

Public Enterprises Fiscal Risk Report 2020

November 2021



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Abbreviations and acronyms

AFD	Agence Française de Développement
AFS	Annual Financial Statements
AS	Air Seychelles Ltd
BADEA	Arab Bank for Economic Development in Africa
BDRI	Bois de Rose Investment Ltd
CBS	Central Bank of Seychelles
DBS	Development Bank of Seychelles
EIB	European Investment Bank
EUR	Euro
GBP	British pound sterling
GDP	Gross Domestic Product
GICC	Green Island Construction Company Ltd
GoS	Government of Seychelles
GTIC	Green Tree Investment Company Ltd
HFC	Housing Finance Company Ltd
IDC	Islands Development Company Ltd
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
I'UE	L'Union Estate Ltd
MCB	Mauritius Commercial Bank (Seychelles) Ltd
MoFEPT	Ministry of Finance, Economic Planning and Trade
bnSCR	Billion Seychelles Rupees
mSCR	Million Seychelles Rupees
mUSD	Million U.S. Dollars
NISA	National Information Services Agency
OICL	Opportunity Investment Company Ltd
PDEE	Paradis des Enfants Entertainment Ltd
PE	Public Enterprise
PEMC	Public Enterprise Monitoring Commission
PMC	Property Management Corporation
PS	Petro Seychelles Ltd
PUC	Public Utilities Corporation
QFA	Quasi-Fiscal Activity
SCAA	Seychelles Civil Aviation Authority
SCB	Seychelles Commercial Bank Ltd
SCI	Statement of Corporate Intent
SCR	Seychelles Rupee
SEYPEC	Seychelles Petroleum Company Ltd
SFA	Seychelles Fishing Authority
SIMBC	Seychelles International Mercantile Banking Corporation Ltd (Nouvobanq)
SNPA	Seychelles National Parks Authority
SPF	Seychelles Pension Fund
SPA	Seychelles Ports Authority
SPS	Seychelles Postal Services Ltd
SPTC	Seychelles Public Transport Corporation
SRC	Seychelles Revenue Commission
SSI	Société Seychelloise d'Investissement Ltd
STC	Seychelles Trading Company Ltd
2020 Dev	2020 Development (Seychelles) Ltd

Summary of Public Enterprise (PE) risks 2020

Source of risk	Description	Recommendation
1. Contingent liabilities	Contingent liabilities of PEs can occur from several sources such as guarantees on their borrowings, loans from the Government to PEs and legal cases involving PEs. The realisation of contingent liabilities can increase public debt.	
	1.1 Explicit 1.1.1 Government guarantees Government guarantees on PE borrowings constitute contingent liabilities since the Government would have to service the debt on behalf of the PE in the event of default. At December 31, 2020 Government guarantees and Government on-lending to PEs represented approximately 59% (bnSCR2.7) of total PE debt.	Mechanisms such as guarantee fees, partial guarantees, quantitative ceilings on guarantees could be considered.
	1.1.2 Loans from Government to PEs Loans from the Government to PEs are contingent liabilities since the Government would not recover the amounts outstanding if the PEs are unable to service their loans. 1.1.2.1 Development Bank of Seychelles (DBS) The Government borrowed on behalf of DBS for on-lending to its clients. The lending institutions and amounts outstanding at December 31, 2020 are as follows: <ul style="list-style-type: none"> - Agence Française de Développement (AFD): mSCR66.9 - Arab Bank for Economic Development in Africa (BADEA): mSCR10.3 - European Investment Bank (EIB): mSCR49 DBS also received a mSCR50 interest-free advance from the Government during 2020. 1.1.2.2 Public Utilities Corporation (PUC) PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions, the balances outstanding at December 31, 2020 are as follows:	Loans from the Government to PEs should be subject to scrutiny and could be linked to targets.

	<ul style="list-style-type: none"> - European Investment Bank (EIB): mSCR677 - Agence Française de Développement (AFD): mSCR247 - African Development Bank: mSCR254 - Arab Bank for Economic Development in Africa (BADEA): mSCR163 - Saudi Fund for Development (SFD): mSCR300 <p>1.1.2.3 Islands Development Company Ltd (IDC) IDC received a loan of mSCR18 from the Government in August 2020 for Covid-19 support. The legal end date is August 31, 2023.</p> <p>1.1.2.4 Seychelles National Parks Authority (SNPA) During 2020, the Government wrote off a loan to SNPA with a balance outstanding of mSCR5.2 following financial constraints related to the Covid-19 pandemic.</p> <p>1.1.2.5 Seychelles Trading Company Ltd (STC) During 2020 the Government agreed to waive mSCR5.5 principal and interest outstanding from STC on a loan, following the company's default on the loan in April 2020 due to unstable economic conditions.</p>	
	<p>1.1.3 Government guarantees for Public-Private Partnerships (PPPs) undertaken by PEs PPPs can create explicit and implicit contingent liabilities. In the event of failure of a PPP whereby a PE is the contracting authority, a risk arises if projects are incomplete and the debt of the PPP is transferred from the PE to the Government. Other instances could be court-mandated obligations for the Government to pay compensation for the collapse of a PPP agreement. The PE or the Government may also lose crucial assets to the investor if a PPP agreement collapses.</p>	<p>A detailed risk assessment should be conducted before a PE engages in a PPP to identify potential fiscal risks and contingent liabilities. The review and approval process of the PPP should include the Ministry of Finance, the PEs' Responsible Ministry and the Commission. Consideration could also be given to value for money assessments for PPPs. The Government could also maintain a central register of PE PPP commitments.</p>
	<p>1.2 Implicit 1.2.1 Loans between PEs Loans between PEs can be a risk as both the debtor PE and the creditor PE may require Government support in a liquidity crisis and default. This</p>	<p>Implementation of approval thresholds on borrowing. PEs would require the approval of the Ministry of Finance and their Responsible Ministry before signing new borrowing. Such</p>

	risk increases when several debtor PEs encounter difficulty meeting their commitments simultaneously.	approval should remain irrespective of whether a Government guarantee is required. This could be done through PE borrowing and debt management plans.
	<p>1.2.2 Bailouts</p> <p>Government bailouts of PEs can have a significant cost to the budget. PEs' expectation of a government bailout may lead to excessive risk-taking such as accumulating important debt. Bailouts may result in less incentives for PEs to become more efficient and develop their capacity to cope with macroeconomic shocks.</p>	Bailouts or subsidies provided to PEs could be attached to certain conditions for the PE to fulfil, such as defined actions to improve efficiency.
	<p>1.2.3 Legal claims against PEs</p> <p>Legal claims involving PEs expose the Government to potential risk. In instances where the PE find itself in a poor financial position and unable to make payments associated with a legal decision, the Government may be expected to step in and do so on its behalf to avoid the interruption of service delivery by the PE. This may pose pressure on the budget and the Government's financial position.</p> <p>1.2.3.1 Air Seychelles Ltd</p> <p>Bondholders have filed a petition to wind up Air Seychelles, following the airline's default on mUSD71.5 bonds and their rejection of the Government's offer of mUSD20 payment for the debt. Two other creditors have come forward to join the petition.</p>	Systematic reporting by PEs of significant pending lawsuits to the Commission.
2. Macroeconomic risk	Macroeconomic changes can impact the PEs' financial performance and their relationship with the National budget in terms of taxes and dividends paid into the budget and funding requested from the budget.	
	<p>2.1 Exchange rate risk</p> <p>PEs whose part of operation and transactions are performed in foreign currencies are directly exposed to exchange rate risk. PEs having debt denominated in foreign currency reported exchange rate losses following the important depreciation of the Seychelles Rupee in 2020. At December 31, 2020 approximately 78% (bnSCR3.6) of PE debt was denominated in foreign currency, of which 55% (bnSCR2.5) in U.S. Dollar and 23% (bnSCR1.1) in Euro.</p>	Use of mechanisms to transfer the risk directly associated with particular PEs, such as hedging and insurance instruments.

	<p>The depreciation of the Seychelles Rupee against major currencies also led to higher import costs for the PEs.</p> <p>2.1.1 Development Bank of Seychelles (DBS) The Government is exposed to exchange rate risk arising from DBS' borrowings denominated in foreign currency. DBS has an agreement with the Ministry of Finance, Economic Planning and Trade (MoFEPT), stating that net foreign exchange losses arising on loan facilities will be reimbursed by the latter.</p>	
3. Other revenue and expenditure developments	<p>All PEs are exposed to the risk of fluctuations in revenue and expenditure, which would affect their performance. Reduced PE profitability may cause lower taxes and dividends to the Government and increase the need for subsidies or recapitalisation.</p>	
	<p>3.1 New or increased Quasi-Fiscal Activities (QFAs) QFAs can negatively impact the financial performance of PEs and can reduce income that the Government would receive from them. They can lead to recurring losses and underinvestment by the PEs, which may impact economic growth. PEs that are in a weak financial position may require government support to continue the service provision for the QFAs, for example, through capital injection, subsidies or debt restructuring. These may have a substantial cost to the budget. Lack of transparency surrounding QFAs may also be an incentive for PE management to justify underperformance, notably in regulated sectors with no private sector peer for benchmarking.</p> <p>Common QFAs identified by PEs for 2020 are as follows:</p> <ul style="list-style-type: none"> - Charging prices below market level - Absorption of transportation cost of commodities to other islands by PEs <p>QFAs identified per PE are presented in Appendix 8.</p>	<p>Policy mandates of PEs should be transparently disclosed and compensated.</p>

	3.2 Cybersecurity risks Commercially sensitive data can be misappropriated in cyber-attacks, leading to reputational costs for the PEs, revenue loss, reporting delays, and increased cost of doing business.	Allocation of resources and capacity to improve cyber-resilience and IT security.
	3.3 Covid-19 pandemic The impact of the Covid-19 pandemic on the PEs includes the following: <ul style="list-style-type: none"> - The reduction in tourism reduced the income of PEs that are directly linked to the tourism industry, such as Air Seychelles, the Seychelles Civil Aviation Authority (SCAA), SNPA, IDC and l'Union Estate Ltd. - PEs whose income is derived from tourism-related sectors such as the PUC and STC also reported lower revenue due to lower demand for their products and services. - The local prohibition of movement introduced during 2020 also reduced domestic demand for the PEs' products and services, such as the National Information Services Agency (NISA). - The PEs had to incur additional costs to implement safety protocols for their staff and customers. - Negative financial impact of the depreciation of the Seychelles Rupee on operations and foreign exchange borrowing. 	Implement cost-cutting measures and hygiene protocols. Defer non-essential capital expenditure.
	3.4 Climate change The adverse effects of climate change can harm the PEs' financial performance. PEs may be faced with additional costs to adapt their operations to mitigate the impact of climate change.	PEs identify and quantify the costs related to the adaption and mitigation of the impacts of climate change on their operations.
4. Institutional risks	4.1 Oversight framework During 2020 there was fragmented oversight of PEs caused by the absence of an Ownership Policy ¹ . There were no formal performance and public policy targets set for PEs by the shareholder. This can lead to a lack of strategic direction for the PE, leaving Boards to formulate their objectives.	Development of formal performance targets for PEs by the shareholder to minimise the risk of bailouts and provide the shareholder's expectation to the PE Board.

