which was also the only active license during the latest year of reporting (2016). The report provides a link to PetroSeychelles website, which discloses a map of active licenses and agreements which is regularly updated.⁴⁶ It does not provide information on expired licenses.

For mining, the IA notes in the report that “we understand that MHILT does not keep a register of quarrying licences” (p. 33). A list of three active agreements (two commercial agreements and one lease) is provided (p.33).

License-holder names: The name of the petroleum license-holder is disclosed on PetroSeychelles website. For mining licenses, the report lists the ‘beneficiary’ of the title agreement (p.33).

License coordinates: The PetroSeychelles website provides coordinates for the JOGMEC license. For the quarrying agreements, the area codes are provided (p. 33), but it is not clear how to locate these areas.

Dates: Dates of application and award of the oil and gas license are not disclosed. The report recommends that PetroSeychelles publishes complete information on their website with the date of application, the date of award and the duration of active licenses. For the quarrying agreements, date of signature and the duration of the license is provided. Date of application is not disclosed.

Licenses held by non-material companies: Given the size of the respective sector and that all companies are covered by the reconciliation process, there are no other licenses that are not covered in the sector.

Public cadastre/register: Seychelles does not have a public license register for either of the extractive sectors. The report recommends that PetroSeychelles establish a public register for petroleum licenses, and that data should be updated regularly on the website (recommendation 7.13, p. 72). The report recommends that MHILT establishes an online license cadastre for the mining sector which should include information on coordinates of concessions as well as fees paid.

Stakeholder views

Representatives from PetroSeychelles explained that they had a license register with information that could be published, but that they were awaiting guidance from SEITI on what and how to disclose this information. It was also noted that this had been submitted to the IA. MHILT representatives also explained that lease agreements were available from the Registrar General’s Office (see section on *Contract disclosures (#2.4)*).

⁴⁶ <http://www.petroseychelles.com/index.php/blocks-licensing/currently-active-licenses>

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. License information on petroleum and quarrying agreements has been made available through government websites and in the EITI Report, although dates of application and award of the licenses are not disclosed.

In accordance with Requirement 2.3, the government should ensure that comprehensive information on petroleum licenses and agreements is made available, including dates of application and award of licenses/agreements. PetroSeychelles could also consider publishing a comprehensive overview of current and expired licenses to provide a full picture of petroleum activities to date.

Contract disclosures (#2.4)

Documentation of progress

Government policy: Under Section 3.2.7 on "Policy on disclosure of contracts and licences" (p. 23), it is explained in the report that the Petroleum Act requires agreements with the government to be treated as confidential, and that various petroleum agreements contain confidentiality clauses. Some of the confidentiality clauses are cited.

For mining, the report explains that the Mining Act does not mention commercial agreements being signed between the government and quarrying companies. MHILT provided a list of active agreements (p. 32), and the report notes that "there are no restrictions on disclosure of such information in mining agreements signed with operators" (p. 34).

Actual practice: The report further states that in accordance with the government's policy, contracts are not disclosed (p. 23). For mining, the IA notes in the report that "*we understand from a meeting held with the MHILT that no specific plans exist regarding the publication of quarrying contracts and licences. However, we also understand that the Government is open to consider such policy in future*" (p. 34).

Stakeholder views

PetroSeychelles confirmed that petroleum agreements and work programmes for the petroleum sector are not made publicly available. Representatives from MHILT explained that the agreements themselves are available from the Registrar General's office to the public for a small fee. This was confirmed by the Registrar General's Office, who explained that the lease and commercial agreements are registered with their office, and registered documents are considered public domain. Thus, members of the public can search for the documents in person at the Registrar General's Office for a fee (SCR 100, approx. USD 8 per file for land files, and SCR 25, approx. USD 2 per search for business files). This was verified by representatives from a quarrying company, who stated that they had no issues with the agreements being publicly available.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress towards meeting this requirement. The report describes the government's policy on not disclosing

contracts or license agreements, noting a lack of clear policy. In practice, quarrying leases and agreements appear to be accessible in person from the Registrar General's Office.

To strengthen implementation, it is recommended that the MSG clarifies the actual practice regarding public access to quarrying agreements, and how members of the public can access these at the Registrar General's Office. Further consultations with relevant government authorities such as MHILT are encouraged to follow up on the disclosure of all quarrying contracts. The government is also encouraged to consider publishing petroleum contracts.

Beneficial ownership disclosure (#2.5)

Documentation of progress

Government policy: The EITI 2015-16 Report does not explicitly state the government's policy on beneficial ownership disclosure, but lists legal frameworks governing companies incorporated in Seychelles and explains that while the Companies' legislation includes beneficial ownership provisions, there is no requirement to disclose information about the ultimate beneficial owners (pp. 40-41). It highlights that the Companies Legislation is expected to be reformed in the near future. The report also notes that there are no obligations or restrictions on the disclosure of beneficial ownership information under the Petroleum Act (p. 41).

The IA proposes a definition of beneficial ownership for extractive companies (p. 40), which seeks to take into account the necessary elements outlined in Requirement 2.6 as well as the existing framework.

Actual practice: The report does not describe actual practice related to beneficial ownership disclosure in general. Reporting companies were requested to submit beneficial ownership information to the IA. Of the three petroleum companies within the scope, Ophir provided ownership data consisting of the name of the parent company and the stock exchange on which it is listed (link to the stock exchange filing not included).

Of the quarrying companies, CCCL listed a name of a Seychellois legal person as owner of 0.1% of company shares. Whether this is the beneficial owner is not clear from the report.

Legal owners of material companies: The report explains that for the petroleum companies within the scope of the report, the private companies are subsidiaries of publicly listed companies. The names of the parent companies (not necessarily first-tier shareholders) are provided, as well as the stock exchanges they are listed on (pp. 17 and 41). JOGMEC is wholly owned by the Government of Japan, although the report does not provide further details on the corporate structure linking JOGMEC in Seychelles to the group company in Japan.

Seychelles submitted the EITI beneficial ownership roadmap on 19 October 2017, which was published on the EITI website.⁴⁷ The MSG noted in submitting the roadmap that this was a living document that would

⁴⁷ https://eiti.org/sites/default/files/documents/seychelles_eiti_beneficial_ownership_roadmap.pdf

continue to be developed. The roadmap includes objectives and related activities for the implementation of beneficial ownership disclosure by 2020, and indicates responsible stakeholders and timelines. The roadmap is not costed.

Stakeholder views

Stakeholders noted that there were various ongoing government processes related to beneficial ownership, including the drafting of a dedicated beneficial ownership law, and that it was challenging to ensure that all the efforts were aligned. PetroSeychelles also highlighted that this was an issue that was being considered as part of the development of the Upstream Petroleum Policy. It was noted that beneficial ownership information could be collected as part of the license application process.

Representatives from CCCL confirmed that the name provided was in fact the beneficial owner of the company. It was further explained that details on the legal ownership of the company had been reported, and that the remaining 99.9% was owned by Island Motors, a company whose beneficial owner was the same as the one reported for the remaining 0.1%. The IA confirmed that details on the legal ownership of the company had been submitted as part of the reporting exercise but not been included in the final report.

Initial assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. It is encouraging that the MSG has decided to collect ownership information and has tasked the IA with recommending a definition of beneficial ownership, in light of the government's efforts to establish a framework for beneficial ownership disclosure.

To strengthen implementation, it is recommended that future beneficial ownership disclosures clarify whether the owners reported are ultimate owners, provide a clear overview of the corporate structures of the companies covered, and provides direct links to their stock exchange filings for publicly-listed entities.

State participation (#2.6)

Documentation of progress

The Petroleum Mining Act 1976 provides the legal basis for the rules for participation by government or government entities in the development, production and marketing of commercial quantities of petroleum (p. 20). The report describes a series of restructuring in different government agencies and SOEs from 1985, and the current roles of PetroSeychelles (as the regulator of the sector), SEYPEC (mostly downstream activities such importing, marketing and distributing petroleum products but also government investment in upstream activities), and SSI (a state-owned asset management company which is the parent company of PetroSeychelles).

There is no state ownership in the mining sector, as CCCL was privatised in 1998 (p. 34).

Financial relationship with government: The report's section on the institutional framework for the petroleum sector (pp.21-22) briefly outlines the legal relationships between the Ministry of Finance, the SSI, SEYPEC and PetroSeychelles. This is also provided on the PEMC website,⁴⁸ which collates the annual financial reports of all SOEs (including SSI, SEYPEC and PetroSeychelles) up until 2015 (2016 for SEYPEC).⁴⁹

The section in the report on collection of revenues from the oil and gas sector (p. 37) indicates that PetroSeychelles retains the revenues it collects from the sector, which include royalties (in case of production), license fees, application fees, annual rentals annual contributions, profit commission on sale of data by exploration companies, sale of data package, and other material payments to PetroSeychelles. In 2016 these revenues amounted to SCR 9,662.48 (approx. USD 705).

The report does not describe whether PetroSeychelles has the right to seek third-party funding. It explains that an agreement was made between the government, SEYPEC and PetroSeychelles in 2013 to assign to PetroSeychelles the relevant resources required to exercise its mandate following the split from SEYPEC (p.66). In accordance with the terms of this agreement, SEYPEC was required to transfer an amount from their dividend of SCR 10,000,000 (approx. USD 750,000) to PetroSeychelles during 2015 and 2016. The IA notes that PetroSeychelles had not received any funds under this agreement during 2015 or 2016.

SOEs are required to submit annual audited financial statements to the relevant government authorities in accordance with the Public Enterprise Monitoring Commission (PEMC) Act 2013, which are also published by the PEMC.⁵⁰ The report further explains that the law obliges the SOEs to submit within 3 months of the end of the financial year an annual report of operations along with the annual audited financial statements to the Minister of Finance, the Minister responsible for the entity and PEMC.

Government ownership and ownership changes: SEYPEC holds fully paid equity in Afren Plc (the parent company of East African Exploration Limited), which was awarded a Petroleum Agreement in November 2008. SEYPEC also holds shares in WHL Energy Ltd. The report further states that SSI is the parent company of PetroSeychelles and SEYPEC, and that PetroSeychelles does not hold shares in any oil or gas company.

A section on "government participation in the extractive industry" shows the unchanged full paid equity holdings by SEYPEC in Afren and WHL Energy at 1 January 2015 and 21 December 2016 (p. 65). No changes in the level of ownership during the reporting period is mentioned in the report

Loans and quarantees: The report does not mention loan or loan guarantees provided by the government

⁴⁸ <http://www.pemc.sc/index.php/public-enterprises>

⁴⁹ <http://www.pemc.sc/index.php/reports/annual-financial-reports>

⁵⁰ See latest report by PetroSeychelles covering 2015 here: http://www.pemc.sc/images/reports/annual/PetroSeychellesLtd/financial_reports/PetroSeychelles2015.pdf

or SOEs to companies in the extractives sector.

