

1. Public Utilities Corporation (PUC)

1.1. Strategic Overview

1.1.1. Mandate

Our mission is to ensure safe, reliable, and cost-effective delivery of electricity, water, and wastewater services.



1.1.2. Vision

We envisaged to be a model organization supporting socio-economic development in Seychelles.

1.1.3. Mission

- We envision a Seychelles where we provide an efficient, safe, and reliable supply of electricity and treated water, along with responsible wastewater management, all while prioritizing the well-being of the environment and our customers.
- Our goal is to cultivate a trust-based workplace culture where employees feel a strong sense of belonging and loyalty, fostering their growth and development.
- We actively promote the sustainable development of renewable energy to reduce our dependence on imported fossil fuels, contributing to our envisioned future for Seychelles.
- We aspire to continuously adapt to technological advancements, striving to enhance our services in line with our vision for Seychelles.

1.1.4. Strategic Priorities for 2025-2027

PUC's strategic objectives for 2025-2027 encompass five key perspectives, each with its own set of goals:

1. People and Workplace Perspective:

- **Cultivate a Trust-Based Workplace:** Foster a workplace culture built on trust, where employees feel a strong sense of belonging and loyalty.
- **Prioritize Employee Well-Being:** Ensure the well-being and safety of employees through effective risk management.
- **Attract, Develop, and Retain a Diverse and Skilled Workforce:** Attract, nurture, and retain a diverse and talented workforce.

2. Innovation and Growth Perspective:

- **Drive Continuous Business Process Improvement:** Continuously improve internal processes to enhance efficiency and effectiveness.
- **Adopt Technological Advances for Future Needs:** Embrace and implement technological advancements to meet future industry requirements.

3. Internal Processes Perspective:

- **Plan, Build, and Maintain Infrastructure:** Strategically plan, construct, and maintain infrastructure while acquiring necessary resources.
- **Responsible Resource Management:** Utilize resources responsibly and cost-effectively.
- **Demonstrate Commitment to Environmental Sustainability:** Show dedication to environmental sustainability in all operations.

4. Customer Focus Perspective:

- **Provide Safe, Reliable Utility Services:** Ensure the delivery of safe and reliable utility services.
- **Enhance Customer Experience:** Improve the overall customer experience.
- **Promote Conservation and Efficient Use of Services:** Raise awareness about the importance of conserving and efficiently using utility services.

5. Financial Perspective:

- **Facilitate Economic Growth:** Foster an environment conducive to economic growth.
- **Maintain Financial Strength:** Ensure a robust financial foundation.
- **Sustain Affordable Rates:** Keep utility service rates affordable for customers.

1.1.5. Key Challenges

PUC, a multi-utility company in a small island state, confronts unique challenges that impact its operations. Unlike larger utilities with the advantage of regional network integration, PUC must achieve self-sufficiency across all operational areas. Limited financial resources, infrastructure constraints, and a shortage of skilled personnel further exacerbate these challenges. With rising customer expectations, PUC must prioritize continuous improvement in service delivery, strengthen stakeholder relationships, focus on customer needs, and enhance its corporate image.

Key Focus Areas and Challenges

1. **Performance-Oriented Culture:** Cultivate a culture that values performance, fosters employee engagement, and respects external stakeholders, including regulators.
Develop a more efficient and skilled workforce to meet the demands of a self-sufficient multi-utility company.
2. **Customer Service Enhancement:** Improve customer service and care to meet rising expectations, focusing on customer satisfaction and relationship-building.
3. **Business Process Improvement:** Enhance operational efficiency through streamlined processes that support continuous improvement and better service delivery.
4. **Cost Management and Tariff Enforcement:** Ensure cost-effective operations and enforce tariffs that recover economic costs while maintaining affordability for customers.
5. **Asset Replacement and Refurbishment:** Sustain security, reliability, and service levels through ongoing maintenance and upgrades in all utility sectors.
6. **Capacity Expansion:** Meet the growing demand for utilities by expanding capacity and ensuring infrastructure readiness.
7. **Controlling our Environmental Impact:** Continuously enhance our wastewater infrastructure to ensure that treated effluent meets safety standards for environmental discharge. Additionally, we aim to reduce greenhouse gas emissions associated with our operations, contributing to a more sustainable environment.
8. **Renewable Energy Transition:** Adapt to the changing landscape of energy production with a focus on transitioning to renewable sources.
Take an exemplary role in deploying medium-sized renewable energy plants to support sustainability goals.
9. **Infrastructure Challenges:** Address issues related to wayleave access, easement agreements, and development in water catchment areas to maintain infrastructure integrity.
10. **Ltd Service Corridors:** Overcome limitations in accessing service corridors along main and secondary roads to ensure uninterrupted service delivery.

11. **Supply Chain Vulnerability:** Manage exposure to disruptions and challenges in the global supply chain to secure necessary resources for operations.
12. **Energy and Water Efficiency:** Implement demand management, conservation, and sustainability initiatives to enhance energy and water efficiency.

Challenges Linked with Key Performance Drivers:

1. **Health and Safety:** Prioritizing the safety and well-being of employees and the public, ensuring a secure working environment.
2. **Climate Change Commitments:** Fulfilling commitments related to climate change, focusing on sustainability and reducing environmental impact.
3. **Network Performance:** Optimizing the efficiency and reliability of utility networks to ensure consistent and high-quality service delivery.
4. **Technological Advancements:** Embracing and integrating new technologies to enhance operational efficiency, innovation, and service quality.
5. **Economic Conditions:** Adapting strategies to align with macroeconomic conditions and economic growth forecasts, particularly in the context of Seychelles.
6. **Stakeholder Engagement:** Building and maintaining strong, effective relationships with diverse stakeholders to foster collaboration and support.
7. **Regulatory Relationships:** Managing and nurturing relationships with regulatory bodies to achieve favourable outcomes and compliance.
8. **Legislative and Environmental Compliance:** Adhering to all legislative requirements and environmental regulations to maintain compliance and promote sustainability.