¹ The Cabinet of Ministers approved the Ownership Policy for PEs in December 2020

	<p>4.2 Lack of resources of the Commission</p> <p>The Commission has insufficient resources to exercise the required scrutiny on the PEs' governance, finances, operations and budgets and conduct a comprehensive risk analysis to advise decision-makers promptly.</p>	Improved allocation of resources to the Commission to enhance its capacity.
	<p>4.3 Selection process of Board members</p> <p>Greater transparency is required in the nomination and appointment of board members. The absence of a skills matrix per PE may lead to gaps in the appointment process.</p> <p>The Ownership Policy provides that an analysis of due diligence would be carried out by the Commission at board nomination.</p>	The implementation of a formal, transparent nomination and appointment process for directors. A register of directors would provide a transparent process for prospective candidates to apply to be included in the register.
	<p>4.4 Whistleblowing framework</p> <p>The absence of a framework or legislation to guide the whistleblowing process may reduce the likelihood that PE employees or third parties would report misconduct, fraud or corruption. The absence of whistleblower protection also reduces the incentive to report.</p>	Implementation of a national whistleblowing framework covering reporting mechanisms and whistleblower protection.
	<p>4.5 Lack of compliance (PEMC Act)</p> <p>The Commission lacks the enforcement powers to compel PEs to comply with its information requests. The inadequate legal provisions contribute to the delay in conducting an effective and efficient analysis.</p> <p>Untimely and incomplete reporting by PEs delays the Commission's reporting and ultimately hinders the availability of timely analysis to decision-makers. Prompt reporting by PEs also aids in improving the accountability of PE Boards and Management.</p>	Introduction of enforcement mechanisms within the PEMC Act.
	<p>4.6 Internal control deficiencies</p> <p>The absence of an audit committee or an internal audit function (either in-house or outsourced) for PEs can lead to gaps in their internal controls and risk management systems.</p>	<p>PE Boards should ensure that internal audit procedures are developed within PEs, supported by an internal audit function reporting directly to the Board.</p> <p>The requirement for an internal audit function and audit committee per PE is proposed in the draft amendment to the PEMC Act.</p>

Introduction

This report presents the fiscal risks emanating from PEs for the year 2020 and the medium-term. It also aims to inform the decisions of the Government and key stakeholders on the management of PE-related fiscal risks.

Fiscal risks are “the possibility of deviations of fiscal outcomes from what was expected at the time of the Budget or other forecast²”.

The Covid-19 pandemic was a new source of risk for the PEs during 2020 due to its impact on their financial performance and position. The reduction in income from tourism and tourism-related activities, and the depreciation of the Seychelles Rupee were major contributors to this.

1 Macroeconomic risks

Macroeconomic changes can impact the PEs’ financial performance, position, and relationship with the National budget in terms of taxes and dividends paid into the budget and funding requested from the budget. The impact of macroeconomic changes on PEs will depend on the nature of their activity and their capacity to sustain such uncertainties.

1.1 Risk identification

Table 1 identifies the exposure of each PE to different types of macroeconomic risks.

² International Monetary Fund (IMF), 2008

Table 1. Matrix illustrating the vulnerability of PEs to various macroeconomic risk parameters

Risk parameter	Oil price	Exchange rate	Interest rate	Credit availability	Tourism	Housing prices	Inflation
AS	x	x	x	x	x		x
BDRI			x	x			x
DBS		x	x	x	x	x	x
FSA		x	x	x			x
GICC	x	x	x	x	x	x	x
GTIC			x	x		x	x
HFC		x	x	x	x	x	x
IDC	x	x	x	x	x	x	x
I'UE	x	x			x	x	x
NISA	x	x	x	x			x
PS	x	x					x
PDEE							x
PMC			x	x		x	x
PUC	x	x	x	x	x	x	x
SCB		x	x	x	x	x	x
SCAA	x	x	x	x	x		x
SEYPEC	x	x			x		x
SFA	x	x			x		x
SIMBC		x	x	x	x	x	x
SNPA	x				x		x
SPA	x	x	x	x	x		x
SPF		x	x			x	x
SPTC	x						x
SPS	x	x			x		x
SSI	x	x	x	x	x	x	x
STC	x	x	x	x	x		x
2020 Dev	x	x	x	x		x	x

1.2 Oil prices

PEs whose operations have a large component relating to the supply or use of petroleum products will be directly impacted by a significant rise in oil price, for example, the Seychelles Petroleum Company Ltd (SEYPEC), Air Seychelles Ltd, PUC and the Seychelles Public Transport Corporation (SPTC).

1.3 Exchange rate

The principal currency exposures of the PEs are the United States (U.S.) Dollar, the Euro and the British Pound Sterling. PEs whose part of operation and transactions are performed in foreign currencies are directly exposed to the volatility of the exchange rates.

PEs having debt denominated in foreign currency reported exchange losses following the important depreciation of the Seychelles Rupee in 2020. At December 31, 2020 approximately 78% (bnSCR3.6) of PE debt was denominated in foreign currency, of which 55% (bnSCR2.5) in U.S. Dollar and 23% (bnSCR1.1) in Euro. The depreciation of the Seychelles Rupee in 2020 also contributed to higher import costs for the PEs.

1.3.1 Public Utilities Corporation (PUC)

PUC is exposed to exchange rate risk arising from the acquisition of supplies and capital projects denominated in currencies other than its functional currency, the Seychelles Rupee. PUC's primary currency exposures are for the Euro, the US Dollar, the Singapore Dollar, the South African Rand and the British Pound Sterling. For the year 2020, the depreciation of the Seychelles Rupee caused PUC's total debt to increase from bnSCR1.2 to bnSCR1.9 since 96% of its debt is denominated in foreign currency. Foreign currency differences on PUC's borrowings amounted to mSCR726.2 for 2020, compared to mSCR24.2 for 2019.

1.3.2 Seychelles Trading Company Ltd (STC)

STC is exposed to exchange rate risk from its future commercial transactions and liabilities denominated in currencies other than its functional currency, the Seychelles Rupee. The exposure of STC to exchange rate risk arises primarily from the importation of goods. STC's primary currency exposures are for the U.S. Dollar and the Euro. STC reported a foreign exchange loss of mSCR19.6 for 2020, compared to a foreign exchange gain of mSCR1.3 for 2019.

1.3.3 Development Bank of Seychelles (DBS)

The Government is exposed to exchange rate risk arising from DBS' borrowings that are denominated in foreign currency. DBS has an agreement with the Ministry of Finance, Economic Planning and Trade (MoFEPT), stating that net foreign exchange losses arising on loan facilities will be reimbursed by the latter. DBS reported foreign exchange loss on its borrowing of mSCR62.3 for 2020, compared to a foreign exchange gain of mSCR1.9 for 2019. DBS' indemnity agreements with the Government for on-lent debt comprises amounts in Seychelles Rupees; consequently, the Government is directly exposed to exchange rate risk with the lender (ref. Table 2).

Table 2. DBS and GoS exposure for on-lent borrowing

Loan	Balance outstanding 31.12.2020		
	DBS exposure	GoS exposure	
	mSCR	mEUR	mSCR ³
AFD bilateral (Banque de France)	66.9	15.4	409.9
DBS EIB global 6	49.0	3.4	89.8
Total	115.9	18.7	499.8

1.4 Interest rate

A rise in interest rates can affect PEs that have borrowings, especially those that are long-term and at floating rates.

³ SCR equivalent of the Euro exposure

2 Risk from other expenditure and revenue developments

All PEs are at risk of variation in revenue and expenditure from projections. Reduction in PEs profitability may result in lower taxes and dividends paid to the Government and an increase in the need for subsidies or recapitalisation.

2.1 Risk identification

Table 3 shows the exposure of PEs to risks related to deviating revenue and expenditure.

Table 3. PEs exposed to risks from expenditure and revenue development

Risk parameter	higher expenditure because of	higher wages/salaries	cost overruns investment projects	new or increased QFAs	unexpected maintenance, new investment	natural disaster	government policies and regulations	lower revenue because of	lower turnover	lower dividends received	QFAs	lower loan repayment	inflation
AS				x		x	x		x		x		x
BDRI			x		x	x	x		x				x
DBS						x	x		x			x	x
FSA						x	x		x				x
GICC			x		x	x	x		x				x
GTIC			x		x	x	x		x				x
HFC						x	x		x			x	x
IDC			x		x	x	x		x				x
I'UE				x		x	x		x	x	x		x
NISA		x				x	x		x				x
PS		x				x	x		x				x
PDEE		x				x	x		x				x
PMC			x	x	x	x	x		x		x		x
PUC		x	x	x	x	x	x		x		x		x
SCB						x	x		x			x	x
SCAA		x	x	x	x	x	x		x		x		x
SEYPEC				x		x	x		x		x		x
SFA							x		x				
SIMBC						x	x		x			x	x
SNPA							x		x				
SPA			x	x	x	x	x		x		x		x
SPF						x	x		x	x			x
SPTC		x	x	x	x	x	x		x		x		x
SPS		x		x		x	x		x		x		x
SSI						x	x			x			x
STC				x		x	x		x		x		x
2020 Dev		x				x	x		x				x

2.2 Higher expenditure

2.2.1 Quasi-Fiscal Activities (QFAs)

A QFA is defined as an activity conducted by a PE on behalf of the Government for which it is not compensated. QFAs may be imposed on PEs through pricing or other types of regulations.

QFAs can negatively impact the financial performance of PEs and reduce income that the Government would receive from them. They can lead to recurring losses and underinvestment by PEs, which may impact economic growth. PEs that are in a weak financial position may require government support to continue the service provision for the QFA, for example, through capital injection, subsidies or debt restructuring. Lack of transparency surrounding QFAs may also be an incentive for PE management to justify underperformance, notably in regulated sectors with no private sector peer for benchmarking.

A list of QFAs per PE is presented in Appendix 8.

2.2.2 COVID-19 pandemic

Many countries, including Seychelles, imposed restrictions to control the spread of Covid-19, including a ban on international visitors. The reduction in tourists directly affected PEs such as Air Seychelles, the Seychelles Civil Aviation Authority (SCAA), the Islands Development Company Ltd (IDC), the Seychelles National Parks Authority (SNPA) and l'Union Estate Ltd since their operation is tourism/flight driven. For example, SCAA incurred a loss of mSCR35.3 for 2020 compared to a profit of mSCR103.7 for 2019.

The pandemic also indirectly impacted PEs whose income is derived from tourism-related sectors such as PUC and STC. PUC receives some of its revenue from commercial customers such as hotels and other tourism establishments. The Corporation reported a loss of mSCR253.9 for 2020 compared to a net profit of mSCR111 for 2019.

The local prohibition of movement introduced during 2020 also reduced domestic demand for the PEs' products and services, such as the National Information Services Agency (NISA).

Additionally, the reduction in visitors to the country contributed to the depreciation of the Seychelles Rupee. This had a negative financial impact on PE operations and their debt, for those having debt denominated in foreign currency, for example, PUC (ref. 1.2.2.1 PUC).

The total financial support received by the PEs from the Government during 2020 will be presented in the Public Enterprises Annual Report 2020.

2.2.3 Cybersecurity

Commercially sensitive data can be misappropriated in cyber-attacks, leading to reputational costs for the PEs, loss of revenue, and the risk of increasing the cost of doing business.

DBS was subjected to a ransomware attack in 2020, which delayed its reporting to the Commission for several months, as it recovered data and updated its software.

2.2.4 Climate change

The adverse effects of climate change can harm the PEs' financial performance. PEs may be faced with additional costs to adapt their operations to mitigate the impact of climate change.

2.3 Lower revenue

2.3.1 Lower dividends received

Dividend income from PEs can be a volatile revenue source for the Government, as they are directly related to performance, financing structure and external factors. A decline in the dividends paid by the PEs corresponds to a direct reduction in revenue for the Government. The dividends paid by PEs for the year 2020 reduced compared to 2019 due to the effects of the pandemic. No dividend was reported from Seychelles Commercial Bank (SCB) and Nouvobanq following a circular issued by the Central Bank of Seychelles (CBS) prohibiting all banks from declaring dividends for the financial years ending December 31, 2019 and December 31, 2020, to mitigate the adverse effects of COVID-19 on the financial sector and the economy. The dividends paid by Nouvobanq for 2019 correspond to interim dividends, there was no final dividend.