Stakeholder views

Representatives from the key SOEs explained that there was currently no clear policy relating to retaining of dividends, although the SSI was currently developing such a policy for its companies. It was explained that PetroSeychelles had been created as a separate entity to take over SEYPEC's regulatory functions to prevent conflict of interest, as SEYPEC was also holding shares in companies operating in the petroleum sector. According to the IA, an agreement was made between PetroSeychelles and SEYPEC that the latter would pay a share of their dividends to finance PetroSeychelles until the company would be up and running. The IA had been given access to a letter from MFTEP directing SEYPEC to honour the agreement with PetroSeychelles.

As part of EITI reporting, SEYPEC reported having made a payment to PetroSeychelles in 2016. During the consultations, a SEYPEC representative explained that this was due to be paid by SEYPEC to PetroSeychelles under the lease agreement but was not actually made, as the MFTEP had allegedly revoked the agreement between the two enterprises. Stakeholders appeared to have different views on whether an agreement between SEYPEC and PetroSeychelles was currently valid and whether transfers should be made. Representatives from PetroSeychelles confirmed that no funds had been allocated to the SOE from the government in the reporting year. Representatives from SSI confirmed that the company had not provided any loans or loan guaranteed to companies in the extractive sector.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress in meeting this requirement. There are reporting and monitoring mechanisms in place to oversee the financial activities and reporting by SOEs, including those participating in the extractive sector. The 2015-16 EITI Report also provides an explanation of the prevailing rules and practices regarding the financial relationship between the government and SOEs, and the level of ownership in mining, oil and gas companies. There is however some lack of clarity related to the prevailing rules and practices regarding the financial relationship between the two of the SOEs (SEYPEC and PetroSeychelles). The report does not state whether the government has provided any loans or loan guarantees to extractive companies.

In accordance with Requirement 2.6, the Seychelles should ensure that there is publicly-accessible information on the rules and practice of financial relations between SOEs and the state (including retained earnings, reinvestments and third-party funding), the level of state participation, including associated terms, and any change thereof in the year(s) under review, as well as any loans or loan guarantees extended by the government or SOEs to extractives companies. To strengthen implementation, it is also recommended that PetroSeychelles reports on the revenues they collect from the extractive sector on a project-level basis in their annual financial reporting, with a view of systematising ('mainstreaming') EITI disclosures.

Table 2- *Summary initial assessment table: Award of contracts and licenses*

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Legal framework (#2.1)	Various government agencies disclose descriptions or full documents of laws and regulations governing the sector, which are also described in the 2015-16 EITI Report.	Satisfactory progress
License allocations (#2.2)	PetroSeychelles publishes comprehensive information available on the process for allocation petroleum licenses/agreements. This information is also described and referenced to in the 2015-16 EITI Report. There appear to be a lack of clarity on the procedures for allocating quarrying agreements, including what technical and financial criteria should be applied. Non-trivial deviations are not explicitly mentioned in the report, although what appears to be a deviation by allowing a company an 'early entry' is described. There were no awards to transfers of petroleum or mining licenses/agreements in the years covered by the assessment.	Meaningful progress
License registers (#2.3)	License information on petroleum and quarrying agreements has been made available through government websites and in the EITI Report, although dates of application and award of the licenses are not disclosed.	Meaningful progress
Contract disclosures (#2.4)	The report describes the government's policy on not disclosing contracts or license agreements, noting a lack of clear policy. In practice, quarrying leases and agreements appear to be accessible in person from the Registrar General's Office.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	Seychelles has published a beneficial ownership disclosure roadmap and requested reporting entities to disclose their ultimate owners. It is encouraging that the MSG has decided to collect ownership information and has tasked the IA with recommending a definition of beneficial ownership, in light of the government's efforts to establish a framework for beneficial ownership disclosure.	
State-participation (#2.6)	There are reporting and monitoring mechanisms in place to oversee the financial activities and reporting by SOEs, including those participating in the extractive sector. The	Meaningful progress

	<p>2015-16 EITI Report also provides an explanation of the prevailing rules and practices regarding the financial relationship between the government and SOEs, and the level of ownership in mining, oil and gas companies. There is however some lack of clarity related to the prevailing rules and practices regarding the financial relationship between the two of the SOEs (SEYPEC and PetroSeychelles). The report does not state whether the government has provided any loans or loan guarantees to extractive companies.</p>	
<p>Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. To strengthen implementation, the MSG may wish to ensure that regulations supporting the implementation of the key laws governing the petroleum sector are made publicly available in a systematic manner on the PetroSeychelles website. This could include details on ongoing or planned reform. The government is further encouraged to ensure that the Mining Act is published where the government makes legal documents publicly available online, for instance the Attorney General's Office website or MHILT website. <ul style="list-style-type: none"> • In accordance with EITI Requirement 2.2, the government should disclose a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. The MSG should ensure that there is clarity on the government's plans for future licensing in the quarrying sector, and that there is a publicly available description on the allocation of mining licenses, the process for transferring licenses and the technical and financial criteria applied. To strengthen implementation, PetroSeychelles is recommended to continue to regularly publish details on licenses awarded and transferred on an annual basis, if not in real time, and consider efforts to systematically disclose details on licensing as required by the EITI • In accordance with EITI Requirement 2.3, the government should ensure that comprehensive information on petroleum licenses and agreements is made available, including dates of application and award of licenses/agreements. To strengthen implementation, PetroSeychelles could also consider publishing a comprehensive overview of current and expired licenses to provide a full picture of petroleum activities to date. 2. To strengthen implementation, it is recommended that the MSG clarifies the actual practice regarding public access to quarrying agreements, and how members of the public can access these at the Registrar General's Office. Further consultations with relevant government authorities such as MHILT are encouraged to follow up on the disclosure of all quarrying contracts. The government is also encouraged to consider publishing petroleum contracts. 3. To strengthen implementation, it is recommended that future beneficial ownership disclosures clarify whether the owners reported are ultimate owners, provide a clear overview of the corporate structures of the companies covered, and provides direct links to their stock exchange filings for publicly-listed entities. 		

- In accordance with Requirement 2.6, the Seychelles should ensure that there is publicly-accessible information on the rules and practice of financial relations between SOEs and the state (including retained earnings, reinvestments and third-party funding), the level of state participation, including associated terms, and any change thereof in the year(s) under review, as well as any loans or loan guarantees extended by the government or SOEs to extractives companies. To strengthen implementation, it is also recommended that PetroSeychelles reports on the revenues they collect from the extractive sector on a project-level basis in their annual financial reporting, with a view of systematising ('mainstreaming') EITI disclosures.

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

Overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The 2015-16 EITI Report provides a brief overview of the petroleum and quarrying sector (p.17), with additional detail on the petroleum sector (p.17) and quarrying (pp.29-30). The main petroleum projects (pp.28-29) and main quarrying projects (pp.35-36) are described in more detail, including information on the offshore areas where petroleum exploration is taking place. All activities in the petroleum sector are related to exploration, which the report describes in some detail. The PetroSeychelles website also provides a brief overview of the exploration history of the country⁵¹, a description of the geotechnical profile of the exploration area⁵² and an overview of geophysical and well data available.⁵³

The report does not mention the ongoing negotiations regarding a Joint Management Zone on the extended continental shelf between Seychelles and Mauritius and the establishment of an institutional framework for a Joint Management Authority between the two countries, although this is described in the 2013-14 EITI Report (p. 17). The Government of Mauritius recently announced that an agreement to conduct a geotechnical study had been signed with the Government of Seychelles.⁵⁴

Stakeholder views

Stakeholders did not express any particular views related to exploration data available in the report.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress towards meeting this requirement. There is information available from various sources providing an overview of the extractive sector, including exploration activities.

To strengthen implementation, it is recommended that the Government of Seychelles ensures that there is publicly available information related to the Joint Management Zone in Mauritius, and that adequate

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<http://www.seychellesnewsagency.com/articles/4722/Seychelles+grants+license+extension+to+Japanese+oil+exploration+company>

⁵² <http://petroseychelles.com/index.php/geotechnical/petroleum-system>

⁵³ <http://petroseychelles.com/index.php/geotechnical/data-availability>

⁵⁴ <http://www.govmu.org/English/News/Pages/Extended-Continental-Shelf-Signature-of-agreement-for-geotechnical-study-.aspx>

transparency mechanisms will be in place regarding exploration activities in the zone.

Production data (#3.2)

Documentation of progress

There is no petroleum production in Seychelles as the sector is still in exploration stage (p. 10). The MSG decided to request information from mining companies on their production from quarrying (p. 45). The EITI 2015-16 Report provides production data from quarrying as reported by the two quarrying companies within the scope (pp. 30-31). The data includes commodity produced (stone, crusher/plastering dust, crusher waste and rocks), volumes (in tons) and values in USD. The government entity overseeing mining activities (MHILT) did not report any production data.

Stakeholder views

MHILT representatives explained that companies provide quarterly reports on production to the government. The MHILT noted that they are facing challenges to assess and provide valuation of production from the quarrying companies. It was added that MHILT did not have the capacity to verify the production volumes and quality given the small scale of production, and that the differences in quality of the product would not have a material impact on its value. Industry representatives explained that the reported values were based on sales price. A representative from industry also noted that there appeared to be monitoring of their reports on production, as they would be chased by the line ministry if they did not submit on time.

Representatives from MHILT were reluctant to establish a system for publish information on production from quarrying regularly, given that these activities constituted just a fraction of what was within MHILTs oversight, with the majority of the ministry's responsibility focussing on managing land and property.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress towards meeting this requirement. There is no currently no production in the petroleum sector. The 2015-16 EITI Report provides production data on volumes and values from quarrying activities are provided by commodity and by company.

Export data (#3.3)

Documentation of progress

Given that there is no petroleum production in Seychelles, there are no exports from the petroleum sector. The report notes that based on the data provided by the Central Bank, National Bureau of Statistics and reporting quarrying companies, no mineral exports were identified (pp. 10 and 35). The MSG also decided to require reporting mining companies and government entities to submit data on exports. No export data was reported.

Stakeholder views

MHILT representatives explained that quarrying activities in Seychelles were only allowed for the purpose of providing materials for construction, as stipulated in the agreements between MHILT and the quarrying companies. There are therefore no exports of quarrying outputs from Seychelles. This was confirmed by industry representatives.