In summary, PUC operates in a challenging environment with multiple performance drivers. By addressing these key areas and focusing on continuous improvement, the corporation can enhance utility services and meet the evolving needs of its stakeholders.

1.2. Outlook of Financial Strategy

1.2.1. Projected Financial Position of Public Utilities Corporation

Description	SCR ('000)						
	2021	2022	2023	2024	2025	2026	2027
SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
ASSETS							
Non-Current Assets	3,701,634	3,837,998	3,952,644	4,393,576	4,939,504	5,412,696	5,726,874
Property, plants and equipment	1,903,950	2,239,101	3,222,251	3,218,930	3,226,321	3,716,749	3,737,451
Intangible assets	4,809	2,436	169	-	-	3,048	39,076
Capital work in progress	1,791,658	1,595,354	730,022	1,174,363	1,712,901	1,692,599	1,950,037
Right-of-use assets	341	-	-	-	-	-	-
Trade and other receivables	875	1,107	202	283	282	300	311
Current Assets	1,703,781	1,753,292	1,882,335	1,865,855	1,721,349	1,750,335	1,819,282
Inventories	765,994	722,609	790,253	875,927	891,253	926,770	1,007,624
Trade and other receivables	244,837	269,123	363,618	493,676	493,362	524,411	543,411
Cash and cash equivalents	692,950	761,560	728,464	496,252	336,733	299,154	268,246
Total Assets	5,405,415	5,591,290	5,834,979	6,259,431	6,660,853	7,163,031	7,546,156
EQUITY AND LIABILITIES							
Equity							
Assigned capital	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744
Retained earnings / (revenue deficit)	1,218,731	1,420,797	1,516,615	1,737,217	2,086,563	2,356,581	2,598,877
Total Equity	2,658,474	2,860,540	2,956,359	3,176,960	3,526,307	3,796,324	4,038,620
Non-Current Liabilities	2,351,262	2,270,206	2,408,561	2,542,301	2,579,114	2,776,046	2,880,234
Borrowings	1,266,952	1,175,814	1,293,820	1,444,661	1,476,795	1,630,051	1,666,742
Lease liability	-	-	-	-	-	-	-
Trade and other payables	43,719	48,437	58,866	59,371	61,152	62,987	64,877
Employee benefit liabilities	109,718	91,654	106,130	115,512	136,102	157,001	178,214
Deferred grants	930,873	954,300	949,745	922,757	905,065	926,007	970,402
Current Liabilities	395,678	460,545	470,059	540,169	555,432	590,660	627,301
Borrowings	94,058	110,510	118,917	155,855	156,372	172,400	191,638
Lease liability	491	-	-	-	-	-	-
Trade and other payables	187,936	243,056	250,334	276,282	291,027	310,229	327,632
Employee benefit liabilities	7,444	23,356	24,324	30,891	30,891	30,891	30,891
Deferred grants	105,749	83,622	76,484	77,141	77,141	77,141	77,141
Total Liabilities	2,746,941	2,730,750	2,878,620	3,082,470	3,134,546	3,366,707	3,507,536
Total Equity and Liabilities	5,405,415	5,591,290	5,834,979	6,259,431	6,660,853	7,163,031	7,546,156

1.2.2. Projected Statement of Comprehensive Income of Public Utilities Corporation

Description	SCR ('000)						
	2021	2022	2023	2024	2025	2026	2027
	SCR						
Revenue:	1,811,621	2,044,322	1,952,049	2,314,018	2,637,893	2,732,628	2,829,843
Revenue from operations	1,687,614	1,937,351	1,868,382	2,237,500	2,565,201	2,663,570	2,764,238
Other income	124,007	106,971	83,667	76,518	72,693	69,058	65,605
Expenditure	1,325,456	1,837,159	1,854,519	2,078,814	2,246,792	2,417,063	2,542,671
Direct operating expenses	1,016,533	1,197,953	1,092,635	1,180,317	1,267,740	1,377,709	1,450,604
Staff cost	250,403	273,256	324,383	339,128	400,975	406,990	413,095
Other operating overheads	264,162	225,482	269,617	333,581	390,090	386,586	405,153
Exchange difference	(402160)	(51612)	3,205	38,977	1,007	15,456	18,647
Depreciation of property, plant & equipment	186,956	186,749	161,814	185,928	186,218	228,770	245,346
Amortisation of intangible assets	3,865	2,373	2,268	169	-	762	9,007
Amortisation of right-of-use	3,035	341	-	-	-	-	-
Provision for/(reversal of) credit impairment	2,663	2,618	597	715	761	790	819
Profit / (Loss) from operations before financing activities	486,165	207,163	97,530	235,204	391,101	315,565	287,172
Finance income	13,423	11,568	12,868	13,982	17,337	17,306	17,314
Finance expense	(10030)	(16666)	(14579)	(28585)	(59091)	(62854)	(62190)
Profit for the year and total comprehensive income	489,558	202,066	95,819	220,601	349,347	270,017	242,296