Table 4. Dividends paid by PEs

Public Enterprise	2016	2017	2018	2019	2020
	mSCR	mSCR	mSCR	mSCR	mSCR
Financial Services Authority	75.2	73.4	45.2	29.0	85.3
Islands Development Company Group ⁴	0.0	0.0	3.0	5.0	20.0
Seychelles Commercial Bank Ltd	3.6	3.6	3.6	0.0	0.0
Seychelles Civil Aviation Authority	43.2	53.2	43.2	115.0	20.0
Seychelles Petroleum Company Ltd Group	90.0	90.0	120.0	200.0	260.0
SIMBC Nouvobanq	225.0	125.0	225.0	165.0	0.0
Seychelles Ports Authority	25.0	0.0	0.0	0.0	0.0
Total	462.0	345.2	440.0	514.0	385.3

3 Contingent liabilities

Contingent liabilities are obligations that do not arise unless particular discrete events occur in the future⁵. They differ from direct liabilities, where the settlement date is fixed when the nominal obligation is set.

Contingent liabilities can result in a rise in public debt if they become realised. Contingent liabilities of PEs can derive from several sources such as guarantees on their borrowings, loans from Government to PEs and legal cases.

3.1 Explicit contingent liabilities

Explicit contingent liabilities refer to the legal obligation or announced policy that the Government will provide support in specific circumstances. Table 5 refers to two types of explicit contingent liabilities for the Government at the end of 2020.

⁴ The year-end of IDC is March 31

⁵ Public Sector Debt Statistics Guide, International Monetary Fund, 2011

Table 5. PEs carrying explicit contingent liabilities

Risk parameter	Loans granted by Government to PEs	Other government guarantees granted to PEs
AS		
BDRI		
DBS	x	x
FSA		
HFC		x
IDC	x	
L'UE		
NISA		x
PS		
PDEE		
PMC		x
PUC	x	x
SCAA		
SCB		
SEYPEC		
SFA		
SIMBC		
SPA		x
SNPA	x	
SPF		
SPS		
SPTC		
SSI		
STC		
2020 Dev		

The following section provides more details on explicit contingent liabilities emanating from PEs.

3.1.1 Loans granted by Government to PEs

Loans granted by the Government to PEs are contingent liabilities since the Government would not recover the amounts outstanding if the PEs are unable to service their loans.

For the year 2020, three PEs had loans outstanding from the Government.

3.1.1.1 DBS

The Government borrowed on behalf of DBS from the following institutions for subsequent on-lending to its clients:

- i Agence Française de Développement (AFD) with an outstanding amount of mSCR66.9 at December 31, 2020
- ii Arab Bank for Economic Development in Africa (BADEA) with an outstanding amount of mSCR10.3 at December 31, 2020
- iii European Investment Bank (EIB) with an outstanding amount of mSCR49 at December 31, 2020

DBS also received a mSCR50 interest-free advance from the Government during 2020.

3.1.1.2 IDC

IDC received a loan of mSCR18 from the Government in August 2020 for COVID 19 support. The legal end date of the loan is August 31, 2023.

3.1.1.3 PUC

PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions, the balances outstanding at December 31, 2020 are as follows:

- i. European Investment Bank (EIB): mSCR677
- ii. Agence Française de Développement (AFD): mSCR247
- iii. African Development Bank: mSCR254
- iv. Arab Bank for Economic Development in Africa (BADEA): mSCR163
- v. Saudi Fund for Development (SFD): mSCR300

3.1.1.4 SNPA

In September 2020, the Government wrote off a loan to SNPA with a balance outstanding of mSCR5.2 following financial constraints related to the Covid-19 pandemic. An undisbursed loan amount of mSCR5.1 was also cancelled.

3.1.1.5 STC

During 2020 the Government agreed to waive mSCR5.5 principal and interest outstanding from STC on a loan, following the company's default on the loan in April 2020 due to unstable economic conditions.

3.1.2 Government guarantees granted for Public-Private Partnerships (PPPs) undertaken by PEs

While PPPs can provide benefits such as value for money on large infrastructure projects, they can also be a source of fiscal risk. Inadequate project assessment, including their budgetary implications, may lead to unforeseen costs in the event of failure of a PPP where the Government has provided a guarantee to the PE as the contracting authority. A risk arises if projects are incomplete or certain contract conditions are not met by the PE, causing the debt of the PPP to be transferred from the PE to the Government. Other instances could be court-mandated obligations for the Government to pay compensation for the collapse of a PPP agreement. The PE or the Government may also lose crucial assets to the investor if a

PPP agreement collapses. PPPs can also be a source of implicit contingent liabilities for the Government. For example, in socially sensitive or critical projects, there may be pressure for the Government to provide support to ensure service provision.

The Commission maintains its recommendation that an in-depth risk assessment is conducted before a PE engages in a PPP to identify potential fiscal risks and contingent liabilities. The review and approval process of the PPP could include the MoFEPT, the PEs' Responsible Ministry and the Commission. The Government could also maintain a central register of PE PPP commitments to facilitate the identification of risk from these commitments.

3.1.3 Other Government guarantees granted to PEs

Government guarantees on PE borrowings constitute contingent liabilities since the Government would have to service the debt on behalf of the PE in the event of default. **At December 31, 2020 Government guarantees and Government on-lending to PEs represented approximately 59% (bnSCR2.7) of total PE debt.**

Government guarantees on PE borrowings for 2020, based on the data provided by the PEs, are disclosed in Table 6.

Table 6. Government guarantees granted to PEs

PE	Currency	Type of guarantee	Purpose	Legal end date	Maximum exposure 2020 mSCR
DBS	EUR & SCR	Loan from Nouvobanq	Loans taken for on-lending to clients	2020 & 2023	139
	SCR	Loan from Absa		2023	50.7
	EUR & SCR	Loan from MCB		2024	34.9
	SCR	Loans from Al Salam Bank of Seychelles		2024	37.6
	USD	Letter of comfort for Al Salam Bank of Bahrain		2021	54.7
	SCR	DBS Bonds		2022	151.2
HFC	SCR	Loan from SCB	Loan taken for on-lending to clients.	2024	74.2
NISA	SCR	Loan from Nouvobanq	Capital Expenditure	2022	8.9
PMC	SCR	Loan from Seychelles Pension Fund	To finance housing projects	2026	108.0
	SCR	Loan from Nouvobanq		2029	167.3
	SCR	PMC Bonds		2025	12.4
SPA	EUR	AFD Loan	Port rehabilitation and extension	2038	13.0
PUC	USD	International Loans	Guarantee against the loan from Abu Dhabi fund for development for the solar farm project at Romainville	2017	163.8

3.2 Implicit contingent liabilities

Implicit contingent liabilities refer to cases where there is no legal responsibility or announced obligation for government support; however, there may be an expectation of government intervention in cases where a PE faces liquidity problems. Such liabilities are a social or moral obligation of the Government that reflects the interest and pressure of the public. Implicit contingent liabilities are not officially recognised until a triggering event occurs. The exposure and amount of Government support that could be required are all uncertain.

This section focuses on identified implicit contingent liabilities based on information collected from PEs, as shown in Table 7.

Table 7. PEs carrying implicit contingent liabilities

Risk parameter	Loans from PE to other PEs	Loans from PE to third parties	Bailouts of PEs
AS			x
BDRI	x		
DBS	x	x	
FSA	x		
HFC	x	x	
IDC	x		
L'UE			
NISA	x		
PS	x		
PDEE	x		
PMC	x		
PUC	x		
SCAA	x		
SCB	x	x	
SEYPEC			
SFA			
SIMBC	x	x	
SNPA			
SPA			
SPF	x		
SPS			
SPTC	x		
SSI	x		
STC			
2020 Dev			

3.2.1 Loans between PEs

Loans between PEs can be a source of fiscal risk, as both the debtor PE and the creditor PE may seek Government support in the event of a liquidity crisis and default. This risk is enhanced when several debtor PEs are facing difficulty to meet their obligations at the same time causing increased pressure on the creditor PE. Unsecured intercompany lending by non-financial entities to their subsidiaries with the absence of fixed repayment terms and interest can be compared to a cross-subsidy or capital contribution.

Table 8 shows PE-PE borrowing reported by PEs for 2020.

Table 8. Loans between PEs

Lending institution	Beneficiary	Balance outstanding 31.12.2020 ⁶			Particulars
		SCR	USD	EUR	
Nouvobanq ⁷	DBS	17.9			For on-lending
	DBS			4.6	For on-lending
	PUC	68.8			Desalination plant extension
	FSA		0.5		Construction of warehouses
	IDC		1.4		Purchase of Beechcraft
	IDC		1.5		Purchase of generators for Desroches Island
	IDC	6.4			Overdraft facility
	IDC		1.0		For Covid cashflow
	GICC		0.3		Overdraft facility
	GTIC	66.1			Construction of Independence House Annex
	NISA	8.9			Capital expenditure
	PMC	167.3			To finance housing projects
IDC	GTIC	21.0			Equity loan
GICC	GTIC	10.2			Equity loan
SCB	HFC	74.2			For on-lending
SSI ⁸	Petro Seychelles	15.0			Shareholder loan
	PDEE	7.4			Advance
	BDRI	50.5			Intercompany loan
	BDRI	56.2			Shareholder loan
SPF	PMC	108.0			To finance housing projects
SEYPEC	Seychelles Patriot			24.2	Intercompany loan
	Seychelles Progress			11.5	Intercompany loan
	Seychelles Pioneer			10.3	Intercompany loan
	Seychelles Prelude			21.5	Intercompany loan

⁶ Balances for IDC, GICC and GTIC are at March 31, 2021 due to their year-end.

⁷ Data received from debtor PEs. Nouvobanq declined to provide further confirmation.

⁸ Data for BDRI, SSI and PDEE are provisional, their AFS 2020 had not been received by the Commission at reporting date.

3.2.2 Bailouts of PEs

Government bailouts of PEs can have several consequences, in addition to budgetary implications. PEs' expectation of a government bailout may lead to excessive risk-taking such as accumulating substantial debt. The bailout of PEs may result in less incentive for them to become more efficient and develop their capacity to cope with macroeconomic shocks.

Bailouts of PEs could be attached to certain binding conditions for the PEs, such as concrete actions to enhance their efficiency or implement reforms.

3.2.3 Legal claims against PEs

Legal claims involving a PE can expose the Government to potential risk. In instances where a PE cannot make payments associated with a legal decision, the Government may be expected to step in and do so on its behalf. This may pose pressure on the budget and the Government's financial position.

For instance, Air Seychelles is currently facing a liquidation hearing over mUSD71.5 by APEX Corporate Trustees (UK) on behalf of the EA Partners bondholders. A statutory demand regarding debts owed to the EA Partners bondholders was served on the airline on April 1, 2021. The bondholders' committee noted that it was prepared to work with the Government provided the rights of creditors and their position in the capital structure was respected and that the Government would commit to a fair and equitable settlement. A winding-up petition was filed against the airline in the Seychelles Supreme court on August 19, 2021.

4 Arrears

An arrear is an obligation or liability that has not been settled by its due date. Arrears from Government to PEs and between PEs in 2020 arose from delayed payment for services of the PEs. The tolerance of arrears by PEs from Ministries, Departments, Agencies and other PEs may affect their liquidity and consequently pose a risk to Government finances.

Arrears that are not identified and quantified can disguise the actual size of the Government's or the PEs' debt.

4.1 Arrears from Government to PEs

Table 9 presents arrears due longer than 90 days from Government to PEs as at December 31, 2020, which amounted to mSCR66.7, from the data provided by the PEs. The arrears relate to outstanding invoices.

Table 9. Arrears from Government to PEs

Arrears GOS to PE	mSCR	Particulars
AS	50.4	Non-payment
PUC	14.5	Utilities invoices
STC	1.8	Non-payment
Total	66.7	

4.2 Arrears from PEs to Government

Arrears from PEs to the Government can also create liquidity problems for the public department or concerned Ministry, exerting a greater fiscal burden on the budget and affecting the availability of public finance if the PE cannot pay the amounts owed to the Government.

