





Real Life in Paradise



Tourism is down, prices are up, social services are disappearing, and the government is bankrupt. Which means it's a good time to get to know Seychelles.

By Sheridan Prasso
PHOTOGRAPHS BY PAOLO WOODS

A man's

anguished cry rises near the miniature Big Ben in the center of downtown Victoria, the capital of Seychelles. It is an archetypal Thursday in February, an idyll of birds, bright sunshine, and breezes, and the Seychellois go about their business as usual. Courts are in session. A policeman writes a parking ticket. The unmistakable aroma of tuna fish from the nearby port wafts over the palm tree-lined main boulevard.

The second-floor veranda of the Rendez-Vous restaurant, where I am meeting newspaperman Ralph Volcere, overlooks it all. The scene resembles New York's Union Square or even London's Trafalgar Square, but with just a handful of people in view. There's little to no traffic in Victoria, one of the smallest capitals in the world. No pigeons here either. The Seychelles' winged urban scavengers, serenely pecking at the sidewalks below, are delicate grey doves with aqua beaks.

The man's cry is surprisingly dissonant, like a peal of laughter during a moment of prayer. Public drunkenness, I have been warned, is becoming a problem, fueled by the rapid downsizing of the government civil service that began in November 2008, the precipitous drop in the tourism revenue that drives the island nation's economy, and the cheap escape offered by tempting local alcoholic brews. As the howl fades, I wonder if the man is intoxicated.

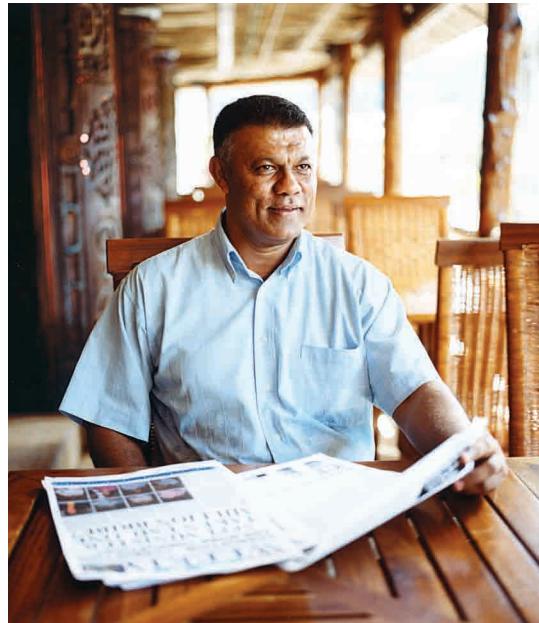
"No, not drunk," insists Volcere, an outspoken government critic. "He is suffering. There's a lot of financial pressure," he explains. "We've got a lot of these young guys going crazy."

When the global financial crisis hit last year, what had been the buoying winds of international capital turned into a cyclone that whipped through this cluster of 116 islands in the Indian Ocean off the east coast of Africa. Seychelles, with its stunning beaches and woeful fiscal mismanagement, got hit hard. The country went bankrupt.

Suddenly, the government could not pay its \$800 million in public and private debts—mere pocket change compared to the debt of Iceland, which went bankrupt in October 2008 and owes billions. But few countries have a government as deeply involved in the lives of its citizens as does Seychelles. Over the past three decades, the government turned the country into a kind of socialist utopia, doling out housing, health care, and even subsidies on commodities like milk. Under the country's unsustainable debt, the precarious system collapsed. Now, the future of the social welfare programs is in jeopardy, leaving nothing to cushion the blow for the Seychellois.