1.2.3. Projected Cash flow Statement of Public Utilities Corporation

Description	SCR ('000)						
	Actual Figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
	SCR						
Operating Activities							
Operating profit before working capital changes	237,533	273,806	220,455	409,890	533,535	522,388	533,458
Profit for the year	489,558	202,066	95,819	220,601	349,347	270,017	242,296
Adjustment for:							
Net gain on termination of leases	(139)	-	-	-	-	-	-
Amortisation of deferred grants	(123640)	(106867)	(83642)	(76518)	(72693)	(69058)	(65605)
Fixed Asset written off	9,982	34	36				
Profit on disposal	(228)	(104)	(25)				
Finance income received	(13423)	(11568)	(12868)	(14589)	(21012)	(20981)	(20990)
Finance expense	10,030	16,666	14,579	28,585	59,091	62,854	62,190
Strategic parts expense	24,540	15,739	13,601				
Depreciation of property plant and equipment	186,956	186,749	161,814	185,928	186,218	228,770	245,346
Amortisation of Intangible asset	3,865	2,373	2,268	169	-	762	9,007
Amortisation of right-of-use	3,035	341	-	-	-	-	-
Provision of obsolete inventory	6,319	299	-			2,500	10,000
Provision of credit impairment	2,663	2,618	597	715	761	790	819
Foreign currency differences on borrowing	(595531)	(80587)	25,680	36,074	517	16,027	19,238
Employee benefit obligation charge	14,037	16,610	25,370	26,023	30,816	31,278	31,747
Exchange (losses)/gains on cash and cash equivalent	219,510	29,439	(22773)	2,903	490	(571)	(591)
Movement in working capital:							
Trade and other receivables	(13864)	(27135)	(94187)	(130853)	(447)	(31856)	(19830)
Inventories	(18335)	43,085	(67644)	(85674)	(15326)	(38017)	(90854)
Movement in bank balances retained for letter of credit	948	9,163	(106566)				
Trade and other payables	(68856)	59,837	17,706	26,453	16,527	21,036	19,292
Cash generated from operations	137,428	358,757	(30235)	219,817	534,288	473,552	442,066
Interest received on overdue trade debtors	12,265	10,788	9,857	13,982	17,337	17,306	17,314
Employee benefit paid	(17707)	(18761)	(9926)	(10075)	(10226)	(10379)	(10535)
Net cash inflow from operating activities	131,985	350,783	(30304)	223,724	541,399	480,479	448,845
Investing activities							
Additions to property, plant and equipment	(27743)	(33364)	(13054)	(6778)	(8000)	(10000)	(10070)
Proceeds from disposal of property, plant and equipment		104	25				7,580
Additions in capital work in progress	(231506)	(308004)	(280216)	(620169)	(724147)	(692707)	(566031)
Movement in term deposits	(25730)	(10549)	(83387)				
Interest on term deposit	1,124	643	1,468	578	3,617	3,617	3,617
Interest on loan to employees	34	9	16	28	59	59	59
Net cash outflow from investing activities	(283821)	(351160)	(375147)	(626341)	(728472)	(699031)	(564845)
Financing activities							
Proceeds from borrowings	183,252	83,995	202,533	213,850	182,377	324,558	202,700
Repayment of borrowings	(99868)	(78094)	(101800)	(62144)	(150243)	(171302)	(166009)
Government and other grants received	81,204	108,168	71,949	50,187	55,000	90,000	110,000

Principal paid on lease liabilities	(3157)	(491)	-	-	-	-	-
Interest paid	(10030)	(16666)	(14579)	(28585)	(59091)	(62854)	(62190)
Net cash inflow from financing activities	151,401	96,912	158,103	173,308	28,043	180,402	84,501
Net change in cash and cash equivalents	(435)	96,535	(247348)	(229309)	(159029)	(38150)	(31499)
Movement in cash and cash equivalents							
At Jan 1	867,458	647,741	714,837	728,464	496,252	336,733	299,154
Increase during the year	(207)	96,535	(247348)	(229309)	(159029)	(38150)	(31499)
Exchange gain/(losses) on cash and cash equivalent	(219510)	(29439)	22,773	(2903)	(490)	571	591
At Dec 31 (Cash and cash equivalent as per AFS)	647,741	714,837	490,262	-	-	-	-
Cash and bank balances as per SOFP	692,950	761,560	728,464	496,252	336,733	299,154	268,246

1.2.4. Projected Capital Investment Plan of Public Utilities Corporation

Project Name	Project purpose and description	Expected Outcome of the Project	Total estimated Project cost	Source of Funds	Year Project commenced	Expected Completion date	Actual Figures			Provisional		Forecast				
							2021	2022	2023	2024	2025	2026	2027			
							SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR ('000)		
Electricity projects	-	-	-	Loan Financing Institutions, GoS and	-	-	231,506	308,004	280,216	547,910	427,698	433,463	179,802			
	-	-	-	PUC	-	-										
Water & Sewerage projects	-	-	-	Loan Financing Institutions, GoS and	-	-								328,799	359,894	693,293
	-	-	-	PUC	-	-										
Corporate projects	-	-	-	Loan Financing Institutions, GoS and	-	-								69,606	80,296	51,430
	-	-	-	PUC	-	-										
GRAND TOTAL	-	-	-		-	-	231,506	308,004	280,216	547,910	826,103	873,653	924,525			
							As per AFS 2021	As per AFS 2022	As per AFS 2023							

*PUC did not provide the project purpose and description, expected outcomes, total estimated costs, or anticipated risks in their Capital Investment table

1.3. Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

1.3.1. Tax Implications by the Operations of Public Utilities Corporation

Type of Tax	Actual Figures		Provisional		Forecast		SCR (000) Anticipated Risks
	2021	2022	2023	2024	2025	2026	
	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Business Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PIT	16,119	14,853	18,807	20,696	26,269	26,663	27,063
VAT	40,308	28,980	49,099	58,886	72,573	70,676	67,630
Withholding Tax	11,170	7,267	2,500	2,100	7,500	5,500	8,500
							Impacts/worsen the cashflow position
							Overpayment or underpayment due to wrong interpretation of DTAs.

1.3.2. Anticipated Dividend Declarations By Public Utilities Corporation

- PUC's strategy towards surplus equity is to re-invest into infrastructure renovation and expansion.