No significant arrears from the PEs to the Government was disclosed for 2020.

4.3 Arrears between PEs

Arrears between PEs reciprocally affects their cash flow if not managed accordingly. The Commission was unable to report on arrears between PEs due to inconsistencies in the data received from the latter.

Uncertainty of arrears may also cause PEs to limit their investments by being more conservative in their operations, limiting growth in the public sector and the economy. This uncertainty can also deepen fiscal risks if both PEs and the Government do not have clear and quantifiable data on the extent of their arrears while they continue to invest or accumulate their dues. The monitoring of arrears by PEs and the Government is consequently critical.

5 Institutional risks

Institutional risks associated with Public Enterprises may lead to fiscal risks if not addressed and mitigated. These risks include weaknesses in the oversight framework, insufficient capabilities to deal with the growing number of PEs, fragmented nomination and selection process of board directors and a lack of compliance to the relevant legislation. Non-compliance regarding the submission of relevant documents such as PEs' monthly reports, Annual Financial Statements (AFS) and Annual reports may impede the proper analysis and forecasting of their financial performance and cause information asymmetry. This, in turn, may affect decision-making and policy formulation for their effective management.

5.1 Oversight framework

5.1.1 Ownership Policy

The absence of an ownership policy has led to a fragmented oversight framework whereby PEs were mandated to report to multiple oversight bodies and Ministries on their governance, financial, and sectoral performance.

The Cabinet of Ministers approved the Ownership Policy for Public Enterprises in December 2020. The policy defines the mandate and objectives of the Government as the owner of PEs and its role in their governance and oversight. The objectives of the policy are as follows:

- To be clearer to PE boards about the “Statement of Expectations” of the Responsible Minister and the Minister responsible for Finance;
- To provide the Responsible Ministers and the Minister responsible for Finance with a greater understanding of, and therefore confidence in, the performance of PEs through enhanced performance indicators;
- To establish suitable capital framework which imposes financial disciplines on PEs while ensuring they have enough capital to pursue their business and investment decisions without the assistance of the national budget; and
- Ensure that requests for government financial assistance are exceptional cases and are considered in line with the PE business needs.

5.1.2 Public Policy and other targets for PEs

During 2020 no formal Public Policy Objective (Public policy) had been formulated by the PEs’ Responsible Ministries. The Public policy outlines the mandate and purpose of the PEs, which also includes defining, identifying, quantifying and disclosing the costs associated with the Public Service Obligations (PSOs) currently being undertaken by PEs. PSOs lead to QFAs when PEs are not transparently compensated for performing these obligations. As per the PEMC Act⁹, the setting of financial targets falls within the mandate of the respective PE board.

The Ownership Policy provides that the Commission establish a framework for performance target setting and monitoring, a joint effort with other relevant offices such as the PEs and their Responsible Ministry. The target-setting process needs to consider the PEs public policy objectives before determining a reasonable level of profitability. Such targets would improve performance measurement of PE Board and management and align objectives of the shareholder and the Board and Management. The PEMC Act is being reviewed to reflect this change.

5.1.3 Dividend Policy

The National Dividend Distribution Policy for Public Enterprises was adopted in December 2020. The policy outlines the expectations of the Responsible Ministries for the proposal and actual payments of dividends by PEs. The policy seeks to balance the PEs’ cash flow requirements and the retention of excess cash or investments when determining dividend payments. Investments by PEs that are not in line with sector policy expose public finances to risk, and they may not be subject to the same scrutiny as investments by Ministries, Departments and Agencies if they are not part of the budgetary process.

The dividend policy also limits the risk of excessive dividend payments being made to meet short-term budgetary objectives at the expense of a PE’s investment in essential infrastructure, which may have long-term consequences on economic growth.

⁹ PEMC Act, 2013, section 35

5.1.4 Lack of resources of the Commission

The Commission's limited resources relative to the number, size, and complexity of PEs can constitute a risk to public finances. The Commission has insufficient resources to exercise the required scrutiny on the PEs' governance, finances, operations and budgets and conduct a comprehensive risk analysis to advise decision-makers promptly.

5.1.5 Selection process of Board Members

Section 25 of the PEMC Act provides that the President appoints the Board of directors. The Commission is responsible for monitoring the governance of PEs and is not involved in the appointment or due diligence process. As such, the Commission cannot ensure that the potential Boards have the required expertise to undertake their responsibilities effectively. Efficient Boards are crucial for the long-term success of PEs. The Commission is reviewing the PEMC Act 2013, and it has proposed as one of its functions to carry out due diligence of nominated directors and CEOs. Furthermore, the Ownership Policy, adopted in December 2020, provides that the Commission would conduct due diligence at board nomination process to recommend directors who do not present conflict of interest to the President.

The current selection process of board members lacks transparency, and the absence of a skills matrix per PE may lead to gaps in the appointment process. A register of directors would provide a greater pool of candidates for the nomination authorities, leaving an open and transparent process for prospective candidates to apply to be included in the register.

5.1.6 Whistleblower protection

The absence of a framework or legislation to guide the whistleblowing process may reduce the likelihood that PE employees or third parties would report misconduct. The absence of formalised whistleblower protection further reduces the incentive to report and increases the risk of misconduct going unreported, impacting PEs' performance and service delivery.

5.1.7 Internal control deficiencies

A number of PEs did not have an internal audit function (in-house or outsourced) or an audit committee during 2020. The absence of this function can lead to gaps in their internal controls and risk management systems, exposing the organisation to risk. The requirement for an internal audit function and audit committee per PE is proposed in the draft amendment to the PEMC Act.

5.2 Lack of compliance (PEMC Act)

The Board of each PE is responsible and accountable for ensuring that submissions and content of the Statement of Corporate Intent (SCI), the Annual Report (AR), and the Monthly Report (MR) comply with minimum legislative requirements of Part V of the PEMC Act.

The Commission, responsible for monitoring the reporting obligations of PEs, lacks the enforcement powers to compel the latter to comply with its information requests, as the Act does not provide for sanctions in cases of non-compliance. The inadequate legal provisions contribute to the delay in conducting effective and efficient analysis. The introduction of enforcement mechanisms is proposed in the draft amendment to the PEMC Act.

The following section presents the status of the PEs' compliance with reporting obligations for 2020.

5.2.1 Monthly reports

*“Each Public Enterprise shall, **within fifteen days after the end of every month, submit to the Commission in such form as the Commission may determine, a statement of the financial and operational performance of the Public Enterprise during that month including details of debt performance, failure to do so may lead to sanctions as per schedule 5(5) (b).**”*

-PEMC Act, section 38

5.2.1.1 Submission

All PEs, with the exception of the Seychelles Fishing Authority (SFA), were compliant in submitting monthly reports for 2020. Despite submitting their monthly accounts for most of 2020 SFA failed to provide monthly accounts for the first four months of the year.

Only one out of 25 PEs (4%) was compliant with section 38 of the Act, submitting all their monthly reports within 15 days after the end of the month during 2020. Petro Seychelles Ltd was the only PE that submitted all monthly financials within 15 days after the end of each month. The majority, 24 out of 25 PEs (96%), were not compliant in submitting *all* their monthly reports within 15 days after the end of the month as prescribed by section 38 of the PEMC Act. Two PEs, IDC and the Seychelles Pension Fund (SPF), submitted their monthly accounts for 11 out of 12 months within 15 days after the end of the month, however, SPF only submitted their monthly Balance Sheet during 2020. Whilst a few PEs successfully submitted all of their monthly financials within 15 days for at least one month during 2020, nine out of 25 PEs (36%) did not submit reports within the designated period for all the months in 2020. This includes SFA, the Seychelles Ports Authority (SPA), Air Seychelles Ltd (AS), the Property Management Corporation (PMC), PUC, SCB, SCAA, SPTC and the Seychelles Postal Services Ltd (SPS). Figure 1 and Appendix 4 illustrates the total timely and late submissions of monthly reports for 2020.

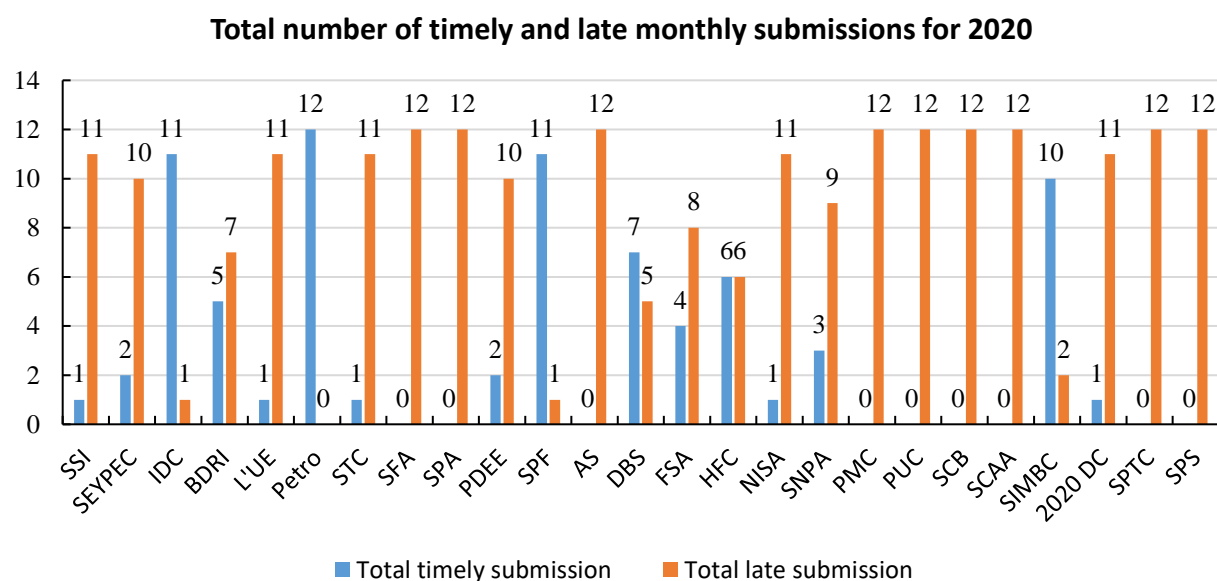


Figure 1. Submissions of monthly reports for 2020

5.2.1.2 Content of monthly reports

For the year 2020, 19 out of 25 PEs (76%), submitted the required monthly financial statements, more specifically Profit and Loss Statement, Balance Sheet and Cash Flow Statement. However, six out of 25 PEs (24%), namely SFA, SPA, Paradis Des Enfants Entertainment Ltd (PDEE), SPF, Nouvobanq and 2020 Dev were not submitting all three statements. SFA, SPA, PDEE and Nouvobanq did not provide their monthly cash flows, whereas 2020 Dev submitted only their Profit and loss account and SPF only submitted their balance sheet. Nevertheless, PDEE and SFA started to submit all three statements in June and October, respectively (this was not considered in the chart below). Figure 2 and Appendix 4 illustrates the timeliness and content of the monthly reports for 2020.