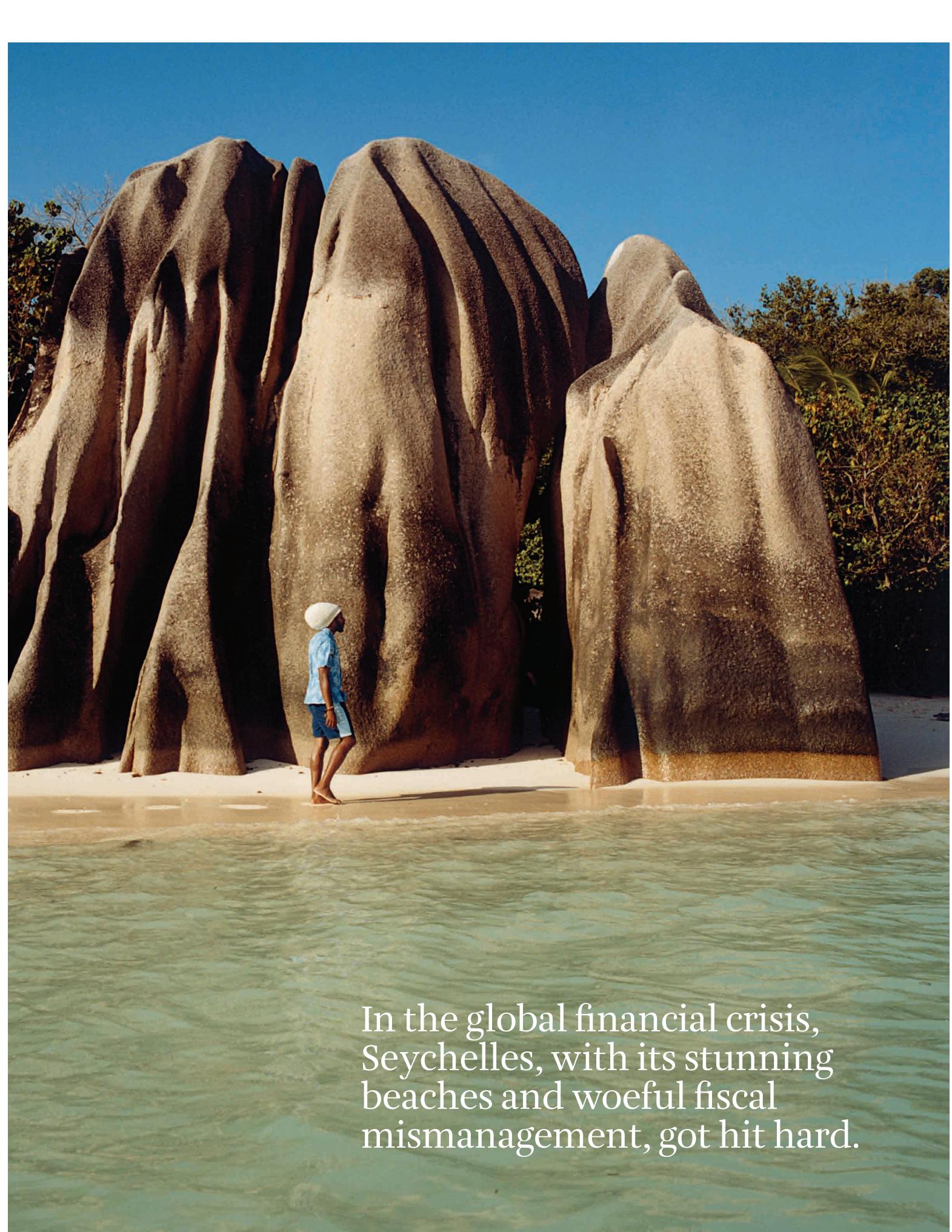
Amid such devastation, I had expected to see more outward signs of the suffering Volcere describes, besides one lone cry. But Victoria's streets are calm.

"Mismanagement, corruption, nepotism, bad governance," says Volcere, ticking off the incompetencies on his fingertips and gesturing to the government office buildings across the street. The editor of *Le Nouveau Seychelles Weekly*, Volcere speaks with an advocate's zeal,



The government spent more than it earned and borrowed more money than it could repay, says Ralph Volcere, above. The country's revenue is down as fewer tourists visit Seychelles and its boulder-strewn beaches, such as Anse Marron on La Digue, right.





In the global financial crisis, Seychelles, with its stunning beaches and woeful fiscal mismanagement, got hit hard.

The Seychellois je ne sais quoi

We asked Richard Mancienne, owner of Mahé's popular Boathouse restaurant, for advice on how to fit into Seychelles life.

"To ask somebody how he or she is, say 'Ki dir?' [key-dheer]. It's a bit of French patois. If someone asks you 'Ki dir?' then you say 'Ne pas.' It means there's nothing good and there's nothing bad. Everything is all right."

"People tend to be very open in Seychelles. If they think you've grown a bit, they'll say to you, 'Oh, you've gone fat.' They don't think twice about asking you, 'Is that your wife? She's young for you.' So if you're an outsider and you want to fit in, be openly friendly and talkative."

