

Chapter 6

Seychelles

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Summary

This case study on Seychelles finds noteworthy practices that have enabled the country to emerge from the mire of economic despondency to a stage where it has been recognised by the world community as an ‘innovation-based’ welfare state.

The research concludes that the political sagacity of its leadership, upholding best practices contained in the United Nations Convention against Corruption, establishing and nurturing the institutions of democracy, following the sound advice of carefully chosen advisors and development partners, and active participation of the people of Seychelles in the reform process have all contributed synergistically to reversing the perceptions of corruption held by the world community as reflected in the annual reports by Transparency International.

The case study traces the history of Seychelles following independence, the role of politicians, the role of the major powers in the Cold War era, the economic necessities of a small island nation dependent on the blue economy and the vulnerabilities of a small market. The study highlights replicable practices that positively impacted the Corruption Perceptions Index for Seychelles.

The overall findings of the research have recognised certain facilitating factors (institutional, technical, political) that have contributed to the relative success of anti-corruption efforts in the country. There have been certain militating factors as well that have worked to positively influence the anti-corruption efforts.

6.1 Introduction

This case study highlights best practices, items of legislation, benchmarks, institutions and factors that have contributed to the success of Seychelles in promoting anti-corruption.

The starting point for measuring corruption in a country is Transparency International’s Corruption Perceptions Index (CPI). Derived from reputable survey analysis, the CPI measures how corrupt the public sector is perceived to be through scores between 0 (very corrupt) and 100 (very clean). Figure 6.1, compiled from annual CPI reports, depicts an upward trend indicating overall improvement in tackling corruption by Seychelles since 2006.

6.1.1 Methodology

The research involved a cross-sectional analysis of information obtained from existing literature, data sets and individual interviews with stakeholders. Qualitative data

Figure 6.1 Seychelles CPI rank

were gathered from the literature on corruption in relation to Seychelles and other African countries and validated through data validation techniques and in-depth interviews, observations and case studies as documented by various development partners and agencies such as the Commonwealth Secretariat, the United Nations and the World Bank.

The data collection procedures included both primary and secondary data. Since the research was heavily dependent on a review of existing literature on the subject of anti-corruption efforts of Seychelles, it relied on information contained in formal reports by development partners, stakeholders and community-based social media. There were several reports that were external to Seychelles in which aggregated data relating to the country were provided. While keeping the context of such data intact, the conclusions drawn appropriately reflect Seychelles' position.

To illustrate, the following sources of data and information were considered:

- definitions and tools used by Transparency International to measure corruption, research and gathering of data using open sources;
- desk review of existing literature on the subject such as think tank case studies, conference working papers and notes, government reports and development partners' reports;
- anti-corruption tools from the websites of the United Nations Office on Drugs and Crime (UNODC), Transparency International, the World Bank, the African Development Bank (AfDB), the Organisation for Economic Co-operation and Development (OECD) and U4 Anti-Corruption Resource Centre;
- identification of key government institutions with mandates for anti-corruption activities;
- identification of relevant civil society organisations (CSOs) and non-governmental organisations (NGOs);
- identification of political parties that have anti-corruption as part of their agenda;
- identification of eminent personalities in Seychelles with views on anti-corruption activities;

- identification of development partners supporting anti-corruption activities, such as the Commonwealth Secretariat, the United Nations, the OECD and UNODC;
- identification of private bodies (such as chambers of commerce) and associations with relevant mandates (such as political parties, the media).

Key sources of data and information included individual respondents and institutions who are invested in anti-corruption efforts or who can, directly or indirectly, influence the anti-corruption mood of the country. The research carefully selected suitable individuals for in-depth interviews. Out of 18 people contacted, 16 were interviewed, resulting in an 89 per cent positive response.

In the absence of a globally acceptable definition of 'corruption', the analysis uses the definition provided by Transparency International, which is 'the abuse of entrusted power for private gain'.

6.1.2 Political and socio-economic context

Seychelles is a small island nation comprising some 100 islands, and located 1,600 km off the eastern coast of Africa in the Indian Ocean. The country gained independence from the UK in 1976. Due to its strategic location, the Cold War period following independence led multiple nations to provide loans, grants and military equipment, as well as setting up bases for their own advantage. While this 'influence struggle' helped Seychelles with its trade, infrastructure and social service needs in the short term, it also gave rise to a number of elements trying to take advantage of its location for offshore financial transactions or use as a tax haven.