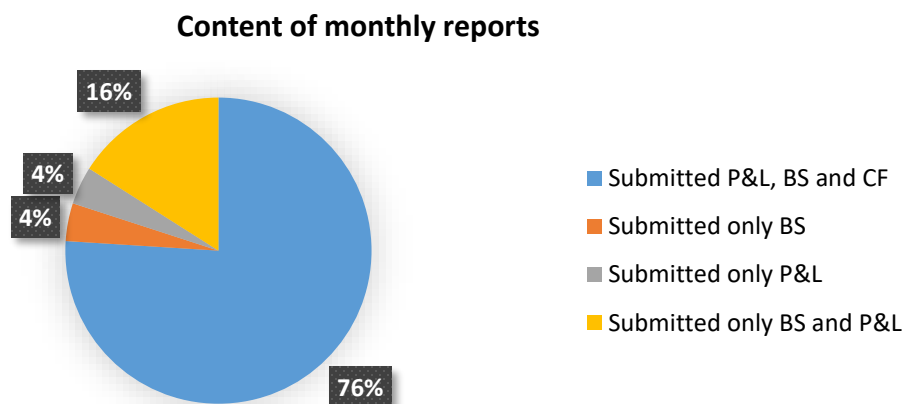


Figure 2. Content of monthly reports

5.2.2 Annual Financial Statements (AFS)

*“Each Public Enterprise shall, **within three months after the end of its financial year prepare an annual report** on its operations which, together **with a copy of its annual audited accounts** as well as any report by the auditors on its management and accounting practices, shall be submitted to:*

- (a) the Minister of Finance;*
- (b) the Responsible Minister; and*
- (c) the Commission.”*

-PEMC Act, section 36(1)

5.2.2.1 Submission

As at September 30, 2020, 17 out of 25 (68%) PEs submitted their AFS to the Commission. The Commission also acknowledged the receipt of the provisional AFS of AS and SPS, which has been considered non-submission, while the remaining six PEs, namely PMC, SNPA, PDEE, SFA, Bois De Rose Investment Ltd (BDRI) and the Société Seychelloise d'Investissement Ltd (SSI), were not compliant with section 36(1) of the Act.

Subsidiary companies including Seychelles Prelude, Seychelles Pioneer, Seychelles Patriot, Seychelles Progress, Green Tree Investment Company Ltd (GTIC), Green Island Construction Company Ltd (GICC) and Opportunity Investment Company Ltd (OICL) successfully submitted their AFS for the year 2020.

As per section 36(1), PEs are required to submit their AFS within three months after the financial year-end. However, for the year 2020 all PEs exceeded the set deadline resulting in 100% late submission. Due to the COVID-19 pandemic, the Commission extended the submission deadline to May 31, 2021 for PEs which were to submit by March 31 2021. Despite this, several PEs experienced disruption in their operation; hence, they experienced delays in finalising the AFS and Annual Report. Figure 3 illustrates the percentage of PEs (68%) that submitted their AFS up to the reporting date.

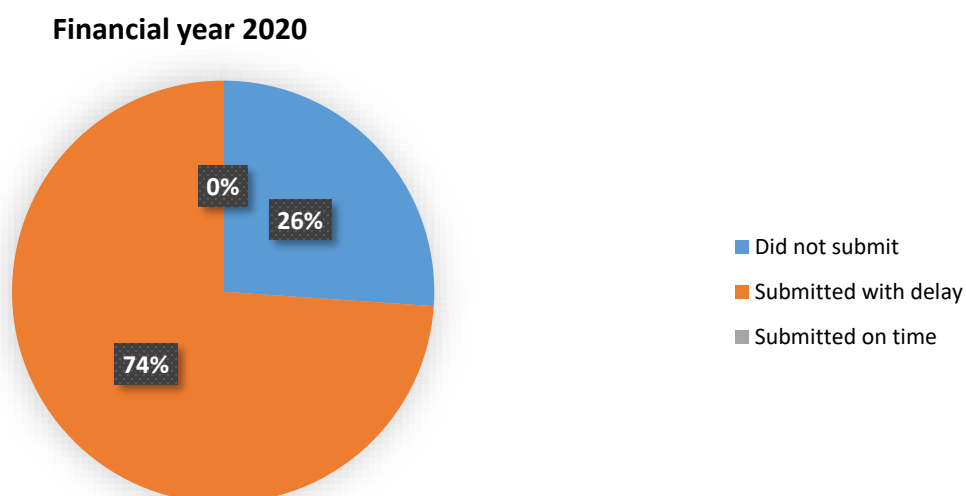


Figure 3. Percentage of timely, late and non-submission of AFS for 2020

5.2.2.2 Content of AFS

5.2.2.2.1 Adherence to IFRS standard

As instructed by section 1(b)(iii) of schedule 4 of the Act, *"AFS should be prepared in accordance with the International Financial Reporting Standards (IFRS) as set by the International Accounting Standards Board (IASB)"*.

The Commission noted that out of the 17 PEs that submitted their AFS, 12 PEs prepared their financial statements in accordance with IFRS, while IDC and NISA have adopted IFRS for Small and Medium-Sized Entities (SMEs). On the other hand, L'Union Estate Ltd (L'UE), SCAA and 2020 Dev's financial statements were prepared in accordance with Generally Accepted Accounting Standards in Seychelles. Figure 4 and Appendix 6 indicates the PEs compliant with IFRS.

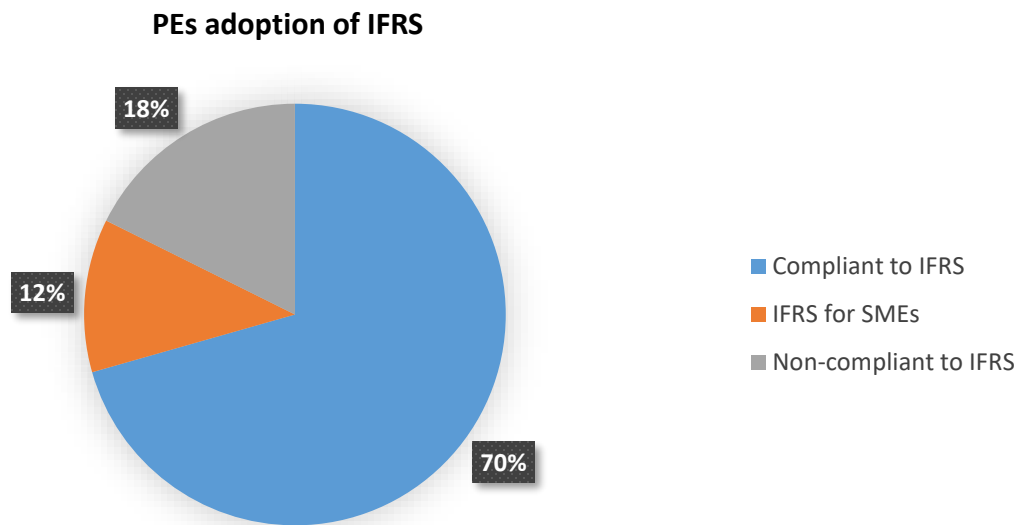


Figure 4. Percentage of PEs preparing AFS as per IFRS for the year 2020

5.2.2.2.2 Compliance with Schedule 4 of the Act

All 17 AFS submitted were to some extent compliant with provisions prescribed by schedule 4 of the PEMC Act. The AFS submitted to the Commission included an Auditors statement, which specified whether the accounts give a true and fair view, as prescribed by section 1(b)(vi) of Schedule 4 of the Act. Moreover, the PEs also provided audited financial statements, which included the statement of Financial Position, Profit or Loss and Cash flows, audited in accordance with the International Standards on Auditing (ISA).

5.2.3 Annual Reports

5.2.3.1 Submission

As stipulated under section 36(1) of the Act, " PEs are required to prepare and submit an annual report on their operations within three months after the end of its financial year".

As at the reporting date, September 30, 2021, out of 25 PEs, the Commission received Annual Reports **(ARs) from seven PEs (28%), whilst 18 PEs (72%) did not provide their AR for the year 2020.**

The PEs, excluding subsidiaries, that submitted their AR to the Commission were SEYPEC, SPF, DBS, NISA, SCAA, 2020 Dev and SPTC. However, neither one of the PEs which submitted their AR were compliant with section 36(1) of the Act as submissions were made after three months of their financial year, resulting in an untimely submission.

A total of seven PEs that submitted their AFS, also submitted their AR, however, IDC, L'UE, STC, the Housing Finance Company Ltd (HFC), SCB, Nouvobanq and SPS only provided their AFS but failed to submit their AR.

Table 10. Submission of ARs for the year 2020 as at September 30, 2021

Public Enterprise	Date
Société Seychelloise d'Investissement Ltd	Not submitted
Seychelles Petroleum Company Ltd	19-Aug-21
Islands Development Company Ltd	Not submitted
Bois de Rose Investment Ltd	Not submitted
L'Union Estate Ltd	Not submitted
Petro Seychelles Ltd	Not submitted
Seychelles Trading Company Ltd	Not submitted
Seychelles Fishing Authority	Not submitted
Seychelles Ports Authority	Not submitted
Paradis des Enfants Entertainment Ltd	Not submitted
Seychelles Pension Fund	9-Sep-21
Air Seychelles Ltd	Not submitted
Development Bank of Seychelles	1-Sep-21
Financial Services Authority	Not submitted
Housing Finance Company Ltd	Not submitted
National Information Services Agency	13-Aug-21
Seychelles National Park Authority	Not submitted
Property Management Corporation	Not submitted
Public Utilities Corporation	Not submitted
Seychelles Commercial Bank Ltd	Not submitted
Seychelles Civil Aviation Authority	7-Jul-21
Seychelles International Mercantile Banking Corporation Ltd (SIMBC)/ Nouvobanq	Not submitted
2020 Development (Seychelles) Ltd	26-Aug-21
Seychelles Public Transport Corporation	17-Jun-21
Seychelles Postal Services Ltd	Not submitted

5.2.3.1.1 Content of ARs

The ARs submitted to the Commission were partially compliant with the requirements prescribed by schedule 4 of the PEMC Act.

All of the submitted ARs provided included each PEs respective AFS and the Auditor's Report to the financial statements, including a statement of changes in financial position as part of their AFS as required by section 1(a)(iii) of schedule 4.

The majority of PEs that submitted their AR also provided an overview of their financial performance during the year, organisational structure, changes and the composition of the board of directors, internal control and risk management, and some information regarding corporate governance.

However, most of them did not disclose the auditor's fees, internal and external factors affecting performance, budget approval and authorisation for acquisition and use of financial resources, maintenance of adequate accounting records, discussion with stakeholders and judicial proceedings.

5.2.4 Statement of Corporate Intent

*“The board of each Public Enterprise shall prepare and deliver to the Responsible Minister and the Commission, **not later than one month** after the coming into operation of this Act, a statement of corporate intent in respect of the Public Enterprise and thereafter **not later than one month** after the commencement of each **consecutive third financial year** an updated statement of corporate intent in respect of the financial in which it is delivered and in respect of each of the immediately following two financial years.”*

-PEMC Act, section 34

5.2.4.1 Submission

Out of 25 PEs, the Commission received documents relating to SCI from 21 PEs. It is important to note that not all PEs submitted their SCI; DBS, FSA, L’UE, SEYPEC and SPS provided their Strategic plans. Whereas PUC, SCB, SIMBC, HFC and NISA made available their business plan, AS only provided a PowerPoint presentation and 2020 Dev sent a letter regarding SCI to the Commission. **Therefore, only nine PEs provided their SCI namely SSI, IDC, Petro Seychelles Ltd (PS), STC, SPA, SPF, PMC, SCAA and SPTC.** 18 out of the 21 documents submitted by PEs have already expired, with the only valid SCIs being from SPF, PMC and SCAA. However, out of the valid SCIs for 2020, PMC and SPA’s SCIs did not cover the required scope as it covers five and ten years respectively, compared to the three-year period stated in the Act.

5.2.4.2 Non-compliance with legislative requirements for the content of SCIs

Not all three valid SCIs were compliant with all of the content requirements of SCIs, as instructed by section 35(1) of the Act. Section 35(1) states that PEs are mandated to specify the legal requirements, including their objectives and mission; nature and scope of activities to be undertaken by the PE, their performance targets; an estimated amount of dividend and the Net Present Value (NPV) of investments. Where a PE has a share capital, it should specify the ratio of the shareholders’ funds to the value of total assets.