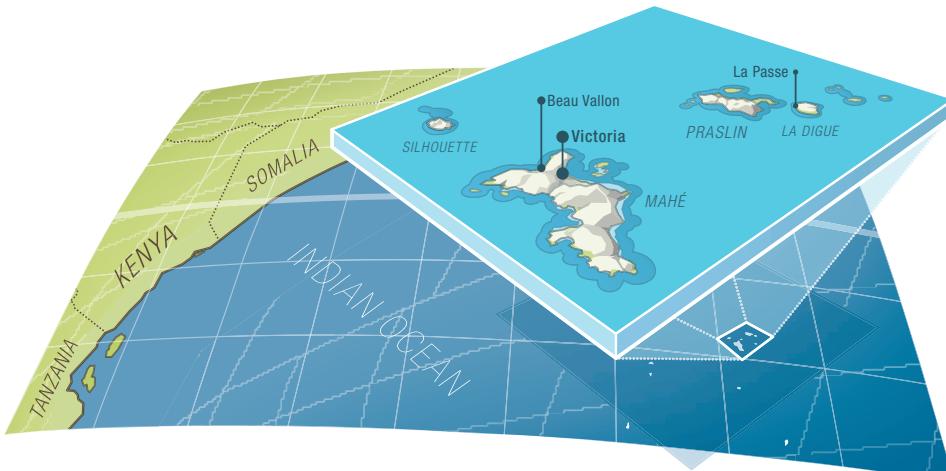
"You don't have to be on your guard in Seychelles. If somebody comes and offers you a lift, you take it. Or if someone says, 'Come around to my house for dinner,' you accept. Don't be suspicious. It's how we do things."

"Giving people little presents always makes you popular. When you meet a family, give the kids a little book, a key ring, anything. That's what Seychellois tend to do when they come back from abroad. And if you offer a man a beer, you'll have a friend for the rest of your stay."

"If you are a young woman and you come to Seychelles, you will find a lot of men will be after you. That's normal. The people are quite promiscuous. Quite. The men will openly make passes at you, whistle at you, and smile at you. But it will be harmless. Smile back and say, 'Excuse me, I've got a boyfriend.' If men don't approach you or you're ignored completely, you should worry a bit."

"Seychellois are not really aware of race, and there's no relationship between certain races and wealth. If you see someone who looks Indian, you don't say, 'Are you from India?' Instead, you should ask, 'Which island in the Seychelles are you from?' Seychelles people do not like to be associated with their roots. They're proud to be Seychellois."

—Jennica Peterson



appropriate for his other role as leader of the opposition New Democratic Party.

The government borrowed more than it could repay, Volcere says, skimming off the top and misspending the rest. "Just giving out money free, that is what they've done in the past. It has cost the country millions."

"The economic crisis in the world is a godsend to the government. They are using it as an excuse," he continues. "People are now starting to understand how a system works, the responsibilities of the government and the responsibilities of citizens."

As Volcere concludes his dismal tutorial, he leans in, whispering some final, conspiratorial advice—apropos of nothing, really, except that I have just begun my visit. "Probably, like me, you will end up in hell," he says with a wink. "This is the closest you can get to paradise, so enjoy it."

THE NEXT DAY, as I get off the masted schooner that sails from Victoria, on Mahé, to the island of La Digue, I feel as though I'm traveling back in time. The island has just a handful of cars, so locals rent bicycles or offer rides on oxcarts to the disembarking tourists. Giant tortoises, kept by the La Diguaise as backyard pets, mate every day with an uncontaminated explosion of noise. The magnificent beaches strewn with Jurassic-era boulders would make Fred Flintstone feel at home. Roadside trees are laden with ripening mangoes, papayas, jackfruit, star fruit, coconuts, bananas, and more. I can see why Charles Gordon, a British naturalist who visited Seychelles in the late 1800s, proclaimed that the archipelago must have been the actual site of the Garden of Eden.

The islands were uninhabited until 1770, when France established the first colony with 21 French settlers and seven African slaves. In 1814, France ceded Seychelles to the British, and over the years, the English, French, and African influences blended into a Creole culture. Strikingly unencumbered by racism, Seychellois speak the official Creole language as well as their ancestors' language—English, French, or both. This mélange, later mixed with Indian influences, has created unique forms of music, artistic traditions, and especially cuisine.

