

# Second Validation of Seychelles:

## Draft assessment by the EITI International Secretariat

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## 1. Summary

Seychelles transitioned from EITI reporting to systematic disclosures of data following a Board-approved request for proportionate implementation in October 2019<sup>1</sup>. The revised approach helps to ensure that EITI implementation is sustainable and cost efficient in the Seychelles' context. There is little extractive sector activity in the Seychelles and revenues are modest. Seychelles is yet to fully adapt to the new approach to implementation. Some gaps remain in disclosures, and the MSG is not fully utilising the EITI work plan and annual review of progress to oversee implementation.

EITI has helped establish transparency in the allocation of petroleum licenses and the modest extractive revenues. Impact has been limited due to the limited significance of the extractive sector itself. By fully adopting the new approach to implementation, Seychelles can ensure that transparency is maintained and the public is informed about developments in the petroleum sector.

The Secretariat's preliminary assessment is that Seychelles has fully addressed three of the eight corrective actions and has made "meaningful progress" with improvements in addressing three other corrective actions. Requirement 2.6 on state participation is not considered applicable in the period under review. Progress on Requirement 1.5 (work plan) has fallen to "inadequate". The Secretariat also assessed progress in meeting Requirements related to beneficial ownership (2.5), environmental impact (6.4) data accessibility and open data (7.2). The outstanding gaps relate to work plan (Requirement 1.5), license allocation (Requirement 2.2), license register (Requirement 2.3), contract transparency (2.4), beneficial ownership (2.5), data accessibility (7.2) and outcomes and impact (7.4).

The draft assessment was sent to the multi-stakeholder group (MSG) on 10 June 2020. Following comments from the MSG expected on 1 July 2020, the assessment will be finalised for consideration by the EITI Board.








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<sup>1</sup> <https://eiti.org/board-decision/2019-66>.

## 2. Scorecard

EITI Requirements		Level of progress					Direction of Progress
Categories	Requirements	No progress	Inadequate	Meaningful	Satisfactory	Beyond	
Validation scorecard							
MSG oversight	Government engagement (#1.1)				■		
	Industry engagement (#1.2)				■		
	Civil society engagement (#1.3)				■		
	MSG governance (#1.4)				■		→
	Work plan (#1.5)		■				←
Licenses and contracts	Legal framework (#2.1)				■		
	Contract and license allocations (#2.2)			■			→
	License register (#2.3)			■			→
	Policy on contract disclosure (#2.4)			■			=
	Beneficial ownership (#2.5)			■			N/A
	State participation (#2.6)						→
Monitoring production	Exploration data (#3.1)				■		
	Production data (#3.2)						
	Export data (#3.3)						
Revenue collection	Comprehensiveness (#4.1)				■		
	In-kind revenues (#4.2)						
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						
	SOE transactions (#4.5)				■		
	Direct subnational payments (#4.6)						
	Disaggregation (#4.7)				■		
	Data timeliness (#4.8)				■		
	Data quality (#4.9)				■		→
Revenue allocation	Distribution of revenues (#5.1)				■		
	Subnational transfers (#5.2)						
	Revenue management & expenditures (#5.3)				■		
Socio-economic contribution	Social and environmental expenditures (#6.1)						
	SOE quasi-fiscal expenditures (#6.2)						
	Economic contribution (#6.3)						
	Environmental impact (#6.4)						
Outcomes and impact	Public debate (#7.1)				■		
	Data accessibility and open data (#7.2)			■			N/A
	Recommendations from EITI (#7.3)				■		
	Outcomes & impact (#7.4)			■			→

### Legend to the assessment card

	<b>No progress.</b> All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
	<b>Inadequate progress.</b> Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
	<b>Meaningful progress.</b> Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
	<b>Satisfactory progress.</b> All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
	<b>Outstanding progress.</b> The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

## 3. Background

Seychelles joined the EITI in 2014. Seychelles' first Validation under the EITI Standard concluded in October 2018, in which the EITI Board found that Seychelles had made 'meaningful progress' in implementing the EITI Standard. Eight corrective actions were identified by the Board, to be assessed in a second Validation commencing on 1 April 2020.

Seychelles' second Validation commenced on 1 April 2020. The EITI International Secretariat has assessed the progress made in addressing the eight corrective actions established by the EITI Board following Seychelles' first Validation in 2018.<sup>2</sup> The eight corrective actions relate to:

1. MSG governance (Requirement 1.4),
2. Work plan (Requirement 1.5),
3. License allocation (Requirement 2.2),
4. License register (Requirement 2.3),
5. Contract transparency (Requirement 2.4),
6. State participation (Requirement 2.6),
7. Data quality (Requirement 4.9),
8. Review of outcomes and impact (Requirement 7.4).

Seychelles has undertaken a number of activities to address the corrective actions:

- Submitting a request for proportionate implementation to the EITI Board, which was approved in October 2019.
- Disclosing summary data from 2017 and 2018 in February 2020.
- Disclosing license information on the PetroSeychelles website.

<sup>2</sup> <https://eiti.org/board-decision/2018-49>

- MSG pre-Validation review of progress in addressing corrective actions and recommendations from the 2015-2016 EITI Report.
- The MSG met six times between November 2018 and March 2020.

The following section addresses progress on each of the corrective actions. The assessment covers the corrective actions established by the Board and the associated requirements in the 2019 EITI Standard. The assessment follows the guidance outlined in the Validation Guide.<sup>3</sup> In the course of undertaking this assessment, the International Secretariat has also considered whether there is a need to review additional requirements, i.e. those assessed as “satisfactory progress” or “beyond” in the 2018 Validation. While these requirements have not been comprehensively assessed, in the Secretariat’s view there is no evidence to suggest progress has fallen below the required standard and no additional issues that warrant consideration by the EITI Board. Progress in implementing Requirement 2.5 on beneficial ownership, as well as new Requirements 6.4 and 7.2 of the 2019 EITI Standard have also been assessed.

In October 2019, the EITI Board approved Seychelles’ request for proportionate implementation covering reporting years 2017-2021. The Board-approved approach entails that Seychelles EITI focuses on the petroleum sector. As the MSG did not consider there to be any material oil revenues and data quality assurances were in place, revenues would be unilaterally disclosed by the government. The Board confirmed that in addition to the requirements not found to be applicable in the first Validation, Requirements 3.2 (production data), 3.3 (export data) and 6.3 (economic contribution) were not applicable. Practical limitations to industry engagement would be considered in Validation. This assessment reflects the Board-approved approach to implementation.

## 4. Effectiveness and impact of EITI implementation

### Impact and effectiveness

#### *Implementation objectives linked to national priorities:*

Seychelles joined the EITI in 2014 to establish transparency and good governance in its emerging petroleum sector. While offshore oil exploration has taken place since the 1970s, no commercial discoveries have been made to date. There are currently two active exploration licenses. The Board approved proportionate approach to implementation helped align EITI with this objective. The approach helps ensure that information about licensing and revenues in the oil sector is available, without a heavy EITI reporting process involving an Independent Administrator. However, the MSG and government institutions are yet to fully adopt the new approach. The 2018-2020 work plan does not reflect efforts to ensure that systematic disclosures are timely, reliable and comprehensive (see assessment of Requirement 1.5) and do not appear to be linked to national priorities.

#### *Impact of EITI:*

It is unclear what impact the Seychelles and its MSG aim for the EITI to have, or what can be expected considering the status of the oil sector. With the proportionate and mainstreamed approach to EITI implementation, Seychelles can ensure that licensing is transparent and that there is a mechanism in place to ensure the disclosure of future revenues, if oil production commences someday. Seychelles EITI has helped ensure that the recently-enacted Beneficial Ownership Act 2020 requires the

<sup>3</sup> EITI (2019), ‘EITI Validation Guide’, available at: <https://eiti.org/document/eiti-validation-guide>

disclosure of the beneficial owners of extractive companies. The PetroSeychelles website is becoming a hub of information on the petroleum sector, replacing the EITI Report.