After the Cold War ended, countries that had seen Seychelles as an apt strategic location to further their own interests withdrew much of their funding. This left the country vulnerable and it was besieged by massive balance of payment issues. It was also during this time that the first instances of corruption – especially 'black money'¹ reserves – started to emerge. Needless to say, creditors also stopped lending to Seychelles. The country was now faced with the twin problem of managing its fiscal debt and continuing with the expansion of public sector development projects, such as tuna fishing, tourism, social security, land policy and infrastructure development, to sustain its economy.

In 1991, through a series of consultations with different stakeholders, the government initiated ambitious policy reforms and legislative framework changes that have been popularly termed the 'first generation of reforms'. These nationalising reforms were key to curbing the growing deficit and international debt conditions and targeted key industries through the tightening of fiscal policies and strict control over various aspects of the economy, including acts to tackle corruption, especially money laundering and piracy. The reforms also saw the country transforming into a multi-party democracy, with elections monitored by Commonwealth election observers.

However, the gains from the first generation of reforms seemed to slip away following the financial crisis of 2008. Seychelles once again had to face problems as major institutions, especially Lehman Brothers (its main creditor), went bankrupt

(IBID 2013). It thus reached out to other development partners – namely the International Monetary Fund (IMF), the AfDB and the World Bank – to embark on the second generation of liberalisation reforms. These were more market driven and less restrictive in terms of fiscal policies, structural reforms, trade and debt restructuring.

Leadership by the President's office, government ministries and the Central Bank of Seychelles ensured transparency during this change. These institutions effectively highlighted the major issues at big platforms hosted by the media to debate macro questions of future aid, development partners and rupee inflation. Question-and-answer sessions were organised for small platforms such as district and town hall meetings and were effective in providing much-needed support and backing to prevent massive protests (Rojid et al. 2013).

Seychelles can take pride in making significant headway in terms of per capita GDP (US\$343.88 in 1970 to US\$15,359.18 in 2014, per World Bank data), free health care, free education up to secondary levels and social security equal to at least a minimum wage for its citizens. Additionally, it has climbed up the ladder to achieve the distinction of being the second least corrupt country in Africa after Botswana.

Political system

Almost immediately after gaining independence in 1976, Seychelles experienced its first coup d'état in 1977, when a single party headed by Albert René suspended constitutional guarantees and the National Assembly. Issues of corruption made repeated appearances over the years. However, two decades later, in 1991, it had learned its lessons from both the Cold War period and financial catastrophe. Realising the importance of political systems, the same Mr René had the sagacity to steer the country onto the democratic path. The process of this change commenced with constitutional amendments, legislative frameworks, setting up of key institutions and fresh elections. A multi-party democracy was ushered in with elections observed by neutral observers from the Commonwealth. These returned Mr René as the popularly elected President, both as Head of State and Head of the Government. Indeed, democracy seems to have flourished during the last 25 years, with an increase in the number of political parties (now five) taking part in the electoral process.

However, perceptions about corruption in Seychelles did not change with the advent of multi-party democracy. In fact, the CPI continued to plunge further. One reason could be the continuation of the old regime and another the less tolerant world view. Even when President René delegated his powers during his indisposition to Vice-President James Michel in 2004, the increase in perceived corruption did not stop. It was only in 2006, when Mr Michel was elected President, that the world registered a perceptible change in its opinion. Since then, presidential and parliamentary elections have taken place every five years. Mr Michel was elected for a second term in May 2011.

The economy

Being a small island nation, Seychelles is heavily dependent on tourism and fisheries. These two sectors alone account for 70 per cent of hard earnings and employ 30

per cent of the workforce (CIA 2015). Therefore, sustainable development of the blue economy (fishing licences, oil exploration, etc.), is essential for its economy, employment, trade, growth and continuous income as a tourist destination. Conversely, this also becomes a key target for the manifestation of corruption in its various forms.

Seychelles possesses only 454 square kilometres of land but 1.3 million square kilometres of ocean territory. Realising its continued dependence on the blue economy, Seychelles also saw threats to its biodiversity, the effects of climate change on tourism and violation of its exclusive economic zone (EEZ). Illegal, unregulated and unreported fishing also had its roots in actual and potential corruption. It should be noted that African coastal states and other Indian Ocean island nations faced similar issues.