Debt Payments Forecasts By Public Utilities Corporation

EUR / SCR ('000)

Lending		Purpose of	Description	Total Debt		Total Borrowings and Debt Servicing					
Organization	Borrowings		Amount (Capital)	Actual Figures			Provisional		Forecast		
				2021	2022	2023	2024	2025	2026	2027	
				SCR	SCR	SCR	SCR	SCR	SCR	SCR	
European Investment Bank	Project Neptune – Water & Sanitation	Borrowings	€ 26,737,000	-	-	-	-	-	-	-	
		Interest for the Year		-1,586,700	3,404,904	3,353,257	3,226,346	3,019,750	2,818,307	3,274,039	
		Repayment of Capital		9,699,584	9,408,268	14,428,478	27,947,065	28,479,219	29,013,959	29,548,699	
		Balance carried forward		421,649,934	372,620,430	374,968,415	348,592,443	326,750,929	303,872,209	279,924,009	
Agence De Francaise Development	Project Neptune – Water & Sanitation	Borrowings	€10,000,000	-	-	-	-	-	-	-	
		Interest for the Year		-640,724	1,296,521	1,104,284	1,104,543	990,238	874,271	753,345	
		Repayment of Capital		13,107,692	11,876,000	12,410,692	12,462,693	12,700,001	12,938,463	13,176,924	
		Balance carried forward		144,184,614	118,759,999	111,696,230	99,701,537	88,899,998	77,630,766	65,884,610	
Arab Bank for Economic Development in Africa (BADEA)	33 kV South Mahe	Borrowings	\$ 11,000,000	17,141,445	13,206,804	5,922,616	-	-	-	-	
		Interest for the Year		3,009,982	3,279,706	2,824,696	3,618,795	3,465,584	3,274,266	3,077,407	
		Repayment of Capital				7,683,660	8,934,015	9,671,706	9,823,135	9,981,148	
		Balance carried forward		130,111,495	138,307,366	137,501,483	132,151,182	135,403,887	127,700,758	119,773,777	
Saudi Fund	33 kV South Mahe	Borrowings	\$ 20,000,000	23,009,116	21,176,096	8,336,605	-	22,331,846	-	-	
		Interest for the Year		2,035,074	3,935,083	3,654,371	3,910,121	3,628,701	3,646,203	3,300,588	
		Repayment of Capital		30,120,002	19,306,668	19,440,000	19,946,667	19,586,667	19,893,333	20,213,333	

		Balance carried forward		200,677,771	194,818,573	185,060,602	169,937,187	186,073,332	169,093,332	151,599,999
African Development Bank	Mahe Sustainable Water Augmentation	Borrowings	\$ 20,600,000	52,978,011	41,921,211	7,212,570	-	-	-	-
		Interest for the Year		746,632	7,722,588	4,932,443	14,037,385	13,835,089	12,669,258	11,468,370
		Repayment of Capital		12,986,513	16,572,812	19,157,632	21,233,621	21,663,864	22,003,053	22,356,989
		Balance carried forward		215,792,702	232,830,359	222,493,243	207,058,484	205,806,701	187,025,945	167,677,416
Abu Dhabi Fund for Development	Ile de Romainville Solar Park	Borrowings	\$ 8,500,000	3,774,836	4,953,003	2,084,940	-	-	-	-
		Interest for the Year		2,383,309	2,272,424	2,291,814	2,233,841	2,066,866	1,930,121	1,789,343
		Repayment of Capital			8,256,575	8,474,860	8,324,941	8,455,283	8,591,293	
		Balance carried forward		117,178,669	117,618,815	112,259,465	106,710,435	99,899,288	93,008,118	85,912,934
Nouvobanq	Desalination extension II - Providence	Borrowings	SCR 159,351,000	84,351,000	-	-	-	-	-	-
		Interest for the Year		8,089,457	9,668,235	7,998,080	6,453,076	4,805,287	2,730,394	583,076
		Repayment of Capital		21,772,099	20,046,087	21,677,783	23,265,910	24,998,859	27,073,752	14,352,820
		Balance carried forward		131,415,212	111,369,125	89,691,341	66,425,431	41,426,572	14,352,820	-
Nouvobanq	2 x 8 MW Generator sets	Borrowings	SCR 329,700,000	-	-	179,066,176	-	-	-	-
		Interest for the Year		-	-	4,897,004	15,245,492	19,106,900	17,576,226	15,951,144
		Repayment of Capital		-	-	-	-	24,817,251	26,347,925	27,973,007
		Balance carried forward		-	-	179,006,176	179,006,176	304,882,749	278,534,824	250,561,817

Nouvobanq	Praslin 4x2 MW Generator Sets	Borrowings	€ 14,600,000	-	-	-	-	120,544,706	58,857,693	-
		Interest for the Year		-	-	-	-	8,172,398	13,642,803	13,504,267
		Repayment of Capital		-	-	-	-	-	15,752,847	19,814,940
		Balance carried forward		-	-	-	-	183,273,080	229,819,153	214,239,881
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World Bank	HV and LV Network Upgrade to allow increase of Distributed Renewable Generation	Borrowings	\$ 12,500,000	-	-	-	-	-	186,500,000	-
		Interest for the Year		-	-	-	-	-	3,691,678	4,737,500
		Repayment of Capital		-	-	-	-	-	-	-
		Balance carried forward		-	-	-	-	-	186,500,000	189,500,000
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Arab Bank for Economic Development in Africa (BADEA)	La Plaine Hollandaise Dam	Borrowings	\$ 12,500,000	-	-	-	-	-	-	189,500,000
		Interest for the Year		-	-	-	-	-	-	3,751,062
		Repayment of Capital		-	-	-	-	-	-	-
		Balance carried forward		-	-	-	-	-	-	189,500,000
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Government of Seychelles	GoS Advance - Utilities for IEA developments	Borrowings	SCR 118,400,000	-	-	-	-	39,200,000	79,200,000	-
		Interest for the Year		-	-	-	-	-	-	-
		Repayment of Capital		-	-	-	-	-	-	23,680,000
		Balance carried forward		-	-	-	-	39,200,000	118,400,000	94,720,000