Prior to the proportionate approach to implementation, Seychelles covered also the quarrying sector in its EITI reporting. This was costly considering the level of government revenues, and some EITI Requirements were not relevant for the sector. EITI implementation currently focuses on the petroleum sector in particular. However, the MSG has expressed interest to continue engaging with the quarrying sector. The MSG has followed up on recommendations from the 2015-2016 EITI Report related to quarrying. For example, according to the MSG, a register of quarrying licenses will shortly become available online.

#### Conclusions, lessons learnt and recommendations:

The proportionate approach to implementation will enable Seychelles to establish transparency and participatory governance mechanisms in the petroleum sector without costly EITI reporting. However, the MSG and government agencies are yet to fully adapt to the revised approach. Without an Independent Administrator, the MSG could reorient towards overseeing that systematic disclosures are timely, reliable, comprehensive and respond to stakeholders' priorities as well as EITI Requirements. The annual EITI work plan (Requirement 1.5) and the review of outcomes and impact (Requirement 7.4) are tools for this.

## Sustainability

The outlook for EITI implementation in the Seychelles depends on the future of the petroleum sector. There have been no commercial discoveries to date, and the recent plunge in oil prices introduces further challenges. The proportionate approach to EITI implementation enables maintaining a light-touch EITI process. However, stakeholder interest in contributing to the MSG's work depends on activity in the oil sector. If activity ceases, Seychelles may wish to consider putting EITI implementation on hold.

#### Funding:

Seychelles EITI currently runs on modest funding by the government. The resources allocated by the government appear to be sufficient to support the proportionate implementation approach, as long as PetroSeychelles and other government agencies continue to disclose required data. The National Coordinator is a civil servant, who works on the EITI part-time. In addition, government agencies such as PetroSeychelles and Seychelles Revenue Commission contribute to EITI implementation by disclosing data on their websites.

#### Institutionalisation:

A draft Transparency Bill, addressing both the EITI and other transparency initiatives, is under discussion. The Beneficial Ownership Act 2020 introduces beneficial ownership transparency in the extractive sector. Further institutionalisation of the EITI process is not recommended, given the uncertain outlook of the petroleum sector. However, the government should ensure that its policy on contract transparency is clear and that regular and comprehensive disclosures on licensing are integrated into the operations of PetroSeychelles.

## 5. Review of corrective actions

As set out in the Board decision on Seychelles' first Validation, the EITI Board agreed eight corrective actions.<sup>4</sup> The Secretariat's assessment below discusses whether the corrective actions have been sufficiently addressed. The assessments are based on the 2018-2020 work plan, the 2017-2018 summary data, the 2018-2019 review of outcomes and, minutes of the MSG meetings from November 2018 to March 2020, alongside various documents submitted by the national secretariat to the International Secretariat, e-mail correspondence, and stakeholder consultations via teleconference.

### 3.1 Corrective action 1: MSG governance (#1.4)

In accordance with Requirement 1.4. a and 1.4b.vi, the MSG should ensure that the industry constituency is adequately represented on the MSG and that there is a system in place for replacing representatives that leave their positions. In accordance with Requirement 1.4.b.vii, the MSG should also ensure that there is adequate record keeping of their discussions and decisions.

#### Findings from the first Validation

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

#### Progress since Validation

No oil companies have offices in the Seychelles, which has limited industry participation in the EITI. The SOE PetroSeychelles is the only company represented on the MSG. The Seychelles Chamber of Commerce and Industry has been represented on the MSG but has not nominated a new representative to replace the previous one who resigned. The other private sector representative, representing an investment company, has also resigned.<sup>5</sup> The MSG minutes from 10 March 2020 note that constituencies are nominating new members for the MSG in 2020.

In October 2019, the Board approved Seychelles' request that limitations to company participation be considered when assessing industry engagement in the EITI and representation on the MSG.

Minutes from six MSG meetings between November 2018 and March 2020 were made available to the International Secretariat. The minutes suggest active participation by MSG members. In the medium-to-long term stakeholder engagement in the EITI across constituencies will depend on the outlook for the oil sector and the MSG's ability to reorient toward providing oversight of systematic disclosures (see Requirements 1.5 and 7.4).

<sup>4</sup> <https://eiti.org/board-decision/2018-49>.

<sup>5</sup> See Annex A for list of MSG members.



## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on MSG governance has been addressed and considers that Seychelles has made satisfactory progress on Requirement 1.4. Meeting minutes demonstrate that the MSG is providing oversight of the EITI process, despite practical limitations to industry engagement. The assessment of "satisfactory progress" takes into account the Board-approved request for proportionate implementation, which notes limitations to industry engagement,

The MSG is encouraged to strengthen its oversight of systematic disclosures of extractive sector data by annually determining the scope of disclosures and reviewing their comprehensiveness, quality and timeliness.

### 3.2 Corrective action 2: Work plan (#1.5)

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

## Findings from the first Validation

The first Validation found that Seychelles had made meaningful progress towards meeting this requirement. The Seychelles MSG work plan for the period 2014-2016 was to some extent linked to key national priorities that were aimed at enhancing transparency in the management of the natural resources in the petroleum industries. The 2017 work plan was however not made widely publicly available during 2017, and the objectives in this work plan did not appear to reflect national priorities for the extractive industries.

## Progress since Validation

The 2018-2020 EITI work plan has been updated by the MSG on several occasions, including in November 2018, March 2020 and April 2020. The work plan includes activities related to EITI implementation, including the production and dissemination of EITI Reports, participation in events and communications efforts. However, the work plan does not address the scope of EITI implementation or reflect the transition from traditional EITI reporting to systematic disclosures. The objectives of the work plan are not clearly linked to national priorities or the MSG's vision for EITI implementation. Follow up on recommendations from Validation or previous EITI Reports is not included. The work plan does not appear to provide a coherent tool for the MSG to oversee the comprehensiveness, timeliness or reliability of systematic disclosures. The work plan does not include a plan for disclosing petroleum contracts from January 2021 onwards (see Requirement 2.4). Hard copies of the work plan have been made publicly available at relevant ministries.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on work plan has not been addressed and considers that Seychelles has made inadequate progress on Requirement 1.5. The 2018-2020 workplan does not reflect the proportionate approach to EITI implementation

adopted by the MSG or the transition to systematic disclosures. It does not clearly set out the Seychelles' objectives for EITI implementation. As such, the work plan does not fulfil its function as a tool for planning and overseeing EITI implementation. The 2018-2020 work plan does not significantly differ from the 2017 work plan. The downgrade from "meaningful progress" to "inadequate progress" reflects the fact that the 2018-2020 does not communicate or correspond to the MSG's priorities under the new approach to implementation.

In accordance with Requirement 1.5, Seychelles should ensure that the EITI work plan includes objectives and activities that reflect the scope of EITI implementation and systematic disclosures of data. The work plan should reflect the MSG's role in overseeing that systematic disclosures are timely, comprehensive and reliable and outline plans for ensuring the disclosure of petroleum contracts. Follow up of recommendations from Validation should be reflected in the work plan.

### 3.3 Corrective action 3: License allocation (#2.2)

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

#### Findings from the first Validation

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

#### Progress since Validation

Comprehensive information is available about the process for awarding petroleum licenses and the companies that were awarded licenses in 2018 have been disclosed on the PetroSeychelles website. However, it is not clear whether the "open file" process was followed in practice in the allocation of these licenses and whether any other companies submitted bids for the blocks. No transfers of oil licenses appear to have taken place in the period under review (2017 and 2018).

