



REPUBLIC OF SEYCHELLES

2023 BUDGET

ASSUMPTIONS AND OBJECTIVES OF THE 2023 BUDGET

PART 1

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SECTION 1

Budget Speech



BIDZE 2023

GOUVERNMAN SESEL

Delivre par:

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MINISTER FINANS, PLANIFIKASYON NASYONAL EK KOMERS

Dan Lasanble Nasyonal Sesel

Ile Du Port, Viktorya, Mae, Sesel

Vandredi le 4 Novanm, 2022

9.00 er bomaten

Msye Spiker,
Onorab Lider Lopoziyon,
Onorab Lider Pour Zafer Gouvernman,
Tou Manm Onorab,
Ser e frer Pep Seselwa.

Bonzour.

1. Lentrodiksyon

Msye Spiker ozordi i fer trwazyenm bidze ki mon vin prezant ek Lasanble Nasyonal. Bidze 2023, i reprezant en kontinyasyon sa de bidze presedan. Akoz mon dir en bidze kontinyasyon?

Dan mon premye diskour bidze, dan en fason fran e onnet mon ti prezant nou sityasyon bidzeter e ekonomik pei ki sa ladministrasyon ti'n erite. Mon ti eksplike ki nou sityasyon ti kritik e menm ki nou ti obor en presipis. Fas avek en tel sityasyon mon ti donn en plan kler ki sa ladministrasyon ti pou bezwen fer pou tir nou dan sa sityasyon ki nou ti ete, e refer nou lekonomi.

Dan sa de diskour mon ti met devan de prensip fondamantal.

1. Premyerman nou ti pou bezwen stabiliz nou sityasyon bidzeter e nou sityasyon ekonomik
2. refer nou lekonomi lo en baz pli for e pli rezilyan

Msye Spiker, konman en Gouvernman responsab, ki pa per pou pran bann desizyon difisil pou benefis nou pei, e kantmenm serten kritik, nou'n mentenir sa disiplin e ozordi nou war rezilta annan en plan kler, responsab, ki pe ganny delivre par bann dirizan for e desisiv.

Nou Gouvernman pe rod en sanzman latitid kot travay dir ek responsabilite i bann valer ek prensip ki ganny enkilke dan nou sosyete pou ed nou rekolte bann benefis.

Msye Spiker, ozordi nou kapab anonse ki nou'n reisi sirmont pli gro kriz ekonomik ki sa pei in deza fer fas avek dan son listwar. Alor, Msye Spiker, mon oule dir mersi tou Seselwa ki pandan sa 2 an, nou'n demann zot pou fer bokou sakrifis e annan pasyans an atandan ki nou'n konsantre lo stabilizasyon e relansman nou lekonomi. Mersi pour zot konfyans ki zot in mete dan sa Gouvernman pou diriz nou pei dan sa moman difisil.

Msye Spiker, avan nou al pli lwen, mon oule donn enn de statistik, pou ilistre sa transformasyon ki'n arive pandan sa dernyen 2 an.

An 2020, nou ti fer en defisit primer fiskal 15.1 pousan e nou det ti ariv 92.2 pousan prodwir domestik brit. Roupri konpare ek dolar ti'n ariv R 21.80 sou, e dan kont Gouvernman ti annan

selman R 14.9 milyon , kwasans ekonomik ti kontrakte par 7.7 pousan e an 2021 to lenflasyon ti'n ariv 9.8 pousan.

Msye Spiker, ozordi nou defisit primer fiskal pou 2022 i ekspekte ariv selman 1.1 pousan prodwir domestik brit, nou det i ekspekte ariv 67.9 pousan prodwir domestik brit, to lenflasyon in desann pou ariv 3 pousan e to rounpi kont dolar in ariv SR14.32, sa ti lo konmansman Novanm.

Msye Spiker, sa bann statistik i montre klerman rezilta ki nou Gouvernman in reisi fer dan mwens ki 2 an. Sa reisi i ganny rekonnet lo nivo enternasyonal kot bokou i servi Sesel koman legzanp ki mannyer pou zer en lekonomi dan en moman kot i annan en kriz mondyal, sirtou ler bokou pei pe war li difisil pou zer sa sityasyon.

Msye Spiker, bidze 2023, i enn ki pou distribye rezilta sa bon travay avek nou pep e osi fer posibil ki Gouvernman i kapab fer plis lenvestisman dan lenfrastriktir pour byennet sosyal popilasyon e ki a agrandi nou lekonomi.

Plitar dan bidze, mon a donn detay lo revni striktir saler dan sekter piblik e osi lezot bann depans dan sekter lasante, ledikasyon, lakaz, diferan lenfrastriktir semen, bann lenfrastriktir dan distrik, e lezot ankor.

Sa bidze i osi entrodwir plizyer linisyativ ki pou ed Seselwa amelyor zot lavi e osi ed biznes progresse.

Me parey monn toutan met lanfaz lo la, konman en Gouvernman responsab nou bezwen asire ki nou bidze i balanse e nou mentenir stabilite makroekonomik. Nou pa pou kapab pran bann move desizyon popilis ki pou retourn nou ankor dan sa presipis ki nou ti'n erite. Avek sa, ankor mon remerci pep seselwa pou met zot konfyans dan en Gouvernman ki responsab.

Avek sa, pou annan serten bann nouvo mezir fiskal, ki pou ed Gouvernman anmas reveni pou re-investir dan son pep. Nou'n osi asire ki bann mezir fiskal pou reveni ki'n ganny pran pa afekte nou dimoun.

Msye Spiker, i ankor enportan pou note ki sityasyon lo nivo mondyal i ankor ranpli ek lensertitid e risk. Sesel i ankor en pei ki vilnerab ek bann sok eksteryer. Sa i donn nou plis rezon pou kontinyen azir dan en fason responsab e pridan. Avek Covid-19 ki ankor la, avek reperkasyon lager an Ikrenn e osi bann lezot tansyon politik atraver lemonn i neseser ki nou swiv sa bann developman de tre pre e aziste nou bann polisi si i neseser.

2. Devlopman lo nivo mondyal

Msye Spiker, lo nivo mondyal, lekonomi pe fer fas avek bann defi ki ankor pe anmenn bokou lensertitid e risk dan bokou parti lemonn. Previzyon pour lekonomi mondyal pe ganny bokou afekte avek to lenflasyon ki o, bann kondisyon finansyel ki pli dezavantaze, lager Ikrenn, e pandemik Covid-19 ki ankor pe persiste.

Polisi moneter e fiskal dan bokou pei pe esey redwir demann pour komodite avek bi pou redwir to lenflasyon. Me malerezman dan bokou pei, kwasans in ariv pli ba ouswa dan negatif. Previzyon Fon Moneter Enternasyonal (IMF) an Oktob 2022, in prozekte en kwasans mondyal pli feb sorti 6 pousan an 2021 pou ariv 3.2 pousan an 2022 e 2.7 pousan an 2023. Sa prediksyon lo lekonomi mondyal i reste ase ba konpare avek en mwayenn 3.6 pousan pandan sa dernyen 20 an. Devlopman dan lekonomi mondyal pour lavenir i reste otour bann faktor kle ki tourn ver evolisyon dan polisi moneter, la fason ki lager Ikrenn i kontinyen e lenpak ki pandemik Covid-19 pou annan lo distribisyon komodite.

3. Revi lo Performans Ekonomik 2022 e Konteks Lekonomi pour 2023

Msye Spiker, lo kote Sesel, prozeksyon lo performans ekonomik pour lannen 2022 i reste tre pozitiv, apre en rekipirasyon ki ti konmanse an 2021. Sa lannen, kwasans prodwi domestik brit (GDP) i prozekte pour ariv 10.6 pousan, e sa pe ganny siporte prensipalman par lendistri tourizm. Sif lo kantite viziter ki'n ariv Sesel konpare avek menm letan dan lannen 2021 in plis ki double e en estimasyon 75 pousan ogmantasyon pour lannen 2022 i ekspekte. Sa in anmenn en kwasans pli remarkab dan bann sektor ki relye ek tourizm e osi en lenpak pozitiv lo aktivite lekonomi dan mazorite sektor produktiv. Aksyon Gouvernman pou re-ouver nou pei, in enn ki'n pozitiv e responsab, aköz dan mwens ki 2 an, nou lendistri tourizm in preski dir retourn lo son nivo normal, avan pandemik Covid -19.

Sektor lenformasyon ek telekominikasyon i reste favorab e nou pe prozekte en kwasans 10 pousan pandan 2022. Dan sektor finansyel e lasirans nou pe prozekte en kwasans 2 pousan. Nou pe osi ekspekte en kwasans 1 pousan dan sektor lagrikiltir. Dan sektor lapas nou pe estimen ki prodiksyon pou kontrakte par 8 pousan.

Msye Spiker, pour lannen 2023, nou pe prozekte prodwi domestik brit, pou agrandi par 5.4 pousan e sa i pli o konpare avek bann prozeksyon inisyal. Sa prozeksyon pour 2023, i anliny avek en pli gran kwasans an 2022. Ankör enn fwa sektor tourizm i reste konman sa sektor ki anmenn plis aktivite dan lekonomi avek larive viziterF ki kontinyen ogmante. Bann aktivite dan sektor tourizm, parey servis akomodasyon e servis administrativ pe prozekte pou agrandi par 15 pousan e 16 pousan respektivman. Kwasans an 2023, pou osi ganny siporte par en bon performans dan sektor lenformasyon ek telekominikasyon avek en kwasans 5 pousan e osi en lagrandisman dan aktivite prodiksyon par 3 pousan, partikilyerman dan domenn lapas.

Sesel i ekspekte lo son semen pour rekipere avek en kwasans prodwi domestik brit reel ki nou pe prozekte pou ariv 5 pousan an mwayen term. Pandan premye sis mwan sa lannen, to lenflasyon in redwir konpare avek en to ki ti O, ver lafen 2021. Nou ekspekte to lenflasyon anyel pou ariv 3.04 pousan a lafen 2022. An 2022, stabilite dan to lesanz, in kapab redwir lenpak lo to lenflasyon, anvi, ki konpare avek 2020 e konmansman 2021, ler to lesanz ti'n ariv ziska 22 roudi pour en dolar ameriken, ozordi, lafen mwan Oktob, an mwayenn en dolar i mwens ki 15 roudi. Ankör enn fwa, Msye Spiker, pri lavi ti pou bokou pli o, si Gouvernman pa ti'n pran bann aksyon responsab pour anmenn stabilite dan nou lekonomi.

Me, parkont nou pe prozekte en to lenflasyon anyel 4.2 pousan pour lannen 2023, ki en ogmantasyon, akòz nou ekspekte ki pri komodite lo marse enternasyonal pou kontinyen reste o, anvi sa kantite lensertitid ki reste lo nivo mondyal: tel ki lenpak direk ki pri karbiran enternasyonal i annan lo pri komodite e sa konfli ant Ikrenn ek Larisi.

Lo kote nou det, nou reste angaze pou redwir det Gouvènmman pou ariv 50 pousan an 2026 sorti 92.2 pousan prodwi domestik brit 2020, e ziska prezan nou ankor lo target.

Avek lasistans bann partener enternasyonal, Sesel in benefisye bann kondisyon det pli favorab an term reveyman pli lon term e osi lentere pli ba. Sa i form par plan stratejik Gouvènmman pou asire ki son det i reste soutenab e avek bann kondisyon pli favorab. Parmi son stratezi, Gouvènmman in osi konmans servi plis '*Treasury Bonds*' konman en lenstriman det domestik. En total 1.3 bilyon rounpi in ganny ofer an traver bond sa lannen. Tousala in ed Gouvènmman pou ogmant matirite son profil det par apepre en an e asir en det pei ki soutenab. Sa in plas nou lo en bon semen pou redwir nou det pou vin apepre 50 pousan prodwi domestik brit, par 2026.

Msyè Spiker, sa bon performans ekonomik ki nou pei pe pas atraver, i enn ki'n enpresyon bokou nou bann partener enternasyonal. A sak fwa ki IMF i fer son revy, i dir ki mannyer sa relansman ekonomik i enn ki for e enpresyonnan. Tou resaman, reprezantan Labank Devlopman pour Komers (TDB) in osi repet menm keksoz. In dir ki konpare avek bokou pei, Sesel pe fer tre byen. Sa konfyans ki kominote enternasyonal i annan dan lekonmi Sesel in osi demontre par revy Fitch ki'n konplete ver lafen Oktob 2022. Sa revy in amelyor ran Sesel pou ariv BB- sorti B+ avek en previzyon ki stab.

Sekter Moneter

Msyè Spiker, pandan 2022, Labank Santral in mentenir en polisi moneter akomodativ pour siport lekonmi domestik, ki pe fer fas avek bann devlopman eksteryer, tel ki pri komodite ki reste ase eleve, e bann defi lo nivo prodiksyon ek transportasyon.

Anlany avek sa polisi moneter akomodativ, to lentere lo marse domestik in reste ase ba. An mwayenn, to lentere lo bann depozit ti 1.49 pousan an Septanm 2022, e 9.15 pousan lo bann fasilite kredi. An sa ki konsern '*Treasury-bills*', to lentere ti 0.88 pousan, 1.48 pousan e 2.18 pousan lo bann fasilite 91-zour, 182-zour e 365-zour, respektivman.

An zeneral, in annan en logmantasyon dan lakantite kredi an term rounpi, ki'n al anver sekter prive pandan 2022. Sa i reflekte en amelyorasyon dan aktivite ekonomik e en lanvironnman pli favorab pour bann biznes. An Septanm 2022, lakantite kredi in ogmant par 11.3 pousan konpare avek Septanm 2021.

Sipor kontinyel i neser pour ankouraz plis aktivite ekonomik e asire ki nou lekonmi i agrandi dan en fason soutenab. Nou konsyan toudmenm, ki si nivo pri komodite lo marse enternasyonal i reste eleve, sa pou anmenn serten presyon lo pri an zeneral dan marse domestik.

Lenflasyon

An rezilta sa apresyasyon dan valer rounpi an 2021, nivo lenflasyon in reste ba pandan premye lanmwatye lannen 2022. Toudmenm, anvi sa konfli ant Larisi ek Ikrenn ki'n enpakte pri

komodite ek karbiran lo marse enternasyonal, in annan en logmantasyon dan to lenflasyon lo nivo nasyonal apartir Zilyet 2022. Konpare avek Septanm 2021, to lenflasyon ti 3.0 pousan an Septanm sa lannen. Lo en baz douz mwan, to lenflasyon ti 4.1 pousan pandan sa menm peryod.

Sekter eksterver

Bann estimasyon preliminer i montre ki malgre ki kont pei i reste an defisit an 2022, in annan en amelyorasyon konpare ek 2021, kot in sorti 11 pousan pou ariv 7.2 pousan nou prodwi domestik brit. Sa ti an rezilta performans pozitiv dan sekter tourizm, ki'n ede pour anmenn plis reveni an deviz etranzer konpare ek lannen pase.

Lenvestisman sorti a letranze (FDI), ki estimen a en valer apepre 230 milyon dolar ameriken an 2022, in ede siport aktivite ekonomik. Plizyer proze ki ti'n ganny retar aköz pandemi Covid-19, ti rekonmanse e an plis, in annan bann nouvo proze, prensipalman dan sekter tourizm ki pe ganny enplimante sa lannen.

Anliny avek prozeksyon, kont pei pou amelyore pour ariv en defisit 5.7 pousan nou prodwi domestik brit, baze lo performans pozitiv dan sekter tourizm ki ekspekte kontinyen an 2023.

4. Revi lo Performans Fiskal 2022

Msye Spiker, Gouvernman in prozekte pou fini lannen 2022 avek en balans defisit primer 1.1 pousan prodwi domestik brit. Sa i konparab avek bidze inisyale ki nou ti pe prozekte en balans defisit primer 0.8 pousan prodwi domestik brit. Sa pti ogmantasyon i aköz nou'n kapab negosye avek Fon Moneter Enternasyonal pour nou ganny enpe lespas fiskal pou enplimant sa bann mezir tanporer pou siport bann ki saler i pli ba anvi pri komodite ki o. Sa bann mezir ti ganny entrodwir an Zilyet.

Anba reveni total taks e 'non tax', nou pe prevwar en ogmantasyon R 107.5 milyon konpare avek bidze inisyale. Par kont, letan nou regard reveni taks lo limenm, i annan en rediksyon R76 milyon konpare avek bidze orizinal 2022. Bann reveni taks ki nou'n prevwar en ogmantasyon i prensipalman dan koleksyon ;

- VAT, en ogmantasyon par R 99.6 milyon e sa i relye avek kwasans dan sekter tourizm.
- Prozeksyon dan taks biznes in ogmante par R 8.2 milyon e osi
- nou ankor pe kolekte CSR taks, apre bann odit ki'n ganny fer, kot en sonm R 7.1 milyon in ganny prozekte.

Nou'n osi vwar en rediksyon dan serten koleksyon taks ki ti'n ganny prozekte inisyelman. E sa i prensipalman dan taks lo saler e 'excise' taks. Nou prozeksyon reveni lo taks lo saler in desann par R 62.6 milyon e sa i aköz nou revir bidze 2022 ki Lasanble Nasyonal in aprouve, nou'n fer en rediksyon bidzeter dan saler total Gouvernman aköz serten Minister pann kapab anploy plis travayer parey nou ti'n prozekte. 'Excise' taks in desann par R 96.9 milyon e sa i prensipalman koleksyon reveni taks lo bann prodwi karbiran, prodiksyon lalkol e prodwi taba lokalman.

Anba koleksyon ‘non tax’ nou’n vwar en amelyorasyon par R 184.3 milyon e sa i akòz Gouvèrnman in kolekte plis ‘dividends’ avek son bann lantrepriz piblik konpare avek son prozeksyon inisyal.

Msye Spiker, parey nou ti prezante avek Lasanble Nasyonal pandan revni bidze, nou ti fer en demann R 472.8 milyon bidze siplemanten e en rediksyon dan depans pou en sonm R 887.5 milyon. Alòrs Msye Spiker, depans bidze 2022 in annan en rediksyon R 414.6 milyon.

5. Bidze 2023 e Performans Fiskal Mwayen Term

Msye Spiker, pou lannen fiskal 2023, Gouvèrnman pe propoz en depans R 10,495,149,665. Sa i reprezant en ogmantasyon 4 pousan letan ou konpar avek ‘Appropriation Act’ 2022, ki ti R 10,091,651,146.

Nou pe osi prozekte pou kolekte R 10.7 bilyon reveni ek bann don.

Pou lannen 2023, Gouvèrnman pe prozekte en balans sirplis fiskal primer R 330.3 milyon ouswa 1.1 pousan prodwi domestik brit. Dan mwayen term, nou pe prozekte en balans sirplis fiskal primer 2.2 pousan prodwi domestik brit an 2024 e 3.5 pousan prodwi domestik brit an 2025. Sa i pou ed nou atenn nou lobzektif pou anmenn det Gouvèrnman anviron 50 pousan prodwi domestik brit par 2026.

6. Koleksyon Reveni pou Lannen 2023

Msye Spiker, en sonm total R 10.7 bilyon pe ganny prozekte pou reveni ek bann don pou lannen 2023. Ladan, 86 pousan sa prozeksyon i koleksyon taks ki ekivalan R 9.2 bilyon. Sa i reprezant R 1.4 bilyon an plis konpare avek bidze revize an 2022. Sa ogmantasyon i baze lo performans ekonomik ki’n amelyore, ki vèdir nou pou kolekte apepre R 900 milyon an term taks adisyonnèl, e osi baze lo bann nouvo polisi fiskal ki mon pou anonse pli tar, e sa nou pou kolekte R 499.5 milyon reveni adisyonnèl an 2023.

Ogmantasyon reveni anba taks lo saler i R 124 milyon anplis, konpare avek koleksyon an 2022 pou en total R1.1 bilyon. Sa i prensipalman relye avek ogmantasyon saler an 2023. Koleksyon reveni anba ‘Excise’ taks e ‘VAT’ ki’n ogmante par R 233.0 milyon e R 290 milyon respektivman i prensipalman asosye avek kwasans dan sektè tourizm konpare avek 2022.

Lezot reveni ki ganny klasifye konman ‘non tax’ pou lannen 2023, en prozeksyon R1.08 bilyon konpare avek R 1.24 bilyon an 2022. Sa in redwir par R165 milyon e sa rediksyon pe ganny anrezistre anba ‘dividends’ sorti kot bann lantrepriz piblik ki’n redwir sorti R747.3 milyon pou ariv R 547.1 milyon. Dividend ki noun kolekte avek Nouvobanq ki’n pey Gouvèrnman an 2022, i kouven peryod 2020 e 2021, e anvi sa, peyman an 2023, pa pou parey. Gouvèrnman in osi ganny en ‘dividend’ eksepsyonnel avek ‘Seychelles Cable System Company’, me nou pa pou ganny ‘dividend’ avek sa lakonpanyen pou 2023. Gouvèrnman in osi kolekte ‘dividend’ ki relye avek kont finansyel Indian Ocean Tuna Ltd (IOT) pou lannen 2020 e 2021 an 2022.

Koleksyon reveni an term don pe reprezant 1.3 pousan GDP an 2023 ki ekivalan R402.6 milyon.

7. Konteks Bidze 2023

Msye Spiker, lobzektif prensipal bidze 2023 se pour nou distribye enpe rezilta sa travay dir e sa latitud disiplin ki Seselwa e Gouvernman in obzerve, pour sa de dernyen lannen. Dezyenmman envestir plis dan lenfrastruktir, e finalman pour nou osi akonplir en sirplis bidzeter an mwayen term e sa i ava ed nou pou asire ki det Gouvernman i reste soutenab. Sa konsolidasyon fiskal tre anbisye ki Gouvernman ti konmanse depi 2021 i lo bon semen e sa in kontribye pour ki det Gouvernman i sorti 92.2 pousan prodwi domestik brit ver lafen 2020 e prozekte pou ariv 64.6 pousan ver la fen 2023.

Msye Spiker, Gouvernman pe kontinyen son travay pou enplimant Devlopman Stratezi Nasyonal pou kouver bann sektè priyorite, konm swivan ;

1. En Servis Piblik pli modern e efikas
2. Nou azanda transformasyon lekonomi i kouver:
 - a. Tourizm
 - b. Lagrikiltir
 - c. Lapes e lekonomi ble
 - d. Lekonomi nimerik e
 - e. Sektè finansyel
3. Modernizasyon e efikasite dan sistenm Lasante
4. Promouvwar Lord e Lape
5. En sistenm Ledikasyon pli modern ki alinyen avek bezwen pei pour lavenir e
6. Soutenabilite nou lanvironnman e plis rezilyans kont sanzman klima

Sa bann sektè priyorite i lakle pou anmenn sa sinerzi avek bidze mwayen term e bann stratezi dan bann portfolyo administrasyon.

An plis ki sa sis sektè priyoriter, Gouvernman pou kontinyen envestir dan bann program sosyal, avek bi donn sipor tou kous nou popilasyon.

8. Labaz Depans Gouvernman

Msye Spiker, labaz depans Gouvernman an 2023 i reste enn ki responsab, pridan e disiplin. Lanfaz sa fwasi pe mete lo depans dan nouvo lenfrastruktir oubyen bann ki'n ganny negligè pandan plizyè lannen e zot in avarye, e osi ogmantasyon saler dan servis piblik.

Pli gro sonm dan bidze 2023, i pour en total R 3.62 bilyon ki pe ganny prozekte anba byen e servis. Sa, i reprezant 11.8 pousan prodwi domestik brit konpare avek 12.0 pousan prodwi domestik brit an 2022. Sa prozeksyon i osi en ogmantasyon R 293.0 milyon konpare avek bidze revize an 2022, ki pou en sonm R 3.33 bilyon. Par kont, pli gran ogmantasyon i pou en total bidze R1.4 bilyon ki pe ganny prozekte pour lannen 2023, dan program lenvestisman kapital ki reprezant 4.6 pousan prodwi domestik brit. Sa i reprezant en ogmantasyon R 608.9 milyon ouswa 76 pousan letan ou konpar avek bidze revize an 2022. Sa i reflekte priorite Gouvernman pou met an plas nouvo lenfrastruktir pou ede agrandi nou lekonomi e byennet nou pep. I osi annan en sonm signifikan pou repar bokou lenfrastruktir ki pann ganny mentenir pandan plizyer lannen.

8.1. Reminerasyon e Saler

Msyé Spiker, pandan sa dernyen 2 an, kot sityasyon ti vreman difisil, nou'n demann travayer pou annan pasyans, travay dir, e prioritiz zot depans, akòz Gouvernman pann kapab donn en ogmantasyon saler, me in kapab omwen garanti saler tou travayer sektè piblik. Nou rekonnet ki i pann fasil ditou, sirtou avek sa kriz mondyal kot pri komodite in vreman monte. Pour zot pasyans mon dir zot en gran mersi. Aprezan, 2 an plitar, an 2023, sityasyon in amelyore, gras a bann desizyon responsab, disiplin e desisiv ki sa Gouvernman in pran.

Dan bidze 2023, nou pe osi propoz en bidze R3.44 bilyon pour reminerasyon ek saler dan servis piblik. Sa i reprezant 11.3 pousan nou prodwi domestik brit, konpare avek R3.01 bilyon an 2022. Nou lobzektif i reste pour nou mentenir bidze reminerasyon e saler an mwayen term a 11 pousan prodwi domestik brit. Pour lannen 2023, nou prozeksyon reminerasyon e saler in ogmant par R428.3 milyon, ouswa 14 pousan letan ou konpar ek bidze 2022.

Parey mon ti anonse dan diskour bidze 2022, Gouvernman ti pe travay lo en nouvo striktir saler dan servis piblik. Dan sa premye faz sa legzersis, sa nouvo striktir saler in konsolid sa bann alawenns swivan dan saler de baz;

- 5 pousan 'supplementation allowance' ki ti ganny entrodwir an 2019
- Marketable skills alawenns
- Graduate alawenns ek
- Performance alawenns

'Inducement' ek 'long service' alawenns pa enkli dan sa konsolidasyon.

Pour 'inducement' alawenns, sa i neser pou pran an kont bann faktè ki pa ganny kouver anba sistèm evalyasyon travay, par egzanp mankman konpetans dan marse lanplwa ki fer en kalifikasyon pli 'marketable' konpare avek en lot. Gouvernman pou osi fer en resers lo marse lanplwa baze lo bann pozisyon ki egziste dan Gouvernman konpare avek sektè prive. Kant a 'long service' alawenns, nou'n pran kont son kompleksite e lenpak i kapab annan lo striktir saler. Gouvernman in idantifye ki si i konsolid 'long service' alawenns dan sa nouvo grid saler, i

kapab ariv bann senaryo ki sa travayer ki dan en pli ba pozisyon, son saler i kapab pli o ki sa travayer ki dan en pozisyon pli eleve. Alors sa i kapab anmenn plis fristrasyon ant bann travayer.

Msye Spiker, dezyenm eleman dan sa legzersis, se en ogmantasyon saler dan servis piblik. Apre ki nou'n konsolid sa bann alawens ansanm, travayer sektè piblik pou osi ganny en ogmantasyon an mwayenn 10 pousan. Dan nou analiz, ogmantasyon pli ba pour R 1,000. Avek sa konsolidasyon ek ogmantasyon 10pousan, saler pli ba dan Gouvernman pou sorti R 5,485 pou ariv R 7,343.

Pou asir klarite, mon ava donn de legzanp ki mannyer sa konsolidasyon alawenns ek sa ogmantasyon 10 pousan lo saler pou marse.

En drayver ki konmela pe ganny en saler debaz R 6,325 avek en 5 pousan 'supplementation' alawenns R 316.25, ki fer en total R 6,641.25 letan ou konsolid son saler, e avek sa ogmantasyon, son nouvo saler debaz pou ariv R 7,641.25.

En graduate ki konmela pe ganny en saler de baz ki R 9,887 avek en 5 pousan 'supplementation' alawenns ki R 494.25, en 'marketable skills' alawenns R1,400, en 'graduate' alawenns R5,000, ki fer en total R16,781.35, letan ou konsolid son saler avek sa ogmantasyon, son nouvo saler debaz pou ariv R18,662.43.

Trwazyenm eleman sa travay, i ki Gouvernman in plas sak endividi avek son nouvo saler lo sa nouvo grid saler ki annan selman 12 'band' e ki annan 15 'step' pour sak 'band'. Sa nouvo grid saler in fini ganny finalize e pou ganny eksplike avek travayer, dan bann zour ki pe vini.

Savedir Msye Spiker, zis pou fer kler, anba sa revi saler, premyerman, nou'n konsolid 4 alawenns dan saler de baz, e dezyennman, nou'n donn en ogmantasyon saler an mwayenn 10 pousan, lo sa saler ki'n ganny konsolide. Mon swete sa i kler.

Msye Spiker, dan sa revi, Gouvernman in osi deside pour retir saler bann lapwentman konstitisyonnèl avek sa ki pou servis piblik. Saler servis piblik pou ankadre dan en polisi ki Biro Servis Piblik pou administre.

Kant a saler bann lapwentman konstitisyonnèl, Gouvernman pou apwent en komite endepandan pou revwar zot saler prenan kont, tou bann benefis ki bann lapwentman konstitisyonnèl pe gannnen ozordi. Sa legzerzis pou ganny fer dan en fason endepandan, transparan e obzektiv.

Msye Spiker, sa ogmantasyon dan saler servis piblik pou pran lefe le 1 Avril 2023 e pe kout R 171.9 milyon an 2023 ki reprezant 0.6 pousan prodwi domestik brit.

An 2023, Biro Servis Piblik ansanm avek bann zofisye resours imen dan Gouvernman pou fer en revi lo skim travay ki annan dan servis piblik.

Msye Spiker, nou rekonnet ki sa revi saler pe viz zis travayer sektè piblik, pour bann travayer sektè prive, mon anvi fer en lapel avek zot anplwayer pou zot osi evalye e analize si zot kapab donn en ogmantasyon zot travayer. Depi 2021, ler pei in reouver, lekonomi Sesel in relanse e aktivite ekonomik pe kontinyelman agrandi, alor mon swete ki zot rekonpans zot travayer, anvi sa bon performans lekonomi ki nou pe pas atraver.

8.2. Peyman Trezyenm Mwan baze lo performans

Msye Spiker, anvi sa bon performans ekonomik ki nou pe eksperyans, nou'n osi fer provizyon pour peyman en trezyenm mwan, baze byensir lo performans sak travayer.

Pour peyman trezyenm mwan, Gouvernman in met en alokasyon R 114.19 milyon. Peyman trezyenm mwan pour 2022 pou ganny fer milye Zanvyé 2023. En sonm R 143.4 milyon in ganny prozekte an 2024 pour peyman trezyenm mwan, anvi lenpak ogmantasyon saler an 2023.

Msye Spiker, bann endividi ki pe travay anba kad 'non-core services' parey 'Sensitive Security' ki anploye anba lapolis, 'Vessel Protection' e bann travayer ki travay avek bann manm Lasanble Nasyonal ki annan en kontra avek Lasanble Nasyonal pou osi ganny peye en trezyenm mwan an Zanvyé 2023 e en sonm R 1.7 milyon in ganny prozekte. Zot osi pou benefisye ogmantasyon saler e en sonm R 2.1 milyon in ganny prozekte.

Lo kote bann 'Home Carers', Gouvernman in osi met en provizyon R 21.0 milyon pour peyman trezyenm mwan an Zanvyé 2023.

Bann 'Home Carers' pou kontinyen benefisye avek sa R 500 par mwan ki zot pe gannnen depi Zilyet 2022 e sa pou kout R 15.75 milyon an 2023.

Pour bann travayer 'Cleaners Corporative', en sonm R 5.9 milyon e R 4 milyon in ganny prozekte pour peyman trezyenm mwan, an Zanvyé 2023 e zot, zot pou osi benefisye avek sa ogmantasyon saler.

9. Depans Enprevi (Contingency)

Msye Spiker, pour lannen 2023, nou pe met en alokasyon R50 milyon pour bann depans enprevi. Gouvernman pe finaliz bann dokiman avek Biro Prokirer Zeneral pou pey konpansasyon ki konsern polisyon stasyon elektrisite Baie Ste Anne Pralen. Nou ekspekte peyman pou fer boner 2023. Nou'n osi fer provizyon pour konpansasyon ki relye avek 'Fungus' pour Minister Lasante e Minister Ledikasyon.

Peyman pour dezyenm faz konpansasyon pour bann ka polisyon delo Lanmizer pou ganny peye an 2024. Pour tou bann ki'n ganny afekte avek sa bann sityasyon, mon profite pou dir zot en gran mersi pour zot pasyans. Mon oule dir avek zot, ki si nou ti'n kapab pey zot pli boner, nou ti pou'n fer li, malerezman nou sityasyon ekonomik pandan sa dernyen 2 an, pa ti'n permet. Kant a bann dimoun Lanmizer, mon fer en lapel avek zot, pou annan ankor en pti pe pasyans.

10. Depans dan bann sektor priyoriter

Msye Spiker, Gouvernman pe prioritiz son depans, kot bann sektor kle in ganny idantifye, dapre nou Plan Stratezik Devlopman Nasyonal. I enportan ki depans Gouvernman i ganny byen targete, kot ava annan plis benefis pour nou pep, anmenn plis kwasans ekonomik e asir nou lavenir.

10.1. Sekter Lasante

Msye Spiker, lasante nou pep i reste en priyorite pour sa Gouvernman. En nasyon an bonn sante i enn ki prodiktiv pour nou pei. Nou sistenm lasante pe fer fas avek bokou defi, akòz an grann parti akòz nou stil lavi. Pour lannen 2023, Gouvernman pe fer en letid detaye pou reform nou sistenm lasante pou asire ki i vin pli efektiv e delivre en servis pli a la oter pour nou popilasyon. Nou pe propoz kreasyon de nouvo fonksyon dan sa minister ; premyerman enn, ava asir ‘quality control’ dan bann servis ki lazans lasante i donn bann pasyan e lot pou en servis relasyon piblik ki ava an kontak direkteman avek manm piblik, pou adres zot konsern lo kote servis ki zot in gannnen.

Msye Spiker, sekter lasante ozordi pe kout Gouvernman R 1.38 bilyon ki reprezant 13 pousan bidze total pei. Dan bidze 2023, bann pli gro depans dan Lazans Swen Lasante i konm swivan :

- Latizann - R 70.4 milyon
- Tretman dyaliz - R 76 milyon
- Provizyon materyo medikal - R 98.1 milyon
- Provizyon manze pour bann pasyan - R 27.2 milyon
- Tretman medikal spesyalize - R 70 milyon

En sonm R 10 milyon pe osi ganny bidzete anba Lotorite Lasante Piblik pour bann lekiman e provizyon ki bezwen dan laboratwar ki relye avek pandemik Covid-19.

Msye Spiker, apard sa bann gro depans ki relye direkteman avek tretman, an 2023 pou osi annan bokou lenvestisman dan lenfrastruktir lasante dan pei, en bidze total R 118.8 milyon in ganny prozekte pour sekter Lasante pou finans serten gro proze tel ki :

- i. Kontinyasyon proze ‘Health Information System’ – R 27.13 milyon
- ii. Kontinyasyon proze lopital Ladig – R 40 milyon ki pe ganny finans par en don avek Emirat Arab Ini
- iii. Konstriksyon nouvo sant lasante Belazar – R 8.5 milyon e
- iv. Renovasyon diferan lenfrastruktir lasante – R 25.2 milyon

An plis ki bann proze renovasyon dan bann diferan lenfrastruktir lasante ki’n ganny neglize dan lepase, Gouvernman i osi rekonnet ki leta serten lenfrastruktir i fer ki i pa fer sans finansyelman pou depans larzan dan zot renovasyon. An vi sa, Gouvernman in osi enkli dan bidze mwayen term en prozeksyon R540.1 milyon ki pou al anver konstriksyon en nouvo fasilite lopital. Sa nouvo fasilite pou enn ki modern e ki pou ofer tretman spesyalize parey : younit swen entansiv, aksidan e servis dirzans ek lasanm loperasyon.

Msye Spiker, zis pou fer rapel, ki an Zilyet sa lannen, Gouvernman ti retir sa fre R 25 ki pasyan ti pe peye pour preskripsyon latizann, e pandan revy milye lannen, Gouvernman in osi met en nouvo alokasyon R 50 milyon pou aste en nouvo masin Magnetic Reasonance Imaging (MRI).

Msye Spiker, parey zot kapab konstate Gouvernman pe fer en kantite lenvestisman finansyel dan nou sistenm lasante, me eski zis finansman ki pou ede amelyor sa kalite servis ki pasyan pe rode?

Sa i en keston enportan akòz, apard finans, nou bezwen asire ki travayer sa Minisiter i osi pe donn pasyan en bon servis e ki osi nou rod fason pou depans dan en fason pli efikas, par elimin gaspiyaz, san ki byensir nou konpromiz nivo lasante ki pasyan pe resevwar.

Avek siport Labank Mondyal, Gouvernman pou konplet en revni depans sekter lasante par lafen premye kar 2023. Sa revni ava ed Gouvernman pou adres bann defayans dan prosedir depans e anmenn plis efikasite dan striktir prokirman ki ganny fer dan byen e servis dan sa sekter.

I pour sa rezon, ki an 2023, nou pe al konmans en travay pou evalye loperasyon sa Minisiter avek bi, amelyor servis, anmenn plis efikasite, redwir gaspiyaz e ogmant nivo satisfaksyon bann piblik.

10.2. Sekter Ledikasyon

Msyé Spiker, si i annan en sekter dan pei ki kle dan sa transformasyon ekonomik ek sosyal ki nou pe rode, se ledikasyon. Reform dan ledikasyon i enn ki esansyel, akòz se selman atraver ledikasyon ki nou lavenir koman en endividi, sosyete e nasyon i garanti. Lenvestisman dan ledikasyon nou nasyon i reprezant en lenvestisman pour lavenir nou pei.

Pour lannen 2023, sekter ledikasyon in ganny en sonm R 1.34 bilyon ki reprezant 4 pousan prodwi domestik brit.

Minisiter Ledikasyon pe ganny en ogmantasyon R 218.5 milyon, ki reprezant transfer fon letid sorti kot ansyen Lazans Devlopman Resours Imen.

Parey mon ti anonse dan bidze 2022, Gouvernman in konplet negosyasyon avek sekter prive pou ofer servis ‘WIFI’ dan lekòl. E sa pou kout R 6.8 milyon dan bidze 2023.

Msyé Spiker, Gouvernman pou kontinyen donn provizyon gadyak pour tou etidyan dan lekòl leta, primer e segonder, pour asire ki tou zanfàn i konmans zot lazournen letid avek en repa, pou permet zot konsantre e donn zot ‘maximum’ dan zot letid. An 2023, sa pou kout R 17.9 milyon. Striktir ki noun met an plas pou fer sir ki bann zanfàn i ganny en dezennen nesesser depi trwazyenm trimes an 2022 pou kout R 20.1 milyon dan bidze 2023.

Gouvernman i ankòr pe donn lenportans ankouraz nou popilasyon pou kontinny zot letid avanse. Ler sa ladministrasyon ti vin o pouvwar ti ankòr annan bokou etidyan ki ti pe espere pou kontinny zot letid avanse. Mon la kapab anonse ki tou etidyan ki’n kalifye in kapab fer li. An 2023, en sonm R205.1 milyon in prozekte pou asire ki bann etidyan i kontinyen avek zot letid avanse. Msyé Spiker, malgre sa difikilte ekonomik ki nou ti ladan, sa Gouvernman pe kontinyen envestir dan nou bann zenn, pou garanti zot en bon lavenir.

Msyé Spiker, pou asire ki bann etidyan Seselwa i dan konfor ler zot al etidye aletranze, pour 2023, Gouvernman in fer en ogmantasyon 10 pousan dan ‘stipend’ pour bann etidyan ki pe etidye dan 17 pei, anvi ogmantasyon dan kou pri lavi. Sa ogmantasyon i baze lo en evalyasyon lo kou lavi dan sa bann pei ki nou’n fer. Bann etidyan ki pe fer zot letid kot Liniversite Sesel pou

osi benefisye avek sa ogmantasyon 10 pousan dan zot 'stipend'. En sonm R2.5 milyon in ganny bidzete pour sa ogmantasyon.

Pou konplemant program Gouvènmman lo letid avanse, Gouvènmman in osi finaliz diskisyon avek labank komersyal, lo en lankadreman pour en skim 'loan' edikasyonnel. Sa skim ava en lot opsyon pour bann endividi ki anvi devlop en lot skil baze lo demann pei. Bann paramet pour konm swivan ;

1. 'loan' maximum pour R 800,000
2. Gouvènmman pou donn en sibvansyon 4 pousan lo sa bann 'loan'
3. Term repeyman pour en maximum 10 an
4. Gouvènmman pou donn en garanti lo sa bann 'loan'
5. Pou napa kontribisyon personnel lo sa bann 'loan'
6. En moratwar pandan letan ki sa endividi pe etidye pour peyman kapital. Me Gouvènmman pou repey sibvansyon lentere e bout lentere ki endividi i bezwen repeye pou ganny 'capitalise'.

Anvi ki nou pe donn en term repeyman 10 an, sa i ava donn letan pou bann etidyan fini pey zot 'loan' e apre sa zot kapab dan en pozisyon pou zot pran en 'loan' pou fer zot lakaz.

Alors Msye Spiker, mon demann bann endividi pou pran sa bann loportinite finansman. Sa i pou en lot opsyon apar ki fon letid ki egziste avek Minister Ledikasyon. En provizyon R 8 milyon in ganny bidzete pour sa skim 'loan' edikasyonnel pour lannen 2023.

Pou asire ki pei pe depans larzan dan fason pli efektiv e osi, vize ver en stratezi lon term, nou ekspekte finaliz plan resours imen dan premye lanmwatye lannen 2023.

Lo kote bann proze dan sekter ledikasyon, en sonm R 89.9 milyon pe ganny bidzete an 2023 anba bidze minister ledikasyon ki pou osi enkli finansman pour serten proze dan sekter ledikasyon ki'n ganny bokou retar pour enplimante, menm si sa bann proze ti dan bidze pandan sa bann dernyen lannen. Sa i enkli :

- Konstriksyon en nouvo blok laklas e osi renovasyon lo en blok laklas ki deza an egzistans pour lekol primer Larozyer – R 19.3 milyon
- Konstriksyon nouvo lekol Ladig primer e segonder – R 31.2 milyon
- Renovasyon lenfrastruktir pour lekol Ortikiltir e Lagrikiltir (SIAH) – R 8.3 milyon e
- Konstriksyon sant 'Day Care' Le Manmel- R 4 milyon

Msye Spiker, ler nou pe koz lo reform dan ledikasyon, nou osi bezwen mazin reform dan 'curriculum'. Avek lanbisyon Gouvènmman pou devlop lekonomi nimerik, nou pe depan bokou lo nou sistenm ledikasyon pou adopte e adapte pou ansenny Lenformasyon, Kominikasyon ek Teknolozi (ICT) dan lekol. Gouvènmman in konmans en diskisyon avek bann partener pou met an plas en lankadreman formasyon pour bann profesyonel 'ICT' dan sekter ledikasyon.

Dan sa menm laliny nou pou kontinyen avek 'laptop' skim pour bann etidyan, ki pou kout nou R 5 milyon an 2023.

En sonm R 27.6 milyon in bidzete an 2023, pour ‘Day care Scheme’ e dan ‘ECCE Trust Fund’ i annan en sonm R 1.6 milyon ki’n ganny bidzete. Bann ‘day care’ e ‘childminders’ i ganny asiste anba sa fon kot zot kapab fer laplikasyon pour lekipman ki a met zot lo bann standar ki Lenstiti Development Pti Anfans (IECD) in etabli.

Msye Spiker, Gouvernman pe envestir bokou dan sistenm ledikasyon pour epanouisman nou bann zenn. Nou pe enplor zot pou pran sa loportinite pour zot etidye, pour ki zot vin bann adilt responsab e serye. Zis pou donn zot sonm ki Gouvernman pe envestir dan sak zanfann ki dan lekol leta e ki dan bann lenstitisyon post segonder, nou kalkilasyon i konm swivan :

Pour bann ki dan lekol formel, an 2022, pe kout nou R 42,242.71 par etidyan dan lekol primer pour en an, e an 2023, sa sif pou monte pou ariv R 42,914.08. Pour en etidyan segonder, an 2022 pe kout nou R 57,290.16 par an, e parkont an 2023 sa sif pou monte pou ariv R 61,264.91. An 2022, pe kout nou R 57,240.37 par an, pour en etidyan ki dan en lenstitisyon post segonder, e an 2023, pou kout nou R 57,878.44.

Msye Spiker, sa bann sif i signifikan, alor mon lapel avek tou etidyan se pou pran zot letid o serye, akòz sa ledikasyon ki zot pe gannye i pa pou nanryen, ‘taxpayers’ pe kontribye bokou pour zot ganny sa ledikasyon pou asir zot lavenir.

10.3. Sekter Lakaz

Msye Spiker, sekter lozman i reste enn bann pli gro defi pour okenn Gouvernman. Sa lalis kot endividi pe rod en lakaz avek Gouvernman i kontinyen agrandi. Avek problemm ekonomik ki nou’n pas ladan pandan sa dernyen 2an, ti napa bokou opsyon pou finans konstriksyon lakaz abòdab lo en gran lesel. Me toudmenm, nou’n reisir konplet diferan proze lakaz kot plizyer fanmir in benefisyè. Antou, an 2022 in annan 82 unit ki’n konplete e sa i enkli:

- 24 younit ‘PSSW’ Kaskad pou en valer R 40.6 milyon
- 18 younit ‘Ex Onezime’ Ansopen pou en valer R 24.6 milyon
- 16 younit dan zil Belonm pou en valer R 21.9 milyon
- 24 younit ‘Ex Sacos’ Remiz Ans Rwayal pou en valer R 25.7 milyon

Avek bi pou diversifye nou prodwi lakaz, Gouvernman pe eksplor diferan fason inovativ pou ankouraz bann ki kapab pou finans zot konstriksyon pou servi sa mwayen, me pour zot fer sa, i enportan ki zot ganny akse avek finansman ki abòdab.

10.3.1. Finansman Abòdab dan sekter Lakaz

Alor, Msye Spiker, skim pour sibvansyon lakaz ti ganny etabli pou amelyor akse konstriksyon abòdab pour en endividi vin propriyeter son prop lakaz. Sa aplikan i bezwen osi pe vin propriyeter son lakaz pour premye fwa. Sa sibvansyon i azout lo ‘loan’ lakaz sa aplikan, e i pa bezwen repey sa. Dan sa de dernyen lannen, in annan bokou sanzman dan pri konstriksyon ek lezot faktè ki anpes lamazorite Seselwa benefisyè avek sa skim. Donk, i annan en nesite pou revwar sa. Konmansman Zanvyè 2023, sa bann ‘to’ pou ganny revize konm swivan,:

- Mae: Apartir R 8, 500 par met kare ziska R 9, 500 par met kare
- Pralen: Apartir R 9, 500 par met kare ziska R 11, 500 par met kare
- Ladig: Apartir R 12, 500 par met kare ziska R 13, 500 par met kare

Gouvernman pou osi redwir kontribisyon personnel ki pour bezwen anba sa skim pou ariv 5 pousan, olye 7.5 pousan.

Msye Spiker, Gouvernman pe osi entrodwir en nouvo limit ki aplikan i kapab benefisye anba sa skim. Nou'n war ozordi ki i annan aplikan pe fer bann lakaz enpe pli gran ki pe fer zot pa kapab konplet zot konstriksyon menm avek sa sibvansyon. Alors Gouvernman pe entrodwir en 'limit maximum' 125 met kare pour en aplikan kalifye anba sa skim.

En sonm R 18 milyon in ganny prozekte dan bidze 2023 pou skim pour sibvansyon lakaz.

Touzour an sa ki konsern lakaz abordab, Gouvernman i osi konsernen avek sa kou lasirans ki relye avek en 'loan' lakaz, sa i a pepe 6 pousan 'loan' total. Savedir en kliyan ki pran en 'loan' R 1.5 milyon i pey a pepe R 90,000. Gouvernman pe eksplor tou opsyon pour redwir sa kou. An premye lye nou pe al konmans diskisyon avek bann lakonpannyen lasirans e osi son regilater pou vwar ki opsyon nou kapab annan pou fer sa pri pli abordab. En lot opsyon ki pe ganny konsidere se pou etabli en fon ki a kouver bann 'claims', dan evantyalite en lanmor ouswa dezabilite permanan.

10.3.2. Revwar 'Stamp Duty Order'

En lot mezir ki Gouvernman pe pran Msye Spiker, pour fasilite prosedir pour en endividi annan son prop propriete i nou pe revwar 'stamp duty order' pour endividi ki pe aste en lakaz oubyen en bout later pour premye fwa. Ozordi sa endividi i ganny sa ekzanpsyon pou pa pey 5 pousan 'stamp duty' lo sa premye R 2 milyon. Si sa lakaz ouswa bout later i plis ki R 2 milyon, i pey 'stamp duty' lo sa diferans selman. Msye Spiker, nou'n war bokou ka ki endividi in aste later plis ki R 5 milyon e akòz i premye fwa in aste later in osi benefisye anba sa ekzanpsyon lo sa premye R 2 milyon. Nou'n konstate ki sa polisi pe osi aplikab pour dimoun ki kapab pey 'stamp duty'. Alors Gouvernman in revwar sa polisi, e sa ekzanpsyon pou aplikab pour selman endividi ki aste en propriete ouswa en bout later pour premye fwa e pa kout pli ki SR3 milyon. Sa I en ogmantasyon sorti R 2 milyon pou vin R 3 milyon. Okenn endividi ki aste en propriete ouswa en bout later par la R 3 milyon, pa pou benefisye avek sa ekzanpsyon.

10.3.3. Proze Lakaz Gouvernman

Msye Spiker, apard sa bann mezir pou fasilite akse avek finansman abordab pour bann endividi ki kapab finans zot prop lakaz, Gouvernman lo son kote pe kontinyen avek son program lakaz.

An se moman, i annan 127 'unit' ki dan faz lenplimantasyon, e sa i konpri:

- 16 younit 'Corgate Estate'

- 16 younit Zil Perseverans
- 8 younit Ros Kayman
- 6 younit Corsair -Belonm
- 6 younit Sen Lwi
- 4 younit Beler (Ex SPDF)
- 25 younit Forenwanr- Porglo
- 22 younit Kan Gard - Plezans
- 24 younit 'Union Vale'

Msye spiker, pou sa mwayen term ki devan nou, en sonm total R 1.18 bilyon in ganny prozekte pou al anver devlopman pou nouvo lakaz e R 137 milyon anver bann diferan proze landbank. Pour lannen 2023, R 389.4 milyon ki reprezant 27.6 pousan bidze total lenvestisman pe ganny bidzete zis dan sekter lakaz e later. Sa bidze kapital pe finans diferan proze lakaz ek proze 'land bank', enkli :

- nouvo proze pou konstriksyon 342 'unit' lakaz abordab.
- proze lenfrastruktir pou fasilite konstriksyon 128 lakaz 'mid-range condos' ki ava ganny fer atraver finansman sorti kot bann aplikan
- kontinyasyon bann diferan proze lakaz ki pa pou ankor fini pandan lannen 2022 e
- bann diferan proze 'land bank' a en kou R 42.35 milyon.

Ansanm avek bann nouvo mezir, i bon note ki 'part rental' skim pour lakaz e 'Home Improvement/Re-roofing' pour pansyoner i reste anplas e en sonm R 11.8 milyon e R 5 milyon respektivman pe ganny bidzete pour 2023.

Msye Spiker, parey zot kapab konstate, Gouvernman pe met a dispozisyon nou popilasyon diferan prodwi lakaz, kot sa ki kapab i ava akse finansman lo bann term pli favorab, e bann ki pa kapab Gouvernman ava ede pou konstrir pour zot.

10.4. Sports

Msye Spiker, si i annan en keksoz ki anmenn nou pei ek popilasyon ansanm se sports. Sports i enkli partisipasyon nou tou aköz nou tou annan en disiplin sportif ki nou kontan. Sports i annan sa pouvwar pou anmenn fanmiy, ek kominote ansanm. Ki pli gou ki sa, ler nou war nou popilasyon in rasanble ansanm dan bann fasilite sportif pe sipor nou lekip, pe angaz nou dan legzersis pou gard nou an bonn sante e pe anmenn nou sipor pour nou manm fanmiy ek lekip prefere ki pe partisipe.

I zisteman aköz sa bann bon benefis pozitiv ki sports i anmenn pour nou tou e nou pei, ki plis zefor pe ganny mete pou repar bann fasilite sportiv dan pei.

Msye Spiker, pli boner sa lannen, mon ti al fer en vizit ansanm avek Minis pour Sport, kot plizyer fasilite sportif, mon bezwen dir ki i vreman regretab e fer lapenn pou vwar zot leta. Laplipar in avarye, aköz pandan plizyer lannen zot in ganny neglize. I kler ki pandan sa bann lannen in napa en plan 'maintenance' pour sa bann fasilite.

Pandan lannen 2022, nou deza annan serten proze reparasyon ki an faz lenplimantasyon. Travay lo sanz twatir ‘Palais des Sport’ pou konplete byento me Gouvernman in osi enkli bann lezot travay parey revwar sistenm lalimyer e son, e osi bann ‘shutters’ pour evite ki sports i ganny afekte pandan letan lapli. Sa renovasyon pe kout en total R 3.3 milyon.

Bann lezot proze i remet nouvo twatir lo lenfrastruktir sportif La Dig a en sonm R 1.4 milyon e osi renovasyon ‘fitness trail’ Ros Kayman a en sonm R 450,000.

Renovasyon lo striktir Stad Linite pe osi ganny fer ki enkli adres bann problem delo koule kot seksyon medikal. Travay pou kontinyen an 2023 avek Federasyon Foutbol pou met en nouvo sirfas ‘Astro turf’, ‘track’ atletik, e nouvo lalimyer. Sa bann proze lo Stad Linite i ekspekte kout R 6.9 milyon ler i konplete.

Gouvernman pe osi al konmans travay pou resirfas kort tennis Ros Kayman.

Gouvernman pe osi travay pou repar bann lezot lenfrastruktir sportif an 2023. En total R11 milyon pe ganny prozekte dan bidze 2023 pour sa bann proze swivan;

1. Renovasyon Sports ‘Complex’ Ans Rwayal - R3.75 milyon
2. Konstriksyon Indoor Court Ans Rwayal - R4 milyon
3. Renovasyon Sports ‘Complex’ Ladig - R1.75 milyon e
4. Amelyor bann fasilite lenfrastruktir sportif - R1.5 milyon

Msye Spiker an 2023, nou bann atlet pou partisip dan de gran konpetisyon enternasyonal: Zwe De Zil Losean Endyen ek Zwe Lafrik, alor Gouvernman in fer en alokasyon R37 milyon pou asir partisipasyon nou bann atlet dan sa de zwe.