1.3.3. Anticipated Subventions and Grants By Public Utilities Corporation

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount	Total Receipts of Subventions and Grants								SCR ('000)		
				Actual Figures				Provisional		Forecast				
				2021	2022	2023	2024	2025	2026	2027				
				SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR		
Subventions	Government	-	-	-	-	-	-	-	-	-	-	-		
	EIB	-	-	-	-	-	-	-	-	-	-	-		
	AfDB	-	-	-	-	-	-	-	-	-	-	-		
Grants	Government	Capital Projects	SCR	60,000	60,000	60,000	40,000	45,000	80,000	100,000				
	EIB	-	-	-	-	-	-	-	-	-	-	-		
	AfDB (AWF)	-	-	4,000	-	3,000	-	-	-	-	-	-		
TOTAL				64,000	60,000	63,000	40,000	45,000	80,000	100,000				

1.3.4. Contingencies of Public Utilities Corporation

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees								SCR ('000)		
				Actual Figures				Provisional		Forecast				
				2021	2022	2023	2024	2025	2026	2027				
				SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR		
Guarantees	Government	-	-	-	-	-	-	-	-	-	-	-		
	Guaranteed for other Pes	-	-	-	-	-	-	-	-	-	-	-		
Potential Payments Due to Legal Actions by 3rd Parties	Government													
	PUC	Litigation by third parties	SCR	2,299	15,000	-	-	2,500	4,000	4,000				
	-	-	-	-	-	-	-	-	-	-				
	-	-	-	-	-	-	-	-	-	-				
TOTAL			SCR	2,299	15,000	-	-	2,500	4,000	4,000				

1.3.5.Assumptions used for the Financial Projections of Public Utilities Corporation

Financial Projections Assumptions for Public Utilities Corporation:

1. Consistent Implementation of Fuel-Related Tariff Changes:
 - Assumption: Fuel-related tariff changes will be consistently implemented as prescribed under the PUC Act.
2. Tariff Increase:
 - Assumption: A tariff increase of 8 cents per kWh in the year 2025 has been factored for electricity, being the balance on 8.4% tariff increase approved by Cabinet.
 - Assumption: Increase associated with appreciation of the USD vs SCR of 1.57% has been factored in the average tariff for the electricity services only in 2026 and 2027.
3. Fuel Price Projections:
 - Assumption: Fuel prices have been projected at 9.83 SCR/litre for HFO and 13.00 SCR/litre for LFO in 2025, based on current fuel prices.
 - Assumption: The fuel prices have been increased by 1.57% for 2026 and 2027 to cater for appreciation of the USD vs SCR.
 - Assumption: Fuel cost savings of SCR 51,274,797 have been assumed in 2026 and 2027 when IPPs are expected to contribute 20.2 MWH of energy production from renewable energy sources.
4. Modest Growth Rates:
 - Assumption: Growth rates of 3% per annum have been assumed for the demand of electricity and water.
 - Assumption: For wastewater, a growth rate of 5% is assumed for 2026, based on new La Digue customers coming on board. For 2027, the growth rate is assumed at 2%.
5. Inflation Rate:
 - Assumption: An inflation rate of 3.5% has been assumed and has been applied on the base case of 2025 for the years 2026 and 2027 only on local costs.
6. Exchange Rate Assumptions for 2025 and Beyond:
 - Assumption: Exchange rates for 2025 to 2027 are as follows:

Currency	2025	2026	2027
USD	14.69	14.92	15.16
Euro	16.51	16.82	17.13

7. Capital Investment and Borrowings:
 - Assumption: Capital investment and borrowings are constrained by national debt ceiling limits.
8. Access to Development Grants:
 - Assumption: PUC will continue to have access to development grants from the Government for capital projects, as follows:

2025	2026	2027
45,000,000	80,000,000	100,000,000

9. Advances from Government:
 - Assumption: PUC will be granted advance of funds from Government to finance utilities in respect of Industrial Estates Authority (IEA) developments. Such advances

will be interest-free and will be repayable over such terms as will be determined by Ministry of Finance.

2025	2026	2027
39,200,000	79,200,000	13,200,000

- The above has not been considered in the MTFS as IEA has not yet communicated its list of developments.

10. Exclusion of Extraordinary Events:

- Assumption: The potential impact of unforeseen extraordinary events, such as natural disasters, pandemics, or other Force Majeure events, on the Corporation's financial and operational performance has not been factored into the projections.

11. Monopoly Ownership of Regulated Transmission Networks:

- Assumption: PUC will continue to be the sole owner of regulated transmission networks.

12. Consideration of Changes in International Financial Reporting Standards (IFRS):

- Assumption: Any known changes in international financial reporting standards (IFRS) that may impact the Corporation's financial reporting and disclosures have not been considered.

These assumptions provide the foundation for the financial projections of the Public Utilities Corporation.