The Board-approved proposal for proportionate implementation focuses EITI implementation on the petroleum sector. The corrective actions related to the quarrying sector are therefore not addressed in this Validation.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on license allocation has been partly addressed and considers that Seychelles has made meaningful progress with improvements on Requirement 2.2. Information about the recipients of petroleum licenses and the statutory award process has been disclosed. The corrective action related to the quarrying sector was addressed through the proposal for proportionate implementation. However, it is not disclosed whether the award of licenses to SSR Seychelles Alpha and Beta in 2018 followed the statutory "open file" procedure and whether any other companies submitted bids.

In accordance with Requirement 2.2, Seychelles is required to disclose any non-trivial deviations from the applicable legal and regulatory framework governing license awards. The list of applicants and the bid criteria related to any bidding processes that took place in the reporting period should be comprehensively disclosed. This applies to any companies submitting competing proposals through the "open file" procedure.

### 3.4 Corrective action 4: License register (#2.3)

In accordance with EITI Requirement 2.3, the government should ensure that comprehensive information on petroleum licenses and agreements is made available, including dates of application and award of licenses/agreements.

#### Findings from the first Validation

The first Validation found that Seychelles had made meaningful progress towards meeting this requirement. License information on petroleum and quarrying agreements had been made available through government websites and in the EITI Report, although dates of application and award of the licenses were not disclosed.

#### Progress since Validation

Information about petroleum licenses from the 1970s up to March 2020 has been disclosed on the PetroSeychelles website. The information includes the date of award, the name of recipient(s), changes to the license and a low-resolution map with coordinates. The date of application and the duration of the license are not available. The disclosed summary work programme suggests that the duration of the two active petroleum licenses follows the model contract, which is publicly available. However, this cannot be reliably confirmed from publicly available information.

The Board-approved proposal for proportionate implementation focuses EITI implementation on the petroleum sector. The corrective actions related to the quarrying sector are therefore not addressed in this Validation.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on license register has been partly addressed and considers that Seychelles has made meaningful progress with improvements on Requirement 2.3. PetroSeychelles has disclosed on its website current and historical license information, including dates of award. However, dates of application and the

duration of licenses are not available. The corrective action related to the quarrying sector was addressed through the proposal for proportionate implementation.

In accordance with Requirement 2.3, Seychelles is required to disclose the dates of application and the duration of currently held petroleum licenses.

### 3.5 Corrective action 5: Contract transparency (#2.4)

In accordance with Requirement 2.4, the government and the MSG should clarify and document the government's policy on disclosure of contracts and licenses, as well as actual practice, including any reforms that are planned or underway.

#### Findings from the first Validation

The first Validation found that Seychelles had made meaningful progress towards meeting this requirement. The EITI Report described the government's practice of not disclosing petroleum contracts or license agreements, noting a lack of clear policy. In practice, quarrying leases and agreements appeared to be accessible in person from the Registrar General's Office. Validation concluded that confidentiality provisions in relevant laws were insufficiently detailed to adequately clarify the government's policy on contract disclosure.

#### Progress since Validation

Feedback from the MSG notes that PetroSeychelles is waiting for the government clarify its policy on the disclosure of petroleum agreements. The 2013 Model Petroleum Agreement is publicly available. Its provisions define the contract as a public document and grant the government the right to publish it. So far, no signed petroleum contracts have been disclosed. The work plan does not include a plan for disclosing contracts from January 2021 onwards (see *Requirement 1.5*).

The Board-approved proposal for proportionate implementation focuses EITI implementation on the petroleum sector. The corrective actions related to the quarrying sector are therefore not addressed in this Validation.

#### Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on contract transparency has not been addressed and considers that Seychelles has made meaningful progress without improvements on Requirement 2.4. The government's policy regarding the disclosure of petroleum contracts has not been clarified since the first Validation.

In accordance with Requirement 2.4, Seychelles is required to disclose the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil. The MSG is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to comprehensive disclosure. Seychelles is required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021

## 3.6 Corrective action 6: State participation (#2.6)

In accordance with Requirement 2.6, the Government of Seychelles should ensure that there is publicly-accessible information on the rules and practice of financial relations between SOEs and the state (including retained earnings, reinvestments and third-party funding), the level of state participation, including associated terms, and any change thereof in the year(s) under review.

### Findings from the first Validation

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

### Progress since Validation

The audited financial statements of state-owned enterprises are available on the website of the Public Enterprise Monitoring Commission (PEMC). Financial statements and the EITI summary data from 2018 disclose a loan to PetroSeychelles from SSI, its parent company. In practice, PetroSeychelles currently operates as a regulator and promoter of the oil sector. It collects modest revenues from, for example, the sale of data to companies. In accordance with the Board-approved approach to implementation, the MSG does not consider any petroleum revenues to be material. However, in its request to the Board, Seychelles committed to disclose all government revenues from petroleum companies.

Neither PetroSeychelles nor SEYPEC appear to participate in the upstream oil sector as commercial actors. They do not participate in oil and gas projects nor hold interests in oil and gas projects or companies. The first Validation documented that SEYPEC, the downstream oil company, held shares in two companies that held exploration licenses in the Seychelles. Neither of these two companies was active in Seychelles in the period under review (2017-2018). A government representative confirmed that the state, either directly or through its SOEs, does not currently hold a participation in any upstream petroleum company. The government and SOEs also did not provide loans or loan guarantees to extractive companies in 2017 to 2020.

The Secretariat did not find indication of publicly available policies governing the financial relationship between the government and extractive SOEs or between SOEs. Legislation available on the PEMC website notes that PetroSeychelles and SEYPEC have the right to raise third-party financing. However, the rules and practices regarding the financial relationship between PetroSeychelles and SEYPEC, or between these companies and their parent company SSI do not appear to have been clarified. As there is no petroleum production, rules governing reinvestment and retained earnings are not currently relevant in the case of Seychelles.

The two SOEs' audited financial statements include information about corporate governance, and the Code of Corporate Governance of Public Enterprises is available on PEMC's website.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on state participation has been addressed and considers that Requirement 2.6 is not applicable in the Seychelles. The state currently has no commercial participation in the upstream petroleum sector. PetroSeychelles operates a regulator on behalf of the government and promotes activities in the oil sector. SEYPEC no longer holds any interests in upstream oil companies.

To strengthen implementation, transfers between PetroSeychelles and its parent company SSI or the government should continue to be disclosed in accordance with Requirement 4.5 on transactions related to state-owned enterprises. Seychelles is encouraged to clarify the rules governing these transfers and to maintain a high level of transparency related to SOEs' corporate governance. SEYPEC is encouraged to document the losses incurred from its earlier investments in Afren and WHL Energy.

The MSG should annually review the applicability of Requirement 2.6.

### 3.7 Corrective action 7: Data quality (#4.9)

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

### Findings from the first Validation

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

### Progress since Validation

The Board approved Seychelles' request for proportionate implementation in October 2019. The request notes the MSG's position that Seychelles has no material revenue from the oil sector. Government agencies are annually audited by the Office of the Auditor General, which is considered by the MSG to be a credible and independent entity. The results of the audits are presented in annual reports, which are discussed in parliament and published online. The OAG's audits also cover the SOE PetroSeychelles. PetroSeychelles makes its audited financial statements available on its website or through the Public Enterprise Monitoring Commission's website.

In line with the Board approved approach, the government of Seychelles unilaterally disclosed revenues from oil companies in 2017 and 2018 through the Summary Data Template. Revenues are limited to the sale of data to a company (GX Technology) and the refund of travel expenses by another one (JOGMEC). These are disaggregated by company and revenue stream. Project-level reporting is not applicable. Revenues from oil companies totalled USD 45,000 in 2017 and USD 32,000 in 2018. The 2017 and 2018 audited financial statements of government entities, including PetroSeychelles, are available online.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on data quality has been addressed and considers that Seychelles has made satisfactory progress on Requirement 4.9. The approach to ensuring the reliability of revenue data is endorsed by the MSG and reflects the Board-approved proposal for proportionate implementation.