Nou pe osi met en prozeksyon R15 milyon dan bidze 2024 pour developman sport lo en baz profesyonnel.

Msye Spiker, Gouvernman pou bezwen investir bokou larzan pou remet mazorite lenfrastruktir sportif lo en nivo akseptab. Me, nou determinen pou fer li, aköz nou rekonnet benefis pozitiv ki sports i anmennen dan pei.

10.5. Sekter Sosyal

Msye Spiker, parey in leka pandan sa dernyen 2 an, Gouvernman in kontinyen investir dan bann benefis ek program anba Lazans Proteksyon Sosyal (ASP). Sa i reste en priyorite Gouvernman. Nou rekonnet ki dan lavi, nou tou nou kapab pas dan serten difikilte, e ki nou tonbe. Langazman Gouvernman dan sa sekter se pou donn lasistans kot i neseser e merite, e ed ou pou sirmont ou bann defi e redebout lo ou lipye, kot ou pe travay pou sonny ou fanmir, e kontribye ver sosyete e ou pei. Gouvernman in fer son pozisyon kler ki depandans lo benefis sosyal i bezwen ganny redwir, e sel fason pou fer sa, se pou met tou Seselwa ki kapab, dan en lanplwa.

Anvi ogmantasyon dan kou komodite akòz sa lager ant Ikrenn ek Larisi, Gouvernman ti konmans pran bann mezir pou sipòrt bann ki saler i pli ba, byen boner.

An Me sa lannen, nou ti reviz par 32 pòrsan ‘weights’ benefis sosyal e an Zilyet, plizyè lezot mezir tanporer ti vin an fors:

- Travayer, ki swa dan sèktè piblik oubyen sèktè prive, ki ganny en saler pli ba ki R 8,500 pe ganny en lasistans finansyèl tanporer R 500.
- Travayer, ki swa dan sèktè piblik oubyen sèktè prive, ki ganny en saler ant R 8,500 a R 9,000 par mwan pe ganny en lasistans tanporer ki pou asire ki zot ganny R 9,000 par mwan.
- Dimoun ki zot reveni i mwens ki R 9,000 avek en bil elektirisite ki lo zot non, pe ganny en sipòr adisyonel R 300, lo zot bil.
- Dimoun ki pe ganny en lasistans avek Lazans Proteksyon Sosyal , pe resevwar en lasistans finansyèl tanporer, tou le mwan. Sa i pou bann pansyonner, ‘Home Carer’, e pou bann ki resevwar benefis envalidite, ek dezabilite..
- An Oktob, Gouvernman ti entrodwi ‘maximum retail price’ (MRP) lo 14 komodite debaz ki ‘Seychelles Trading Company’ (STC) i enpòte pou asire ki pri sa 14 komodite i parey lo Mae, Pralen ek La Dig
- An Oktob, osi nou ti donn en egzansyon 25 pòrsan Excise Tax lo karbiran pou bann bato ki transport marsandiz ant Mae , Pralen ek Ladig

Msye Spiker, Gouvernman ti anonse ki sa lasistans tanporer ti pou ale ziska le 31 Desanm, mon oule anonse ki sa lasistans pou aprezan kontinyen ziska lafen Mars 2023. Aparti Avril, sa lasistans pou arete, akòz ogmantasyon dan saler ki pou’n pran lefe.

Parkont, bann benefisyèr program anba Lazans Proteksyon Sosyal ki’n kalifye anba sa program, depi Zilyet, 2022 – sèvedir bann ki ganny benefis retret, benefis envalidite ek benefis dezabilite, e ‘Home Carer’, sa lasistans pou kontinyen.

Msye Spiker, en alokasyon R 1.2 bilyon pe ganny bidzete pou bann benefis ek program anba Lazans Proteksyon Sosyal. Sa sonm i en rediksyon R 241 milyon konpare avek bidze 2022. Sa rediksyon i akòz peyman pou bann ‘Home Carers’ pou sorti anba sa Lazans, an 2023, anvi kreasyon sa nouvo Lazans ‘Home Care’. Proze de lwa pou kreasyon sa lazans i sipòze vin devan Lasanble tre byento.

Msye Spiker, bann pli gro sonm anba bann benefis e program Lazans Proteksyon Sosyal i konm swivan ;

- R 840.3 milyon pou benefis retret konpare avek SR 820.6 milyon an 2022
- R 116.0 milyon pou benefis envalidite konpare avek R 109.4 milyon an 2022
- R 150.6 milyon pou benefis dezabilite konpare avek R 141.8 milyon an 2022 e
- R 61.8 milyon pou ‘ Social Safety Net’ konpare avek R 40.7 milyon an 2022

Msye Spiker nou osi pe travay pou met an plas en lankadreman pou evalye bezwen bann endividi ki pli vilnerab dan en lapros sosyoekonomik ki pa zis regard saler en lakour dan bann kriter pou evalye si en endividi i kalifye pou lasistans benefis sosyal.

Avek bi pou asir lefikasite sistenm proteksyon sosyal, en sonm R 2.5 milyon in ganny bidzete pou met an plas en nouvo sistenm nimerik pour Lazans Proteksyon Sosyal. Sa sistenm pou fer ki ASP, i a pli byen plase pou adres son bann defi e bouz devan avek son program modernizasyon. Bann lobzektif kle sa sistenm se pour redwir bann risk frod, e asire ki bann benefis i ganny peye a bann endividi e lakour ki kalifye.

Gouvernman atraver sa program ‘PforR’ ki i pe enplimante avek sipor Labank mondyal, pou o kour 2023 fer bann travay nesese pour ki i kapab evantelman an 2024 entrodwir en rezis sosyal.

Msye Spiker en rezis sosyal i annan de rol; premyerman en rol polisi sosyal koman en sistenm enkliziv e dezyenman en rol operasyonnel koman en sistenm nimerik.

I esansyelman en sistenm nimerik ki siport sansibilizasyon, admisyon, lanrezistreman e determinasyon admisibilite pour bann diferan program e benefis sosyal.

An plis ki siport lanrezistreman e admisyon, bann ‘data’ ki ganny prodwir par en rezis sosyal i osi ganny servi pou ede kalkil nivo benefis, ede dan planifikasyon e sirveyans e evalyasyon.

En tel sistenm pou osi anmenn plis kordinasyon ant bann diferan lazans, redwir bann prosedir anrezistreman, e fer ki bann dimoun ki dan bezwen i a kapab akse bann diferan servis pli vit.

Msye Spiker, bidze pour bann pti proze kominoter ki fer en gran diferans dan kominote e fasilite lavi nou bann dimoun pour 2023 i pour en sonm R20 milyon. Anplis ki sa bann pti proze, Gouvernman pe osi antreprann serten proze lo nivo kominoter ki pou ed sa bann kominote spesifik. Sa i enkli :

- Konstrikasyon Sant Kominoter Kaskad
- Konstrikasyon Ladministrasyon Distrik Zil Perseverans
- Konstrikasyon semen Bodamier Ansopen
- Konstrikasyon semen Adela – Pwent Lari
- Renovasyon Sant Kominoter Baie Ste Anne
- Konstrikasyon Ladministrasyon Distrik Belonm
- Renovasyon Sant Kominoter e Ladministrasyon Distrik La Dig
- Nouvo twatir pour Sant Kominoter Ans Rwayal
- Renovasyon bann lenfrastruktir ‘day care centres’
- Renovasyon Sant Kominoter e Ladministrasyon Distrik Gran-t-Ans Pralen
- Renovasyon Sant Kominoter Sen Lwi
- Renovasyon Ladministrasyon Distrik Kaskad
- Renovasyon Ladministrasyon Distrik Porglo

Msye Spiker, pour nou pei bouz devan, nou bezwen bann sitwayen for, responsab e serye ki kapab e pare pou travay dir pou benefis zot fanmiy ek pei. Nou konnen, ki en kous nou popilasyon pe fer fas avek bokou fleo sosyal, espesyalman adiksyon drog. Nou Gouvernman i rekonnet ki tou dimoun ki tonbe i devret ganny en dezyenm sans pou refer zot lavi e i pour sa

rezon ki nou pe envestir dan bann fasilite reabilitasyon. Pour lannen 2022, Gouvernman pe bidzete en sonm :

- R 6.9 milyon pour konmansman proze fasilite ‘MAT’ clinic (Medically Assisted Treatment).
- R 9 milyon pour konmansman proze ‘Youth Hope Residential Center’ kot bann zenn anba laz avek problem latitud e kin ganny refer par lakour pou ganny rehabilite. Sa, i ava osi asire ki zot pa dan menm fasilite ki bann adilt.

Msye Spiker, lenvestisman pou donn nou zenn ki’n tonbe en dezyenm sans pou refer zot lavi i enportan e nesese aköz son konsekans pou enn katastrofik pour nou lavenir. Ler nou annan zenn ki depandan lo drog, ki pa travay, ki pa kontribye e ki pe angaz li dan bann aktivite ilegal, se nou tou, koman en sosyete ki santi son lenpak. Alor i sanmenm sa ki nou Gouvernman pe envestir dan sa bann proze ki pou sipòrt e fourni lasistans direk pour nou popilasyon.

Msye Spiker, anvi nou popilasyon ki pe vyeyir, i reste touzour en priyorite nou Gouvernman pou fer sir ki zot resevwar swen e viv dan konfor. I pour sa rezon ki an 2023, tou ‘Home Carers’ pou ganny anploye par en lazans, savedir zot pou nepli tonm anba Lazans Proteksyon Sosyal. Proze de lwa pou kree Lazans ‘Home Care’ pou vin devan Lasanble byento. Pour lannen 2023, nou pe prozekte en bidze R321.74 milyon pour sa lazans. Lentansyon kree sa lazans se ki Gouvernman i oule ki sa servis i vin enn ki pli profesyonnel, anvi bann swen spesifik ki nou bann dimoun aze i bezwen. Sa nouvo striktir pou bann ‘Home Carers’ pou asire ki sa bann travayer pou fonksyonn dan en lankadreman legal kot i annan plis sertitud, e sa ava osi ed zot annan akse avek ‘loan’.

Prenankont lenportans ki Gouvernman pe mete lo byennet sosyal, bidze Departman Zafer Sosyal pour 2023 pe ogmante, pour permet sa departman rekrit 9 nouvo travayer sosyal. Sa logmantasyon a permet Departman Zafer Sosyal pou kontiny zot travay remarkab dan proteksyon nou bann zanfan, bann fanmir e adilt pli vilnerab dan nou sosyete.

10.6. Lord ek Lape

Msye Spiker, lord ek lape i en sekter priyorite ki nou Gouvernman pe met bokou lanfaz lo la. Pour 2023, Minister Zafer Entern pe ganny en bidze R 95.9 milyon pour lenplimantasyon diferan proze anba son portfolio. Sa i enkli ;

- R 8 milyon - pour renovasyon Kordgard Santral
- R 21.7 milyon - pour konstriksyon nouvo Kordgard Praslin
- R 5 milyon - pour konstriksyon nouvo Kordgard Zil Perseverans
- R 7.9 milyon – pour proze konstriksyon nouvo sant rimann
- R 2.4 milyon – pour renovasyon ‘Youth Offenders Facility’.
- R 9.5 milyon – Resours e depans operasyonel e osi resours imen adisyonel pour Departman Prizon.

Msye Spiker, sa lager kont drog ki nou Gouvernman pe antreprann i enn ki difisil e i vin avek bokou kompleksite. Me nou Gouvernman i determinen ki sa fleo i bezwen ganny detrir. Parey Prezidan Ramkalawan in toultan pronons li lo la, son Gouvernman pe e pou kontinyen anmenn

en lager asarne kont trafik drog dan pei, akòz son konsekans i enn ki devastater lo nou pti popilasyon.

Sa lager i bezwen lo diferan fron, kot nou pa pe zis target lenportasyon drog ek lezot aktivite ilegal lo later, me osi lo lanmer. Alor i avek sa bi ki Gouvènmman pe etabli en stasyon gard lakot lo Praslin. Pour 2023, en alokasyon R 3.1 milyon in ganny bidzete pour sa proze.

Msye Spiker, pou gard lord ek lape ek sekirite i enn ki koute. Gouvènmman pe toultan etidye nouvo fason fer keksoz, kot efikasite i primordyal, me sa ki enportan se ki nou Gouvènmman pou toultan garanti lord, ek lape dan pei, afen ki nou popilasyon i viv en sekirite.

11. Lekonomi

Msye Spiker, nou reste angaze avek nou azanda transformasyon ekonomik dan sa senk sekter ki monn liste lo konmansman mon diskour ki anlinny avek nou plan devlopman stratezik. I pour sa rezon ki lenvestisman dan lenfrastruktir ki pou permet lagrandisman ekonomik pou kontinyen ganny fer :

11.1. Sekter tourizm

Msye Spiker, avek lasistans Lorganizasyon Mondyal pour tourizm (WTO), Sesel in devlop son premye ‘tourism satellite account’ ki pou mezir lenpak sekter tourizm lo lekonomi e pou evalye kontribisyon sa sekter lo prodwi domestik brit.

En letid pou ganny fer an 2023 pour nou pli byen konpran sekter tourizm e son benefis ki i kontribye dan lekonomi.

Msye Spiker, Gouvènmman pou osi travay pou konsolid ‘supply chain’ dan lendistri lokal e son lyen avek sekter tourizm, espesyalman pou ranplas prodwir enportasyon avek prodiksyon lokal ki zot a kapab fourni sa sekter.

Bann biznes i bezwen antre dan bann aktivite ki pour fer viziter depans plis, parey dan bann aktivite dan la natir ouswa bann restoran ki spesyalize dan manze kreol.

11.2. Sekter Lagrikiltir:

Msye Spiker, bokou lanfaz i osi pe ganny mete pou amelyor servis ekstansyon pour nou bann zofisye kapab asiste plis nou bann fermye pou amenn sa transformasyon dan sekter agrikol kot nou bann fermye a kapab ganny akse avek plis lenformasyon, teknolozi e rezilta bann resers avek bi pou kontinyen ogmant prodiksyon lokal. In annan serten restriktirasyon ki’n ganny fer avek, bi pou amelyor servis ki sa seksyon i ofer nou bann fermye, e sa i osi enkli plis formasyon ek devlopman kapasite dan teknolozi anmas e partaz lenformasyon.

Departman Lagrikiltir pe osi kontinyelman antreprann serten reform avek stor lagrikiltir pou fer li mars pli konsistan avek bezwen nou bann fermye. Stor Lagrikiltir pe osi ganny modernize pou delivre en servis ki pli efikas e bokou demars in deza ganny fer pou etabli kontak avek bann

nouvo fournir pour nou kapab amelyor lo kalite, la kantite e konsistan pou asire ki touzour i annan bann prodwir debaz lo stor.

Departman Lagrikiltir pe osi revwar plan prodiksyon bann ferme e analiz bann difikilte ki ferme pe fer fas avek kot nou pe osi ankouraz prodiksyon soutenab an servan teknolozi modern, par egzanp plant anba kouvertir ‘High tech Crop Production’.

En stratezi kle ki Departman Lagrikiltir in mentenir pour sa dernyen 2 an, se sipor sibvansyon ki pe ganny revize pou fer ki sa skim i vin pli targete, efikas e soutenab. En sonm R 30 milyon in ganny bidzete anba sa skim pour lannen 2023 konpare avek R 98.9 milyon an 2022.

En alokasyon R 40.5 milyon in ganny bidzete anba proze kapital pour lannen 2023 anba Departman Lagrikiltir pou finans bann proze dan diferan distrik ki ava annan en lefe direk lo bann ferme. En total R10.2 milyon in osi ganny bidzete pou kontinyasyon proze pou konstriksyon en nouvo abatwar.

Parmi bann proze idantifye pour 2023 i:

- Konstrikasyon bazar Ans Bwalo ek La Retret
- Amelyor sistenm irigasyon
- Netway larivyer ek lanmar ki bord avek later lagrikiltir
- Renovasyon bazar Viktorya
- Renovasyon batiman servis ekstansyon
- Amelyor ‘Bulk Store’ lo Pralen ek Mae e osi stor rekizit lo La Dig – R 4 milyon

Gouvernman in osi fer en provizyon R 3 milyon anba fon devlopman lagrikiltir. Sa provizyon pou ogmante pou ariv R 10 milyon e R 15 milyon an 2024 e 2025 respektivman.

11.3. Sekter Lapes e Lekonomi Ble

Parey in anonse dan bann bidze oparavan, lentansyon Gouvernman se pou ankouraz plis valer azoute dan nou sekter lapas ek lekonomi ble. Pou siport sa stratezi, Gouvernman in fer en alokasyon R 25.3 milyon an 2023 e R 50 milyon an 2024 pou devlopman lenfrastruktir ‘Ile Du Port’, kot bann ‘Fish Processing Plants’ pou sitie. Nou bezwen investir dan bann lenfrastruktir dan sa sekter pou war plis kwasans an mwayen term.

Dernyen transfer ‘Blue Bond’ ekivalan R 30.1 milyon pou ganny fer dan ‘Blue Investment Fund’ avek Labank Devlopman Sesel. Premye proze pour en total US\$ 3 milyon in ganny aprouve anba sa fon an 2022. Balans alors anba sa fon i pou US\$ 9 milyon konmansman 2023. Nou alors ankouraz bann investiser pou rod finansman anba sa fon anvi bann kondisyon preferansyel konm swivan ;

1. To lentere 4 pousan
2. Term repeyman 15 an
3. Kontribisyon personnel selman 10 pousan

Msye Spiker, Lotorite Lapes i ekspekte konmans konstriksyon en batiman pour son 240 travayer.

Pandan lannen 2023, Lotorite Lapes pou osi konmans bann proze ki pou benefisye sa sekter ;

1. ‘Gear store’ Glacis
2. Resirfas e amelyor fasilite irigasyon
3. Bazar e ‘Gear Store’ Anse La Mouche
4. Platform kontener Belonm
5. En ‘holding chiller’ kot Erport
6. En platform kontener e en mini ‘warehouse’ Providans pour en sonm R 1.7 milyon e R 6 milyon respektivman.

Pou permet lagrandisman e diversifikasyon dan sa sekter, i annan en nouvo mezir taks ki mon pou anonse plitar ki pou benefisye bann akter dan ‘fish processing’ ek akwakiltir.

11.4. Sekter “Digital Economy” (Lekonomi Nimerik)

Msye Spiker, dan sa transformasyon ekonomik, devlopman lekonomi nimerik, i reste enn ki kle, aköz avek teknolozi, keksoz i vin pli fasil, pli senp, pli efikas, pli aksesib, pli transparan e pli enportan i permet ou redeplway ou resours kot i vreman nesese e merite. Adopsyon teknolozi dan nou bann tranzaksyon toulezour i permet nou popilasyon akse servis ek loportinite.

I pour sa rezon ki Gouvernman pe kontinyen investir dan bann proze pou siport amelyorasyon lenfrastriktir teknolozi dan pei. Gouvernman in fer en alokasyon R 424.6 milyon dan mwayen term e sa i reprezant 1.4 pousan GDP. Sa sonm i enkli R 145.1 milyon an 2023. Lenplimantasyon sistenm idantite elektronik in vin operasyonnel ver lafen Oktob 2022. Sa sistenm pou kle dan devlopman azanda lekonomi nimerik.

Pour 2023, lanfaz pou ganny mete lo enterfas bann sistenm Gouvernman ek sekter prive pour servi platform ‘Sey-ID’. Bann servis ki deza aksesib ‘online’ i lanrezistremman bann biznes e lasosyasyon.

Dan sa menm loptik, mon Minister in fek lans son platform nimerik pour ki lavant alankan bann byen Gouvernman ki’n ganny laprouvasyon pou vann i ganny fer lo sa platform. Premye lavant alankan ti fer tar en Oktob, e adopsyon teknolozi in fasilite sa legzersis, e fer sa servis vin pli aksesib avek manm piblik.

Lannen prosenn, nou pe al adopte en rezis tou endividi oubyen biznes ki oule partisip dan bann ‘tender’ ki Gouvernman i fer. Annan en tel rezis ava ede pou redwir bann prosedir ki bann ‘bidders’ i bezwen pas atraver pou partisip dan bann ‘tender’ Gouvernman.

Nou pe osi ekspekte sistenm lenformatik lasante vin an mars ver la fen 2022. Gouvènmman pou lans ‘tender’ pou sa nouvo sistenm lenformasyon entegre pou zesyon Finans Piblik (Integrated Financial Management Information System) an 2023. Sa proze i ekspekte konplete an 2025.

Proze paspor biometrik pou konplete avan lafen 2022. Sa nouvo sistenm paspor i ava ede pou Sesel amelyor bann eleman sekirite dapre standar Lòganizasyon Enternasyonal Laviasyon Sivil (ICAO). Sa i enkli R 29 milyon ki’nn al anver sa nouvo sistenm limenm e R 8.4 milyon ki’n al anver sistenm sinyatir nimerik pou paspor biometrik ki konpatib avek standar ki ICAO i demande. Detay enplimantasyon pou ganny kominike avek piblik par Minisiter Zafer Entèn.

Msye Spiker, dan nou demars pou devlop nou sektè lekonomi nimerik i nesese ki nou osi met an plas bann lankadremman legal pou asir proteksyon ek son loperasyon.

Alors, en nouvo prozed lwa ‘Data Protection Bill’ pou ganny propoze devan Lasanble Nasyonal pandan premye sis mwan lannen 2023. Sa nouvo prozed lwa pou protez lenformasyon personèl en endividi. Nou pou bezwen fer bokou program edikasyonnel pou edik manm piblik lo bann provizyon sa lalwa. Sa lalwa pou ede donn pli konfyans bann investiser ki zot lenformasyon personèl pou ganny proteze parey i egziste dan bann lezot pei.

Osi, en nouvo Lotorite Regilater Kominikasyon pou ganny kree anba prozed lwa Kominikasyon ki deza devan Lasanble Nasyonal. En sonm R 9.3 milyon in ganny prozèkte pou sa nouvo lotorite. Sa prozedlwa pe adres en nouvo kad legal pou sektè telekominikasyon e osi pou adres bann pratik anti konpetitiv. En linisyativ ki sa nouvo lotorite pou travay lo la an 2023 i konsèrn enplimantasyon ‘number portability’ ki ava ed bann kliyan pou sanz zot operater e ava ede dan plis konpetisyon.

Msye Spiker, dan sa demars pou devlop lekonomi nimerik, enn bann sektè priyorite ki nou bezwen konsantre lo la i litalizasyon teknoloji enformatik dan servis piblik. I ankò annan retisans pou adopte teknoloji dan travay toulezour, me avek evolisyon, nou napa lot swa, me pou adapte. Nou pe depan bokou lo Departman Lenformasyon Teknoloji ek Kominikasyon dan sa demars, me nou rekonnèt ki i pa pou kapab fer sa travay lo li menm. Alors Gouvènmman in fer en provizyon R 6.5 milyon pou met an plas en striktir ‘outsourcing’ lo devlopman sa bann proze.

11.5. Sektè Finansyel

Msye Spiker, Gouvènmman pe kontinyen avek son langazman pou amelyor striktir ziridiksyon Anti-Blansisaz Larzan e pou Lit Kont Finansman Terorizm (AML/CFT). Lafen Septanm sa lannen, Komite responsab pou amelyor kordinasyon nasyonal e asire ki bann defayans ki’n note dan ‘Mutual Evaluation Report’ i ganny adrese atan, in soumet en lot rapòr ek ESAAMLG pou demann amelyorasyon dan ankò 8 ratings dan sa 11 defayans ki ti reste. Sa demann pou ganny diskite dan meeting ESAAMLG an Avril 2023. Bann lankadremman ki konsèrn sa trwa lezot defayans pou ganny travay lo la pandan 2023 e Komite pou soumet son rapòr kot ESAAMLG pou demann en amelyorasyon lo sa 3 ratings an 2024.

Msye Spiker, parey nou kapab konstata ki Sesel i lo ‘Annex II’ koni konman ‘grey list’ lalis Linyon Ewopeen pou bann ziridiksyon ki pa korpore lo taks. Sa i akòz Linyon Ewopeen pe esper Lòganizasyon pou Korporasyon Ekonomik ek Devlopman (OECD), vizit Sesel pou evalye

lefiikasite lankadreman lesanz lenformasyon taks. Sa evalyasyon ki nou apel li en revy siplemanter in deza konmanse e OECD pou vizit Sesel an Desanm 2022 pou diskite avek Gouvernman e osi ek sekter prive bann progres ki'n ganny fer apre ki bann lalwa in vin an fors. Sa prosedir pour konplete ler rapor Sesel i ganny diskite dan miting OECD 'Peer Review Group' an Zen 2023. E nou ekspekte ki Linyon Eropen i konsider sa rapor dan son revy an Oktob 2023.

Labank Santral pou asire ki lankadreman legal sistenm nasyonal pour peyman i baze lo bann standar enternasyonal e bann bon pratik. Lalwa sistenm nasyonal pour peyman e son bann regilasyon in ganny revwar pou fer sir ki nouvo polisi pour adres sa bann defayans ki'n ganny idantifye i ganny adopte dan en lankadreman legal. Sa bann propozisyon dan polisi pour ganny diskite ek bann partener avan la fen 2023.

Msye Spiker, Labank Santral pe osi siport sa sekter avek bann nouvo prozedlwa par egzanp e-money ki pour ogmant enklizyon finansyel par promot akse avek servis e prodwir finansyel abordab. Labank Santral pe osi amelyor lenfrastruktir sistenm peyman e 'central securities depository' ki pour ofer plis sekirite e redwir okenn risk. Labank Santral i reste angaze dan son zefor pour moderniz sistenm nasyonal pour peyman, pour fer bann fasilite peyman pli efikas, konvenyan, fyab e abordab. An plis, avek bi pour ogmant itilizasyon prodwir e servis elektronik dan pei, Labank Santral avek led en konsiltan pou antreprann en letid pou evalye afordabilite e fiabilite enternet e koneksyon rezo dan Sesel. Sa letid i ekspekte konmanse an 2023.

Labank Santral pe osi travay lo en lankadreman pour formilasyon en 'Regulatory Sandbox' lo nouvo teknolozi. Bann travayer pe osi fer lesanz konesans avek lezot pei dan preparasyon enplimantasyon sa teknolozi.

Msye Spiker, Labank Santral pe osi travay pou enplimant en nouvo system 'Credit Information' (CIS) ek son lankadreman legal pour kouvert plis sekter. Sa i ava ed biznes annan lenformasyon konsernan kredi zot kliyan e zot ava kapab evalye si i vo lapenn donn en kliyan kredi, e osi ed zot deside konbyen pou sarze pour sa kredi, baze lo degre risk ki annan. Sa nouvo sistenm i ekspekte konplete an Desanm 2022 e son kad legal pou pare dan premye kar 2023.

Msye Spiker, Gouvernman pou osi inisye bann reform pour devlop marse kapital ki konparab avek norm enternasyonal. Sa i ava en lot opsyon pour bann antite pret larzan. Nou pe analiz nou lankadreman legal e pour propoz lamannman pandan 2023.

Msye Spiker, bokou in ganny mansyonnen dan sekter finansyel. Me en defi ki touzour reste se Seselwa kalifye dan sa sekter. Avek en azanda tre sarze dan sa sekter i pou ouvert bokou loportinite pour Seselwa e osi en sekter ki pey byen konpare avek lezot sekter. Alors mon oule enplor bann etidyan pou pran bann letid ki relye avek sekter finansyel e swazir bann karyer dan sa sekter.

12. Lenvestisman, Lantreprenarya, Lendistri e Fasilitasyon dan Komers

Msye Spiker, lenvestisman dan lenfrastruktir pour devlopman ekonomik i enportan. Pour lannen 2023, en alokasyon bidzeter R 47.8 milyon pe fer pour Lotorite Endistriyel (IEA), pou finans 3

proze spesifik: kontiniasyon proze lenfrastruktir lo ‘zone 20’, nouvo faz proze lenfrastruktir lo ‘île Eve’ e osi nouvo proze lenfrastruktir pou ‘zone 6’ e park maren endistriyel.

Anmenmtan, nou bezwen osi asire ki nou bann polisi pe promouvwar e fasilite komers dan nou pei. I pour sa rezon ki an 2022, Gouvènmman pou konplet son premye revni polisi komers. E osi an 2022, Departman komers ti devlope en nouvo platform “Trade Portal” pou kit sektè prive enformen avek lenformasyon nesese. I enportan pou masyonnen ki Department Komers dan son nouvo strateji pour 2023 se pou vin pli konekte ek sektè prive e osi pli vizib par donn plis lenformasyon piblik lo bann travay ki pe fer. Nou rekonnèt ki partisipasyon sektè prive dan developman polisi i vremen enportan e lakle sa transformasyon ekonomik ki nou anvwar.

Msye Spiker, an Fevriye 2023, prosedir permi pour enportasyon e eksportasyon pou vin ‘fully digital’. Nou ekspekte avek sa nouvo developman, nou avas ede donn en pli bon servis sektè prive. Gouvènmman pe osi travay pou finaliz lalwa Propriyete Endistriyel (Industry Property act), Copyright Act, e ‘Trade Remedies’ avan lafen 2023.

Minister Lenvestisman, Lantreprenarya e Lendistri pe kontinyen pou prioritiz son zefor lo amelyor lanvironnman biznes e kreasyon en lankadrem lantraprenarya nasyonal. Depi Zilyet sa lannen en biznes i annan sa posibilite pou fer laplikasyon ou renouvèlman en laysenns ‘online’. Premye faz proze pou kree en ‘portal’ lenvestisman kot envestiser i kapab soumet zot proze elektronik i dan staz teste. Gouvènmman pe evalye opsyon lo en ‘one stop service centre’ avek bi fasilite prosedir ki bann biznes i fer fas avek.

Msye Spiker, amelyorasyon dan sistenm ladwann (ASYCUDA World) i an progre. Sa sistenm pe gann anbelir pou met nouvo ‘modules’.

Developman ‘module’ pour peyman elektronik in konmans e nou ekspekte i konplete dan trwazyenn kar 2023. ‘Excise Warehouse’ module i ekspekte pare dan faz teste dan premye kar 2023. Developman platform ‘single window’ i ekspekte konplete premye kar 2024.

Komisyon Reveni pe kontinyen travay pou moderniz sistenm ki zot servi pour nou vwar plis lefikasite dan koleksyon reveni. Sa sistenm i ekspekte konplete par la fen 2023. Sa modernizasyon dan sistenm pou ogmant koleksyon reveni, donn plis servis elektronik e redwir kou ‘konformite’ pour biznes.

Msye Spiker, Gouvènmman pou revwar lalwa administrasyon reveni pou ogmant zour ki en biznes i annan pour li anreziste avek Komisyon Reveni apre ki sa biznes in konmans fonksyonnen. Sa pou sorti 14 zour pour vin 28 zour. Gouvènmman pou osi ogmant penalti ler en biznes pa fer son bann obligasyon parey lalwa i demande. Sepandan nou rekonnèt ki lalwa taks i pa enn ki sitan fasil pou konpran. Gouvènmman pou travay lo en striktir pou asiste bann pti biznes, an term bann prosedir ki zot bezwen swiv, tel parey zot bann obligasyon taks, e bann lezot servis ki relye avek lopeyasyon zot biznes. Komisyon Reveni pou osi evalye son bann program sansibilizasyon pou etabli si sa bann program pe ede pour ki biznes i an konformite avek lalwa taks.

Gouvernman in osi fer en alokasyon R 5 milyon pou skim ‘seeds capital’ pou siport bann ‘start-ups’ dan bann nide inovativ dan bann sektor prioriter.

Msye Spiker, Gouvernman pe met bokou lanfaz lo devlopman bann pti biznes. An linny avek sa akse avek finans i vin en priorite pour sa Ladministrasyon. En alokasyon R50 milyon pou sibvansyon to lentere lo bann ‘loan’ ‘Small and Medium Enterprise’ (SME) ziska SR 3 milyon. Bann nouvo paramet pour sa skim in ganny entrodwir pou fer sir ki I anliny avek vizyon Gouvernman e met lanfaz dan bann sektor kle ki pou ede dan sa transformasyon ekonomik, tel ki lagrikiltir, tourism, lapes ek lekonomi ble, ek sektor ICT, parmi lezot. Anplis tou biznes anba en reveni R 10 milyon pou kapab kalifye en ‘loan’ anba sa skim baze lo zot proze, konpare avek avan ki ti R 7 milyon. Alors mon demann sektor prive pou pran sa loportinite e vin ek bann proze inovatif pour ede dan sa transformasyon e anmenn plis larises pour nou pei.

13. Sektor Lanvironnman, Lenerzi e Sanzman Klima

Msye Spiker, Gouvernman i reste angaze pou akseler son lanbisyon dan tranzisyon lenerzi. Lenerzi renouvlab pou reste o sant stratezi ekonomik dan nou bann priorite ekonomi, sosyal e sanzman klima pour nou rekipar dan en fason soutenab apre sa pandemik e mentenir nou rezilyans. Nou langazman lon term se pou redwir kantite karbon ver 2050 e pou ogmant zenerasyon elektrisite an servan lenerzi renouvlab ki enkli lenerzi. Nou pe osi revwar lankadreman legal, polisi e enstitisyonnel pour nou kree en lanvironnman favorab pou siport sa tranzisyon dan sektor lenerzi.

Bann lenvestisman prioriter dan adaptasyon sanzman klima, in ganny idantifye dan lenfrastruktir sektor tourism, amenazman lakot, sekirite alimanter, bio-diversite, e lekonomi ble. En legzersis pou evalye bann proze prioriter dan sektor sanzman klima in konmanse. Lerozyon, linondasyon e risk klimatik lo bann lakot in montre nou ki mannyer nou lanvironnman, nou bann resours ekonomik, e menm nou lavi sosyal i reste vilnerab e ki nou bezwen adres sa problem dan en fason serye.

Bann proze kle dan sa sektor i konm swivan ;

1. Proze lakot Anse Gaulette - R 3 milyon
2. Reabilitasyon lakot Anse Consolation - R 1.5 milyon
3. Amelyorasyon dan kapasite pour retir delo dan plato La Digue - R 1 milyon
4. Amenazman e lentegrasyon sistenn lakot - R 8.8 milyon
5. Proze ‘Coral reefs’ - R 19.3 milyon
6. Lenstalasyon bann pano soler PV lo twatir bann batiman Gouvernman - R 27.5 milyon e
7. Proze ‘Low Carbon’ pou adres sanzman klima - R 7 milyon

14. Sekter Transpor

Msye Spiker, Lazans Transport Lo Later pe ganny en alokasyon R 46.2 milyon anba proze kapital. Sa sonm i enkli R 3.9 milyon pou amelyor semen sorti Larivyer Anglez ziska “Ile Du Port”. En provizyon R 3.5 milyon pour trwazyenm koulwar Pwent Lari. Gouvernman in osi resevwar en don pour en lavalier R 38.9 milyon pou amelyor semen lakot was sorti dan kwaze semen Anse La Mous pou al Be Lazar. Sa proze i ekspekte konmanse avan lannen fini.

Msye spiker, travay pou devlopman proze lagrandisman por Viktorya i kontinyen an 2023. Lotorite Por Sesel in prozekte en depans R 86 milyon anver sa proze an 2023. Lotorite Por i osi ekspekte konplet konstriksyon lenfrastruktir lo Zil ‘Eve’ ki pou enkli en lofis avek en depans total R 4.2 milyon ki’n ganny prozekte an 2023. Kontiniasyon travay lo Por Ladig in osi ganny prozekte dan depans 2023 par sa lotorite pour en sonm R 9.7 milyon.

Parey ti’n deza ganny anonse dan ladres bidze oparavan, travay lo renovasyon terminal erport pou elev li lo en pli o standar ki ava reflekte nou standar destinasyon koman en pei senk zetwal pe kontinyen ganny enplimante. En total R 9.1 milyon in ganny prozekte pou ganny depanse an 2023 pour proze renovasyon terminal erport par Lotorite Laviasyon Sivil (SCAA). Nouvo plan konpreansiv pour redevlopman Erport pou pare an 2023.

En sonm R 8 milyon in bidzete an 2023 pour proze stasyon teste transport lo Pralen.

Pou note Msye Spiker, ki aprezan Komisyon Transpor lo Later in transfer pou tonm anba Minister Transpor.

15. Sekter Lanplwa

Msye Spiker, statistik pibliye dan dezyenm kar lannen 2022 in demontre ki in annan 4.5 pousan travayer an plis dan marse lanplwa ki reprezant 51,214 travayer konpare avek 49,002 travayer a la fen Zen 2021. Pandan peryod Zanvyé a Septanm 2022, 927 endividi in ganny plase dan travay par seksyon servis lanplwa dan Minister.

Gouvernman pe finaliz stratezi devlopman resours imen. Sa stratezi pour anliny avek plan nasyonal pour devlopman. Sa stratezi ava ed bann etidyan lo zot desizyon lo zot letid baze lo ki kalite karyer ki pou an demann dan pei dan mwayen e long term.

En provizyon R 6.5 milyon e R 5 milyon i dan bidze 2023 pour program devlopman skil , skim pour anploy bann zenn respektivman.

Msye Spiker, noun koz bokou lo lalwa lanplwa pandan sa bann dernyen lannen. Nou bezwen finaliz sa lalwa pandan 2023.

16. Polisi ek Taks

16.1. Lentrodiksyon en taks lanvironnman soutenabilite lo bann viziter

Msye Spiker, ozordi Gouvernman i depans R 436.5 milyon dan sektor lanvironnman e sanzman klima ki enkli netwayaz e bann proze lanvironnman. Nou konstate ki touris pe vin pli konsyan dan proteksyon lanvironnman. Me nou rekonnèt avèk viziter ki pe kontinyen ogmante letan ou konpar li avèk nou popilasyon i kapab annan en lenpak lo nou lanvironnman. Alòrs nou bezwen regard bann lezot fason pou bann viziter kontribye ver soutenabilite nou resous natirel.

Msye Spiker, aparti le premye Avril, 2023, nou pou enplimant en nouvo ‘levy’ anba lalwa proteksyon lanvironnman ki pou ganny sarze lo bann touris ki vin vizit Sesel. Sa to pou ganny sarze pou sak nwit en viziter i reste Sesel konm swivan;

1. Bann pti lotel 24 lasanm e pli ba - en to R 25 pour sak nwit pour sak lasanm
2. Bann mwayen lotel 25-50 lasanm - en to R 75 pour sak nwit pour sak lasanm
3. Bann gran lotel par la 50 lasanm - en to R 100 pour sak nwit pour sak lasanm

Nou pe enplimant sa ‘levy’ aparti Avril, pou donn ase notis bann operater dan sektor tourizm. Komisyon Reveni pou responsab pou kolekte sa reveni. Sa nouvo ‘levy’ pou aplikab pour bann ‘yacht charter’ osi. Sa to ki noun propoze i pa signifikan pour enfluyans desizyon en touris pou vin Sesel.

Nou ekspekte kolekte R162 milyon avèk sa nouvo ‘levy’ an 2023.

16.2. Lentrodiksyon en taks lo reveni bann mwayen e gran lotel

Msye Spiker, menm si lendistri tourizm i premye pilye ekonomik nou pei, i toudmenm reste en tre gran problem an sa ki konserne pousantaz kontribisyon taks, sirtou biznes taks, ki zot bezwen ‘file’ tou le zan avèk Komisyon Reveni Sesel.

En analiz ki ti ganny fer avèk lasistans Lorganizasyon pour Korporasyon Ekonomik ek Devlopman (OECD) letan nou ti pe eksplor diferan opsyon lo reform dan rezim biznes taks nou ti war ki sektor tourizm i kontribye selman 8 pousan reveni anba biznes taks konpare avèk 47 pousan anba reveni ‘VAT’ kolekte. Dan sa 11 lotel ki tonm anba kategori gran biznes, savedir en reveni par la R 50 milyon, zot ti fer anviron R 4.75 bilyon an reveni me zot in pey selman R60.1 milyon reveni anba biznes taks ki reprezant selman 1.3 pousan lo zot reveni total. Parmi sa 11 gran lotel, selman 4 lotel, ki’n pey biznes taks an 2021. Msye Spiker, sa letid in montre klerman, ki Gouvernman i bezwen kapab kolekte plis taks avèk sa sektor. Menm si lalwa pe ganny amande pou minimiz ‘transfer pricing’ ki pe arive dan sa sektor, me nou konstate ki bokou reveni pa pe ganny kolekte.

Alòrs aparti le premye Zanvyè 2023, Gouvernman pou enpoz en to taks 2 pousan lo reveni bann mwayen e gran lotel. Sa rezim taks pour en nouvo lalwa lo li menm. Nou prozekte nou pou kolekte R 118 milyon an 2023 avèk lentrodiksyon sa nouvo rezim taks.

16.3. Revizyon to taks ki ganny sarze lo propriyete imobilye pour bann etranze

Msye Spiker, an Zanvy 2020 Gouvènmman ti entrodwi en to taks 0.25 pousan lo propriyete imobilye ki aplikab lo tou propriyete rezidansyel etranze. I annan 819 propriyete ki'n anrezistre avèk Lofis Rezistrar. Komisyon Reveni in kolekte R 56.2 milyon depi 2020 ziska Septanm 2022 anba taks propriyete imobilye. Aparti Zanvy 2024, Gouvènmman pou ogmant sa to taks pou ariv 0.5 pousan. Avèk sa lamannman nou pou kolekte en reveni adisyonel R 19.6 milyon an 2024.

16.4. Revizyon to taks ki ganny sarze pour bann 'securities dealers' anba taks biznes

Msye Spiker, en kategori biznes dan sèkter finansyel ki nou pe vwar plis kwasans se 'securities dealers', oubyen bann ki fer biznes avèk 'stock exchange'. Ozordi dan lalwa 'securities', to taks ki aplikab i 1.5 pousan lo 'assessable income' si sa lakonpanyen i annan en prezans Sesel baze lo bann kriter ki'n ganny mete. Gouvènmman pe finaliz bann kriter lo sa lankadreman prezans pou fer sir ki i annan plis klarite e sa i ava ede dan devlopman sa sèkter. Nou konstate ki i annan plis ki 116 'securities dealers' ki'n etabli isi Sesel e 15 ladan in pey anviron R 71.5 milyon. Alors Gouvènmman pe ogmant to taks ki aplikab pou sa sèkter sorti 1.5 pousan pou ariv 3pousan konmansman Zanvy 2023.

Avèk sanzman lo to taks ki pou ariv 3pousan, Gouvènmman pou kolekte R 219.5 milyon reveni adisyonnel an 2023.

16.5. Lentrodiksyon en rezim spesyal pour sèkter 'fish processing' e akwakiltir anba taks biznes

Msye Spiker, depi ki sa Gouvènmman in vin o pouvwar i pe koz lo transformasyon e diversifikasyon nou lekonmi. Nou byen kontan ki pou sa kantite letan sèkter touzism in devlope e evolye pou vin kot i ete ozordi. Me, pandemik COVID 19 in montre nou ki mannyer sa lendistri i tre frazil e sa depandans ki nou'n annan tou sa letan, in fer ki bann lezot sèkter ekonomik in ganny neglizè. I pou sa rezon ki nou pe met fondasyon pou lezot sèkter priyoriter ganny enpe lespas fiskal dan zot devlopman, par donn zot serten konsesyon, zis parey lendistri touzism in benefisye avèk.

Enn sa bann sèkter priyorite i devlopman e evolasyon dan lapès, sirtou dan domenn 'valer azoute' e 'akwakiltir'.

Alor Msye Spiker, aparti le premye Zanvy 2023, sa de sèkter pou pey selman en to taks biznes fiks '15 pousan' lo okenn profi ki zot fer. Sa i ava ed sa bann biznes pou envestir plis e anmenn plis kwasans dan lekonmi. Sa taks preferansyel lo sa de sèkter i pou en dirasyon 10 an.

Zis pou fer rapel ki depi Zanvy 2022, to taks biznes i konm swivan:

15 pousan lo profi ziska R1 milyon e 25 pousan lo profi par lao R1 milyon.

Pandan lannen 2023 nou pou evalye lezot sektè ki nou pou met sa to taks preferansyel. Sa i ava anonse dan bidze 2024.

16.6. Revwar striktir ‘VAT’

Msye Spiker, an Septanm 2022, Gouvènmman ti ganny lasistans avek Fon Moneter Enternasyonal pou fer en evalyasyon dan striktir ‘VAT’ ki egziste Sesel. Sa evalyasyon in war ki VAT in perform byen dan perspektiv koleksyon reveni. Dapre analiz ki’n ganny fer 35 pousan ‘bann mwayen e gran biznes’ ki anrezistre pe kontribye plis ki 70 pousan koleksyon VAT. Baze lo sa rapòr Gouvènmman pou kontinyen travay avek IMF, pou ki nou;

1. Etabli en regoupman plizyè partener avek reprezantan diferan ministè, reprezantan sektè prive, avek bi pou adopte en strateji pou adres defayans ki egziste dan lalwa e anmenn plis klarite.
2. Ministè responsab pou Finans pou prepar en rapòr lo reveni ki pe perdi lo bann ekzanpsyon ki egziste ozordi. Sa rapòr pou ganny prezante avek liv bidze pou lannen 2024.

16.7. Rediksyon to taks e striktir lo benefis ki anployer i donn son travay anba lalwa taks lo saler

Msye Spiker, pou lannen 2023, Gouvènmman pe entrodwi plizyè diferan mezir ki pou benefisye bann endividi, ki a permet zot avanse devan dan zot lavi personèl.

Premyèman nou pe reviz Katriyenm ‘*schedule*’ dan lalwa pou taks lo saler ek benefis non-moneter. Sa ‘*schedule*’ i donn en lalis serten benefis non-moneter ki en anplwaye i kapab gannye dan kad son lanplwa, oubyen ki en asosye i kapab gannye an relasyon avek son performans travay. Par egzanp bann benefis parey lakaz, manze kot travay, transportasyon e lezot ankor. En anplwaye i devret pey Komisyon Reveni en taks ekivalan 20pousan valer bann benefis non-moneter ki sa bann travayer in benefisye.

Konmansman le premye Zanvye 2023 sa to taks pou desann sorti 20 pousan pou ariv 15 pousan. Gouvènmman in osi revwar sa lalis anba katriyenm ‘Schedule’ dan lalwa taks lo saler ek Benefis Non-Moneter pou met bann egzanpsyon adisyonel, savedir pou napa taks lo la. Sa nouvo lalis i konm swivan:

- Provizyon manze pou bann travayer
- Okenn depans medikal ki anplwayer i depanse lo en travayer. Sa i ava ankouraz anplwaye pou sipòrt zot travayer ler i bezwen bann servis medikal.
- Okenn depans lo ledikasyon en zanfan son travayer ki anplwaye i depanse.
- Depans transportasyon en travayer kot son travay apre retoun ek li kot lakaz

Msye Spiker, Gouvernman in revwar sa bann benefis sirtou bann ki annan en laspe pozitiv e direk pour nou bann travayer. Nou rekonnet ki annan bokou anplwayer ki pe donn sa bann benefis e nou ekspekte ki lezot osi a donn sa bann benefis ki dan lavantaz zot travayer.

Msye Spiker, nou pou revwar lalwa taks “Income and Non-Monetary Benefits” pou fer ki okenn ‘back pay’ ki ganny peye pa pou ganny takse konmansman le premye Zanvyè 2023. Sa i ava adres koncern avèk bann travayer ki en taks pli o ti pe ganny aplike lo zot saler. E bokou fwa rezon sa ‘back pay’ pa lafot sa travayer.

17. Kiltir ek leritaz Nasyonal

Msye Spiker, lenvestisman dan nou kiltir ek leritaz Nasyonal i reste enportan pour nou Gouvernman. An 2022, nou’n konmans travay renovasyon lo sant kiltirel nasyonal. Sa proze i ekspekte konplete ver milye 2023. Ennfwa konplete i ava ganny servi non selman koman en sant aprantisaz pour nou popilasyon me pou osi annan lofis pou Lenstiti kiltir ki ozordi pe depans omwen R 15 milyon dan kou lwe lofis.

En proze enportan ki pou konmanse en 2023, i konstriksyon ek larsiv nasyonal. Msye Spiker, i regretab ki ozordi nou napa en larsiv nasyonal ki gardyen nou bann dokiman istorik e enportan. En sonm inisyal R5 milyon pou konmans preparasyon pour sa batiman in ganny bidzete dan bidze 2023.

Msye Spiker, osi an 2023, pou annan travay renovasyon lo de lezot batiman kiltir :

- Teat de Palm – R 3 milyon
- Batiman Karnegi – R 4.1 milyon
- Lofis administrayon pour Lenstiti kiltir – R 6.4 milyon

18. Servis Piblik

Msye Spiker, en lot gran priyorite pour sa ladministrasyon se pou develop en servis piblik ki efektiv e performan. Sa reform pou enn ki pou pran letan, me nou determinen pou fer akòz lepep Seselwa i merit en servis piblik ki delivre pour zot. Kontinyen fer parey, i pa en opsyon e nou bezwen fer pli byen. Sa misyon pou transform servis piblik pour ki i vin pli efikas e pli performan i enportan e nesesser. Nou program Result Based Management (RBM), i reste a la baz louvraz ki pe ganny fer pour amelyor servis piblik e sa pou bezwen ganny enkilke dan tou travayer sekter piblik, depi sa ki pli ba, ziska sa ki pli o.

Koman en Gouvernman nou konsyan ki nivo satisfaksyon manm piblik avèk servis ki zot gannyan avèk travayer sekter piblik i pa a la oter. Alor ki mannyer ou ankouraz travay dir e efikasite, si travayer i konnen ki son bann reminerasyon i garanti, malgre i pe trenn lipye a pa pe performen. Nou devret pe rekonpans performans, ki al anlinny avèk travay dir, e menm ler ou fer plis ki ou ‘job description’ i demande. Se sa, bann bon latitud ki nou devret pe ankouraze dan sekter piblik, non pa bann ki kale, me ekspekte ki otomatikman zot ganny rekonpanse.

Alor Msye Spiker, dan sa reform, apard rekonpans baze lo performans, nou pe osi met bann lankadreman pou donn formasyon.

Premyerman nou pe donn formasyon dan kad nou program Kolez Servis Piblik, kot la en alokasyon R 2.5 milyon dan bidze 2023 pour Biro Servis Piblik (PSB) travay konzwentman avek Lenstiti ‘Guy Morel’ pou donn formasyon nesese nou sektè piblik.

Msye Spiker, Gouvènmman pe ganny bokou sipor avek Gouvènmman Emirat Arab Ini pour reform nou servis piblik. Sa sipor ki nou pe gannnen i gras a sa MoU ki le de Gouvènmman ti sinnyen pli boner sa lannen.

Anba sa lagreman, Gouvènmman pou entrodwir en program ‘leadership’ pour son bann travayer ki dan pozisyon sinyor. En lot program se pou idantifye bann fitir dirizan e donn zot formasyon.

Fonksyon Biro Servis Piblik (PSB) pou sanze an 2023 kot i pou donn plis gidans, swivi, evalyasyon e odit. Bann Minister, Departman e Lazans pou pran sa rol pou zer resous imen e fonksyon administrativ baze lo zot plan stratejik. Bann sekreter prensipal e sef egzekitif pou bezwen annan pli bon gouvènnans e en devwar pou rann kont. E sa i ava annenn plis efikasite, e latransparans dan sektè piblik.

Msye Spiker, parey monn fer resorti o paravan ki Gouvènmman pe pey tro bokou ‘rent’. Anvi bann konplikasyon pou konstrir en ‘Government House’, Gouvènmman pe aprezan eksplor bann lezot alternativ pou redwir kantite larzan ki i depanse dan ‘rent’.

Gouvènmman pou kontinyen eksplor bann diferan opsyon pou konstrir bann lofis pour bann diferan antite Gouvènmman. Travay in deza konmanse lo Sant Kiltirel Nasyonal ki pou sov nou anviron R15 milyon dan ‘rent’ par an, anvi ki Lenstiti kiltir i eparpiye dan diferan lokasyon.

Travay pe osi al konmans travay konstriksyon lo nouvo HQ Komisyon Reveni Sesel (SRC).

Msye Spiker, Gouvènmman pandan lannen 2022 in revwar striktir ‘Cleaners Corporative’. Tou travayer ki anploye avek ‘Cleaners Corporative’ pou ganny anploye avek zot Minister, Departman e Lazans, konmansman Zanvyè 2024. Gouvènmman in fer en alokasyon R 24.7 milyon pou pey zot konpansasyon ver la fen 2023.

Sa lannen, Gouvènmman in osi konplet en evalyasyon endepandan lo servis sekirite dan Minister Gouvènmman Lokal e Zafer Kominoter. En sonm R 22.9 milyon ti pe ganny depanse par lannen lo servis sekirite. Baze lo sa rapor, Gouvènmman in deside pou anploy 84 zofisye sekirite pour en sonm anyel R 9.6 milyon e osi envestir dan bann lekipman sekirite.

Gouvènmman avek sipor IMF pou antreprann en evalyasyon lo sistenm ‘amenazman lenvestisman piblik’. Sa pou kouver bann pratik gouvènnans a tou nivo, devlopman ekonomik. Sa legzersis ava ede avek pli bon planifikasyon bann proze kapital e i a osi fer ki alokasyon pour lenvestisman i ganny fer dan bann sektè priyorite e ki lenplimantasyon bann proze a ganny enplimante efikas e dirab.

Msye Spiker, mon bezwen met lanfaz lo nouvo model peyman trezyenm mwan. Sa i sa sanzman kot tou travayer i ganny en trezyenm mwan, san ki zot performans i ganny evalye, konpare avek

enn ki baze lo performans. Sa i sa sanzman fondamantal ki nou pe anmennen. Nou bezwen realize ki sa ki travay dir i bezwen war en diferans dan son rekonpans, ki i gannnen. Ki mannyer nou pou ankouraz bon performans si sa ki travay dir i ganny menm rekonpans ki sa ki pe trenn lipye. Msye Spiker i bezwen annan lazistis dan ki mannyer nou rekonpans nou bann travayer. Ankor la, sa administrasyon pa pou pran en lapros popilis ki al kont bann prensip ki zis.