Initial assessment

The International Secretariat's initial assessment is that Requirement 3.3 on export data is not applicable in Seychelles. There are no exports of oil or minerals from the Seychelles.

Table 3- *Summary initial assessment table: Monitoring and production*

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Overview of the extractive sector, including exploration activities (#3.1)	Information on the extractive sectors including exploration activities is provided in the 2015-16 EITI Report. The PetroSeychelles website provides additional details on the petroleum sector.	Satisfactory progress
Production data (#3.2)	There is currently no production in the petroleum sector. The 2015-16 EITI Report provides production data on volumes and values from quarrying activities are provided by commodity and by company.	Satisfactory progress
Export data (#3.3)	The 2015-16 EITI Report and stakeholder consultations confirm that	Not applicable
<p>Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. To strengthen implementation, it is recommended that the Government of Seychelles ensures that there is publicly available information related to the Joint Management Zone in Mauritius, and that adequate transparency mechanisms will be in place regarding exploration activities in the zone. 		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

Materiality (#4.1)

Documentation of progress

Materiality threshold for revenue streams: There does not appear to be any materiality threshold for revenue streams. All revenue streams from petroleum or mining companies appear to be included (apart from barter and infrastructure transactions, social payments, and quasi-fiscal expenditures by SOEs, which are specified as being unilaterally disclosed.) The rationale for selecting the revenue streams is explained (pp.42-48). The report explicitly states that the MSG decided to include all the revenue streams identified in the reconciliation scope (p. 42-43).

Descriptions of material revenue streams: All revenue streams are listed on p. 47-48 and described in Annex 3 (pp. 86-88).

Materiality threshold for companies: The report explains that the MSG agreed that companies that made non-tax payments specific to the oil and gas sector to PetroSeychelles above SCR 2 million (approx. USD 150,000) should be included in the scope of the reconciliation (p.49). The MSG agreed this on the basis of the scoping exercise which demonstrated that the payments made by the companies selected constituted 99.8% of total revenues collected by the government. Material companies were defined based on the total payments made for both 2015 and 2016 together.

For the mining sector, the government entities responsible for overseeing mining activities and collecting revenues from the sector (MHILT and SCR) did not provide sufficient revenue data to enable to the MSG to make a decision on the materiality threshold for mining companies. The reason for this was that the quarrying companies also engage in other commercial activities, making it difficult to identify the direct revenues from quarrying. The MSG therefore decided to include all mining companies in the scope of reconciliation (p.49).

Material companies: For petroleum, of the three companies having made payments during the reporting period, two were found to have made material payments (East African Exploration Seychelles/AVANA Petroleum and Ophir/Petroquest International Incorporated under Petroleum Agreements in 2015). The third company, JOGMEC (operating under an exploration license) made payments below the materiality threshold, and the payment was disclosed unilaterally by the government.

For mining, the two companies identified as having made payments during the reporting period (CCCL and

UCPS) were included.

Material company reporting: Two of the four extractive companies included in the reconciliation scope did not submit reporting templates: the licensee East African Exploration Seychelles and Avana Petroleum (p.11). Revenues reported unilaterally by government entities and relating to this licensee amounted to SCR 3,072,684 (approx. USD 230,000) in 2015, with no reported revenues in 2016. According to the IA, the consortium (East African Exploration Seychelles and Avana Petroleum) is considered as a single entity holding a single licence and the payments are being made by the operator on behalf of the consortium (the licence holder). These revenues accounted for 12.5% of total extractive revenues in 2015.

Material government entities: Based on the scope of the report, the MSG selected four government entities (MFTEP, SRC, MHILT and the Registrar General) to be included in the scope of reconciliation, and three SOEs (PetroSeychelles, SSI, SEYPEC) (pp.49-50).

Government reporting: All government entities submitted reporting templates apart from the Registrar General (p. 11). According to the reconciliation sheets in Annex 2, no companies within the scope reported to have made any payments to the Registrar General (revenue streams covered were “stamp duty” and “other material payments” (pp.74-85).

Discrepancies: MSG agreed a variation threshold for investigating discrepancies of SCR 13,000 (approx. USD 970). Discrepancies of a value below the threshold were considered immaterial and no further efforts were made to investigate. When a discrepancy was higher than the variation threshold, reporting entities were asked to provide supporting documents and/or confirmation for any adjustment to the information originally submitted (p.15).

Explanations of the adjustments made to initially reported revenue data by reporting companies and government entities are provided (pp.57-61). Most of these relate to taxes having been reported outside the scope of the reconciliation, and companies having reported payments on activities not related to the extractive sectors.

Unresolved discrepancies are listed (pp.61-62). For 2015, there were four payments/revenues reported that were unreconciled, amounting to SCR 3,169,481 (approx. USD 236,000) representing 13.3% of revenues reported by government. Two of these payments were above the materiality threshold. The first resulted from the non-reporting of East African Exploration Seychelles due to the company having gone into administration. The second was a payment to PetroSeychelles reported unilaterally by SEYPEC. For 2016, unreconciled discrepancies amounted to SCR 973,702 (approx. USD 72,000) representing 8.2% of total revenues reported by government from the extractive sector. This consisted mainly of one payment to PetroSeychelles reported by unilaterally by SEYPEC (of the same amount as in 2015).

Full government disclosure: Full government disclosure is provided, with company payments below the materiality threshold having been disclosed by the government by company, not by revenue stream (p.65). Only voluntary social payments were unilaterally disclosed by companies. The table in section 6.1 “Analysis of Government revenues” (p.63) shows which payments were reconciled, and which were unilaterally disclosed. The revenues unilaterally disclosed by the government constitute 0.1% of total government revenue from the extractive sector.

Stakeholder views

MHILT representatives confirmed that there had been no royalties paid during the reporting period as there were still ongoing discussions between MHILT and MOFTEP on how to calculate and levy royalties on quarrying. This was also confirmed by a quarrying company representative, who highlighted that levying royalties was likely to result in higher prices for the commodity produced.

In discussing the materiality threshold, representatives on the MSG appeared content with the comprehensiveness of the reconciliation, in particular with regards to the quarrying sector which had not been covered in the first reconciliation.

Initial assessment

The International Secretariat's assessment is that Seychelles has made satisfactory progress towards meeting this requirement. The MSG has agreed materiality thresholds for selecting companies and revenue streams, albeit in implicit terms only for revenue flows. The 2015-16 EITI Report lists and describes all material companies and revenue streams. The report lists non-reporting companies and government entities and provides an assessment of the materiality of their payments. The government has provided full unilateral disclosure of all extractives revenues, including from non-material companies, albeit disaggregated by company rather than by revenue stream..

To strengthen implementation, the Seychelles is encouraged to revisit its materiality decisions to strike an appropriate balance between the oil and mining sector's currently modest revenues and the objective of revenue transparency. The MSG is encouraged to assess the scope for integrating EITI reporting into other statutory reporting obligations as a means of streamlining EITI implementation.

In-kind revenues (#4.2)

Documentation of progress

According to the Petroleum Act and the Model Petroleum Agreement, the government has the right to claim royalties in kind and to discharge the petroleum company of its obligation to pay such dues in cash at its own discretion (clause 11, sub-clause 12 in Model Petroleum Agreement). This is described in the report (p. 22). The report also notes that the Model Petroleum Agreement allows the government to request payment of Petroleum Additional Profits Tax in kind instead of cash, by giving a minimum of a three months' notice to the company. While there is currently no petroleum production in Seychelles, there are no in-kind payments collected. This requirement may however be applicable in the future, should Seychelles make a petroleum discovery and enter production.

The report does not mention in-kind payments from mining companies. In-kind payments are not mentioned in the Mining Act.

Stakeholder views

Government and industry stakeholders confirmed that no revenues are paid in-kind. MHILT clarified that the government does not engage directly in construction activities and that private lease operators of quarries sell all the commodities produced directly and on their own behalf to construction companies.

Initial assessment

The International Secretariat's initial assessment is that Requirement 4.2 on in-kind revenues is not applicable in Seychelles. Available documentation, EITI reporting and stakeholder consultations confirm that in-kind revenues do not currently exist.

Barter and infrastructure transactions (#4.3)

Documentation of progress

The 2015-16 EITI Report notes that based on the IAs consultations with government entities, no payment flows related to bartering arrangements involving infrastructure works were identified (p. 44). The MSG decided to include a confirmation from the companies by requesting information on such arrangements in the reporting templates. No companies submitted any information on barter or infrastructure transactions. On this basis, the IA confirms that there are no infrastructure provisions nor barter arrangements in the context of Seychelles (p. 66).

Stakeholder views

Stakeholders consulted did not express any views related to the coverage of barter and infrastructure arrangements in the EITI Reports.

Initial assessment

The International Secretariat's initial assessment is that Requirement 4.3 on barter and infrastructure transactions is not applicable in Seychelles. Available documentation, EITI reporting and stakeholder consultations confirm that barter and infrastructure transactions do not occur.

Transport revenues (#4.4)

Documentation of progress

The EITI 2015-15 Report explains that "Based on meetings held and documents analysed, we note that there are no companies operating in the transportation in extractive sectors in Seychelles" (p. 49). The International Secretariat considers it unlikely that there is any material revenue collected by the government related to transportation of minerals given the size of the country.

Stakeholder views

Government and industry stakeholders confirmed that the government does not receive any revenues from transportation of mineral commodities.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable to Seychelles. Available documentation, EITI reporting and stakeholder consultations confirm that transportation revenues do not currently exist.

Transactions between SOEs and government (#4.5)

Documentation of progress

Part of the transfers between the PetroSeychelles, SSI and MFTEP in the petroleum sector are explained in the diagram on p. 37). The diagram indicates that PetroSeychelles only pays dividends to SSI, while the table on p. 9 indicates that the revenues are transferred to SCR.

Revenues collected by SOEs from extractive industries: The reconciliation sheets in Annex 1 includes payments reported transferred from companies to PetroSeychelles (item 2 in the template), as well as payments made to SOEs including dividends and ‘other payments’ (item 8). For 2015, Ophir reported having made material payments to PetroSeychelles amounting to SCR 3,815,071 (approx. USD 285,000), consisting of annual rentals and annual contributions which were reconciled (p. 75). For 2016, an immaterial payment by JOGMEC to PetroSeychelles was unilaterally disclosed by the government (SCR 14,501, approx. USD 1080) (p. 65).

No dividends were reported from SEYPEC’s fully paid equity in Afren and WHL Energy Ltd in 2015 or 2016 (Afren went into liquidation in 2015).