Beckoning just to the left of La Digue's ferry pier, a small wooden shack marked "Bakery" sells slices of moist banana bread, pumpkin beignets, fish-filled samosas, and other local delectables for 19 cents apiece. To the right is the island's only take-out lunch place, called simply Takeaway. The goateed and bespectacled owner, Allen Niole, looks more like a Beat poet than a chef and serves what might be the world's best octopus curry, a Seychellois specialty. In his front yard a mile up the road, Niole built two rustic side-by-side guesthouses, the La Digue Creole Bungalows. When he tells me that he serves his guests meals and rents them bikes, I decide to stay.

At breakfast the next morning, I meet Niole's friend Gitain William, the bungalows' caretaker. Scratching his rakish chin, he laments the state of his poor, broke country in a cigarette-tinged baritone. He swooshes his hand in one swift movement from above his head to his waist. "That's how we are going down," he says. "Like a diver on a platform."

"I wish we never got independence," William says. The British, he implies, would never have let this happen.

The British, in fact, kicked Seychelles out

With the abundant local seafood, many Seychellois fish for their dinner or buy the day's catch from local fishermen right off the beach.



For locals, the price of everything except fruit and fish doubled almost overnight.

of the kingdom in 1976. The next year, Seychelles President James Mancham, a jet-setter who helped establish the high-end tourism industry, was ousted in a bloodless coup.

For the past 32 years—during which the same party has been in power—the Seychelles government has been a model of socialist-style largesse. Practicing a form of “institutional Robin Hoodism,” as Northeastern University political science professor William F.S. Miles called it, the ruling party used tourism revenue to give the Seychellois grants to attend colleges overseas (there are no universities in Seychelles), full-time care for the seriously ill, free day care so mothers could work outside the home, and more. These benefits helped ensure that party members were reelected time and again by a happy, coddled populace, half of whom worked for the government. As a result of these efforts, Seychellois enjoy one of the highest standards of living in Africa, and the average life expectancy is 73 years. (For comparison, the closest African nation, Kenya, has a 58-year life expectancy.)

out more loans from foreign governments and commercial banks. When President James Michel took office in 2004, Seychelles had roughly \$200 million in foreign debt. The debt would quadruple in just four years.

Two deals, brokered through investment firm Lehman Brothers, contributed nearly half of the increase. In 2006 and 2007, Lehman issued a total of \$308 million in Seychelles government bonds and loans to Seychelles at eyebrow-raising interest rates of up to 24 percent. Needing cash, the government jumped on board.

As the world economy started slowing last year and high-end tourism dropped, Seychelles found itself short of funds. In June and July 2008, it defaulted on the first two payments under the Lehman deal. On September 30 that year, the country announced it would default on the third. By then, the country’s debt was equal to its entire annual gross domestic product, and more than \$300 million was past due. In an official statement, Finance Minister Danny Faure said, “We have had to acknowledge that our country is no longer able to service its debts on existing terms.”

“We struggle, we get by,” says Richard Mancienne. “No matter what, we have a good time.”



As William bends over to serve breakfast—fruit from the mango and star fruit trees surrounding my bungalow—he groans and grabs his aching back. Back troubles ended his career as a teacher. Doctors couldn’t really help, a travesty he laments with yet more government critique. They should have been able to do something, he says. What good is government if it doesn’t take care of its people?

Yet by taking care of its people, Seychelles was living beyond its means. Even with the revenue from tourism, the government had to take

Seychelles was bankrupt. (When Lehman filed for Chapter 11 that same month, President Michel e-mailed a Lehman banker, writing, “I’m an atheist, but now I know that God exists.”)

Desperate for help, the government turned to the International Monetary Fund (IMF) for a bailout loan and to the Paris Club—an informal group of financial officers from the world’s wealthiest countries, including France and the United Kingdom—to forgive part of the debt.

William sits to smoke a cigarette and lament life’s regressions, his single emerald-cut diamond earring glinting in the morning sun. Two years ago, cigarettes cost 20 Seychelles rupees, but now they’re 40. Milk? Now 93 rupees, used to be 37. “They say Seychelles is a paradise,” he says. “But is this a paradise? It’s so expensive.”