The shift in focus from extraction to sustainable development of the blue economy led Seychelles to reach out to international development partners. The Commonwealth helped it with the development of marine spatial planning and the United Kingdom helped establish the Regional Fusion and Law Enforcement Centre for Safety and Security at Sea. The country adopted the African Union's Integrated Maritime Strategy to boost its capacity for EEZ management. It partnered with Somalia through the Food and Agricultural Organization to promote community-level fisheries and entered into an agreement with Mauritius to jointly manage extended continental shelves. Several radar stations were established to set up a vessel monitoring system, soon to be used for a separate taxation regime for the region.

Another important GDP contributor to the Seychelles economy is its financial sector. Although on a global level the country is not seen as a major financial market, historically it has promoted itself as an offshore financial service sector in order to diversify its economy and foreign exchange earnings (Risk and Compliance Report 2014). This has inevitably attracted organisations involved with money laundering and the financing of terrorism. In terms of global competitiveness, the country must depend on the financial inflows from other countries and development partners.

The Africa Competitiveness Report 2015 notes that Seychelles has very little agriculture and yet defies the usual development models for developing countries. Its tourism-centric economy has moved it into the middle-income country category, surpassing some OECD countries. The key to this success lies in Seychelles leveraging its global partnerships over the period to emerge as the country with the highest backward integration – surpassing Africa's average. Its global competitiveness index, at 3.9, was equal to the North African average and better than the sub-Saharan average of 3.6. It ranked 92 among 144 countries worldwide (WEF 2015).

The report concludes that this has been possible because the country is considered stable and mature in terms of its institutions and is using efficiency enhancers. Institutions of accountability, integrity and justice greatly determine the competitiveness of a country in the global value chain.

6.2 Combating corruption

6.2.1 The legal framework

Seychelles has developed legislation against corruption and acts enabling the establishment of integrity institutions to comply with best practices worldwide. Some of these are listed below.

- The Government ratified the United Nations Convention against Corruption (UNCAC) in 2006 and the African Union Convention on Preventing and Combating Corruption in 2008.
- The Penal Code (1955), Article 45, criminalises certain corrupt acts, including domestic active and passive bribery (Art. 91), extortion (Art. 92), abuse of office (Art. 96) and private corruption (Art. 373).
- The Anti-Money Laundering (Criminal) Act (2006), Article 46, criminalises the laundering of the proceeds of crime, including the corruption offences specified in the Penal Code. The Proceeds of Crime (Civil) Act (2008) supports anti-money laundering (AML) efforts by providing for the freezing and civil confiscation of criminal assets.
- The Public Procurement Act (2014) established the Procurement Oversight Unit and the National Tender Board, which together promote integrity, fair competition and good governance in the public procurement system.
- The Public Officers Ethics Act (2008) provides a code of conduct and ethics for civil servants, including employees of state-owned enterprises (SOEs). It requires financial declarations and prohibits conflicts of interest. The Act is enforced by the Public Officers Ethics Commission, which developed a code of conduct and ethics handbook in 2009 for Seychellois public officials.

6.2.2 The institutional framework

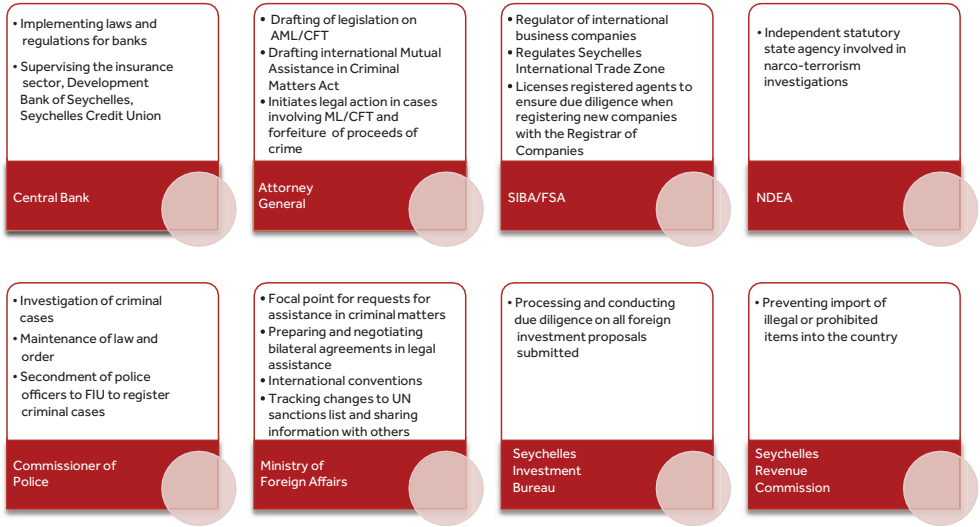
The legislation described above is supported by independent institutions including the Financial Intelligence Unit, the Public Ethics Commission, the National Tender Board and the Procurement Oversight Evaluation Board. There is also an the Office of the Ombudsman, the Electoral Commission, the Finance and Public Accounts Committee, the Office of the Auditor General and the Seychelles Revenue Commission. The functions of these are detailed below.