### 3.8 Corrective action 8: Review of outcomes and impact (#7.4)

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

## Findings from the first Validation

The first Validation found that Seychelles had made meaningful progress in meeting this requirement. The Seychelles EITI had published its 2016 annual progress report in 2017, describing progress against work plan objectives and recommendations from the first EITI Report. The report included an assessment of progress against only selected EITI Requirements, and did not include any assessment of the impact and outcomes of the work plan objectives

## Progress since Validation

The MSG has not produced an annual progress report for 2018 and 2019 but has undertaken other efforts to document activities. The MSG reviewed and documented progress in addressing corrective actions from the first Validation, as well as recommendations from the 2015-2016 EITI Report. Progress in achieving the activities planned in the 2018-2020 EITI work plan is included in the latest version of the work plan. The work plan objectives are vague (see *Requirement 1.5*), which is reflected in the assessment of outcomes and impact.

These documents were provided to the International Secretariat but do not appear to be publicly available. The MSG does not appear to have reviewed progress in meeting all EITI Requirements or produced a narrative account describing efforts to strengthen the impact of the EITI.

The proportionate approach to implementation suggests that a light approach to the annual review of progress is sensible in the case of Seychelles. Considering that there is no petroleum production and exploration activities are modest, EITI implementation cannot be expected to have significant impact. However, the transition for EITI reporting to systematic disclosures increases the importance of the

MSG's oversight role. Without an EITI Report produced by an Independent Administrator, the MSG should annually review whether disclosures are timely and reliable and follow-up on any gaps.

## Secretariat's Assessment

The International Secretariat's preliminary assessment is that the corrective action on review of outcomes and impact has been partly addressed and considers that Seychelles has made meaningful progress with improvements on Requirement 7.4. Seychelles has assessed progress in implementing recommendations from EITI reporting and corrective actions, as well as to some extent documented the outcomes and impact of work plan activities. However, these documents do not appear to be publicly available. The MSG has not assessed progress in meeting all applicable EITI Requirements. The Secretariat does not find it proportionate for Seychelles to be required to produce a narrative account on strengthening the impact of EITI implementation, considering the limited approach to implementation.

In accordance with Requirement 7.4, the MSG should annually review progress in implementing all applicable EITI Requirements, including the timeliness, comprehensiveness and reliability of systematic disclosures. This process should inform the next EITI work plan. The review of outcomes and impact of EITI implementation should be publicly available.

## 6. Provisions of the 2019 EITI Standard

In the course of undertaking this assessment, the International Secretariat has also reviewed provisions introduced to the EITI Standard in June 2019.

### 8.1 Assessment of environmental impact (#6.4)

#### Summary of progress

The potential environmental impact of petroleum activities is a topic of stakeholder interest in the Seychelles. The main economic activities, tourism and fisheries, rely on the preservation of marine nature. This is reflected in the Seychelles' Blue Economy Strategic Policy Framework and Roadmap<sup>6</sup>. However, MSG activities related to monitoring and promoting disclosures related to environmental monitoring and management appear to have been limited. The 2015-2016 EITI Report summarised the environmental provisions of the Model Petroleum Agreement. The 2016 Environment Protection Act is available online and includes provisions related to Environmental Impact Assessments.<sup>7</sup>

## Secretariat's Assessment

Implementing countries are not required to address environmental impact and progress with this requirement does not have any implications for a country's EITI status. While the 2015-2016 EITI Report summarised environmental provisions of the Model Petroleum Agreement and the 2016 Environmental Protection Act is available online, the MSG does not yet appear to have

<sup>6</sup> <https://seymsp.com/wp-content/uploads/2018/05/CommonwealthSecretariat-12pp-RoadMap-Brochure.pdf>.

<sup>7</sup> <https://seylil.org/sc/Act%2018%20of%202016%20Envnt%20Protn%20Act.PDF>.



comprehensively considered the environmental impacts of the extractive industries despite stakeholder interest in the issue.

To strengthen implementation, considering stakeholder interest in preserving the marine nature of the Seychelles and economic activities such as tourism and fisheries that rely on it, the MSG is encouraged to review current disclosures related to environmental monitoring and management and consider the need for further disclosures.

## 8.2 Assessment of data accessibility (#7.2)

### Summary of progress

In accordance with the Board-approved proposal for proportionate implementation, Seychelles has published 2016 and 2017 revenue data utilising the Summary Data Template. The data files are available on the PetroSeychelles website. Seychelles does not appear to have an MSG-approved, publicly available open data policy. The first Validation and the 2017 work plan suggest that the MSG submitted a draft open data policy to the Cabinet of Ministers for input. There is no indication of the policy being finalised and published.

### Secretariat's Assessment

The Secretariat's preliminary assessment is that Seychelles has made meaningful progress in addressing Requirement 7.2. EITI revenue data is available in open format, but the MSG does not appear to have an open data policy.

In accordance with Requirement 7.2, the MSG should agree and publish an open data policy on the access, release and re-use of EITI data. Government agencies and companies are expected to publish EITI data under an open license, and to make users aware that information can be reused without prior consent.

## 7. Assessment of beneficial ownership disclosures (Requirement 2.5)

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.<sup>8</sup> The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

### Technical assessment

A detailed technical assessment is included in Annex A. Seychelles adopted a Beneficial Ownership Act in March 2020, which includes a definition of beneficial owner and requires extractive companies to disclose all data points listed in Requirement 2.5. Ownership thresholds for reporting and how to document details of each beneficial owner's beneficial interest will be prescribed in upcoming regulations. The law enters into force as of January 2021, although it is unclear whether the same deadline applies to extractive companies submitting beneficial ownership information. Extractive companies are the only sector where beneficial ownership disclosures will be made publicly available.

<sup>8</sup> Board decision 2019-48/BM-43: <https://eiti.org/board-decision/2019-48>.

So far, the two companies holding oil licenses (SSR Alpha and SSR Beta) do not appear to have disclosed their beneficial owner(s). The Board-approved approach to implementation limits required disclosures to the petroleum sector. Disclosing the beneficial owners of quarrying companies is encouraged, but not required.

### Assessment of effectiveness

The MSG provided input to the Beneficial Ownership Act, seeking to ensure that it is aligned with EITI Requirements. Integrating disclosures required by the EITI into the broader legal framework is a sustainable approach to beneficial ownership transparency. The legislation includes provisions on updating beneficial ownership information, as well as sanctions for non-compliance.

So far, no disclosures have taken place under the Beneficial Ownership Act. Considering the “open file” licensing system applied in the Seychelles, effective implementation will require that all companies applying for a petroleum licenses or submitting competing offers disclose their beneficial owners.

Due to the low level of current activity in the petroleum sector and the enabling legal framework, Seychelles should be able to implement effective and comprehensive beneficial ownership transparency in the extractive industries, as long as necessary regulations are introduced, and disclosures are integrated into the license application procedure.

### Secretariat's assessment

The Secretariat's preliminary assessment is that Seychelles has made meaningful progress in implementing Requirement 2.5. The 2020 Beneficial Ownership Act provides the legal framework for establishing effective beneficial ownership transparency in the extractive sector, although further regulations are required to establish detailed guidance for reporting. Disclosures under the Beneficial Ownership Act are yet to take place. There is no evidence of attempts to collect beneficial ownership data from extractive companies to date.