Although SCAA, SPF and PMC provided their objectives, mission and vision, scope of activities and performance targets, they did not disclose an estimation of their NPV or dividend. Nevertheless, SPF included an estimation of increase in net asset value, increase in turnover, investment income, and returns from asset for three years (2021-2023), along with other financial and non-financial performance projections and targets. Similarly, SCAA provided forecasted financial statements and forecasted revenue and operational budget for the three years (2020-2022). Appendix 7 shows the submission and content of the Statements of Corporate Intent (SCIs).

Recommendations

The Commission recommends the following to eliminate or mitigate the potential risks that Public Enterprises pose to the budget:

- i. Introduction of enforcement mechanisms within the PEMC Act for timely reporting to decision-makers and improved accountability.
- ii. Introduction of a formal nomination and appointment process for directors. The introduction of a register of directors would also provide a greater pool of candidates for appointment and improve transparency of the nomination process.
- iii. Improved allocation of resources to the Commission to enhance its capacity. The lack of capacity for oversight and limited information from PEs undermines the Commission's ability to assess potential fiscal risk.
- iv. Bailouts or subsidies provided to PEs could be attached to certain conditions, such as defined actions to improve efficiency. For instance, the funding may be disbursed in tranches, subject to certain actions being undertaken.
- v. Increased regulation of PE borrowings which could include an approval process involving the PEs Responsible Ministry and the Ministry of Finance, irrespective of whether a Government guarantee would be required. This could be achieved, for example, by introducing debt or liability ceilings for PEs.
- vi. Development of formal performance targets for the PEs to align the interests of the shareholder and the Board. The targets should also consider sector policy.
- vii. Identification and quantification of the costs related to the adaption and mitigation of the impacts of climate change on PE operations.
- viii. Introduction of cost-cutting measures by PEs being affected by the Covid-19 pandemic, where practicable. Non-essential capital expenditure should be deferred.
- ix. Discussion of PE investment plans with the Responsible Ministry and MoFEPT, once approved by their Board. This measure will ensure that PEs invest in projects within their mandate and follow their sector policy, thus limiting risk to the shareholder.
- x. Detailed risk assessments should be conducted before a PE engages in a PPP. The review and approval process of the PPP could include the MoFEPT, the PEs' Responsible Ministry and the Commission. The Government could also maintain a central register of PE PPP commitments to facilitate the identification of risk from these commitments.

- xi. PE Boards should ensure that internal audit procedures are implemented within PEs, supported by an internal audit function reporting directly to the Board. The requirement for an internal audit function and audit committee per PE is proposed in the draft amendment to the PEMC Act.
- xii. Implementation of a national whistleblowing framework covering reporting mechanisms and whistleblower protection.
- xiii. Implementation of a coordinated framework of reporting between MoFEPT, Responsible Ministries, regulators and the PEs regarding decisions that would impact PEs performance, for example, the introduction of new QFAs. Such coordination should also include the Commission to avoid information asymmetry, hindering the capacity to provide input early rather than retrospectively.
- xiv. Use of mechanisms to transfer the risk directly associated with particular PEs, such as hedging and insurance instruments.
- xv. Allocation of resources and capacity to improve cyber-resilience and IT security.
- xvi. Systematic reporting by PEs of any significant pending lawsuits to the Commission.

Appendices

Appendix 1. List of Public Enterprises in Seychelles

Public Enterprise	Sector	GoS ownership	Total value of shareholding	Responsible Ministry ¹⁰	Subsidiaries	Minority interest ¹¹	Enabling legislation	Board structure under enabling legislation
Société Seychelloise d'Investissement Ltd	Services and Development	100%	100 shares at SCR 100=SCR10,000 ¹²	Minister responsible for Finance	SEYPEC	SCS	Co. Act 1972	Not Less than 2 Directors.
					IDC	IOT		
					BDRI	IPHS		
					L'UE	Seyloin Ltd		
					PS			
					2020 Dev			
					PDEE			
					STC			
					SIMBC (Nouvobanq)			
					SCB			
Seychelles Petroleum Company Ltd	Energy	100%	SCR50,000,000 USD8,595,053 ¹³	Minister responsible for Industry	Seychelles Progress Ltd		Co. Act 1972	Not Less than 2 Directors.
					Seychelles Patriot Ltd			
					Seychelles Pioneer Ltd			
					Seychelles Prelude Ltd			
Seychelles Progress	Energy	100%	GBP2,000	Minister responsible for Industry			Isle of Man Co. Acts	*
Seychelles Patriot	Energy	100%	GBP2,000	Minister responsible for Industry			Isle of Man Co. Acts	*
Seychelles Pioneer	Energy	100%	GBP2,000	Minister responsible for Industry			Isle of Man Co. Acts	*

¹⁰ Responsible Ministers as per Amendment of Schedule 1 (2019) of the PEMC Act 2013.

¹¹ Source of Information about the minority interest are from AFS of PEs

¹² SSI AFS 2019

¹³ SEYPEC AFS 2020

Public Enterprise	Sector	GoS ownership	Total value of shareholding	Responsible Ministry ¹⁰	Subsidiaries	Minority interest ¹¹	Enabling legislation	Board structure under enabling legislation
Seychelles Prelude	Energy	100%	GBP2,000	Minister responsible for Industry			Isle of Man Co. Acts	*14
Islands Development Company Ltd	Services and Development	100%	213,309 shares at SCR100=SCR 21,330,900 issued for cash SCR21,330,924 ¹⁵	Minister responsible for Industry	GICC	GTIC	Co. Act 1972	Not Less than 2 Directors.
					GTIC	Poivre Island Lodge Ltd		
						Paradise Marine Ltd		
						Platte Island Development Ltd		
Green Island Construction Company Ltd	Services and Development	100%	1000 shares at SCR100 =SCR100,000	Minister responsible for Industry			Co. Act 1972	Not Less than 2 Directors.
Green Tree Investment Company Ltd	Services and Development	100%	1000 shares at SCR100 =SCR100,000	Minister responsible for Industry			Co. Act 1972	Not Less than 2 Directors.
Bois de Rose Investment Ltd	Services and Development	100%	10,000,000 shares at EUR1=EUR ¹⁶ 10,000,000	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.
L'Union Estate Ltd	Services and Development	100%	72925 shares at SCR100 =SCR7,292,500 ¹⁷	Minister responsible for Industry			Co. Act 1972	Not Less than 2 Directors.
Petro Seychelles Ltd	Energy	100%	SCR1,000,000	Minister responsible for Industry			Co. Act 1972	Not Less than 2 Directors.
Seychelles Trading Company Ltd	Services and Development	100%	SCR10,000 ¹⁸	Minister responsible for Trade		SCB ¹⁹	Co. Act 1972	Not Less than 2 Directors.
2020 Development (Seychelles) Ltd	Services and Development	100%	SCR10,000 ²⁰	Minister responsible for Investment			Co. Act 1972	Not Less than 2 Directors.
Paradis des Enfants Entertainment Ltd	Services and Development	100%	100 shares at SCR100=SCR10,000 ²¹	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.

¹⁴ *The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall, when the number of directors exceeds three, be three, and shall, when the number of directors does not exceed three, be two. (Source: Isle of Man Companies Act 1931, pg. 220)

¹⁵ IDC AFS 31.03.2021

¹⁶ BDRI AFS 2019

¹⁷ L'Union Estate AFS 2020

¹⁸ STC AFS 2020

¹⁹ STC AFS 2020

²⁰ 2020 Development AFS 2020

²¹ PDEE AFS 2016

Public Enterprise	Sector	GoS ownership	Total value of shareholding	Responsible Ministry ¹⁰	Subsidiaries	Minority interest ¹¹	Enabling legislation	Board structure under enabling legislation
Seychelles Pension Fund	Financial	Owned by members of the Fund.	Not Applicable	Minister responsible for Finance	OICL	Seychelles Breweries Ltd	SPF Act, 2005	Not more than 10 members. The quorum is 7.
						Cable and Wireless Ltd		
						Al Salam Bank Ltd		
Opportunity Investment Company Ltd	Financial	51%	100 shares at SCR100= SCR10,000 ²²	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.
Air Seychelles Ltd	Transport	60%	USD 72,617,000 ²³	Minister responsible for Civil Aviation			Co. Act 1972	Not Less than 2 Directors.
Development Bank of Seychelles	Financial	61%	Issued and fully paid shares = 39,200,000 ²⁴	Minister responsible for Finance			DBS Decree 1991	Not more than 10 or less than 5 other members. The quorum is 4.
Financial Services Authority	Financial	100%	Not Applicable	Minister responsible for Finance			FSA Act, 2013	The Board should consist of 10 members. The quorum is 6.
Housing Finance Company Ltd	Financial	100%	SCR20,000,000 ²⁵	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.
National Information Services Agency	Services and Development	100%	Not Applicable	Minister responsible for Information			NISA Act, 2010	The Board should consist of 5 members. The quorum is 3.
Property Management Corporation	Services and Development	100%	Not Applicable	Minister responsible for Housing			PMC Act, 2004	Not less than 4 and not more than 8 members. The quorum is 3.
Public Utilities Corporation	Energy	100%	Not Applicable	Minister responsible for Environment, Energy and Climate Change			Public Utilities Corporation Act, 1986	Not less than 5 nor of the more than 7 members

²² SPF AFS 2020

²³ Provisional Air Seychelles AFS 2020

²⁴ DBS AFS 2020

²⁵ HFC AFS 2020

Public Enterprise	Sector	GoS ownership	Total value of shareholding	Responsible Ministry ¹⁰	Subsidiaries	Minority interest ¹¹	Enabling legislation	Board structure under enabling legislation
Seychelles Commercial Bank Ltd	Financial	60%	SCR60,000,000 ²⁶	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.
Seychelles Civil Aviation Authority	Transport	100%	Not Applicable	Minister responsible for Civil Aviation			Seychelles Civil Aviation Authority Act, 2005	Not less than 7 nor more than 11 members. The quorum is 4.
SIMBC Nouvobanq	Financial	78% ²⁷	100,000 shares SCR1000 =SCR 100,000 ²⁸	Minister responsible for Finance			Co. Act 1972	Not Less than 2 Directors.
Seychelles Ports Authority	Transport	100%	Not Applicable	Minister responsible for Ports			Seychelles Ports Authority Act, 2004	The Board should consist of 5 members. The quorum is 4.
Seychelles Public Transport Corporation	Transport	100%	Not Applicable	Minister responsible for Land Transport			Seychelles Public Transport Corporation Decree 1977	Not less than 2 and not more than 4. The quorum is 3.
Seychelles Postal Services Ltd	Services and Development	100%	1000 shares at SCR100= SCR 100,000	Minister responsible for Trade			Co. Act 1972	Not Less than 2 Directors.
Seychelles Fisheries Authority	Services and Development	100%	Not Applicable	Minister responsible for Fisheries			Seychelles Fishing Authority (Establishment) Act, 1984.	The Board should consist of 5 members.
Seychelles National Parks Authority	Services and Development	100%	Not Applicable	Minister responsible for Environment			Environment Protection (Seychelles National Parks Authority) Order, 2009	The Board should consist of 5 members.