Msye Spiker, mon oule profite pou fer en lapel avek travayer sekter pibik pour zot vin pli profesyonel, pli konsansye, e pli efikas dan zot travay, sirtou la ki zot pe al ganny en ogmantasyon saler an 2023, akoz ler evalyasyon performans i ganny fer, si ou pa a la oter, pou napa plas pour ou dan sa servis.

19. Gouvernans bann Lantrepriz Piblik

Msye Spiker, nou pe war rezilta striktir ki nou pe mete pour nou bann lantrepriz piblik. Lannen 2021, Gouvernman ti fer en alokasyon R 240.1 milyon e pour lannen 2022 sa i R 272.8 milyon pour sibvansyon bann lantrepriz piblik. Me an 2023 nou pe prozekte selman R 44.9 milyon pour sa bann antite swivan;

- a. Servis Lapos – R 6 milyon
- b. Korperasyon Transpor Piblik (SPTC) - R3 6.9 milyon
- c. Lenstiti ‘Guy Morel’ – R 2 milyon

Msye Spiker pandan lannen 2023 nou pou fer en odit gouvernans e operasyonnel lo senk lantrepriz piblik. Dan premye faz ki nou ekspekte konplete par lafen Zen 2023, nou pou konsantre sa legzersis lo Korporasyon Litolite Piblik (PUC) e Seychelles Petroleum Company (SEYPEC). Dezyenm faz sa legzersis pour konplete an Desanm 2023 i pou konsantre lo Air Seychelles, Lakonpannyen Devlopman bann Zil, e Seychelles Trading Company Ltd (STC).

Msye Spiker en sonm R 148.7 milyon pe ganny prozekte anba bann don devlopman pour bann lantrepriz piblik;

- a. SPTC en alokasyon R3 5.9 milyon
- b. PUC en alokasyon R 60 milyon
- c. PMC en alokasyon R 52.8 milyon

En sonm R 275.2 milyon pou PUC anba ‘Net Lending’ in osi ganny bidzete. Msye Spiker, lannen 2023 i osi ekspekte vwar lafen proze lagrandisman danm Lagog. En proze avek en kou konstriksyon plis ki R 300 milyon ki’n ganny finanse par en ‘loan’ avek Labank Devlopman Afriken (AFDB). Sa proze in eksperyans serten difikilte dan lenplimantasyon avek retar ki’n ganny rankontre an vi serten travay adisyonnal ki’n bezwen ganny fer pou konplet proze. PUC pe enplimant proze desarz lo Ladig ki pe osi ganny finanse atraver en ‘loan’ avek Labank Lenvestisman Eropeen (EIB) e *Lazans Devlopman Franse* (AFD) pandan lannen 2023. En total plis ki R 42.8 milyon in ganny prozekte pou ganny depanse dan sa proze an 2023.

20. Konklizyon

Msye Spiker, an konklizyon mon oule remersye Prezidan Ramkalawan pour son gidans e sipor dan sa transformasyon ki nou pe fer pour nou pei Sesel.

Mon osi remersye Vis Prezidan e mon bann koleg Minis e zot lekip dan bann Minister, Departman e Lazans pour zot sipor dan enplimantasyon bidze 2022 e osi dan preparasyon bidze 2023.

Mon remersye tou bann travayer dan Minister Finans, Planifikasyon Nasyonal e Komers e tou bann lazans ki tonm anba mon portfolyo pour zot devouman, zot profesyonnalizm ek zot kontribisyon. Koman en lekip nou pe transform lekonmi Sesel.

Mon remersye tou manm Lasanble Nasyonal, e ou osi, Msye Spiker pou sipor ki zot in aport mon Minister e Gouvènmman pandan lannen 2022.

Mon osi rekonnet sipor sektè prive ek sosyete sivil dan preparasyon bidze 2023. Mersi pour zot langazman dan sa prosesis bidzeter.

Mon pli gran remersiman i al pour lepep Seselwa, akòz pandan sa de dernyen lannen, zot in montre bokou rezilyans, perseverans, kouraz, e matirite. Kot zot in konsansye e konpran sa difikilte ekonomik ki nou pei ti pe pas atraver. Zot in demontre pasyans, e pare pou donn en koud mwen pou travay pour Sesel e tenir nou pei dan son moman pli difisil dan son listwar ekonomik.

Ozordi, dezan plitar, tou sa bann bon karakter ek latitud ki zot in demontre dan sa parkour, pe rapòrt rezilta. E nou koman en gouvènmman responsab, nou rekonnet zot partisipasyon pozitif dan sa reisit ekonomik.

Msye Spiker, sa ki monn prezante i montre ki mannyer sa gouvènmman ozordi pe travay dan en fason konsansye pour son pep, e tou benefis posib i retourn ver son pep. Letan nou tou nou fer plis zefor e koste, e montre pli gran solidarite, nou pou kree plis larises e se nou pep, e sak zanfàn Sesel ki pou benefisye.

Seselwa annou leve e travay pour nou prop byennet, fanmiy, kominote ek nou pei. Sa se nou pei e Sesel pe kont lo nou, annou fer li pour Sesel.

Avek Sa, Msye Spiker, mon rekomande ki sa, “ Appropriation Bill 2023” pou en bidze R10,495,149,665 pou otoriz depans dan ‘Consolidated Fund’ pour lannen 2023, i ganny aprouve.

Mersi Msye Spiker.



BUDGET 2023

GOVERNMENT OF SEYCHELLES

Delivered by:

NAADIR HASSAN

MINISTER FOR FINANCE, NATIONAL PLANNING AND TRADE

At the National Assembly

Ile Du Port, Victoria, Mahe, Seychelles

Friday 4th November, 2022

9.00 a.m.

Mr. Speaker,
Honourable Leader of the Opposition,
Honourable Leader of Government Business,
Honourable Members,
My fellow Seychellois.

Good morning.

1. Introduction

Mr. Speaker, this is the third budget that I present to the National Assembly for their approval. The 2023 Budget is a sequel to the two previous budgets. Why a sequel?

In my first budget address, I presented the budgetary and economic situation which this administration had inherited from the previous administration, in a frank and honest manner. I explained that our situation was a critical one, and that we were on the verge of a precipice, even. In the face of such a situation, I presented a clear plan that this administration would have to undertake, to extricate our country from this precarious situation and rebuild our economy.

In these two budget speeches, I outlined two fundamental principles.

1. In the first place, we would need to stabilize our budgetary and economic situations.
2. Secondly, we would need to rebuild our economy on a more solid foundation to make it more resilient.

Mr. Speaker, as a responsible government that is not afraid to take difficult decisions in the interest of our country, and even in the face of criticism against this government, we have maintained the necessary discipline – and today, we can see the results of having a clear and responsible plan that is being delivered by strong and decisive leaders.

Our government is looking towards a change of attitude where hard work and responsibility are the values that are inculcated within our society, for our common benefits.

Mr. Speaker, today we are in a position to announce the fact that we have surmounted the biggest economic crisis that the country has ever been faced with in its history. Thus, Mr. Speaker, I want to thank every Seychellois of whom we have asked a lot of sacrifice and patience during these past two years, while we focused on the stabilization and relaunching of our economy. Thank you for the faith that you have put in this government, to lead this country through this difficult period.

Mr. Speaker, before we go further, I would like to present a few statistics to illustrate the transformation which has taken place during these past two years.

In 2020, we had a primary fiscal deficit of 15.1 percent and our debt was 92.2 percent of GDP. Our Rupee had reached SR 21.8 to the dollar and we only had 14.9 million rupees in the government coffers. Our economic growth had contracted by 7.7 percent in 2021, and the inflation rate had reached 9.8 percent.

Mr. Speaker, today in 2022, our primary fiscal deficit is 1.1 percent of GDP, our debt has decreased to 67.9 percent of GDP, the inflation rate has gone down to 3 percent, and at the beginning of November 2022, the rate of the rupee to the dollar had gone down to R 14.32.

Mr. Speaker, these statistics show very clearly, the results that our government has succeeded in achieving, in less than two years. This success has been recognized at an international level, and Seychelles is referred to as a model of economic management in a period of global economic crisis, especially since many other countries have found it difficult to manage this situation.

Mr. Speaker, the 2023 Budget is one that will ensure that our people will enjoy the positive benefits of this hard work, and allow our government to invest more in our infra-structure, for our social well-being and for the growth of our economy.

Later on in this budget address, I will give details of the salary structure revision in the public sector, and other expenditures in Health, Education, Housing, road infra-structure, and other infra-structure in the districts, and other expenditures that have been projected.

This budget will also introduce several initiatives which are aimed at improving the lives of the Seychellois people, and assist the development of business.

However, as I have always emphasized, as a responsible government, we have to ensure that we have a balanced budget and that we maintain our macro-economic stability. We cannot take populist decisions which are not necessarily good ones, and which will plunge us once again into economic precipice we had inherited. With this, I would like, once again, to thank the Seychellois people for putting their faith in a responsible government.

We will see a number of new fiscal measures that will help our government to collect revenue that can be reinvested in our people. We have also ensured that the fiscal measures we have taken to collect revenue will not affect our people.

Mr. Speaker, it is important to note that the global situation is still full of uncertainty and risk. Seychelles is still vulnerable to external shocks. This is all the more reason for us to maintain a responsible and prudent attitude. With Covid still present, the repercussions of the war in Ukraine, and other political tensions around the globe, it is necessary to remain on top of the situation and follow these developments closely, and adjust our policies if necessary.

2. Global Development

The global economy faces a number of turbulent challenges. The outlook is heavily weighed down by high inflation, tightening financial conditions in most regions, the war in Ukraine, and the lingering COVID-19 pandemic.

Monetary and fiscal policies cool demand as policymakers aim to lower inflation back to target however, a growing share of economies are already in a growth slowdown or absolute contraction. IMF's World Economic Outlook of October 2022 forecasts a slowdown in global growth, from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This prognosis for the global economy is far below the average growth of 3.6 percent during 2000 and 2021. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions.

3. Economic Performance Review for 2022 and 2023 Economic Context

Mr Speaker, following 2021's strong commencement of recovery, 2022 economic performance projections remain very positive as this year's GDP growth is estimated at 10.6 percent, mainly supported by the rebounding tourism industries. Year-to-date tourism arrivals are more than double that of 2021 while total 2022 growth is estimated at 75 percent, translating into double digit growth for the main tourism sectors and a positive impact on overall economic activity across all productive sectors. Our government's decision to reopen our country is one that was positive and responsible, because in less than two years, our tourism industry has more or less to normal level, before the COVID 19 pandemic.

Information and communication activities have remained buoyant and is estimated to grow by 10 per cent in 2022, while the 'Financial and insurance' activities sector growth remains steady at 2 percent. We are expecting a growth of 1 percent in the agricultural sector. The production of fishery products is estimated to contract by 8 percent following continued challenges.

For the 2023 fiscal year, we are projecting that our GDP will grow by 5.4 percent. This is higher than our initial projections, and this projection for 2023, is in line with a higher growth rate in 2022. Again, tourism remains the sector with the highest volume of activity in our economy, with the continued increase in visitor arrivals. Activities in the tourism sector such as accommodation services and administrative services are projected to increase by 15 percent and 16 percent respectively. Growth in 2023 will also be supported by an improved performance in the information and telecommunication sector with a growth rate of 5 percent, and also an increase in production activities of 3 percent, especially in fisheries products.

Seychelles is expected to be on the road to recovery with a projected 5 percent real GDP growth in the mid-term. During the first six months of this year, the inflation rate went down compared to a really high rate towards the end of 2021. We are expecting that the annual inflation rate will reach 3.8 percent by the end of 2022. In 2022, the stability in the exchange rate has reduced the impact on the inflation rate – compared to 2020 and the beginning of 2021, when the exchange rate had reached up to R 22 to the American Dollar. Today, at the end of October 2022, one dollar is on average, less than R 15. Once again, Mr. Speaker, the cost of living would have been much higher if our government had not taken these responsible actions to stabilize our economy.

However, we are projecting an annual inflation of 4.2 percent for the year 2023, which is an increase, since we are expecting that the price of commodities on the international market will

continue to remain high, due to the persisting global uncertainties – for example, the direct impact high fuel costs has on the price of commodities, internationally, and the conflict between Ukraine and Russia.

With regards to our debts, we remain committed to reduce government debt to 50 percent by 2026, from 92.2 percent of GDP in 2020, and up to now, we are still on target.

Seychelles has with the assistance of our international partners, benefitted from favourable conditions regarding the repayment of our debts – with longer payment plans and lower interest rates. This is part of our government's strategic plan to ensure that our debt remains sustainable, with better conditions. Amongst its strategies, government has also begun using Treasury Bonds as a domestic debt instrument. A total of R 1.3 billion has been offered in bonds, this year. All this has enabled the government to increase the profile of its debt maturity by about one year, and thus, ensure a national debt that is sustainable. This has placed us on the right track to reducing our debt to about 50 percent of our GDP in 2026.

Mr. Speaker, the good economic performance we are experiencing has impressed many of our international partners. Each time that the IMF undertake its review, it reiterates that our economic relaunch is one that is strong and impressive. Recently, the representatives of the Commercial Development Bank (TDB) have also said the same thing. They have said that compared to many other countries, Seychelles is doing very well indeed. The confidence of the international community in the economy of Seychelles has been demonstrated by the Fitch Review which was completed at the end of October 2022. This review has improved Seychelles' rating from B+ to BB, with a stable outlook.

Throughout 2022, Central Bank of Seychelles (CBS) maintained an accommodative monetary policy stance aimed at supporting the domestic economy, which faced significant external challenges caused by demand and supply imbalances.

In line with the monetary policy stance, interest rates in the domestic market remained relatively low, with the average savings rate standing at 1.49 percent in September 2022, while the average lending rate was 9.15 percent. As for the yields on T-bills, this was 0.88 percent on the 91-day bills, 1.48 percent on the 182-day bills and 2.18 percent on the 365-day bills.

So far in 2022, there has been a noticeable increase in the disbursement of local currency loans towards the private sector. As at September 2022, this stood at 11.3 per cent in year-on-year terms, which reflected the ongoing economic recovery and less rigid domestic credit environment.

Looking ahead, continued support remains essential to encourage economic activity for a more robust recovery. However, if global commodity prices remain elevated, foreign inflationary pressures are expected to filter into the economy.

Inflationary pressures remained subdued in the first six months of 2022, as a result of the appreciation of the rupee observed throughout 2021. As a consequence of the conflict between Russia and Ukraine which impacted international food and fuel prices, an uptick in the average

prices of goods and services was recorded as of July 2022. As at September 2022, the year-on-year and annualised inflation rate stood at 3.0 percent and 4.1 percent, correspondingly.

Preliminary estimates show an improvement in the country's external position in 2022 compared to 2021. The current account deficit for the year is projected at 7.2 per cent of GDP, relative to a deficit of 11 per cent in 2021. This was due to the robust performance of the tourism sector, which translated into higher tourism earnings relative to the previous year.

The higher economic activity in 2022 was supported by an increase in Foreign Direct Investment-related activities, estimated at around USD 230 million. Many projects that had been put on hold or delayed due to the COVID-19 pandemic resumed during the year, in addition to a number of new projects - the majority of which were in the tourism industry.

The robust performance of the tourism industry is expected to continue in 2023. As such, and despite the expected increase in cost of imports, the current account deficit is forecasted to improve to 5.7 per cent of GDP.

4. 2022 Fiscal Performance Review

Mr. Speaker, Government has projected that we will end 2022 with a primary deficit balance of 1.1 percent of GDP. This is comparable to our initial budget for which we projected a primary deficit balance of 0.8 percent of GDP. This small increase is due to the fact that we have been able to negotiate with the IMF for the necessary fiscal space to implement the temporary measures, to help those with lower salaries cope with the high cost of commodities. These measures were introduced in July.

We are predicting an increase of R 107.5 million in the tax and non tax total revenue compared to the initial budget. However, when we look at tax revenue in itself, there is a decrease of R76 million compared to the original 2022 budget. Tax revenue for which we have predicted an increase is principally in the collection of ;

- VAT - an increase of R 99.6 million, which is linked to the growth in the tourism sector.
- The projection for business tax has increased by R 8.2 million, and
- we are also still collecting CSR tax, for which, following the results of the audits which have been made, a sum of R 7.1 million has been projected.

We have also seen a reduction in the collection of certain taxes. These are mainly in income tax and excise tax. Our projection for income tax revenue has decreased by R 62.6 million because of a budget reduction in the vote for government salaries and wages in the 2022 budget revision approved by the National Assembly. The reason for this is that certain ministries were not able to recruit more staff as had been projected. Excise Tax has decreased by R 96.9 million, and this is principally in the collection of tax revenue on petroleum products, and in local production of alcohol and tobacco.

In the collection of non tax revenue, we have seen an improvement by R 184.3 million, and this is because Government has collected more dividends from its public enterprises, compared to the initial projection.

Mr. Speaker, as was presented to the National Assembly during the budget review exercise, we proposed a supplementary budget of R 472.8 million, and a reduction in government expenses amounting to R 887.5 million. Thus, Mr. Speaker, there has been a decrease of R 414.6 million in government expenses in the 2022 Budget.

5. Budget 2023 and Fiscal Performance in the Mid-Term

Mr. Speaker, for the 2023 fiscal year, Government is proposing an expenditure of R 10,495,149,665. This represents an increase of only 4 percent when compared to the 2022 Appropriation Act which was R 10,091,651,146.

We are also projecting a collection of R 10.7 billion in revenues and grants.

In 2023, government is projecting a primary fiscal surplus of R 330.3 million or 1.1 percent of GDP. This will be the first time we have a surplus since 2020 when the Covid 19 pandemic impacted on our fiscal performance. In the mid-term, we are projecting a primary fiscal balance of 2.2 percent of GDP in 2024 and 3.5 percent of GDP in 2025. This will help us to achieve our goal to reduce government debt to about 50 percent of our GDP by 2026.

6. Revenue Collection for 2023

Mr. Speaker, a total of R 10.7 billion in revenues and grants is being projected for 2023. 86 percent of this projection is for tax revenue collection, which is the equivalent of R 9.2 billion. This represents an increase of R 1.4 billion compared to the 2022 revised budget. The forecasted revenue increase is based on the strong economic performance which meant we will collect an additional R 900 million in tax revenue and based on the revised policies which I will announce later, and we will collect an additional revenue of R 499.5 million in 2023.

Compared to a total of R 1.1 billion in 2022, we are projecting an increase of R 124 million in income tax revenue. This is mainly due to the salary increase proposed for 2023. The increased revenue collection of R 233.0 million and R 290 million under Excise tax and VAT respectively is mainly linked to growth in the tourism sector, compared to 2022.

With regards to non-tax revenue for the 2023 fiscal year, a sum of R 1.08 billion has been projected compared to R 1.24 billion in 2022. This has reduced by R 165 million, and this is mainly under dividends from public enterprises, which has decreased from R 747.3 million to R 547.1 million. The dividends we have collected from Nouvobanq during the year 2022 relates for the years 2020 and 2021 and as result the 2023 will not be the same. Government also received an exceptional dividend from the Seychelles Cable System Company and we will not receive any dividend from this company during the year 2023. We have also received dividends which are linked to the IOT financial account for the years 2020 and 2021 in 2022.

Revenue collection in terms of grants represents 1.3 percent of GDP in 2023, which is equivalent to R 402.6 million.

7. 2023 Budget Context

Mr. Speaker, the principal objective of the 2023 budget is to distribute the results of our hard work and disciplined attitude which every Seychellois and the government have witnessed, during these past two years. Secondly, to invest more in the infra-structure and to gain a budgetary surplus in the mid-term, which will help us ensure that Government debt remains sustainable. This very ambitious fiscal consolidation that this government began in 2021 is on the right track, and has contributed towards the reduction of government debt from 92.2% of our GDP towards the end of 2020, to the projection of 64.6% towards the end of 2023.

Government will continue its work to finalize the National Development Strategy to address priority sectors, as follows:

1. A more modern public service
2. Our economic transformation agenda covers five sectors -
 - a. The Tourism Sector
 - b. The Agricultural Sector
 - c. The Fisheries and Blue Economy Sector
 - d. The Digital Economy Sector
 - e. The Financial Sector
3. Modernization and Efficiency in the Health System
4. Promoting Law and Order
5. A more modern Education System which is in line with our future needs
6. Environmental Sustainability and more Resilience to Climate Change

These priority sectors are the key to bringing about a synergy with the mid-term budget and the strategies of the administration portfolios.

In addition to the six priority areas, government will continue to invest in the social programme with the aim of supporting our population.

8. The context of Government Expenditure

Mr. Speaker, the context of government expenditure in 2023 remains one that is responsible, prudent, and disciplined. This time, the emphasis is being placed on expenditures for new infra-structure or the renovation of existing ones, and also salary increases in the public service.

Mr. Speaker, a total of R 3.62 billion is being projected for Goods and Services for 2023. This represents 11.8 percent of GDP compared to 12.0 percent in 2022. This projection also covers an increase of R 293.0 million in the 2022 revised budget, which comes to R 3.33 billion. However, the largest increase is for a total budget of R 1.4 billion being projected for our capital

investment programme in the 2023 fiscal year, which represents 4.6 percent of GDP. This is an increase of R 608.9 million or 76 percent compared to the revised 2022 budget. This reflects our government's priority of installing new infra-structure to help the growth of our economy and also for the general well-being of our people. There is also a significant sum budgeted to repair a number of infra-structure which have been neglected over many years.

8.1. Wages and Salaries

Mr. Speaker, during these past two years during which we have faced considerable difficulties, we have asked our workforce to be patient, to work hard and to prioritize their expenses, because government was not in a position to give a salary increase. We were able however, to guarantee the salaries of the public sector. We recognize the fact that it has not been at all easy, especially in the face of the global crisis whereby the price of commodities was really high. We thank you infinitely for your patience. Now, two years later, the situation has improved, thanks to the responsible, disciplined and decisive decisions taken by our leaders.

Mr. Speaker, for the year 2023, government is proposing a budget of R 3.44 billion which represents 11.3 percent of GDP, compared to R 3.01 billion in 2022. Our objective remains to maintain the wages and salaries budget at 11 percent of GDP in the medium term. For the year 2023, our projection for wages and salaries has increased by R 428.3 million, or 14 percent, in comparison to the 2022 budget.

Mr. Speaker, as announced in the 2022, government has worked on a new salary structure for the public service. For the first phase of this exercise, this new structure has consolidated the following allowances in basic salaries:

1. 5% supplementation allowance which was introduced in 2019
2. Marketable skills allowance
3. Graduate allowance
4. Performance allowance

Inducement and long service allowances have been excluded from the consolidation.

Mr. Speaker, government has decided to keep the 'inducement' allowance outside this consolidation, due to the fact that certain factors are not covered by the performance evaluation system, for example, the lack of competencies on the job market which makes one qualification more marketable than others. Government will also conduct research on the job market to compare positions available in the public sector and the private sector. As for long service allowance, we have noted its complexity and the impact that it may have on the salary structure. Government has seen that if it consolidates the long service allowance in the new salary grid, there could be scenarios whereby employees in lower positions could have a higher salary than those in higher positions. Thus, this could incur more frustration amongst fellow staff.

Mr. Speaker, the second element in this exercise is that government has increased the new consolidated salary by 10 percent, and has ensured that the lowest increase is not less than R

1,000. With this consolidation, the lowest salary in government will increase from R 5,485 to R 7,343.

To ensure that this is clear, I will give two examples of how this consolidation and 10 percent increase of salaries will work.

Currently, a driver with a basic salary of R 6,325 and a 5 percent supplementation allowance of R 316.25, which makes a total of R 6,641.25 when this salary is consolidated, will now have a new basic salary of R 7,641.25.

A graduate who is currently receiving a basic salary of R 9,887 with a 5 percent supplementation allowance of R 494.25, a marketable skills allowance of R 1,400, and a graduate allowance of R 5,000, which comes to a total of R 16,781.35, when consolidated, will now receive, with the new salary increase, a total basic salary of R 18,662.43.

The third element is that government has created a salary grid of not more than twelve bands, and fifteen steps for each band, and each individual salary under the new scheme can be fit within this grid. This new salary grid has been finalized and will be explained to employees in the coming days.

Thus, Mr. Speaker, just to make it clear, under this salary review, firstly, we have consolidated four allowances in basic salaries, and secondly, we have given an average increase of 10 percent on consolidated salaries. I hope that this is clear.

Government has also decided to remove constitutional appointment salaries from public service salaries. The Public Service Office will manage public service salaries through a framework that will be put into place.

Government will also appoint an independent committee to review the salaries of constitutional appointments, bearing in mind all the benefits that these appointees are currently receiving. This exercise will be done in an independent, transparent and objective way.

Mr. Speaker, this increase in public service salaries will become effective as from 1st April 2023 and is costing R 171.9 million which represents 0.6 percent of GDP.

For the 2023 financial year, the Public Service Office and human resource officers in government will also work on reviewing the public service scheme.

Mr. Speaker, we recognize the fact that this salary review is targeting only public service employees – with regards to private sector employees, I would like to appeal to their employers to evaluate and analyse the situation and look into the possibility of offering their staff a salary increase as well. Since the reopening of the country in 2021, Seychelles' economy has been relaunched and economic activities have continued to expand – thus I do hope that you will be able to accordingly compensate your employees, in view of our current favourable economic experience.

8.2. Thirteenth Month Pay

Mr. Speaker, in view of our good economic performance, we have also made provisions for the payment of a thirteenth month salary, depending of course, on each employee's good performance.

Government has allocated a sum of R 114.19 million for the 13th Month Salary which will be paid in mid-January 2023. A sum of R 143.4 million has been projected for the 13th month Salary in 2024 in view of the salary increase in 2022.

Mr. Speaker, individuals working in 'non-core services' such as 'Sensitive Security' who are employed under the Police department, 'Vessel Protection' and employees who work with members of the National Assembly and who have a contract with the National Assembly, will also be paid a thirteenth month salary in January 2023, and a sum of R 1.7 million has been projected for this. They will also benefit from the salary as from 1st Avril 2023, for which a sum of R 2.1 million has been projected.

Government has also made a provision of R 21.0 million for the thirteenth month salary payments for the home carers in January 2023. Home Carers will continue to benefit from the R 500 monthly supplementation which they have been receiving since July 2022, and this will cost R 15.75 million in 2023.

For the employees of the Cleaners Corporative, a sum of R 5.9 million and R 4 million has been projected for the payment of thirteenth month salary in January 2023 and salary increase at the beginning of April 2023.

9. Contingency

Mr. Speaker, in the 2023 budget, we are allocating R 50 million for contingency. Government is finalizing the necessary documents with the Attorney General's office for compensation payments in connection with the pollution case at the Baie Ste Anne Praslin electricity station. We expect the payment to be completed early in 2023. We have also made a provision for the compensation payments for the health ministry and the education ministry in connection with fungus issues.

The second phase of compensation for the La Misère water pollution case will be catered for in the 2024 budget. For those who have been affected by this situation, I take this opportunity to thank you for your patience. I want to reassure you that had we been able to pay you earlier, we would have done so. Unfortunately, our economic situation during these past two years has not permitted this. As for the residents of La Misère, I would like to appeal to you to be patient a little further.

10. Spending in Priority Sectors

Mr. Speaker, government is prioritizing its expenditures in the key sectors which I have mentioned, according to our National Strategic Development Plan. It is important that

government expenditure is well targeted, which will result in more benefits for our people, encourage more economic growth, and ensure a good future for all of us.

10.1. Health Sector

Mr. Speaker, our people's health remains a priority of this government. A healthy nation is a productive one. Our health system is facing many challenges, in large part, due to our lifestyle. In 2023, government is conducting a detailed research with the aim of reforming our health system, to ensure that it becomes more efficient and offers a higher standard of service to our population. We are proposing two new functions in this ministry; firstly, a structure to ensure quality control in the services offered by the Health Agency to its patients, and secondly, a public relations service that will ensure direct contact with the public and that their concerns with regards to the services offered to them are addressed.

Mr Speaker, the health sector is costing the government R 1.38 billion which represent 13 percent total appropriation of the 2023 budget. In the 2023 budget the largest spending from the Health Care Agency are the following;

- Medicine - R 70.4 million
- Haemodialysis - R 76 million
- Medical Supplies - R 98.1 million
- Food Supplies - R 27.2 million
- Overseas Medical Treatment - R 70 million

A sum of R 10 million is also being budgeted under the Public Health Authority to procure equipment and laboratory supplies related to the Covid 19 pandemic.

Mr. Speaker, apart from the largest expenditures which are directly related to treatment, in 2023 there will also be a lot of investment in the infra-structure of our health system, a total budget of R 118.8 million has been projected for the health sector to finance a number of big projects, including:

- i. The continuation of the Health Information System project- R 27.13 million
- ii. The continuation of the La Digue Hospital – R 40 million which is being financed from a grant from UAE.
- iii. The construction of a new health centre at Baie Lazare – R 8.5 million
- iv. The renovation of various health infra-structure – R 25.2 million

In addition to the renovation projects of the health infra-structure which have been neglected in the past, government also recognizes the fact that the state of certain infra-structure means that it is not financially viable to put more funds into their renovation. In view of this, government has also projected a sum of R 540.1 million for the construction of a new hospital facility. This new facility will be a modern one that will undertake specialized treatments such as ICU, Accident & Emergency and operating rooms.

Mr. Speaker, let me just remind the house that in July this year, government removed the R 25 fee that patients were paying for prescribed medicine, and also that during the mid-year review, government committed another R 50 million to the purchasing of a new MRI machine.

Mr. Speaker, as can be seen, our government is making a lot of financial investment into our health system – but is financial input the only thing that will improve the kind of service that patients expect? This is an important question, because we need to ensure that health workers also offer a good service to patients, and we must also ensure that we spend effectively and efficiently, to avoid wastage, without of course compromising the health of our patients.

With the help of the World Bank, government is undertaking a review of the health sector's expenditure, which will be completed by the end of the first quarter of 2023. This review will help government to address the weaknesses in the expenditure procedures and make the procurement structure of goods and services more efficient in this sector.

It is for this reason that in 2023, we will start evaluating this ministry's operations, with the aim of improving its service, make it more efficient, reducing wastage and consequently, increase public satisfaction in that respect.

10.2. Education Sector

Mr. Speaker, education is one sector that is key on the socio-economic transformation of our country. The reforms in education are necessary, because through education we could guarantee a future as an individual, society and as a nation. Investment in our people education represent an investment for the future of our country.

In 2023, the education sector has received a sum of R 1.34 billion, which represents 4 percent of GDP.

Ministry of Education is receiving an increase of R 218.5 million which covers the transfer of funds for tertiary education from the Agency for National Human Resource Development.

As announced in the 2022 budget, the government has completed negotiation with the private sector to offer Wi-Fi services in schools. This will cost R 6.8 million in the 2023 budget.

Mr. Speaker, government will continue to provide breakfast services for all students in state schools, both primary and secondary, to ensure that all children start their day with a meal, that will allow them to concentrate and give their best in their studies. In 2023, this will cost of R 17.9 million. The structure that we have put in place to ensure that our pupils receive an appropriate lunch as from the third term of 2022 will cost R 20.1 million in the 2023 budget.

Government is still putting a lot of importance on encouraging our population to undertake advanced studies. In 2023, a sum of R 205.1 million has been projected to ensure that our students can continue their tertiary education. Mr. Speaker, in spite of the economic difficulties that we have faced, this government is continuing to invest in its youth, to guarantee our future.

Mr. Speaker, to ensure that when our Seychellois students go abroad to study, they are comfortable, and in view of the increased cost of living, government has proposed an increase of

10 percent in the stipends of students studying in 17 countries, in 2023. This increase is based on an assessment of the cost of living in the countries concerned. Students studying at the University of Seychelles will also benefit from this 10 percent increase in their stipends. A sum of R 2.5 million has been budgeted for this increase.

To complement the government program on tertiary education, government has also finalized its discussions with the Seychelles Commercial Bank regarding a framework for an educational loan scheme. This scheme will offer another option to individuals who wish to develop other skills, based on the country's needs. The parameters for this scheme are as follows:

1. Maximum Loan of SR 800,000.
2. An interest subsidy of 4 percent will be applicable on the education loans.
3. Repayment will be for a maximum of 10 years.
4. There will be a government guarantee.
5. No personal contribution will be required.
6. The students would not need to commence repayments on their loans until they have graduated and are in receipt of their degree, certificate or diploma. In the grace period, the government will cover and disburse to the lending institution its interest rate subsidy, however, the balance student borne interest would be capitalized.

Mr. Speaker, I would thus like to appeal to our citizens to avail themselves of these financing opportunities. This will be another option apart from the existing ones with the Ministry of Education. A provision of R 8 million has been budgeted in 2023 for this educational loan scheme.

To ensure that we are spending more effectively, and with a long-term strategy, we expect to finalize a human resource strategy in the first half of 2023.

A total of R 89.9 million is being budgeted in 2023 under the Ministry of Education, which will also include the financing of certain projects in that ministry which have experienced considerable arrears in their implementation, even if these projects were catered for in the past few years. This will include;

- i. The construction of a new classroom block and the renovation of an existing classroom block at the La Rosière Primary School – R 19.3 million
- ii. The construction of a new primary and secondary school on La Digue – R 31.2 million
- iii. The renovation of the SIAH infra-structure – R 8.3 million
- iv. The construction of the Les Mamelles Day Care Centre – R 4 million

Mr. Speaker, when we speak of reform in education, we must also think of reform in the curriculum. With government's ambition of developing a digital economy, we are relying on the education to adopt, adapt and teach the relevant subject of Information, Communication and Technology in school. Government has already begun discussing with its partners regarding putting in place a training framework for ICT professionals in the education sector.

Along the same line, in 2023, we are continuing with the student laptop scheme, which is costing us R 5 million.

A sum of R 27.6 million has been budgeted in 2023, for the Day care Scheme and for the ECCE Trust Fund, a sum of R 1.6 million has been budgeted. Day care centres and childminders are assisted from this fund, and they may apply for funding for equipment which will put them on the standard required by IECD.

Mr. Speaker, government is investing a lot in our education system, for the emancipation of our youths. We appeal to them to take these study opportunities, so that they may become responsible adults who take life seriously. Just to give an idea of the amount spent by government on each child in state schools and post-secondary institutions, our calculations are as follows:

Those engaged in formal schooling in 2022 were costing us R 42,242.71 per student annually (for primary schools), and in 2023, we expect this sum to increase to R 42,914.08. For a secondary student, each were costing us R 57,290.16 per year in 2022, and in 2023, this sum will increase to R 61,264.91. In 2022, each post-secondary student is costing R 57,240.37 per year, and this will increase to R 57,878.44 in 2023.

Mr. Speaker, these are significant sums, so I am again appealing to all students to take their studies seriously as the education they are receiving is not without a cost. Taxpayers are contributing a lot towards ensuring that they receive an education, and thus, guaranteeing a future for them.

10.3. Housing Sector

Mr. Speaker, the housing sector remains one of the biggest challenges for any government. The list of applications for government housing keeps on growing longer. With the economic problems we have faced in the past two years, we did not have a lot of options for financing affordable housing projects on a large scale. However, we succeeded in completing various housing projects which have benefitted many families. Altogether, there are 82 housing units which have been completed in 2022, which includes:

- 24 units at PSSW Cascade, for a sum of R 40.6 million
- 18 units at the Ex Onezime estate in Anse Aux Pins, for a sum of R 24.6 million
- 16 units in Dan Zil, Bel Ombre, for a sum of R 21.9 million
- 24 units at the Ex Sacos Remiz, Anse Royale for a sum of R 25.7 million

With the aim of diversifying our housing products, government is exploring other innovative ways of encouraging those who are able, to finance their own building project. However, they need access to affordable financing in order to do this.

10.3.1. Affordable Financing in the Housing Sector

Mr. Speaker, the scheme for housing subsidy was established to improve access to affordable homes and to encourage a specific segment of the population to become the proprietors of their own homes. Applicants also need to be first-time owners. This subsidy is added to the applicant's house loan, thus he/she will not need to repay this. In the past few years, constant rises in construction costs and other factors have impeded most Seychellois from benefitting from this scheme. There is thus a need for a review. The rates will be revised from January 2023, as follows:

- Mahé: From R 8, 500 per square metres to R 9, 500 per square metres
- Praslin: From R 9, 500 per square metres to R 11, 500 per square metres
- La Digue: From R 12, 500 per square metres to R 13, 500 per square metres

Government will also reduce personal contributions under this scheme to 5 percent from 7.5 percent currently.

Mr. Speaker, government is also introducing a new limit that applicants of this scheme can benefit from. Currently, applicants are building larger homes that they are unable to complete with the funding available under this scheme, even with the subsidy. Thus, government is introducing a maximum limit of 125 per square metre for an applicant to qualify for the scheme.

A sum of R18 million has been projected in the 2023 for the housing subvention scheme.

Mr. Speaker, government is also concerned by the price of mortgage protection insurance, which is on average 6 percent on the total loan. That means, if an individual takes a loan of R 1.5 million, he/she will pay R 90,000. Government is exploring all options to reduce that cost. We shall begin discussions with insurance companies as well as the regulators, to see what options we have, to make the costs more affordable. Another option that might be considered if the cost is not lowered is the creation of a 'Policy Protection Fund' that will cover all claims in case of death or permanent disable.

10.3.2. Reviewing the Stamp Duty Order

Another measure that government has reviewed, Mr. Speaker, to assist individuals to acquire their own properties, is that the stamp duty order for individuals who buy a house or a plot of land for the first time. Currently, any individual purchasing a residential property, whether a house or land, is exempted 5% of the stamp duty on the first R 2 million. If the house or land is worth more than R 2 million, they pay a stamp duty on the balance only. Mr. Speaker, we have seen many cases whereby an individual buying land worth over R 5 million and has also benefitted from the exemption on the first simply because it is the first time that they have bought a property. We have noted that this policy is also applicable to individuals who are able to pay stamp duty. Government has thus reviewed this policy and the exemption is now applicable only to those individuals who are buying a plot of land or house for the first time, and

that costs less than R 3 million. Any individual who buys a property of over R 3 million will not be entitled to any exemption.

10.3.3. Investment in Housing by the Government

Mr. Speaker, apart from the measures to facilitate access to affordable financing for those individuals who can fund their own homes, government is also continuing its social housing project.

Currently, there are 127 units in the implementation phase, and these include:

- 16 units at Corgate Estate
- 16 units on Ile Perseverance
- 8 units in Roche Caiman
- 6 units at Corsair Bel Ombre
- 6 units in St Louis
- 4 units in Bel Air (Ex SPDF)
- 25 units in Foret Noire Port Glaud
- 22 units at Kan Gard Plaisance
- 24 units in Union Vale

Mr. Speaker, in the medium term ahead of us, a total sum of R 1.18 billion has been projected towards the development of new housing projects, and R 137 million towards land bank projects.

Mr. Speaker, a sum of R389.4 million, which represents 27.6% of the total investment budget, is being invested in the housing and land sector in the 2023 budget. This capital budget is for the financing of different housing projects, including;

- new project to build 342 units of social housing.
- the necessary infra-structure for the building of 128 mid-range condos that will be self-financed by applicants.
- catering for the continuation of a 56-unit housing project which started in 2022. Apart from the housing projects,
- financing various land bank projects at a cost of R 42.35 million.

It is to be noted that together with these new measures, the part rental scheme for houses and the Home Improvement/Re-roofing scheme for pensioners are still in place, and a sum of R 11.8 million and R 5 million for each, respectively, in 2023.

Mr. Speaker, as can be seen, government is putting different housing products at the disposal of our population, where those who can, will have access to favourable financing conditions to undertake their own individual projects, and those who cannot, will be assisted by government.

10.4. Sports

Mr. Speaker, if there is one thing that brings our population together, it is sports. Sports is inclusive because we all have a certain sports discipline that we enjoy. Sports has the power to bring families and communities together. What can be more inspiring than when we see our population come together in our sports facilities to support our teams or family members in action, or engaging in physical exercise that is beneficial to our health.

It is precisely because of the positive benefits of sports to all of us, and our country in general, that we are putting more effort into the renovation of the sports facilities in our country.

Mr. Speaker, earlier this year, I joined the Minister for Sports in a visit to several sports facilities – and it must be said that they are in a regrettable state of repair. Most are in total disrepair because they have been neglected for many years. It is clear that in previous years, there had been no maintenance plan for these facilities.

The development of sports infra-structure remains a government priority. During 2022, we have already begun implementing a number of projects such as the re-roofing of the Palais des Sports and also the review the lighting and sound system, and the shutters which will ensure that sports are not affected during the raising seasons. The total renovation will cost of R 3.3 million.

The other projects include the re-roofing of the sports infra-structure on La Digue at a cost of R 1.4 million, and also the renovation of the fitness trail at Roche Caiman at a cost of R 450,000.

The renovation of the Stad Linite structure is also being targeted, which includes the rectifying of the water leakage problem at the medical unit. Work will continue in 2023, with the Football Federation, to install a new Astro turf surface on the field and athletics tracks, also installing a new lighting system. These projects at the Stad Linite are expected to cost R 6.9 million upon completion.

Government is also targeting the renovation of other sports infra-structure in 2023. A total of R 11 million is being projected in the 2023 for the following projects:

1. The renovation of the sports complex at Anse Royale – R 3.75 million
2. The construction of an indoor court at Anse Royale – R 4 million
3. The renovation of the sports complex on La Digue – R 1.75 million
4. The improvement of sports infra-structure and facilities- R 1.5 million

Mr. Speaker, government has made an allocation of R 37 million for the Indian Ocean Island Games and the Africa Games which will take place in 2023.

A sum of R 15 million has been projected in the 2024 budget for sports development on a professional basis.

Mr. Speaker, government will need to invest a considerable sum of money in order to bring the majority of our sports infra-structure to an acceptable level. We are however, determined to do it, because we recognize the positive benefits of sports in our country.

10.5. Social Sector

Mr. Speaker, as has been the case during these past two years, government has continued to invest in the benefits and programmes under the Agency for Social Protection. This remains a priority for government. We recognize the fact that we can all face certain difficulties in life, and occasionally, we can all have a setback. Government's commitment to giving the necessary assistance in this sector is necessary and has merit. It will help those in need to overcome their challenges and stand on their own two feet, to look after their families and contribute towards society. Government has made clear its position that dependence on benefits must be reduced – and the only way to do this is to put able-bodied Seychellois in employment.

In view of the rising costs of commodities due to the war between the Ukraine and Russia, government began taking measures quite early on, to support those with lower salaries.

However, this year, we have revised the weights of social benefits by 32%, and in July, some other temporary measures were taken:

1. Workers in either the public or private sector with a salary which is lower than R 8,500 are receiving a temporary financial assistance of R500.
2. Workers in either the public or private sector with a monthly salary of between R 8,500 and R 9,000 are receiving a temporary assistance to ensure that they get R 9,000 monthly.
3. Those with a revenue of less than R9,000, and who have an electricity bill in their name, are receiving an additional support of R 300, on their bills.
4. Those receiving assistance from the Agency for Social Protection are getting a temporary financial assistance on a monthly basis. This includes pensioners, Home Carers, and those on invalidity and disability benefits.
5. In October, government introduced an MRP on 14 basic commodities imported by STC to ensure that the price of these commodities remain the same on Mahe, Praslin and La Digue
6. In October, we also gave a 25 percent exemption on Excise Tax for fuel for the transportation of goods between Mahe, Praslin and La Digue.

Mr. Speaker, government announced that the temporary support was going to be until the 31st of December 2022. This temporary support will continue up to March 2023, bearing in mind the proposed salary review from April 2023.

However, the individuals receiving benefits from ASP and have qualified for the temporary support from July 2022, that means the pensioners, home carers, disability and invalidity benefits, will continue to receive this support.

Mr. Speaker, an allocation of R 1.2 billion for programmes and benefits under the Agency for Social Protection (ASP) has been budgeted. Compared to the 2022 budget, this is a reduction of R 241 million. This reduction is due to the fact that the funds for Home Carers will be removed

from this agency in 2023, in view of the creation of the new Home Care Agency. The bill for the creation of this agency will be put before the National Assembly very soon.

Mr. Speaker, the highest sums under programmes and benefits for ASP are as follows:

- R 840.3 million for retirement benefits compared to R 820.6 million in 2022
- R 116.0 million for invalidity benefits compared to R 109.4 million in 2022
- R 150.6 million for disability benefits compared to R 141.8 million in 2022
- R 61.8 million as 'Safety Net' compared to R 40.7 million in 2022

Mr. Speaker, we are also working towards a framework for evaluating the needs of the more vulnerable individuals of our society, through a socio-economic approach that takes into consideration, other factors apart from incomes, as part of the evaluation criteria for people to qualify for welfare assistance.

With the aim of ensuring the efficiency of the social protection system, a sum of R 2.5 million has been budgeted for the installation of a new digital system for the Social Protection Agency. This system will ensure that the ASP will be better placed to face its challenges, and move on with its modernization programme. The key objectives of this system are to reduce the risk of fraud, and ensure that benefits are paid to individuals and homes that qualify for them.

Through the 'P for R' programme which is being implemented with the support of the World Bank, government will in the course of 2023, do the work necessary eventually introducing a '*Social Register*'.

Mr. Speaker, a '*Social Register*' has two main roles: first, the role of a social policy such as an inclusive system, and second, an operational role such as a digital system.

It is essentially a digital system that supports sensitization, admission, registration and determines admissibility for the different programmes and social benefits.

Apart from supporting registration and admission, the data produced by a social register is also used to calculate benefits, and helps in the planification, monitoring and evaluation.

Such a system will also bring about better coordination amongst the different agencies, reduce the amount of registration procedures, and make it easier for people who are in need of these services to access them faster.

As in previous years, the Ministry of Local Government and Community Affairs is receiving an allocation of R 20 million for small community projects. This year, the budget allows for a considerable amount of other small projects, for which government is making the necessary allocations in the following ministries:

1. The construction of the Cascade Community Centre – R 3 million
2. The construction of the Perseverans District Administration – R 1.5 million
3. The construction of the Bodamier road at Anse Aux Pins - R 1 million
4. The construction of the Adela road - R 803,000
5. The renovation of the Baie Ste Anne Community Centre – R 2.3 million

6. The construction of the Bel Ombre District Administration – R 2 million
7. The renovation of the La Digue Community Centre and District Administration – R 500,000
8. Re-roofing of the Anse Royale Community Centre - R 2.5 million
9. The renovation of day care centre facilities - R 4 million
10. The renovation of the Grand Anse Praslin Community Centre and District Administration – R 750,000
11. The renovation of the St Louis Community Centre – R 750,000
12. The renovation of the Cascade District Administration - R 1 million
13. The renovation of the Port Glaud District Administration - R 1.1 million

Mr. Speaker, in order for our country to move forward, we need strong, responsible and serious citizens who are able and willing to work hard for the good of their families and their country. We are aware that a segment of our population is facing many social ills, especially drug addiction. Our government believes that every individual who falls down must be given a chance to rebuild their lives – and it is for this reason that we are investing in rehabilitation facilities. For the 2023 financial year, government is budgeting a sum of:

- R 6.9 million to begin the ‘MAT’ (Medically Assisted Treatment) clinic building project.
- R 9 million to begin the ‘Youth Hope Residential Centre’ on Praslin, which is used for assisting children with attitude problems.

Mr. Speaker, the investment we are making in order to give our youths who have fallen to the wayside, a second chance to rebuild their lives, is very important because without this, the consequences will be catastrophic for all of us in future. When are youths are dependent on drugs, are jobless, do not contribute, and are engaged in illegal activities, we all feel the impact as a society. This is why our government is investing in these projects that will support and give direct assistance to our population.

Mr. Speaker, in view of our aging population, it remains government’s priority to ensure that our elders receive the care they need and that they live comfortably. It is for this reason that in 2023, all Home Carers will be employed by an agency, meaning that they will no longer be employed by an agency. The bill for the creation of a Home Care Agency will be brought before the National Assembly very soon. In 2023, we are projecting a budget of R 321.74 million for this agency. Government’s intention behind the creation of this agency is that we want this service to become more professional, in view of the specific care that our elderlies need. This new structure for Home Carers will ensure that its employees work within a legal framework which has more certainty, and which will also enable them to have access to loans.

Bearing in mind the importance that government is putting on social well-being, the budget of the Social Affairs Department for 2023 will increase, to allow this department to recruit nine more workers. This increase will allow the Social Affairs Department to continue the remarkable work they have been doing in the protection of our children, our families, and our more vulnerable adults in our society.

10.6. Law and Order

Mr. Speaker, law and order is a priority sector on which our government is placing a lot of emphasis. In 2023, Ministry for Internal Affairs will be receiving a budget allocation of R 95.9 million for various projects under the portfolio. This includes;

- i. R 8 million – for the renovation of the Central Police Station
- ii. R 21.7 million – for the construction of a new police station on Praslin
- iii. R 5 million – for the construction of a new police station on Ile Perseverance
- iv. R 7.9 million – for the construction of a new remand centre
- v. R 2.4 million – for the renovation of the Youth Offenders Facility.

A sum of R 9.5 million has been budgeted under Department of Prison for additional employees and operational costs.

Mr. Speaker, the battle against drugs being undertaken by our government is a difficult and complex one. However, our government is determined that this scourge will be destroyed. As President Ramkalawan has always said, his government will continue to maintain a determined battle against drug trafficking, because its consequences are devastating, for our small population.

This war must be fought on different fronts, whereby we do not only target drug importation and other illegal activities on land, but also at sea. It is for this reason that our government is installing a coastguard facility on Praslin. In 2023, R 3.1 million has been budgeted for this project.

Mr. Speaker, maintaining order and security is a costly business. Government is always seeking new ways of doing things, where efficiency is primordial – but what is most important is that our government will always guarantee order and peace in our country, so that our population can live in security.

11. Economic Transformation

Mr. Speaker, we remain committed to our Economic Transformation Agenda in these five sectors which I have listed at the beginning of my speech, and which are in line with national development strategy. It is for this reason that we will continue to invest in infra-structure that will allow our economy to grow.

11.1. The Tourism Sector

Mr. Speaker, with the assistance of the World Tourism Organization (WTO), Seychelles has developed its first tourism satellite account which will measure the impact of the tourism sector on our economy, and evaluate this sector's contribution to our GDP.

A study will be conducted in 2023 to better understand the tourism sector and the benefits that it contributes to our economy.

Mr. Speaker, government will also work towards consolidating the supply chain in local industries, and their links to the tourism industry, especially those industries that can supply local products to the tourism industry, to replace imported products.

Local businesses must engage in activities that will encourage visitors to spend more, for example activities in nature, or restaurants that special in Creole food.

11.2. The Agricultural Sector

Mr. Speaker, we are also placing a lot of emphasis on extending the services our officers can offer to farmers, to bring about the transformation we want in the agricultural sector, whereby our farmers will have better access to information, technology and research results, with the aim of continuously increasing local produce. There has been some restructuring in this section to improve the services offered to our farmers, and this also includes more training and capacity building, and the collection and diffusion of information.

The Department of Agriculture is also continuously adjusting the functions of the Agricultural Store to make it more consistent with the needs of our farmers. The Agricultural Store is also being modernized so that it can deliver an improved and more efficient service, and there has been a lot of efforts put into establishing better contact with new suppliers so as to improve on the quality, quantity and consistency of basic products in storage, as well as a constant supply.

The Department of Agriculture is also reviewing the farmers' production plans and analysing the difficulties they are faced with. We are also encouraging sustainable production through the use of modern technology, for example, growing crops under cover using 'High tech Crop Production' system.

A key strategy maintained by the Agricultural Department for the past two years is to support the subventions which are being revised to ensure that the scheme becomes more targeted, efficient and sustainable. A sum of R 30 million has been budgeted under this scheme for the 2023 fiscal year, compared to R 98.9 million in 2022.

An allocation of R 40.5 million has been budgeted under capital projects in 2023 for the Agriculture Department to finance various projects at district level, which will have a direct impact of local farmers, such as road projects and the renovation of the Victoria market. A total of R 10.2 million has also been budgeted for the project to build a new abattoir.

Among the projects identified for implementation in 2023 are:

- The construction of the Anse Boileau and La Retraite markets
- The improvement of the irrigation system
- The cleaning of rivers and marshes that border with agricultural land
- The renovation of the Victoria Market
- The renovation of the extension service building
- The improvement of the Bulk Store on Praslin and Mahe, and also the Requisition Store on La Digue – R 4 million

Government has also made a provision of R 3 million under the Agricultural Development Fund. This will be increased to R 10 million and R 15 million in 2024 and 2025 respectively.

11.3. The Fisheries and Blue Economy Sectors

As has been announced in the previous budget, government's intention is to increase value additions in our fisheries and blue economy sectors. To support this strategy, government is making an allocation of R 25.3 million in 2023 and R 50 million in 2024 for the development of Ile Du Port infra-structure. We need to invest in the infra-structure of this sector to ensure more growth in the mid-term.

The last 'Blue Bond' transfer which is equivalent to R 30.1 million, will be made to the Blue Investment Fund with DBS. The first project, amounting to a total of US\$ 3 million, has been approved under this fund in 2022. The balance of this fund at the beginning of 2023 will thus stand at US\$ 9 million. We are thus encouraging investors to seek their financing under this fund because of the following preferential conditions:

1. A 4 percent interest rate
2. A 15 year repayment term
3. A personal contribution of only 10 percent

Mr. Speaker, The Seychelles Fishing Authority (SFA) expects to begin the construction of a building for its 240 employees. During 2023, SFA will also begin its projects that will benefit this sector:

1. A gear store at Glacis
2. The resurfacing and improvement of irrigation facilities
3. A market and gear store at Anse La Mouche
4. A container platform at Bel Ombre
5. A holding chiller at the airport
6. A container platform and a mini warehouse at Providence for a sum of R 1.7 million and R 6 million respectively.

To enable growth and diversification in this sector, a new tax measure that will benefit the actors in fish processing and aquaculture will be announced later.

11.4. The Digital Economy Sector

Mr. Speaker, in this economic transformation, the development of the digital economy remains a key one, because with technology, everything becomes easier, more efficient, more accessible, transparent, and most important, it allows you to deploy your resources where they are really necessary. The adoption of technology in our everyday transactions allows our population better access to services and more opportunities.

Mr. Speaker, government is continuing its investments in projects that support the improvement of technology infra-structure in the country. Government has made an allocation of R 424.6 million over the medium term and this represent 1.4 percent of GDP. This allocation include a sum of R 145.1 million in the 2023 budget. The implementation of the electronic ID system became operational towards the end of October 2022. This system is the key to our development agenda in the Digital Economy project.

In 2023, the emphasis will be on interfacing government systems and the private sector, to use the Sey-ID platform. Services which are already accessible online are the registration of businesses and associations, and applications.