The Financial Intelligence Unit

Setting up the Financial Intelligence Unit (FIU) as an independent statutory body responsible for compliance with AML/combating the financing of terrorism (CFT) legislation was particularly important. The foundation legislation is the Anti-Money Laundering (AML) Act 2006 (amended in 2008), developed with assistance from the IMF, and the Prevention of Terrorism Act 2004.

The AML Act creates an appropriate framework for the application of ‘know your customer’ principles and the conduct of due diligence checks on prospective clients

Figure 6.2 Seychelles strategies for AML/CFT



and transactions and fixes responsibility on reporting entities (such as banks and financial institutions) for the reporting of suspicious transactions. The amendment in 2008 enhanced the role of the FIU, giving it the powers to investigate suspicious transactions, liaise with equivalent international agencies and bring cases of AML/CFT to court. In addition, a new Proceeds of Crime (Civil Confiscation) Act 2008 was passed by the legislature, which introduced a lawful regime for the freezing and civil confiscation of criminal assets even in cases where the predicate offence takes place outside the jurisdiction (ESAAMLG 2008).

The National Strategy for AML/CFT is summarised in Figure 6.2.

As is evident from the figure, tackling AML relies on the collaboration and teamwork of all stakeholders: public, private, departments, independent bodies, etc.

The Public Officers Ethics Commission

Created in 2008 with five members, this institution currently focuses on the sensitisation of public officers in SOEs and government departments. Its main role is to implement and administer the annual declaration of assets by public servants including the President. According to Mina Crea, CEO of the commission, the declaration of assets is obtained in a sealed envelope and kept for five years, at which point it is handed back to the person. It is only opened then ‘in front of the declarant if required under the ongoing investigation against him/her following a written complaint’. No envelope has been opened in the last two years.

The commission is perceived as independent because, although the President appoints its CEO and Executive Secretary, the three other members are there in their own right as the Chairman of the Constitution Appointments Committee, the

Ombudsman and the Attorney General. This institution is available to the people and its structure is supported by a strong national policy and Act.

The National Tender and Procurement Oversight Evaluation Boards

The National Tender Board, established in 2009, comprises seven members, of whom five are drawn from the private sector (NGOs, the Accounting Association, chambers of commerce). It is responsible for floating tenders valued at over SRs750,000 for goods and SRs150,000 for consultancy services on behalf of ministries, government departments and bodies, and SOEs. Its value lies in streamlined processes for high-value public procurement, in keeping with the requirements of the Public Procurement Act.

The Procurement Oversight Evaluation Board, which provides an oversight function over the National Tender Board, also comprises seven members; it has the powers to evaluate processes followed in any tenders and ensures that the best-evaluated bidder gets the contract. Potential bidders also have the option to seek information about tenders from the board to ensure transparency. It also affords debriefing of unsuccessful bidders, who have the option to appeal to an independent review panel for investigation of any irregularity alleged.

With whistleblowing encouraged, these mechanisms are in alignment with the Public Procurement Act and seek to ensure transparency, accountability and fairness in public procurement. The transparency of the process takes away the potential for corruption.

The Ombudsman

While Seychelles does not have a dedicated anti-corruption agency, the onus for investigating corruption-related matters lies with the Office of the Ombudsman, established in 1993 under Articles 143 and 144 of the Constitution. The Ombudsman, although appointed by the President, functions independently and the Constitution allows him or her to investigate any case of fraud and corruption involving public authorities up to the President. In addition, the office presents avenues for dispute resolution and information dissemination for the general public (IAACA 2015).

The Ombudsman's report, opinions and recommendations are submitted to the president, minister or chief executive officer of the public authority together with a time limit for action. If the report is not adequately acted on within the time limit, the Ombudsman may submit the report and recommendations, together with any further observations, to the President and the National Assembly.

The office operates with three persons and also deals with human rights violations. Typically, reported 'human rights violations' are complaints against the police for not registering their first information reports, which the state does not recognise as violations of human rights. There is also a Human Rights Commission.