²⁶ SCB AFS 2020

²⁷ SIMBC Certificate of Incumbency 2017

²⁸ SIMBC AFS 2020

Appendix 2. Board members, key personnel and auditors of PEs

Public Enterprise	Board	Key personnel	Auditor
Seychelles Petroleum Company Ltd	Chairperson: Dr Selwyn Gendron Member: Mr Eddy Belle Member: Ms Veronique Laporte Member: Mr Suketu Patel Member: Ms Philippa Samson (resigned effective September 30, 2020) Member: Dr Steve Fanny (resigned effective September 30, 2020) Member: Mr Michael Nalletamby (appointed effective September 30, 2020) Member: Mr Yannick Vel (appointed effective September 30, 2020)	CEO: Mr Conrad Benoiton	BDO Associates
Seychelles Patriot	Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020)	CEO: Mr Conrad Benoiton	BDO Associates
Seychelles Pioneer	Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020)	CEO: Mr Conrad Benoiton	BDO Associates
Seychelles Prelude	Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020)	CEO: Mr Conrad Benoiton	BDO Associates

Public Enterprise	Board	Key personnel	Auditor
Seychelles Progress	Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020)	CEO: Mr Conrad Benoiton	BDO Associates
Public Utilities Corporation	Chairperson: Mr Eddy Belle Member: Mr Stephen Rousseau Member: Dr Selwyn Gendron Member: Ms Nanette Laure Member: Mr Phillippe Chong-Seng Member: Irene Croisee (appointed effective October 15, 2020) Member: Yannick Vel (replaced effective October 14, 2020)	CEO: Mr Philippe Morin Deputy CEO: Mr Joel Valmont	Office of the Auditor General
Seychelles Civil Aviation Authority	Chairperson: Suketu Patel (appointed May 2020) Chairperson: David Savy (resigned April 2020) Member: Ms Anne Lafortune Member: Ms Nadine Potter Member: Mr Vincent Amelie Member: Ms Cindy Vidot Member: Ange Morel Member: Benjamin Choppy	CEO: Mr Garry Albert	Office of the Auditor General
Seychelles Public Transport Corporation	Chairperson: Mr Andy Moncherry Member: Ms Cecily Derjacques Member: Mr Alone Edmond (resigned effective December 29 2020) Member: Ms Marilyn Reginald (resigned effective December 29 2020) Member: Ms Noemie Woodcock (resigned effective December 29 2020) Member: Mr Allan Killindo (appointed effective December 16) Member: Bernard Domingue (appointed effective December 16) Member: Siana Bistoquet (appointed effective December 16)	CEO: Mr Patrick Vel	BDO Associates
Seychelles Ports Authority	Chairperson: Mr Paul Hodoul Member: Mr Leslie Benoiton Member: Ms Doreen Bradburn Member: Mr Alexandre Antonakas Member: Col. Andre Ciseau	CEO: Mr Ronny Brutus Deputy CEO: Dr Egbert Moustache	Office of the Auditor General
Air Seychelles Ltd	Chairperson: Mr Jean Weeling-Lee Vice Chairperson: Mr Robin Kamarik Member: Mr Oliver Bastienne Member: Ms Sitna Cesar Member: Mr Cyril Bonnelame Member: Mr Christopher Youtlen Member: Mr Bassam Al Mosa	CEO: Mr Remco Althuis	AFS 2020 not submitted to the Commission

Public Enterprise	Board	Key personnel	Auditor
Seychelles Trading Company Ltd	Chairperson: Mr Guy Morel Member: Mr Gerard Adam Member: Ms Farida Camille Member: Mr Oliver Bastienne Member: Mr Ashik Hassan	CEO: Ms Christine Joubert Deputy CEO: Ms Marie-France Hansen	Baker Tilly
National Information Services Agency	Chairperson: Ms Lucy Athanasius Vice-chairperson: Ms Roseline Hoareau Member: Ms Marie-Anne Ernesta Member: Ms Claudette Albert Member: Ms Barbara Kilindo Member: Ms Joelle Perreau Member: Mr Conrad Lablache	CEO: Mr Gerard Govinden	Office of the Auditor General
Seychelles Postal Services Ltd	Chairperson: Ms Melanie Stravens (resigned) Chairperson: Norman Weber (appointed effective June 5, 2020) Member: Ms Astride Tamatave Member: Ms Rudy Rose Member: Mr Ayub Suleman Adam Member: Ms Dothy Valmont Raforme	CEO: Mr Errol Dias	AFS 2020 not submitted to the Commission
Société Seychelloise d'Investissement Ltd	Chairperson: Ms Vijaykumari Tirant Member: Mr Ange Morel Member: Mr Karl Pragassen Member: Ms Annie Dugas Member: Mr Bernard Adonis	CEO: Mr Rupert Simeon	AFS 2020 not submitted to the Commission
L'Union Estate Ltd	Chairperson: Mr Frank Hoareau Member: Ms Corinne Delpeche Member: Mr Damien Thesée Member: Mr Gerald Lablache Member: Mr Andreix Rosalie Member: Mr Barry Assary	CEO: Mr Gustave Delpeche	Bhanderi & Co
Islands Development Company Ltd	Chairperson: Mr Patrick Berlouis Member: Mr Patrick Lablache Member: Mr Willy Confait Member: Ms Sherin Francis Member: Ms Angelique Antat Member: Ms Angele Lebon Member: Mr Denis Matatiken	CEO: Mr Glenly Savy Deputy CEO: Mr Christian Lionnet	Pool and Patel
Green Island Construction Company Ltd	Chairperson: Mr Patrick Berlouis Member: Mr Willy Confait Member: Christian Lionnet Member: Mr Patrick Lablache Member: Ms Sherin Francis Member: Ms Angelique Antat Member: Ms Angele Lebon Member: Mr Denis Matatiken	CEO: Mr Glenly Savy	Pool and Patel
Green Tree Investment Company Ltd	Chairperson: Mr Patrick Berlouis Member: Mr Willy Confait Member: Christian Lionnet Member: Mr Patrick Lablache Member: Ms Sherin Francis Member: Ms Angelique Antat Member: Ms Angele Lebon Member: Mr Denis Matatiken	CEO: Mr Glenly Savy	Pool and Patel
Seychelles Commercial Bank Ltd	Chairperson: Mr Patrick Payet Member: Ms Esther Boniface Member: Capt. Robert Morgan	CEO: Ms Annie Vidot	BDO Associates

Public Enterprise	Board	Key personnel	Auditor
	Member: M. Jenna Thelermont Member: Mr Sandy Mothee Member: Mr Jamshed Pardiwalla		
SIMBC (Nouvobanq) Ltd	Chairperson: Mr Abdul Gafoor Yakub Member: Mr Vincent Van Heyste Member: Mr David Howes Member: Mr Anil Dua Member: Damien Thesee Member: Mr Michael Bluemner	CEO: Mr Ahmad Saeed Deputy CEO: Mr Michael Benstrong	BDO Associates
Housing Finance Company Ltd	Chairperson: Ms Jennifer Morel Member: Mr Daniel Frichot Member: Mr Yves Choppy Member: Ms Elizabeth Agathine Member: Mr Michel Marie	CEO: Mr Ronny Palmyre	BDO Associates
Development Bank of Seychelles	Chairperson: Ms Brenda Bastienne Deputy Chairperson: Mr Brian Charlette Member: Ms Ina Barbe Member: Mr Rupert Simeon Member: Mr Marc Naiken Member: Mr Roy Clarisse Member: Mr Ashwin Bhanderi Member: Mr Dick Labonte (appointed effective June 15 2020) Member: Ms Nicholle Belle (resigned effective April 30 2020)	CEO: Mr Daniel Gappy	Pool and Patel
Financial Services Authority	Chairperson: Mr Patrick Payet Member: Mr Phillip Moustache Member: Mr David Esparon Member: Ms. Samantha Esparon Member: Ms Wendy Pierre Member: Mr Richard Rampal Member: Mr Robert Stravens Member: Ms Seylina Verghese	CEO: Mr Damien Thesee Deputy CEO: Ms Zenabe Daman	Office of the Auditor General
Property Management Corporation	Chairperson: Mr Christian Lionnet (appointed effective May 18 2020) Vice-chairperson: Ms Sitna Cesar Member: Ms Roma Edmond Member: Mr Denis Barbe Member: Ronny Palmyre Member: Ms Gina Adelaide (appointed effective May 18 2020) Member: Mr Gilbert Madeleine (resigned effective April 23, 2020)	CEO: Ms Evelina Antha	AFS 2020 not submitted to the Commission
Petro Seychelles Ltd	Chairperson: Amb. Barry Faure Member: Mr Patrick Payet Member: Mr Dennis Matatiken Member: Mr Raymond Chang-Tave	CEO: Mr Patrick Joseph	ACM & Associates
Seychelles Pension Fund	Chairperson: Mr Jacquelin Dugasse Member: Mr Patrick Payet Member: Ms Cilia Mangroo Members: Mr Ravi Valmont Members: Mr Antoine Robinson Members: Mr Peter Sinon Members: Ms Cindy Vidot Members: Marie Claire Marie Members: Mr Bernard Adonis Members: Ms Elsie Morel	CEO: Ms Lekha Nair	Office of the Auditor General

Public Enterprise	Board	Key personnel	Auditor
2020 Development Company Ltd	Chairperson: Amb. Barry Faure Member: Mr Yves Choppy	CEO: Ms Sabrina Agathine	BDO Associates
Bois De Rose Investment Ltd	Chairperson: Mr Brian Loveday Member: Ms Tacey Furneau Member: Ms Jeannette Lesperence Member: Mr Alderic Bristol Member: Mr Ayub Adam	CEO: Mr Rupert Simeon	AFS 2020 not submitted to the Commission
Paradis Des Enfants Entertainment Ltd	Chairperson: Mr Roy Collie Member: Ms Beryl Pillay Member: Mr Joshua Marguerite Member: Mr Danny Fontaine Member: Ms Sophia Parmentier Member: Mr Nigel Pillay	CEO: Mr Rupert Simeon	AFS 2020 not submitted to the Commission
Seychelles Fishing Authority	Chairperson: Mr Cyril Bonnelame Chairperson: Mr Nirmal J Shah (resigned) Member: Mr Roy Clarisse Member: Ms. Rebecca Loustau Lalanne Member: Mr Keith Andre Member: Mr Eugene Vidot	CEO: Nicole Elizabeth	AFS 2020 not submitted to the Commission
Seychelles National Parks Authority	Chairperson: Mr Jude Bijoux Member: Mr Jean-Marie Moutia Member: Ms Stephanie Lablache Member: Lt. Col. Jean Atala Member: Ms Daniella Payet-Alis Member: Ms Marie-May Muzungaile Member: Ms Jeanette Larue	CEO: Mr Selby Remy	AFS 2020 not submitted to the Commission

Appendix 3. Overview of key legislation

Legislation	Category of PE	Relevance
Public Enterprise Monitoring Commission Act 2013 (PEMC Act)	All PEs	The PEMC Act makes provision for the establishment of the Commission to oversee the PEs and stipulates the PE's reporting obligations to the Responsible Minister, the Minister of Finance and the Commission. It also makes provision for the appointment and functions of the Board of Directors for PEs.
Public Officer's Ethics Act 2008 (POE Act)	All PEs	The POE Act makes provision for the establishment of the Public Officers' Ethics Commission (POEC) which monitors compliance of Public Officers to the Code of Conduct and Ethics of the POE Act 2008 (Part II). As PEs are categorised as Public Corporations under the POE Act, its executive and non-executive directors are obliged to comply with the ethics laws for public servants.
Public Finance Management Act 2012 (PFM Act)	All PEs	The PFM Act outlines the duties and responsibilities of the Accounting officer ²⁹ with the aim of ensuring efficient financial management of PEs (Part VIII).
Seychelles Revenue Commission Act 2009 (SRC Act)	All PEs	The SRC Act makes provision for the establishment of the Seychelles Revenue Commission (SCRC) which has the oversight and administrative function of the Revenue laws of Seychelles and for the collection of taxes on behalf of the Government. The PEs are obliged to comply with tax laws and regulations as well as the tax policies formulated specifically for PEs by MoFEPT unless exempted by a specific policy.
Companies Ordinance Act 1972 (Companies Act)	For PEs incorporated under the Companies Act	The Companies Act governs the PEs incorporated under the Act which includes the legal requirements pertaining to the Board of those PEs such as the appointment and duties of the directors.