It is in that respect that my ministry has just launched it digital platform so that the auction sale of government goods which have been approved, can be made on this platform. The first auction sale was made in October, and the technology adopted really improved this service and gave the public better access to it.

Nest year, we are going to adopt a register of all individuals or businesses that participates in government tenders. Having such a register will help to reduce the procedures that the bidders have to undergo in order to participate in government tenders.

We expect that the health information system will come into operation towards the end of 2022. Government will open the tender for the new Information System to integrate with the Integrated Financial Management Information System in 2023. This project is expected to be completed by 2025.

Mr. Speaker, the biometric passport project will be completed before the end of 2022. This new passport system will help to improve Seychelles' security details according to the standards of the International Civil Aviation Organization (ICAO). This includes R 29 million which has contributed to the new system itself, and R 8.4 million which has gone towards the digital signature system for biometric passports to be compatible to the ICAO standards. The implementation details will be communicated to the public by the Ministry for Internal Affairs.

Mr. Speaker, in our endeavour to develop our digital economy sector, it is necessary that we put in place, a legal framework to ensure its protection and operation.

To that effect, a new data protection bill will be proposed to the National Assembly during the first six months of 2023. This new bill will protect the individual's personal data. We will need to do a lot of sensitization to educate the public on the provisions of this law. This law will help to make investors more confident about the protection of their personal data, as in other countries.

A new Communications Regulations Authority will be created under the Communications Bill which is before the National Assembly. A sum of R 9.3 million has been projected for this new authority. This bill will address a new legal framework for the telecommunications sector, and to address anti-competitive practices. A new initiative that this new authority will work on in 2023 concerns the implementation of the 'number portability' procedure, which we expect will put

clients in a better position to change their operators, which will also help to create more competition.

We need to work on the development of as many government services as possible to make use of information technology as a platform for their procedures. We recognize the fact that the Department of Information Technology and Communication will not be able to take this up by themselves. Thus, government has made a provision of R 6.5 million to put in place a structure for outsourcing the development of these projects.

11.5. The Financial Sector

Mr. Speaker, government continues in its commitment to improve the structure of the anti money laundering jurisdiction, and to combat the financing of terrorism (AML/CFT). At the end of September, this year, the committee responsible for improving the national coordination and ensuring that weaknesses that were identified in the ‘Mutual Evaluation Report’, are addressed in a timely manner, submitted another report to ESAAMLG to propose improvements in another 8 ratings among the remaining 11 weaknesses. This proposal will be discussed in the ESAAMLG meeting in April 2023. During 2023, the frameworks to address the other three weaknesses will be worked on and the committee will submit its report to ESAAMLG to propose an improvement on those three ratings in 2024.

Mr. Speaker, as we know, Seychelles is in ‘Annex II’, known as the ‘grey list’ of the European Union list of jurisdictions which do not cooperate on tax issues. This is because the European Union is waiting for the OECD to visit Seychelles, in order to evaluate the efficiency of our framework for the exchange of tax information. This evaluation, which is called a supplementary review, has already begun, and OECD will visit Seychelles in December 2022 to discuss with government and the private sector, the progress made after the relevant laws have come into effect. This procedure will be completed when Seychelles’ report is discussed in the OECD’s ‘Peer Review Group’ in June 2023. We expect that the European Union will consider this report in its review in October 2023.

The Central Bank will ensure that the national legal framework for payments is based on international standards and best practices. The national law system for payments and its regulations have been reviewed to ensure that the new policy addresses the weaknesses that were identified, and that they are covered by a legal framework. The propositions in this policy will be discussed with the relevant partners before the end of 2022.

Mr. Speaker, the Central Bank will also assist this sector with new bills such as the e-money bill which will increase financial inclusion by promoting access to affordable financial services and products. The Central Bank will also improve the infra-structure of the payment system and the central securities depository, which will offer better security reduce risks. The Central Bank remains committed in its efforts to modernize the national payment system, to bring about more efficient payment facilities which are more convenient, reliable and affordable. The Central Bank aims to remove the cheque as a payment method from the market. Furthermore, with the aim of increasing the use of electronic services and products in the country, the Central Bank, with the

help of a consultant, will undertake a study to assess the affordability and reliability of the internet connection and network in Seychelles. This study is expected to start in 2023.

The Central Bank is also working on a framework for formulating a Regulatory Sandbox on new technology. Its employees are also exchanging knowledge with other countries in preparation for the implementation of this new technology. The Central Bank is also working with other partners on the creation of an innovation hub to get the involvement of companies and the relevant competent authorities in addressing regulation problems and seek guidance on service conformities and innovative financial products.

Mr. Speaker, the Central Bank is also working on the implementation of a new Credit Information System (CIS) and its accompanying legal framework for better cover for this sector. This will help businesses to get information about their clients' credit, and help them to decide whether it is worth giving credit to a client based on the existing risks. This new system is expected to be completed in December 2022 and its legal framework will be ready in the first quarter of 2023.

Mr. Speaker, government will also initiate reforms to develop capital markets which follow international norms. This will be another option for money lending entities. We are analysing our legal framework and will propose amendments during 2023.

Mr. Speaker, we have said a lot about the financial sector. However, we are still faced with a serious challenge, and this is the availability of qualified Seychellois in this sector. With a very packed agenda, this sector will create many opportunities for Seychellois employees, besides which it also pays well, compared to other sectors. I would thus like to appeal to our students to choose studies related to finance and a career in the financial sector.

12. Investment, Entrepreneurship, Industry and Trade Facilitation

Mr. Speaker, government has included certain projects in the 2023 budget that will bring direct benefits to the expansion of our economy. A budgetary allocation of R47.8 million has been provided in the 2023 budget for the Industrial Estates Authority (IEA). This allocation will be used for the continuation of the infra-structure projects on 'zone 20', the new phase of the infra-structure project on 'île Eve' and also the new infra-structure project on 'zone 6' and the industrial marine park.

Mr. Speaker, the facilitation of commerce and promotion of best policies is really important for our economy. In 2022, government will complete its first Trade Policy Review. In 2022, the Department of Commerce also developed a new platform to keep the private sector informed, through the necessary Trade Portal. It is important to mention the fact that the Department of Commerce's new strategy for 2023 is to be better connected with the private sector, and to be more visible through keeping the public informed on the work that it is doing. We recognize the fact the the participation of the private sector in policy making is really important, and key to the economic transformation that we want to see.

Mr. Speaker, in February 2023, the permit procedures for imports and exports will become fully digital. We expect that with this new development, we will be able to offer a better service to the private sector. Government is also working towards finalizing the Industry Property Act, the Copyright Act, and the Trade Remedies, before the end of 2023.

The Ministry of Investment, Entrepreneurship and Industry will continue to prioritize its efforts to improve the business environment and to create a national framework for entrepreneurship. Since July this year, businesses have the option of applying for a license or renewing an old one, online. The first phase of the project to create an investment portal through which investors can submit their digital projects, is in the testing stage. Government is evaluating the option of a 'one stop service centre' with the aim of simplifying the procedures that businesses have to go through.

Mr. Speaker, improvements in the Customs system (ASYCUDA World) are progressing. This system is being embellished to include new modules.

The development of the module for digital payments has begun, and we expect that it will be completed by the third quarter of 2023. The Excise Warehouse module is expected to be ready for the testing phase in the first quarter of 2023. The development of the single window platform is expected to be completed in the first quarter of 2024.

The Revenue Commission continues to work on modernizing its operations system, so as to make revenue collection more efficient. It is expected that this system will be completed by the end of 2023. The registration module is currently being tested. The core modules are expected to go live by mid-2023. This modernization of the system will increase revenue collection, make available more digital services and reduce the compliance cost of businesses.

Mr. Speaker, government will review the revenue administrative law to increase the number of days that businesses have to register with the Revenue Commission, after they have started operating, from 14 to 28 days. Government will also increase the penalty against businesses that do not honour their obligations as per the law. However, we do recognize the fact that tax laws are not the easiest to understand. Government will work on a structure to assist small businesses in understanding their tax obligations. The Revenue Commission will also assess its sensitization programmes to see if they are effective in helping businesses to conform to the tax laws.

Government is also making an allocation of R 5 million for the 'seeds capital' scheme, to support start-up projects with innovative ideas among priority sectors. Mr. Speaker, new parameters for the SME are being introduced, to ensure that it is in line with government's vision, and to put more emphasis on key sectors in our economic transformation. An allocation of R 50 million has been made for the subvention of interest rates on SME loans of up to R 3 million. The new parameters which have been introduced for this scheme will ensure that it is in line with government's vision, and put emphasis on the key sectors that will contribute towards our economic transformation. All businesses with a revenue of less than R 10 million will qualify for this scheme, depending on their projects, compared to the previous rate which was R 7 million. I am thus appealing to the private sector to take this opportunity and come forward with

innovative projects that will contribute towards this transformation and thus create more wealth for our country.

13. The Environment, Energy and Climate Change Sectors

Government remains committed to putting more emphasis on energy transition. Renewable energy remains at the centre of our economic strategy, and also our economic and social priorities, as well as climate change, so that we may recuperate in a sustainable manner after the pandemic, and maintain our resilience. Our long-term commitment is to attain a decarbonized economy by the year 2050, and to increase electricity generation through the use of renewable energy sources. We are also reviewing the legal framework, policy and institutions to create a favourable environment for this transition in the energy sector.

Investment priorities for climate change adaptation have been identified in the infra-structure of the tourism sector, coastal management, food security, bio diversification and the Blue Economy. An exercise has begun to assess the project priorities in the climate change sector. Erosion, inundation and climate risks in our coastal areas have shown us how vulnerable our environment, economic resources, and even our social lives are, and how important it is to take these problems seriously and address them.

The key projects in this sector are as follows:

1. The Anse Gaulette coastal project : R 3 million
2. The coastal rehabilitation at Anse Consolation : R 1.5 million
3. Improving the capacity to drain the La Digue plains: R 1 million
4. The management and integration of the coastal system: R 8.8 million
5. Coral reefs project: R 19.3 million
6. The installation of solar PV panels on the roofs of government buildings: R 27.5 million
7. The low carbon project to address climate change : R 7 million

14. The Transport Sector

Mr. Speaker, the Seychelles Land Transport Authority is receiving an allocation of 46.2 million under capital projects. This sum includes R 3.9 million funds for the improvement of the road from English River to Ile Du Port. It also includes a provision of R 3.5 million for the third phase of the third lane project at Pointe Larue. Government has also received a donation of R 38.9 million to improve the western coast road from the Anse La Mouche crossroad to Baie Lazare. This project is expected to begin before the end of the year.

Mr. Speaker, work on the expansion of Port Victoria is continuing in 2023. The Seychelles Ports Authority has projected an expenditure of R 86 million for this project in 2023. The Ports Authority also expects to complete the construction of the infra-structure on Zil Eve in 2023, which will include an office building. The total expenditure expected is R 4.2 million. A sum of

R 9.7 million has also been projected in the 2023 budget for the continuation of work on the La Digue jetty.

As had already been announced in the previous budget address, renovation work is ongoing on the airport terminal, to raise it to a higher standard that will reflect the five-star destination that Seychelles is. A total expenditure of R 9.1 million has been projected in the 2023 budget for this renovation project by the SCAA.

A sum of R 8 million has been budgeted for the year 2023 for the vehicle testing station project on Praslin.

Mr. Speaker, to be noted that the Commission for Road Transport now falls under the ministry responsible for Transport.

15. The Employment Sector

Mr. Speaker, the statistics which were published in the second quarter of 2022 have shown that there are 4.5 percent more workers on the job market, which represents 51,214 workers, compared to 49,002 workers at the end of June 2021. During the period from January to September 2022, 927 individuals have been placed in an employment by the employment service section in the Ministry.

Mr. Speaker, government is finalizing Human Resource Development strategy. This strategy will be in line with our National Development Plan. The strategy will also help our students in making their career decisions and thus, studies relevant to these careers, whilst bearing in mind our human resource needs in the medium and long term.

A provision of R 6.5 million and R 5 million has been in the 2023 budget for the Skills Development Programme and a youth employment scheme respectively.

Mr. Speaker, we have spoken a lot about employment law during these past few years. We need to finalize this law during 2023.

16. Fiscal Measures

16.1. Introducing an Environment Levy for Visitors

Mr. Speaker, currently government is spending R 436.5 million in the environment and climate change sector, which includes cleaning and other environment projects. We have noted that tourists are becoming more conscious of the need for better management of the environment. We have also noted that the continued increase in visitor arrivals means that the tourist population often surpasses our local population. We are conscious that this could have an impact on our environment. We are thus looking into alternative ways that visitors can contribute towards our environment sustainability.

Mr. Speaker, we will implement a new levy under the environment protection law which will be charged to visitors to our country. The following rates will be charged to each visitor per the number of nights they stay in Seychelles:

1. Small hotels with 24 rooms or less, at a rate of R25 per night per room
2. Medium sized hotels of between 25-50 rooms at a rate of R75 per night per room
3. Big hotels of over 50 rooms, at a rate of R100 per night per room.

This levy will come into effect as from 1st April 2023, to give enough notice to operators in the tourism sector. The Revenue Commission will be responsible for the collection of this revenue. This new levy will also be applicable to yacht charters. The rate we have decided on does not bear any significance to a visitor's decision to visit Seychelles.

We are expecting to collect R 162 million from this new levy in 2023.

16.2. The introduction of a new turnover tax on medium and large hotels

Mr. Speaker, even if the tourism industry is the first pillar of our economy, its percentage of contribution to tax, especially business tax that must be filed each year with the Revenue Commission, nevertheless remains problematic.

Mr. Speaker, in exploring the different options for business tax reform, which we did with the assistance of the OECD, we found out that the tourism sector contributes only 8% of the business tax revenue compared to 47% under the VAT collected. Among the 11 hotels that fall under the big business category, meaning, of revenues above R50 million, a revenue of about R4.75 billion is amassed, but only R60.1 million of that is paid as business tax revenue, which represents only 1.3% of their total revenue. Among these 11 big hotels, only 4 have paid business tax in 2021. Mr. Speaker, this shows us that government must collect more revenue from this sector. Even if the law is being amended to minimize the transfer pricing in this sector, we have noted that a lot of revenue from this sector is not being collected.

Thus, government will put a tax of 2% on the turnover of medium and large hotels as from January 2023. This will be a new tax regime in itself. The projected revenue from this tax as from 2023 is R118 million.

16.3. Revisions in rate for Immovable Property Tax on Foreigners

Mr. Speaker, in January 2020, government introduced a 0.25 percent tax rate on Immovable Property belonging to foreign residents. There are 819 properties of this type registered at the Registrar's Office. The Revenue Commission has collected R 56.2 million in this respect from 2020 to September 2022 under the Immovable Property tax regime. Government will increase this tax rate to 0.5 percent as from January 2024. With this amendment, we expect to collect an additional R 19.6 million in revenues in 2024.

16.4. Revisions on tax rates charged to securities dealers under Business Tax

Mr. Speaker, one business category in the financial sector in which we are experiencing more growth is the securities dealers' category. Currently under the securities act, the tax rate is applicable at 1.5 percent of assessable income if the company has 'substance' in Seychelles, based on established criteria. Government is finalizing the framework regarding the 'substance' criterion, to ensure that everything is clear, and that this will contribute towards the development of this sector. We have noted that there are more than 116 securities dealers in Seychelles, and that 15 of these have paid about R71.5 million. Thus, Government will increase the applicable tax rate in that sector, from 1.5 percent to 3 percent as from January 2023.

With the 3 percent change in the tax rate, government will collect an additional R 219.5 million in revenue in 2023.

16.5. The introduction of a new, special regime under Business Tax for the fish processing and aquaculture sector.

Mr. Speaker, since this government has come to power, we have been talking about the transformation and diversification of our economy. We are very happy that the tourism sector has contributed for so long and that it has developed to its present level. However, the COVID 19 pandemic has shown us how fragile this industry is, and how dependent we have been on it for so long – which has resulted in our other economic sectors being neglected. It is for this reason that we are installing the foundations for other priority sectors to gain some fiscal space to develop, by giving them certain concessions similar to those concessions that the tourism industry has benefitted from.

One of these priority sectors is the development and evolution of the fishing industry, especially in the context of added value and aquaculture.

Therefore, Mr. Speaker, government will introduce a business tax rate of 15% on all profits made by these two sectors as from 1st January 2023. This will help both sectors to invest more and thus stimulate more growth in our economy. This preferential tax for these two sectors is for a ten-year duration.

Mr. Speaker, a new business tax regime came into application on 1st January 2022 as follows:

- 15 percent on profits of up to R 1 million,
- and after that, 25 percent on profits of above R 1 million.

During 2023, we will also evaluate other sectors and decide which ones will need this preferential rate. We will announce this in the 2024 budget.

16.6. Reviewing the VAT structure

In September 2022, government was assisted by the IMF to evaluate our existing VAT structure in Seychelles. The IMF delegation joined with the private sector for this exercise. The results of the evaluation show that VAT performed well in terms of revenue collection. According to the analysis, 35 percent of the registered medium to large taxpayers are contributing more than 70 percent of the VAT collection. Based on this report, government will continue to work with IMF so that:

1. A forum is created to bring together different partners representing different ministries and the private sector, with the aim of adopting a strategy to address the weaknesses in the existing law and bringing better clarity the procedures.
2. The ministry responsible for Finance will prepare a report on revenues lost through current exemptions. This report will be presented together with the 2024 budget report.

16.7. Tax rate reductions and the structure of benefits given by employers under the income tax act

The fourth schedule of the income and non-monetary benefits tax act will continue to cover certain non-monetary benefits that an employee may be entitled to in their specific cadre, or that an associate may get in relation to work performance. For example, benefits like lodgings, meals at work, transportation and others. Employers should pay a tax equivalent to 20 percent on the value of the non-monetary benefits they give to their workers, to the Revenue Commission.

As from 1st January 2023, the tax rate on this will be reduced from 20 percent to 15 percent. Government has also reviewed the list under the fourth schedule of the tax law regarding salaries and non-monetary benefits, to include some additional benefits for exemption as follows:

- Provision of food for employees
- Any medical expenses made by employers on behalf of employees. This will encourage employers to support their employees when they are in need of overseas medical care.
- Any expenses incurred by an employer for the education of their employees.
- Transportation expenses to take employees to and from work.

Mr. Speaker, government has reviewed especially those benefits that will have a positive outcome for workers. We recognize the fact that many employers are already giving these benefits, and we hope that others will follow suit.

Mr. Speaker, we shall review the act for Income and Non-Monetary Benefits, to ensure that none of the ‘back pay’ earned by workers is taxed. This will take effect as from 1st January 2023. This will address workers’ concern that a higher tax is applied to their salary, since quite often, the reason for the ‘back pay’ is not through the fault of the worker.

17. National Heritage and Culture

Mr. Speaker, investment in our heritage and culture remains a priority for our government. During the year 2022, we have started the renovation of the National Cultural Centre (National Library) which will serve, not only as a learning centre for our population, but also as offices for the Culture sector, which is currently spending at least R 15 million in office rental costs.

Another important project with national importance which is expected to begin in 2023 is the construction of a new national archive. Currently, many documents of great historical value are not being conserved in an optimal way in view of the challenges posed by the lack of a proper national archive. A sum of R5 million has been budgeted in 2023 to begin this project.

Mr. Speaker, in 2023, there will also be renovation work on other culture infra-structure:

- Teat de Palmes – R 3 million
- The Carnegie building – R 4.1 million, and
- An administration Block for the Culture Department – R 6.4 million

18. Public Service

Mr. Speaker, another significant priority for this administration is to develop a public service that is effective and performing. This reform is one that will take time, but we are determined to attain this because the Seychellois public deserves a performing public service that delivers. To go on as before is not an option. This mission to transform the public service into a more efficient and effective entity is important and necessary. Our Result Based Management (RBM) program is the basis of the work being done to improve the public service, and this needs to be inculcated in every public service employee, from the lowest to the highest positions.

As a government, we are conscious that the level of public satisfaction is not high with regards to the public service. How do we encourage hard work and efficiency if employees are confident that their remunerations are guaranteed, whether they perform or not? We should be rewarding good performance as a result of hard work, and even performance beyond what is expected. These are the good attitudes that we should be encouraging in the public sector, instead of procrastinating and still feeling entitled to being recompensed.

Thus, Mr. Speaker, in this reform, apart from performance-based recompense, we are also putting in the necessary framework for training.

Government has once again made an allocation of R2.5 million in the 2023 budget for the Public Service Bureau to work jointly with the Guy Morel Institute, to provide the necessary training for the public sector.

Mr. Speaker, government is getting a lot of support from the government of the United Arab Emirates for reforms in our public service. This support is a result of the MOU signed between our two governments, earlier this year.

Under this agreement, government will introduce a leadership programme for its officials in senior positions. Another programme is the identification of future leaders and training them.

The function of the Public Service Bureau (PSB) will change in 2023, so that it may give more guidance, monitoring, evaluation and auditing. MDAs will take on the role of human resource management and administrative functions, as per their strategic plans. Principal Secretaries and Chief Executives will need to have better governance and accountability. This will bring about better efficiency, effectiveness and transparency in the public sector. In the 2023 budget, a sum of R 11.5 million has been allocated for the implementation of a new management system for human resources. This system will help to incorporate human resource procedures in the digital system, and also help in performance implementation in the public sector.

Mr. Speaker, like I mentioned previously, government spending on renting accommodation is too high. In view of the complication of constructing the government house, government will explore other alternatives of reducing the amount of money being spend on rent.

Government will continue to explore different options for the construction of offices for different government entities. Work has already begun on the National Cultural Centre which will save us about R15 million in rent, annually, since the Culture Department is scattered in different locations.

Work has also begun on the construction of the new headquarters of the SRC.

Mr. Speaker, during 2022, government has also reviewed the structure of the Cleaners' Corporative. All employees currently employed by the Cleaners' Corporative will be employed by their respective MDAs, as from January 2024. Government has also made an allocation of R 24.7 million for the payment of their compensation towards the end of 2023.

This year, government is also completing an independent evaluation on the security service in the Ministry of Local Government and Community Affairs. A sum of R 22.9 million is being spent annually on security services. Based on this report, government has decided to employ 84 security officers for an annual sum of R 9.6 million, and also to invest in security equipment.

Government will also undertake an evaluation on the public investment management system, with the help of the IMF. This will cover good governance practices at all levels, and economic development. This exercise will help in the planning of capital projects, and will also ensure that investment allocations are made in priority sectors, and that the projects are implemented in an efficient and sustainable way.

Mr. Speaker, I need to put emphasis on the new model of payment for the thirteenth month salary. Previously, all workers were paid a thirteenth month salary without being evaluated, whereas in the model, they be paid a thirteenth month salary based on their evaluated performance. This is the fundamental change that we are bringing about. We need to realize that those who work hard need to be compensated accordingly. How are we to encourage good performance if those who work hard are given the same recompense as those who drag their feet? Mr. Speaker, there must be justice in the way we recompense our workers. Once again, this administration will not take a populist approach which is against the principle of justice.

Mr. Speaker, I want to take this opportunity to appeal to all public service workers, to become more professional, more conscientious and more efficient in their work, especially now that they are about to receive a salary increase in 2023 – because when they undergo their performance evaluation, if they are not up to standard, there will be no place for them in this service.

19. Governance in Public Enterprises

Mr. Speaker, we are already seeing the results of the structures that we have established in public enterprises. In 2021, government made an allocation of R 240.1 million for the subvention of public enterprises, and in 2022, R 272.8 million. However, in 2023, we are only projecting R 44.9 million for the following entities:

- a. The Postal Services: R 6 million
- b. SPTC: R 36.9 million
- c. The Guy Morel Institute R 2 million

Mr. Speaker, during 2023, we will conduct an operational and governance audit on five public enterprises. In the first phase, which we expect to complete by the end of June 2023, we will focus on PUC and SEYPEC. In the second phase, which is expected to be completed by December 2023, the focus will be on Air Seychelles, Island Development Company Limited, and Seychelles Trading Company Ltd (STC).

Mr. Speaker, a sum of R 148.7 million is being projected under development grants for public enterprises as follows:

- a. SPTC : R 35.9 million
- b. PUC : R 60 million
- c. PMC : R 52.8 million

A sum of R 275.2 million has also been budgeted for PUC under ‘Net Lending’. Mr. Speaker, we also expect to see the completion of the La Gogue Dam extension project in 2023. This project has cost more than R 300 million and has been financed by the African Development Bank. The project has experienced some considerable delay due to a number of additional work that needed to be done. PUC is implementing the sewerage project on La Digue in 2023, which is also being financed through a loan from the European Investment Bank (EIB) and Agence France de Développement (AFD). A total of more than R 42.8 million has been projected in 2013 for this project.

20. Conclusion

Mr. Speaker, I would like to thank President Ramkalawan for his guidance and support in the transformation that we are envisaging for our country, Seychelles.

I also thank the Vice-President, and my colleague ministers, departments and agencies and their teams for their support in the implementation of the 2022 budget, and also in the preparation of the 2023 budget.

I thank all the employees of the Ministry of Finance, National Planning and Trade, and all agencies under my portfolio, for the devotion, professionalism and contribution. We are transformation the economy of Seychelles as a team.

I thank also, all members of the National Assembly, and yourself, Mr. Speaker, for the support that you have given my ministry during the 2022 financial year.

I also recognize the support and contribution of the public and private sectors, and civil society, in the preparation of the 2023 budget. Thank you for your commitment in the budgetary process.

My biggest thanks go to the Seychellois people, because during these past two years, you have shown a lot of resilience, perseverance, courage and maturity. You have shown yourselves to be conscientious, and have taken the economic difficulties being faced by our country in your stride. You have demonstrated patience, and the willingness to give a helping hand for the good of Seychelles – you have helped to bolster the country during the most difficult period of its history.

Today, two years later, your show of good character and good attitudes during this period, have borne fruit. As a responsible government, we recognize your positive participation in our economic success story.

Mr. Speaker, my presentation today has shown how this current government is working for its people in a conscientious manner, so that the people may reap all possible benefits. When we all come together and put in a greater effort, when we show greater solidarity, we create more wealth, and it is our people and each of our children who will benefit.

My fellow Seychellois, let us get up and work hard for our own wellbeing, for our families, our communities, our country. Seychelles is counting on us – so let us do it for Seychelles.

With this, Mr. Speaker, I recommend that this 2023 Appropriation Bill, for a budget of R10,495,149,665 to authorize expenditures in the ‘Consolidated Fund for the 2023 financial year, is approved.

Thank you, Mr. Speaker.

SECTION 2

Budget Strategy & Outlook

Budget Strategy And Outlook 2023

Estimates of Revenue and Expenditure and Appropriation Bill November 2023

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Acronyms and Abbreviations

ASP	Agency for Social Protection
BT	Business Tax
CBS	Central Bank Seychelles
CIF	Cost, Insurance and Freight
CSR	Corporate Social Responsibility Tax
EFF	Extended Fund Facility
EOY	End of Year
ET	Excise Tax
FPCD	Financial Planning & Control Division
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GST	Goods and Services Tax
IMF	International Monetary Fund
ICT	Information Communications Technology
LMG	Locally Manufactured Goods
LPG	Liquid Petroleum Gas
LPO	Local Purchase Order
PIM	Public Investment Management
PIT	Personal Income Tax
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PPBB	Performance Program Based Budgeting
PSIP	Public Sector Investment Program
SADC	Southern African Development Community
SSF	Social Security Fund
SRC	Seychelles Revenue Commission
NBS	National Bureau of Statistics

NTB	National Tender Board
NDEA	National Drug Enforcement Agency
MFAB	Macroeconomic Forecasting & Analysis Division
MEFP	Memorandum of Economic & Financial Policies
MoACCE	Ministry of Agriculture Climate Change & Environment
MoFNPT	Ministry of Finance, National Planning & Trade
ODC	Other Depository Corporations
OT	Other Tax
SEAS	Seychelles East-Africa Submarine cable
SIDS	Small Island Development States
TT	Trade Tax
TMT	Tourism Marketing Tax
VAT	Value Added Tax
WEO	World Economic Outlook

About this document

This document sets out the economic and fiscal context for the 2023 Budget. It presents an overview of Seychelles economy, provides revenue and expenditure estimates for 2023 and the medium term. It briefly covers key measures and strategies influencing the Budget and gives a brief overview of the main economic reforms being undertaken by Government.

The budgeted revenue and expenditure numbers have been prepared in consideration of the outlook for the real, monetary and external sector using the best information available at the time of publication. The estimates are based on a range of economic and other parameters.

Economic Outlook

Overview

Following the dire economic contraction of 2020 resulting from the COVID-19 pandemic and its aftershocks, Seychelles and the global economy saw promising recovery over 2021. Momentum of recovery persists as Seychelles' 2022 real GDP growth pushes to double digit levels, however, signs of rising price levels looms over the country as inflation soars worldwide as economies endure this period of economic and geopolitical challenges.

International developments

Making reference to published data from major international financial institutions and economic organizations, the forecasted global growth averages at 2.9 per cent for the year 2022. The global economy faces a number of turbulent challenges. The outlook is heavily weighed down by high inflation, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic.

Table 1: World output forecasts from various financial organizations and bodies

	World GDP Growth (%)		
	2021	2022	2023
IMF	6.0	3.2	2.7
OECD	5.8	3.0	2.2
GPMN	6.4	2.9	2.5
World Bank	5.7	2.9	3.0
Fitch Ratings	5.7	2.4	1.7
Average:	5.9	2.9	2.4
Seychelles:	7.9	10.6	5.4

Source: IMF; Fitch Ratings; GPMN; MFAD; OECD; WB¹

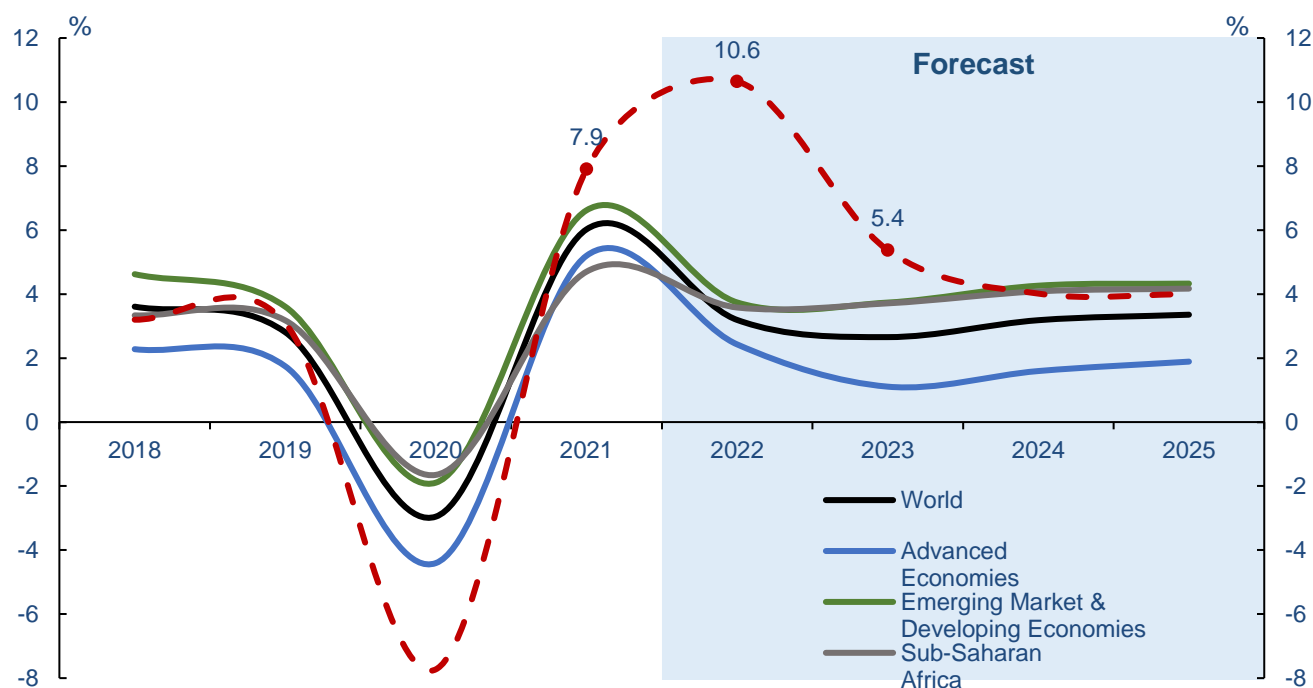
Monetary and fiscal policies cool demand as policymakers aim to lower inflation back to target, however, a growing share of economies are already in a growth slowdown or absolute contraction following the pandemic, as well as current crises. IMF's World Economic Outlook of October 2021 forecasts a slowdown in global growth, from 6.0 per cent in 2021 to 3.2 per cent in 2022 and

¹ IMF World Economic Outlook October 2022; Fitch Ratings Global Economic Outlook September 2022; GPMN Global Projections October 2022;

MoFNPT Macroeconomic Forecasting and Analysis Division; OECD Economic Outlook September 2022; World Bank Global Economic Prospects July 2022;

2.7 per cent in 2023. This prognosis for the global economy is far below the average growth of 3.6 per cent during 2000–21. The global economy’s future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions.

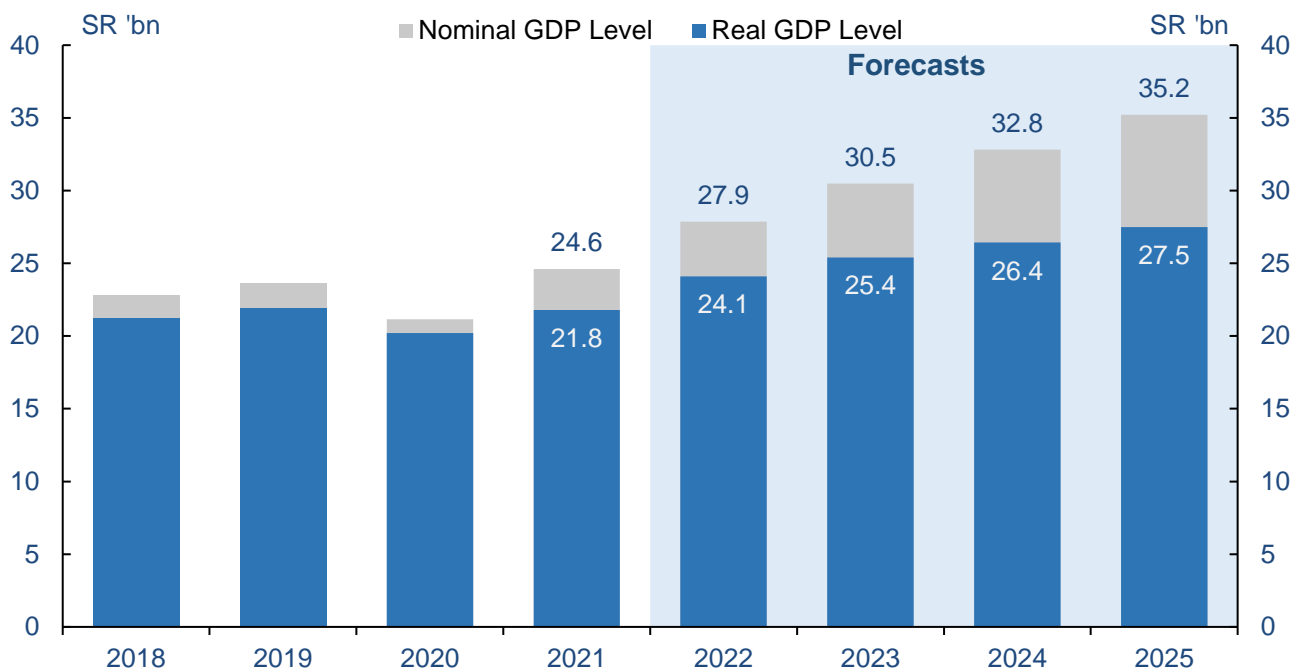
Figure 1: Real GDP Growth Estimates (2018-2025)



Source: IMF World Economic Outlook October 2022, NBS and Macroeconomic Forecasting & Analysis Division estimates.

2022 context

Following 2021’s strong commencement of recovery, 2022 economic performance projections remain very positive as this year’s GDP growth is estimated at 10.6 per cent, mainly supported by the rebounding tourism industries. Year-to-date tourism arrivals have surpassed that of 2021 as a whole, while total 2022 growth is estimated at 75 per cent, translating into double digit growth for the main tourism sectors and a positive impact on overall economic activity across all productive sectors. ‘Information and communication’ activities have remained buoyant and is estimated to grow by 10 per cent in 2022 spurred by increasing data traffic, while the ‘Financial and insurance’ activities sector growth remains steady at 2 per cent. Despite the momentum in manufacturing of beverages and tobacco, and some resurgence in the manufacturing of concrete products, the production of fishery products is estimated to contract by 8 per cent following continued challenges.

Figure 2: Seychelles Nominal GDP Level and Real GDP Level (2018 – 2025)

Source: IMF World Economic Outlook October 2022, NBS and Macroeconomic Forecasting & Analysis Division estimates.

2023 projection and the medium term

For 2023, GDP growth is projected at 5.4 per cent which is higher than the previous estimates and in line with a stronger 2022 position. . It must be noted that this represents a best case scenario where current trends in recovery continue into 2023 and negative exogenous shocks are minimal. Once more, tourism is expected to spearhead the growth of economic activity as the trend of growing visitor arrivals continues. The main activities under tourism such as ‘Accommodation and food service’ and ‘Administrative and support service’ sector real growth is estimated to be 15 per cent and 16 per cent respectively. 2023 growth will also be supported by continued strong performance in ‘ICT’ by 5 per cent, and steady growth of manufacturing activities by about 3 per cent average growth, particularly featuring the resurgence of ‘manufacturing of fishery products’.

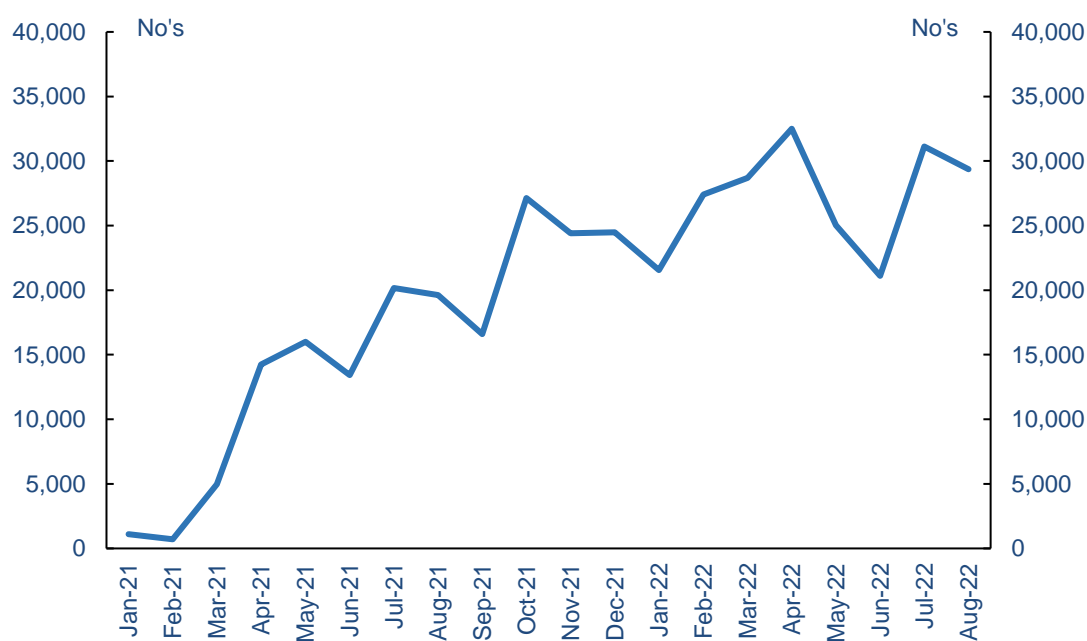
Seychelles is expected to continue along its recovery path with average real GDP growth projections of about 5 per cent over the medium term.

Real Sector

Tourism

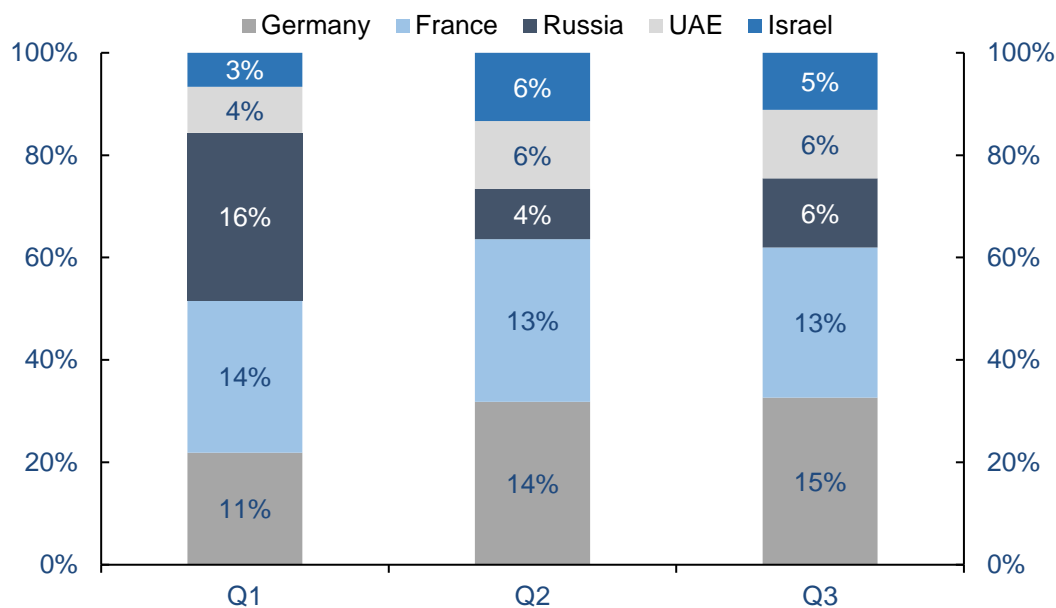
The tourism outlook for Seychelles remains positive following the pick-up in ‘**Accommodation and food service**’ followed by ‘**Administrative and support service**’ activities as well as the increase global travel which has already reached 250 million for the first five months of 2022. These performances have been buoyed by strong growth in tourism arrivals in 2022, as at 16th October arrivals stands at 259,693 reflecting an increase of 94 per cent compared to the same period last year. This performance has surpassed initial expectations. With Europe remaining as the main market region, and France replacing Russia as the top market in 2022 with a share of 14 per cent of total arrivals year-to-date. The total arrivals estimate for 2022 is about 320,593 and that represents a 75 per cent growth over 2021. This is still below the 2019 pre-pandemic levels by about 17 per cent. As a result of this faster than expected recovery in tourism arrivals, higher growth is expected in the main tourism related activities in the National Accounts, namely ‘Accommodation and food’ by 58 per cent, ‘Administrative and support’ by 65 per cent, and ‘Transportation and storage’ by 36 per cent.

Figure 3: Monthly arrivals (2021-Aug 2022)



Source: Macroeconomic Forecasting & Analysis Division.

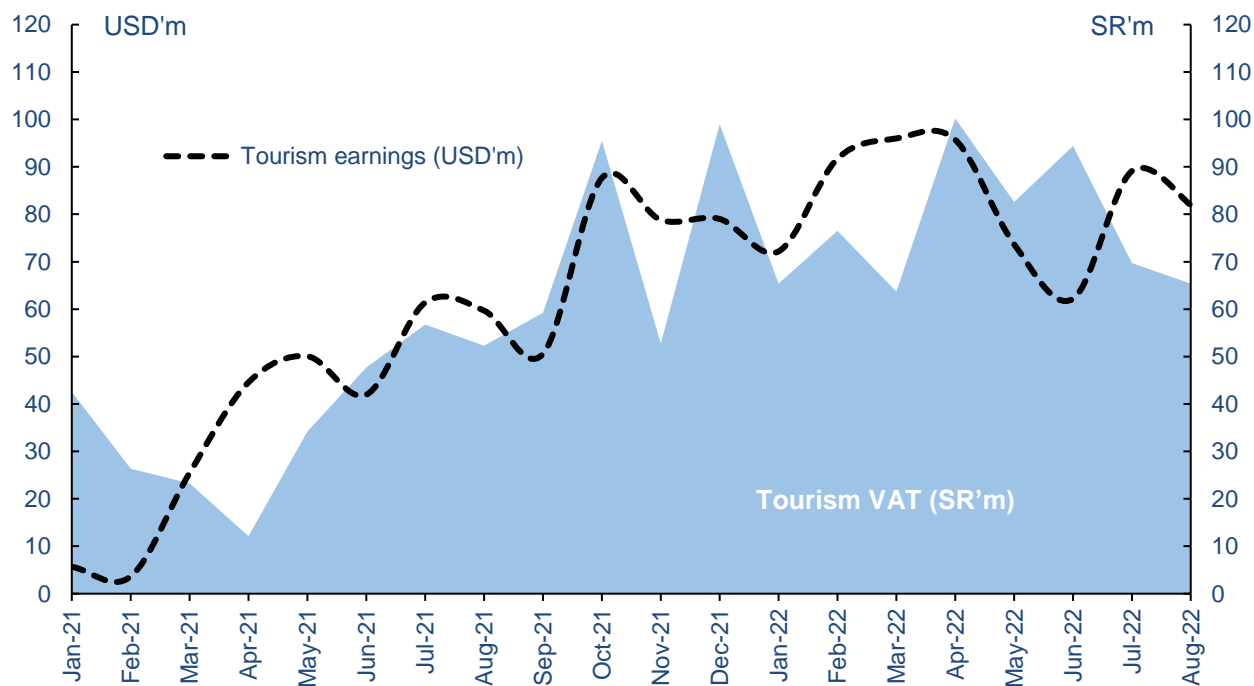
Figure 4: Comparison of main market arrival in 2022



Source: National Bureau of Statistics.

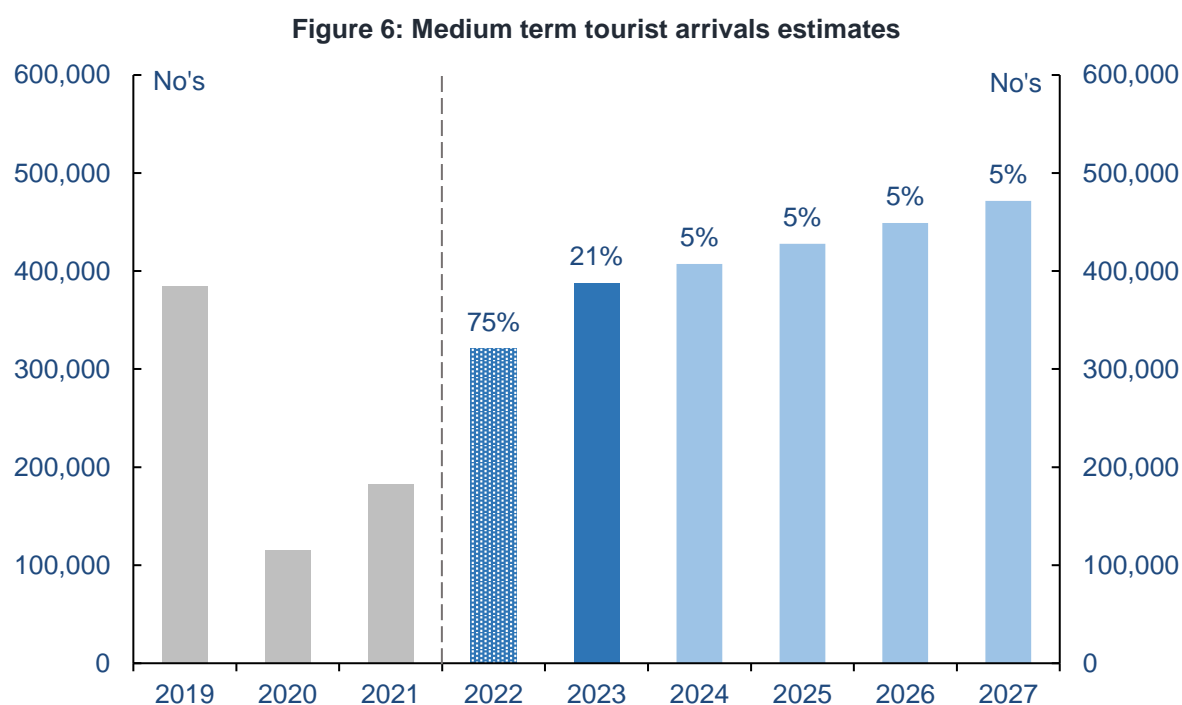
As at September 2022, Tourism earnings stood at USD 729m, this represents a growth of 113 per cent over the same period in 2021.

Figure 5: Tourism Earnings and Tourism VAT (2021-Aug 2022)



Source: Central Bank of Seychelles and Seychelles Revenue Commission.

Despite the Russian-Ukraine invasion, which was expected to have pernicious impacts on the tourism economy, tourism arrivals and tourism-related activities have showed resilience and continual growth. Tourism arrivals are expected to reach 2019 levels by 2023 with a total of 387,918. In the medium term, tourism is expected to grow at an average of 8 per cent for the period of 2023-2027, given the planned hotel projects which will subsequently boost capacity allowing Seychelles to accommodate more visitors also anticipating that this will also lead to greater connectivity. The graph below depicts the arrival growth path over the medium term.



Source: Macroeconomic Forecasting & Analysis Division estimates.

Note - Percentages indicate growth rates

Agriculture and Fisheries

The **Agriculture** sector remains steady with a moderate 1 per cent growth for 2022. The most recent production statistics show egg production exceeding 10 per cent growth over the first two quarters, while livestock slaughters remain relatively flat on average due to low output in Q1. This trend is expected to continue throughout the rest of the year and maintained into 2023, supported by demand from the recovering tourism industry.

Over the first half of 2022 the **Fisheries** sector's performance has been lower than expected with the first quarter fish catch almost halved in comparison to 2021. While this fall in performance is not expected to persist, the seasonal trade winds remain a challenge for the industry. The Fisheries sector is projected to contract by 15 per cent for 2022. As more infrastructure is implemented to support fishing activities diversify production chains along the line envisaged in the World Bank supported SWIOFISH 3 project, the sector is expected to recover to 3 per cent in 2023.

Manufacturing

The manufacturing sector consists of four components, Manufacturing of ‘fishery products’; ‘other food’; ‘beverages and tobacco’; and ‘other products’.

Canned tuna production accounts for over 90 per cent of the ‘**Manufacturing of fishery products**’ sub sector. Over the first half of 2022, IOT faced numerous obstacles such as delays in deliveries of packaging materials and staffing shortages which significantly hindered production and forced the company to revise their initial production targets. This is consistent with H1 2022 production statistics which show a 16 per cent contraction of output over the first half of the year. Canned tuna production is expected to pick up over the rest of the year however, but will not compensate fully for the reduced output leading to 2022 output growth projections being reduced to -8 per cent. As IOT moves past the challenges since 2021 and aim for more optimistic output targets, a growth of 3 per cent forecasted for this sector over 2023.

The ‘**Manufacturing of beverage and tobacco**’ sector growth is projected at 10 per cent for 2022. Quarterly national accounts data indicate strong double-digit growth over the first two quarters, while production statistics show production of beer, stout and spirits grew over 20 per cent in comparison to the same period in 2021. This is linked to high demand brought on by the surge in tourism in addition to efforts by manufacturers to diversify and extend the product range on offer. This positive trend is expected to continue into 2023 with a modest growth of 3 per cent supported by growing tourism arrivals and robust local demand.

The ‘**Manufacturing- other**’ sector, which mainly consists of the production of concrete, rock products, and paints, is projected to grow by about 15 per cent during 2022. This is in line with recent quarterly national accounts data which indicate 23 per cent growth over the first 6 months of the year. Statistics indicate an average of 25 per cent increase in production of blocks, rock aggregate and crusher dust over this period. This trend is expected to continue over the rest of the year while the sector’s 2023 growth forecast remains steady at 2 per cent as construction of major projects progress sustaining demand for concrete and rock products.

Construction

The construction sector remains robust at 6 per cent growth expected for 2022. The industry remains active as various major construction projects continue to move ahead. Year-to-date credit to the sector remains stable in comparison to the same period of 2021 while foreign direct investment in construction projects grows by 72 per cent and the aforementioned production of concrete and rock products bounces back from the lows of 2021. The industry is expected to carry forward this momentum over to next year with projections at 3 per cent for 2023 and the medium term as major construction developments progress.

Financial and Insurance

The Financial and Insurance sector is expected to remain relatively flat by the end of 2022 with a very modest growth of 0.5 per cent. Despite the rapid recovery in economic activities during the first half of the year, this sector has shown little to no growth year-to-date. This can also be observed in VAT receipts from 'Financial and Insurance' sector which has been under-performing by over 35 per cent as at August 2022. Moreover, credit is set to end the year with an estimated growth of 0.4 per cent only. This sector is expected to pick up in 2023, with a projected growth of 2 per cent. Over the medium term, the sector is expected to grow at 3 per cent on average.

Wholesale and retail

The Wholesale and retail sector remains resilient in 2022 with an estimated growth rate of 5 per cent. Although Excise tax from the petroleum and VAT receipts from the 'Wholesale and retail' sector has been under-performing year-to-date, the positive growth is supported by SEYPEC's forecast for domestic sales and fuel re-export. For 2023, this sector is expected to grow by about 3 per cent, in line with SEYPEC forecast as tourism-related activities is expected to remain robust. Thereafter, the growth rate of 3 per cent is maintained for this sector.

Information and Communication Technology

Over recent years Seychelles' ICT sector has uninterruptedly achieved double digit growth. Data traffic statistics for the over the first half of the year show a strong increase of almost 40 per cent over 2021 supported by high tourism arrivals, reinforcing a solid growth projection of 10 per cent for the sector in 2022. The demand for ICT services is expected to remain strong, with 2023 and medium term sector growth projected at 5 per cent, as new technology and ICT solutions are applied throughout various industries of the economy.

Utilities

Electricity growth has been maintained at 3 per cent for 2022, in line with year-to-date production statistics and reinforced by growing demand from other industries. Growth of water utility growth has been kept at 3 per cent, considering an aggregate growth of 6 per cent in water consumption in the first half of the year while production was kept flat. This trajectory is expected to continue at 3 per cent into 2023 and the medium term.

Box 1: An analysis of import trends from before and after the pandemic

Summary

Seychelles' dependence on imports is a major feature of the economy that directly impacts the cost of living as well as macroeconomic stability. From 2017 to 2021, 1.8 million tonnes of goods were imported at a value of SR 115.9bn. On average, this translates to about 360 thousand tonnes of goods at a cost of SR 23.2bn per year. By way of comparison, the average annual nominal GDP over this 5-year period was SR 22.7bn.