1.4. KPIs, Risk Management Strategy and Reporting Obligations

1.4.1. Key Performance Indicators of the Public Utilities Corporation

Title of Key Performance Indicators		Description		Achievements of KPIs						
Performance Indicators		Actual Figures			Provisional		Forecast			
		2021	2022	2023	2024	2025	2026	2027		
FINANCIAL PERFORMANCE TARGETS		SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	
Financial Metrics	Revenue from Operations	1,687,613,847	1,937,351,306	1,868,381,897	2,237,499,667	2,565,200,538	2,663,570,293	2,764,237,989		
Financial Metrics	Net Profit	489,557,976	202,065,814	95,818,838	220,601,252	349,346,654	270,017,231	242,296,106		
Financial Metrics	Earnings before Interest (EBIT)	486,164,970	207,163,410	97,529,671	235,203,682	391,100,573	315,564,890	287,172,158		
Financial Metrics	Total Assets	5,405,414,980	5,591,290,481	5,834,979,091	6,259,430,535	6,660,852,871	7,163,030,741	7,546,155,831		
Financial Metrics	Shareholders' Equity	2,658,474,405	2,860,540,219	2,956,359,057	3,176,960,309	3,526,306,963	3,796,324,193	4,038,620,299		
Financial Metrics	Total Debt	1,361,010,397	1,286,324,667	1,412,736,965	1,600,516,269	1,633,167,409	1,802,450,651	1,858,379,683		

3.1 Key Performance Indicators of the Public Utilities Corporation (continued)

Title of Key Performance Indicators	Description	Targets	Achievements of KPIs						
			Actual Figures			Provisional		Forecast	
			2021	2022	2023	2024	2025	2026	2027
FINANCIAL RATIOS									
Financial Ratios	Current Ratio	> 1 time	4.31	3.81	4.00	3.45	3.10	2.96	2.90
Financial Ratios	Quick Ratio	> 1.5 times	2.37	2.24	2.32	1.83	1.49	1.39	1.29

Financial Ratios	Debt-to-Equity	< 82%	51%	45%	48%	50%	46%	47%	46%
Financial Ratios	Total Debt to Capital	< 45%	34%	31%	32%	34%	32%	32%	32%
Financial Ratios	Gross Profit	>=22%	40%	38%	42%	47%	51%	48%	48%
Financial Ratios	Operating Cost Coverage ratio (<i>times</i>)	>1 time	1.41	1.12	1.05	1.11	1.16	1.11	1.10
Financial Ratios	Net Profit	>= 5%	29%	10%	5%	10%	14%	10%	9%
Financial Ratios	Return on Capital Employed	>= 1%	10%	4%	2%	4%	6%	5%	4%
Financial Ratios	Return on Equity	>= 4%	18%	7%	3%	7%	10%	7%	6%
Financial Ratios	Return on Assets	>= 3%	9%	4%	2%	4%	5%	4%	3%

1.4.2. Risks and Resilience Plan of the Public Utilities Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	<ul style="list-style-type: none"> Failure to deliver the plans and targets. Failure to properly manage PUC's interaction with stakeholders. 	<p>Develop a comprehensive strategic plan with clear objectives, milestones, and KPIs. Regularly review and update the plan as needed.</p> <p>Strengthen stakeholder engagement efforts, including regular communication, feedback mechanisms, and relationship-building activities.</p>
Financial Risks	<ul style="list-style-type: none"> Price volatility of fuel and materials and exchange rate fluctuations. Inability to implement appropriate tariffs. Accessibility to capital, or lack thereof, to undertake critical capital projects. 	<p>Implement quarterly adjustments of electricity tariffs based on previous quarter fuel prices.</p> <p>Implement competitive procurement and financial hedging strategies to mitigate the impact of price volatility.</p> <p>Conduct thorough tariff analysis and cost recovery assessments. Seek regulatory approvals for necessary tariff adjustments.</p> <p>Diversify funding sources, explore partnerships, and ensure efficient use of existing resources.</p>
Operational Risks	<ul style="list-style-type: none"> Managing Ltd water storage capacity to cope with unpredictable climate change. Failure to achieve productivity gains. Failure to provide continuity of service due to high rate of failures associated with aging assets. Disruptions in the continuity of service associated with low probability but high impact incidents such as fire and floods. Threat to business continuity in the event of IT systems failure, data and communications systems. Equipment nearing obsolescence due to rapid advancements in technology 	<p>Invest in infrastructure upgrades to increase water storage capacity and improve resilience to climate change impacts.</p> <p>Continuously optimize operational processes, invest in technology, and provide training to improve workforce efficiency.</p> <p>Prioritize asset management and maintenance, allocate resources for asset renewal, and continue with preventive maintenance programs.</p> <p>Develop robust disaster preparedness and recovery plans, including backup systems and emergency response protocols.</p> <p>Upgrade and migrate existing 'on-premise' ERP system to cloud-based system.</p> <p>Assess equipment obsolescence risks, prioritize replacements, and communicate technology refresh strategy transparently to stakeholders. Proactively monitor the technology landscape, develop a clear equipment lifecycle plan, allocate budget for technology upgrades, build strategic supplier partnerships, consider future-proofing when procuring new equipment, and invest in workforce training.</p>
Compliance and Regulatory Risks	<ul style="list-style-type: none"> Failure to comply with relevant laws and legislation, such as Environment Act, Employment 	<p>Continue to train and inform managers about regulatory laws, risks and compliance.</p>

	Act, and Occupational Health and Safety legislation.	Establish a compliance checklist to facilitate monitoring and ensure adherence to all applicable laws and regulations. Conduct regular compliance audits.
	• Changes in legislation and/or regulations with significant implications for the business model.	Stay informed about regulatory changes, engage with regulatory authorities, and adapt operations and strategies accordingly.
Environmental and Social Risks	• Environmental damage caused by PUC's assets or activities.	Implement environmental impact assessments, adopt sustainable practices, and invest in eco-friendly technologies.
	• Loss of expertise and skills upon retirement or departure of key staff.	Develop a robust talent retention and succession plan. Invest in training and development programs.
	• Impact on service delivery and productivity due to issues associated with health and safety, absenteeism and degradation in culture and work ethics.	Promote a culture of health and safety, implement wellness programs, and address workplace issues promptly.
PESTEL	PUC operates in an environment where political stability, regulatory compliance, and economic conditions are critical factors. Meeting the expectations of customers, addressing workforce challenges, and adapting to technological advancements are also important considerations. Environmental sustainability and compliance with laws and regulations play a vital role in shaping the corporation's strategic objectives and risk management strategies.	