Transfers between SOEs and government: The transfers made by PetroSeychelles to the government are included in the reconciliation and reported in Annex 1 (p.69 for 2015 and p.83 for 2016). The report confirms that “there were no revenues collected nor transfers made by SEYPEC and SSI, relating to the extractive industry during both years” (p. 16).

Transfers between SOEs and state-owned shareholders: PetroSeychelles did not pay out any dividend to SSI in the reporting year. SEYPEC unilaterally reported to have paid SCR 1.2 million (approx. 90,000) in both 2015 and 2016, resulting in an unresolved discrepancy in the reconciliation (pp. 61-62). This payment is below the overall materiality threshold agreed by the MSG (SCR 2 million), but is beyond the variance threshold set for investigating discrepancies (SCR 13,000).

Stakeholder views

Representatives from PetroSeychelles explained that given the lack of clarity of the funding arrangement, the company was currently running off savings and the revenues retained from annual rentals and other fees collected from exploration activities.

Regarding the unreconciled revenue reported by SEYPEC, a representative from the company explained that this was due to be paid by SEYPEC to PetroSeychelles under the lease agreement but was not actually made. This was because the MFTEP had allegedly revoked the agreement between the two enterprises. It was confirmed that no transfer had been made by SEYPEC to PetroSeychelles.

SSI explained that they had reported the aggregate revenue transferred to the government from dividends collected by state-owned enterprises, which include PetroSeychelles and SEYPEC, as it was not clear from the reporting template whether this was within the scope of reporting. This was later adjusted to zero, as the dividend paid to the government derives from profits from SOEs operating in a broad range of sectors. It was confirmed that PetroSeychelles is not paying any dividends to SSI given their unstable

financial position (the 2016 financial statement that is yet to be disclosed is likely to classify the company as a ‘going concern’.) SSI noted that they were currently preparing a dividend policy for the companies they control, and were developing a business plan to restructure the operations of PetroSeychelles.

Initial assessment

The International Secretariat’s initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. The 2015-16 EITI Report comprehensively discloses the transactions between the government and SOEs.. The confusion related to SEYPEC’s reported payment to PetroSeychelles results from the lack of clarity in the financial rules and practices related to PetroSeychelles (see *Requirement 2.6*).

To strengthen implementation, the government and key SOEs should ensure that the rules and practices for transfers related to SOEs are clarified. It is also recommended that PetroSeychelles reports on the revenues they collect from the extractive sector on a project-level basis in their annual financial reporting, with a view of systematising (‘mainstreaming’) EITI disclosures

Subnational direct payments (#4.6)

Documentation of progress

The IA notes that sub-national payments are not applicable in the context of the Seychelles (p.44).

Stakeholder views

Industry stakeholders confirmed that all payments are made to the central government.

Initial assessment

The International Secretariat’s initial assessment is that EITI Requirement 4.6 on subnational direct payments is not applicable to Seychelles. Available documentation, EITI reporting and stakeholder consultations confirm that subnational direct payments by extractive companies do not currently exist.

Level of disaggregation (#4.7)

Documentation of progress

The 2015-16 EITI Report discloses the revenue data disaggregated by individual company (pp. 51-52), government entity (p. 7) and revenue stream (pp. 53-56). The ‘reconciliation sheets’ detailing the reported payments by company, entity and revenue stream for each reporting year (2015 and 2016) are also provided in Annex 2 (pp. 74-85). The report does not systematically disclose revenues by project, and the unilateral disclosure of the payment made by holder of the only licensee (JOGMEC) does not categorise the payment to an extent that it is possible to confirm that it is disclosed on a project-level basis.

Stakeholder views

Stakeholders did not express any views or concerns relating to the level of disaggregation of EITI disclosures.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. The 2015-16 EITI Report discloses the revenue data disaggregated by individual company, government entity and revenue stream. The report does not systematically disclose revenues by project.

To strengthen implementation, the Seychelles may wish to consider the extent to which it can make progress in implementing project-level EITI reporting of sector-specific levies and taxes ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018. Given the EITI's "two-year rule" (requirement 4.8), this would effectively require project level reporting by all countries by 31 December 2020 at the latest.

Data timeliness (#4.8)

Documentation of progress

The 2015-16 EITI Report was published on the EITI website on 10 January 2018, ten days after the deadline in accordance with Requirement 4.8.

The report was supposed to be published on 31 December 2017, i.e. two years after the end of the financial year covered. The ToR for the IA to produce the 2015-2016 report were agreed on 15 November 2017. The International Secretariat received a draft report from the National Coordinator on 28 December 2017, explaining that there were some outstanding issues in the report the MSG had requested to be addressed. The final report was shared with the International Secretariat on 9 January 2018, and a version signed by the Permanent Secretary was subsequently published on the EITI website.⁵⁵

In the extension request letter submitted to the International Secretariat, MSG outlined the following factors as causing the delay:

- The extension request documents the significant delays caused by the outbreak of a plague in a neighboring country, Madagascar. Air Seychelles flights to and from Madagascar had been stopped on 8 October 2017 to reduce likelihood of further importation of plague cases from Madagascar.⁵⁶ The delayed the arrival of the IA given that they were based in Madagascar during the outbreak of the plague. The delay in arrival of the IA significantly impacted on the commencement of the production of the report.
- Further, the process for recruiting was delayed due to government bureaucracy in approving the finding to produce the reports. This delay meant that the Independent Administrator could only commence work in October 2017 (TORs for the IA).

The EITI Board did not process the extension request given that the report was published nine days after the deadline.

⁵⁵ <https://eiti.org/document/20152016-seychelles-eiti-report>

⁵⁶ <http://www.who.int/csr/don/26-october-2017-plague-seychelles/en/>

Stakeholder views

Stakeholders did not express any views regarding the timeliness of the report. Various of the reporting entities complained that there had been a rush to meet the deadline and a short timeframe for fill in the requested information.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress towards meeting this requirement. The EITI disclosures for 2015 were published ten days after the deadline, while the 2016 data in the report was published well in advance of the deadline (i.e. 31 December 2018).

To further strengthen implementation, the MSG may wish to ensure that EITI data is published in a timely manner.

Data quality (#4.9)

Documentation of progress

Appointment of the Independent Administrator (IA): Moore Stephens was selected by the MSG to produce the 2015-16 EITI Report, and was also the firm that prepared the first Seychelles EITI Report covering 2013-14. Given the short timeframe for the selection of the IA, it was agreed that there was insufficient time for an open bidding round for the report, and Moore Stephens would be invited to submit a proposal given their past work on the EITI Report. An evaluation report was prepared by an MSG Sub-Committee, and the contract was officially signed between the Ministry of Finance and Moore Stephens on 10 November.

Terms of Reference for the IA: The Terms of Reference (TORs) for the IA were agreed by the MSG on 15 September 2017, and were in accordance with the in accordance with the standard TORs for EITI Reports approved by the EITI Board.

Agreement on the reporting templates: The reporting templates were agreed by the MSG on 27 November 2017.

Review of audit practices: The report describes the government statutory auditing procedures for government entities as well as SOEs (p. 39). The report further describes the auditing rules for private companies under the Companies Ordinance Act, which also covers public enterprises (SOEs) (pp. 39-40).

Regarding audit practices by government agencies, this is not explicitly described in the 2015-16 EITI Report. The annual reports of the OAG presenting the audit of financial statements by government entities which include the SRC and MHILT are accessible on the OAG website up until 2016.⁵⁷ The OAG

⁵⁷ <https://oag.sc/downloads/category/1-annual-reports>

also conducted a performance audit of MHILT in 2015 that is publicly accessible.⁵⁸

The report explains that SOEs are required to submit within 3 months of the end of the financial year an annual report of operations along with the annual audited financial statements to the Minister of Finance, the Minister responsible for the entity and the Commission (p. 39). The reports are available from PEMC.⁵⁹ The IA noted that the 2016 audited financial statement of PetroSeychelles was not available at the time of reconciliation. The IA noted that the revenues collected by PetroSeychelles in 2016 constituted 0.1% of total revenue from the sector.

Regarding audit practices by companies, the IA noted that only Ophir Seychelles did not submit a copy of their latest financial audited report, but it is not clear whether the company had their financial accounts audited for the reporting year. The company reported having made payments to the government in 2015. According to the Companies Ordinance Act, private companies are not required to publish their annual accounts (p. 40).

Assurance methodology: Section 2.4 on “Reliability and Credibility of Data Reported” (p.15-16) outlines the assurances requested from reporting entities. For companies, reporting templates submitted needed to be i) signed by a person authorised to represent the extractive company (Chief Financial Officer or Chief Executive Officer/Director), ii) supported by detail of payments reported, and iii) certified by a registered external auditor. Companies were also requested to provide copies of their audited financial statements. For government reporting entities, the templates were required to be i) signed by a person authorised to represent the Government Entity, ii) accompanied by details of payments reported, iii) certified by the Office of the Auditor General for the agencies and certified by an external auditor for the SOEs.

The section on “accounting records” explains that reporting was done on a cash basis, although the extractive companies and SOEs in the scope normally report on an accruals basis (p. 81).

Confidentiality: The EITI Report does not mention any agreed provisions for safeguarding confidential information, although it explains that the work by the IA was performed in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information, p. 6).

Assurance omissions: The section on “Completeness and Accuracy of Data” (p. 11) outlines the assurance omissions by reporting entities. All the reporting government agencies (MHILT and SRC) submitted reporting templates that were signed by an authorised officer and certified by the OAG, while the companies and the SOEs submitted reporting templates signed by an authorised officer but not certified by an external auditor.

For 2016, all the companies in the scope (UCPS and CCCL) submitted reporting templates signed by an

⁵⁸ Office of the Auditor General (December 2015): *Performance audit report: Is the MLUH efficiently and effectively managing residential state land?*, <https://oag.sc/downloads/category/3-performance-audit-reports>

⁵⁹ www.pemc.sc/index.php/reports/annual-financial-reports

authorised officer but not certified by an external auditor.

The Registrar General did not submit reporting templates for 2015 and 2016. None of the reporting entities reported having made any payments to the Registrar General's Office.

Ophir Seychelles did not submit a copy of its latest audited financial statement. The payments from this company constituted 20% of the revenues reported in 2015.

Data reliability assessment: The IA states in the report that despite these instances “all material contributions made by extractive companies within the scope agreed by the MSG, have been reconciled” (p. 11). The report provides recommendations related to improving data reliability of private company and SOE reporting in the future (p.68). Apart from this, the report does not include a clear assessment by the Independent Administrator of the reliability and comprehensiveness of the reconciled data.

