

## **A moment with the President**

### **29<sup>th</sup> April 2009**

**Antoine Onezime:** Ladies and Gentlemen, welcome to A moment with the President for the month of April. We will be taking on the debts of the country and its sustainability. This week we have received the good news that the Club de Paris has written off our debt by 45% and my first question to the President is what is the significance of this?

**President:** I think that this is a very good thing. It shows a validation of our Economic Reform by the Club de Paris. It is recognition that we have undertaken a good reform which is showing positive results. Secondly, it is an acknowledgement that the money taken through loans has been properly utilized for the development of the country. It is because of this that they have agreed to write off 45% of the debts which we have with them and the repayment of what is left on very interesting terms, that is, a grace period of five years and a rescheduling of 18 years.

I would like to take the opportunity to talk a little on the debts and the loans we have taken. I think that personally I am not sorry for any debts we have because I think that those loans have been well utilised. Let me give a few examples. The last phase of the East Coast reclamation project has cost us about 70 million dollars. There has been no wastage in such a project because we now see that this has resulted in giving us land to build houses for our people, has enabled us to have other investments, business and other facilities which we need for the development of our country.

Let us take another example, Eden Island. When you consider all the development happening there, this will come to about 50 million dollars for only 40 hectares of land and it has cost us 70 million dollars for 330 hectares which we have reclaimed. We have seen that with a vision for the future we decided to take loans to reclaim land from the sea which today has enabled us to develop our economy, our social sector such as the construction of houses, schools for our children and health clinics for our population. All this show that we have used our loans properly.

Yet, another example; we have taken loans from china and other countries and institutions to construct houses and today we are proud that we have built many houses for our people. We have taken other loans for other useful projects for the benefit of our people.

Another example is ADB which is one of the institutions which have lent us a lot of money. Lately we had to borrow from the international market such as this international bond issue ,which we had to do to regularize our situation with ADB. We have taken a total of about 70 million from ADB. What have we done with this money?

We have built more than 20 schools; we have also built health centers. We have made renovations on the hospital; we have constructed La Digue jetty, Baie St Anne jetty and we have spent money on Port Victoria. All these are expenses we have made from the loans we took form ADB. Of course, with different developments which have happened in the country and also in the world, our revenue is less than our expenses. Included in our expenses is the repayment of our debts. Recently with the rise in the price of petrol we had to pay for us to be able to sustain the needs of economy, which in turn has resulted in us not being able to sustain our debts.

What I can say is that we have utilised those loans for the development of our country and I am proud to say that the Paris Club has confirmed this. As I have already stated, the Paris Club has confirmed that the debts incurred have been well invested and that there has not been any corruption or anything wrong. In the context of our economic reform for Seychelles to be able to modernize its economy and make it stronger in the present world environment it is necessary that they give us a concession on our debts, that is a 45% write-off and a rescheduling of repayments so that we have a more sustainable debt with them.

I would like to point out that the Paris Club has grouped the countries like the USA, Russia, Japan and considered the debts we have with those countries because they form part of this organization.

**Antoine Onezime:** Mr. President, you have mentioned corruption but locally there is a perception that our debts have reached this point because of past corruption. They have made particular reference to the 2.5 billion dollars on accounts overseas. What can you say about this?

**President:** Lately I said in a meeting that I think some people are using this 2.5 billion dollar issue as a battle cry. Those people realize that our reform is doing well, very well and what we are doing is being recognized by the international community. They see that we are serious in what we do and certain malicious spirits are trying to turn this around and make people believe a false perception that there is corruption to such an extent that there is 2.5 billion dollars which some people have taken and placed overseas. The Minister for Finance has explained this well several times what this 2.5 billion dollars represents. Now if you ask me about this, I will say that it is not only 2.5 billion dollars but much more. Let me explain, When IMF did its research in Switzerland it considered money owned either by Seychellois, by Seychellois companies or by organizations in the offshore sector. Let us take the millionaires; there is one who lives at Barbarons with Seychellois citizenship which he obtained a good time back. He has businesses abroad; he is a Seychellois and considered as one with business abroad.

Let us consider another businessman who owns a factory which exports products overseas. He is already a millionaire. He is also an Englishman who has become a Seychellois and automatically he falls in the category of Seychellois who has money abroad. There are other people with a lot of money who have become Seychellois. They have their businesses and they put money abroad. All this I am sure comes to more than 2.5 billion dollars.