Please note that the specific strategies may vary depending on the circumstances and evolving risks.

1.4.3. List of External Reporting's by the Public Utilities Corporation

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Financial Statements	All stakeholders and members of the public	Audited Financial Statements signed by the Board of Directors, including the Report of the Auditor General	Annually
Annual Report	All stakeholders and members of the public	The Annual Report highlights the operational and financial performance of the Public Utilities Corporation for the reporting year. It also contains the Audited Financial Statements, together with the Report of the Auditor General.	Annually
Quarterly Progress Report	Shareholder, Responsible Ministry, PEMC, Board of Directors, PUC management team	The Quarterly Progress Report states and defines the goals and targets of the Corporation, and provides a status update of these goals as well as actions taken during each reporting quarter.	Quarterly

All reporting requirements as mandated by PEMC	PEMC	<p>These include:</p> <ul style="list-style-type: none"> - Signed minutes of board and committee meetings; - Quarterly progress reports - Governance checklist and supporting documentation - Any other information requested. 	<p>Upon approval by the Chairperson.</p> <p>Quarterly</p> <p>Annually</p> <p>As and when required</p>
Mandatory information for outsourcing / procurement	Procurement Oversight Unit, National Tender Board, Procurement Committee of PUC.	<p>These may include:</p> <ul style="list-style-type: none"> - Evaluation reports - Justifications for using certain procurement methods - Application for approval to deviate from the normal procurement method in case of emergency projects, etc. 	As and when required
Cabinet Memorandums and Information Notes to Cabinet	Cabinet, Responsible Minister, Board of Directors.	<p>These include:</p> <ul style="list-style-type: none"> - Request for permission to initiate major projects - Request for permission to enter into loan agreements - Presentation of information or disclosure which may be highly significant or be of national importance. 	As and when required
Information sought through the Access to Information Act	The solicitor of information, subject to the provisions of the Information Act.	<p>These may include:</p> <ul style="list-style-type: none"> - Customer related queries or complaints - Information about the Corporation's activities 	As and when required
Any other periodic or ad hoc reports	The solicitor of the required report, competent authorities.		As and when required

1.5. Stakeholder Engagement

1.5.1. Statement by CEO

"As the CEO of the Public Utilities Corporation (PUC), I am committed to steering our organization towards a future of sound performance, marked by continuous improvements, innovation, sustainability, and a steadfast dedication to meeting the expectations of our customers and stakeholders.

In the unique context of small island states, PUC faces complex challenges that demand a strategic and proactive approach. I am acutely aware of the limitations posed by the absence of regional utility network integration and our complex operations, which often hinder the Corporation from realizing economies of scale. However, these challenges serve as catalysts for innovation and self-sufficiency in every facet of our operations."

Our journey is fraught with hurdles such as Ltd access to critical resources, including finance, infrastructure, and skilled manpower. Nevertheless, these challenges are not insurmountable; they are opportunities for us to demonstrate resilience, creativity, and adaptability in achieving our goals.

The evolving landscape of customer expectations necessitates a fundamental shift in our focus. We must relentlessly pursue continuous improvement in service delivery, strengthen our relationships with stakeholders, and prioritize their concerns. Building a sustainable workforce to meet the demands of our operations is critical, and I am resolutely committed to this endeavor.

Our key focus areas encompass a spectrum of challenges and opportunities:

1. **Workforce Development:** Our top priority is developing a highly skilled, productive, and efficient workforce. We are committed to equipping our employees with the tools, training, and support they need to excel in their roles.
2. **Performance-Oriented Culture:** We will cultivate a performance-oriented culture that values and respects our employees and external stakeholders, including regulators, while continually striving to exceed their expectations.
3. **Climate Actions:** We are committed to taking proactive steps in addressing climate change. This includes leading initiatives in electricity and water demand management, environmental quality, and sustainability. We will also take an active role in the deployment of medium-sized renewable energy plants, positioning PUC at the forefront of the transition to renewable energy
4. **Customer-Centric Approach:** We are dedicated to enhancing customer service and care, ensuring that our customers' needs are consistently met with excellence, reinforcing our reputation as a trusted utility provider.
5. **Cost Management and Tariff Enforcement:** We will rigorously manage costs and enforce economic cost recovery tariffs to ensure the financial sustainability of PUC.
6. **Asset Maintenance and Expansion:** Ongoing replacement and refurbishment of assets will be prioritized to uphold security, reliability, and service levels.
7. **Capacity Expansion:** We will invest in expanding our capacity to meet growing consumption demands, aligning with Seychelles' economic growth.
8. **Efficiency Improvements:** Enhancing business processes is essential to deliver operating efficiencies and improve our overall performance.

Furthermore, I recognize that the performance of PUC hinges on various external factors, including legislative requirements, environmental obligations, safety, stakeholder engagement, economic conditions, regulatory relationships, technological advancements, and our commitment to addressing climate change.

In line with these goals, we have established measurable performance targets that reflect our commitment to delivering high-quality service. While some targets may take time to fully realize, we will assess our performance annually against these benchmarks.

Resource allocation will be optimized to ensure maximal gains, and I am dedicated to attaining the key performance indicators (KPIs) as defined by the Board of Directors.

In conclusion, the challenges we face are substantial, but they are overshadowed by our determination to succeed. I pledge my full commitment to leading PUC towards a future defined by resilience, continuous improvement, sustainability, and effective service delivery."

*Joel Valmont
Chief Executive Officer*

1.5.2. Foreword by Chairperson

Dear Stakeholders and Partners,

As we journey towards a brighter future and more sustainable tomorrow, I am honoured to reflect on the remarkable achievements of the Public Utilities Corporation (PUC), its current standing, and the exciting way forward.