In accordance with Requirement 2.5 and the Board-agreed framework for assessing progress, Seychelles is required to disclose the beneficial owners of all companies holding or applying for extractive licenses by 31 December 2021. To achieve this target, the following measures are recommended:

- The Government of Seychelles is encouraged to introduce necessary regulations to operationalise the Beneficial Ownership Act. This should include provisions on how to report the details of each beneficial owners interest, a definition of politically exposed persons and related disclosure requirements.
- PetroSeychelles should ensure that any company applying for a petroleum license is required to disclose its beneficial owner(s).
- Extractive companies should disclose their beneficial owner(s) in accordance with the provisions of the Beneficial Ownership Act and relevant regulations.
- The MSG should assess the comprehensiveness of beneficial ownership disclosures and establish a plan to overcome possible gaps.
- Seychelles is encouraged to ensure that quarrying companies, in addition to petroleum companies, disclose their beneficial owners.

## 7. Conclusion

The Secretariat’s preliminary assessment is that Seychelles has fully addressed three of the eight corrective actions and has made “meaningful progress” with improvements in addressing three other corrective actions. Progress on Requirement 1.5 (work plan) has fallen to “inadequate”. The Secretariat also assessed progress in meeting Requirements related to beneficial ownership (2.5), environmental impact (7.4) data accessibility and open data (7.2). The outstanding gaps relate to work plan (Requirement 1.5), license allocation (Requirement 2.2), license register (Requirement 2.3), contract transparency (2.4), beneficial ownership (2.5), data accessibility (7.2) and outcomes and impact (7.4).

## Annex A: List of MSG members (April 2020)

1. Mr. Patrick Payet, Chair of the Seychelles EITI Multi-Stakeholder Group
2. Ms. Caroline Abel, Governor of the Central Bank of Seychelles. Alternate: Mr. Naddy Marie.
3. Mr. Patrick Joseph, PetroSeychelles. Alternate: Mr. Patrick Samson.
4. Ms. Sharon Gerry, Ministry of Environment, Energy and Climate Change
5. Mrs. Giovana Neves, Citizens Engagement Platform Seychelles
6. Mrs. Sharon Meriton-Jean, Citizens Engagement Platform Seychelles- replaced Dr. Marie-Therese Purvis.
7. Rose-Mary Elizabeth, Citizens Engagement Platform Seychelles
8. Mr. Ron Roucou, Citizens Engagement Platform Seychelles (Youth Representative)-  
**Pending nomination of new representative.**
9. Ms. Georgette Capricieuse (Acting Revenue Commissioner at the Seychelles Revenue Commission (SRC). **Pending nomination of new representative.** The Commission was then represented by Ms. Alison Lister –Deputy Revenue Commissioner. Alternates: Mrs. Gayathri Andre, Ms. Vivienne Confiance.
10. Ms. Judith Louis, Assistant Legal Draftsperson, Attorney General’s Office- (AGs). **Pending nomination of new representative.**
11. Mr. Oliver Bastienne Country Manager Ernst & Young-Seychelles Chamber of Commerce and Industries (SCCI). Alternate: Mrs. Sheila Gonzalez was the alternate. **Resigned.**
12. Mrs. Doreen Bradburn, Consultant from Corvina (Private Sector). **Resigned.**

## Annex B: Progress in addressing individual EITI Requirements

### Requirement 1: MSG oversight

Assessment table: <u>Multi-Stakeholder Group (MSG) oversight</u>						
EITI Requirement	EITI sub-Requirement	Summary of main findings	Source(s) of information	Summary of stakeholder views	Recommendation on compliance with the EITI provisions	Proposed corrective actions and recommendations
<b>MSG oversight (#1.4)</b>	Codification of the process by which each stakeholder group nominated their representatives (#1.4.a.ii)	<p>The first Validation documented lack of clarity with regards to industry representation and how to replace members who leave their positions.</p> <p>Currently, no oil companies have representation in the Seychelles. Apart from the SOE PetroSeychelles, no extractive companies are represented on the MSG. In October 2019, the Board approved Seychelles' request that this be considered when assessing industry engagement in the EITI</p>	<p>Board-approved proportionate implementation request, October 2019. <a href="#">EITI Board decision 2019-66/BM-45.</a></p>	The MSG considers that the corrective action has been addressed.	< satisfactory progress>	
	Internal rules for changing MSG	See above. As per the Board-approved proportionate	See above.			

	representatives have been followed (#1.4.a.ii; #1.4.b.vi)	implementation request, industry is not expected to nominate new representatives for the MSG as no companies have presence in the Seychelles.				
	Gender balance in each constituency's representation on the MSG (#1.4.a.ii)	Eight out of twelve MSG members are female.	List of MSG members (Annex A).			
	The MSG's ToR include internal governance rules and procedures, the per diem policy is public and these are followed in practice (#1.4.b.vii-ix)	The first Validation noted that MSG meeting minutes were not made available. Minutes for six meeting between November 2018 and March 2020 were provided to the Secretariat for this second Validation, even if they have not been published.	MSG meeting minutes 13 November 2018, 31 January 2019, 5 March 2019, 12 July 2019, 24 October 2019, 10 March 2020.			
<b>Work plan (#1.5)</b>	The work plan includes objectives for implementation linked to the EITI principles and national priorities and steps to mainstream EITI	The 2018-2020 does not clearly reflect objective for EITI implementation linked to national priorities and mainstreaming efforts. The outcomes/objectives indicated in the plan are vague (e.g. "awareness raising", "increasing peer learning"). The work plan	2018-2020 work plan.	Based on the MSG's assessment of corrective actions, the MSG considers the corrective action addressed.	< inadequate progress>	Seychelles should ensure that the EITI work plan includes objectives and activities that reflect the scope of EITI implementation and systematic disclosures of data. The work plan

	implementation (#1.5.a)	does not reflect the shift from standard EITI reporting to systematic disclosures of data.				<p>should reflect the MSG's role in overseeing that systematic disclosures are timely, comprehensive and reliable. Follow up of recommendations from Validation should be reflected in the work plan.</p> <p>It is recommended that current and past EITI work plans are published on the PetroSeychelles website.</p>
	The work plan reflects consultations with key stakeholders on objectives for implementation (#1.5.b)	MSG meeting minutes demonstrate that the MSG contributed to the development of the 2018-2020 work plan and its update.	MSG meeting minutes 13 November 2018 and 10 March 2020.			
	The work plan includes measurable and time-bound activities to achieve the agreed objectives (#1.5.c)	Activities are clear and time-bound.	See above.			
	The work plan includes activities aimed at addressing any capacity constraints identified (#1.5.c.i)	The work plan includes peer learning activities and study visits, but these appear to have benefited mainly government representatives.	See above.			
	The work plan includes activities related to the scope	The work plan does not include activities related to strengthening systematic	See above.			

	of EITI implementation, including plans for strengthening systematic disclosures (#1.5.c.ii)	disclosures, despite the recent transition from standard EITI reporting to systematic disclosures.				
	The work plan includes activities aimed at addressing any legal or regulatory obstacles identified (#1.5.c.iii)	The work plan includes the introduction on a Transparency Act that would address the requirements of the EITI and other transparency standards. However, the work plan does not include objectives or activities related to beneficial ownership disclosure, despite the MSG's contribution to developing the BO Act.	See above.			
	The work plan includes plans for implementing the recommendations from Validation and EITI implementation (#1.5.c.iv)	The work plan does not include plans for implementing the recommendations from Validation and EITI implementation.	See above.			
	The work plan includes costings and funding	The work plan includes costings, but not funding sources.	See above.			



	sources, including domestic and external sources of funding and technical assistance (#1.5.d)					
	The work plan includes a timetable for implementation (#1.5.g)	The work plan includes a timetable for implementing the planned activities.	See above.			
	The workplan has been made widely available to the public (#1.5.e)	<p>According to the MSG: Copies of the 2018 and 2019 work plan were made available to each constituency representative on the National EITI Board and sent to “all institutions”.</p> <p>Copies were made available at the Blue Economy Department and the Ministry of Finance for public access.</p>	MSG review of status of addressing corrective actions, March 2020.			