This does not mean that there is corruption and that people have stolen money and sent overseas. It is a normal practice that business men, of either nationality, invest money in many parts of the world. Nowadays we have people who have become Seychellois, who have Seychellois passports and when you put all this together, it seems as if there is a lot of Seychellois money abroad. Their money is clean and so is their business.

To believe that there is corruption because there are 2.5 billion or 5 billion dollars abroad is false. Seychelles forms part of a globalized world and anybody can invest money where they wish. With the confidence that people have regained in the Seychelles economy; with the reform we are undertaking; there will be more businessmen either Seychellois or foreigners who will be ready to invest in the Seychelles economy. They will have more confidence to put money in the Seychelles bank because the economy is open, liberalized and this will allow them to use their money at any time.

Some people are using this false perception of corruption to undermine our reform and the confidence which the international community has in us. I think this is of no use. The people realize that Seychelles is doing well; it is being validated by the international organizations. All this is fine, above board and we are heading in the right direction

**Antoine Onezime:** When we consider what the Paris Club has done; that is write off our debt by 45%, is this not only a transfer; in other words we would have to repay over a longer period and so bring forward this problem on the future generation? Since the Paris club represents about ⅓ of our debts, how do we envisage the long term management of our debts?

**President:** What is most important in this reform is to ensure the sustainability of our debts. We have legislation to ensure that at all times, we examine our debts in relation to our wealth, our GDP, our growth so that at any time we need to borrow for our development, we have a total debt, a stock which is sustainable. This means that we don't borrow more than we can pay, except in cases of major crisis. This is where it is important that we have a reserve. What we are doing now, We are building a reserve so that in the event of a crisis at the international or national level which makes our growth difficult, the wealth that we have created will enable us to continue to pay our debts and meet all our commitments.

What is important is that with this reform, we will introduce new structures, a legal framework to necessitate the sustainability of our debts.

**Antoine Onezime:** Mr. President, some people are saying that we could have started the reform much earlier. What is your opinion on this?

**President:** This is not something that could be done immediately. When I began my mandate I saw the necessity of having a strong economy that would allow Seychelles to take its place in a globalized and new economic world. In order to have a modern economy it was important for us to undertake certain fundamental reform in our economy for us to change the structure on which it was based before. I made various undertakings and sought advice and after several discussions with several institutions I realized that this was linked with our debts. You could not get the organizations and institutions who have already lent us money to continue to help us if we did not address the issue of debts and it was at that point that I made all the undertakings of those past years. For example, I met President Sarkozy in France where we had a long discussion on the question of the economic reform of Seychelles, as well as on our political and democratic reform and at the same time see how France could union us. Again the question of debts came up. What was important was the support and commitment of France in the undertakings of Seychelles.

In the African-European conference which took place in Lisbon, I also raised this question with the different Leaders I met. All agreed that we had to tackle our debts together with the reform. With the different institutions I met and also each time I spoke, the question of the sustainability of the debts of small states, the debts of middle income countries like us, was raised. I think that I have succeeded in sensitizing the leaders of those countries with whom we have debts, with whom we have to work to succeed in our reform. Lately I went to Japan and I have done the same thing. I spoke on the sustainability of our debts, our reform and what we are doing with the Club de Paris. I think that with all we have done during the past few years, those countries have realized that Seychelles is sincere in its endeavor to do a reform which is good, sustainable which in turn will create a modern economy for Seychelles. Today they are prepared to validate this and I think that this is what has brought the Paris Club to give us those concessions. This example will enable us to discuss with our other creditors for

them to follow the example of Paris Club. When we will have finished all this we will feel relieved as a country which has debts which are sustainable, which we can manage and in return bring us a sustainable development , and allow Seychelles to emerge strong and victorious .

**Antoine Onezime:** This month, Mr. President, it will be 5years since you have been President. Many people are talking about a new era. What do we expect to see next?

**President:** Well, the five years which have passed have allowed me to lay the foundations, to create the tools which are necessary for us as a people to get up, walk tall and work, to continue to develop our country and bring it forward. To me this is a beginning. To me now is the hour to start work. I am sure that when the 2 years ahead of us will have passed, I will have consolidated a modern economy for Seychelles. I will face the electorate, the Seychellois people and ask them to judge me by my actions, my work to bring our country where we are today, a country with a better governance, more transparency, better conditions in our democracy to create a modern economy to bring a better life for Seychellois.

**Antoine Onezime:** Thank you very much Mr. President.