Data for the period investigated, from January 2017 to July 2022, suggests a minor effect of the COVID-19 pandemic on import trends in Seychelles. The available data shows a noticeable decrease in importation levels in 2020, with import weight (kg), number of units and volume (litres) dropping by 17 per cent, 47 per cent and 13 per cent respectively.

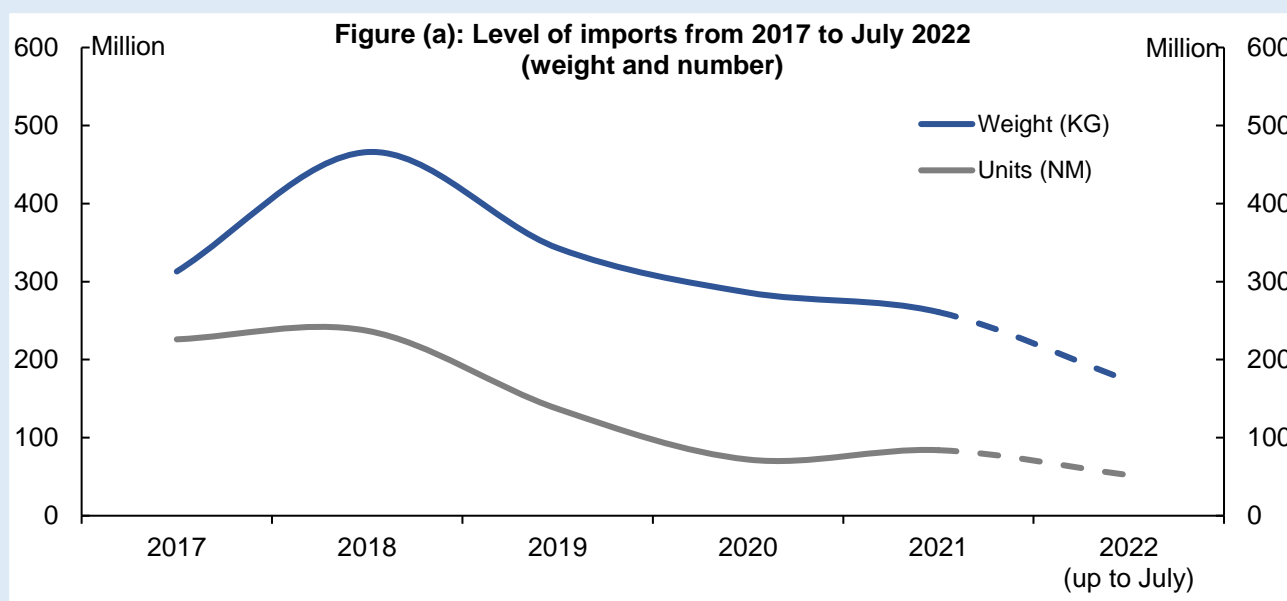
However, import data in terms of value, as measured by the 'Cost-Insurance-Freight' (CIF) measure, tells a more complex story. CIF figures exhibits greater volatility before the pandemic than during the pandemic impacted years. Imports in 2020 and 2021 are largely similar and are actually 42 per cent above 2019 figures (after correcting for inflation; see Figure (f)). Additionally, preliminary data for 2022 (up to July) suggests that imports at EOY will likely match or rise slightly above 2021 figures. Import tax performance also closely matches the volume of import trends.

Overall, using both level and value terms, the effect of the pandemic is noticeable but is not as deep as initially expected. A more in-depth research over a longer sample period should provide for better understanding of the country's import trends.

Additionally, the global outlook for imports remains uncertain. The pandemic caused significant disruptions to supply chains and resulted in much higher freight costs. Recovery in global trade following this period is now facing new challenges resulting from the war in Ukraine.

Import volume trends

Figure (a) below illustrates import trends in level terms (weight in KG and individual units in NM [number]). Both measures indicate a general declining trend over the period, with a slight but visible dip around 2020.



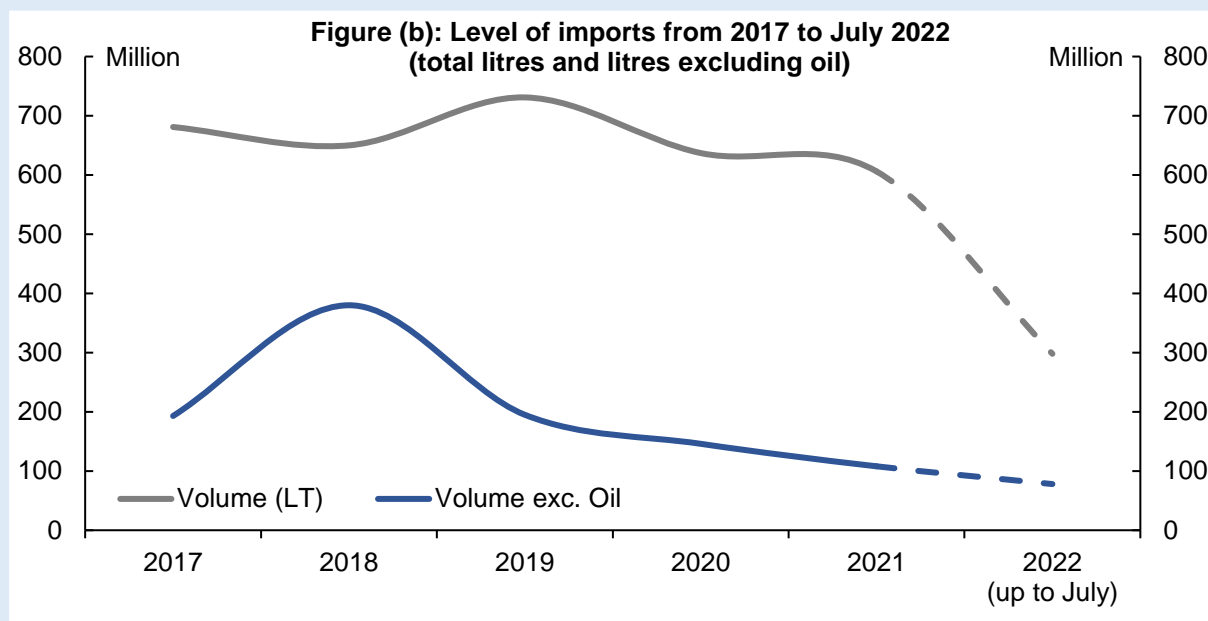
Source: MoFNPT (ASYCUDA)

Table i: Growth rate of weight and number from 2017-July 2022

Year	Weight (Kg)	Number (units)
2018	48.9%	4.9%
2019	-26.4%	-42.2%
2020	-16.6%	-47.4%
2021	-8.7%	16.7%

Source: MoFNPT (ASYCUDA)

Figure (b) illustrates the changes in import volumes both in total quantity, and excluding oil.



Source: MoFNPT (ASYCUDA)

From 2017 to 2021, import volume including and excluding oil followed a similar declining trend, though this trend is steeper for quantities excluding oil. Additionally, a noticeable spike can be seen for this later series in 2018, suggesting a temporary decrease in oil imports around this time.

Table ii below shows the growth rate of total volume and volume excluding oil.

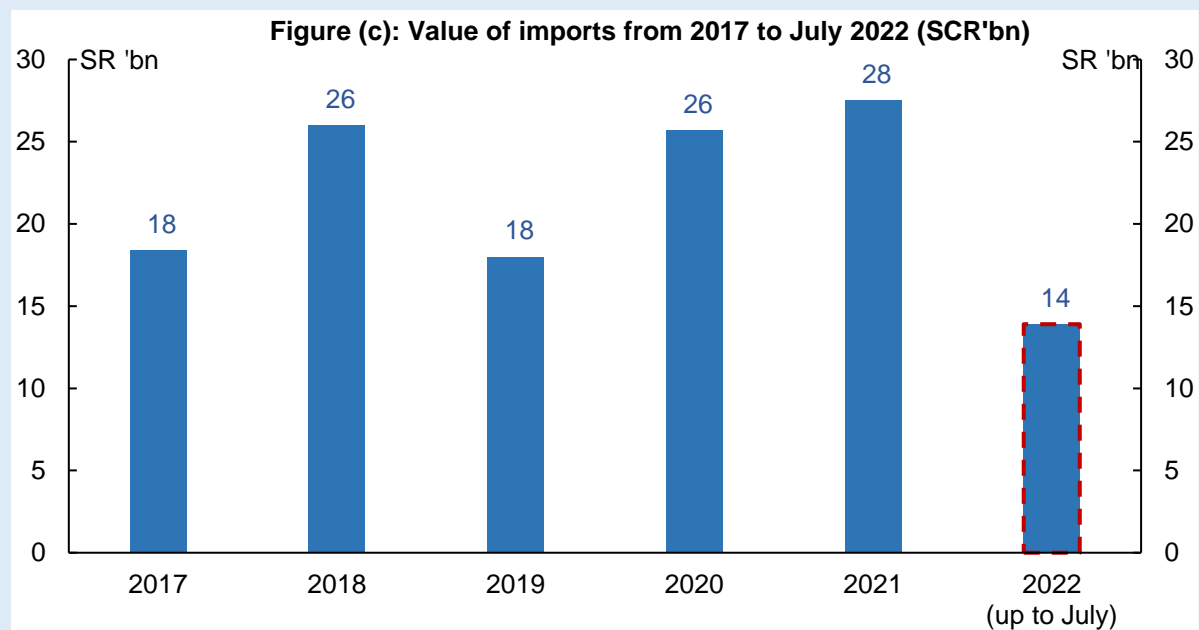
Table ii: Growth rate of total volume and volume excluding oil (litres)

Year	Total volume	Total volume (exc. Oil)
2018	-4.6%	96.9%
2019	12.5%	-48.7%
2020	-12.9%	-25.1%
2021	-4.9%	-26.0%

Source: MoFNPT (ASYCUDA)

Import Cost trends

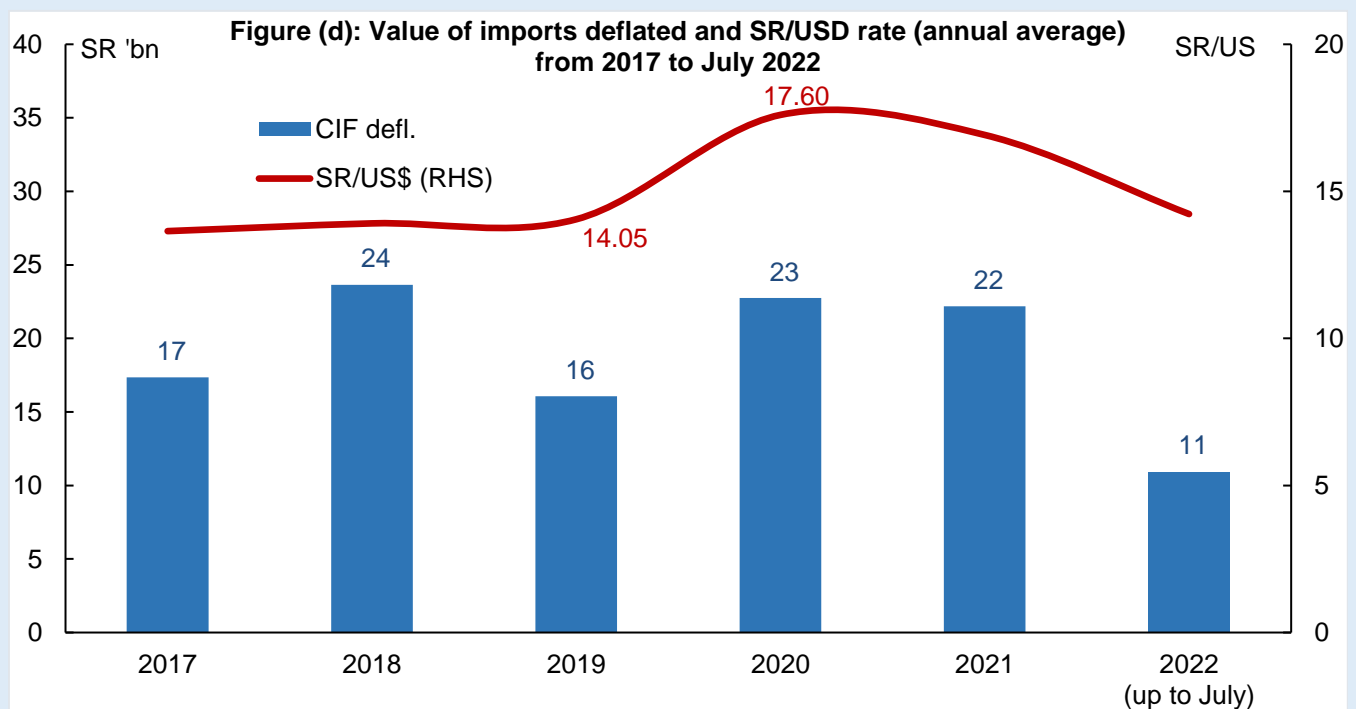
Figure (c) below depicts the trend in the CIF value of imports from 2017 to July 2022.



Source: MoFNPT (ASYCUDA)

No clear trend can be ascertained over the past 5 and a half years using nominal data. Import values for 2020 matches the high figure (SR 26bn) recorded in 2018, while 2021 indicates an improvement in import values that can also be seen in 2022, given the high preliminary data for up to July, coupled with the fact that imports spike around EOY.

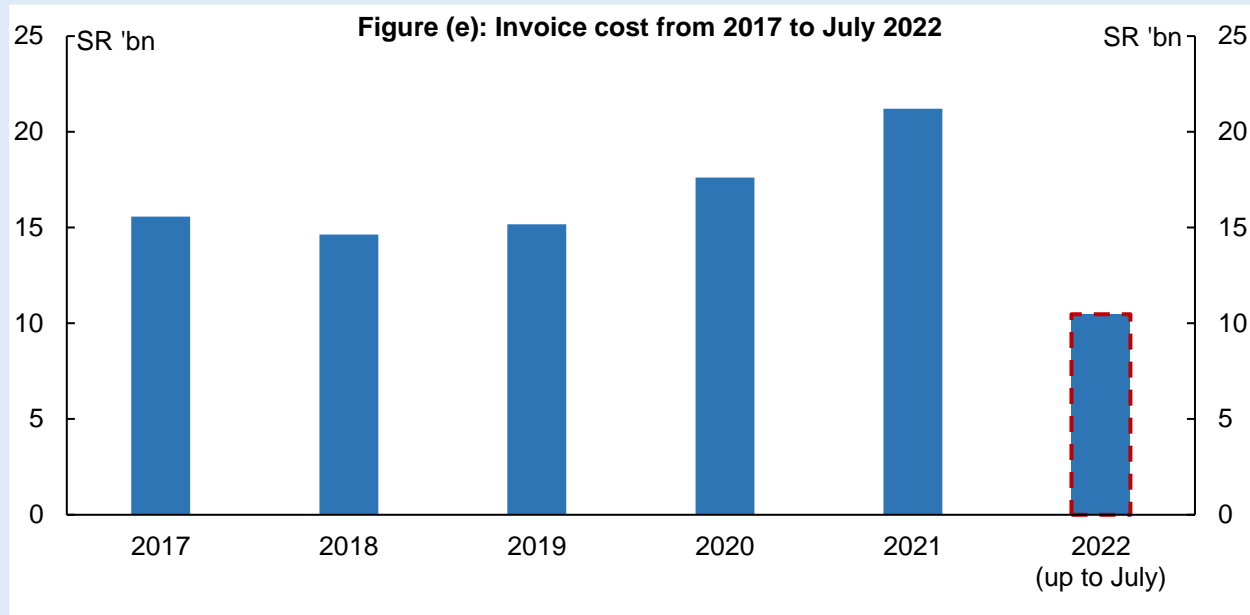
A better approach to understanding the evolution of import values is to deflate the nominal data using Consumer Price Index (CPI). It is important to note that the pandemic led to a substantial depreciation of the Rupee during 2020 which caused import nominal values to seem artificially high. Figure (d) below presents CIF values once again but deflated and contrasted against the SR/USD rate.



Source: MoFNPT (ASYCUDA)

Invoice costs

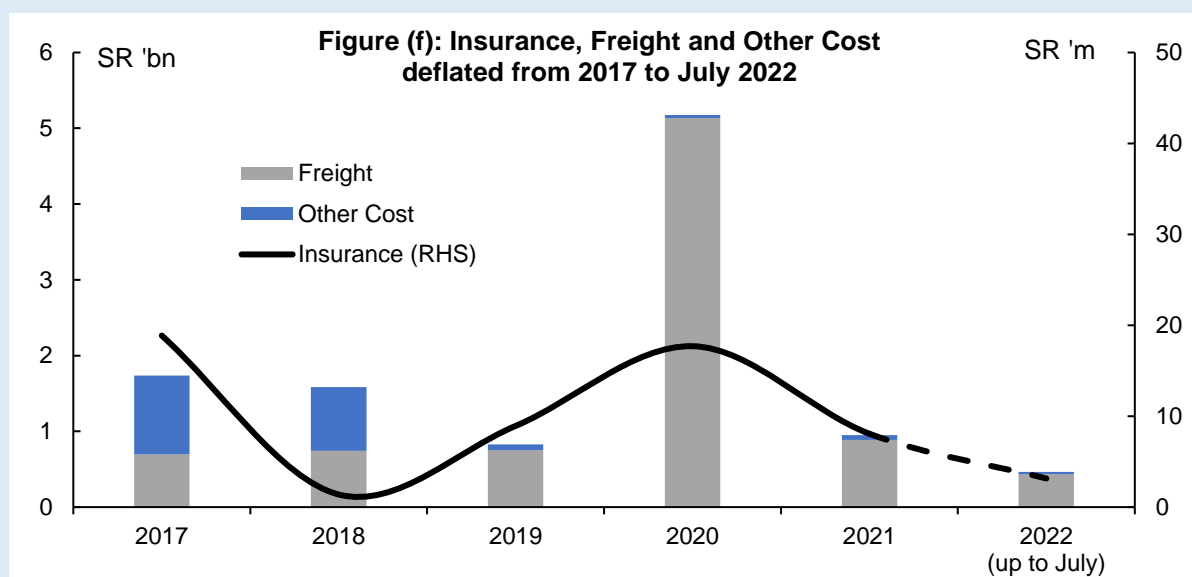
Figure (e) below illustrates the movement of the different components of CIF from 2017 to July 2022 (deflated).



Source: MoFNPT (ASYCUDA)

Invoice cost indicates a generally stable trend from 2017-2019, before rising during the pandemic years, with 2021 being 40 per cent higher than the pre-pandemic average. Preliminary data for 2022 suggests that invoice cost will match 2021 figures.

Insurance, Freight and other costs



Source: MoFNPT (ASYCUDA)

Likewise, freight cost in 2020 grew was a substantial 500 per cent above the pre-pandemic average, though the cost quickly fell in 2021. This suggests that the freight spike that impacted the world during this time was felt earlier in Seychelles than other regions (i.e. most regions experienced the spike in 2021).

Overall, while the import data in level terms suggests an impact of the COVID-19 pandemic on importation, using CIF and value terms does not tell the same story. This may indicate that Seychelles imported less but more valuable goods during this time, or that the large increased in import prices during the pandemic due to depreciation of the rupee is not being fully deflated by the CPI figures. This makes sense as the CPI figures following the pandemic were not adjusting as quickly as changes to the exchange rate.

Top Imported Products

Table iii below list the most valuable imports for each year, for the period 2017-July 2022.

Table iii: Top imports in value terms (2017-July 2022)

	Top Import	Nominal Value (SR 'bn)	Deflated value (SR 'bn)
2017	Motor Yacht "Silver Fast"	1.134	1.070
2018	Banknotes	0.198	0.180
2019	Motor Yacht "Lili"	0.339	0.303
2020	Motor Yacht "Faith"	2.662	2.356
2021	Motor Yacht "Nirvana"	4.492	3.623
2022 (up to July)	Motor Yacht "Savannah"	1.849	1.456

Source: MoFNPT (ASYCUDA)

The most valuable imports over the past 5 and a half years are mostly luxury watercrafts, including a SR 3.6bn (deflated) superyacht in 2021.

Table iv below details the top imports in level terms (various units) over the same period. In terms of weight (measured in kilograms; KG), the heaviest imports are largely boats including two superyachts, as well as cement and crystal salt. When measured in volume (litres; LT), the top import for all years is oil. With regards to individual units (number; NM), the type of products varies from year to year, from a large contingent of PVC gloves in 2017 to cigarettes in 2022.

Table iv: Top imports in level terms using units, excluding superyachts (2017-July 2022)

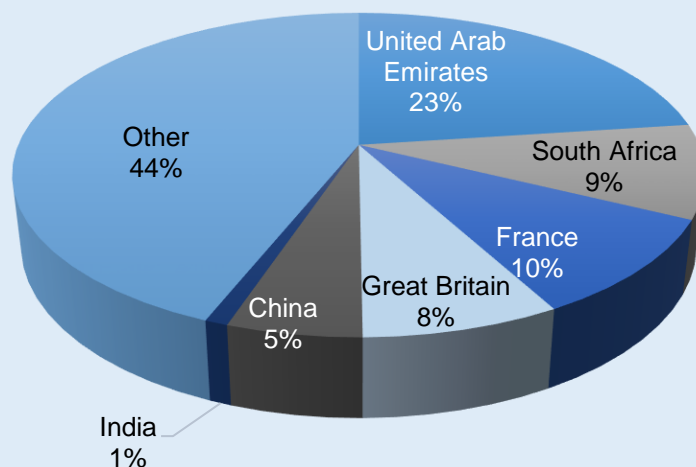
Year	Units	Top Import	Quantity
2017	KG	Cement	7,000,000
	LT	Gasoil	9,999,999
	NM	PVC Gloves	18,001,872
2018	KG	Cement	7,500,000
	LT	Fuel Oil	8,355,303
	NM	Pumps	60,114,690
2019	KG	Crystal Salt	1,010,016
	LT	Motor Gasoline	9,584,070
	NM	Wrapped Cigarette Tow	7,508,160
2020	KG	Crystal Salt	1,122,240
	LT	Fuel Oil	9,540,130
	NM	Sunlight Laundry Soap	9,000,000
2021	KG	Service Boat AP 6767	2,000,000
	LT	Gasoil	9,951,109
	NM	Blood Pressure Increasing Agent	9,070,090
2022 (up to July)	KG	Sea Salt	1,500,000
	LT	Fuel Oil	9,506,468
	NM	Cigarettes	8,000,000

Source: MoFNPT (ASYCUDA)

Top Import Origins

Imports to Seychelles originate from over 150 countries. The largest exporter is the United Arab Emirates, where Seychelles purchases most of its fuel. This is followed by France, South Africa, Great Britain, China and India. However, most (44 per cent) of imports are from a variety of countries collectively referred to as Other in Figure (g) below.

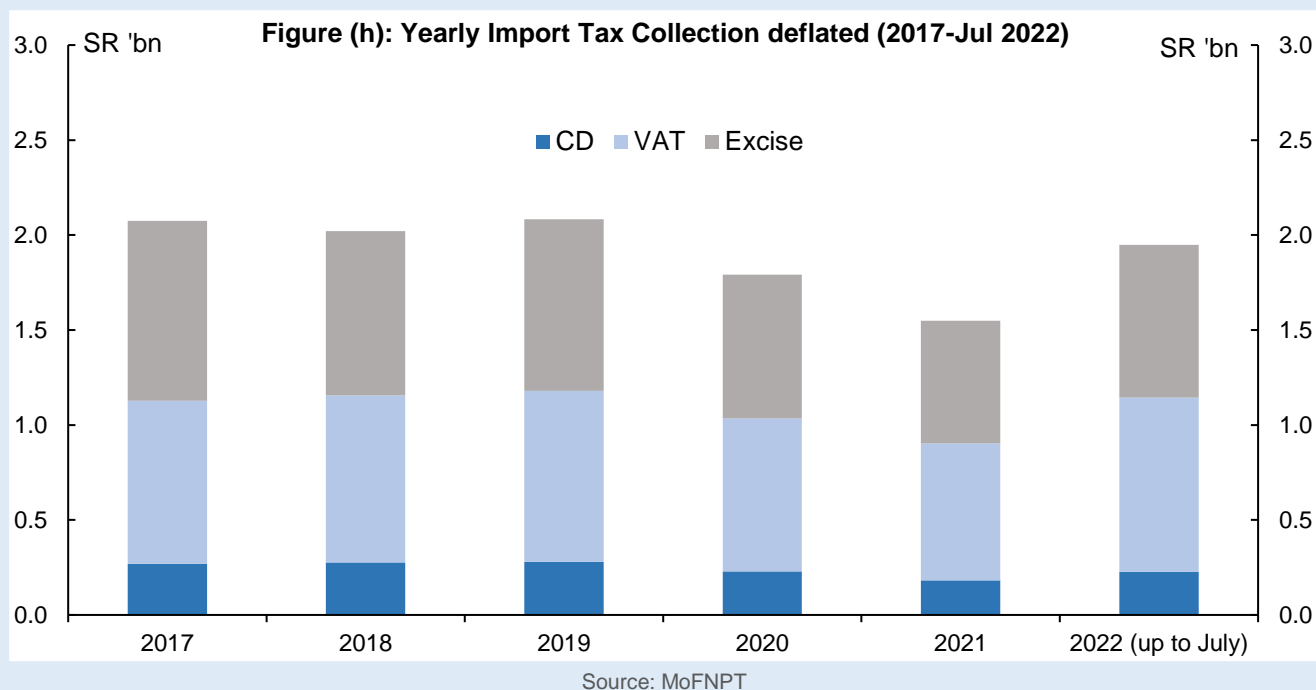
Figure (g): Imports by country of origin, average from 2017 to July 2022



Source: MoFNPT (ASYCUDA)

Tax revenues from imports

In terms of import tax revenue, collection data follows the trend observed for import levels, whereby a more marked decrease in imports can be observed during the pandemic. Pre-pandemic tax figures are largely stable at around SR 2.1bn, but 2020 resulted in a 14 per cent drop in revenues across all categories. This decline is exacerbated in 2021, reaching a low of SR 1.8bn as continued pandemic waves and lockdown impact Seychelles. However preliminary data up to July 2022 suggests a remarkable recovery is on the way, as illustrated in Figure (h).



Global Trade Outlook

Trade Volume

Growth in trade volume is expected to be only 1 per cent in 2023 compared to 3.5 per cent in 2022. The predicted slowdown is attributed to slower import demand in major economies, such as the Eurozone where high energy prices due to the conflict in Ukraine and skyrocketing inflation is taking a toll on economic growth. As for the US, interest sensitive spending e.g. real estate and motor vehicles will be impacted by the Federal Reserve's aggressive monetary tightening.

In terms of export, persistent supply bottlenecks issues in some parts of the world (e.g. China's zero COVID policy), coupled with the conflict in Ukraine will prevent prices from falling despite decreasing import demand (WTO, 2022).

Commodity Prices

The commodities that are forecasted to increase the most in 2023 are those affected by the conflict in Ukraine, namely fuels, food and fertiliser. Global energy prices were 78 per cent higher in August 2022 compared to the same month last year, driven mostly by a natural gas price hike of 250 per cent due to supply reduction by Russia – the world's second largest natural gas producer. Above average fuel prices are likely to continue throughout 2023.

While the price of food, particularly grains, has not risen as much as initially expected at the start of the Ukraine crisis, it was up by 15 per cent year-on-year as of August 2022, and is predicted to grow moderately in 2023. However, the price of fertiliser exhibits more worrying trends, recording an increase of 60 per cent in August 2022 year-on-year. Combined, elevated food and fertiliser prices pose a serious food security risk especially for developing countries (WTO, 2022).

Freight prices

2022 witnessed a gradual decrease in freight cost in line with decreasing import demands from the US and the Eurozone. This trend is expected to continue into 2023 (Freightos, 2022).

Monetary Sector

Overview

The primary mandate of the Central Bank of Seychelles (CBS) is to promote domestic price stability. The Monetary Policy Rate (MPR) is the key rate used to signal monetary policy stance. It lies at the midpoint of the interest rate corridor whereby, the Standing Deposit Facility (SDF) and Standing Credit Facility (SCF) serve as the floor and ceiling, respectively.

During 2021, CBS maintained an accommodative monetary policy stance to support the economy as businesses and households faced the effects of the COVID-19 pandemic. Notably, in the third quarter of 2021, there was a structural shift in interest rates and the MPR was set at 2.0 per cent. Consequently, the interest rate on the SDF and SCF was set at 0.5 per cent, and 3.5 per cent, respectively.

Throughout 2022, CBS kept the abovementioned interest rates unchanged, to continue supporting the domestic economy which was facing notable external challenges caused by supply and demand imbalances. These were exacerbated by the conflict in Ukraine and the associated geopolitical tensions.

In line with the monetary policy stance, short-term market yields remained relatively low for the first half of the year. However, as of July 2022, there were slight increases in Treasury yields due to higher amounts offered by the government to smooth its cash balance in preparation for interest payments on Treasury bonds. As a result, the average yields on Treasury bills stood at 0.92 per cent, 1.58 per cent, and 2.20 per cent on the 91-day, 182-day, and 365-day bills in August 2022. The average interest rate on saving deposits was 1.50 per cent, while the average return on fixed-term deposits stood at 2.09 per cent. Lastly, the average lending rate was 9.09 per cent.

Looking ahead, continued support remains essential to encourage economic activity for a more robust recovery. However, if global commodity prices remain elevated, foreign inflationary pressures are expected to filter into the economy. Therefore, mindful of its objectives, CBS may adjust its policies if necessary.

Inflation

The Consumer Price Index (CPI) which is compiled and published by the National Bureau of Statistics (NBS) reflected an end-of-period inflation rate of 7.9 per cent for 2021. As compared to 2020, the increase in the average prices of goods and services in 2021 was partly attributed to rising international

fuel and food prices as well as higher freight costs related to shipping and transportation challenges. Consistent with the appreciation of the rupee observed throughout 2021, there was a moderation in inflationary pressures in the latter half of the year which continued into the first six months of 2022. However, an uptick in the average prices of goods and services was recorded as of July 2022, as the aforementioned international developments were further exacerbated by the conflict between Russia and Ukraine. As at September 2022, the year-on-year and annualised inflation rate stood at 3.0 per cent and 4.1 per cent, correspondingly.

Sustained foreign exchange inflows are anticipated in 2023 in line with an expected improvement in tourism sector performance. Demand for foreign exchange is projected to rise next year, congruent with elevated international commodity prices, high foreign inflation and increase in domestic public sector salary. As compared to 2022, a relatively weaker rupee is forecasted in 2023. On the external front, the anticipated moderation in food prices may be offset by potential supply disruptions attributed to extreme weather events as well as export restrictions on key commodities imposed by various countries. In a bid to partially offset declines in international fuel prices observed since the third quarter of 2022, OPEC+ countries announced a reduction in oil production targets as of November 2022. Notwithstanding the upside risks stemming from the latter, international fuel prices are forecasted to decline in 2023 primarily due to weaker global economic activity. In line with the aforementioned developments, domestic prices of goods and services are expected to be higher in December 2023 as compared to end-2022. Nevertheless, potential worsening of supply-side constraints associated with the lingering effects of the pandemic and the geopolitical tensions could lead to further inflationary pressures.

Credit

At the end of 2021, the persistent risk-averse behaviour of financial institutions translated into negative growth rates in total credit despite the more positive economic performance generated by improvements in both tourist arrivals and earnings.

Thus far in 2022, there has been marked improvements in credit growth as financial institutions increased the disbursement of local currency loans towards the private sector. The ongoing economic recovery is anticipated to translate into a less rigid domestic credit environment as observed in August 2022 whereby, credit growth exited the negative territory. However, a more sluggish recovery was observed in loans denominated in foreign currency, reflecting the risk-averse behaviour of the financial institutions, as they remain cautious about increasing exposure to exchange rate and external risk.

The total stock of outstanding domestic credit as at August 2022, grew by 0.5 per cent (SR 72m)

compared to the same month in 2021. This was mainly driven by an increase of 28 per cent (SR 201m) in credit disbursed to public entities coupled with a 3.1 per cent (SR 259m) expansion in claims on private sector. The rise in the stock of outstanding credit to the private sector was primarily attributed to a 10 per cent (SR 637m) increase in loans denominated in local currency. Over the same period, there was a notable fall of 17 per cent (SR 378m) in the stock of foreign currency loans, in rupee terms, despite the depreciation of the domestic currency at the end of August 2022 compared to end-August 2021. In USD terms, the balance of foreign currency loans declined by 5.7 per cent (USD 10m). As for the claims on government, this fell by 6.6 per cent (SR 388m) reflective of lower domestic financing needs by the government.

Analysis of the distribution of private sector credit compared to 2021 indicated growth in the categories of 'Telecommunications, Computer & Information' by 123 per cent (SR 233m), 'Mortgages' by 9.9 per cent (SR 141m), 'Individuals & Households' by 6.0 per cent (SR 75m), 'Building and Construction' by 4.9 per cent (SR 54m) and 'Manufacturing' by 30 per cent (SR 44m). In contrast, loans to the categories of 'Tourism', 'Real Estate' and 'Transportation' fell by 14 per cent (SR 231m), 8.8 per cent (SR 58m) and 11 per cent (SR 49m), respectively.

The two Private Sector Relief Schemes - the Micro, Small and Medium Enterprises (MSMEs) and Large Enterprises - closed in March 2022. As at August 2022 and in year-on-year terms, there was a reduction of SR 13m and SR 108m in the stock of outstanding credit under the MSMEs and Large Enterprises schemes, respectively. This was due to ongoing repayments towards the facilities.

External Sector

Balance of Payments

Preliminary estimates suggest an improvement in the country's external position in 2022 relative to 2021. The current account deficit for the year is projected at 7.2 per cent, compared to a deficit of 11 per cent in 2021. Whilst the cost of imports has increased, partly owing to higher global commodity prices in 2022, the better-than-anticipated performance of the tourism sector has led to a rise in tourism earnings, thus contributing towards an improved balance of payments for the year.

Current Account

The trade deficit is projected to widen from USD 507m in 2021 to USD 722m in 2022. The total value of imported goods is forecasted to increase from USD 1,023m to USD 1,262m, partially as a result of the higher price of food and oil in international markets. This is in addition to greater domestic demand for imports in comparison to 2021 on account of increased tourism activity as well as the pick-up in investment and capital projects for the year. Exports of goods are estimated at USD 540m, above the outcome for 2021 by USD 24m. The main contributing factor is the forecasted growth in the value of oil re-exports, consistent with the increased level of demand and higher price of oil internationally. As for canned tuna, although its export volume is lower in 2022 as a result of production constraints, export prices have increased, thereby leading to overall growth in value terms.

The export of services is forecasted to be more than in 2021 on account of higher estimated tourism earnings. Despite the ongoing threat of contagious diseases, the renewed optimism for travel has led to strong visitor arrivals for 2022. This has been supported by growth in the traditional source markets of France, Germany and Italy, despite a reduction in tourists from Russia and Ukraine related to the war between both countries. Revenue from tourism is projected to increase by 64 per cent for the year, from USD 588m in 2021 to USD 967m in 2022. Of note, the higher level of revenue reflects the change in methodology for calculating tourism earnings - as of Q1 2022 with a backward revision to 2016 - which provides wider coverage of earnings and is inclusive of revenue held abroad. In regards to imports of services, it is expected to grow due to higher demand, conducive with the increase in economic activity in 2022.

Gross international reserves are projected to end the year at USD 648m, equivalent to 3.2 months of imports. This is a decline from the recorded level of USD 702m or 4.8 months of imports cover in 2021. The drawdown in external reserves is mostly to meet external debt obligations.

Exchange Rates

At the start of 2022, the global outlook was highly optimistic and the general expectation was that the economic recovery that began in 2021 would gain even more momentum. However, Russia's unanticipated invasion of Ukraine in February 2022, became an additional shock for a world economy that was already weakened by the COVID-19 pandemic. The effects of the conflict coupled with ongoing resurgences of COVID-19 in several parts of the world, in addition to the emergence of other contagious diseases, all led to worsening economic prospects as the year progressed.

Global growth is projected to be constrained in 2022, as concerns over higher-than-expected inflation led to tighter financial conditions, particularly in the United States and major European economies. In addition, sharper-than-anticipated slowdown in China due to COVID-19 outbreaks and lockdowns, and further negative spill overs from the war in Ukraine, all portray an uncertain outlook for the global economy. The aforementioned factors influenced developments in the international currency markets in 2022.

To counter rising inflationary pressures, the European Central Bank (ECB) raised interest rates in July 2022 albeit, later than its counterparts, namely the Federal Reserve Bank (the Fed) and the Bank of England. As a result, the Euro weakened and was at par with the USD. Despite another hike in interest rates by the ECB in September 2022, the Euro is forecasted to weaken further as the year progresses and going into 2023. This is on account of uncertainty related to the subdued economic outlook in Europe² and fears of a potential stagflation³.

By contrast, the Fed's swift reaction in tightening monetary policy to curb rising inflation as early as March 2022, as well as the four successive rate hikes – with the last one in September 2022 - increased the value of the USD relative to its counterparts. As such, the aggressive stance undertaken by the Fed to counteract inflationary pressures and the resultant higher yields on US Treasury bonds are expected to result in a further strengthening of the USD in international currency markets.

The British pound (GBP) was relatively strong versus both the Euro and USD in the early months of 2022, as rate hikes by the Bank of England as early as December 2021, boosted investor confidence. However, geopolitical tensions in Europe following Russia's invasion of Ukraine and the anticipated energy crisis, weighed down on the pound. In addition, the rapid strengthening of the USD in international currency markets following the Fed's rate hikes, put further pressure on the GBP although the latter currency remained relatively strong. The cause of the turnaround for the pound was as a result of political developments in the United Kingdom. In particular, the newly elected

² Analysts are forecasting a slower growth for the Euro Area in 2023 and fear that a potential recession is imminent.

³ A combination of slower growth, high inflation and high unemployment.

conservative government's unpopular mini budget, which focused on energy subsidies and tax cuts⁴ - without a clear plan on how the budget itself, would be funded- caused an upheaval amongst the population as well as currency markets. Following the mini-budget speech which was delivered by the Chancellor of the Exchequer to parliament on September 23, 2022, the pound fell to a record low against its counterparts. The turmoil in the financial markets and resultant weakening of the pound prompted the Bank of England to initiate a temporary emergency intervention in financial markets with a GBP 65bn scheme to purchase UK government bonds. The British pound gained ground as a result of the combined action of the Bank of England and the reversal of the mini-budget by the new Chancellor of the Exchequer, Jeremy Hunt. However, the resignation of the UK Prime Minister, Liz Truss on October 20, 2022 and the associated political instability, may undermine investors' confidence. As such, uncertainty lies in regards to the future value of the pound.

On the domestic front, the rupee was on an appreciating trend since the start of 2022 until July. This outcome was supported by sustained inflows of foreign exchange brought about by better-than-expected performance in the tourism industry, in spite of the conflict in Ukraine. Notable increases in tourists from the traditional western European markets helped to partially offset the reduction in arrivals from other parts of Europe, particularly Russia and Ukraine. The stronger rupee helped to cushion the impact of the higher commodity prices abroad and higher foreign inflation.

However, the domestic currency weakened against the major currencies in August 2022 relative to July 2022. This was largely on account of higher demand for foreign exchange relative to supply. The increase in demand was mainly associated with the higher commodity prices abroad coupled with an increase in imports ahead of the festivities in the fourth quarter of the year.

Of note, whilst the rupee continued to maintain the depreciating trend against the USD in September, the local currency strengthened against both the Euro and GBP in the same month. The appreciation of the rupee vis-à-vis the two aforementioned currencies were linked to developments in the international currency markets whereby, both the Euro and the GBP weakened relative to other counterparts.

Nonetheless, a comparison with the same period in 2021 shows that the rupee remains stronger in 2022. As at October 20, 2022, the SCR/USD stood at 14.4347 which was an appreciation of 33 cents relative to the same period in 2021. The local currency strengthened by SR 2.90 against the Euro and by SR 4.24 vis-à-vis the GBP, respectively.

⁴ The UK government's plans to abolish the 45 per cent top rate of income tax was hugely unpopular and sent financial markets spiralling into turmoil.

The weakening of the rupee against the USD is anticipated to persist in the fourth quarter of 2022 relative to the preceding quarter. However, from an annual perspective, the rupee is forecasted to be stronger than in 2021, as a result of the appreciating trend observed in the first seven months of the year.

Going forward, the projected positive performance of the tourism industry is anticipated to result in sustained inflows of foreign exchange in the domestic economy. However, higher economic activity fuelled by an uptick in the tourism sector and increased disposable income linked with the potential public sector salary adjustments, are expected to lead to a rise in demand for imports. Given such, in addition to the expectations of elevated international commodity prices and persistent foreign inflation, demand for foreign exchange may therefore outweigh supply and thus result in a potential weakening of the domestic currency in 2023.

Public Finance Management Reforms

Improving the Medium-Term Fiscal Framework

The Government is taking steps to improve its Medium-Term Fiscal/ Budget Framework through improved medium term strategic planning and aligning budget allocation with MDAs strategies and national priorities. The Ministry of Finance, National Planning and Trade closely with MDAs to improve the Public Sector Investment Programme (PSIP) planning over the medium term to be consistent with the budget framework.

The work on result based management to ensure there is synergy between Government strategies with budget planning remains on going. There has been extensive capacity building courses facilitated by staff of the Public Service Bureau and MFNPT with the end target of Ministries having comprehensive portfolio plans.

Increase Efficiency of Public Spending

In the effort to continue to improve the efficiency of government spending, a comprehensive review of the structural, legal, and operational framework of the country's procurement system is being undertaken and is expected to be completed by end 2022.

A Public Investment Management Assessment (PIMA) will take place in the first half of 2023 to help identify opportunities to increase the efficiency of public investment, including the scope for the procurement system to support PPPs. Public Expenditure Review (PER) is being conducted in the education and health sectors which holds the biggest share of the Government's budget. The PER which is being done with the technical assistance of the World Bank has encountered delays and is expected to be completed during the first quarter of 2023. Government is also reviewing some of the services currently being outsourced namely provision of security, cleaning of offices, roads, marshes, rivers, beaches. The aim of the review is to establish the most efficient mode for provision of these services to the Public Sector.

Digitalization of Public Financial Management Systems and Processes

As part of the ongoing effort to strengthen the country's public finance management framework the Government is working towards the digitalization of its financial management systems and processes. This will include the development of an Integrated Financial Management Information System (IFMIS) to be completed by January 2024 with the technical assistance of Afritac South. The reform will help in improving the efficiency in processing of payments by Government, improved maintenance of accounting records, timely preparation of Annual Financial Statements and ensuring proper accountability of public funds through a re-engineered PFM processes and integrated system.

Results-Based Management Framework

The Government remains committed to pursue a result-based management approach to public spending. The aim is to strengthen the results-focus across government to enhance public sector efficiency, effectiveness, transparency, and accountability with the ultimate objectives to enhance growth, economic diversification, and social inclusion across sectors.

Given the resource constraints despite the pandemic recovery, the heightened level of global geopolitical uncertainty and the added urgency of attaining long run fiscal space to address longstanding structural challenges, RBM therefore plays a critical role in ensuring optimal allocation of resources and use.

The whole rollout of RBM was undertaken in 2022, with substantial capacity building across Government, reviews and gradual modernization of public service functions and fact finding missions to better improve public service delivery amongst others being key developments. Preliminary findings suggest that whilst modernizing systems and standardizing common functions across remain ongoing challenges, a modern public service –itself a priority area of Government- cannot be achieved without a change in mindset and culture within the public service.

Social Protection System reform

With the support of the World Bank the Government is working on some reforms in the social protection system. The aim is to reform the social protection system to ensure its sustainability, as well as promoting the insertion in the labour force of current working-age beneficiaries.

The Program covers the five largest cash transfer programs managed by the Agency for Social Protection: Retirement Pension, Homecare Program, Invalidity Benefit, Disability Benefit and Social Welfare Assistance. The Program development objectives are to improve the efficiency and effectiveness of social protection programs in the Seychelles, while remaining above the floor on social expenditure established under the IMF supported program.

Table 2: Seychelles Structural Benchmarks under the EFF, 2021–2023

ACTIONS	TIMING	OBJECTIVE / STATUS
Fiscal and Public Financial Management Policy		
Cabinet approval of all the necessary legislation to ensure Seychelles is fully compliant to be removed from the EU list of non-corporative jurisdictions.	End-September 2021	Ensure Seychelles is fully compliant with EU and OECD international tax framework. Completed.
Ministerial Approval of Circular to reduce the deviation between the forecast and the outcome in the monthly cashflow plan consistent with the 2022 Budget, in consultation with IMF staff.	End-June 2022	Strengthen Treasury cash management.
Cabinet approval of legislative amendments to streamline VAT exemptions, in consultation with IMF staff.	End-September 2022	Strengthen revenue mobilization.
Cabinet approval of revisions to business tax laws to streamline exemptions, in consultation with IMF staff.	End-November 2021	Strengthen revenue mobilization. Completed.
Completing the customs automation project, in consultation with IMF staff.	End-September 2023	Strengthen revenue mobilization.
Debt Management		
Publish a new domestic debt management strategy document.	End-March 2022 (Revised to September 2022)	Mitigate foreign currency and rollover risks, optimize issuance decisions, and strengthen benchmark pricing through extension of the yield curve. The debt management strategy will guide future borrowing decisions based on cost-risk trade-offs related to the debt portfolio.
Publish an Annual Borrowing Plan along with an auction calendar to help market participants plan their liquidity management and reduce uncertainty.	End-March 2022 (Revised to September 2022)	Implement the debt management strategy.
The Ministry of Finance will publish quarterly reports on debt management operations and outstanding debt position as published in the debt bulletin on its website.	End-September 2021 & quarterly thereafter	Enhance debt management and transparency. Completed.
State-Owned Enterprises (SOEs)		
Cabinet approval of (1) least cost structure for Air Seychelles, as part of the 2022 Budget process; and (2) long-term strategy that lays out long-term options for Air Seychelles, in consultation with IMF/WB staff.	End-September 2021	Minimize the fiscal impact on the 2022 Budget. Completed.
Cabinet approval of Amendments on the Public Enterprise Monitoring Committee (PEMC) Act to strengthen the enforcement power of the PEMC, in consultation with IMF staff.	End-November 2021	Reduce contingent fiscal risks. Completed.

Source: IMF MEFP 2022.

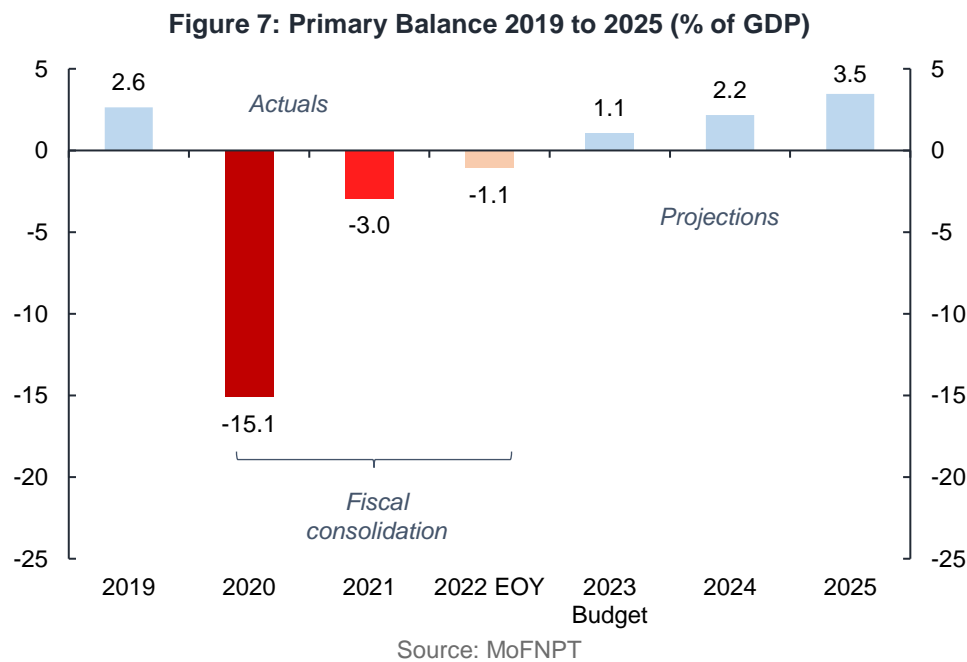
MINISTRY OF FINANCE, NATIONAL PLANNING & TRADE

ACTIONS	TIMING	OBJECTIVE / STATUS
Financial Sector Stability		
Cabinet approval for policy paper for the draft Financial Stability Bill for empowering the relevant authorities to use macro-prudential tools and providing the legal basis for the Financial Stability Committee.	End-November 2021 (Revised to March 2022)	Enhance financial stability powers with the aim of safeguarding the stability of the financial system.
Through expanded bank reporting on forborne and restructured loans, undertake an assessment of the asset quality in the system that also considers the impact of withdrawal of forbearance on asset classification.	September 2022	Obtain reliable information on the loan quality and formulate the most appropriate policy responses for management of balance sheet risks and preserve financial stability.
Cabinet approval of the policy paper for the amendment in the Capital Adequacy Regulation for the CBS to adopt the Basel III Capital Definition.	End-May 2022	Buttress banking sector soundness and financial sector stability.
Submit policy paper for the draft Bank Resolution Bill to the Cabinet.	End-June 2022 (revised to July 2022)	Address shortcomings from previously approved cabinet policy paper for bank resolution and to align with ongoing revisions to the Financial Institutions Act, 2004 as amended and Insolvency Law, as well as cater recent developments stemming from the current crisis. Includes identification of consequential amendments in subsidiary legislations, with the objective of providing the regulators the necessary powers to effectively resolve troubled financial institutions.
Cabinet approval for draft Bank Resolution Bill in alignment with international best practice.	End-June 2023	

Source: IMF MEFP 2022.

Budget Outlook

2022 marks another year of solid Budget performance supporting the Government plan of returning towards the fiscal sustainability path it had embarked upon prior to the COVID-19 crisis. **Fiscal consolidation efforts since the pandemic in 2020 has seen the size of the primary deficit contract from -15.5 per cent of GDP in 2020 to about 1.1 per cent by the end of 2022.** Over the medium term and starting with the 2023 Budget, a fiscal surplus is forecasted which will signal faster debt reduction and highlight continued discipline as the fiscal outturn returns to pre-pandemic levels (Figure 7).



In comparison to the mid-year revisions, the end of year Budget outlook has seen a slight worsening of the Primary balance by about SR 43m (0.2 per cent of GDP) brought about by a 1 per cent lower tax outturn estimate following year to date under-performances in some tax lines. This has been partially offset by a 3 per cent shortfall expected in capital expenditure spending given execution delays. For the 2023 Budget, The Primary balance target is about 1.1 per cent of GDP, or SR 330m in level terms. This will be achieved by stronger revenue collection, in line with continued economic growth, as well as the introduction of revenue gaining policies, as well as slower growth in planned primary expenditure.

Table 3: Government Revenue and Expenditure Projections, SR'000s

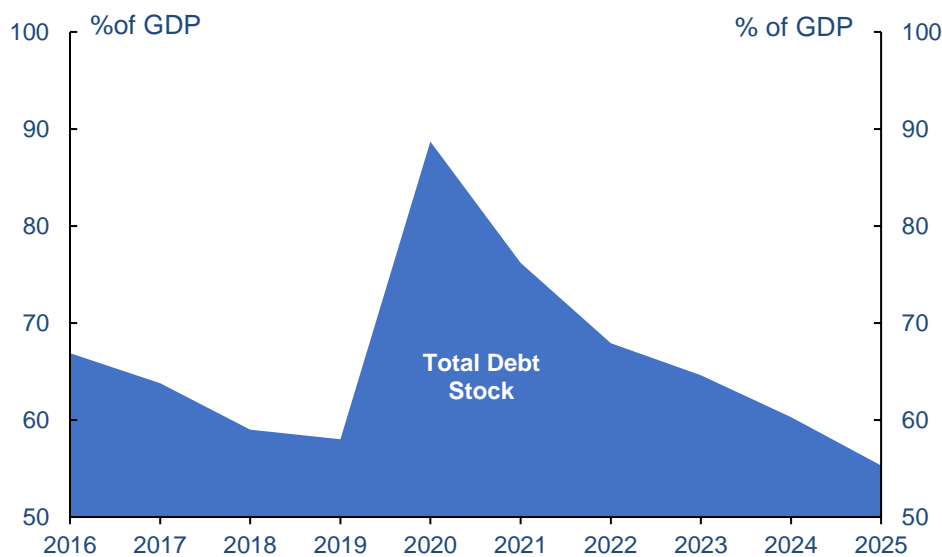
DESCRIPTION	2021 Actual	2022 EOY	2023 Budget	2024	2025
Revenue & Grants	8,366,735	9,212,203	10,690,894	11,516,066	12,366,876
Primary Expenditure	9,095,102	9,511,867	10,360,611	10,805,959	11,141,777
Primary Balance:	-728,367	-299,663	330,284	710,106	1,225,099
% of GDP:	-3.0	-1.1	1.1	2.2	3.5

Source: MoFNPT.

Key highlights of the 2023 Budget include:

- **Distribution of economic wealth and increased spending in Capital infrastructure**
 - A review of the salary structure in use by government
 - An overall increase in public sector salary
 - Increased investment in both social and economic infrastructure projects
- **Nurture accelerated medium-term economic growth**
 - Capital investment in key economic sectors such as fisheries and blue economy to enhance business growth
 - Introduce revenue measures to expand the tax base such as new tax initiatives in the tourism sector
 - Maintain fiscal policies that ensures attainment of long term sustainable fiscal surpluses and reducing overall government debt
- **Undertake transformative reforms to the Public Sector to improve efficiency and service delivery**
 - Improve the integration of technology in public sector functions and processes
 - Setting up of Public Service College to build capacity of public sector employees

The Seychelles Government, under the agreed EFF program with the IMF, remains committed towards the attainment of sustainable fiscal surpluses over the medium term with the aim to strengthen public debt sustainability. With the economy recovering at a faster pace than anticipated, coupled with a relatively stable year-to-date exchange rate, this has contributed to a reduction in the ratio of public debt to GDP from 76.2 per cent in 2021 to 69.7 per cent by the end of 2022. Given Seychelles vulnerabilities to external shocks, the Government remains committed to achieving its pre-pandemic target of reducing total public debt to 50 per cent of GDP by 2026.