A Legacy of Service Commitment

For decades, PUC has proudly served the people of Seychelles, providing essential utilities such as electricity, water, and wastewater services. Our steadfast commitment to quality and reliability has been the cornerstone of our nation's prosperity. We are grateful for the trust and support you have placed in us.

Current Status and Looking Ahead

As we look towards 2025, the projects we have undertaken in recent years are beginning to bear the fruits of progress: our financial health is stabilizing, and operational efficiency is on the rise. Our infrastructure and service delivery have been significantly improved, and we are now actively addressing capacity shortages. Additionally, we are making substantial strides in our climate action initiatives, including the deployment of renewable energy solutions and sustainability measures. This trend of optimization and environmental responsibility looks set to continue in the years to come.

Future Trajectory and Public Perception

In the immediate future (2025 – 2027), our goal is to position PUC as a model example of sustainability and innovation. We aim to be recognized by the Government and the public as a forward-thinking organization that not only delivers essential services but also significantly contributes to advancing national priorities. Our commitment to integrating cutting-edge solutions and fostering environmental stewardship will underscore our role as a key player in shaping a sustainable future for Seychelles.

Strategic Priorities

Our strategic priorities are closely aligned with the evolving needs of Seychelles' society. We have prioritized the following principles:

- **Workforce Development:** Developing a sustainable, skilled workforce is our top priority. We are committed to investing in our employees through training and development programs to ensure they are well-equipped to meet current and future operational demands.
- **Infrastructure Enhancement:** Our commitment to upgrading aging infrastructure and expanding capacity will ensure a dependable supply of electricity and water.

- **Environmental Stewardship:** PUC is dedicated to minimizing our environmental footprint through proactive climate actions. We will invest in sustainable practices and technologies to support our commitment to environmental responsibility.
- **Customer-Centric Approach:** We recognize that our customers are at the heart of our success. We will focus on delivering exceptional customer service and addressing concerns expediently.
- **Financial Sustainability:** We will maintain fiscal responsibility, ensuring that our remuneration policies align with national guidelines while focusing on prudent financial management.

Contribution to National Priorities

PUC's role extends far beyond utility provision. We are dedicated to advancing national priorities by bolstering economic prosperity, protecting our environment, and enhancing societal well-being. Our initiatives aim to create employment opportunities, drive investment in renewable energy, and improve the overall quality of life in Seychelles.

Economic Contributions

Historically, PUC has been a significant contributor to Seychelles' economy. Moving forward, we are committed to sustaining and increasing this impact through prudent financial management, strategic infrastructure expansion, and collaborative partnerships.

Performance Targets and the Medium-Term Financial Strategy (MTFS)

We recognize and embrace the performance targets set by the Board of Directors. Our commitment to achieving these goals will be guided by the Medium-Term Financial Strategy (MTFS), which will help us make informed decisions to benefit our stakeholders and uplift our nation.

In Conclusion

The future is full of promise and potential. PUC is not only a provider of essential services but also a key architect of a brighter future for Seychelles. With your continued support and partnership, we are confident in our ability to become a sustainable and customer-centric utility provider.

Thank you for entrusting us with the privilege of serving you and our nation.

*Stephen Rousseau
Chairperson
Public Utilities Corporation*

1.5.3.Statement by the Responsible Minister

The provision of electricity, water and sewerage is crucial to the current quality of life of the population and a determinant of all future possibilities for economic and social development in Seychelles. These services have to be deployed to the maximum extent possible, supplied in a reliable manner and be affordable to the consumer. The Public Utilities Corporation, being the body mandated by law to provide these services, has since its incorporation been continuously working towards achieving these objectives for the entire country. So far PUC has been able to match the demands of the country on electricity and water, putting Seychelles at par with developed countries in terms of access, and it continues to work to achieve large-scale sewer coverage. Throughout this time PUC has been able to keep costs to the consumer relatively contained, despite major shifts in conditions in external markets. The company's recent projects such as raising of the La Gogue dam, south Mahe network enhancement and La Digue sewerage project has demonstrated its position as a key asset of the country with the ability to employ resources effectively to help the country achieve its development targets.

To deliver on its mandate the company is working to maintain a sustainable financial position, supported by a solid governance framework that guarantees quality of output under adequate controls. At the same time that it is enhancing its regulatory compliance regime, to align with the updated requirements for all public enterprises, it is also incorporating environmental and sustainability in its operations. Its current financial performance shows that with the appropriate optimization, there is a potential revenue base to support the majority of activities in sewerage, water and electricity, but this would require strong commitment to change by both the company, its beneficiaries and government. The operation of the company nonetheless provides the confidence that PUC, with the full backing of government as its main shareholder should remain a going concern for the foreseeable future.

Going forward the company aims is to set itself as a model of sustainability and innovation that other state-owned enterprises could emulate. Its core ambitions include ensuring a good financial position, maintaining a competent pool of highly competent workers, enhancing quality of delivery for its entire client base, expanding and modernising its infrastructure, and incorporating environmental stewardship. With these targets in mind, PUC management has proposed this medium-term financing strategy 2025 to 2027, which provides an oversight of the conditions under which the PUC is forecast to operate and the dynamics of its finances during these coming 3 years as it seeks to continue its investment efforts to meet these multiple goals. Components having significant influence on the company's finances under this strategy, especially major investments in energy, have been discussed in detail with government, and we are confident in the numbers presented by management for that period.

Government is desirous and supportive of these noble aims of PUC as it aligns with our national plans and with our vision for public enterprises. Government shall continue in its active engagement with the company, through the established oversight structure of PEMC and the Board, whilst acknowledging the critical function of PUC in national development and the need to provide close support to the company to guarantee services to the population.

*Flavien Joubert
Minister*