Sourcing of information: The non-revenue information provided in the report are clearly sourced, most often to the PetroSeychelles website. References to legal documents described are not provided, although they are available from the responsible government entities (PetroSeychelles and SRC).

Past recommendations: The past report recommendations are not listed in the 2015-16 EITI Report, although some of the recommendations that were not addressed since the last report have been repeated/updated.

Current recommendations: In addition to updated recommendations from the first EITI Report, the 2016-16 EITI Report also provides some new recommendations in particular related to quarrying. These highlight the lack of clarity on the allocation of contracts for quarrying, the lack of requirement for quarrying licenses on private lands, lack of model agreement and license register for quarrying, weak enforcement of the Mineral Act (no royalties being paid and activities being undertaken prior to agreement of terms and conditions) and limited monitoring of production (pp.68-70).

Summary data files: The summary data files for the data in the 2015-16 EITI Report were published in April 2018. The report stated that this information was due to be published shortly on the EITI website (eiti.org/seychelles) after the publication of the report (p. 6). The summary data files for 2013-14 were published in December 2016.

Stakeholder views

MSG members did not express any particular views on the data quality of the report when asked about this aspect of EITI reporting. The IA confirmed that there were no data quality issues related to the information submitted by companies, who all had their accounts externally audited in accordance with the auditing requirements. The IA further stated that the reconciliation for 2015 and 2016 was comprehensive, and that none of the discrepancies or assurance omissions had been considered material.

A PetroSeychelles representative noted that the request to complete EITI reporting templates usually came late and that it was challenging to address all the requirements in the template including those related to data assurances. A representative also explained that their 2016 accounts were being reviewed

by the OAG.

Representatives from reporting companies confirmed that any payments they made to the Registrar General (stamp duties) were significantly below the variance threshold set for investigating discrepancies (SCR 13,000).

The MSG has initiated discussions about integrating the EITI data certification as part of the annual audits conducted by the OAG on government agencies and SOEs. This would help in reducing duplication of reporting processes in particular with regards to disclosure of payments collected by PetroSeychelles, and strengthen systematic disclosure of EITI data. It was also noted that it would reduce the costs of reporting. A representative from MFTEP noted that the ministry was exploring this together with PetroSeychelles and OAG.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. The MSG has agreed TORs consistent with the Board-approved template and approved the procurement of the IA. The MSG agreed clear quality assurances with the IA, although these were only partly followed (companies did not submit copies of their audited FS). The EITI Report provides an assessment of the materiality of payments from non-complying reporting entities, but does not provide the IA's clear assessment of the comprehensiveness and reliability of the reconciled data.

In accordance with Requirement 4.9 and the standard Terms of Reference for Independent Administrators, the Seychelles should ensure that future EITI Reports provide a clearer assessment on the reliability of the data disclosed, and that actual audit practices by government entities are described.

To strengthen implementation, the government and the MSG is also strongly encouraged to continue engaging key stakeholders such as MFTEP, PetroSeychelles and the OAG to develop a plan for how to mainstream EITI disclosures.

Table 4- Summary initial assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Comprehensiveness (#4.1)	The MSG has agreed materiality thresholds for selecting companies and revenue streams, albeit in implicit terms only for revenue flows. The 2015-16 EITI Report lists and describes all material companies and revenue streams. The report lists non-reporting companies and government entities and provides an assessment of the materiality of their payments. The government has provided full unilateral disclosure of all extractives revenues, including from non-material companies, albeit disaggregated by company rather than by revenue stream	Satisfactory progress
In-kind revenues (#4.2)	Available documentation, EITI reporting and stakeholder consultations confirm that in-kind revenues do not currently exist.	Not applicable
Barter and infrastructure transactions (#4.3)	Available documentation, EITI reporting and stakeholder consultations confirm that barter and infrastructure transactions do not occur.	Not applicable
Transport revenues (#4.4)	Available documentation, EITI reporting and stakeholder consultations confirm that transportation revenues do not currently exist.	Not applicable
Transactions between SOEs and government (#4.5)	The 2015-16 EITI Report comprehensively discloses the transactions between the government and SOEs.	Satisfactory progress
Subnational direct payments (#4.6)	Available documentation, EITI reporting and stakeholder consultations confirm that subnational direct payments by extractive companies do not currently exist.	Not applicable
Level of disaggregation (#4.7)	The 2015-16 EITI Report discloses the revenue data disaggregated by individual company, government entity and revenue stream. The report does not systematically disclose revenues by project.	Satisfactory progress
Data timeliness (#4.8)	The EITI disclosures for 2015 were published ten days after the deadline, while the 2016 data in the report was	Satisfactory

	published well in advance of the deadline (i.e. 31 December 2018).	progress
Data quality (#4.9)	The MSG has agreed TORs consistent with the Board-approved template and approved the procurement of the IA. The MSG agreed clear quality assurances with the IA, although these were only partly followed (companies did not submit copies of their audited FS). The EITI Report provides an assessment of the materiality of payments from non-complying reporting entities, but does not provide the IA's clear assessment of the comprehensiveness and reliability of the reconciled data.	Meaningful progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • To strengthen implementation, the Seychelles is encouraged to revisit its materiality decisions to strike an appropriate balance between the oil and mining sector's currently modest revenues and the objective of revenue transparency. The MSG is encouraged to assess the scope for integrating EITI reporting into other statutory reporting obligations as a means of streamlining EITI implementation. To strengthen implementation, the government and key SOEs should ensure that the rules and practices for transfers related to SOEs are clarified. It is also recommended that PetroSeychelles reports on the revenues they collect from the extractive sector on a project-level basis in their annual financial reporting, with a view of systematising ('mainstreaming') EITI disclosures • To strengthen implementation, the Seychelles may wish to consider the extent to which it can make progress in implementing project-level EITI reporting of sector-specific levies and taxes ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018. Given the EITI's "two-year rule" (requirement 4.8), this would effectively require project level reporting by all countries by 31 December 2020 at the latest. • To further strengthen implementation, the MSG may wish to ensure that EITI data is published in a timely manner. To strengthen implementation, the government and the MSG is also strongly encouraged to continue engaging key stakeholders such as MFTEP, PetroSeychelles and the OAG to develop a plan for how to mainstream EITI disclosures. • In accordance with Requirement 4.9 and the standard Terms of Reference for Independent Administrators, the Seychelles should ensure that future EITI Reports provide a clearer assessment on the reliability of the data disclosed, and that actual audit practices by government entities are described. 		

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

A diagram explaining the flows of revenues and the relevant collecting agencies is provided for each sector (oil and gas on p.37 and mining on p.38). This shows which revenues are collected by other entities and not transferred directly to the consolidated accounts, namely annual rentals, licence application fees, sale of data packages, royalties, training and technical assistance contributions, commission on sale of data that in principle are collected and retained by PetroSeychelles. (For the 2015-16 EITI Report, one company, Ophir Seychelles, reported having paid annual rentals and contributions to PetroSeychelles in 2015 – p. 75).

The report does not refer to national revenue classification or international data standards.

Stakeholder views

MHILT and SRC confirmed that all revenue they collect from petroleum and quarrying are transferred directly to the consolidated accounts, while PetroSeychelles confirmed that their retained revenues were described in the EITI Reports. This was also confirmed by the IA.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. The 2015-16 EITI Report provides an explanation of the flows of revenues in the extractive sector and which revenues are recorded in the national budget.

Sub-national transfers (#5.2)

Documentation of progress

The IA notes that sub-national transfers are not applicable in the context of the Seychelles (p. 44).

Stakeholder views

Stakeholders did not express any views or concerns regarding the coverage of sub-national transfers of extractive sector revenues.

Initial assessment

The International Secretariat's initial assessment is that Requirement 5.2 on sub-national transfers of revenues from the extractive sector is not applicable in Seychelles. Available documentation and the 2015-16 EITI Report indicate that sub-national transfers of extractive sector revenues do not exist.

Additional information on revenue management and expenditures (#5.3)

Documentation of progress

An overview of the national budgeting process including a step-by-step description and the responsibilities of key government agencies in planning, approval, implementation and auditing procedures is provided (p. 36).

Stakeholder views

Certain stakeholders expressed concern about the amount of government revenue spent on managing the petroleum sector, given the low profits and high risks related to environmental protection of the industry.

Initial assessment

It is encouraging that the MSG has made some attempt to include information on the budget-making process in the EITI Report. The 2015-16 EITI Report provides an overview of the national budgeting process including a description of the role of key government agencies and auditing procedures.

Table 5 - Summary initial assessment table: Revenue management and distribution

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Distribution of revenues (#5.1)	The 2015-16 EITI Report provides an explanation of the flows of revenues in the extractive sector and while revenues are recorded in the national budget. Distribution of CSR tax is not explained.	Satisfactory progress
Sub-national transfers (#5.2)	Available documentation and the 2015-16 EITI Report indicate that sub-national transfers of extractive sector revenues do not exist in Seychelles.	Not applicable
Information on revenue management and expenditures (#5.3)	The 2015-16 EITI Report provides an overview of the national budgeting process including a description of the role of key government agencies and auditing procedures.	
Secretariat's recommendations:		

Validation of Seychelles: Report on initial data collection and stakeholder consultation

n/a

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

The MSG agreed to require reporting companies to unilaterally disclose social payments made by extractive companies, distinguishing between mandatory and voluntary social expenditures.

Mandatory social expenditures: No companies reported to have made payments related to “Mandatory Corporate Social Responsibility”. Companies and government entities were requested to report on Corporate Social Responsibility (CSR) Tax as part of the reconciliation, which is a fiscal payment recorded in the national budget and not considered a mandatory social expenditure for reporting purposes.⁶⁰

Voluntary social expenditures: Companies were also requested to report their voluntary social payments, and two companies (Ophir and UCPS) reported having made such payments in 2015, and one company (UCPS) in 2016 (Annex 1-2, pp. 74-85).

Stakeholder views

The MSG did not express any views or concerns regarding the coverage of social expenditures in the EITI Reports upon consultation. Company representatives from the quarrying sector confirmed that they make voluntary social payments (CSR).

Initial assessment

The International Secretariat’s initial assessment is that Seychelles has made meaningful progress towards meeting this requirement. While reporting companies were requested to report any mandatory and voluntary social expenditures, it is not clear from the report whether mandatory social expenditures exist. Voluntary social expenditures were disclosed by reporting companies.

In line with EITI Requirement 6.1, the MSG should clarify whether there are any material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment.

⁶⁰ Extractives companies are like other companies required to pay CSR Tax in accordance with the by CSR Tax Act 2013 to “entail compliance with ethical and regulatory standards, promoting accountability for businesses’ actions that can lead to a positive impact on the communities and markets in which it operates” (2015-15 EITI Report, p. 25).