THE QUIET FIVE-STAR RESORTS on private beaches have long been the mainstay of Seychelles’s tourism industry. Although tourist arrivals were down 11 percent for the first half of 2009, the government is garnering fees from a slew of new luxury resorts that will compete with long-standing premier honeymoon destinations such as the Maia, where villas with full-time private butlers start at \$2,100 a night. While I was there in February, the Four Seasons Resort (starting at \$800 per night) opened on Mahé.

Besides aqua aerobics and sunset yoga, the Four Seasons offers guests a day trip to the town of Bel Ombre, on Mahé, to learn about Seychelles’s pirate past with the country’s famous treasure hunter, John Cruise Wilkins. According to local lore, a French pirate nicknamed La Buse (“The Buzzard”) hid among the coves and buried his treasure there in the 1700s. The elusive fortune has been valued at up to \$500 million, half of which, if it is ever found, must by law be handed to the government. Wilkins has dedicated 32 years to seeking the bounty; his father spent 27.

After returning to Mahé from La Digue, I check into my room in Beau Vallon, just up the road from Bel Ombre, and call Wilkins. “I suppose you want to see the site,” he growls. “Call me tomorrow.”

I decide to walk down the beach road to the Boathouse, the most popular restaurant in Beau Vallon and maybe on all of Mahé. As evening



falls, the restaurant's tables fill up with boisterous groups of Seychellois families mixed in among European tourists. Musicians start playing near the tiny dance floor. Bottles of the local SeyBrew beer fly off the bar as fast as they can be opened. People line up to dish their favorite local comfort foods from the buffet—mango marinated in cane vinegar, king-fish curry, mashed coconut, breadfruit French fries. Like most restaurants and hotels, the Boathouse charges in euros rather than the highly fluctuating rupee. Foreigners pay 20 euros for dinner, but locals eat at a deeply discounted rate.

Not long after I sit down, a young man named Joe, with slicked-back hair and a gold chain around his neck, joins me at my table. He captains private yachts in the Mediterranean, but now and then he returns home

Seychellois food combines African and Indian flavors with local fish. At the Boathouse, locals and tourists line up for the expansive Creole buffet, right. Owner Richard Mancienne, above, started his business by grilling fish for tourists.





to Mahé to visit his family, eat piles of Creole food at the Boathouse, and engage in a little local action.

"The Seychellois are very hot-blooded," explains Joe with a flash of his bright white teeth. "It's part of the culture." He, like many Seychellois, relates the local libido to the *coco de mer*, known as the "love nut," a coconut that grows only in Seychelles. So much a part of the national identity, the coconut's suggestive outline dominates the country's passport stamp.

Poetely called "erotic" in guidebooks, the nut of the female *coco de mer* tree resembles the backside of a voluptuous naked woman bending forward. It can weigh more than 40 pounds. The male tree's pollinating appendage is described in the Natural History Museum in Victoria

Despite a steep drop in sales, shopkeeper Brian Monthli, above, remains optimistic. At Bazar Labrin, below, locals buy calou, a palm wine, and dance to moutia music.

as "reminiscent of a [male] human reproductive organ." Except it is more than three feet long.

"Maybe God sent this tree as our symbol," Joe says. "It's like a monument to us." To hear him tell it, there's plenty of pollinating going on, an aspect of the culture that has not been affected by the economic troubles.

Marriage, however, isn't terribly popular in this strongly Roman Catholic country. An estimated 75 percent of children here are born out of wedlock, and it's not at all unusual to meet a family in which every child has a different father. "People in the West also have several partners over a lifetime; they just don't have children with all of them," explains Dori, a local who has joined us at the table. "You have birth control; you have abortions; we have children." Everyone seems to be related to one another. Dori is the aunt of the Boathouse's owner, Richard Mancienne, even though, I learn as he strolls up, she is more than 10 years younger than he is.

Mancienne sits down, ordering a round of beers for us and more friends who suddenly appear. Joe gets a call and excuses himself from the table. He's tired and is going to bed early, he says. Don't wait up.

A former TV presenter with a booming laugh and a degree in English literature, Mancienne is a cross between John Wayne and a Bollywood star. He talks about the recession, comparing it to his childhood. He grew up poor, even though he was the son of the local rich man. His father was 50 when his parents married; his mother was 16. As the last of five wives, she wasn't left much but a house along Beau Vallon beach in which to raise her eight children. "We had land, but no soap. No toothpaste. No dish-washing liquid. No refrigerator," he says. No matter how bad things may get in their bankrupt country now, life is far more comfortable than it used to be.