²⁹ PFM Act, section 2

Appendix 4. Submission dates of monthly reports for 2020

Public Enterprise	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SSI	26-Feb	17-Jun	17-Jun	17-Jun	17-Jun	16-Jul	17-Aug	15-Oct	15-Oct	23-Nov	16-Dec	19-Jan
SEYPEC	17-Feb	19-Mar	21-Apr	18-May	12-Jun	17-Jul	17-Aug	15-Sep	16-Oct	19-Nov	17-Dec	18-Mar
IDC	11-Feb	12-Mar	18-Apr	12-May	12-Jun	14-Jul	12-Aug	12-Sep	12-Oct	11-Nov	13-Dec	12-Jan
BDRI	26-Feb	17-Jun	17-Jun	17-Jun	17-Jun	15-Jul	12-Aug	15-Sep	15-Oct	17-Nov	16-Dec	14-Jan
L'UE	4-Jun	4-Jun	4-Jun	4-Jun	4-Jun	23-Nov	23-Nov	23-Nov	23-Nov	23-Nov	14-Apr	14-Apr
PS	11-Feb	13-Mar	8-Apr	13-May	9-Jun	10-Jul	7-Aug	11-Sep	9-Oct	10-Nov	15-Dec	14-Jan
STC	4-Jun	4-Jun	10-Jun	12-Jul	12-Jul	12-Jul	8-Sep	22-Sep	9-Dec	9-Dec	29-Dec	5-May
SFA	Not submitted	Not submitted	Not submitted	Not submitted	14-Dec	14-Dec	14-Dec	14-Dec	14-Dec	14-Dec	7-Apr	7-Apr
SPA	23-Sep	23-Sep	23-Sep	23-Sep	23-Sep	23-Sep	23-Sep	17-Sep	16-Oct	18-Nov	16-Dec	25-Mar
PDEE	7-Jul	7-Jul	7-Jul	7-Jul	7-Jul	15-Sep	15-Sep	15-Sep	20-Oct	17-Nov	16-Dec	14-Jan
SPF	10-Feb	11-Mar	14-Apr	21-May	15-Jun	10-Jul	11-Aug	10-Sep	12-Oct	11-Nov	11-Dec	15-Jan
AS	27-Feb	24-Mar	29-Apr	25-May	24-Jun	20-Jul	24-Aug	24-Sep	30-Oct	30-Nov	16-Mar	16-Mar
DBS	14-Feb	13-Mar	15-Apr	15-May	12-Jun	13-Jul	14-Aug	26-Jan	26-Jan	26-Jan	26-Jan	25-Feb
FSA	16-Jun	16-Jun	16-Jun	23-Jun	23-Jun	15-Jul	18-Aug	15-Sep	18-Nov	18-Nov	15-Dec	14-Jan
HFC	17-Feb	23-Nov	15-Apr	15-May	15-Jun	15-Jul	17-Aug	15-Sep	15-Oct	16-Nov	16-Dec	18-Jan
NISA	23-Jun	23-Jun	23-Jun	27-Jul	27-Jul	27-Jul	12-Nov	12-Nov	12-Nov	17-Nov	12-Dec	8-Mar
SNPA	4-Jun	4-Jun	4-Jun	17-Jul	17-Jul	17-Jul	18-Aug	15-Sep	11-Nov	14-Nov	15-Dec	28-Jan
PMC	16-Jun	16-Jun	16-Jun	8-Jul	8-Jul	4-Aug	21-Aug	9-Oct	4-Nov	25-Nov	28-Jan	3-Mar
PUC	23-Jun	23-Jun	23-Jun	29-Jul	29-Jul	29-Jul	21-Aug	30-Sep	16-Oct	22-Nov	24-Dec	8-Feb
SBC	26-Feb	19-Mar	4-May	25-May	23-Jun	17-Jul	21-Aug	18-Sep	11-Nov	20-Nov	21-Dec	9-Feb
SCAA	4-Mar	30-Mar	4-May	25-May	30-Jun	22-Jul	20-Aug	21-Sep	22-Oct	23-Nov	29-Dec	28-Jan
Nouvobanq	5-Feb	5-Mar	16-Apr	8-May	9-Jun	8-Jul	11-Aug	10-Sep	12-Oct	10-Nov	10-Dec	20-Jan
2020 Dev	3-Jun	3-Jun	3-Jun	3-Jun	22-Jun	10-Aug	13-Aug	21-Sep	22-Oct-20	11-Dec	29-Dec	23-Feb
SPTC	20-Feb	16-Mar	27-Apr	18-May	16-Jun	16-Jul	6-Oct	6-Oct	27-Oct	18-Nov	16-Dec	2-Feb
SPS	8-Apr	25-May	19-Jun	19-Jun	2-Jul	24-Jul	19-Aug	28-Sep	22-Oct	11-Dec	6-Jan	18-Jan-21
Total submissions	24	24	24	24	25	25	25	25	25	25	25	25

Appendix 5: Timeliness in the submission and content of monthly reports for 2020

Public Enterprise	Total timely submission	Total late submission	Compliance to the submission of Profit & Loss, Balance Sheet and Cash flow Statement
SSI	1	11	Yes
SEYPEC	2	10	Yes
IDC	11	1	Yes
BDRI	5	7	Yes
L'UE	1	11	Yes
PS	12	0	Yes
STC	1	11	Yes
SFA	0	12	Started submitting all 3 statements in October
SPA	0	12	No
PDEE	2	10	Started submitting all 3 statements in June
SPF	11	1	No
AS	0	12	Yes
DBS	7	5	Yes
FSA	4	8	Yes
HFC	6	6	Yes
NISA	1	11	Yes
SNPA	3	9	Yes
PMC	0	12	Yes
PUC	0	12	Yes
SCB	0	12	Yes
SCAA	0	12	Yes
Nouvobanq	10	2	No
2020 Dev	1	11	No
SPTC	0	12	Yes
SPS	0	12	Yes

Appendix 6: Submission of AFS for 2020 and adoption of IFRS

Public Enterprise	Submission	Compliance to IFRS
Société Seychelloise d'Investissement Ltd	Non-submission	Non-submission
Seychelles Petroleum Company Ltd	Submitted	Compliant
Islands Development Company Ltd	Submitted	IFRS for SME
Bois de Rose Investment Ltd	Non-submission	Non-submission
L'Union Estate Ltd	Submitted	Non-compliant
Petro Seychelles Ltd	Submitted	Compliant
Seychelles Trading Company Ltd	Submitted	Compliant
Seychelles Fishing Authority	Non-submission	Non-submission
Seychelles Ports Authority	Non-submission	Non-submission
Paradis des Enfants Entertainment Ltd	Non-submission	Non-submission
Seychelles Pension Fund	Submitted	Compliant
Air Seychelles Ltd	Non-submission	Non-submission
Development Bank of Seychelles	Submitted	Compliant
Financial Services Authority	Submitted	Compliant
Housing Finance Company Ltd	Submitted	Compliant
National Information Services Agency	Submitted	IFRS for SME
Seychelles National Park Authority	Non-submission	Non-submission
Property Management Corporation	Non-submission	Non-submission
Public Utilities Corporation	Submitted	Compliant
Seychelles Commercial Bank Ltd	Submitted	Compliant
Seychelles Civil Aviation Authority	Submitted	Non-compliant
SIMBC Nouvobanq	Submitted	Compliant
2020 Development (Seychelles) Ltd	Submitted	Non-compliant
Seychelles Public Transport Corporation	Submitted	Compliant
Seychelles Postal Services Ltd	Non-submission	Non-submission

Appendix 7. Submission and content of Statement of Corporate Intent

Public Enterprise	Available submissions	Compliance with PEMC Act								
		Validity status	Covers 3-year period	Objectives /mission	Nature/ scope of activities	Shareholder funds/Total assets	Performance targets 4/4	Provisional dividend distribution	NPV of Investments	Amendments
SSI	SCI 2016-2018	Expired	-	-	-	-	-	-	-	-
SEYPEC	Strategic plan 2016-2020	Expired	-	-	-	-	-	-	-	-
IDC	SCI 2016-2018	Expired	-	-	-	-	-	-	-	-
BDRI	Not submitted	-	-	-	-	-	-	-	-	-
L'UE	Strategic plan 2017-2021	Expired	-	-	-	-	-	-	-	-
PS	SCI 2016-2018	Expired	-	-	-	-	-	-	-	-
STC	SCI 2014-2016	Expired	-	-	-	-	-	-	-	-
SFA	Not Submitted	-	-	-	-	-	-	-	-	-
SPA	SCI 2013-2022	Not Valid	No	-	-	-	-	-	-	-
PDEE	Not submitted	-	-	-	-	-	-	-	-	-
SPF	SCI 2021-2023	Valid	Yes	Yes	Yes	No	No	No	No	No
AS	PowerPoint presentation 2013	Expired	-	-	-	-	-	-	-	-
DBS	Strategic plan 2015-2019	Expired	-	-	-	-	-	-	-	-
FSA	Strategic plan 2015-2019	Expired	-	-	-	-	-	-	-	-
HFC	Business Plan 2017-2019	Expired	-	-	-	-	-	-	-	-
NISA	Business Plan 2013	Expired	-	-	-	-	-	-	-	-
SNPA	Not submitted	-	-	-	-	-	-	-	-	-
PMC	SCI 2018-2022	Valid	No	Yes	Yes	No	No	No	No	No
PUC	Business Plan 2016-2018	Expired	-	-	-	-	-	-	-	-
SCB	Business Plan 2015-2017	Expired	-	-	-	-	-	-	-	-
SCAA	SCI 2020-2022	Valid	Yes	Yes	Yes	No	No	No	No	No
SIMBC	Business Plan 2017-2019	Expired	-	-	-	-	-	-	-	-
2020 Dev	Letter about SCI January 2014-2016	Expired	-	-	-	-	-	-	-	-
SPTC	SCI 2016-2018	Expired	-	--	-	-	-	-	-	-
SPS	Strategic Plan 2013-2015	Expired	-	-	-	-	-	-	-	-

Appendix 8. Identified QFAs for 2020

Public Enterprise	Description QFA	Annual effect for PE (mSCR)	Compensation from the budget (mSCR)
Air Seychelles Ltd	Charging prices below market level for the resident fares on the domestic operation	20.1	0.0
L'Union Estate Ltd	Excavating red soil for sale to the people of La Digue at SCR200 per truck	0.4	0.0
	Low-priced sewage pumping services to the community of La Digue due to lack of sewage pumping services on the island.	0.2	0.0
Public Utilities Corporation	Charging prices below market level	235.8	0.0
	Revenue loss (gain) to PE due to Photovoltaic (PV) energy penetration	12.2	0.0
Seychelles Civil Aviation Authority	Maintenance XRAY Machine located at Cargo-Customs	0.1	0.0
	Maintenance XRAY Machine located at Customs Immigration	0.1	0.0
	SRC Customs Building	0.4	0.0
	MET Land Lease	1.2	0.0
	SEYPEC Land Lease	0.3	0.0
	Inadmissible passenger (INAD) facility at new domestic terminal	0.1	0.0
	Electricity at Met office	1.0	0.0
	Electricity as Customs	0.4	0.0
Seychelles Petroleum Company Ltd Group	Selling petroleum products on other islands at the same price as on Mahe	65.9	0.0
Seychelles Ports Authority	Derogation for the usage of Ramp on Praslin	0.5	0.0
	Rental Relief	0.03	0.0
Seychelles Public Transport Corporation	Charging prices below market level	99.6	79.8
Seychelles Trading Company Ltd	Charging prices below market level including Transportation Cost absorbed by STC on delivery of Category I products to Inner Islands	41.1	20.0
Total		479.3	99.8

Appendix 9. Exchange rates

Indicator	Source	2020
Yearly average exchange rate USD	CBS	17.6242
Yearly average exchange rate EUR	CBS	20.2604