Within the socio-political environment of Seychelles, the Office of the Ombudsman and the Human Rights Commission are formal structures of good governance but

currently have a limited role in the absence of real issues. Nevertheless, they exist as constitutional institutions to be approached in case of need and are ready to be scaled up should the contingency arise.

The Electoral Commission

The Electoral Commission, established under Article 115 of the Constitution, has the responsibility to register political parties, register voters, oversee political party financing, ensure vote counts and monitor fair election campaigns.

Given the political history of Seychelles, the Electoral Commission assumes greater relevance, particularly since Parti Lepep (the People's Party) has governed the country since the coup of 1977 and has won every election since the introduction of multi-party democracy in 1993 (Risk and Compliance Report 2014).

The Constitution provides citizens with the right to change their government peacefully, and citizens exercise this right in practice through periodic, free and fair elections based on universal suffrage. Seychelles has not experienced large-scale political violence since the late 1970s (Risk and Compliance Report 2014).

Reforms in 2012 not only addressed the fairness of elections but also dealt with issues such as campaign financing, audit of the accounts of political parties, equal air space for broadcasting and sanctions for breach of election-related rules and regulations (SCR 2013). According to Handrick Gappy, Chairman of the Commission, these reforms were based on 'extensive public and CSO consultations, consensus of all political parties, detailed deliberations by the Commission and technical support of the Attorney General and the Commonwealth, [and] 85 per cent of the reform recommendations were readily approved by the Government'.

The Finance and Public Accounts Committee

Reporting to the National Assembly under Article 104 of the Constitution, the Finance and Public Accounts Committee (FPAC) has the responsibility for ensuring the transparency and accountability of financial management by government institutions utilising public funds. The FPAC, in effect, is an extension of Parliament and exercises parliamentary oversight over the executive.

Synergies between the FPAC and the Auditor General are of strategic importance in promoting the effectiveness of these accountability institutions. In a significant departure from past practice, the leader of the opposition, Hon. David Pierre, has been the Chairman of the FPAC since 2012. The Vice Chairman, Hon. Charles de Commarmond, notes that the committee is seen to be above party politics, that Parliament defends its policies and procedures, and that there is greater acceptance of its reports by the public at large.

The FPAC has a permanent secretariat adequately staffed and supported by advisers and consultants to guide it in producing good-quality reports on curbing corruption and misappropriation and misuse of public assets and offices. Being up to date with its work plan, the FPAC is now looking to review major procurement contracts,

especially high-value fishing agreements. It is also empowered to investigate serious cases through the Office of the Attorney General.

The Office of the Auditor General

Seychelles established an Office of the Auditor General immediately after independence, with the Auditor General appointed by the President for a term and the audit reports placed before the National Assembly. The National Assembly relies on the Auditor General to provide accurate and independent audit overviews of the public spending initiated by various government activities supported by Article 158 of the constitution (FPAC 2014, 5). Bilateral co-operation with India has continuously provided technical support to the office; officers of the Auditor General of India have been deputed to Seychelles since 1992.

Although the independence of the Auditor General is enshrined in the Constitution, the Audit Act needed some changes to enable the office to undertake performance audits of the functions of government ministries, SOEs, and bodies and authorities. With the encouragement of the World Bank, international development partners and donors, Seychelles passed a very strong Audit Act in 2010. With increased responsibilities and greater independence, the Auditor General's Office increased its staff to 40 professionals from a mere 9 in 1992, exposed them to International Standards for Supreme Audit Institutions, participated in international training and workshops, and adopted audit manuals prepared by the African Organisation of English-speaking Supreme Audit Institution.

Financial assistance from the European Union enabled the preparation of a local performance audit manual. The new Audit Act and the Public Enterprises Monitoring Act have put in place strict timeframes for the Auditor General to meet. The Strategic Plan of the Auditor General reflects the country's development agenda as well as acting as a self-regulated accountability mechanism to ensure that functions are performed in a time-bound programme (Office of the Auditor General 2014), a practice that can be replicated in other countries.

Seychelles Revenue Commission

Customs revenue is particularly important for Seychelles as the country imports almost everything. With an insignificant local market, business tax has been generally frowned upon. This was shown by strong resistance to the newly introduced corporate social responsibility tax and tourism marketing tax, paving the way for the presumptive tax alternative.