Want to know how he started the most successful restaurant in town? His mother rented out rooms in her home to tourists, and as a teenager in the 1970s, Mancienne began grilling on the beach for her guests. "I had \$2. I bought fish. I cooked it," he says, enjoying telling the story. "Then I had \$5. I took the \$5 and bought fish and cooked it. The next day I had

"The proudness is still here," says Brian Monthli. "We have to bring the Seychelles back."





\$15, and then \$25. It's a very American story."

People do too much blaming in Seychelles, Mancienne says. They could do well with a little more resolve to start fixing their situations themselves—just as he and his family have done. "We struggle, we get by," Mancienne says, smiling broadly and taking another swig of SeyBrew.

But there's something else about Seychelles that people should know. "No matter how hard the situation is, we have a good time," Mancienne says with an easy laugh and a nod to the waiter to bring another round of beers. After a few more, it's time to switch to whiskey. He insists on pouring everyone a glass. Then it's time to go dancing in Victoria.

When we arrive at the Lovenut club, people surround Mancienne as if he's the mayor. He buys whiskeys for everyone who comes to say hello, even when they protest. To our surprise, Joe the boat captain turns up. Wasn't he tired and headed to bed? "I did go to bed," he says, winking. "And now I'm out again."

Many Seychellois take a sanguine attitude toward the crisis, summed up in the Creole saying "ne pas," which means nothing good, nothing bad; everything is fine.

IN BROAD DAYLIGHT, along a main street in downtown Victoria, a backpack snatcher bolts full-throttle as a man chases him, shouting "Voleur!" Minutes later, the police march the thief, in handcuffs, back up the street past Sir Selwyn Selwyn-Clarke Market. Petty crime, I've been told, is on the rise.

Inside the market, the vendors complain about the recession. Brian Monthli runs Daniel's Creations, a shop on the second level of the open-air structure where he sells such crafts as coconut-fiber baskets. He also sells CDs of Seychellois musicians. Picking one up, I ask about a track called "Proud to Be a Seychellois." Swelling up his chest, the jovial Monthli bursts into the refrain. But then he pauses. "Well, now we have doubt," he says, shaking his head.

Small-business owners like Monthli have been hit particularly hard



“This is the closest you can get to paradise,” Ralph Volcere says, “so enjoy it.”

Raphael Ernesta, left, who works as a guide on La Digue, asks, "How can you really worry that much here?"

by the country's high inflation. For decades, the government controlled inflation by fixing the exchange rate of the Seychelles rupee, tying its value to a mix of more stable foreign currencies. But that changed when the IMF answered

Seychelles's call for help. In order to qualify for a \$26 million IMF bailout loan, the government had to trade the rupee on the free market. Briskly against this and other IMF mandates, President Michel described them as "bitter pills that would draw people in the streets to riot."

There was no rioting, and once the government realized it needed the IMF's stamp of approval to get creditors to cancel parts of the country's debt, it cooperated. On November 1, 2008, the rupee was traded in the global currency market for the first time. It lost half its value overnight. That, in turn, doubled the prices of everything not locally produced. Inflation leaped to 63 percent. Bus fares rose from 3 to 7 rupees to cover the cost of imported fuel. Supermarket shelves emptied as imported food became too expensive to stock.

Before the currency devalued, Monthli made about \$2,500 a month in sales; these days, it's half that, if he's lucky. At the same time, a bag of rice, the Seychellois main staple, went from \$6.80 to \$9. "I think it's this government," he says. "It's the same party in power for more than 30 years."

"But the proudness is still there," he says brightly. "We have to bring the Seychelles back. This is a very beautiful island, a very beautiful place, not much pollution. Just the government is the pollution."

To cut spending, the IMF forced the government to shed 3,300 of its 19,600 civil service jobs, which it achieved through layoffs and generous buyouts. To increase revenue, the government is overhauling its tax policy, introducing a value-added tax and personal income tax for the first time. Rather than subsidizing the cost of basic commodities, such as milk, for all Seychellois, it has announced a more limited social welfare program to assist only the poorest citizens.

Perhaps most important, the National Assembly enacted a Public Debt Law, laying out a framework for managing the country's debt. With the IMF's help, the Central Bank of Seychelles has implemented new policies to keep enough cash in reserve so the country remains liquid. Signaling a change in the government's fractious relationship with the IMF, President Michel recently named Pierre Laporte, a Seychellois who formerly worked for the fund, to head the Central Bank, which governs all monetary policy.