Figure 8: Total Debt Stock as a percentage of GDP

Source: MoFEPT, Debt Management Office.

Revenue & Grants

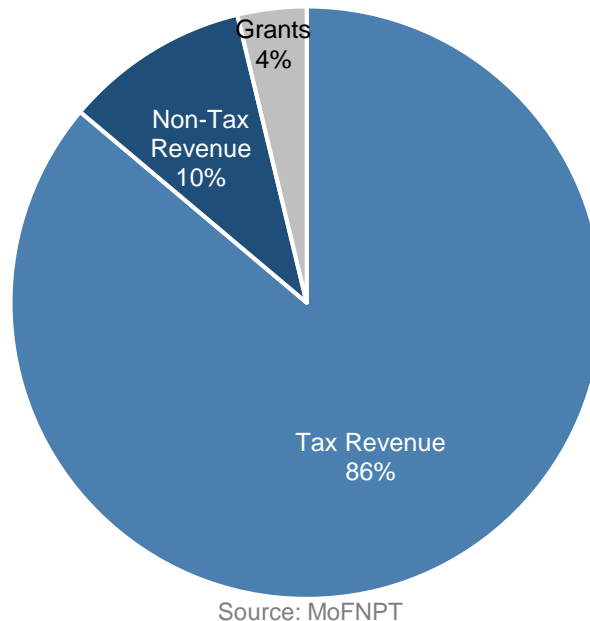
Total tax and non-tax revenue collection, as well as grant receipts for 2022 is estimated at SR 9.2bn, equivalent to about 33.2 per cent of GDP. This estimate is consistent with the mid-year Budget revision, however, in comparison to the 2021 outturn, this represents an increase of about SR 845.5m or 10 per cent. The improved revenue envelope is driven almost entirely by the increase in tax receipts for the year.

Table 4: Breakdown of Medium-Term Revenue Projections, SR'000s

REVENUE & GRANTS	2021 Actual	2022 EOY	2023 Budget	2024	2025
Tax Revenue	6,721,133	7,786,363	9,209,123	10,225,113	11,008,476
Non-Tax Revenue	945,392	1,244,231	1,079,216	1,087,704	1,103,772
Grants	700,210	181,609	402,555	203,248	254,628
Total Revenue & Grants:	8,366,735	9,212,203	10,690,894	11,516,066	12,366,876
% of GDP:	34.0	33.2	35.0	35.0	35.0

Source: MoFNPT.

The Budget envelope for 2023 is set at SR 10.69bn, representing an increase of about SR 1.5bn or 16 per cent. Tax revenue collections are expected to contribute about 86 per cent of the total envelope, with the main increase emanating from Business tax and Other tax. Grant income is expected to increase over 100 per cent from about SR 182m in 2022 to SR 403m in 2023. Non-tax revenue on the other hand is estimated at SR 1.1bn, representing a decrease of about SR 165m or 13 per cent mostly on the basis of lower dividend income expected for the year. Over the medium term, total revenue and grants is projected to stabilise at about 35 per cent of GDP

Figure 9: Budget envelope contributions

Tax Revenue

As a whole, tax revenue performance has been positive in 2022, with the end of year estimate standing at SR 7.78bn, a decrease of SR 56.7m or 0.7 per cent when compared to the mid-year Budget but nonetheless 16 per cent greater than 2021 actual collections. The largest revisions have been made in the VAT and Property tax estimates which are collectively SR 44.7m lower than the mid-year estimates. Despite a 1 per cent downward revision from the mid-year estimate, 2022 VAT is estimated at SR 3.05bn, about SR 100m above the initial budget forecast (and about SR 727m or 31 per cent greater than 2021 collections). VAT's positive performance is a good indication of the strong recovery of the Seychelles tourism industry, which accounts for about half of domestic VAT collections. While increased imports drove the growth of Excise tax in 2022, revised nominal growth assumptions and low year-to-date collections have led to a SR 6m downward revision resulting in an end of year estimate of SR 1.45bn. The Income tax estimate sits just under SR 1.1bn as year-to-date under-performances have also resulted in a decrease of SR 5m or 0.4 per cent following the mid-year revision. The EOY Business tax projection stands at SR 1.45bn after a minor SR 1.5m downward revision, and remains only SR 12m lower than 2021, which is rather positive considering the generally lower tax rates and fewer arrears collection initiatives of 2022. Remaining tax lines remain more or less the same as the mid-year projections with Other tax, Customs Duties and Tourism Marketing tax estimated at SR 337m, SR 285m and SR 67m respectively. Estimates of arrears from abolished tax lines, CSR and GST, total SR 7.7m.

Table 5: Medium term Tax revenue (SR'000s)

DESCRIPTION	2021 Actual	2022 EOY	2023 Budget	2024	2025
Income Tax	1,030,128	1,099,241	1,223,265	1,316,550	1,413,083
Social Security tax - Arrears	13	0	0	0	0
Custom Duties	226,087	285,613	335,769	354,418	369,548
Excise Tax	1,206,606	1,456,576	1,689,536	1,821,621	1,977,342
GST (Goods and Services)	2,358	604	0	0	0
Value Added Tax	2,323,636	3,050,620	3,340,944	3,650,913	3,918,792
Business tax	1,457,302	1,445,153	1,852,141	2,266,852	2,480,031
Corporate Social Responsibility Tax	61,010	7,108	0	0	0
Tourism Marketing Tax	59,714	67,675	74,184	79,841	86,279
Other Tax	309,903	337,797	643,285	684,918	713,401
Property tax	44,676	35,976	50,000	50,000	50,000
Total Tax Revenue:	6,721,432	7,786,363	9,209,123	10,225,113	11,008,476
% of GDP	27.3	27.9	30.1	31.1	31.2

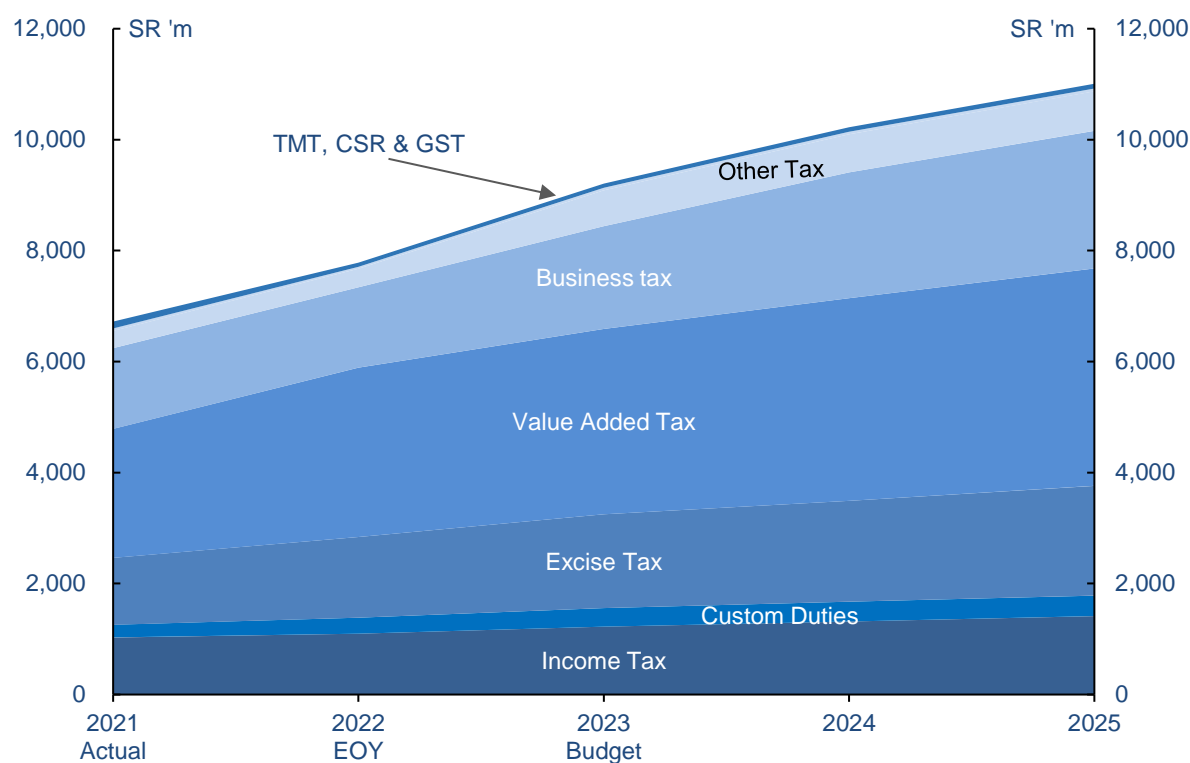
Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

The 2023 tax revenue forecasts reflect further development and continued economic recovery as total tax revenue collections as a percentage of GDP surpass 2019 levels. Tax revenue projections total SR 9.2bn, 30.1 per cent of GDP, 1.3 pp lower than in 2019. This is a SR 1.4bn increase resulting a combination of strong GDP growth projections, the main proxy for tax revenue growth, primarily reflecting in VAT and Excise tax collections while the implementation of revenue gaining policies would raise Business Tax and Other tax projections by over SR 500m.

Table 6: Tax Policies Impact 2021-2025, SR 'm

Policy	2023	2024	2025
Tourism environmental levy	162	170	165
Tourism turnover tax	118	129	139
'Securities dealers' Business tax reform	220	263	316
Presumptive Tax Reform		20	21
Total:	500	582	641
% of GDP	1.6	1.8	1.8

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Figure 10: Tax Revenue Projections 2021-2025

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Income Tax

Background

Income tax is a withholding-based tax on wage income for nationals and resident expatriates. Also levied on Non-Monetary employee benefits, this tax was introduced on the 1st of July 2010 and replaced the previous Social Security Contribution system. The Income tax rate was harmonised to 15 per cent for all workers in January 2011.

As of the 1st of June 2018, the current flat Income tax regime was replaced by a progressive system with different rates applicable at different income brackets. This will enable more vertical equity and ensure that the tax burden is lessened on the low-income earners.

2022 Context

Income tax in 2022 has been lowered slightly from the mid-year Budget revision by about SR 5m or 0.4 per cent to amount SR 1.1bn Table 7 below). This as a result of continual year to date under-performances in the 'Other Public sectors' line. Collections for this tax line have been on a declining trend since 2020, with the disruptions in expatriate labour supply, appreciating currency in rupee terms in 2022 and early retirement in some sectors. Recovery in the 'Central Government' line has also been sluggish in 2022 where the effects of public wage freeze, and delays in recruitment have

been felt. Income tax from the 'Private sector' however, remains steady with collections up to 10 per cent higher as at August 2022.

Table 7: Income Tax Projections 2021-2025, SR'000s

INCOME TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
Central Government	256,479	256,689	300,628	323,553	347,277
Other Public Sectors	93,543	89,355	97,002	104,400	112,055
Private Sector	680,107	753,197	825,635	888,597	953,752
Total Income Tax:	1,030,129	1,099,241	1,223,265	1,316,550	1,413,083
% of GDP:	4.2	3.9	4.0	4.0	4.0

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

No new policies are planned for this tax in 2023.

2023 Projection and the Medium Term

For the 2023 Budget, total Income tax collections are estimated to reach SR 1.2bn, equivalent to 4 per cent of GDP. This will be driven primarily by recovery in the 'Central Government' line on account of the public sector wage review which is expected to increase wages by about 10 per cent on average following the rationalization in public sector wages since the outbreak of the Covid-19 pandemic. Income tax collections from the 'Private sector', from which about $\frac{2}{3}$ is expected to remain steady with an increase in line with economic growth.

Over the medium-term Income tax is expected to perform in line with economic growth and remain at a constant 4.3 per cent of GDP.

Custom Duties

Background

Custom Duties are levied on specified goods that are imported to Seychelles based on their CIF (Cost, Insurance and Freight) value. The applicable tax rate depends on the nature of the Custom duty component, whether it is specific or ad valorem. Tax collections on ad valorem rate items tend to grow in tandem with the nominal GDP whereas, tax collections on specific rate items grow in tandem with real GDP only. Following WTO policies and regulations, certain Custom Duty rates have been significantly reduced and others, such as petroleum, motor vehicles and levy, have been or are expected to be transferred out of Custom Duties.

2022 Context

By the end of the year 2022, Custom duties collection is estimated to amount to about SR 286m, equivalent to about 1 per cent of GDP. When compared to the mid-year Budget 2022 revision, this represents a slight increase of SR 0.5m or 0.2 per cent. This is mainly attributed to strong year-to-date tax collections under import lines 'Alcohol' and 'Levy' by about SR 3.6m in aggregate. The upward revision was almost fully offset by a SR 1.1m windfall in 'Tobacco' accounting for continuous shortfall in collections under this line, coupled with a downward revision in macroeconomic assumptions by another SR 1.1m.

Table 8: Custom Duties Projections 2021-2025, SR'000s

CUSTOMS DUTIES	2021 Actual	2022 EOY	2023 Budget	2024	2025
Custom Duties Direct Imports	229,294	290,613	340,769	359,418	374,548
Alcohol	68,645	100,116	126,326	131,396	136,647
Textiles and textile articles	7,384	7,004	7,678	8,264	8,870
Tobacco	2,448	3,930	4,141	4,307	4,479
Prepared Food	11,704	12,478	13,678	14,721	15,800
Others	91,619	102,552	112,415	120,987	125,822
Levy	15,262	32,548	42,680	44,393	46,167
Documentary Charges	3,101	3,514	3,852	4,146	4,311
Livestock Trust Fund	29,132	28,471	30,000	31,204	32,451
Custom Duties Exemptions	-3,207	-5,000	-5,000	-5,000	-5,000
Total Custom Duties:	226,088	285,613	335,769	354,418	369,548
% of GDP:	0.9	1.0	1.1	1.1	1.0

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

No direct policy change has been proposed for Customs duties for 2023.

2023 Projection and the Medium Term

Although Custom duties collections have been on a declining trend since 2018, it is expected to pick up in 2023, returning to pre-pandemic levels. Receipts are expected to amount to about SR 336m, representing an increase of about SR 50m or 18 per cent in comparison to 2022 end-of-year estimate. This increase is on the basis of continuous uptake in tourism-related activities which may subsequently lead to increases in the level and value of import directly and indirectly related to the tourism sector.

As a result, import taxes are expected to increase, in particularly custom duty on imported alcohol, motor vehicle levy and others.

Over the medium-term, Custom duties collections is expected to increase gradually by about 4.6 per cent on average, in line with the long run projected economic growth of 4 per cent.

Excise Tax

Background

Excise tax is applied to specific imported and locally manufactured goods in order to control consumption due to health or environmental implications. The former reason applies to alcohol, tobacco and sugar while the latter applies to petroleum and motor vehicles. Excise tax on all goods, other than motor vehicles, is specific.

Imported petroleum products account for the highest contribution to the Excise tax as a whole. The demand for excisable goods generally show a minimal response to price fluctuations since the demand for most goods being taxed, in particular tobacco, are relatively price inelastic. Hence, this tax line proves to be a significant revenue earner for the Government.

2022 Context

Compared to the mid-year Budget 2022 estimate, Excise tax has been revised downwards by about SR 6m, or 0.4 per cent. This stems largely from downward adjustments to the growth assumptions (as discussed in the Economic outlook section) which lowered the estimate by about SR 4.3m. The forecast was lowered further by about SR 1.7m aggregate to account for windfalls within the lines. While Excise on ‘Motor Vehicles’ and locally manufactured Alcohol recorded an over-performance of about SR 9.8m, this was fully offset by shortfalls in Excise collection in imported alcohol, ‘Petroleum’ and locally manufactured Tobacco by about SR 12.4m in aggregate.

Policy Changes

No direct policy change has been proposed for Excise tax for 2023.

2023 Projection and the Medium Term

Excise tax revenue for the year 2023 is expected to amount to about SR 1.7bn, representing about 5.5 per cent to GDP. In comparison to 2022, this amounts to a SR 233m or 16 per cent increase attributing mainly from expected increase in imports following the continuous rise in tourism-related activities as afore-mentioned in Custom duties. Excise on direct import such as ‘Alcohol’, ‘Petroleum’

and 'Motor Vehicle' are expected to pick up subsequently coupled with increases in locally manufactured alcohol and tobacco. For 2023, Excise on petroleum will remain a key earner, with collections expected to amount to SR 728m, accounting for about 43 per cent of total excise.

Over the medium, Excise tax is projected to grow by about 8 per cent on average.

Table 9: Excise Tax Projections 2021-2025, SR'000s

EXCISE TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
Excise Tax - Imports	800,194	1,000,366	1,189,025	1,284,785	1,387,567
Alcohol (Beverages Spirits and Vinegar)	188,771	236,496	310,650	333,196	357,271
Petroleum (Mineral Products)	575,095	663,967	728,443	781,310	837,763
Motor Vehicles (Vehicles, Aircrafts, vessels)	32,534	95,379	144,967	164,955	186,824
Tobacco Imported	3,795	4,525	4,964	5,324	5,709
Excise Tax - Locally Manufactured Goods	365,292	404,369	443,636	475,833	524,364
Alcohol	168,733	199,360	218,720	234,593	265,694
Tobacco	196,559	205,009	224,917	241,240	258,671
Sugar Tax	41,120	51,841	56,875	61,003	65,410
Imported Beverages	19,146	25,639	28,129	30,170	32,350
LMG - Beverages	21,974	26,202	28,746	30,832	33,060
Total Excise Tax:	1,206,607	1,456,576	1,689,536	1,821,621	1,977,342
% of GDP:	4.9	5.2	5.5	5.5	5.6

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Goods and Services Tax

Background

The Goods and Services Tax (GST) was applied to select locally manufactured goods; the vast majority of imported goods; as well as selected services. GST was replaced by VAT as of the 1st of January 2013.

2022 Context

As at August 2022, a total of SR 484k has been collected in GST arrears. Compared to last year this shows a fall of 58 per cent and shows the winding down of GST arrears payments since the introduction of VAT.

Table 10: GST Arrears 2021, SR'000s

GOODS & SERVICES TAX	2021 Actual	2022 EOY
Arrears	2,358	604
Total GST:	2,358	604
% of GDP:	0.01	0.00

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Value Added Tax

Background

VAT commenced in 2013 to replace the previous GST tax regime as the last phase of the major tax reforms undertaken by the Government since 2008. VAT is charged at 15 per cent on all taxable imports and not on exports, also known as the 'Destination Principle'. It is imposed on the value addition of all taxable goods and services that are produced and consumed domestically provided by VAT registered companies. VAT is the largest tax line, accounting for about 39 per cent of tax revenue.

2022 Context

The revised end of year estimate for VAT stands at about SR 3.1bn, and in comparison to the mid-year estimate, this represents a reduction of SR 30.8m or 1 per cent. The most significant downward revision has been observed in 'Real estate' by SR 16m or 21 per cent. 'VAT-imports' was also revised downwards by SR 14.5m or 1 per cent, supported by a year-to-date under-performance of SR 15m or 2 per cent. With regards with the tourism line, there was a slight downward adjustment of 1 per cent, which takes into account actual performance up until August in the end-of year estimate. It is worth noting that this estimate still remains 20 per cent above the initial Budget as the tourism sector continues to yield good performance with year-to-date arrivals surpassing 2021 as a whole by about 32 per cent. The 'Financial and Insurance activities' line was revised downwards by SR 4.8m or 5 per cent, given consistently weak year-to-date collections of about SR 7.5m.

The 'ICT and Telecommunication' services line was revised upwards by SR 17m or 11 per cent, mainly attributing to the positive tax performance recorded as also reflected in double digit growth in data traffic. The 'Construction' line is expected to collect SR 105m which reflects an upward revision of about 1 per cent in comparison to the mid-year estimate, this is due to the pick-up in construction projects following delays due to strain caused by the COVID-19 pandemic.

Table 11: VAT Projections 2021-2025, SR'000s

VALUE ADDED TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
VAT- Domestic	1,430,464	1,969,513	2,155,622	2,353,757	2,526,341
LMG- Alcohol	81,539	101,153	110,881	120,991	129,862
LMG- Tobacco	38,548	38,216	41,891	45,731	49,084
Construction	95,663	104,605	114,665	125,291	134,478
Tourism	601,521	976,690	1,070,622	1,170,880	1,256,733
Financial & Insurance activities	87,658	94,989	104,124	113,138	121,434
ICT & Telecommunication	131,556	171,878	185,102	201,783	216,578
Real Estate	48,861	60,535	66,357	72,637	77,963
Wholesale Retail - Others	170,964	201,471	220,847	240,798	258,454
Others	174,154	219,976	241,132	262,508	281,755
VAT- Imported Goods	893,172	1,083,607	1,187,822	1,299,656	1,394,950
VAT- Exemptions	-	-2,500	-2,500	-2,500	-2,500
TOTAL VAT:	2,323,636	3,050,620	3,340,944	3,650,913	3,918,792
% of GDP:	9.3	10.9	10.9	11.1	11.1

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

No direct policy for VAT will be introduced in 2023. However, there was an in-depth review of the VAT law and key regulations which was undertaken in the VAT policy mission conducted by IMF in September 2022, the mission concluded that there needs to be stabilization of the VAT policy through refraining from further broadening of exemptions.

During the year 2023, Government will set up a task force from the Ministry of Finance, SRC, Customs, and the business community, to review the VAT law and suggest legislative changes to improve its clarity—without changing policy. The work of the task force would extend to VAT regulations, and other regulations affecting VAT, such as the Revenue Administration Act.

2023 Projection and the Medium Term

For 2023, an estimate of about SR 3.3bn is forecasted which accounts for about 10.9 per cent of GDP and about 36 per cent of total forecasted revenue. In comparison to the 2022 end-of-year estimate, this represents a growth of 10 per cent, and in line with nominal GDP growth of 7.6 per cent. Such continued strong VAT performance in 2023 will be as a result of continued growth in tourism, with arrivals forecasted to reach and slightly surpass the pre-pandemic levels of 2019 by 1 per cent, reaching 387,918 visitors. Furthermore, with the overall growth of economic activity, the value added across

other sectors and VAT lines is expected to increase. The expected rebound in import levels due to the expected increase in tourism related activities will also positively impact VAT on imported goods.

Over the medium term, VAT revenue is expected to remain at a constant 9 per cent ratio to GDP.

Business Tax

Background

The Business tax revenue consists of provisional payments (called Pay As You Go – PAYG) paid by businesses in monthly instalments for the current year. Additionally, the businesses are assessed on their profit of the previous year, which they are required to lodge by March. Based on this assessment, the company either has an additional tax liability (PAYG paid is less than actual tax payable) or is due for a refund (PAYG paid exceeds actual tax payable). Although companies are required to lodge their returns by March, extensions of this lodgement date are provided under the SRC lodgement program.

2022 Context

Business tax in 2022 is projected to reach SR 1.45bn by the end of the year, about SR 12m or 0.8 per cent less than in 2021, and 0.6 per cent higher in comparison to the 2022 initial Budget estimates. When compared to the mid-year revised Budget estimates, as at the end of August 2022, Business tax collections fall short of projections by about SR 105m, equivalent to 10.6 per cent. This over-performance stems almost entirely from ‘Companies’ which accounts for about 83 per cent of total Business tax collections. This is likely the result of many businesses requesting extensions to settle their business tax liability over the course of July to October. Considering the year-to-date collection figures and trends, a further downward windfall of SR 1.5m was conceded in the end of year forecast. Business tax is expected to remain at 5.19 per cent of GDP in 2022.

Table 12: Business Tax Projections 2021-2025, SR'000s

BUSINESS TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
Companies	1,205,668	1,195,535	1,572,380	1,949,146	2,144,153
Sole traders	85,224	89,164	98,027	119,498	126,333
Partnerships	23,717	27,596	30,339	35,888	37,941
Trusts	5	21	22	28	30
Withholding Tax	122,426	109,259	124,671	133,663	141,308
Others	0	1	1	1	1
Residential Dwelling	20,262	23,577	26,701	28,627	30,265
Total Business Tax:	1,457,302	1,445,153	1,852,141	2,266,852	2,480,031
% of GDP:	5.9	5.2	6.1	6.9	7.0

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

For 2023, policy reforms include the capturing and increase of Business tax rates applicable to securities dealers from 1.5 per cent to 3 per cent; while in 2024 measures include plans to review Presumptive tax regime. Further into the medium term, the introduction of taxation on superyacht services, as well as the implementation of transfer pricing tax reforms are under consideration. Table 13 below summarises the absolute revenue changes from baseline projections.

Table 13: Impact of Business tax Policies 2023-2024, SR'm

Policy Change	2023	2024
Securities Dealers tax reform	219	
Presumptive tax reform		20
Total:	219	20
% of GDP:	0.7	0.06

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

2023 Projection and the Medium Term

In 2023, Business tax is projected at SR1.85bn, which is about SR 407m or about 28 per cent greater than in 2022. Strong nominal GDP growth of 13 per cent in 2022 pushes Business tax collections by about SR 188m (given that Business tax is applied on previous year's profits which in turn tend to reflect economic growth) while the aforementioned reform in Business tax on 'securities dealers' will bring in an additional SR 219m. This combination of growth and tax reform measures will take Business tax to 6 per cent of GDP, surpassing 2019 levels. Over the medium term, Business tax projections follow an average year-on-year growth of 9 per cent, in line with nominal GDP growth, passing the SR 2bn level by 2024.

Corporate Social Responsibility Tax

Background

Corporate Social Responsibility tax (CSR) was introduced in January 2013, and was abolished in April 2021. It was applicable to all businesses with a turnover of SR 1m and over, and was levied on monthly company turnover at a 0.5 per cent rate. Half of this tax could be offset against any donations or sponsorships a company chose to make. CSR was established to encourage compliance with ethical and regulatory standards, as well as promote accountability for businesses' actions.

2022 Context

With regards to Corporate Social Responsibility tax, there has been no revision to the Budget following the abolishment of the tax in April 2021. The budget stands at SR 7m. Up until August 2022, SR 5.2m have been collected and this is entirely due to arrears that are still being paid.

Table 14: Corporate Social Responsibility Tax Projections 2021-2025, SR'000s

CORPORATE SOCIAL RESPONSIBILITY TAX	2021 Actual	2022 EOY
Corporate Social Responsibility Tax (CSR)	61,010	7,108
TOTAL CSR:	61,010	7,108
% of GDP:	0.2	0.03

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

CSR tax was abolished after the first quarter of 2021.

2023 Projection and the Medium Term

For 2023, no funds were allocated to the CSR budget as arrears are expected to lessen as we go through the medium term.

Tourism Marketing Tax

Background

Tourism Marketing tax (TMT) was introduced in January 2013 and is applicable to all tourism operators, banks, insurance, and telecom companies with turnovers of SR 1m and above. It is a 0.5 per cent tax levied on company turnover with the aim of having greater private sector contribution to the Tourism Marketing Fund.

2022 Context

The end-of-year estimate for TMT stands at SR 68m, which is slightly below the mid-year estimate by about 1 per cent. On a year-to-date basis and in comparison to the initial Budget, TMT has been over-performing by about 28 per cent which reflects the pick-up in tourism related activities.

Table 15: Tourism Marketing Tax Projections 2021-2025, SR'000s

TOURISM MARKETING TAX	2021 Actuals	2022 EOY	2023	2024	2025
Tourism Marketing Tax (TMT)	59,714	67,675	74,184	79,841	86,279
TOTAL TMT:	59,714	67,675	74,184	79,841	86,279
% of GDP:	0.24	0.24	0.24	0.24	0.24

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

There will be no policy change made to TMT for the 2023 Budget.

2023 Projection and the Medium Term

For 2023, the end-of-year estimate is SR 74m which accounts for about 0.2 per cent of GDP. This represents an upward revision of 10 per cent in comparison to the 2022 end-of-year estimate as tourism arrivals is expected to grow by about 21 per cent in 2023 reaching 2019 pre-pandemic levels, thus increasing TMT collections as a result. From 2024 onwards, TMT is expected to remain at a constant 0.24 per cent of GDP.

Other Tax

Background

Other Tax comprises of a set of licence fees and smaller tax lines that covers a variety of sectors in the economy. The main constituents are 'Road Tax', 'Telecommunications Licences', and 'Stamp Duty'. These three components account for approximately 90 per cent of the Other Tax Revenue.

2022 Context

Other tax is estimated to end the year with collections amounting to SR 337.8m, equivalent to a 9 per cent increase over 2021. This represents a minor increase of SR 0.3m from the mid-year revised Budget 2022, driven by year to date performances, as at August 2022. Under-performances, mainly in the 'Telecommunication Licences' line lead to a downward revision of SR 11.1m (as a result of a timing of payments issue), however this was almost entirely countered by an upward revision of SR 11.4m in 'Stamp duty' driven by recent over-performances. Other tax is maintained at 1.2 per cent of GDP for 2022.

Table 16: Other Tax Projections 2021-2025, SR'000s

OTHER TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
OT- Ministry of Finance					
Trade/Ind Licences	10,768	11,914	12,591	13,096	13,619
Licences and Other Licence Registration	3,652	4,040	4,257	4,428	4,605
Road Tax and Other Licences	115,918	128,252	135,141	140,565	146,182
Telecommunications Licences	60,071	67,446	73,925	80,328	87,066
Hotel Licences	344	381	401	418	434
Liquor and Toddy Licences	251	278	292	304	316
Radio Broadcasting Licences	929	1,660	1,660	1,660	1,660
Environment Sustainability Tax/Levy			162,000	170,100	165,375
Tourism Turnover tax			118,000	129,348	139,213
SUB TOTAL	191,933	213,971	508,267	540,247	558,471
OT- MoACCE					
Environment Trust Fund	6,637	7,343	7,737	8,048	8,638
OT- Department of Legal Affairs					
Stamp Duty	102,701	106,934	117,218	126,157	135,407
OT-Department of Transport					
Vehicle Testing	8,631	9,550	10,062	10,466	10,885
TOTAL Other Tax:	309,902	337,797	643,285	684,918	713,401
% of GDP:	1.3	1.2	2.1	2.1	2.0

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

Several new policies are envisaged for Other tax in 2023. New policy reforms include the introduction of an ‘Environment sustainability tax/levy’. This policy will apply a fixed fee to visitors per room per night in all tourism establishments, and is projected to raise about SR 162m in revenue.

Additionally, a ‘Tourism Turnover tax’ will be introduced in 2023, at an applicable rate of 2 per cent on hotel establishments generating gross turnovers of SR 25m or more. Projections suggest that this policy could yield about SR 118m in additional revenue for 2023. Table 17. below summarises the absolute revenue changes from baseline projections.

Table 17: Impact of Other tax Policies 2023, SR'm

Policy Change	2023
Environment Sustainability Tax/Levy	162
Tourism Turnover tax	118
Total:	290
% of GDP:	0.9

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

2023 projections and medium term

2023 ‘Other Tax’ projections amount to SR 643.3m, almost doubling the 2022 forecast. This major hike in the revenue forecast results from the introduction of two new ‘Other tax’ sublines relating to the new policies. The introduction of aforementioned ‘environment sustainability tax/levy’ and the ‘Tourism Turnover tax’ is estimated to result in a revenue gain of SR 290m (about 50 per cent of 2019 total Other tax receipts). Furthermore, all remaining ‘Other tax’ lines are expected to grow at a robust rate of 7.5 per cent on average. ‘Other tax’ will reach 2.1 per cent of GDP in 2023.

Over medium term, other tax is expected to grow by an average rate of 5.2 per cent and remain around 2 per cent of GDP.

Property Tax

Background

Property tax came into effect in January 2020, and is applicable to non-Seychellois owners of immovable property for residential purpose. The tax rate is 0.25 per cent of the market value of the property.

2022 Context

As a newly introduced tax, Property tax collections kicked off in 2021 collecting a total of SR 44.6m. In 2022, Property tax collections are projected at about SR36m, about SR 8.7m less than 2021. This reduction is mostly because 2021 collections are inflated due to collection of arrears applicable to 2020. Under normal conditions, the deadline for payment is 31st December every year, however an extension was approved due to COVID-19 related travel restrictions that made it difficult for foreign property owners to travel to Seychelles to complete the necessary administrative formalities. As at August 2022, collections have under-performed by SR 14m. The end of year property tax collection is projected at 0.13 per cent of GDP.

Table 18: Property Tax Projections 2021-2025, SR'000s

PROPERTY TAX	2021 Actual	2022 EOY	2023 Budget	2024	2025
Property Tax	44,676	35,976	50,000	50,000	50,000
TOTAL Property tax:	44,676	35,976	50,000	50,000	50,000
% of GDP:	0.2	0.1	0.2	0.2	0.1

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

No policy change is expected for Property tax over 2023. Over the medium term, the Government plans to undertake a review of this tax.

2023 projections and medium term

As this tax line becomes more established, and tax payer registration increases, collections are expected to pick up in 2023 and over the medium term to reach about SR 50m, equivalent to 0.2 per cent of GDP.

Non-Tax Revenue & Grants

Non-tax revenues are other revenues generated, other than by taxation, through the different services being offered by Government either through a cost recovery basis or depending on the Government policy on the services being offered. Table 19 below shows the breakdown of non-tax revenues and grants forecasted for 2023 and the medium term.

For Non-tax revenues the 2023 Budget reflects a 13 per cent decrease from the 2022 end of year estimates or SR 165m in nominal terms, mainly due to lower expected dividends from Public Enterprises. Dividend income remains the main contributor towards this category of revenue.

Table 19: Non-Tax revenue and grants, SR'000s

NON-TAX & GRANTS	2021 Actual	2022 EOY	2023 Budget	2024	2025
Non-Tax	945,392	1,244,231	1,079,216	1,087,704	1,103,772
Fees and Charges	366,401	346,808	392,117	408,818	425,587
Dividends Income	441,113	757,263	547,103	544,909	545,463
Other Non-Tax	65,948	53,744	48,049	45,288	44,033
Proceeds from Sale of Assets	71,929	86,415	91,947	88,689	88,689
Grants	700,210	181,609	402,555	203,248	254,628
Total Non-Tax & Grants:	1,645,602	1,425,840	1,481,771	1,290,952	1,358,400
% of GDP:	6.7	5.1	4.8	3.9	3.8

Source: MoFNPT, Financial Planning and Control Division estimates.

Fees and Charges

Government has forecast to collect SR 392.1m under Fees and Charges. This is an increase of SR 45.3m or 13 per cent over the 2022 end of year estimates. 'Disembarkation fee' and 'passenger service fee' collections have been revised upwards by SR 22.8m and SR 2.4m respectively. This increase is in line with the forecasted growth in passenger arrivals. 'Immigration fee' collections have been revised upwards by SR 11m, which primarily results from the increasing number of expatriate workers which is linked to the upturn in economic activity

Dividend Income

The dividends income for 2023 is budgeted at SR 547.1m, about 51 per cent of the total estimated Non-tax revenue. This is a decrease of SR 210.16m or 28 per cent over the 2022 end of year estimates. In 2022 a one-off dividend totalling SR 40.6m was received from Seychelles Cable System Company. In addition, dividends which were expected to be paid from IOT in 2021 were transferred from SSI

account to Government in 2022. There are downward revisions of SR 119.1m and SR 30m from Nouvobanq and FSA respectively. The expected dividend for 2023 is shown in Table 20 below.

Table 20: Dividend income, SR'000s

DESCRIPTION	2021 Actual	2022 EOY	2023 Budget	2024	2025
SIMBC Nouvobanq	-	269,100	150,000	150,000	150,000
Seychelles Petroleum Company	250,000	200,000	245,000	200,000	200,000
Land Marine Ltd	2,660	8,540	5,600	5,600	5,600
Seychelles Ports Authority	-	-	-	-	-
Indian Ocean Tuna Limited	-	44,553	25,200	25,200	25,200
Seychelles Civil Aviation Authority		15,000	17,000	17,000	17,000
Afrexim Bank		375	375	375	375
Island Development Company	8,000	5,000	4,000	4,000	4,000
Seychelles Commercial Bank		2,880	2,880	1,000	1,000
Development Bank of Seychelles					
Financial Services Authority	105,453	80,000	50,000	50,000	50,000
Societe Seychelloise D'investissement					
Seychelles Fishing Authority	75,000	75,000	30,000	75,000	75,000
Ile Du Port Handling Services		16,194	17,048	16,734	17,288
Seychelles Cable System Company		40,621	-	-	-
Total:	441,113	757,263	547,103	544,909	545,463
% of GDP:	1.8	2.7	1.8	1.7	1.5

Source: MoFNPT, Financial Planning and Control Division estimates.

Other Non-Tax

Background

Other Non-tax relates to revenue from rent and royalties, interest income, and other miscellaneous income. Other non-tax is expected to decrease by 11per cent, mostly attributed to lowered interest income, which has been revised downward by SR 8.2m.

Proceeds from sale of Asset

The 2022 proceeds from sale of asset projection is at approximately SR 91.9m, this represents an additional SR 5.5m or 6 per cent compared to 2022 end of year estimates. The increase is under MLUH & IEA which relates to increase under long term lease of land and building.

Grants

For the medium term 2023-2025 a total of SR 860.4m worth of projects and programmes are expected to be funded through grants from various external bilateral and multilateral donors. This is a reduction of SR 1.29bn compared to the initial 2022 budget estimates. The reduction is primarily linked to three projects which were included in the budget to be financed by the Indian Government for a total of SR 1.16bn. These were projected to be spent from 2022 to 2024 for the construction of the new Police Headquarters, the new building for the Attorney General Chamber and the Government House. These projects are still under review by the Indian Authorities.

A total amount of SR 402.6m in external grants is expected to be received in 2023, out of which SR 198.9m as cash grant and SR 203.7m in kind. SR 241.02m is expected for programs of recurrent nature and SR 161.5m is expected for projects. The total expected grant receipt for 2023 represents 1.3 per cent of GDP.

The grant receipts of SR 402.6m in 2023 will fund several projects in various portfolios as per below:

- **President Office Portfolio**

The Government of India will continue to finance the Coastal Surveillance Radar System project and a total of SR 12.3m has been forecasted in 2023 under the Department of Defence.

The Government of China will also finance the construction of a new Escort vessel which is expected to be received in 2024. In 2023 the sum of SR 93.7m has been forecasted.

- **Vice- President Office Portfolio**

The construction of the Seychelles Broadcasting house is being funded by the Government of China. The project, which was expected to be completed in 2021, encountered delays and consequently the completion date was moved to 2023. This is a benefit in kind, the Chinese Government has already disbursed 90 per cent of the project while the remaining 10 per cent, USD1.6m, is to be paid upon project completion. The sum of SR 24m has been forecasted in the 2023 budget.

- **Fisheries and the Blue Economy Portfolio**

Third South West Indian Ocean Fisheries Governance and shared growth project for ongoing implementation of various programmes towards improving management of marine areas and fisheries and to strengthen the fisheries value chain. The grant component of the project is from the Global Environment Facility Trust Fund (GEF) - SR 20.3m.

The African Development Bank (AFDB) is also supporting the above sector with a grant for Technical Assistance and Capacity Building Project for support to the Blue Economy Micro Small and Medium Enterprises (MSMEs) in Seychelles for a total of USD 0.8m of which USD 0.48m is expected to be spent in 2023 for an estimated SR 7.3m.

- **Finance, National Planning and Trade Portfolio**

Under the Trade Department, the Economic Partnering Agreement (EPA) Programme in support of Seychelles in collaboration with the European Union's 11th European Development Fund – SR 24.3m has been forecasted in 2023. The project supports many projects and programmes under various sectors, such as the agricultural and fisheries sector, the industry and entrepreneurship sector and the finance and trade sector.

The Government of China will be financing the new invoice management system to improve the revenue collection at SRC and the sum of SR 54.1m has been forecasted in 2023.

The African Development Bank will be financing a new Aids Management Information under the Department of Finance and SR 2.35m has been forecasted for 2023.

- **Family, Youth & Sport Portfolio**

The Government of India, under the small development project, will be financing the extension of Anse Royale Old's People Homes SR 0.7m and the construction of an indoor court at Anse Royale SR 4m.

- **Internal Affairs Portfolio**

The Government of Japan will be financing the construction of the new Marine Police and Anti-Narcotic Facilities. The overall project is estimated to cost JPY 800m. SR 43.8m has been forecasted in 2023.

The Government of China will be donating some Digital Forensic Laboratory Equipment in 2023 for a total sum of SR 2.1m.

- **Education Portfolio**

The Government of India under the small development project will be financing the renovation of English River Secondary School for SR 2m, the renovation of Mont Fleuri Secondary School for SR 0.95m, the Construction of fencing at Plaisance Primary School for SR 0.91m and the undertaking of Sanitary works at Anse Boileau Secondary School for SR 2m.

- **Land and Housing Portfolio**

The Government of India will support the La Gogue land bank extension project and the sum of SR 6.7m has been forecasted in 2023, this will fall under the small development project.

The sum of SR 6.2m has been forecasted for in 2023 for the Ex-Farrari Housing Project for the construction of 12 housing units. This will be funded by the Government of Qatar.

- **Local Government and Community Affairs Portfolio**

The Government of India under the small development project will be financing the renovation of Construction of Les Mamelles Day Care Centre SR 4m, the construction of a motorable access road- Adela Pointe Larue SR 0.8m, Renovation work on Baie Ste Anne Community Centre SR 1.4m and the Construction of motorable access road bodamier SR 1.04m.

- **Health Portfolio**

The sum of SR 30.1m has been forecasted in 2023 for the construction of the La Digue hospital. This is being financed by the Government of UAE.

- **Transport Portfolio**

The Government of India under the small development project will be financing the Coastal Management project at Anse La Blague SR 0.9m and the 2nd phase of Grand Riviere project SR 5m.

The Department of Transport in 2023 is expected to spend SR 2.4m for the project Support the Shift to electricity mobility project which is financed by UNEP and GEF.

- **Agriculture, Climate Change and Environment Portfolio**

Various on-going environment protections and climate change projects:

- Ridge to Reef- Integrated Management of Marine, Coastal & Terrestrial Ecosystems - SR 8.8m (UNDP/ GEF)
- Restoring Marine Ecosystem- SR 19.3m (UNDP/ GEF)
- Montreal Protocol- SR 0.6m (UNEP)
- GIZ Proklima- SR 1.5m (GIZ)

- Chemical and Waste (Island Project)- SR 8.1m (GEF)
- Kigali HFC Implementation Plan Project- SR 1m (UNEP/ GIZ)

Under the Energy sector:

- Solar Home System Project- SR 0.5m- Government of India
- Integrated Resource Plan (Power Sector)- SR 2.4m- African Development Bank
- Low Carbon Pilot for addressing Climate Change Project- SR 6.98m- Government of China

Expenditure

Table 21: Summary of Expenditure, SR'000

EXPENDITURE	2021 Actual	2022 EOY	2023 Budget	2024	2025
Expenditure and net lending	9,834,112	10,139,507	11,230,286	11,386,149	11,606,772
Current expenditure	8,495,786	9,050,112	9,481,638	9,328,787	9,453,044
Primary Current Expenditure	7,756,777	8,422,472	8,611,963	8,748,598	8,988,048
Wages and salaries	2,760,254	3,009,110	3,437,379	3,664,357	3,753,965
Goods and services	2,826,845	3,325,592	3,618,577	3,547,230	3,626,837
Capital expenditure	1,137,078	800,637	1,409,298	1,740,622	1,955,923
Social program of Government	468,336	317,360	298,200	280,388	285,244
Transfers to Public Enterprises	240,111	272,780	44,930	35,754	38,268
Benefits and approved programmes of ASP	1,414,913	1,444,865	1,202,876	1,216,957	1,281,748
Others	46,318	52,765	10,000	3,911	1,985
Interest due	739,010	627,640	869,676	580,189	464,995
External	259,271	199,963	207,652	164,226	128,579
Domestic	479,739	427,677	662,023	415,964	336,417
Development Grant	102,111	157,494	148,661	186,565	182,041
Net lending	41,412	81,264	140,689	41,962	(34,236)
Contingency	57,725	50,000	50,000	88,213	50,000
PRIMARY BALANCE:	-728,367	-299,663	330,284	710,106	1,225,099
% of GDP:	-3.0	-1.1	1.1	2.2	3.5

Source: MoFNPT, Financial Planning and Control Division estimates.

For the fiscal year 2023 Government has budgeted an overall expenditure and net lending totalling to SR 11.23 bn. Overall expenditure and net lending has increased by 11 per cent compared to the 2022 end of year estimates. Primary Current expenditure has increased by 2 per cent compared to the 2022 end of year estimates. This allows for primary balance surplus of 1.1 per cent of GDP. This is an improvement compared to the 2022 end of year projected deficit of 1.1 per cent.

Below are the variances for each of the main categories of expenditure in 2023 when compared to the 2022 end of year estimates:

- Wages and Salaries increases by SR 428.3m or 14 per cent.
- Goods and Services increases by SR 292.99m or 9 per cent.
- Capital expenditure increases by SR 608.66m or 76 per cent.
- The Social Programme of Government decreases by SR 19.16m or 6 per cent.
- Transfers to Public Enterprises decreases by SR 227.85m or 84 per cent.
- Benefits and Approved Programmes of the Agency for Social Protection decreases by 241.99m or 17 per cent.
- Others allocation decreases by 42.8m or 81 per cent.
- Development Grants decreases by SR 8.8m or 6 per cent.
- Net lending increases by SR 59.4m or 73 per cent, and
- Contingency has remained constant.

The 2023-2025 budget makes provision for three new entities as follows;

- Seychelles Law Commission- SR 3.95m
- Home Care Agency- SR 321.94m
- Seychelles Communication Regulatory Authority- SR 9.28m

In the 2023 budget three agencies which were previously functioning as agencies have been merged as follows;

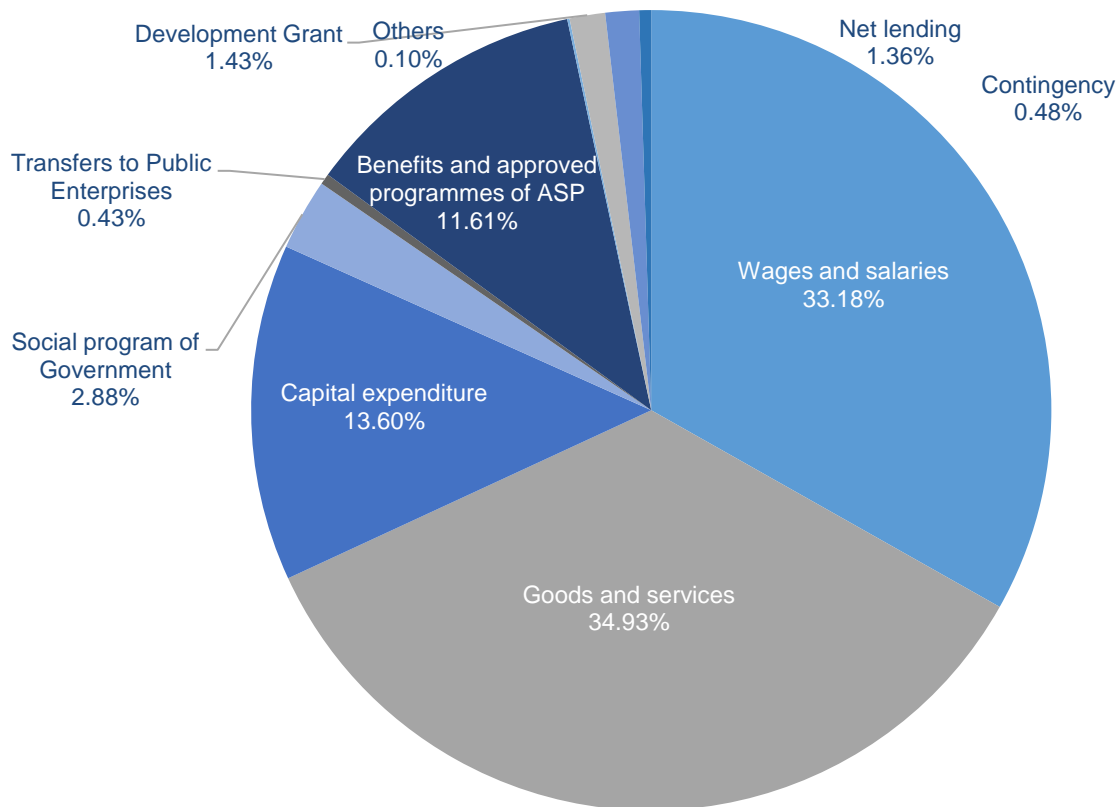
- The Agency for National Human Resource Development whose functions have been merged partly with the Ministry of Education and partly with Department of Employment.
- The Tertiary Education Commission which has been phased and some of its functions absorbed in the new SQA Act 2021 and the remaining functions have been absorbed by the Ministry of Education. In addition, all TEC Staff have moved to the Ministry of Education.
- The Road Transport Commission has been merged within the Ministry of Transport.

Expenditure distribution by main Budget allocation (excluding interest payments)

As illustrated in the diagram below, 'Wages and Salaries' and 'Goods and Services' remain as the two main drivers of Budget expenditure. 'Goods and services' share a total of 34.93 per cent and followed by 'wages and salaries' with a share of 33.18 per cent. In nominal terms 'Goods and Services' is greater

than 'Wages and Salaries' by SR 181.2m. The increase in 'goods and services' and decrease under 'Benefits and Approved programmes of ASP' is linked with the Home Carer Benefit which from January 2023 will be moved to the newly created Home Care Agency.

Figure 11: 2023 Budget Allocation



Source: MoFNPT, Financial Planning and Control Division estimates.

Current Expenditure

Wages and Salaries

A total sum of SR 3.4bn is being proposed for wages and salaries. This represents an increase of SR 428.3m or 14 per cent compared to the 2022 end of year estimates. Compensation of employees remains a significant part of Government's Budget. Wages and Salaries in 2023 represents 11.3 per cent of GDP.

The increase in wages and salaries is primarily linked with the payment of the 13th month salary for position under wages and salaries, salary review for both the public sector and the Constitutional Appointees. This will cost Government as follows;

- **13th Month Salary:** In 2023, the 13th month will cost Government SR114.2m, in 2024 and 2025 the amount will increase as a result of the increased basic salary following the salary review and the sum of SR 143.4m has been allocated for the two years respectively.

- **Salary review for Public Sector:** Based on the salary review exercise done by Government in 2022, it has been approved for the following allowances to be integrated into the basic salary; the 5 per cent Supplementation Allowance, Marketable Skills Allowance, Graduate Allowance and Performance Allowance. With the integration Government has applied at 10 per cent increase on the salary and ensuring for a minimum increase of SR 1000. This has resulted in a new salary grid will come in force from 1st April 2023. A sum of SR 134.4m has been forecasted for 2023 and SR 179.2m for 2024 & 2025.
- **Salary review for Constitutional Appointees:** A provisional sum of SR 37.5m in 2023 has been forecasted as a provision for the review of salary for the Constitutional Appointees. A committee will be set up to undertake the review and make recommendation to Government. The increase will be implemented from April 2023 and the sum of SR 50m has been allocated for 2024 and 2025.

Recruitment

Recruitment in 2023 has still been limited to filling positions in key MDAs. A sum of SR 55.8m for 327 positions is being allocated in 2023 for the creation and unfreezing of posts. This is to continuously improve the service provided to the public. There were a total of 973 position which remained vacant as at Mid-year 2022. The major challenge still remains the ability of MDAs to fill the vacant position.

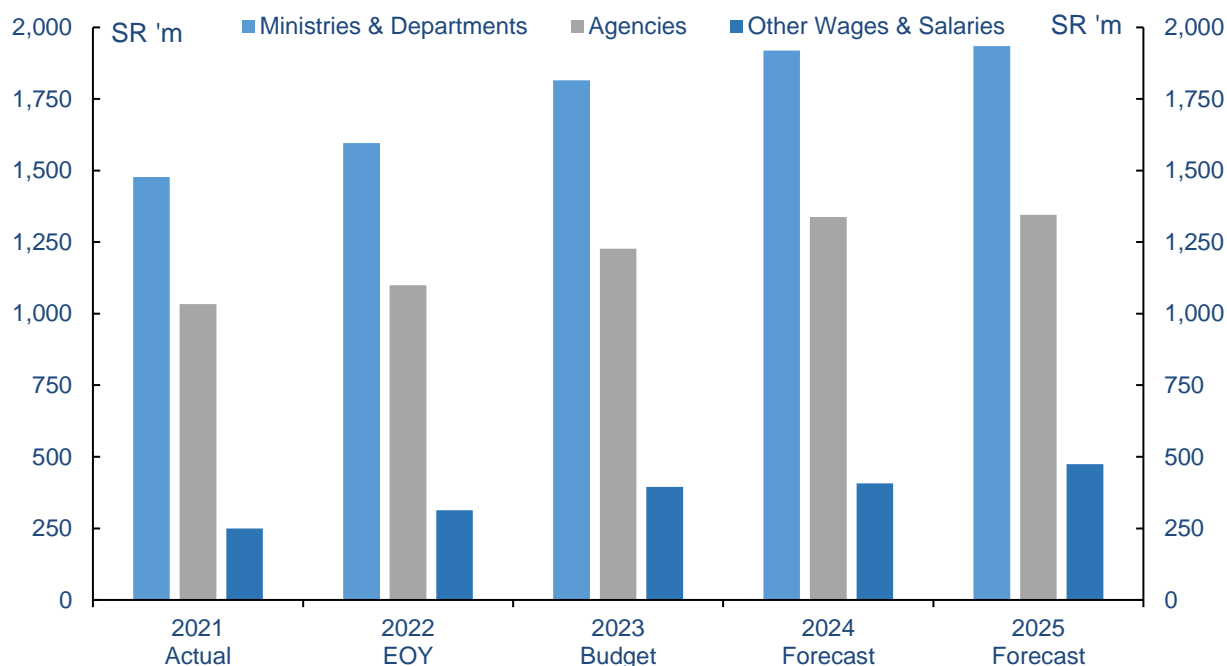
Other Factors

Below is a brief summary of other allocations in regards to wages & salaries:

- SR 32.5m is being allocated for promotions, upgrading and salary enhancements, relating mainly to the year 2023
- SR 119.4m is being catered for gratuity and compensation dues under the respective MDAs budget and under the central gratuity and compensation vote for all Government employees.