As part of national reforms, the Seychelles Revenue Commission (SRC) was set up in 2010 and has been guided by an Integrity Action Plan and code of conduct developed with the help of the World Customs Organization (WCO). The commission joined the Commonwealth Association of Tax Administrations and the African Tax Administration Forum in 2011 to draw on best practices and fight against corruption. It immediately began upgrading the customs IT system and providing for online filing of business tax returns and customs forms, thereby reducing direct physical contact with taxpayers.

The commission also hired resident tax advisers, partnered with the World Bank, the IMF, the Southern African Development Community (SADC) and the WCO to provide training opportunities to its staff, and formed an Integrity Advisory Committee to deal with complaints of corruption. All these efforts had tangible results. The commission collected SRs4.6 billion in 2013, with 88 per cent of revenue coming from just 9 tax lines, and reported a 6 per cent drop in disciplinary cases compared with 2012 (SRC 2013).

Seychelles also entered into Double Taxation Avoidance Agreements with many countries. This has greatly reduced the ad hoc nature of the earlier tax regime.

6.2.3 Other key stakeholders

The judiciary

After independence, Seychelles initially depended on judges recruited from other Commonwealth countries and appointed by the President. There were perceptions as to the existence of grand corruption and that the judiciary was ‘told what to do’. Although there were many non-partisan judges, there was also criticism that foreign judges did not understand the intricacies of the country’s legal system (Palmer et al. 2015). Seychelles needed to establish an independent, professional and credible judiciary that was perceived as such by its people and world at large.

The shift has been slow but steady. The President now appoints judges from nominees recommended by the Constitutional Appointments Authority. Those who are Seychellois serve until the age of 70 whereas foreign judges only serve for 7 years except in ‘exceptional’ circumstances. Moreover, 40 per cent of the judges have risen from the Bar. Speaking about transparency, the first woman Chief Justice, Mathilda Twomey, noted that her appointment in 2011 had surprised many as she ‘had fervently opposed the ruling party not only before Seychelles became a multi-party democracy but thereafter too’.

The police

The Department of Police is responsible for the maintenance of law and order, the preservation of peace, and the prevention and detection of crime. Armed with adequate legal provisions criminalising corruption, it undertakes investigation while the prosecution function rests with the Attorney General. The police help other integrity institutions in the fulfilment of their mandates in a number of ways, such as seizing illegally obtained assets, registering criminal cases for the FIU, assisting the Ministry of Foreign Affairs through Interpol in tracing criminals and others. Police reforms have enabled deputations of police advisers from other countries, decentralisation of senior officers at the district levels, and monitoring of law and order.

The private sector

Private sector development for a small island nation entails providing structures that aid in enhancing GDP contribution, which for Seychelles points to the areas of hotels, housing construction, connectivity through roads, ports and ferries, and

energy (water, sewerage and electricity management). These demands have not been fully met. Although Seychelles enjoys a very high literacy rate (95 per cent), the skills required for private sector undertakings, such as specialised knowledge, project management experience and the ability to meet expectations from investors on work ethic, are somewhat lacking. In fact, according to a survey, poor work ethic has been reported to be the second biggest problem for doing business in the private sector (AfDB 2013).

The Global Competitiveness Report (2012–13) identified three other constraints on private sector development and competitiveness in Seychelles: access to credit for businesses, business regulations and internal competition (Schwab 2012). These obstacles provided an environment for corruption and in turn inhibited private sector-led inclusive growth to ensure resilience to external vulnerabilities.

In order to attract foreign investment in infrastructure, business ventures, economic development, global trade, and transfer and dissemination of ICT, Seychelles needed to develop investor confidence through transparency and predictability of its rules and regulations. In this age of fierce competition, it also needed to safeguard intellectual property rights and prevent design theft, stealing of ideas, infiltration of data, etc., for unlawful purposes. Recognising the challenge, the country strengthened the economic competitiveness of its private sector by creating two ‘one-stop shop’ entities: the Seychelles Licensing Authority and the Seychelles International Business Authority (SIBA), now renamed the Financial Services Authority (FSA). It required the Development Bank of Seychelles to focus on the small and medium-sized enterprises sector; part privatised the Seychelles Savings Bank; enhanced the regulatory powers of the Central Bank; and set up a stock exchange.

Seychelles also joined the World Intellectual Property Organization in March 2000 and became a party to the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty in November 2002, to send positive messages to investors about its commitment to protection of their business interests. Moreover, in order to reduce external vulnerabilities, it issued new money laundering rules and mandated the FSA to perform due diligence on all offshore private sector entities registered in the country

The banking sector

The banking sector provided a myriad of avenues for corruption as Seychelles created and self-promoted itself as an offshore banking jurisdiction. In the 1990s, the jurisdiction was apparently being used for money laundering and/or the financing of narco-terrorism. Aware of this, the government introduced and implemented a robust legislative framework for AML/CFT to combat attempts to launder money through its jurisdiction (ESAAMLG 2010).