## EITI disclosures

### Requirement 2: Legal and institutional framework, including allocation of contracts and licenses.

Assessment table: <u>Legal and institutional framework, including allocation of contracts and licenses</u>						
EITI Requirement	EITI sub-Requirement	Summary of main findings	Source(s) of information	Summary of stakeholder views	Recommendation on compliance with the EITI provisions	Proposed corrective actions and recommendations
Contract and license allocations (#2.2)	A comprehensive list of mining, oil and gas license <u>awards</u> has been disclosed, including information on the identity of recipients (#2.2.a)	A license register document disclosed by PetroSeychelles provides the petroleum licenses awarded in 2018, including the names of recipient companies. No licenses were awarded in 2017.	<a href="#">PetroSeychelles license register March 2020</a> .	The MSG considers the corrective action addressed.	< meaningful progress>	
	The process for <u>awarding</u> mining, oil and gas licenses has been comprehensively disclosed, including	PetroSeychelles has disclosed comprehensive information about the process for awarding	<a href="#">Licensing process</a>			

	technical and financial criteria assessed (#2.2.a)	petroleum licenses, including technical and financial criteria. There is no information available on how the government weights the different technical and financial criteria.				
	Information on any non-trivial deviations from the applicable legal and regulatory framework governing license <u>awards</u> has been comprehensively disclosed (#2.2.a)	There does not appear to be publicly available information on whether the license awards in 2018 followed the legal and regulatory framework. There is no indication of the MSG discussing this and PetroSeychelles has not disclosed information on whether the “open file” procedure was followed and whether other companies bid for the awarded blocks as well.	N/A			
	A comprehensive list of mining, oil and gas license <u>transfers</u> has	The license document disclosed by PetroSeychelles	<a href="#">PetroSeychelles license register March 2020.</a>			

	been disclosed, including information on the identity of recipients (#2.2.a)	suggests that no petroleum license transfers took place in 2017 or 2018. There is no evidence of transfers of participating interests, either.				
	The process for <u>transferring</u> mining, oil and gas licenses has been comprehensively disclosed, including technical and financial criteria assessed (#2.2.a)	See above. The Petroleum Mining Act notes that transfers require ministerial approval. The criteria considered in license transfers is unclear.	<a href="#">Petroleum Mining Act 1976</a> , Article 43.			
	Information on any non-trivial deviations from the applicable legal and regulatory framework governing license <u>transfers</u> has been comprehensively disclosed (#2.2.a)	See above, there were no transfers in 2018.				
	The list of applicants and the bid criteria related to any bidding processes that took	Seychelles applies an “open file” process where any company can express interest in	<a href="#">Licensing process</a>			

	<p>place in the accounting period covered by EITI reporting have been comprehensively disclosed (#2.2.c)</p>	<p>a certain licensing block. If the company is qualified, the government invites other companies to make competitive proposals within 90 days. It is unclear based on publicly available information whether any other companies submitted proposals for the two blocks awarded in 2018.</p>				
	<p><i>Information on the award of licenses held by material companies not awarded or transferred in the year under review has been disclosed (#2.2.b)</i></p>	<p><i>The license register document disclosed by PetroSeychelles includes information about license awards and transfers since the 1970s.</i></p>	<p><a href="#">PetroSeychelles license register March 2020.</a></p>			
	<p><i>Additional information about the allocation of licenses has been disclosed, including commentary on the efficiency and effectiveness of these</i></p>	<p><i>The license register document disclosed by PetroSeychelles includes information about relinquishments, adjustments and significant</i></p>	<p>As above.</p>			

	<i>systems, a description of procedures, actual practices and grounds for renewing, suspending or revoking a contract or license (#2.2.d)</i>	<i>administrative events related to licenses since the 1970s.</i>				
<b>License registers (#2.3)</b>	The country maintains a publicly-accessible cadastre/register of licenses in mining, oil and gas (#2.3.b)	PetroSeychelles has published on its website a document that includes information about past and current petroleum licenses. The document was last updated in March 2020.	<a href="#">PetroSeychelles license register March 2020.</a>		< meaningful progress>	Seychelles should disclose application dates and the duration of active petroleum licenses.
	Information on the identity of license-holders has been comprehensively disclosed for all licenses held by material companies (#2.3.b.i)	The register document includes the names of the companies holding the two active licenses.	As above.			
	License coordinates have been comprehensively	The register document includes low resolution maps with license	As above.	A review of the status of corrective actions provided by the MSG		

	disclosed for all licenses held by material companies (#2.3.b.ii)	coordinates. The coordinates are sufficiently comprehensible from the maps.		notes that an ArcGIS project that contains all the coordinates will be uploaded on the PetroSeychelles website shortly.		
	Dates of application, award and expiry (or duration) have been comprehensively disclosed for all licenses held by material companies (#2.3.b.iii)	<p>The register document includes the dates of signature, but not the dates of application or expiry.</p> <p>The model agreement includes provisions regarding the term of licenses. The exploration phase in nine years, with an initial period of three years. The work programmes included in the register document suggest that the currently active licenses follow this model.</p>	<p>As above.</p> <p><a href="#">2013 Model Petroleum Agreement.</a></p>			
	Information on commodity(ies) covered by production	The register document refers to petroleum licenses. The 2013	As above.			

	licenses have been comprehensively disclosed for all production licenses held by material companies (#2.3.b.ii)	Model Agreement includes provisions related to gas discoveries, but signed contracts are not available.				
	The information set out in provision 2.3.b is also available for the licenses held by entities not covered by the EITI reporting process (#2.3.b-c)	The register document covers all petroleum license holders.	As above.			
<b>Contract disclosure (#2.4)</b>	<i>The country has publicly disclosed any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals (#2.4.a)</i>	<i>Seychelles has published the Model Petroleum Agreement. Signed contracts have not been disclosed.</i>	<a href="#">2013 Model Petroleum Agreement.</a>	The MSG considers addressing the corrective action as “ongoing process”.  Feedback from the MSG notes that “PetroSeychelles is waiting on Government policy and directive” on the requirement.	<meaningful progress>	In accordance with Requirement 2.4, Seychelles is required to disclose the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil. The MSG is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation and
	The MSG has agreed and published a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to	The 2018-2020 EITI work plan does not reflect plans to disclose petroleum contracts. Limitations of the work plan are	See Requirement 1.5.			



	comprehensive disclosure, integrated in the annual EITI work plan from 2020 onwards (#2.4.b)	addressed under Requirement 1.5.				addressing any barriers to comprehensive disclosure.
	The government's policy on contract transparency has been disclosed (#2.4.c)	The government's policy on contract transparency has not been clarified since the first Validation.  The Model Petroleum Agreement defines the contract as a public document and grants the government the right to publish it.	<a href="#">2013 Model Petroleum Agreement, Article 43.</a>			
<b>Beneficial ownership disclosure (#2.5)</b>	The MSG has agreed an appropriate, publicly available definition of the term beneficial owner (#2.5.f)	Yes. The Beneficial Ownership Act was passed in March 2020.  The BO Act includes the following definition: "Beneficial owner means one or more natural persons who ultimately own or control a customer or the natural person or	<a href="#">Beneficial Ownership Act 2020</a>		< meaningful progress>	