"We are embarking on a new phase of our development," President Michel said in a national address in October 2008. "We will have to work harder, be more productive and innovative; we have no choice." So far, the country has met all of the IMF's performance criteria and benchmarks. In mid-April 2009, the Paris Club forgave \$70 million of the \$163 million Seychelles owed its member countries.

From a pay phone at the market, I try Wilkins, the treasure hunter, again. "I'm busy this afternoon," he grunts. "Why don't you call me in the morning?"

AT BEAU VALLON, unlike the protected coves at the resorts, the surf is frequently up, drawing surfers and small sailboats. At dawn, fishermen tend to their nets, preparing for the day's catch. At sunset, the beach's blond sand turns the shade of dried apricots, and Seychellois families frolic in the waves.

Late one afternoon, I walk over to the beach road for the sunset market, or *Bazar Labrin* in Creole. Every Wednesday, local women set up collapsible tables and dish out for a few dollars home-cooked shark

or octopus curry on a bed of rice. Alongside them, jewelry makers sell necklaces and art crafted from seashells. Locals crowd around one woman selling *calou*, a palm wine that tastes like a beer combination of coconut, lemonade, and yeast. A generous cup costs less than 50 cents.

At dusk, I wander down to the beach and watch a group of musicians light a bonfire to heat the tops of their goatskin drums. Once this ritual is complete, they begin playing *moutia*, music of the slavery days. Accompanied by slow and suggestive movements, it was officially banned as too brazen when Seychelles was under colonial rule. Nonetheless, for hundreds of years, Seychellois have been gathering on beaches under the moonlight to sway to the sensual songs about suffering. As the breeze carries the music into the street, even the women at the market begin to move.

The next day, in the morning sky, cloud tendrils whip in slow motion like satellite hurricane imagery on the TV news. Inevitably, the rain sweeps in thick and heavy, knocking unripe nuts and flowers from tree limbs and pocking the sand with tiny craters. It lets up for a bit, enough to deceive, then starts again with ferocity.

"When it's like this, it means there is a cyclone somewhere else, but we still get the wind and the rain," says Veronica Mancienne, Richard's reserved elder sister, who rents out rooms of her picket-fenced beach-front house, where I've been staying, next to the Boathouse. Her hair swept into an elegant bun, she sighs as she looks out at the ocean, having missed her morning swim.

Veronica is sanguine about the decline in tourism, and she shrugs off talk of recession. The government hopes to reduce the projected 22 percent drop in tourism revenue this year with its "Affordable Seychelles" campaign. With the slogan "A once-in-a-lifetime vacation at a once-in-a-lifetime price," the effort alerts tourists to the fact that their prices are lower, thanks to the devaluation of the rupee. At the same time, the Seychelles Tourist Board is training Seychellois to open their own tourism-related businesses, like Veronica's guesthouse. At \$80 to \$150 per night, the guesthouses in Beau Vallon court the midrange guests.

Her family has survived the ups and downs of the tourist-driven economy for decades since the first guest rented a room from her mother. "She was a real businessperson," recalls Veronica. "She didn't know how to read or write, but she knew how to count very well."

Business acumen runs in the Mancienne family. Youngest sister Berquitta runs the eight-room Beau Vallon Bungalows in the simple yet comfortable home where they grew up, furnishing it with Frette sheets and other luxurious touches they never had as children. Another sister owns the six Romance Bungalows next door. A second brother is building more bungalows behind the Boathouse restaurant, and a third runs an import business that has made him one of the wealthiest businessmen on the island.

The Manciennes' guesthouses have always depended on regular customers who return year after year, Veronica says, mostly from Western Europe, Great Britain, even Russia. Like family. Family always comes to visit. "We have a Greek guy, been coming here since Berquitta was a child," Veronica says. "He has a lot of money, can afford to stay in five-star hotels. But he prefers here."

There's little to do on a rainy day, so from the reception desk I phone Wilkins again. "It's raining today," he scolds. Anybody knows that treasure cannot be hunted in the rain. "Call back tomorrow."

So I sit down with Veronica to wait out the storm. **A**

SHERIDAN PRASSO is a contributing editor to *Fortune* and the author of *The Asian Mystique*. Photographer PAOLO WOODS is profiled on page 8.