According to the Governor of the Central Bank, Caroline Abel, ‘a strong culture supporting the AML matters gained momentum with the reforms of 2008. The reforms were owned by the people as the President conducted personal meetings at district levels to effectively explain setbacks and the plan of action and thereby obtain their buy-in. There was no coercion to implement the reforms’.

The media

Lately, investigative journalism has uncovered corruption and identified and linked parties to corruption schemes and trails of illicit gains in many countries. However, only 10 countries in Africa have freedom of information acts and Seychelles is not one of them (Pesek 2014).

Seychelles has faced criticism in several international reports that emphasised lack of freedom of the press. For example, its constitutional guarantee of freedom of speech is often curbed through the invoking of other articles of the Constitution such as protecting reputation, rights and privacy of citizens, interest of defence, public safety, public order, public morality and public health. The Minister of Information is vested with powers to prohibit the broadcast of any material deemed contrary to the national interest. The Seychelles Broadcasting Corporation, under the Ministry of Broadcasting, runs the nation's only television and radio stations and effectively regulates international channels. High licensing fees and exorbitant fines have historically discouraged the establishment and sound functioning of independent media outlets (Commonwealth Network 2015).

Nevertheless, since 2008, the government has recognised the value of free speech and the media for a small island developing country and has been proactive in this domain (Ferrari 2014). There are now nine newspapers, eight magazines, thirteen newsletters, eleven publishers, three broadcasters and two news agencies (SMC 2015). A collaboration on courses for journalism training in universities, a diploma course, study exchange programmes and certification courses were set up in 2009 with the International Programme for Development of Communication (IPDC) of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Seychelles Broadcasting Corporation has also signed an MoU with the IPDC to continue to provide support in this field (UNESCO 2009).

The Seychelles Media Commission (SMC), an independent regulatory body, was set up to help strike a balance between libel laws, freedom of speech and journalistic media. It has tabled a draft bill on freedom of information and access to information guaranteed under the Constitution. Another platform for journalists, the Seychelles Media Association, was re-established recently.

Non-governmental and civil society organisations

Realising that the CSOs must function independently of the government, the Citizens Engagement Platform for Seychelles was established in 2014. CSOs are now represented on national boards and are often consulted by development partners such as the IMF, the United Nations, the World Bank and the AfDB. Several CSOs work with underprivileged, disabled, elderly, poor and vulnerable populations (Ferrari 2014).

The government has also encouraged CSOs to partner in social welfare systems, particularly after the financial crisis of 2008 increased the number of people requiring welfare assistance to about 8 per cent of the population (AfDB 2013). CSOs offer support to people and mitigate corruption in social welfare programmes.

6.3 Conclusion: lessons, challenges and recommendations

6.3.1 Lessons

Although each country is different and hence the solutions have to be unique to address anti-corruption efforts, the key lesson from Seychelles is about how it recognised problematic situations, analysed them and worked towards a more transparent and open environment.

Having plunged to some depths on the CPI up to 2006, Seychelles not only arrested the fall but showed remarkable improvement to emerge as the second best nation in Africa on the index. The most important driver of change was the leadership of the President. Positive efforts included setting the tone at the top, formulating the reform agenda and establishing statutory bodies to deal with corruption in the public and private sectors, banking, the NGO sector and civil society that galvanised everyone into improving society.

Analysis of the country's status in 2006 shows its unpromising small-island economy grappling with the legacy of political wavering after independence and later the Cold War. It had limited financial markets without much forward integration and over-reliance on the blue economy and had to win the confidence of investors. It therefore embarked on drafting new laws and revising old ones to strengthen public sector integrity. The Public Sector Officers Code of Conduct, Audit Amendment Act, Penal Code and Anti-Money Laundering Act are some examples.

The pillars of democracy – namely the judiciary, Parliament and the executive – were systematically reinforced with greater independence, transparency and accountability. Active accountability-seeking institutions such as the Finance and Public Accounts Committee and Auditor General were empowered. Simultaneously, accountability institutions such as the Ombudsman, Electoral Commission, Public Officers Ethics Commission, National Tender Board, Financial Intelligence Unit and Central Bank were systematically strengthened to evoke confidence in their integrity and independence. At the same time, the government transparently promoted CSOs, NGOs, state-owned enterprises, the media and independent bodies.

