



## IMF Staff and the Seychellois Authorities Reach Staff-Level Agreement on the First Review Under the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) Programs

FOR IMMEDIATE RELEASE

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- *The recovery of the Seychellois economy continues as tourism flows normalize and economic activity moves closer to pre-pandemic levels. IMF staff and the Seychellois authorities have reached staff-level agreement on the first review under the Extended Fund Facility (EFF) arrangement and the Resilience and Sustainability Facility (RSF).*
- *The government made significant progress in implementing policies under the EFF and RSF programs, meeting all quantitative performance and indicative targets for the first review. Significant progress has also been made on a range of macro-structural issues.*
- *As a small island state vulnerable to external shocks and climate change, it remains critical for the Seychelles to stay the course with respect to reducing public debt, rebuilding fiscal space, and increasing foreign exchange buffers while increasing the efficiency of public investment and support for the most vulnerable segments of the population.*

**Washington, DC – October 3, 2023:** An International Monetary Fund (IMF) mission led by Mr. Todd Schneider, Mission Chief for Seychelles, conducted discussions with the Seychellois authorities in Victoria during September 21- October 3, 2023, and reached a staff-level agreement on the first review under the Extended Fund Facility (EFF) arrangement and the Resilience and Sustainability Facility. This agreement is subject to approval of the IMF's Executive Board.

At the end of the mission, Mr. Schneider issued the following statement:

“The authorities have made significant progress in implementing the EFF-supported program and strengthening macroeconomic balances. All end-June 2023 quantitative performance and indicative targets under the program were met, and structural reforms are proceeding at a good pace.

“The Seychellois economy continues to recover in 2023. Real GDP growth is projected at 3.8 percent in 2023, based largely on a continued increase in tourist arrivals. This outlook is

subject to continued risks given the challenging international environment and uncertainty around tourist arrivals and average spending. Year-on-year inflation was negative (-2.4 percent) as of August, reflecting the impact of lower international commodity prices on food inflation as well as moderating prices for housing and utilities.

“The government’s primary fiscal position is expected to be near balance in 2023—stronger than expected at the outset of the EFF/RSF program. Favorable revenue performance is offsetting a projected decline in external grants, and overall spending is less than projected due to an under-execution of capital expenditures.

“Seychelles’ external balances have improved with the continued recovery in tourism. Tourist arrivals through August were estimated at 229,000, or about 92 percent of 2019 levels. The external current account deficit is projected to strengthen to 5.4 percent of GDP in 2023. Central bank foreign exchange reserves are projected to reach an equivalent of 3.7 months of import cover by end-of-year.

“Debt vulnerabilities have been reduced on the back of GDP growth, robust government revenues, and fiscal consolidation. The debt-to-GDP ratio is expected to fall to 64 percent of GDP by end-2023, compared to 81 percent in 2020 at the height of the pandemic.

“The Central Bank of Seychelles (CBS) has maintained an accommodative monetary policy in the context of disinflation and ample liquidity. The CBS stands ready to act if inflationary pressures materialize. The CBS will continue its efforts to strengthen Seychelles’ monetary policy framework and closely monitor financial sector soundness to reinforce banks’ ability to support the recovery.

“The authorities are committed to bolstering governance and fighting corruption. The new state-owned enterprise (SOE) legislation provides a harmonized framework for the establishment, governance, and operation of SOEs. Efforts also continue to improve the transparency of the beneficial ownership database and ensure the accuracy of collected information.

“With respect to climate change mitigation and adaptation, the authorities are advancing with reform measures agreed under the RSF. The forthcoming National Development Strategy (2023-27) will include priority climate adaptation and mitigation objectives stipulated in Seychelles Nationally Determined Contribution (NDC).

“The team thanks the Seychellois authorities for the open dialogue and close collaboration. Meetings were held with President Ramkalawan, Minister for Finance, National Planning and Trade Hassan, Governor of the Central Bank of Seychelles Abel, and other senior government officials as well as representatives of the private sector.”