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

The EITI 2015-16 Report explains that the MSG agreed to request SOEs to unilaterally disclose any quasi-fiscal expenditures in line with Requirement 6.2.

Stakeholder views

Stakeholders did not express any views or concerns related to the coverage of quasi-fiscal expenditures by SOEs in the extractive sector.

Initial assessment

The International Secretariat's initial assessment is that Requirement 6.2 on SOE quasi fiscal expenditures is not applicable in Seychelles. EITI reporting and stakeholder consultations confirmed that SOE quasi fiscal expenditures do not exist.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

The 2015-16 EITI Report shows that there has been a negligible contribution of the extractive sector to the economy. Data has still been provided from the National Bureau of Statistics and the Central Bank to demonstrate this in accordance with Requirement 6.3 in a section on "Significance to Seychelles economy" (p.10), with more detail on the petroleum sector (pp.18-20) and mining sector (pp.34-35).

Share of GDP: According to data from the National Bureau of Statistics, there was no contribution of the extractive sector to GDP in the years covered by the report (p. 10). Further data from a joint study of AfDB, OECD and UNDP confirm this was the case for the mining sector (p. 34). A table breaking down the contribution to GDP of all economic sectors in the Seychelles in absolute and relative terms is also provided for further context (p. 18).

Government revenues: The report explains that revenues collected from the extractive industries contributed 0.39% and 0.16% to the total revenues in 2015 and 2016 respectively (p. 10), and the absolute figures are provided in the overall table presenting the results of the reconciliation (p. 12), as well as in Sections 3.2.2 and 3.3.9 detailing the reconciliation and government revenues from the sector.

There are some inconsistencies in Figure 3 on the "Macro-economic indicators for the extractive sector" (p.10), which states that the contribution was 0.81% and 0.47% respectively in 2015 and 2016 respectively, compared to the figures stated above.

Exports: Given that there is no production of petroleum in the Seychelles, there are no reported petroleum exports (p.19). The report notes no contribution of minerals to Seychelles total exports was identified for any of the reporting years, based on information provided by the Central Bank and reporting entities (p.10). This is further confirmed by data from the National Bureau of Statistics (p.35). Figure 3 on

the same page notes the contribution of the extractive sector to exports as being 0.0% for both reporting years (p.10). A table breaking down the contribution to exports of all economic sectors in the Seychelles in absolute and relative terms is also provided for further context (p.18).

Employment: The MSG decided to request information from the extractive companies on staff employed, broken down between local employees and expatriates (p.45). The absolute contribution of the mining sector to employment as reported by the mining companies is provided (pp.19,35). The relative figure is calculated based on data on total employment from the National Statistics Bureau (p.35). A table with total employment figures aggregated by private sector, parastatal and government in absolute and relative terms is also provided for further context (p.19).

Location: The sections on “main petroleum projects” (pp.28-29) and “main quarrying projects” (pp.35-36) refers to the location of the mining activities (offshore area or island and region where applicable).

Stakeholder views

Stakeholders consulted did not express any views or concerns related to the disclosures on the contribution to the extractive sectors to the economy.

Initial assessment

The International Secretariat’s initial assessment is that Seychelles has made satisfactory progress towards meeting this requirement. The 2015-16 EITI Report provides details on the contribution of the sector.. There are some inconsistencies in one of the figure provided explaining the share of the contribution to the extractive sector to total government revenue. Given that these inconsistencies are minor (a discrepancy of 0.42% and 0.31% respectively), the International Secretariat considers this deviation to be immaterial.

To strengthen implementation, it is recommended that the MSG ensure that future EITI disclosures provide analysis of inconsistencies in statistics on the contribution of the extractive industries to the economy.

Table 6- Summary initial assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Social expenditures (#6.1)	While reporting companies were requested to report any mandatory and voluntary social expenditures, it is not clear from the report whether mandatory social expenditures exist. Voluntary social expenditures were disclosed by reporting companies.	Meaningful progress
SOE quasi fiscal expenditures (#6.2)	EITI reporting and stakeholder consultations confirmed that SOE quasi fiscal expenditures do not exist.	Not applicable
Contribution of the extractive sector to the economy (#6.3)	The 2015-16 EITI Report provides details on the contribution of the sector. There are some inconsistencies in one of the figure provided explaining the share of the contribution to the extractive sector to total government revenue. Given that these inconsistencies are minor (a discrepancy of 0.42% and 0.31% respectively), the International Secretariat considers this deviation to be immaterial.	Satisfactory progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • In line with EITI Requirement 6.1, the MSG should clarify whether there are any material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment. • To strengthen implementation, it is recommended that the MSG ensure that future EITI disclosures provide analysis of inconsistencies in statistics on the contribution of the extractive industries to the economy. 		

Part III – Outcomes and Impact

2. Outcomes and Impact

7.1 Overview

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.2 Assessment

Public debate (#7.1)

Documentation of progress

Communications: The MSG has implemented a number of communication-related activities to raise awareness about the EITI among the public. According to the 2016 Annual Progress Report (APR), Seychelles EITI has produced brochures summarising the EITI Reports and also packaged the key findings in infographics and distributed these to government agencies and the public. Seychelles EITI also share information about the EITI through press releases published by the MFTEP.⁶¹ In addition, Seychelles EITI has created a Facebook page with about 50 followers which regularly (about monthly) disseminates information on EITI to the public.⁶² A video explaining the EITI and key aspects of the petroleum industry in Seychelles in Creole has also been created⁶³ and uploaded on YouTube.

There has been some coverage of EITI in the media, mostly around dissemination and outreach activities and discussions related to ‘candidature’ or ‘compliance’.⁶⁴ Media coverage appears to be limited to EITI

⁶¹ See for example: MFTEP (26 September 2015), “Seychelles prepares its first report for the Extractive Industry Transparency Initiatives (EITI)”, <http://www.finance.gov.sc/press-releases/14/Seychelles-prepares-its-first-report-for-the-Extractive-Industry-Transparency-Initiatives-EITI>

⁶² <https://www.facebook.com/Seychelles-Extractive-Industries-Transparency-Initiative-1145663435530915/>

⁶³ <https://www.facebook.com/1145663435530915/videos/1519512784812643/>

⁶⁴ Some examples: “Seychelles’ preparation for any potential oil discovery stepped up as it gets accepted by the Extractive Industries Transparency Initiative” (Seychelles News Agency, 10 August 2014), <http://www.seychellesnewsagency.com/articles/1144/Seychelles%27+preparation+for+any+potential+oil+discovery+stepped+up+as+it+gets+accepted+by+the+Extractive+Industries+Transparency+Initiative>

“EITI compliance will attract oil investors to Seychelles and prevent corruption, says World Bank expert” (Seychelles News Agency, 19 October 2015), <http://www.seychellesnewsagency.com/articles/3919/EITI+compliance+will+attract+oil+investors+to+Seychelles+and+prevent+corruption%2C+says+World+Bank+expert>

“The transparency of oil exploration in Seychelles: are people ‘too cynical’ to make a difference?” (Seychelles News Agency, 21 September 2015),

and less focus on analysis of the information disclosed.

Outreach: According to the 2016 APR, the MSG has organised dissemination and outreach workshops targeting different audiences such as parliamentarians, youths and civil society, in particular around the findings of the 2013-14 EITI Report.⁶⁵ For example, in 2016, the Blue Economy department together with the MSG conducted training workshop for the Seychelles National Youth Assembly.⁶⁶ The aim of the workshop was to deepen the understanding among the youth of the EITI concept and process. Outreach workshops have also been organized for civil society.⁶⁷

Stakeholder views

Various media representatives explained that there was generally little public interest in the developments of the extractive sector unless there were news about any oil discoveries. The media also noted that the public is mostly interested in information that relates to the conservation of the environment in the Seychelles. This made it difficult for an editor to prioritise a story about the petroleum sector which seems remote because there is currently no oil production in the country.

The media representatives noted that they mostly accessed information about the petroleum sector through press releases from the government. The technical nature of the EITI Reports meant that journalists would mostly report on the petroleum sector as ‘hard news’ and that the editors of these media houses would not prioritise stories related to the sector due to their limited understanding about the issues. A few representatives had previously attended workshops organized by EITI and PetroSeychelles.

A civil society representative highlighted the need for simplified EITI Reports, ideally translated into Creole, would be needed to allow various stakeholders to understand the contents of the EITI Report. It was further added that in the absence of oil production, it was difficult to encourage the public to take an interest in the petroleum sector.

The CSOs representative also noted that the public is interested to know specific issues from the sector and a summary version would be helpful in highlighting issues such as Model Production Agreements and

<http://www.seychellesnewsagency.com/articles/3733/The+transparency+of+oil+exploration+in+Seychelles+are+people+too+cynical+to+make+a+difference>

⁶⁵ See for example: MFTEP (11 October 2016), “Parliamentarians, media, youth, government officials among those to learn more about the Seychelles Extractive Industry Transparency Initiatives”, <http://www.finance.gov.sc/news/15/Parliamentarians-media-youth-government-officials-among-those-to-learn-more-about-the-Seychelles-Extractive-Industry-Transparency-Initiatives>

⁶⁶ MFTEP (21 December 2016), “Members of the Seychelles National Youth Assembly, to be more involved in the Blue Economy and Extractive Industry Transparency Initiative, as of next year”, <http://www.finance.gov.sc/press-releases/49/Members-of-the-Seychelles-National-Youth-Assembly-to-be-more-involved-in-the-Blue-Economy-and-Extractive>

⁶⁷ CEPS (10 April 2015), “Representatives from the Extractive Industries Transparency Initiative (EITI) holds meeting with members of Seychelles civil society”, <http://www.civilsociety.sc/2015/04/extractive-industries-transparency-initiative-eiti/>

measures in place in case of an oil spillage in the country. The media added that, although statistics are published on the number of tankers that pass through the coastline of the Seychelles, the public is not able to appreciate the information as there is no context given. These statistics are usually published by the PetroSeychelles.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. The MSG has made considerable efforts to disseminate information about the EITI and the information disclosed, considering that petroleum exploration is not high on the public agenda unless there are any reports of a commercially viable petroleum discovery.

To strengthen implementation, the MSG could consider continuing to produce summary EITI Reports and undertake more targeted communications and outreach activities related to key priority issues for the government and the MSG, for instance on environmental protection or revenue management.