Seychelles recognised the role of private sector and state-owned enterprises in nation building and the importance of keeping them within the ambit of ethical behaviour through regulatory bodies that required them to have regular auditing, file tax returns and carry out due diligence. Conscious of the need to strengthen the culture of integrity, it leveraged its position by ratifying UNCAC and aligning with international organisations such as the OECD, UNODC, the World Economic Forum, the IMF, the World Bank, the AfDB, the SADC and others. These development partners helped Seychelles build its important institutions.

While becoming financially stronger, the country engaged in systems improvement through technology such as IT systems for revenue, education and health sufficiency. Some of these measures directly tackled sector-specific corruption, particularly in the revenue and procurement domains.

As the world community started recognising its efforts, Seychelles could make significant progress in improving its GDP, access foreign inputs for exports (backward integration) and achieve free education, social security and free health services for its citizens. Thus it could achieve the distinction of being a high-income country akin to some OECD countries.

6.3.2 Challenges

The SRC still faces challenges of capacity, tax expertise and the banking environment. For example, only one bank has a payment gateway for online filing of tax returns.

According to the Minister for Foreign Affairs, the biggest challenge to developing the blue economy is that developing countries often make decisions regarding their marine resources without possessing all the available information (Adam 2014). Illegal, unregulated and unreported fishing has its roots in actual and potential corruption.

Although the Office of the Ombudsman has been in operation since 1993, it has not dealt with a single formal case of corruption. According to Dora Zatte, Ombudsman and Chairperson of the National Human Rights Commission, this is because the country is so small, ‘everyone knows everyone [and] most issues, therefore, are resolved through informal channels’.

The Chairman of the SMC noted that, although this institution has filled the vacuum between the media and the government and is a good beginning, the three-member advisory body is grappling with a ‘lack of powers to implement its decisions on complaints brought before it’.

6.3.3 Recommendations

In general, Seychelles offers a positive example to other countries in the process of nation building, demonstrating that independent accountability institutions, development partners, and a transparent public and private sector are important ingredients in tackling corruption and bringing about integrity and accountability to establish a modern, innovation-based welfare state.

However, there is still an opportunity to do more to improve its ranking on the CPI. For example:

- The Office of the Ombudsman should be more proactive in investigating allegations of corruption.
- There are good practices in the evolution of the FPAC that can positively influence anti-corruption activities if replicated elsewhere.
- Private companies, particularly those involved in financial services, should be required to establish internal codes of conduct that include reference to corruption.
- As offshore banking is a pillar of the economy, AML rules should be strictly enforced.

Legislation and organisational rules

African Union Convention on Preventing and Combating Corruption 2003

Anti-Money Laundering Act 2006

Auditor Generals Act 2010

New Financial Institutions Act 2004

Police Force Act 2014

Public Officers Ethics Act 2008

Public Procurement Act 2014

Seychelles Penal Code 1955

United Nations Convention against Corruption 2004

Annex 6.1 Personal interviews

The analysis in this case study was supplemented by personal interviews with representatives of key institutions. A note of appreciation is extended to all those who took the time to provide input into the analysis of the anti-corruption efforts of Seychelles.

Dora Zatte, Ombudsman and Chairperson of the National Human Rights Commission

Hendrick Gappy, Electoral Commissioner

Patrick Payette, Principle Secretary, Finance and Trade

Reginald Elizabeth, Assistant Commissioner, Police Department of Seychelles/Interpol

Jan Celliers, Assistant Superintendent, Police Department of Seychelles/Interpol

Marc Benstrong, Auditor General of Seychelles

Mina Crea, Public Ethics Commissioner

Caroline Abel, Governor of the Central Bank

Mathilda Twomey, Chief Justice

Hon. David Pierre, Chairman, Public Accounts Committee

Hon. Charles De Commarmond, Vice Chairman, Public Accounts Committee

Ibrahim Affif, CEO, Seychelles Media Commission

Annie Dugasse, Director of Procurement Oversight Unit, Ministry of Trade and the Blue Economy

Marie-Nella Nancy, CEO, National Tender Board

Georgette Capricieuse, Revenue Commissioner

Gervais Henri, Chairperson, Media Practitioners Association

Note

- 1 Black money is money earned through illegal or underground economic activities, usually received in cash and hence not taxed.

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