		<p>persons on whose behalf a transaction is being conducted and includes those natural persons who exercise ultimate effective control over a legal person or a legal arrangement.”</p> <p>Ownership thresholds will be defined in upcoming regulations.</p>				
	<p><i>There are laws, regulations or policies in place to back establishing and maintaining a public register of beneficial owners (#2.5.a)</i></p>	<p><i>The BO Act requires that legal persons maintain a register of their beneficial owners and submit this information to the Financial Intelligence unit. The information is not made publicly available. However, an exception is included for extractive companies. BO information regarding extractive companies will be made publicly available from the</i></p>	<p><a href="#">Beneficial Ownership Act 2020</a>, Article 11, subsection 6.</p>			

		<i>Registrar of Companies upon request.</i>				
	The government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership is documented (#2.5.b)	<p>The MSG's discussion on beneficial ownership transparency is documented in meeting minutes. The 2015-2016 EITI Report included discussion on the definition of beneficial owner and the legal framework. The 2018-2020 work plan notes that a legal consultant supported the MSG in its work on BO disclosures.</p> <p>The government's policy on beneficial ownership disclosures is documented in the BO Act.</p>	<p><a href="#">2015-2016 EITI Report.</a></p> <p>MSG meeting minutes 12 July 2019.</p> <p>2018-2020 work plan.</p> <p><a href="#">Beneficial ownership roadmap, October 2017.</a></p>			
	The implementing country has requested beneficial ownership information to be	Implementing regulations for the BO Act have yet to be enacted. The Act states that applicable legal	<a href="#">Beneficial Ownership Act 2020</a> , Article 18.			

	publicly disclosed (#2.5.c)	persons are required to comply with the provisions of the law by 31 January 2021, except for extractive companies. It is unclear when extractive companies are expected to comply. The BO Act only applies to companies registered in the Seychelles. The Petroleum Mining Act does not require license holders to be registered in the Seychelles or to provide BO information. Applicant companies are only required to declare government ownership of 10% or more. It is unclear whether the two companies currently holding a license in the Seychelles are within the scope of the legislation. The 2015-2016 EITI Report	<a href="#">2015-2016 EITI Report.</a>  <a href="#">Petroleum Mining Act 1976</a>  <a href="#">Licensing process</a>			
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		included limited information on beneficial ownership that was requested from material companies, which were no longer active in the period under review (2017-2018).				
	The requested information includes the identity(ies) of their beneficial owner(s), including nationality, country of residence, and identification of politically exposed persons, the level of ownership and details about how ownership or control is exerted (#2.5.c-d)	The BO Act requires the submission of the beneficial owner(s) nationality, country of residence, address and date of birth. In addition, the date on which a person became or ceased to be a beneficial owner is requested. Information regarding the identity(ies) of possible nominees holding the interest is also requested. The law requires documenting the details of each beneficial owner's beneficial interest, as prescribed in upcoming	<a href="#">Beneficial Ownership Act 2020</a> 2020, Article 5, subsection 1.			

		regulations. The law does not include any reference to politically exposed persons.				
	Any corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract have disclosed the information.	The license register document suggests that there are two companies currently holding petroleum licenses: SSR Seychelles Alpha and SSR Seychelles Beta. There is no indication that these companies, or other companies that may have bid for the licenses, have disclosed beneficial ownership information.				
	The MSG has assessed and documented gaps or weaknesses in disclosure of beneficial ownership information (#2.5.c)	The MSG engaged in the development of the BO Act to ensure that it reflects the provisions of the EITI Standard. The Beneficial Ownership Roadmap discusses barriers to BO disclosures.	MSG meeting minutes 12 July 2019. <a href="#">Beneficial ownership roadmap. October 2017.</a>			

	<p>The relevant government entity or the MSG has established an approach for participating companies to assure the accuracy of the beneficial ownership information (#2.5.e)</p>	<p>The BO Act states that the companies are responsible for ensuring that the register they maintain is accurate and up-to-date. Specific procedures for ensuring this are not included. The law introduces sanctions for non-compliance to both the companies and their directors. The maximum penalty is SCR50,000 (approx. USD3,000). Stricter sanctions, including criminal liability, is introduced to resident agents intentionally providing false information.</p>	<p><a href="#">Beneficial Ownership Act 2020</a>, Article 5, subsection 3-4.</p>			
	<p>For publicly listed companies, including wholly-owned subsidiaries, the name of the stock exchange has been disclosed</p>	<p>The BO Act does not apply to publicly listed companies. The only oil companies currently holding a license in</p>	<p><a href="#">Beneficial Ownership Act 2020</a>, Article 2, subsection 2.</p>			

	and a link included to the stock exchange filings where they are listed (#2.5.f)	Seychelles appear to be private companies.				
	Information about legal owners and share of ownership of applicable companies is publicly available (#2.5.g)	Information about legal owners and their share of ownership does not appear to be publicly available in the Seychelles.	N/A			
<b>State participation (#2.6)</b>	The existence of any material state-owned enterprises (SOEs) engaged in the extractive sector has been publicly documented (#2.6.a)	<p>PetroSeychelles collects limited revenues from oil companies. The only revenues in 2017 and 2018 were related to the sale of data and a refund of travel expenses. As per the Board-approved request for proportionate implementation, the MSG does not consider any of these revenues to be material.</p> <p>PetroSeychelles is the state-owned upstream</p>	<p><a href="#">2015-2016 EITI Report.</a></p> <p><a href="#">Public Enterprise Monitoring Commission website</a></p>	The MSG considers the corrective action addressed.	<not applicable>	



		<p>oil company and regulator. SEYPEC is a state-owned downstream oil supplier. The parent company of both is Société Seychelloise d'Investissement.</p> <p>Technically neither SEYPEC or PetroSeychelles operate as upstream SOEs, in accordance with the SOE definition in Requirement 2.6.a.i. SEYPEC's activities are downstream, although it has held shares in upstream oil companies that are no longer operational. PetroSeychelles promotes activity in the upstream oil industry but does not appear to have an interest in any oil and gas project or company.</p>				
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	<p>An explanation of the role of material SOEs in the sector and prevailing rules regarding the financial relationship between the government and SOEs has been disclosed (#2.6.a.i)</p>	<p>The legal documents establishing PetroSeychelles and SEYPEC grant the companies extensive rights to raise third-party financing and undertake other activities necessary for fulfilling their mission. It is unclear whether there are other laws, regulations or policies that govern the financial relations between the government and SOEs.</p>	<p>Documents available on PEMC website:  <a href="#">Memorandum of Association, PetroSeychelles Ltd, 1972</a>  <a href="#">SEYPEC Certificate of Incumbency, 1985</a></p>			
	<p>An explanation of the prevailing practices regarding the financial relationship between the government and SOEs has been disclosed for the year under review (#2.6.a.i)</p>	<p>2018 summary data includes a SCR 5m loan received by PetroSeychelles from its parent company SSI. This is confirmed in the audited financial statement.  The financial statement of PetroSeychelles suggests that it made a loss in 2017 and 2018</p>	<p><a href="#">Summary data 2018</a>  <a href="#">PetroSeychelles audited financial statement 2018.</a></p>			

		and did not transfer dividends to the government.				
	Any changes in the level of SOE or state ownership during the reporting period have been disclosed, including the terms of the transactions (#2.6.a.ii)	<p>It is unclear whether the SOEs or the state currently hold any interest in petroleum companies.</p> <p>The 2015-2016 EITI Report documented that SEYPEC held shares in WHL Energy Ltd, which held an oil exploration license in the Seychelles until 2016.. WHL exited Seychelles in 2016. The company moved away from the oil and gas sector and became Quantify Technology Ltd. The current level of ownership of oil extractive companies by SEYPEC is unclear.</p>	<a href="#">2015-2016 EITI Report.</a>	A government representative confirmed that neither the state or SOEs currently hold any interest in upstream oil companies.		
	Details about any loans or loan guarantees to mining,	There is no indication of the state or SOEs granting loans or loan		A government representative confirmed that the state		

	oil and gas companies operating within the country have been disclosed, including loan tenor and terms (i.e. repayment schedule and interest rate) (#2.6.a.ii)	guarantees to oil and gas companies in the period under review. However, PetroSeychelles did receive a loan from its parent company SSI. This is documented in the EITI summary data and the audited financial statements.		or SOEs did not provide any loans or loan guarantees in 2017-2020 (excluding the loan from SSI to PetroSeychelles).		
	<i>SOEs have publicly disclosed their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available (#2.6.b)</i>	<i>The audited financial statements of PetroSeychelles and SSI are publicly available online.</i>	<a href="#"><u>Public Enterprise Monitoring Commission website</u></a>			
	<i>The country has publicly described the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and</i>	<i>The Code of Conduct for Public Enterprises has been disclosed.</i>	<a href="#"><u>Code of Conduct for Public Enterprises</u></a>			