Data accessibility (#7.2)

Documentation of progress

EITI Reports are published in machine readable format. According to the 2016 APR, the MSG has in the past produced brochures on key findings from the EITI report and developed and packaged infographics on CDs. Beyond this, there appears to have been limited efforts related to making data accessible. Summary data files for 2013-14 were published in 2016, while the data files for 2015-16 were published on April 2018.

One of the key obstacles to data accessibility in the Seychelles is that any government document requires Cabinet approval before it is made publicly available. This has also been one of the challenges with approving and disclosing an open data policy for EITI data.

Stakeholder views

Although capacity building activities have been undertaken by the MSG, many stakeholders expressed a sentiment that the dissemination of EITI information had not been adequate. A civil society representative highlighted the need for report summaries translated into Creole to improve public understanding of the reports.

Initial assessment

Requirement 7.2 encourages MSGs to make EITI reports accessible to the public in open data formats. Such efforts are encouraged but not required and should not be considered in assessing compliance with the EITI Standard. The Seychelles' EITI Reports are in machine readable format. There are some obstacles to publishing EITI documents without Cabinet approval, and the draft open data policy has not been published.

To strengthen implementation, the MSG could consider addressing obstacles related to disclosing EITI documents on government websites, and is encouraged to finalise an open data policy for EITI data in line with EITI Requirement 7.2.

Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

Recommendations from the Independent Administrator (IA)

The 2015-16 EITI Report provided some useful recommendations on how to improve the EITI reporting process as well as audit practices and make EITI data publicly accessible from government systems (see *Requirement 4.9*). The report did not list the recommendations from the previous report and comment on the level of progress in implementing these,

The recommendations from the first EITI Report (2013-14)⁶⁸ that have been addressed include making EITI reporting more comprehensive by covering quarrying and certification by AOG of government reporting templates. There are a number of recommendations from the first report that are not the 2015-16 EITI Report related to standardising financial reporting for SOEs, establishing a legal framework mandating company disclosure under the EITI, considering establishing an environmental fund, formalising EITI governance and improving awareness of the EITI (2013-14 EITI Report pp. 55-59). The 2016 APR provided a summary of actions taken so far.⁶⁹

Follow-up on the recommendations: The 2016 Annual Progress Report (APR) lists the recommendations made in the 2013-2014 Seychelles EITI Report. The APR highlights the actions taken by the MSG on each of the recommendations. The APR also indicates which recommendations have been integrated in the work plan for further consideration.

The MSG has followed up on an implemented some of the recommendations, such as requesting the OAG to review and sign the reporting templates submitted by the government agencies (a process to ensure representation by the OAG on the MSG is ongoing).

Stakeholder views

Civil society representatives on the MSG explained that they had been pushing within the MSG for implementing the recommendation related to expanding the scope of reporting to the quarrying sector.

MSG members and stakeholders from MFTEP and PetroSeychelles also explained that discussions had been ongoing to make revisions to the rules relating to the financial reporting by the SOEs with a view of mainstreaming reporting on revenues collected by PetroSeychelles. This has not been specifically recommended by the report, although the reporting exercise and other recommendations related to SOE reporting had initiated the ongoing discussion.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made satisfactory progress in meeting this requirement. The MSG has considered the findings and recommendations from EITI

⁶⁸ <https://eiti.org/document/20132014-seychelles-eiti-report>

⁶⁹ https://eiti.org/sites/default/files/documents/seychelles_eiti_annual_progress_report_2016.pdf

reporting, and made progress on implementing these.

To strengthen implementation, the MSG may wish to prioritise recommendations over the short and medium term, engaging in regular follow-up with government agencies beyond those directly represented on the MSG.

Outcomes and impact of implementation (#7.4)

Documentation of progress

Seychelles EITI has produced and published an Annual Progress Report (APR) covering 2016 which was made publicly available on the EITI website on 1 July 2017.⁷⁰ The 2015 APR was made publicly available on the PetroSeychelles website under a tab on 'SEITI'.⁷¹

The report provides a summary of activities conducted in 2016, and notes that it was a year with less activities and progress compared to 2015 (2016 APR, p.5). The report includes an assessment of progress meeting some EITI Requirements (revenue management and expenditure (5.3), transportation payments (4.4), discretionary social payments (6.1), ad-hoc subnational transfers (5.2), beneficial ownership (2.5) and contracts (2.4). It shows that most of these requirements were not addressed by the MSG, although provides a more detailed commentary of progress on beneficial ownership and contract disclosure (2016 APR, p.10). An assessment of performance against work plan objectives is also included, with key activities described (2016 APR, pp.5-6). Most of the objectives relate to outreach and dissemination activities. The report provides an overview of the recommendations from the first EITI Report (2013-14) and the MSGs response to these (2016 APR, pp.11-14). Several of the recommendations appear to be under consideration by the MSG.

The APR also contains a section identifying strengths which identifies the sharing of information on among stakeholders through the MSG and weaknesses which mainly highlight capacity constraints among the MSG members and resource constraints. The APR highlights improved communication, engagement and information sharing between stakeholders, in particular among government agencies as an impact of EITI in Seychelles (2016 APR, p. 7).

Stakeholder views

Stakeholders did not express any particular views related to the APR or wider process for assessing outcomes and impact of EITI implementation. A civil society representative noted that there had been limited interest from wider stakeholders in providing input to the APR.

Initial assessment

The International Secretariat's initial assessment is that Seychelles has made meaningful progress in meeting this requirement. The Seychelles EITI published its 2016 annual progress report in 2017,

⁷⁰ https://eiti.org/sites/default/files/documents/seychelles_eiti_annual_progress_report_2016.pdf

⁷¹ <http://petroseychelles.com/index.php/seiti>

describing progress against work plan objectives and recommendations from the first EITI Report. The report includes an assessment of progress against only against selected EITI Requirements, and does not include any assessment of the impact and outcomes of the work plan objectives.

In accordance with Requirement 7.4, the MSG should ensure that future annual reviews of outcomes and impacts include an assessment of progress made against each EITI Requirement. This should also include an assessment of the impact and outcomes of the work plan objectives. The MSG could also consider alternative ways to assess progress of EITI implementation that would suit the context of Seychelles in a request for adapted EITI implementation.

Table 7 - Summary initial assessment table: Outcomes and impact

EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions
Public debate (#7.1)	The MSG has made considerable efforts to disseminate information about the EITI and the information disclosed, considering that petroleum exploration is not high on the public agenda unless there are any reports of a commercially viable petroleum discovery.	Satisfactory progress
Data accessibility (#7.2)	The Seychelles' EITI Reports are in machine readable format. There are some obstacles to publishing EITI documents without Cabinet approval, and the draft open data policy has not been published.	
Lessons learned and follow up on recommendations (7.3)	The MSG has considered the findings and recommendations from EITI reporting, and made progress on implementing these.	Satisfactory progress
Outcomes and impact of implementation (#7.4)	The Seychelles EITI published its 2016 annual progress report in 2017, describing progress against work plan objectives and recommendations from the first EITI Report. The report includes an assessment of progress against only against selected EITI Requirements, and does not include any assessment of the impact and outcomes of the work plan objectives	Meaningful progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> To strengthen implementation, the MSG could consider continuing to produce summary EITI Reports and undertake more targeted communications and outreach activities related to key priority issues for the government and the MSG, for instance on environmental protection or revenue management. 		

- To strengthen implementation, the MSG could consider addressing obstacles related to disclosing EITI documents on government websites, and is encouraged to finalise an open data policy for EITI data in line with EITI Requirement 7.2.
- To strengthen implementation, the MSG may wish to prioritise recommendations over the short and medium term, engaging in regular follow-up with government agencies beyond those directly represented on the MSG.
- In accordance with Requirement 7.4, the MSG should ensure that future annual reviews of outcomes and impacts include an assessment of progress made against each EITI Requirement. This should also include an assessment of the impact and outcomes of the work plan objectives. The MSG could also consider alternative ways to assess progress of EITI implementation that would suit the context of Seychelles in a request for adapted EITI implementation.

3. Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Documentation of progress

Impact: There was a general sense among stakeholders that it was too early to draw conclusions about the impact of the EITI in Seychelles. There were however three recurring themes raised during the stakeholder consultations:

- *Making transparency a key part of how petroleum sector works:* Stakeholders noted that EITI had raised awareness on the importance of embedding transparency practices into the way the petroleum sector is governed. A key example that was highlighted was the PetroSeychelles' website, which provides detailed information on geotechnical data, the legal and fiscal framework and the licensing process, as well as on active licenses.
- *Building and diffusing of expectations and norms related to transparency:* EITI has contributed to placing the importance of transparency on the government agenda and wider thinking on embedding transparency into the way the government works. Discussions within the MSG had initiated other debates on the need for transparency in other sectors such as fisheries and tourism. The government is now establishing a framework for implementing the Fisheries Industries Transparency Initiative (FITI),
- *Contributing to ongoing debates about beneficial ownership transparency:* Transparency of beneficial ownership is becoming a key issue that the government and MFTEP is considering how to address. Stakeholders explained that the EITI's beneficial ownership requirements and the preparation of the roadmap in 2016 had contributed to the understanding of stakeholders and the MFTEP in particular on how to address this within the EITI context and more widely. Discussions are underway on drafting a beneficial ownership bill.

Sustainability: Overall, the stakeholder consultations indicated that there had been benefits from EITI implementation in Seychelles, yet that the current framework could still be improved by tailoring it to the Seychellois context. The petroleum sector is still at a nascent stage and the nature of the quarrying activities are particularly context-specific. There appears to be an urgent need to make sure that the EITI contributes meaningfully to the existing systems without straining resources from the key government institutions by requiring an excessive EITI reporting process. Both sectors appear to somewhat be of political and strategic importance, despite neither of them currently bringing in significant revenue to the country. The government has good systems in place related to ensuring accountability in public affairs and company systems, and a commitment to establishing transparent practices. The EITI can to a further extent build on these by encouraging more systematic disclosure (mainstreaming EITI) and seek to adapt implementation to fit the demands of Seychellois stakeholders.

With regards to funding, the World Bank initially provided financial support to the process through the EGPS. Operational costs related to EITI implementation (salary and office costs for the National Coordinator) was covered by the government, while work plan activities were supported through the EGPS. Since 2017, the government has provided funding for the costs related to EITI reporting. This further highlights the importance of making progress on mainstreamed disclosures and adapted implementation to ensure the financial sustainability of the EITI process in Seychelles.