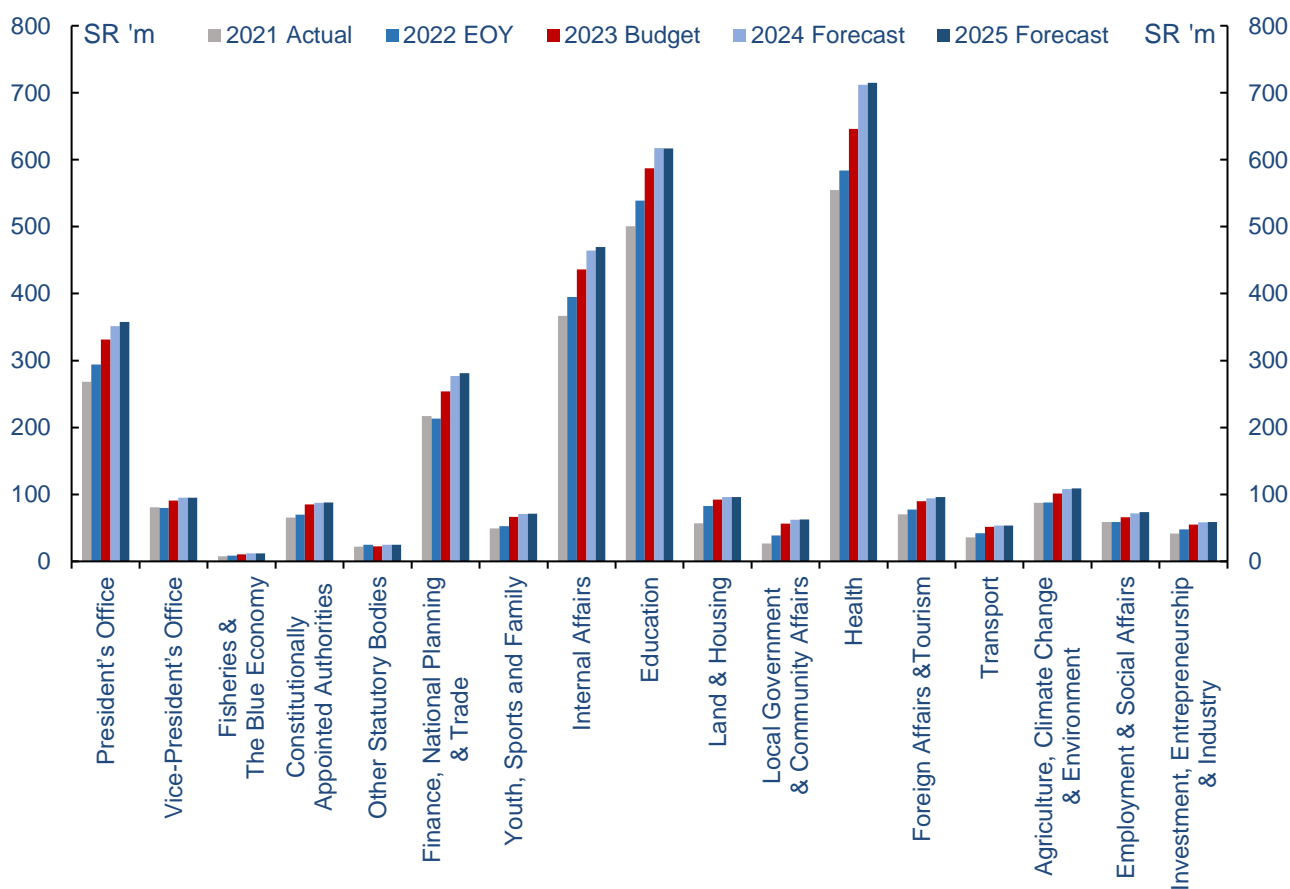
The graph overleaf shows the allocation of wages and salaries in Ministries and Departments against the Agencies.

Figure 12: 2021-2025 Wage Budget Allocation



Source: MoFNPT, Financial Planning and Control Division estimates.

Figure 13: Evolution of Portfolio shares actual and budgeted wages & salaries (2021-2025)



Source: MoFNPT, Financial Planning and Control Division estimates.

The Health portfolio remains the biggest contributor under wages and salaries with 21 per cent of the MDA's allocation being allocated to the health portfolio. This is followed by the education portfolio with a share of 19 per cent of the total allocation. In terms of number of personnel, the Education Portfolio funded post for 2023 is more than the Health Portfolio by approximately 400 personnel.

Goods and Services

A sum of SR 3.62bn has been allocated towards Goods and Services in 2023. This represents 32.2 per cent of the total expenditure and net lending, and 11.8 per cent of GDP. The Goods and Services expenditure has increased by SR 292.99m in comparison to the 2022 end of year estimates. The goods and services budget caters for the 13th month and salary review for all non-core position for a total of SR 50.87 in 2023 and SR 61.67m in 2024 & 2025.

Creation of the New Home Care Agency

From 1st January 2023, the provision of home care services will be managed by the Home Care Agency. The reform under the Home Care Scheme is in line with the World Bank Programme for Reform Action Plan. The total sum of SR 317.14m has been allocated under the Home Care Agency for goods and services this is to cater mainly; SR 311.64m to cater for the payment of the payment of salaries for the Home Carers, which includes SR 20.97m for the 13th month Salary and SR 15.75m to cater for the integration of the SR 500 which was previously under the Temporary Financial Assistance. The sum of SR 5.5m has been allocated for the operational expenses for the agency.

Cleaning Services

In 2022, Government undertook a review of the cleaners corporative. Effective 1st January 2024, all cleaners currently employed by the cleaners corporative will be employed by the respective MDAs. The sum of SR 24.7m has been allocated in 2023 for the payment of compensation. In addition, the budget caters for SR 5.87m for the salary review and SR 4m for the 13th month salary. From 2024 the costs associated with cleaning services, previously budgeted under other goods and services, have been re-allocated to the respective MDA's budget allocation.

Overseas Travel

The allocation of overseas travel expenses was removed from MDA's budget following the amended budget in 2020. In 2023, the sum of SR 7m has been re-allocated back to MDAs to cater for overseas travel. Some MDAs have re-adjusted the 2023 budget through re-prioritisation in order to cater for the expected travelling expenses in 2023 and beyond.

The travel expenses relating to the travel for Ministers and Accounting Officers, which was previously catered for under the President's Office, has been re-allocated to the respective MDA's budget effective January 2023. A total sum of SR 6.85m, SR 6.95m and SR 7.24m has been re-allocated from the President office for 2023, 2024 and 2025 respectively to the respective MDAs.

Subscription to International organisation

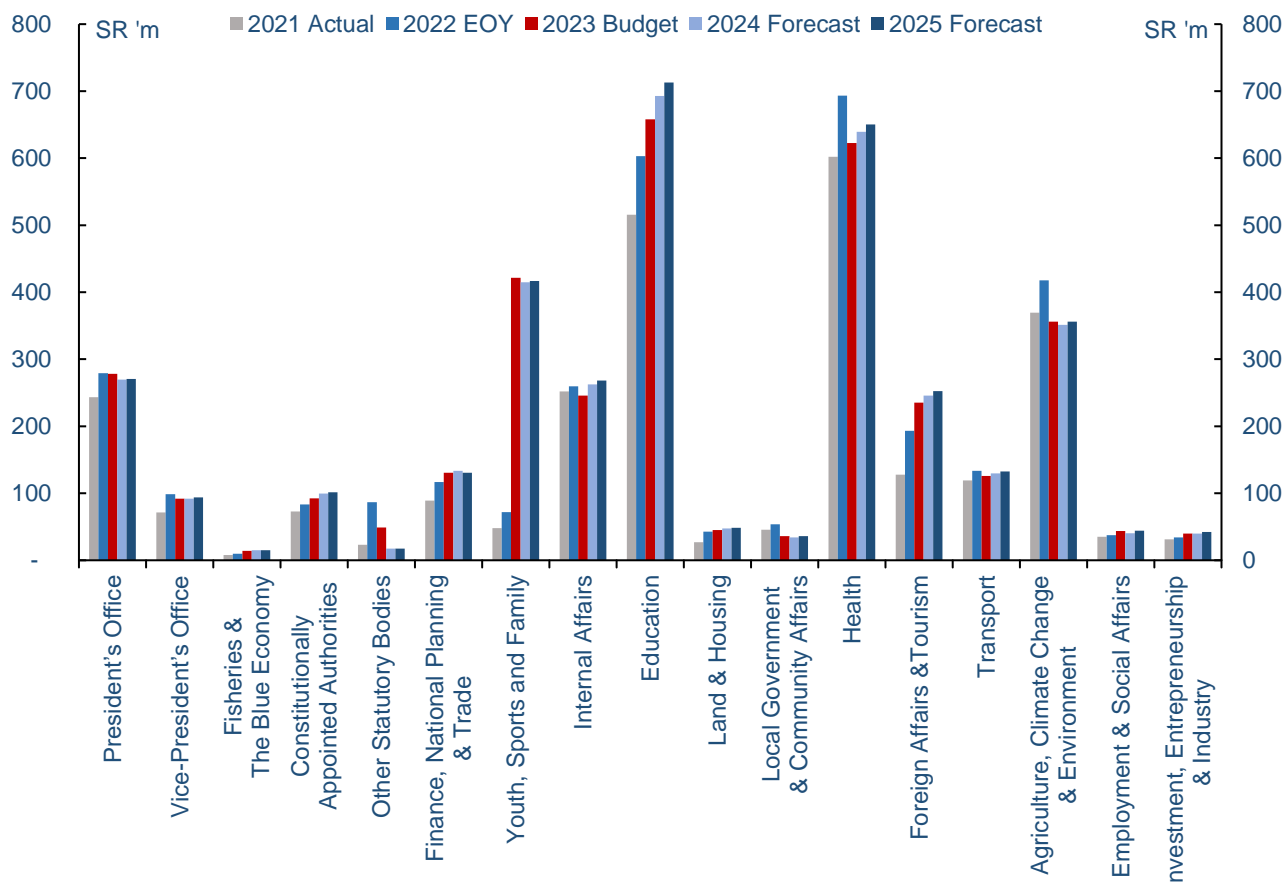
From January 2023, the payment and budget relating to payment for subscription to International Organisation will be decentralise to the respective MDA's budget allocation under goods and services. A total sum of SR 45.7m has been transferred from the allocation under the Others appropriation head and moved under Goods and Services.

Ministries Department and Agencies with Significant increase;

Additional support has been provided to critical MDAs to ensure the implementation of strategic priorities in the medium term;

- A total sum of SR 424.61m has been allocated in the medium term of which SR 145.11m has been allocated in 2023 to cater for several digitalisations project. This includes a total sum of SR 150m for a new Integrated Financial Management Information System, SR 34.6m for the new Human Resource Management System. This two system is key for the implementation of the Result Based Management Framework.
- Government remains committed with the provision of free breakfast and lunch in state schools. The total sum of SR 17.87m and SR 20.1m for breakfast and lunch respectively in 2023 under the Ministry of Education budget.
- The sum of SR 30.04m has been allocated for the subsidy support under the Department of Agriculture for 2023. This is a reduction of SR 69m compared to the 2022 EOY estimates.
- In 2023, Seychelles will be participating in the 2023 All Africa Games and the Indian Ocean Island Games. The 2023 budget makes provision for a total sum of SR 37m to cater for the two main international competition. From 2024 a provision of SR 15m has been allocated for the planning and implementation of high level performance and professional sports development under the theme "Road to Los Angeles & Road to Paris".

Figure 14: Evolution of Portfolio shares Actual and Budgeted Goods and Services (2021-2025)



Source: MoFNPT, Financial Planning and Control Division estimates.

Transfers

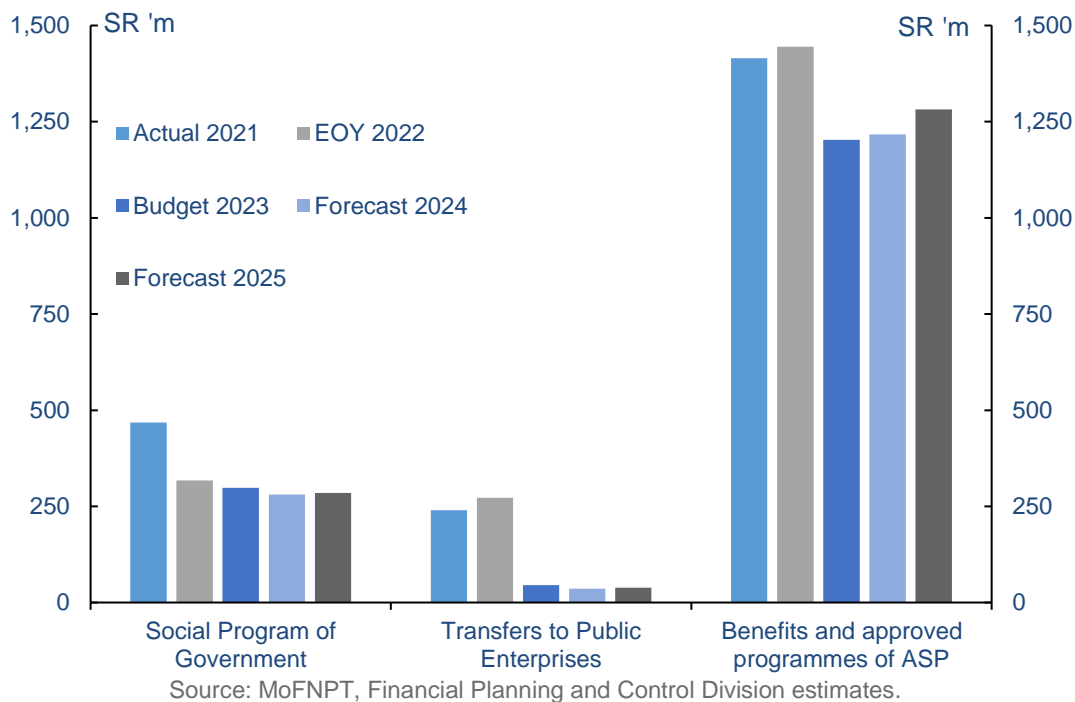
Total Government transfers for 2023 represent 5.1 per cent of GDP or SR 1.5bn. This is a decrease of 24 per cent compared to 2022 end of year figure, mainly attributed to the transfer of the Home Carer Scheme under the Home Care Agency which is reflected under goods and service and Government from 2023 has not made any provision as financial support to Air Seychelles.

Table 22: Summary of Total Transfers by Different Categories, SR'm

TRANSFER TYPE	2021 Actual	2022 EOY	2023 Budget	2024	2025
Social Programs of Government	468,336	317,360	298,200	280,388	285,244
Transfers to Public Enterprises	240,111	272,780	44,930	35,754	38,268
Benefits and approved programmes of ASP	1,414,913	1,444,865	1,202,876	1,216,957	1,281,748
TOTAL TRANSFERS:	2,123,360	2,035,004	1,546,006	1,533,099	1,605,261
% of GDP:	8.6	7.3	5.1	4.7	4.5

Source: MoFNPT, Financial Planning and Control Division estimates.

Figure 15: Transfers of Social Government



Transfers to Social Programs of Government

This consists of Government's contribution towards a number of Non-Governmental Organisations, Councils and Funds created by Government, as well as schemes introduced by Government to incentivise targeted sectors or programmes aimed at providing assistance to small entrepreneurs or to promote educational and social programmes and values to society. There is a downward revision of 6 per cent or SR 19.2m in 2023 compared to the 2022 EOY estimates which is mainly attributed to the phasing out of the temporary financial assistance from April 2023.

Provisions under the Social Programmes include the following:

Housing Finance Scheme

The Housing Finance Scheme was first introduced in 2014 with the intention of assisting first time home owners with a cash grant that would help bridge the gap between the loan they can afford and the cost of the house. The level of subsidy depends on the applicant's income and loan amount received. A provision of SR 18m has been made in the 2023 Budget.

Based on the current costs of construction, Government will review the rates as of January 2023 as follows:

- i. Mahe; from SR 8,500 per square metre to SR 9,500 per square metre.
- ii. Praslin; from SR 9,500 per square metre to SR 11,500 per square metre.

- iii. La Digue; from SR 12,500 per square metre to SR 13,500 per square metre.

Home improvement/re-roofing scheme for pensioners

A provision of SR 5m has been catered for the Home Improvement and re-roofing scheme for Pensioners. Under the scheme pensioners benefit from an interest free loan for renovations up to SR 50,000 while re-roofing projects are supported up to SR 100,000.

Youth Employment Scheme

The sum of SR 5m has been maintained under the Youth Employment Scheme for 2023. Under the scheme Government will refund 40 per cent of the salary of youths aged between 15 and 25 years old to an employer for their first year of employment.

Youth Entrepreneurship Scheme

The amount of SR 1m catered for under the Youth Entrepreneurship Scheme is used to support the young entrepreneurs.

Contribution to Agricultural Development Fund

The purpose of the Fund is to provide financing for the development of small-and medium-sized agricultural and horticultural projects. In 2023 Government forecasted SR 3m under the fund and in the medium term the assistance will be increased to SR 10m and SR 15m in 2024 and 2025 respectively.

Small and Medium Enterprise Scheme

Government's contribution to the Small and Medium Enterprise Scheme will be maintained at SR 50m for 2023. Government will be reviewing the scheme to allow for the development of other sectors such as fisheries, agriculture and the digital economy.

Small and Medium Enterprise seed capital

The Seed Capital Grant Scheme was first introduced in 2016 to provide seed capital of up to SR 50,000 to fund small start-up businesses to assist them in their early stages of development. In 2020 the scheme was put on hold to allow for a comprehensive assessment on the effectiveness of the scheme, during 2022 Government approved the new modalities for the scheme and the assistance has been increased to a maximum of SR 200,000. The sum of SR 5m has been forecasted for in 2023.

Empowerment and Social Protection Programme

A National Grants Committee has been set up in 2018 to evaluate the projects that used to be funded from the Empowerment and Social Protection Programme. The amount of SR 0.5m in 2022 is allocated for small programmes not registered under NGOs such as the Renaissance Programme. The sum of SR 9m has been allocated for the financial support to other NGO's through the National Grants Committee

Laptop Scheme

The sum of SR 5m has been forecasted for the Laptop Scheme for 2023. The scheme is to support students from Secondary 1 to Tertiary Institution from both public and private educational institutions. This scheme provides a three thousand rupees contribution towards the purchase price of a laptop of the students' choice. The scheme excludes the purchase smart phones and desktop computers.

Education Loans Scheme

Government will be introducing a new scheme in 2023, namely, the Education Loan Scheme. The Scheme will provide an avenue for Seychelles citizens to finance their further studies through loans from the Commercial banks and Seychelles Credit Union. Government, on its part, will contribute towards the Scheme by subsidising the interest rates being applied on the loans. SR 8m has been forecasted for 2023.

The parameters of the scheme will be as follows:

- i. Maximum Loan of SR 800,000.
- ii. An interest subsidy of 4% will be applicable on the education loans.
- iii. Repayment will be for a maximum of 10 years.
- iv. There will be a government guarantee.
- v. No personal contribution will be required.
- vi. The students would not need to commence repayments on their loans until they have graduated and are in receipt of their degree, certificate or diploma. In the grace period, the government will cover and disburse to the lending institution its interest rate subsidy, however, the balance student borne interest would be capitalized.

Contribution to Unisey

The sum of SR 5m has been forecasted for Unisey in 2023. This support will go towards the improvement of the facilities and the campus and for the development and research of new programmes.

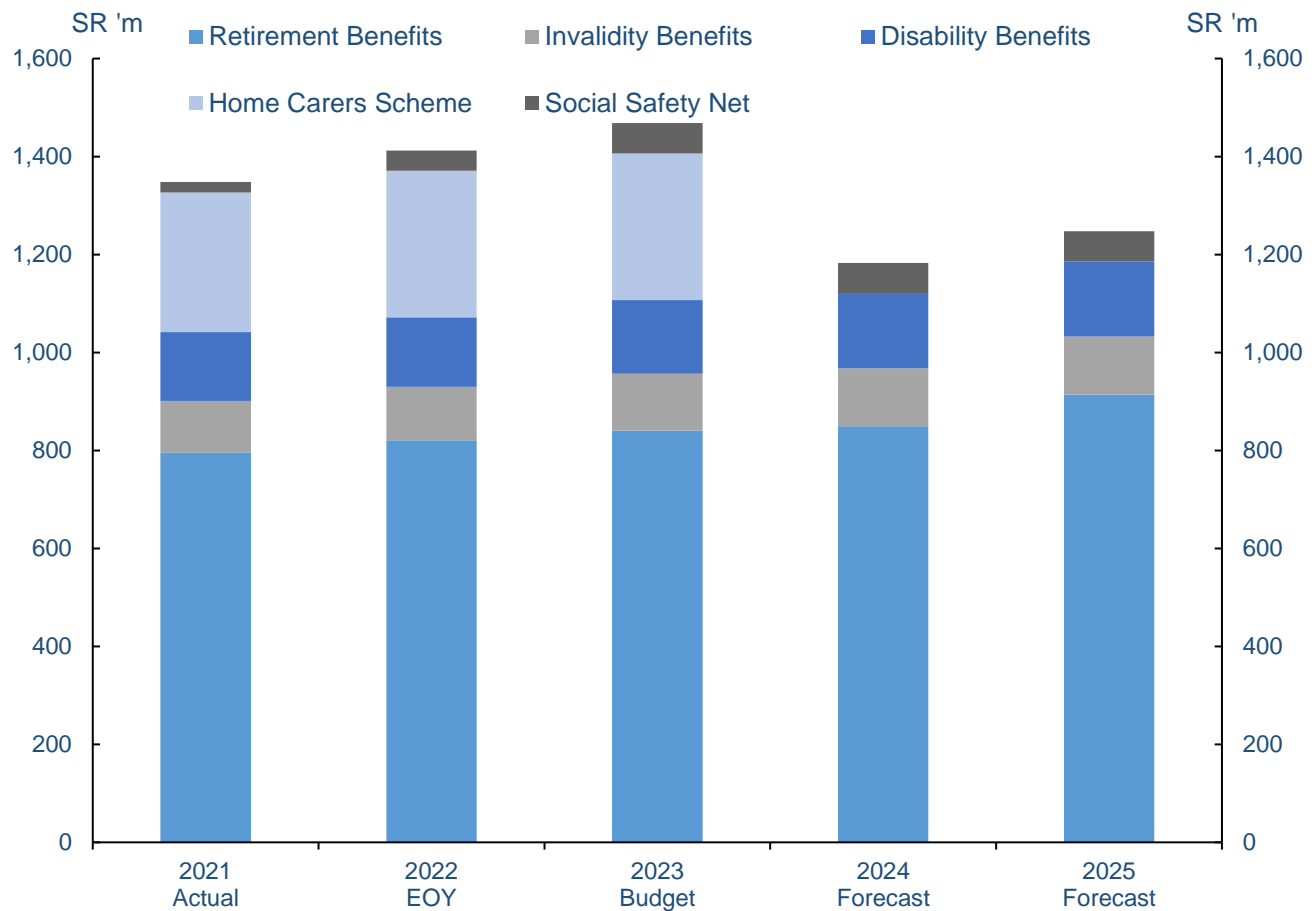
Subvention to Public Enterprises

The Government is assisting the following State-Owned Enterprises (SOEs) with a total sum of SR 44.9m in 2023, this represent a decrease of SR 227.9m or 84 per cent compared to the 2022 EOY estimates.

- **Air Seychelles:** No provision has been made for Air Seychelles. In 2022 Government provided the support of USD 13m for the payment of Air Seychelles Liability to Ethihad.
- **SPTC:** Total assistance to the Seychelles Public Transport Corporation (SPTC) amounts to SR 36.9m. The sum includes SR 28.8m which relates to the subsidisation of the cost of public transportation for the elderly and the people with disability. SR 8.1m represents Government subvention to SPTC for assisting SPTC towards the negative cash flow projection in 2023.
- **Seychelles Postal Services Company:** The Government has catered for a sum of SR 6m to support the Seychelles Postal Services for 2023 to cater for its operational shortfall.
- **The Guy Morel Institute:** The Government has catered for a sum of SR 2m to support The Guy Morel Institute to cater for its operational shortfall.

Benefits and Approved Programmes of Agency for Social Protection

Figure 16 : Main Benefits and Scheme under ASP



Source: MoFNPT, Financial Planning and Control Division estimates.

The Agency for Social Protection (ASP) is mandated to provide social security coverage and protection against poverty through financial assistance as laid out under the Agency for Social Protection and the Social Security Benefit Act. The Agency is principally an agency that effects payment on behalf of Government for all the benefits and approved programmes of ASP. In the 2023 budget, Government will maintain its commitment to finance the social programmes targeting the most vulnerable people in our society. Benefits and Approved Programmes of ASP represent 3.9 per cent of GDP for 2023.

A sum of SR 1.2bn is being catered to finance the payment under the Approved Programmes of ASP. This represents a decrease of SR 242m compared to the 2022 EOY estimates. The reduction is linked with the reform under the Home Care Scheme which from 2023 be moved under the Home Care Agency.

Retirement Benefits

With the ageing population, retirement benefit remains a concern, particularly in terms of the sustainability. World Bank is assisting the Agency for Social Protection to review the benefits to ensure its sustainability. The exercise is still ongoing and it is expected that the reform will bring some cost saving measures. In line with the increase in the retirement age to be 65 years from January 2023, the benefit will only see an increase in 2025.

Retirement Benefits for the year 2023 is forecasted to be about SR 840.3m representing a 2 per cent increase over the 2022 end of year estimates. The increase is to cater for the integration of the SR 500 under the retirement benefit from April 2023 for the applicants benefiting under the temporary financial support.

Retirement Benefit accounts for 70 per cent of the total benefits under the Benefits and Approved Programmes of Agency for Social Protection.

Invalidity and Disability Benefits

Government has allocated SR 116m and SR 150.6m for Invalidity Benefits and Disability Benefits. As part of the world bank reform one key component which will affect these benefits the setting up one National Functional Assessment Board which will serve both the ASP and SPF, this will reduce the duplication of efforts. The Cabinet of Ministers has approved for the drafting of the bill and the same it is being finalised by the AG's office.

Social Safety Net

Social Safety Net is the only discretionary assistance programme. The 2023 budget forecasted is SR 61.8m which represent 50 per cent of the total actual expenditure in 2020. The sum allocated is an increase of 52 per cent over the 2022 end of year figure.

Public Sector Investment Programme

The Central Government Investment Program for the period of 2023 to 2025 is budgeted to amount to SR 5.1bn. The 2023 Budget will fund projects totalling SR 1.41bn, accounting for 28 per cent of this medium-term investment plan.

In addition to the PSIP allocations, the government provides funding through net lending and development grants to some public enterprises for their development projects. The public enterprises receiving development funding from the Central Government in the year 2023 are; PUC, for which a total of SR 60m has been budgeted; SPTC, for which a total of SR 35.8m has been budgeted; and PMC, for which a total of SR 52.8m has been budgeted. Table 23 below shows the total PSIP allocations made across the medium term.

Table 23: Public Sector Investment 2023-2025, SR'000s

DESCRIPTION	2021 Actual	2022 EOY	2023 Budget	2024	2025
Central Government Projects	1,137,078	800,637	1,409,298	1,740,622	1,955,923
Net Lending	41,412	81,264	140,689	41,962	(34,236)
Development Grants	102,111	157,494	148,661	186,565	182,041
Total Allocation:	1,280,601	1,039,395	1,698,648	1,969,149	2,103,728
% of GDP:	5.20	3.74	5.56	5.99	5.96

Source: MoFNPT, Financial Planning and Control Division estimates.

2022 Overview

A total budget of SR 1.53bn was allocated towards the Central Government capital projects in the approved budget for the year 2022. A number of projects that had been earmarked for foreign financing are not expected to be completed this year. These projects include the construction of a new health centre at Baie Lazare, the construction of La Digue School, the construction of the drug rehabilitation centre, the construction of the Government House, the construction of the new admin block for the office of the Attorney General, as well as the project for the construction of the new Police headquarters.

A number of large projects were ongoing in the year 2022, such as the Infrastructure Development Zone 20, special housing development projects, the construction of a steel frame building at the Ministry of Education, and the construction of the new block of the Belonie Secondary School, as well as the construction of new lane Roche Caiman – Bois de Rose.

2023 Outlook

The total budget allocated towards Central Government investment projects for the year 2023 amounts to SR 1.4bn. This represents an increase of 43 per cent compared to the end of year budget of 2022, which stands at SR 0.80bn. The sector increase that has contributed to the overall increase in allocation is budgeted to be from the land and housing sector. The total increase from this sector only stands at 100 per cent, which essentially reflects a doubling of the allocations. A number of new housing projects are earmarked to start implementation in the year 2023.

Below lists some of the main ongoing projects that form part of the PSIP budget for 2023:

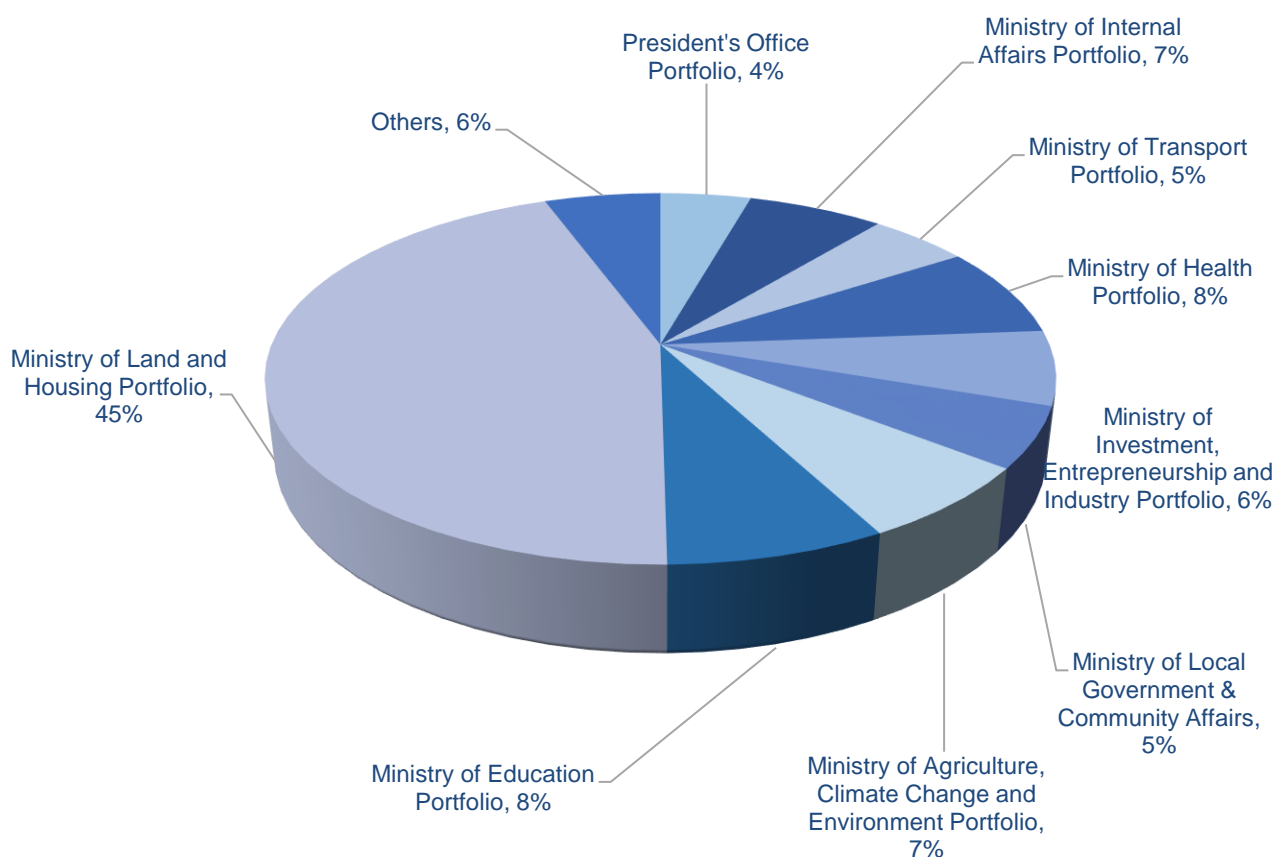
- Special Housing Development Projects with an allocation of SR 14.1m
- Renovation of National Library with an allocation of SR 9.2m

- Construction of the new La Digue hospital with an allocation of SR 47.3m
- Construction of infrastructure at Zone 20 with an allocation of SR 2.1m
- Construction of SBC Broadcasting House with an allocation of SR 24.1m
- Health Information System with an allocation of SR 27.1m

Domestic Financing

The Total allocation in the 2023 Budget under local financing amounts to SR 756.6m. The Land and Housing Portfolio makes up the largest portion (45 per cent) of the total local financing of SR 756.6m. This is followed by the Health and Education Portfolio with 8 per cent each and the Agriculture, Climate Change and Environment portfolio with 7 per cent. The below graph shows the domestic financing allocation across the portfolios:

Figure 17: Domestic Financing allocations



Source: MoFNPT, Financial Planning and Control Division estimates

Projects being financed from local financing in the year 2023 are spread across various sectors and cater for both new and ongoing projects. These include the completion of various housing projects

from the Land and housing sector forming part of the '24 in 24' programme and new projects such as the construction of 342 affordable housing units, the reconstruction and renovation of the La Rosiere Primary School from the Education Portfolio, the construction of an abattoir from the Agriculture, Climate Change and Environment Portfolio and renovation works at Seychelles Hospital from Health Portfolio.

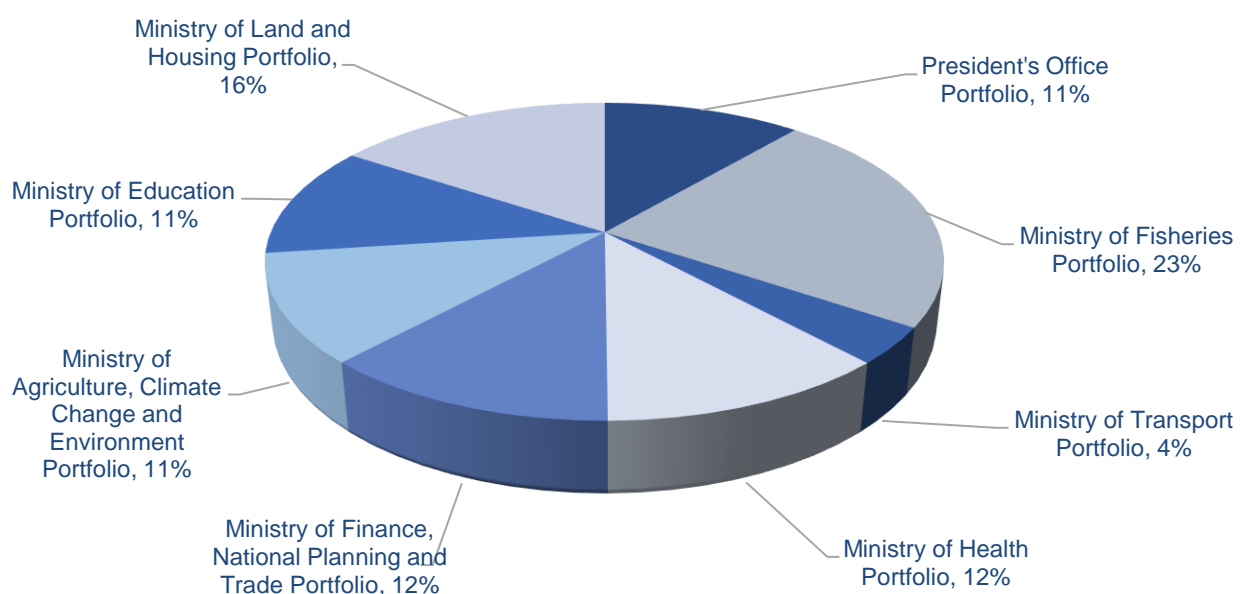
Loan Financing

A total of SR 250.2m worth of capital projects for 2023 is expected to be financed through foreign loans. The spread of the allocation is different compared to domestic financing. The largest allocation is for the portfolio of the Ministry of Fisheries Portfolio accounting for up to 23 per cent of the total allocation. This is then followed by the office of the Land and Housing Portfolio with a share of 16 per cent which is in turn followed by an allocation of 12 per cent to the Ministry of Finance, National Planning and Trade Portfolio for the Integrated Financial Management System for the Department of Finance.

Some of the key projects being financed from the loan financing include the ongoing Swiofish project being financed by the World Bank/GEF; the construction of the New La Digue school from the education portfolio; the construction of a jetty for the department of defence; special housing units for the land and housing portfolio; the health information system and the procurement of ambulances from the Health Care Agency.

The below graph shows the distribution of foreign loan per portfolio:

Figure 18: Foreign Loan by Portfolio



Source: MoFNPT, Financial Planning and Control Division estimates.

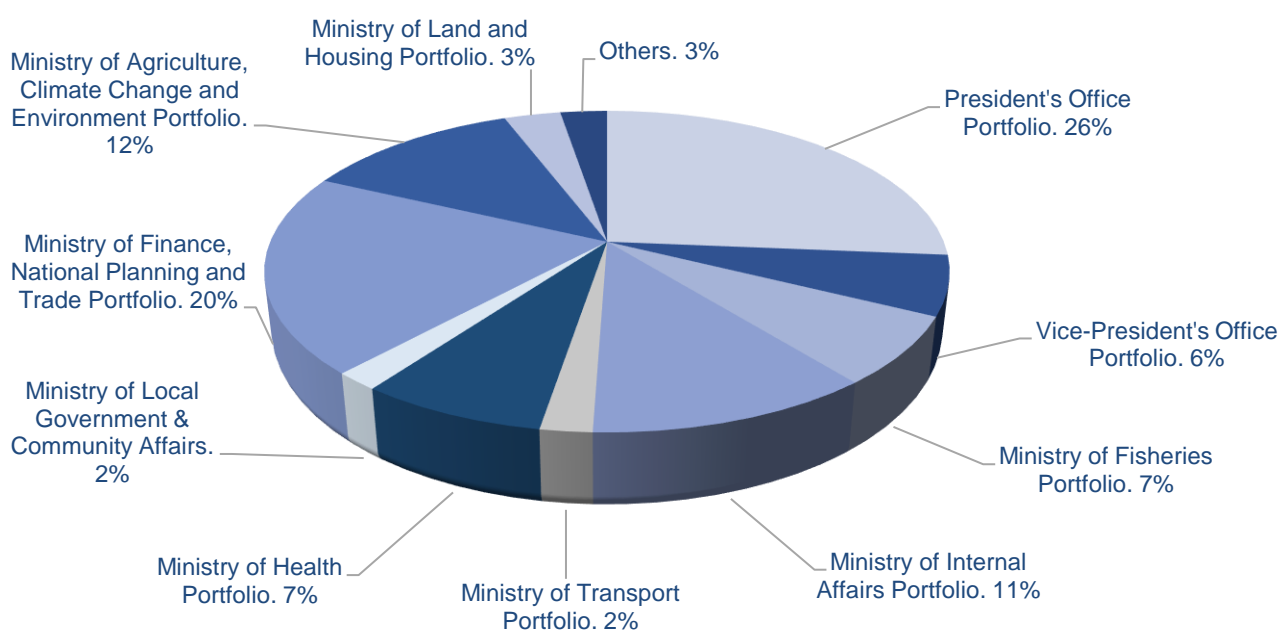
Grants financing

Grant financing accounts for the highest proportion of financing of the Government's public sector investment program for the year 2023. The President's Office Portfolio has the largest proportion of projects expected to be financed through foreign grants followed closely by the Ministry of Finance, National Planning and Trade Portfolio and the Ministry of Agriculture, Climate Change and Environment Portfolio.

The main projects expected to be financed through foreign grants for the year include the continuation of the construction of the La Digue hospital and the Restoring Marine Ecosystem Services (Coral Reefs Project). The new projects include the procurement of an escort vessel, the construction of marine police facilities and an Invoice Management System for the Seychelles Revenue Commission.

The graph overleaf shows the distribution of the grant finance to the respective MDAs.

Figure 19: Grant Financing by Portfolio



Source: MoFNPT, Financial Planning and Control Division estimates.

Cash Grant financing

Cash grants accounts for up to 49 per cent of total government grants in 2023. Projects being financed from cash grants are found largely in the health sector and the police department. The Department of Police project is for the construction of marine police facilities, and the health sector, on the other hand, is being assisted with the financing for the construction of the new La Digue hospital.

Benefits in Kind

The balance of grant financing is in the form of benefits in kind and makes up the larger portion of total grant fund allocations. These are largely attributed to projects being financed by the Government of China for the acquisition of a new escort vessel for the department of defence and for an invoice management system for the Seychelles Revenue Commission.

Planned Investment by Sector

The below table (Table 24) shows the total allocation of the capital expenditure budget across the different sectors. The largest allocation for the 2023 Budget is seen to be from the Land and Housing Portfolio, largely due to projects for the construction of 342 affordable housing units and 128 mid-range condo units. The second largest sector allocation is seen to be from the President's Office Portfolio to cater for the acquisition of a new escort vessel and the construction of a jetty for the Department of Defence.

Table 24: Financing allocation for 2023-2025, SR 'm

SECTORS	2022 EOY	2023 Budget	2024	2025
President's Office Portfolio	50,480	167,590	83,787	45,357
Vice-President's Office Portfolio	6,800	26,113	1,250	-
Ministry of Fisheries Portfolio	84,914	85,495	-	-
Ministry of Foreign Affairs and Tourism Portfolio	3,556	6,228	7,000	8,500
Ministry of Internal Affairs Portfolio	37,478	95,902	86,947	46,573
Ministry of Transport Portfolio	38,658	54,600	60,566	75,244
Ministry of Health Portfolio	94,417	118,799	299,090	336,145
Ministry of Employment and Social Affairs Portfolio	-	9,000	27,000	6,750
Ministry of Youth, Sports and Family Portfolio	11,000	14,360	16,935	23,000
Ministry of Investment, Entrepreneurship and Industry Portfolio	55,117	48,993	45,725	14,775
Ministry of Local Government & Community Affairs	24,550	47,263	41,465	34,800
Constitutionally Appointed Authorities Portfolio	11,614	9,416	10,495	11,500
Ministry of Finance, National Planning and Trade Portfolio	52,742	117,356	101,166	64,991
Ministry of Agriculture, Climate Change and Environment Portfolio	79,565	126,934	119,009	111,850
Ministry of Education Portfolio	54,986	91,885	206,342	79,573
Ministry of Land and Housing Portfolio	194,760	389,365	633,845	1,096,864
Total:	800,637	1,409,298	1,740,622	1,955,923

Source: MoFNPT, Financial Planning and Control Division

Others

A total sum of SR 10m is being allocated towards others for 2023, this is a reduction of SR 42.77m or 81 per cent compared to the 2022 EOY estimates. The reduction relates to the transfer of SR 45.77m relating to Subscription to International Organisation to the respective MDA's budget allocation from 2023. The sum allocated for 2023 is for the capital subscription payment due to World Bank and African Development Bank.

Development Grants to Public Enterprises

A total sum of SR 148.7m is being allocated towards development grants to state owned enterprises. This relates to the financing of their capital projects.

- SPTC is being allocated a total of SR 35.9m. Of this, SR 14.5m relates to Government's contribution towards the implementation of its capital projects. The SR 21.4m within foreign financing relates to the procurement of buses. This is to be financed through the Indian Line of Credit.
- Property Management Corporation (PMC) is to be allocated a budget of SR 52.8m in 2023 which is for the repayment of its loans with Nouvobanq and Seychelles Pension Fund.
- The Government's contribution towards the Public Utilities Corporation (PUC) for 2023 has been maintained at SR 60m. The allocation is Government support towards infrastructure projects.

Net Lending

A total of SR 265.2m is being budgeted towards the Net Lending in 2023. This amount relates to funding provided by loans from financial institutions and which are then on-lent to PUC. It relates to financing from three loans: (1) SR 212m from the loan with EIB/ AFD for the financing of its infrastructure master plan; (2) SR 24.2m for the financing of its 33KV project. This is financed by BADEA and Saudi Fund; and (3) SR 18.96m to fund the La Gogue dam raising project. This is also financed by AFDB. From 2023 Government will be providing financial support to PUC through an on-lending arrangement to finance the development of utilities infrastructure as part of the project for provision of infrastructure on industrial zones being managed by the Industrial Estate Authority.

Contingency

A provision of SR 50m is being allocated under the contingency fund for 2023. SR 88.2m has been allocated in 2024, this is to cater for the final settlement for the La Misere water Compensation.

Debt Outlook

As at the end of September 2022, the total Government and Government guaranteed debt amounted to SR 17.6Bn, representing about 63.2 per cent of GDP. As shown in Table 25 below the debt stock is mainly dominated by domestic debt, SR 9.8bn or 55.7 per cent, whilst external debt amounts to SR 7.8bn, or 44.2 per cent. In comparison to the same period last year, the debt stock increased by SR 169m attributed to a new loan undertaken and further disbursements under existing loans and budget support. On the other hand, despite the quarterly issuances of T-Bonds and new guarantees issued, the total domestic debt decreased by SR 754m, or 7.7 per cent or compared to the same period last year. These are explained further in the next sections.

Table 25: Total debt by residency of creditors.

DESCRIPTION	Sept 2022 (SR 'm)	% Diff
Domestic	9,796	55.7
o.w. Government	9,017	51.3
o.w. Guarantees	779	4.4
External	7,761	44.2
o.w. Government	7,642	43.5
o.w. Guarantees	119	0.6
Total Debt:	17,557	100.0

Source: MoFNPT Debt Management Office.

Table 26 below outlines the debt stock by guarantee status. As can be seen, this is dominated by Government debt, accounting for almost 95 per cent of the total debt, whereas the Government guaranteed debt represents only 5 per cent of the total debt stock.

Table 26: Total debt by Guarantee Status

DESCRIPTION	2022 (SR 'm)	%
Government	16,659	94.9
Guarantees	898	5.1
Total Debt:	7,557	100.0

Source: MoFNPT Debt Management Office.

2022 External Debt Stock

At the end of September 2022, the total stock of external debt amounted to SR 7.8bn or 27.9 per cent of GDP. As illustrated in Figure 20, the largest component is associated to the debt owed to multilateral

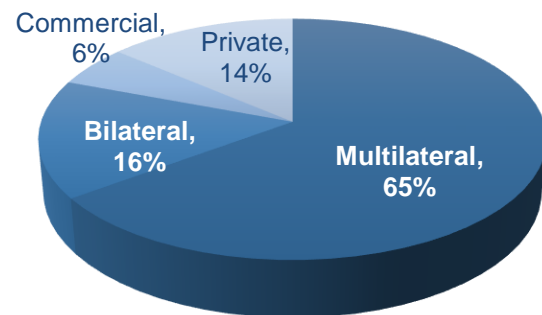
creditors consisting of 65 per cent of the total external debt stock. Private and Bilateral debt each accounts for 14 per cent and 16 per cent respectively of the total external debt stock. Debt owed to Commercial banks accounts for the smallest share at 6 per cent only. Percentage distribution by Creditor Category

Table 27: External Debt Stock Composition

Creditor Category	External Debt Stock (SR 'm)
Multilateral	5,035
Bilateral, (of which);	1,229
- Paris Club	590
- Others	639
Commercial	429
Private	1,068
Total:	7,761

Source: MoFNPT Debt Management Office.

Figure 20: Percentage distribution by Creditor Category



Source: MoFNPT Debt Management Office.

Table 28 below shows the external debt by instrument type. Loans and securities are the main types of instruments in the external debt portfolio. The latter accounts for only 15 per cent of the external debt stock whilst the former accounts for the majority with 85 per cent.

Table 28: External debt by instrument type.

DESCRIPTION	2022 (SR 'm)	%
Loans	6,627	85.4
Securities	1,134	14.6
Total Debt	7,761	100.0

Source: MoFNPT Debt Management Office.

The table below shows a comparison in the external debt stock. The stock level as at September 2022 increased compared to the same period last year from SR 6.8bn to SR 7.8bn, an increase of SR 923m or 13.4 per cent. This can be explained by the continuous disbursements of Budget support loans from ADB and the IMF under the EFF program. Additionally, in August this year, the Government took a USD 13m loan from Trade Development Bank (TDB) to repay the Etihad liabilities and release the security on two twin otter airplanes. Finally, there has been continuous disbursements under the ongoing project loans.

Table 29: Comparison in External Debt stock Sept 2021 vs Sept 2022 (SR 'm)

DESCRIPTION	Sep-21	Sep-22	Diff (%)
Multilateral	3,776	5,035	33.3
Bilateral of which;	1,457	1,229	-15.7
- Paris Club	773	590	-23.7
- Non Paris Club	684	639	-6.6
Commercial Banks	268	429	60.1
Private	1,336	1,068	-20.1
Total External Debt:	6,838	7,761	13.4

Source: MoFNPT Debt Management Office.

External debt repayments

Table 30 below shows the external debt repayment forecasts for 2023 to 2026. The total repayment forecast varies over the stated period, averaging to around SR 1bn per year. The forecasted repayment is sensitive to exchange rate movements and is reflective of the current debt portfolio, which excludes new borrowings.

Table 30: External Debt Service Forecast (SR 'm)

DEBT SERVICING	2023	2024	2025	2026
Interest	208	164	129	99
Principal	851	1,020	817	976
Total External Debt:	1,058	1,184	946	1,075

Source: MoFNPT Debt Management Office.

2022 Domestic Debt Stock

As at September 2022, the total domestic debt amounted to SR 9.8bn representing 35.3 per cent of GDP and 55.7 per cent of the total debt portfolio. Securities remain the main components of the domestic debt, constituting of 84.3 per cent of the stock whilst loans make up for 10.3 per cent of the total domestic debt stock. Securities comprises mainly of T-bonds and T-bills amounting to SR 5.9bn and SR 2.3bn respectively. Other debt liabilities remain the smallest portion of the total domestic stock with 1.7 per cent.

Table 31: Composition of Domestic Debt (SR 'm)

DESCRIPTION	2022	%
Loans	1,014	10.3
Securities of which;	8,266	84.3
T-bills	2,339	23.9
T-bonds	5,926	60.4
DBS Bonds	243	2.4
Deposits	45	0.4
Notes	58	0.5
Other Debt Liabilities	171	1.7
Total Domestic Debt:	9,796	100

Source: MoFNPT Debt Management Office.

In comparison to last year, domestic debt decreased by SR 754m by the end of September 2022. This is mainly attributed to a significant decrease in Government securities following a reduction in T-bills issuance, outweighing the increase in T-bonds issuance. This forms part of the debt management strategy to lengthen the debt maturity profile. The other debt liabilities reduced by SR 74m following the closure of the Private relief scheme in March 2022. The overall reduction in debt liabilities reflects the active debt servicing commitment of Government and prudent borrowing strategy.

Table 32: Comparison in Domestic Debt Stock, Sept 2021 vs Sept 2022 (SR 'm)

DOMESTIC DEBT	Sept-21	Sep-22	Diff (%)
Government Securities	8,907	8,310	-6.7
Other Securities	205	300	46.6
Loans	1,193	1,014	-15.0
Other Debt Liabilities	245	171	-30.3
Total Domestic Debt:	10,550	9,796	-7.1

Source: MoFNPT Debt Management Office.

Selected Economic Indicators

	2021	2022	2023	2024	2025
National income and prices					
Nominal GDP (millions of Seychelles rupees)	24,611	27,785	30,553	32,883	35,294
Real GDP growth	7.9	10.6	5.4	4.0	4.0
GDP deflator growth	7.8	1.7	3.9	3.5	3.2
CPI (annual average)	9.8	3.0	4.2	3.5	3.0
Government Budget (% GDP)					
Total revenue, including grants	34.0	33.2	35.0	35.0	35.0
Total revenue, excluding grants	31.2	32.5	33.7	34.4	34.3
Grants	2.8	0.7	1.3	0.6	0.7
Expenditure and net lending	40.0	36.5	36.8	34.6	32.9
Current expenditure	34.5	32.6	31.0	28.4	26.8
<i>Of which: interest payments</i>	3.0	2.3	2.8	1.8	1.3
Capital expenditure	4.6	2.9	4.6	5.3	5.5
Net Lending	0.2	0.3	0.5	0.1	-0.1
Primary balance	-3.0	-1.1	1.1	2.2	3.5
Overall balance (accrual basis), including grants	-5.8	-1.7	-0.2	1.5	2.7
Overall balance (accrual basis), excluding grants	-6.0	-3.3	-1.8	0.4	2.2
External sector (USD 'm, unless otherwise indicated)					
Current account balance including official transfers	-154	-134	-113	-98	-112
<i>Imports of goods</i>	1,023	1,262	1,345	1,408	1,513
<i>Imports of services</i>	798	1,032	1,069	1,121	1,201
<i>Exports of goods</i>	516	540	556	604	642
<i>Exports of services</i>	1,235	1,745	1,882	1,973	2,081
Primary Income, net	-83	-89	-97	-105	-81
Secondary Income, net	-2	-36	-39	-40	-40
Foreign Direct Investment	111	234	213	259	333
Gross official reserves (USD 'm)	702	648	680	796	971
In months of imports, c.i.f.	4.6	3.4	3.4	3.8	4.3
Total external debt outstanding (% of GDP)					
Total government and government-guaranteed debt	18,742	18,938	19,769	19,838	19,495
Domestic	41.8	36.0	32.8	31.9	29.1
External	34.4	32.0	31.9	28.4	26.1

SECTION 3

Debt Management Strategy 2023-2025



GOVERNMENT OF SEYCHELLES

Debt Management Strategy

2023 – 2025



Ministry of Finance, National Planning and Trade
Republic of Seychelles
November 2022

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Introduction

This document provides details of the Government's plans for managing Government and Government guaranteed debt over the medium term. It is prepared in compliance with international best practices in debt management and the requirements of the Public Debt Management Act of 2008 (amended in 2009 and 2012).

The aim of the Debt Management Strategy (DMS) is to determine the most effective debt management strategy for achieving the desired future debt structure based on cost and risk implications. It is formulated using an excel-based analytical tool developed by the IMF/World Bank that takes into account linkages between debt and the key macroeconomic fundamentals like domestic revenues, expenditures and Gross Domestic Product (GDP) amongst others. In January 2022, Seychelles benefited from a Technical Assistance Mission that was facilitated by the IMF under the current Extended Fund Facility program to assist the authority in making analytical improvements in developing its debt management strategy. This strategy document is broken down into the three parts.

Part I covers the objectives, scope and the legal framework for the DMS. It also describes the role of debt management in the macro-economic framework and provides a historical overview of the debt structure. This section also outlines the evolution of the debt and the goals for the 2023-2025 period.

Part II gives an overview on the performance of debt management in 2022 and the resultant debt profile at the end of 2022. It provides an analysis of possible risks to the portfolio, the volatility of the risk factors and the exposure to these risks. This will provide clues as to whether the existing cost and risk structures are satisfactory or what needs to be changed. It will also help to identify which of the risks are more pertinent.

