



IMF and Seychelles Reach Staff-Level Agreement on the Fourth Reviews Under the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) Arrangements

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.

- *IMF staff and the Seychellois authorities have reached a staff-level agreement on the fourth reviews under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) arrangements. Approval of the reviews by the IMF's Executive Board would release financing of SDR 10 million, equivalent to \$13.4 million.*
- *The government has made strong progress in implementing policies under the EFF and RSF programs. All quantitative targets for the fourth reviews have been met. Good progress has been made on a range of macro-structural issues.*
- *Seychelles' economic outlook is generally stable, but downside risks have increased. Given vulnerability to changes in tourist spending, international commodity prices, and transport costs, continued fiscal prudence and close monitoring of economic and financial indicators is recommended.*

Washington, DC – April 11, 2025: An International Monetary Fund (IMF) mission, led by Mr. Todd Schneider, conducted discussions with the Seychellois authorities in Victoria from March 31 to April 11, 2025, and reached a staff-level agreement on the fourth reviews under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) arrangements. This agreement is subject to approval by the IMF's Executive Board. Approval would release financing of SDR 10 million, equivalent to \$13.4 million.

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

"The authorities continue to make progress in implementing the EFF-supported program. All end-December 2024 quantitative performance criteria under the program were met. Structural reforms related to improving the transparency of tax policy, enhancing monetary policy operations, and strengthening the effectiveness of the anti-money laundering and combatting the financing of terrorism (AML/CFT) regime were completed.

"Real GDP growth for 2024 is estimated at 2.9 percent. Total tourist arrivals increased by only 0.5 percent, and tourist earnings declined by 6.9 percent. Growth in other sectors of the economy was generally moderate, apart from agriculture, information and communication, and

financial services. Real GDP growth is expected to reach 3.2 percent in 2025 but is subject to downside risks given recent global economic developments.

“Fiscal performance in 2024 was tighter than budgeted. The government’s primary fiscal surplus rose from 1.7 percent of GDP in 2023 to 3.2 percent in 2024. Tax and other revenues were slightly lower than earlier forecasts, but government expenditures were substantially lower than expected. The underspend was spread across budget lines but was highest with respect to capital projects, reflecting diversion of government planning resources to emergency reconstruction in the first part of the year and delays in several projects due to design and procurement issues. For 2025, the government is expected to achieve a primary fiscal surplus of 1.2 percent of GDP as budget execution improves.

“The 2024 external current account position was stronger than expected due largely to lower than expected imports as some foreign financed projects did not materialize. The Central Bank of Seychelles (CBS) was able to increase gross foreign exchange reserves to \$774 million, equivalent to 3.8 months of imports of goods and services. Looking ahead, a modest deterioration of the external account is expected in 2025. Tourist arrivals and earnings are projected to cool in the second half of the year but will be partially offset by lower international oil prices. On balance, this should allow the CBS to maintain central bank foreign exchange reserves over \$800 million in 2025, raising import cover to the equivalent of 3.9 months.

“The CBS has maintained a broadly accommodative monetary policy, facilitating a steady increase in the growth of private credit. Inflation remains low and is projected to remain below 2 percent in 2025. The CBS will need to monitor developments closely in coming months and be ready to adjust policy rates if needed. CBS will also continue to strengthen Seychelles’ monetary policy framework and bolster financial sector supervision.

“The authorities are committed to bolstering governance. The Public Enterprise Monitoring Commission—through an independent audit firm—will complete governance and performance assessments of six key public enterprises by end-year. The 2025 budget contained an estimate of foregone revenue from tax expenditures (such as exemptions, deductions, and reduced rates). The government also continues 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 reform measures agreed under the RSF. Measures related to the current review focused on assessing and reporting on climate related risks in the banking sector, adopting a disaster risk financing strategy, and steps to facilitate the scaling up of renewable energy.

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