Innovations and actions beyond EITI Provisions: Seychelles EITI has taken steps to go beyond the EITI Provisions and seek to use the EITI process to address issues relating to the specific context in the country:

- Expansion of coverage of the EITI beyond the petroleum sector to shed light on quarrying activities.
- Deliberating on the environmental impact of the petroleum sector activities.
- Consideration of how to integrate EITI disclosures as part of PetroSeychelles annual financial reporting to the OAG.
- Covering payments collected and made by the petroleum sector SOE (PetroSeychelles) as well as the state-owned asset management company (SSI) and downstream SOE (SEYPEC).

Annexes

Annex A - List of MSG members and contact details

Name	Position	Organisation	Contact details
Mr. Patrick Payet	Chair of the Seychelles Multi-Stakeholder Group/ Principal Secretary for Finance and Trade	Ministry of Finance, Trade & Economic Planning (MOFTEP)	2nd Floor, Liberty House P.O. Box 313 Victoria, Mahe Seychelles Tel:+ (248) 4382000 Mob: + (248) 2723766 Email: psf@finance.gov.sc
Ms. Caroline Abel	Governor of the Central Bank of Seychelles	Central Bank of Seychelles	P.O. Box 701 Victoria, Mahe Seychelles Tel: + (248) 4282001 Fax: + (248) 4226035 Mob: + (248) 2511090 Email: governor@cbs.sc Website: www.cbs.sc
Mr. Eddy R. Belle	Chief Executive Officer	PetroSeychelles Limited	1st Floor SEYPEC Building, New Port P.O. Box 230, Victoria, Mahe, Seychelles Tel: + (248) 4324422 Fax:+ (248) 4324421 Mob: + (248) 2526232 Email: e.belle@petroseychelles.com
Ms. Rebecca Loustau Lalanne	Principal Secretary for the Blue Economy	Ministry of Finance Trade & Economic Planning (MOFTEP)	2nd Floor, Liberty House P.O. Box 313 Victoria, Mahe Seychelles Tel:+ (248) 4382000 Mob: + (248) 2728838 Email: psbe@finance.gov.sc
Ms. Georgette Capricieuse	Acting Revenue Commissioner	Seychelles Revenue Commission (SRC)	P.O. Box 50 Victoria, Mahe Seychelles Tel:+ (248) 4293701 Mob:+ (248) 2723530 Email: georgette.capricieuse@src.gov.sc
Ms. Aurore Arcambal	Tax Legal Consultant	Ministry of Finance Trade & Economic Planning (MOFTEP)	2nd Floor, Liberty House P.O. Box 313 Victoria, Mahe Seychelles Tel: (+248) 4 382000 Email: aarcambal@finance.gov.sc
Ms. Alexandra Madeleine	Assistant Principal State Counsel	Department of Legal Affairs	Department of Legal Affairs P.O. Box 58 National House Seychelles Tel: + (248) 4 383 100 Fax: + (248) 4 224 913 Email: alexandra.madeleine@gov.sc
Ms. Doreen Bradburn	Corporate Manager	Public Utility Company (PUC)	PUC P.O. Box: 1496 Roche Caiman Email: bradburndoreen@gmail.com
Mr. Oliver Bastienne	Country Manager	Ernst & Young (Seychelles) limited	Laximan House Castor Road, English River P.O. Box 1289 Victoria, Mahe Tel: + (248) 4224889 Fax: + (248)

Validation of Seychelles: Report on initial data collection and stakeholder consultation

			4325522 Mob: + (248) 2727743 Email: olivier.bastienne@sc.ey.com
Mrs. Giovanna Neves	Chair of Life and Water Seychelles	Life and Water Seychelles (Environment Non Governmental Organization- NGO)	CEPS Orion Mall P.O. Box 885 Victoria, Mahe Tel: + (248) 4325550 Fax : + (248) 4325551 Mob: + (248) 2521193 Email: ceo@lungos.sc Postal Address c/- I. Anacoura Mont Buxton Tel: + (248) 2505551 Email: giovana@blyssbusiness.com
Mrs. Marie-Thérèse Purvis	Commissioner for Environment and Natural Resources	Citizens Engagement Platform Seychelles (CEPS)	CEPS Orion Mall P.O. Box 885 Victoria, Mahe Seychelles Mob: + (248) 2589001 Email: purvismt@gmail.com OR P.O. Box 3017 Anse Royale Mahe, Seychelles
Mrs. Germaine Michaud	Commissioner Socio-Economic	Citizens Engagement Platform Seychelles (CEPS)	Postal Address CEPS P.O Box 885 Victoria, Mahe Republic of Seychelles Physical Address Orion Mall Victoria Tel: + (248) 4325550/4325552 Fax: + (248) 4325551 Email: info@ceps.sc Mob: + (248) 2719719 Email: germaine@intelvision.net
Mr. Jude Fred	Commissioner Faith-Based Organisations	Citizens Engagement Platform Seychelles (CEPS)	Postal Address P.O Box 885 Victoria, Mahe Republic of Seychelles Tel: + (248) 4325550/4325552 Fax: + (248) 4325551 Email: info@ceps.sc Tel: + (248) 2610940 Email: judefred@yahoo.com
Ms. Sharon Gerry	Senior Legal Officer	Ministry of Environment, Energy and Climate Energy	Botanical Gardens Mont-Fleuri Tel: + (248) 2724900 Email: sgerry@env.gov.sc
Ms. Fatime Kante	Economist/ National Coordinator	Blue Economy	1st Floor, Liberty House P.O. Box 313 Victoria, Mahe Seychelles Tel: + (248) 4382109 Mob : + (248) 2814763 Email: fatime.kante@finance.gov.sc

Annex B – MSG meeting attendance

Meeting	Chairperson	Government	Industry	Civil Society	Private Sector
21 April 2014	1	4	1	1	1
23 April 2014	1	4	1	1	1
28 April 2014	1	3	1	1	1
22 May 2014	1	4	3	0	1
28 May 2014	1	3	2	2	1
23 September 2014	1	2	1	2	1
11 November 2014	1	1	2	3	1
27 January 2015	1	3	3	3	0
2 March 2015	1	3	1	2	1
16 July 2015	1	3	1	2	0
9 June 2015	1	2	1	2	1
13 August 2015	1	2	1	1	1
24 September 2015	1	3	1	2	1

Annex C – Cost of EITI Reports

EITI Report year	Independent Administrator	Cost (USD)
2013-14	Moore Stephens	49,800 (MDTF-World Bank)
2015-16	Moore Stephens	32,350 (Government of Seychelles)

Annex D - List of stakeholders consulted

Government

Aurore Arcambal, Tax Legal Consultant, Ministry of Finance, Trade and Economic Planning

Fred Hoareau, Deputy Registrar General Department of Legal Affairs (Registration Division), Registrar General's Office

Sharon Gerry, Senior Legal Officer, Ministry of Environment, Energy and Climate Change

Carolina Abel, Governor, Central Bank of Seychelles

Ronald Cafrine, Commissioner General, Seychelles Revenue Commission

Nadia Jeremie, Seychelles Revenue Commission

Julia Georges, Seychelles Revenue Commission

Denis Barbe, Principal Secretary, Housing Department, Ministry of Habitat, Infrastructure and Land Transport

Patrick Lablache, Chief Executive Officer for Planning Authority, Ministry of Habitat, Infrastructure and Land Transport

Ravi Volmont, Principal Secretary, Lands Department, Ministry of Habitat, Infrastructure and Land Transport

Sabrina Zoe, Director of Property Management & Policy Planning, Ministry of Habitat, Infrastructure and Land Transport

Rupert Simeon, Business Development Manager Societe Seychelloise D'Investissement

Wilfred Fremino, Finance, Financial controller Societe Seychelloise D'Investissement

Patrick Joseph, Chief Executive Officer, PetroSeychelles

Lawson Ally, Accountant, PetroSeychelles

Fatime Kante, Economist/EITI National Coordinator, Department of the Blue Economy, Vice President's Office

Patrick Payet, Principal Secretary for Finance, Ministry of Finance, Trade and Economic Planning.

Industry

Dina Gappy, General Manager, Civil Construction Company Limited

Sudaraka Wijavasoorya, Financial Controller, Civil Construction Company Limited

Civil Society

Marie-Therese Purvis, Chairperson, Sustainability for Seychelles

Giovana Neves, Chairperson, Life and water Seychelles, Citizens Engagement Platform Seychelles (CEPS)

Independent administrators

Ben Toorabally, Head of Office MS IFI Algeria, **Moore Stephens**

Rached Maalej, Financial adviser, **Moore Stephens**

Annex E - List of reference documents

Workplans and Annual activity reports:

- Draft 2018 Seychelles EITI work plan (not published)
- 2017 Seychelles EITI work plan (not published)
- 2014-16 Seychelles EITI work plan, <https://eiti.org/document/seychelles-eiti-20142016-work-plan>
- Seychelles EITI Annual Progress Report 2016, <https://eiti.org/document/seychelles-eiti-annual-progress-report-2016>
- Seychelles EITI Annual Progress Report 2015, <https://eiti.org/document/seychelles-2015-annual-progress-report>
- Seychelles EITI Annual Progress Report 2014, <https://eiti.org/document/seychelles-eiti-2014-annual-progress-report>

EITI Reports, Summaries, Validation Report and Secretariat Review:

- 2015-16 Seychelles EITI Report, <https://eiti.org/document/20152016-seychelles-eiti-report>
- 2013-14 Seychelles EITI Report, <https://eiti.org/document/20132014-seychelles-eiti-report>

Legal documents and TORs related to EITI implementation:

- MSG Terms of Reference 2014, <http://www.petroseychelles.com/index.php/seiti/msg2>
- Terms of Reference for the Independent Administrator to produce 2015-16 EITI Report (not published)

Meeting minutes:

- Minutes of MSG meeting on 17 October 2013
- Minutes of MSG meeting on 23 April 2014
- Minutes of MSG meeting on 22 May 2014
- Minutes of MSG meeting on 11 November 2014
- Minutes of MSG meeting on 21 April 2014

- Minutes of MSG meeting on 28 April 2014
- Minutes of MSG meeting on 23 September 2014
- Minutes of MSG meeting on 13 August 2015
- Minutes of MSG meeting on 16 July 2015
- Minutes of MSG meeting on 2 March 2015
- Minutes of MSG meeting on 27 January 2015
- Minutes of MSG meeting on 9 June 2015
- Minutes of MSG meeting on 24 September 2015

Other government documents/reports and websites:

- Auditor General's website with annual reports on government accounts:
<https://oag.sc/downloads/category/1-annual-reports>
- PetroSeychelles website with full Petroleum Act, Petroleum Taxation Act and Model Petroleum Agreement: <http://petroseychelles.com/index.php/legal-issues>
- Public Enterprise Monitoring Commission website with financial reports by state-owned enterprises: www.pemc.sc/