	<p><i>corporate governance, e.g. composition and appointment of the Board of Directors, Board's mandate, code of conduct (#2.6.c)</i></p>					
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## Requirement 4: Revenue collection

Assessment table: <u>Revenue collection</u>						
EITI Requirement	EITI sub-Requirement	Summary of main findings	Source(s) of information	Summary of stakeholder views	Recommendation on compliance with the EITI provisions	Proposed corrective actions and recommendations
<p><b>Data quality (#4.9)</b></p>	<p>The MSG agreed standard procedures in accordance with the standard procedures endorsed by the EITI Board, which ensure that the payments and revenues</p>	<p>The Board approved Seychelles' request for proportionate implementation in October 2019. The request notes the MSG's position that Seychelles has no material revenue from the oil sector. Government agencies are annually audited by the Office of the Auditor General, which is considered</p>	<p>Board-approved proportionate implementation request, October 2019. <a href="#">EITI Board decision 2019-66/BM-45.</a></p>	<p>The MSG considers the corrective action achieved.</p>	<p>&lt; satisfactory progress &gt;</p>	

	<p>disclosed are subject to credible, independent audit, applying international auditing standards (#4.9.a-b).</p>	<p>by the MSG to be a credible and independent entity. The results of the audits are presented in annual reports, which are discussed in parliament and published online. The OAG's audits also cover the SOE PetroSeychelles. PetroSeychelles makes its audited financial statements available on its website or through the Public Enterprise Monitoring Commission's website.</p> <p>In line with the Board approved approach, the government of Seychelles unilaterally disclosed revenues from oil companies in 2017 and 2018 through the Summary Data Template. The disclosures are sufficiently disaggregated in accordance with Requirement 4.7.</p>	<p><a href="#">Office of the Auditor General reports.</a></p> <p><a href="#">PetroSeychelles audited financial statements on PEMC website.</a></p> <p><a href="#">SEYPEC audited financial statements on PEMC website</a></p> <p><a href="#">EITI 2017-2018 revenue data on PetroSeychelles website.</a></p>			
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## Requirement 6: Social and economic spending

Assessment table: <u>Social and economic spending</u>						
EITI Requirement	EITI sub-Requirement	Summary of main findings	Source(s) of information	Summary of stakeholder views	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)	Proposed corrective actions and recommendations
<i>Environmental impact (#6.4)</i>	<i>EITI implementation addresses the management and monitoring of the environmental impact of the extractive industries (#6.4)</i>	<i>The potential environmental impact of petroleum activities is a topic of stakeholder interest in the Seychelles. The main economic activities, tourism and fisheries, rely on the preservation of marine nature. However, MSG activities related to monitoring and promoting disclosures related to environmental monitoring and</i>	<a href="#"><u>Seychelles' Blue Economy Strategic Policy Framework and Roadmap</u></a>		<i>Not assessed</i>	

		<i>management appear to have been limited.</i>				
	<i>EITI implementation addresses relevant legal provisions, administrative rules as well as actual practice related to environmental management and monitoring of extractive investments in the country (6.4.a)</i>	<i>The 2015-2016 EITI Report summarised the environmental provisions of the Model Petroleum Agreement. The 2016 Environment Protection Act is available online and includes provisions related to Environmental Impact Assessments.</i>	<a href="#">2015-2016 EITI Report.</a>  <a href="#">2016 Environment Protection Act</a>			
	<i>EITI implementation addresses regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and</i>	No	N/A			



	remediation programs (6.4.b)					
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## Requirement 7: Outcomes and impact of implementation

Assessment table: <u>Outcomes and impact</u>						
EITI Requirement	EITI sub-Requirement	Summary of main findings	Source(s) of information	Summary of stakeholder views	Recommendation on compliance with the EITI provisions	Proposed corrective actions and recommendations
Data accessibility (#7.2)	The MSG has agreed a policy on the access, release and reuse of EITI data (#7.2.a)	The 2017 EITI work plan and the first Validation noted that the MSG had submitted a draft open data policy to the Cabinet of Ministers for input. This policy does not appear to have been approved or published.	<a href="#">2017 work plan</a>	The open data policy was requested from the national secretariat but not received.	< meaningful progress >	The MSG should agree and publish an open data policy on the access, release and reuse of EITI data. Government agencies and companies are expected to publish EITI data under an open license, and to make users aware that information can be reused without prior consent.
	Government agencies and companies have published data under	EITI summary data files (.xls) for 2017 and 2018 have been published on	<a href="#">2017 summary data</a>			

	an open license (#7.2.a)	the PetroSeychelles website.	<a href="#">2018 summary data</a>			
	The MSG has made all EITI disclosures available in machine readable, open data format (#7.2.b)	The applicable data is available in machine readable format in the summary data template.	See above.			
<b>Outcomes and impact of EITI implementation on natural resource governance (#7.4)</b>	The MSG has made efforts to review outcomes and impact of EITI implementation on natural resource governance, including whether annual activity reports or forms of documentation agreed by the MSG have been produced and contain a summary of EITI activities (7.4.a.i)	The MSG has reviewed progress in undertaking the activities of the 2018-2020 work plan and related outcomes. These are documented in the most recent version of the 2018-2020 work plan, approved in March 2020.	SEITI work plan 2018-2020.		< meaningful progress >	
	The MSG has assessed of progress in meeting EITI	The MSG has assessed and documented	“Status of corrective actions”			

	Requirements (7.4.a.ii)	progress in addressing corrective actions from the first Validation.	document provided to the International Secretariat.		
	The MSG has made efforts to review the MSG's responses to EITI recommendations (7.4.a.iii)	The MSG has documented responses to recommendations from the 2015-2016 EITI Report.	"SEITI matrix" provided to the International Secretariat.		
	The MSG has made efforts to assess of progress in meeting work plan objectives (7.4.a.iv)	The MSG has reviewed progress in undertaking the activities of the 2018-2020 work plan and related outcomes. These are documented in the most recent version of the 2018-2020 work plan, approved in March 2020.	SEITI work plan 2018-2020.		
	The MSG has produced a narrative	The MSG does not appear to have	N/A		

	account of efforts to strengthen the EITI's impact (7.4.a.v)	produced a narrative account of efforts to strengthen impact.				
	<i>The MSG has made efforts to take gender considerations and inclusiveness into account (7.4.a.v)</i>	<i>No indication</i>	<i>N/A</i>			
	The MSG has undertaken consultations to give all stakeholders an opportunity to provide feedback on the EITI process and the impact of the EITI, and have their view reflected in the annual review of outcomes and impact (7.4.b)	The MSG has approved the documents reviewing progress, but there is no indication of broader consultations.	MSG meeting minutes, 10 March 2020.			