Part III looks at the macroeconomic environment for debt management, followed by the debt management framework and strategy. Part III will conclude with the Debt projection over the medium term.

Part I

1.1. Debt Management Objective

The Government's primary debt management objective is founded on international best practice for debt management. As recommended by the International Monetary Fund (IMF), World Bank and other international institutions, the Government's primary debt management objective is,

“to ensure that the Government’s financing needs and payment obligations are met on a timely basis, and at the lowest possible cost, consistent with a prudent degree of risk.”

1.2. The Goals for Debt Management

To help achieve the primary debt management objective, the Government will pursue the following goals over the medium term;

- i. Ensure that the fiscal and monetary authorities are aware of the impact of Government's financing requirements and monetary policies on the levels and the rate of growth of public debt.
- ii. Work towards an optimum structure for public debt that minimizes costs and risks, including currency mismatch, adverse movement in interest rates, refinancing and operational risks.
- iii. Assist the Government in achieving its objective of limiting public borrowing to an amount that is consistent with the country's medium-term payment capacity assessed from both a fiscal and balance-of-payments perspective.
- iv. Assist towards the development of the domestic financial market and the lengthening of the debt maturity profile.

1.3. Scope of the Debt Management Strategy

The Debt Management Strategy will examine the total public debt for years 2023 to 2025, where the total public debt is defined as the total Government and Government guaranteed liabilities that require payment of principal and/or interest to external and domestic creditors. External and domestic debt classifications are based on the residency of the creditors. The debt stock figures for the years 2008-2021 are as at calendar year end.

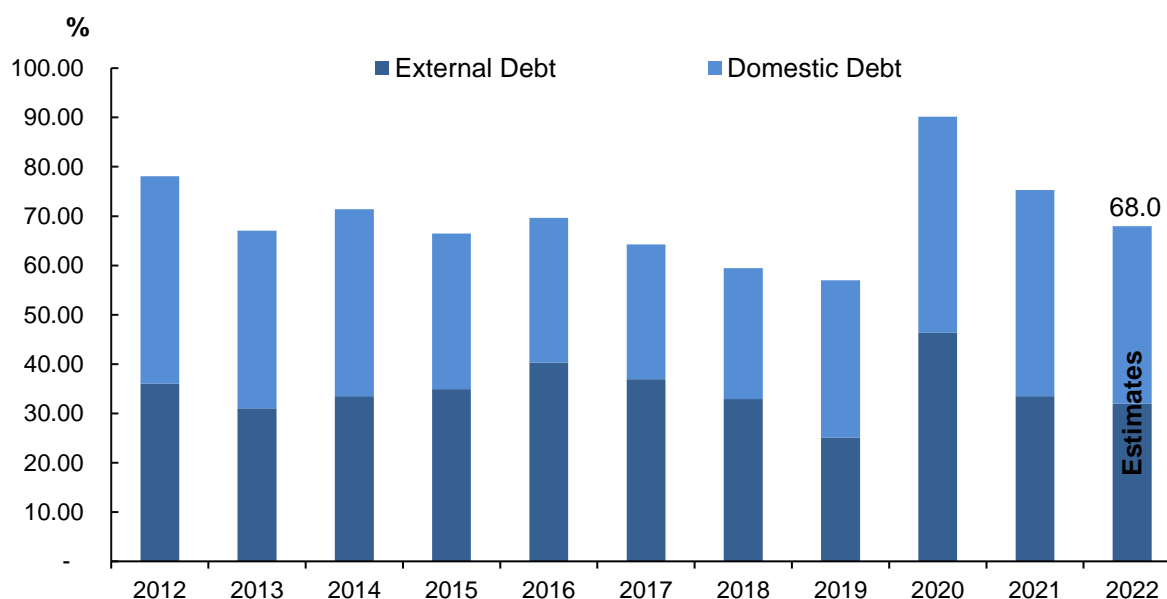
1.4. Legal and Institutional Framework

The primary responsibility of debt management lies with the Debt Management Office of the Ministry of Finance, National Planning & Trade. The Division is responsible for managing Government and Government guaranteed debt as well as monitoring all non-guaranteed public enterprise debt. Public debt management in Seychelles is regulated by the Public Debt Management Act of 2008 (amended in 2009 and 2012).

1.5. Evolution of debt

In the 1990s and early 2000s, Seychelles accumulated debt that was unsustainable. As the country's exchange reserves depleted and faced with the global economic crisis of 2008, the country undertook a comprehensive macroeconomic reform, which included a massive debt-restructuring program. Since then, the Government has made significant progress in reducing the level and improving the structure of its public debt.

Figure 1: Debt to GDP ratio for selected years



Source: MoFNPT, Debt Management Office

As can be seen in Figure 1 above, the total debt stock fell from about 78% of GDP in 2012 to around 67% in 2013. The introduction of treasury bills (T-bills) for monetary purposes in 2014 and loosening of the fiscal policy in 2016 slowed down the rate at which the debt level was falling. As a mean of ensuring that the debt remains on a sustainable path, the Government targeted to achieve a debt to GDP ratio of 50% by the end of 2021. However, the COVID-19 pandemic caused significant disruptions in economic activities, which affected the Government's fiscal position. Faced with a drop in revenue and a significant depreciation in the exchange rate, the Government had to resort into Budget support Ministry of Finance, National Planning and Trade

loans to finance the budget deficit. This resulted in a sharp rise in the debt-to-GDP ratio, reaching around 90% by the end of 2020, reflecting significant risks to debt sustainability and putting the debt on an unsustainable path. The sharp recovery in the exchange rate in April 2021, together with the GDP growth following re-opening of the country's border and fiscal consolidation, contributed to the strong reduction in the ratio of public debt to GDP in 2021. By the end of 2022, the debt to GDP ratio is forecasted at around 68.0%. Despite the fact that much of the risks have been moderated in 2021 and 2022, risks continues to exist especially with the uncertainty around the Ukraine/Russian crisis. The Government remains committed to restore the debt on a sustainable path and achieve its pre-COVID objective of reducing debt to around 50% of GDP by 2026.

Part II

2022 Developments

The expected V-shaped recovery following the pandemic materialized in 2021. Throughout 2022, visitor arrivals have been strong, despite sluggish growth in the first quarter resulting from the geo-political tension between Russia and Ukraine. 2022 economic performance projections remain very positive with GDP growth estimated at 10.6%. The sharp recovery in tourism market has also contributed positively to the current account balance. Current account deficit for 2022 is projected to narrow from 10.5% in 2021 to 6.7%. Gross International Reserves (GIR) is expected to decrease slightly to USD 652m¹, equivalent to 3.2 months of imports, from USD 702m, or 3.7 months of imports.

Through a sharp appreciation in April 2021, the local currency recovered to its pre-COVID level reversing the significant depreciation in 2020. As at the end of September 2022, the rupee remains even stronger than the 2021 level. There was a moderation in the inflationary pressures in 2022 compared to 2021, although inflation rate remains above the pre-COVID level. Given the nascent economic recovery and a decline in credit growth, monetary policy remained accommodative. Policy rates which have been on hold since end-June 2021 in the presence of abundant liquidity resulted in lending rates to decline. These will be elaborated further under the 'Environment for Debt Management' section.

In addition to the positive economic outlook, through a consolidated fiscal discipline, the primary deficit is projected to narrow even further in 2022 to 1.1% of GDP compared to 3% in 2021. The overall fiscal balance has also improved to a forecasted deficit of 3.3% of GDP by the end of 2022 in comparison to 6.0% in the previous year. The gross financing needs is expected to decline from 33.7% of GDP in 2021 to around 14.1% of GDP in 2022.

On the **external side**, in August 2022, the Government received its third disbursement of USD 8.7m, or 0.5% of GDP, under the Extended Fund Facility (EFF) with the IMF bringing the total to USD 76.5m, following the two previous disbursements made in 2021. Other than IMF, the African Development Bank (ADB) and International Bank for Reconstruction and Development (IBRD) are two other multilateral creditors who are expected to provide further assistance to the Government during the fourth quarter

¹ Including the SDR allocation of around USD 32m

of 2022, through other budget support programs.² Furthermore, in August 2022, the Government undertook a USD 13m loan from the Trade Development Bank (TDB). The loan was taken to pay the liabilities that Air Seychelles holds with Etihad, in order to release the security on the two twin otter airplanes. Additionally, there were further disbursements under existing project loans during 2022 amounting to USD 5.9m, equivalent to 0.3% of GDP, bringing the total disbursements to USD 28.4m for the aforementioned. Gross external borrowings during 2022 is projected at USD 91.9m (equivalent to 4.7% of GDP) while net external borrowings is projected at USD 53.9mn (equivalent to 2.7% of GDP). Table 1 below shows a breakdown of disbursements from external loans during Jan-Sep 2022.

Table 1: New External Borrowings during January – September 2022

Description	Loan Amount (USD' M)	2022 Disbursement (USD' M)	% of GDP
Exim Bank India- Line of Credit	4.05	0.75	0.0
IMF- EA- EFF ³	107.0	8.7	0.5
Project Loans	64.4	5.9	0.3
TDB	13.0	13.0	0.7
Total		28.4	1.5

Source: MoFNPT, Debt Management Office

Table 2 overleaf captures the major development that happened on the **domestic debt side** in 2022. With the aim of lengthening the maturity of its domestic debt portfolio and reducing the refinancing risks associated with short-term borrowings, the Government issued three sets of T-bonds in each of the first three quarters of 2022 on an auction basis. A total of SCR 1.1bn was issued over the period. The total amount of bond issuance is projected at SCR 1.3bn during 2022, equivalent to the net issuance of SCR 1.3bn. This has helped to reduce the stock of T-bills substantially with the net issuance of T-bills projected to negative SCR 1.2bn in 2022. Overall, gross domestic financing in 2022 is projected at SCR 3.8bn⁴ (equivalent to 13.6% of GDP) and net domestic financing at SCR 120m (equivalent to 0.4% of GDP).

² In the fourth quarter of 2022, USD 20m, USD 25m and USD 9.4m is expected to be disbursed from ADB, IBRD and IMF respectively for specific Budget support program. Additionally, USD 3.5m is expected from IBRD under the existing Social Protection program.

³ Extended Arrangement- Extended Fund Facility

⁴ This amount includes the marketable securities held by CBS

Table 2: New Domestic Borrowings during January - September 2022

Description		Amount (SCR' M)	% of GDP
Treasury Bond Q1	3-yr 2.50% Bond	128.5	0.5
	7-yr 5% Bond	142.6	0.5
	Sub-total	271.1	1.0
Treasury Bond Q2	3-yr 5.75% Bond	166.8	0.6
	5-yr 7.0% Bond	151.3	0.5
	7-yr 8.25% Bond	216.3	0.8
	Sub-total	534.4	1.9
Treasury Bond Q3	3-yr 2.90% Bond	37.7	0.1
	5-yr 4.40% Bond	137.5	0.5
	7-yr 5.90% Bond	119	0.4
	Sub-total	294.2	1.1
Total		1,099.7	3.9

Source: MoFNPT, Debt Management Office

Due to the disruptions in the economic activities caused by the COVID-19 pandemic, the Central Bank of Seychelles (CBS) and members of the Seychelles Bankers Association (SBA) agreed on a credit relief scheme for the large and also the small enterprises in the private sector in 2020. The facility, which was supported by Government **guarantee**, came to an end in March 2022. A maximum fund of SCR 750m was made available for Large Enterprise under the Relief Credit Line Facility, which Government agreed to guarantee 50% of the funds borrowed. For the MSME Private Relief Scheme, an amount of SCR 500m was made available which Government offered a 70% guarantee of the amount borrowed. By the end of September, Government had guaranteed SCR 245m, or 0.9% of GDP, under both schemes, of which SCR 20.8m was disbursed in 2022. Additionally, Government guaranteed DBS a total of SCR 192m, or 0.7% of GDP. The table below illustrates the Government guarantees issued as at the end of September 2022.

Table 3: New Government Guarantees during January - September 2022

Description	Amount Guaranteed (SCR' M)	2022 Disbursement (SCR' M)	Disbursement (% of GDP)
Private Sector Relief Credit Line Facilities			
Large Enterprise	350	9.4	0.03
MSME	375	11.4	0.04
Sub-Total	725	20.8	0.07
DBS Guaranteed Bond⁵			
3.7% Five Years	200	57.2	0.2
4.25% Five Years	150	135.1	0.5
Sub-Total	350	192.3	0.7
Total		213.1	0.8

Source: MoFNPT, Debt Management Office

⁵ Note that SCR 200m was offered as guarantee to DBS. Since the Bond was undersubscribed in March, a second issuance was undertaken to compensate for the shortfall.

Overview of Existing Debt

At the end of September 2022, the total Government and Government guaranteed debt amounted to SCR 17.6bn, equivalent to about 63% of GDP. The majority of the debt stock, 55.8% is in the form of domestic debt whilst external debt accounts for 44.2% of the stock. As illustrated in Table 4 below, the total stock of domestic debt amounted to SCR 9.8bn whilst the external debt stock amounted to SCR 7.8bn. When compared to September 2021, external debt increased by SCR 923m, or 13.5%, associated with disbursements of several budget support as well as a new loan undertaken with Trade Development Bank (TDB). The increase was cushioned by a SCR 754m, or 7.1% decrease in the domestic debt stock as Government continues to service its debt. Overall, the total debt stock increased by SCR 169m, or 1% only. The table below provides a breakdown of the debt stock as at the end of September 2022.

Table 4: Total debt by residency of creditors as at the end of September 2022

Description	2022 (SCR' M)	% of GDP	% Share
Domestic	9,796	35.1	55.8
o.w. Government	9,017	32.4	51.4
o.w. Guarantees	779	2.8	4.4
External	7,761	27.8	44.2
o.w. Government	7642	27.4	43.5
o.w. Guarantees	119	0.4	0.7
Total Debt	17,557	63.0	100.0

Source: MoFNPT, Debt Management Office

The nature of public and publicly guaranteed debt is provided in Table 5 below. The Central Government debt accounts for about 95% of the total debt whilst the Government guaranteed debt accounts for 5.1% of the total debt. In comparison to the previous year, the Government Guaranteed debt observed a slight decrease of SCR 49m, or 5.1%, reflecting a decrease in guarantees issued as previous ones matured.

Table 5: Total debt by Guarantee Status as at the end of September 2022

Description	Sept-2022 (SCR' M)	% Share
Government	16,659 ⁶	94.9
Guarantees	898	5.1
Total Debt	17,557	100

Source: MoFNPT, Debt Management Office

⁶ The figure reflects the actuals as at September 2022. For the MTDS analysis, the forecasted disbursements for Q4 was taken into consideration.

2.1. External Debt Profile

Below is a more detailed summary in regard to the country's external debt stock as at September 2022. The external debt is defined as the outstanding amount of those actual current, and non-contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of the Seychelles economy.

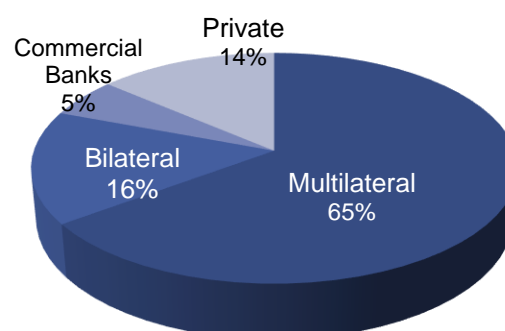
As aforementioned, at the end of September 2022, the total stock of external debt amounted to 44.2% of the total debt stock. In general, the external debt stock observed an increase from SCR 6.8bn from the previous year to SCR 7.8bn. This stems mainly from multilateral and commercial creditors and is reflective of the continuous disbursement of Budget support loans from multilateral creditors- namely IMF, ADB and World Bank. Furthermore, in August this year, the Government took a USD 13m loan from Trade Development Bank (TDB) to repay the Etihad liabilities and release the security on the two twin otter airplanes. Additionally, there has been continuous disbursements under ongoing project loans from some bilateral creditors.

As shown in the table and chart below, outstanding debt to multilateral creditors accounts for the largest share of the total external debt stock, about 65%. Private and Bilateral debt make up for 14% and 16% of the total external debt stock respectively. Debt owed to commercial banks accounts for the smallest share of the total external debt at only 5%.

Table 6: Total External debt by Creditor Category

Description	Sept. 2022 (SCR' M)	% Share
Multilateral	5,035	64.9
Bilateral of which;	1,229	15.8
<i>Paris Club</i>	590	7.6
<i>Non-Paris Club</i>	639	8.2
Commercial Banks	429	5.5
Private	1,068	13.8
Total	7,761	100.0

Figure 2: Percentage distribution by Creditor Category



Source: MoFNPT, Debt Management Office

As indicated in Table 7, loans and securities are the main types of instruments contained in the debt portfolio. Securities account for the smallest share of the external debt stock at 14.6% whilst loans accounts for 85.4%.

Table 7: External Debt by Instrument Type

Description	Sept. 2022 (SCR' M)	% Share
Loans	6,627	85.4
Securities	1,134	14.6
Total Debt	7,761	100

Source: MoFNPT, Debt Management Office

2.2. Domestic Debt Profile

The stock of domestic debt comprises of all debt liabilities owed to residents of the Seychelles economy. As of September 2022, the domestic debt stock amounted to SCR 9.8bn in comparison to SCR 10.6bn as at September 2021, signifying a decrease of 7.1%. The decrease can be attributed to replacing a part of the domestic debt as it matured with external loans despite the issuance of new T-bonds during the year 2022. Securities are the main components of the domestic debt, accounting for about for 87.9% of the domestic debt stock, while loans comprised 10.4%. The securities category is mostly made up of T-bonds, which accounts for 60.5% and T-bills, which represent 23.9% of the total domestic debt profile.

Table 8: Domestic Debt by Instrument Type

Description	Sept. 2022 (SCR' M)	% Share
Loans	1,014	10.4
Securities of which;	8,610	87.9
<i>Treasury Bills</i>	2,339	23.9
<i>Treasury Bonds</i>	5,926	60.5
<i>Deposits</i>	45	0.5
<i>Notes</i>	300	3.1
Other Debt Liabilities	171	1.7
Total Debt	9,796	100

Source: MoFNPT, Debt Management Office

Risk Indicators

Sound risk management, debt and organisational structures are important elements in reducing exposures to risks such as interest risks, currency risks, liquidity risks and operational risks.

3.1. Refinancing Risks

Refinancing risk refers to the risk that the existing debt will have to be refinanced at an unusually high cost or, in extreme circumstances, cannot be refinanced at all. The Average Time to Maturity (ATM), the debt redemption profile of the outstanding debt stock and the percentage of debt maturing within one year, are important measures of the exposure to refinancing risk. These are analyzed below.

3.1.1. Average Time to Maturity

The Average Time to Maturity (ATM) measures the weighted average length of time the debt will mature on the portfolio. The average life of the total portfolio for 2022 is estimated around 4.9 years compared to 4.6 years in 2021. This implies a decrease in the exposure of the debt portfolio to refinancing risk and it reflects Government's strategy to lengthen the maturity of the debt profile hence mitigating the rollover risks. Despite the decrease in T-bills issuance, on the domestic side, there has been a decrease in the ATM compared to last year. This is attributed to previously issued bonds which is getting closer to maturity in the short to medium term. The ATM is about 7.0 years on the external portfolio and it remains more favorable than the domestic portfolio. This is reflective of the structure of the external loans, which tend to have longer maturity.

Table 9: Average Time to Maturity (2021 vs 2022)

ATM (Years)	2021	2022	Diff. (%)
External Debt	6.1	7.0	14.8
Domestic Debt	3.2	2.9	-9.4
Total Debt	4.6	4.9	6.5

Source: MoFNPT, Debt Management Office

3.1.2. Share of Debt Maturing within one year

As can be seen in the table below, about 21.9% of the total debt will mature within one year. This is a slight reduction of about 1.4% compared to 2021, whereby 22.2% of the debt were to mature within one year. This stems primarily from the Domestic portfolio in which a decrease of 1.5% is observed on the debt that will mature and is reflective of the significant reduction in T-bills issuance and more frequent issuance of T-bonds, which has longer maturity.

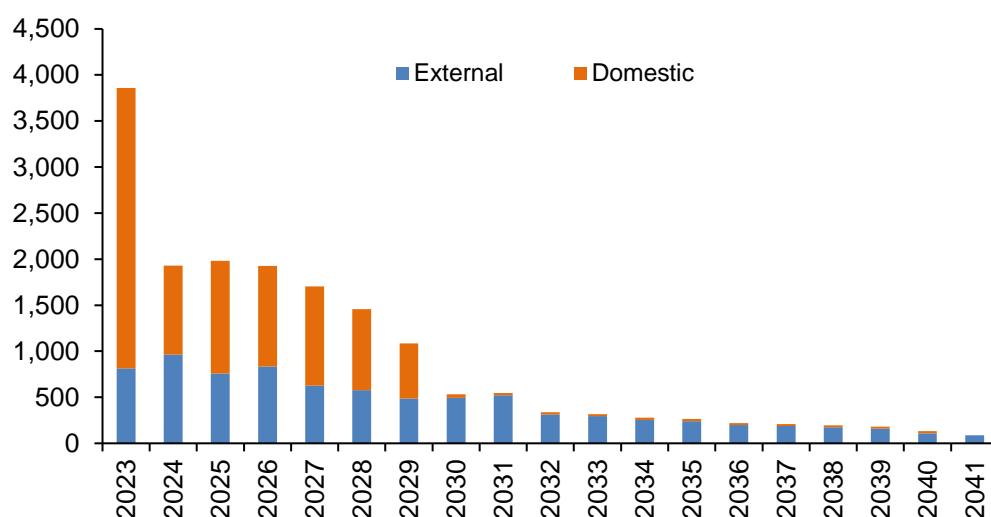
Table 10: Debt Maturing within 1year (2021 vs 2022)

Debt maturing in 1yr (% of total)	2021	2022	Diff. (%)
External Debt	9.2	9.6	4.3
Domestic Debt	33.8	33.3	-1.5
Total Debt	22.2	21.9	-1.4

Source: MoFNPT, Debt Management Office

3.1.3 The Redemption Profile

The debt maturity/ redemption profile shows the total principal payments falling due each year over the life of the portfolio.

Figure 3: Total debt redemption profile

Source: MoFNPT, Debt Management Office

As illustrated in the figure above, about SCR 3.8bn of debt is estimated to be due in 2023⁷. About 31% of the total current domestic debt stock will mature in 2023. The domestic debt redemption profile is more spread out (between 2024 and 2029) compared to the previous year. This is attributed mainly to the high share of short-term instruments, namely T-bills, within the debt portfolio. As part of its debt management strategy, Government remains committed in its efforts to lengthen the maturity of the domestic debt portfolio so that it limits exposures to refinancing risks. The redemption profile for the total debt from 2029 to 2040 closely mirrors that of the external debt profile, which comprises of longer-term instruments. The external debt profile at the prevailing exchange rate indicates low exposure to refinancing risks but could be highly volatile to fluctuations in exchange rate. Only about 10% of the

⁷ Note that this is based on actuals as at end of September 2022 and the forecasts from October to December Ministry of Finance, National Planning and Trade

total external debt is expected to mature by the end of 2023. The total principal repayments is expected to reach its peak in 2024, reflecting amortization of the restructured Paris Club debt. As the Government continues to service its debt, the total repayments are expected to gradually decline from 2027 throughout the life of the portfolio.

3.2. Interest Rate Risks

Interest rate risks refers to the risk of increases in the cost of the debt arising from changes in interest rates. This risk can occur when interest rates on floating rate debt are reset and/or maturing fixed rate debt needs to be refinanced. Indicators of Interest rate risks include the Average Time to Re-Fixing (ATR), the share of debt subject to interest reset within the next year and the share of fixed interest rate debt within the portfolio.

3.2.1. Fixed Rate Debt as a Share of the Total Debt

The share of fixed rate debt within the portfolio is another indicator of interest risks. It indicates the portion of debt that bears fixed interest rate. The higher the share of fixed rate debt, the lower the exposure to interest rate risks. Fixed rate debt accounts for about 44.4% of the external debt portfolio, 94.1% of the domestic debt portfolio and 70.1% of the total debt portfolio.

Table 11: Fixed Rate Debt as a Share of the Total Debt (2021 vs 2022)

Fixed Rate Debt (% of total)	2021	2022	Diff. (%)
External Debt	57.5	44.4	-22.8
Domestic Debt	89.8	94.1	4.8
Total Debt	74.6	70.1	-6.0

Source: MoFNPT, Debt Management Office

The high concentration of T-bills and T-bonds in the domestic portfolio, which by nature bears fixed interest rate, explains the significant difference in terms of fixed rate debt composition between the two portfolios. As illustrated in the table above, the proportion of fixed rate debt has decrease compared to last year and is attributed to the external debt component. This can be explained by the additional disbursements of budget support and the new loans undertaken which bears variable interest rate. The overall percentage indicates low risks to each of these portfolios, especially on the domestic side.

3.2.2. Average Time to Re-Fixing

The Average Time to Re-fixing (ATR) is a measure of weighted average time until all the principal payments in the debt portfolio become subject to a new interest rate. Assessing the proportion of debt that needs re-fixing shows the extent to which the portfolio is vulnerable to a higher funding cost as a result of higher market interest rate.

At the end of 2022, the ATR on the domestic and external portfolio stood at 2.3 and 2.5 years respectively. As can be seen in the table below, the ATR on the total debt portfolio declined from 3.0 years in 2021 to 2.5 years in 2022, equivalent to a 16.7% decrease. The decrease is observed on both the external and domestic side, whereby the latter decreased by 0.1 years, or 3.8%, and the former by 1.1 years, or by 32.4%. This is reflective of the domestic debt redemption profile, whereby there is an increase in fixed interest rate bonds, which is approaching maturity in the short term and due to an increase in the share of floating rate debt for some components of the external debt. The risk on the debt portfolio remains moderately high given the size of the domestic debt portfolio.

Table 12: Average Time to Re-Fixing (2021 vs 2022)

Average Time to Re-fixing (ATR) (years)	2021	2022	Diff. (%)
External Debt	3.4	2.3	-32.4
Domestic Debt	2.6	2.5	-3.8
Total Debt	3.0	2.5	-16.7

Source: MoFNPT, Debt Management Office

3.2.3. Percentage of Debt Re-Fixing within one year

The percentage of debt that needs to be rolled-over within one year out of the total debt is another indicator of interest rate risks. Debt is roll-over because either they are maturing or they are debt with variable rate. Table 13 below summarizes the change in percentage of debt Re-Fixing within one year as at the end of 2022 compared to last year.

Table 13: Percentage of Debt Re-Fixing within one year (2021 vs 2022)

Debt re-fixing in 1yr (% of total)	2021	2022	Diff. (%)
External Debt	49.4	62.8	27.1
Domestic Debt	42.7	38.7	-9.4
Total Debt	45.9	50.3	9.6

Source: MoFNPT, Debt Management Office

About 63% of the external debt and 38% of the domestic debt will be subject to a new interest rate within one year. There has been a 9.4% decrease on the percentage of domestic debt that needs re-fixing in a year. This decrease can be interpreted by the issuance of more T-bonds with longer maturities, which bears fixed interest rates and reduction in stock of T-bills, which are short-term securities. This has helped to reduce the risk exposure on the total debt portfolio despite the high exposure emerging from the external debt. Despite the fact that some IBRD Loans were converted from variable to fixed interest rate as part of the transition from LIBOR to SOFR, the percentage of external debt needing re-fixing within a year increased. This is reflective of the composition of the external debt profile, which are mostly variables/floating hence subject to any changes in market interest rate. To note, the budget support loans as well as the TDB loan all bears variable interest rates component hence explaining the increase in percentage of external debt that needs re-fixing. Additionally, the forecasted loan disbursements in Q4 2022 all bears variable interest rates. The overall risk remains moderately high for this indicator.

3.3. Exchange Rate Risks

Exchange rate risks relates to the risk of increase in the cost of debt arising from changes in exchange rates. Measures of exchange rate risk include the share of foreign currency denominated debt in the total debt portfolio and the ratio of short-term external debt to international reserves. These are summarized in the table below.

Table 14: Foreign Exchange rate risks indicators (2021 vs 2022)

Risk Indicators	2021	2022	Diff. (%)
FX debt (% of total debt)	47.9	48.2	0.6
ST FX debt (% of reserves)	6.9	8.8	27.5

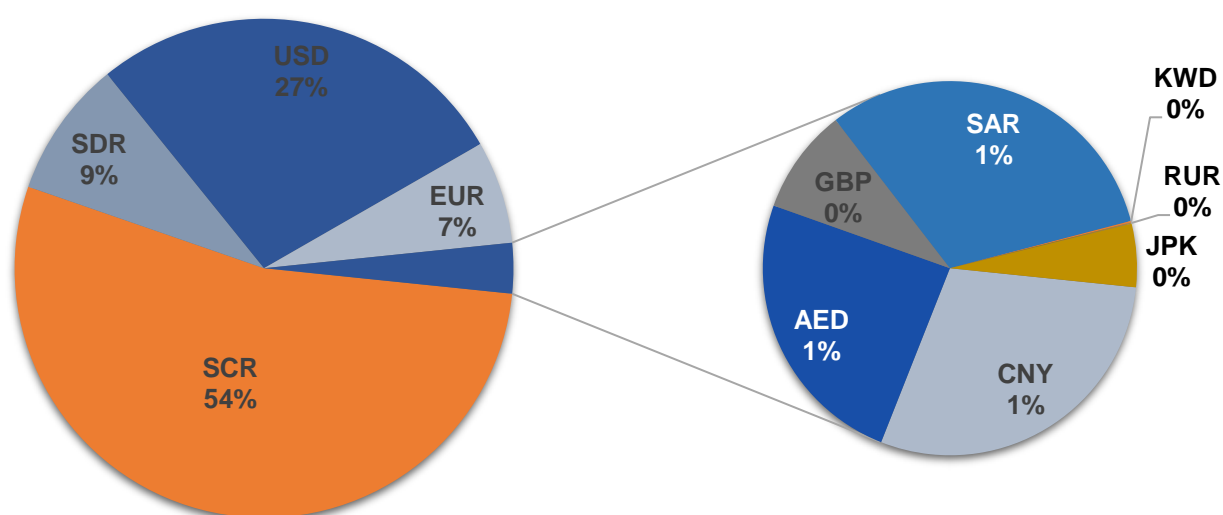
Source: MoFNPT, Debt Management Office

As at the end of September 2022, the percentage of foreign exchange debt represented around 48.2%, a 13.6% increase compared to 2021. This can be explained by an increase in the external debt portfolio following new loans received/disbursed as previously mentioned. The increase in FX debt implies moderate exchange rate risks on the debt portfolio. The share of external debt that will fall due within one-year accounts for only 8.8% of the country's reserves and indicates low FX liquidity risks.

3.3.1. The Currency Composition

The currency composition provides an overall indication of the exposure to exchange rate risks to the portfolios. As shown in **Figure 4**, the total debt stock is made up of four main currencies, which are the Seychelles Rupee (SCR) 54%, United States Dollars (USD) 27%, Euros (EUR) 7% and Special Drawing Rights (SDR) 9%. The composition indicates moderate exchange rate risk. The slight increase in the USD and SDR loans reflects the new loans and additional disbursement from the IMF during 2022 respectively. On the other hand, there has been a 4% decreased in SCR denominated debt in the portfolio compared to last year. Six other currencies forms part of the total debt portfolio composition. These includes the British Pound (GBP), Chinese Renminbi (CNY), Kuwaiti Dinar (KWD), UAE Dirham (AED), Japanese Yen (JPY) and Russian Ruble (RUR) and which together accounts for about 3% of the total debt stock.

Figure 4: Currency Composition as at end of September 2022



Source: MoFNPT, Debt Management Office

3.4. Operational Risks

Operational risks relate to various types of risks including transaction errors in the various stages of executing and recording transactions; inadequacies or failures in internal controls, or in systems and services; reputation risk; legal risk; security breaches; or natural disasters that affect the debt management's ability to pursue activities required to meet the debt management objectives. Some of the main operational risks identified are as follows;

3.4.1. IT Support

The debt management system is supported by only one staff from the Department of Information Technology (DICT). To reduce the risks associated with staff turnover, it is critical that additional IT personnel are also given the necessary training to provide the required support. Additional IT personnel will also help minimize long delays whenever there are issues with the debt management system which prevents the department to perform efficiently and in a timely manner.

In line with IT risks, there is the risk of failure of the database used to administer the loan. The software is managed by the commonwealth secretariat and the necessary back up is ensured on their end. In 2023, the Debt Management Office will be migrating to a new, more user-friendly database. The software will still be managed by the commonwealth secretariat and relevant trainings will be given to both IT and debt management staff. There is the need to ensure that debt office acquires the necessary hardware and training for the migration.

Failure in the core banking system may also result in delayed payments both externally and domestically. The T-bills auction process is undertaken via the core banking system and any issues to the core banking may affect the process. CBS is currently doing the necessary to upgrade its core banking system. This will mitigate any potential risk in the current system and include additional features that will ensure smooth running of the T-bonds process which is currently being done manually outside the core banking.

3.4.2. Paper Based Documentations

Most of the debt management documentations such as loan agreements, bank statements and transactions confirmations are held in paper format. Constraints relating to storage facilities expose these documents to risks of being misplaced or difficulty to locate. Other risks of paper-based documentations include the risks of physical deterioration, risk of total destruction in the event of a fire or natural disaster. To mitigate these risks and to lower the volume of paper used, various longer-term solutions such as digitalization are being adopted. This will be encompassed as part of the Ministry's medium term plan of setting up a proper archive system.

3.4.3. Risk of Fraud

The Debt Management office ensures it settles all debt repayment with the creditors in a timely manner. The creditors always provide their invoice for the office to effect the necessary payment. There is the risk that false invoices are provided by hackers and repayments are made in their account instead. However, this is mitigated by ensuring due diligence process are followed if there is a change of account and also the accounts are cross-checked and ensure it is for the respective creditors. The majority of

creditors have long-time established relationship with the Seychelles and proper historical details of their accounts are kept digitally as well as in hard copies.

3.4.4. Foreign exchange risk

The primary source of foreign exchange in the country is from tourism receipts. Any significant impact on the market will decrease the country's foreign exchange earnings and may constraint the office in settling its debt obligations. This is mitigated by the Central Bank ensuring that the country has adequate reserves to meet all its primary foreign expenditure, which includes debt repayments.

3.5. Cost of Debt

The weighted average implied interest rate gives an indication of the cost of debt on the portfolio. As shown in the table below, the cost of total debt stood lower at 4.2% in 2022 compared to 5.7% in 2021. The weighted average IR is higher on the domestic debt at 5.9% when compared to only 2.4% on the external debt. The IR on the domestic debt has decreased in comparison to last year. This is mostly associated with a significant improvement in investor confidence, lower inflation and an accommodative monetary policy. The average interest rate on the external debt has also decreased. This is mainly due to the favourable interest rate conditions for the budget support loans.

Table 15: Cost of debt (2021 vs 2022)

Weighted Average IR (%)	2021	2022	Diff. (%)
External Debt	3.8	2.4	-36.8
Domestic Debt	7.4	5.9	-20.3
Total Debt	5.7	4.2	-26.3

Source: MoFNPT, Debt Management Office

Part III

The Environment for Debt Management

Seychelles' economy rebounded strongly in 2021 following the 7.7% contraction in GDP. This is partly attributed to the bounced back in tourists arrival as Seychelles opened its borders following the early and widespread vaccination campaign. The tourism sector has proved to be resilient following the pandemic. The strong recovery and the Government's consolidation efforts has lowered the primary budget deficit to only 3% of GDP in 2021 compared to 14.7% in 2020. A primary deficit of only 1.1% is forecasted for 2022. Despite the considerable recovery, outlook remains subject to considerable risks. The Russia/Ukraine crisis poses external risks associated with increase in commodity prices, shocks in the tourism markets or war related disruptions. Additionally, the country remains vulnerable to climate change.

4.1. The Real Sector

With the early roll out of the vaccination campaign and re-opening of the borders, the preliminary figures indicates real GDP growth at 7.9% in 2021. For 2022, economic activities have improve continuously and eventually catching up to the pre-COVID growth trajectory. Real GDP growth is forecasted to reach 10.6% by the end of 2022. This is largely driven by strong performance of the tourism sector supported by the continuous increase in visitor arrivals. Year-to-date tourism arrivals have surpassed that of 2021 as a whole, while total 2022 growth is estimated at 75 per cent, translating into double digit growth for the main tourism sectors and a positive impact on overall economic activity across all productive sectors. Activities in the 'Information and Communication' as well as the Manufacturing sector have been strong in 2022, thus contributing positively to overall growth. However, the uncertainty around the Ukraine-Russian crisis places the economic growth performance to external shocks risks especially in relations to the uncertainty surrounding the global fuel and food prices.

For 2023, GDP growth is projected at 5.4% in line with a stronger 2022 position. Once more, tourism is expected to spearhead the growth of economic activity as the trend of growing visitor arrivals continues. The main activities under tourism such as 'Accommodation and food service' and 'Administrative and support service' sector real growth is estimated to be 15% and 16% respectively. 2023 growth will also be supported by continued strong performance in 'ICT' and steady growth of manufacturing activities, particularly featuring the resurgence of 'manufacturing of fishery products'. Seychelles is expected to

continue along its recovery path with average real GDP growth projections of about 5 per cent over the medium term.

4.2. The Fiscal Sector

For 2022, Government has continued with its consolidation efforts in order to lower the primary budget deficit. The primary deficit is forecasted at only 1.1 % by the end of 2022 compared to the contraction of 3% last year. The significant fiscal effort is driven by a cut down in expenditure of 12% when comparing 2022 over 2020 level and additionally an increase in total tax revenue and grants of 21% over the same period. This, along with sharp recovery in the exchange rate has contributed positively towards slowly reducing the debt to GDP ratio. By the end of 2020, debt stood at almost 90% of GDP and is forecasted to decline to around 68% by the end of 2022. Throughout the pandemic, Government has been able to service its debt obligations. Borrowings have been done cautiously by ensuring that the debt remains on a sustainable path.

For 2023, despite an overall balance of minus SCR 539m, a primary surplus of SCR 330m, or 1.1% of GDP is projected. This will have a positive impact on the debt to GDP ratio, which is anticipated to reduce to even further to around 65% by the end of 2023. The pandemic has impeded Government's target to reduce debt to around 50% of GDP by 2021. However, with the gradual improvement in economic activities and through prudent fiscal disciplinary measures, Government is committed to achieve its pre-COVID objective by 2026.

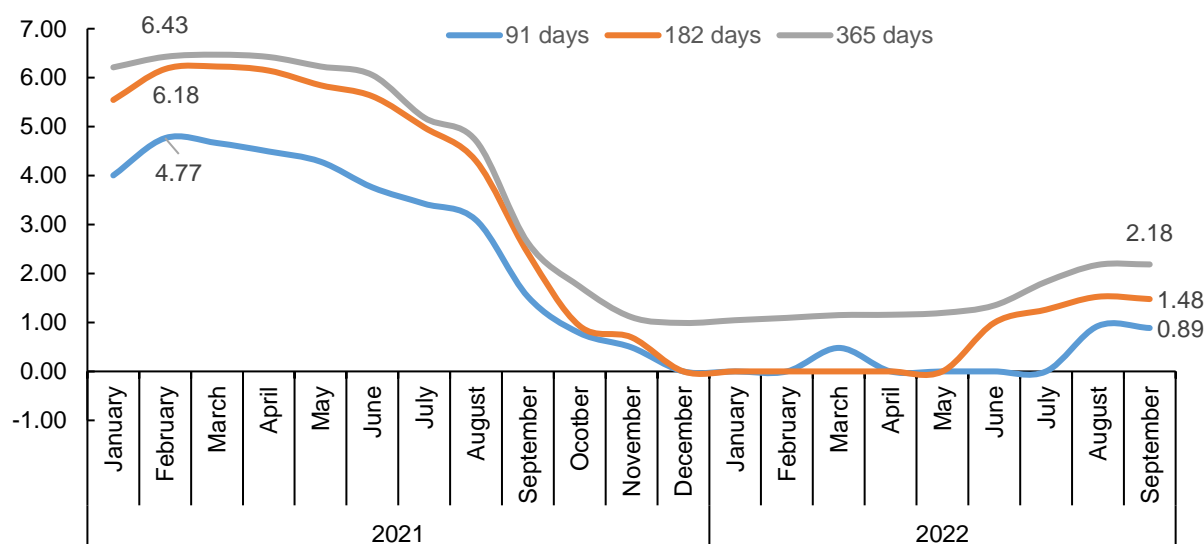
4.3. The Monetary Sector

As at September 2022, the year-on-year and annualised inflation rate stood at 3.0% and 4.1%, correspondingly. An uptick in the average prices of goods and services was recorded as of July 2022. This is partly attributed to the spill-over effect from the rising international fuel and food prices as well as higher freight costs related to shipping and transportation challenges which were further exacerbated by the conflict between Russia and Ukraine.

During 2021, CBS maintained an accommodative monetary policy stance to support the economy as businesses and households faced the effects of the COVID-19 pandemic. Notably, in the third quarter of 2021, there was a structural shift in interest rates and the MPR was set at 2.0%. Consequently, the interest rate on the SDF and SCF was set at 0.5%, and 3.5%, respectively. Throughout 2022, CBS kept the abovementioned interest rates unchanged, to continue supporting the domestic economy, which was facing notable external challenges caused by supply and demand imbalances. These were exacerbated by the conflict in Ukraine and the associated geopolitical tensions.

Following the liability management operations in July 2021, T-bills rate has decrease significantly. In line with the monetary policy stance, short-term market yields remained relatively low for the first half of the year. However, as of July 2022, there were slight increases in Treasury yields due to higher amounts offered by the government to smooth its cash balance in preparation for interest payments on Treasury bonds. As a result, the average yields on Treasury bills stood at 0.89%, 1.58%, and 2.18% on the 91-day, 182-day, and 365-day bills in September 2022. The weighted average cost on domestic bonds declined to 4.4% during the first nine months of 2022 from 7.9% in the previous year. The average interest rate on saving deposits was 1.50%, while the average return on fixed-term deposits stood at 2.09%. Lastly, the average lending rate was 9.09%. The graph below shows changes in the T-bills rate over the 2021 and 2022 period.

Figure 5: Interest Rate on Treasury Bills



Source: Central Bank of Seychelles

Looking ahead, continued support remains essential to encourage economic activity for a more robust recovery. However, if global commodity prices remain elevated, foreign inflationary pressures are expected to filter into the economy. Therefore, mindful of its objectives, CBS may adjust its policies if necessary. Furthermore, potential worsening of supply-side constraints associated with the lingering effects of the pandemic and the geopolitical tensions could lead to further inflationary pressures.

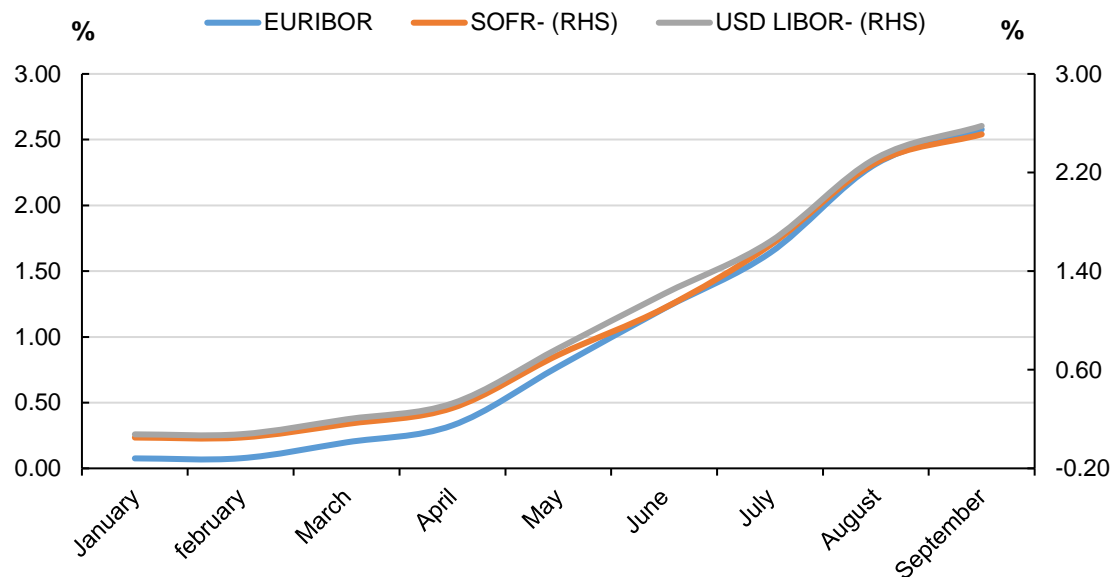
4.4. The External Sector

Preliminary estimates suggest an improvement in the country's external position in 2022 relative to 2021. The current account deficit for the year is projected at 7.2%, compared to a deficit of 11% in 2021. Whilst the cost of imports has increased, partly owing to higher global commodity prices in 2022, the better-than-anticipated performance of the tourism sector has led to a rise in tourism earnings, thus contributing towards an improved balance of payments for the year. Gross international reserves are projected to end the year at USD 648m, equivalent to 3.2 months of imports. This is a decline from the recorded level of USD 702m or 4.8 months of imports cover in 2021. The drawdown in external reserves is mostly to meet external debt obligations.

As per October 2022 WEO, on the global market, there has been an increase in interest rates causing rise in borrowing costs resulting into a slowdown in such economies as the US. Monetary policy tightening has been generally—although not everywhere—accompanied by a scaling back of fiscal support, which had previously propped up households' disposable incomes. Broadly speaking, nominal policy rates are now above pre-pandemic levels in both advanced and emerging market and developing economies. With elevated inflation, real interest rates have generally not yet reverted to pre-pandemic levels. Tightening financial conditions in most regions, with the notable exception of China, reflected in a strong real appreciation of the US dollar. This has also driven up yield spreads for debt-distressed lower- and middle-income economies.

Reference Rate

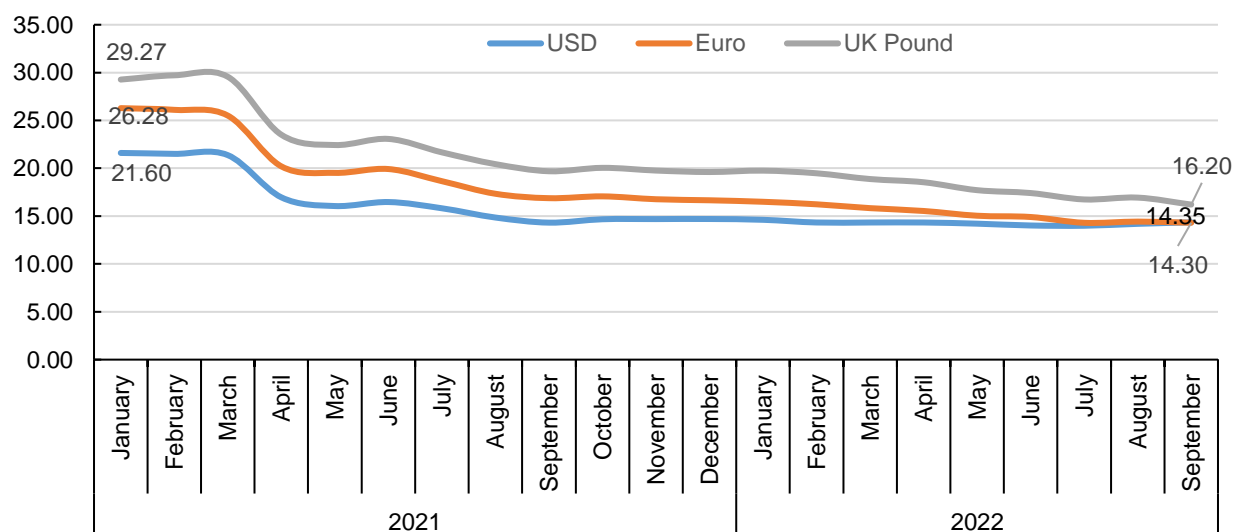
As of January 2022, the USD LIBOR is being gradually replaced by a new reference rate, SOFR. Between January to September 2022, the reference interests' rates have increased significantly. The 6-Months monthly average interest rates on the USD LIBOR and EURIBOR, as well as the SOFR monthly average rate closely mirrors each other as shown in the **Figure 6** below. The rates increased from around 0.5% in January to slightly above 2.5% in September on the aforementioned rates. The increase in interest rate has significantly increase the cost of borrowing.

Figure 6: EURIBOR, USD LIBOR and SOFR Interest Rate

Source: Global Rates

Foreign exchange

As can be seen from the Figure below, after March 2021, the SCR has appreciated significantly in comparison to the three main currencies, namely USD, Euro and GBP. This sharp appreciation in the foreign exchange rate has been mainly due to the strong rebound in tourism arrival from January to September 2022. The appreciation has brought back stability of the Seychelles Rupees and as result implied a lower cost in servicing the debt denominated in those currencies. As at the end of September 2022, the Seychelles Rupee was trading at an average of SCR 14.35 to a USD, SCR 14.30 to a EURO and SCR 16.20 to a GBP respectively.

Figure 7: Foreign Exchange Rate

Source: Central Bank of Seychelles

Sustained foreign exchange inflows are anticipated in 2023 in line with an expected improvement in tourism sector performance. Demand for foreign exchange is projected to rise next year, congruent with elevated international commodity prices, high foreign inflation and increase in domestic public sector salary. As compared to 2022, a relatively weaker rupee is forecasted in 2023.

The Debt Management Strategy Framework

5.1. Debt Management Strategy 2023-2025

This section looks at different strategies to help the Government make an informed decision in terms of Debt Management in the medium term. Government needs to ensure that the Debt remains sustainable thus needs to adopt a strategy that is both cost effective and less risky. Four feasible financing options were evaluated under baseline macroeconomic assumptions for 2023-2025 and shock scenarios to ensure that the most effective debt management strategy is adopted for achieving the desired future debt structure based on cost and risk implications. The 2023-2025 MTDS will guide the Government's borrowing and intends to ensure a well-balanced composition of its debt portfolio in terms of costs and risks.

The Debt Management Strategies for the Seychelles debt portfolio has been guided by the following choices;

- Concessional / semi-concessional / bilateral/ commercial
- External versus domestic financing
- Currency composition
- Short- and long-term maturities
- Variable and fixed rate debt

5.1.1. Alternative Strategies

In what follows, four feasible financing strategies are considered to meet the financing needs. The analysis considers a set of feasible strategies within the current envelope of available external concessional/semi-concessional finance and with respect to the potential of tapping into domestic and international market borrowings. The four strategies reflect different borrowing composition to cover the Gross Financing Needs (GFN) during the MTDS horizon period of 2023-25. Borrowing composition for each strategy varies with respect to the share of multilateral, bilateral and international capital market sources of external borrowings and domestic market financing through T-bills and T-bonds with different tenors. As the strategies exactly cover the GFN during each year, without any over-borrowing/pre-funding or under-borrowing through utilization of financial assets, there is an implicit steady end-year cash balance between end-2022 and end-2025. **Government guarantees is not taken into consideration in this analysis.**

Strategy 1- Reliance on Concessional External Borrowings

Strategy 1 (S1) assumes that the Government will continue to rely on high external concessional financing over the medium-term as was the case in 2021 and 2022. The strategy envisages meeting an average of 25% of GFN through concessional external financing over 2023-25, mainly in the form of budgetary support loans sourced from multilateral and bilateral creditors. However, it is important to note that there could be constraints to this strategy as expectations about bilateral financing may not materialize in the absence of firm commitments. The residual financing from domestic sources is assumed to be met by T-bills and T-bonds in the ratio of 70:30, respectively, with the latter being evenly spread across tenors of 3-, 5- and 7-year bonds. Net external financing under this strategy during this period would amount to an average of 1.7% of GDP while net domestic financing would be negative.

Strategy 2 - Balanced Domestic Borrowing Strategy with Less Reliance on External Financing

Strategy 2 (S2) reflects less reliance on external financing, which is offset by a balanced borrowing strategy from the domestic market. This scenario assumes significant reduction in bilateral budgetary financing, which would be substituted by domestic market issuances - between T-bills and T-bonds in the ratio of 45:55. Net bond financing would increase to about 4.4% of GDP in 2023 compared to 0.9% of GDP in S1, while external financing would decline significantly. This strategy is considered under the assumption of an increase appetite for T-bonds.

Strategy 3 - International Sovereign Bond Issuance

Under this strategy (S3), the reduction in concessional external financing is offset by issuance of a sovereign bond in the international market. As in S2, there is a significant reduction in bilateral financing, along with a reduction in project loans. The option of international bond issuance has been considered in this strategy for an amount of about USD 200m, offsetting the decline in external concessional financing that is expected in 2024 and beyond following the completion of the EFF program in 2023. The residual domestic market financing is distributed in the ratio of 60:40 between T-bills and T-bonds, respectively.

Strategy 4- Greater focus on domestic market development towards shorter maturities

Strategy 4 (S4) envisages relatively more domestic market issuance with a focus toward shorter-term bonds. Although this strategy experiences a reduction in concessional external financing (similar to S3), it deviates from S3 by relying exclusively on domestic market financing to cover the financing gap. The residual financing from domestic sources in this strategy is assumed to take place with an equal mix between T-bills and T-bonds. Since the investor base is dominated by banks, absorption capacity would be tilted towards the relatively shorter-end of the yield curve. Net external financing will be the lowest under this strategy while net domestic financing will be the highest. Net Domestic issuance is projected

at an average of 0.7% of GDP, compared to 0.5% of GDP in S2. At the same time, in comparison to other strategies, net issuance of T-bills would decline the least under this strategy.

5.1.2. Analysis of the Alternative Strategies

Cost-risk indicators

The table below summarizes the estimated forecast for the debt to GDP ratio for 2023-2025. Note that the forecast is based on the best information available at the time of publication in line with the macro assumptions adopted by the Ministry of Finance, National Planning and Trade's for the 2023 Budget. The estimates are based on a range of economic and other parameters. In comparison to the MTDS analysis, the ratios covered under this section includes the guarantees and consistent with the IMF forecasts by taking into consideration the SDR allocation.

As can be seen, the debt to GDP ratio will gradually reduce over the medium term to reach about 55.3% of GDP by 2025. This will be achieved through the attainment of sustainable fiscal surpluses over the medium-term and steady economic recovery. Borrowings will be done through a mixture of external and domestic borrowings as per strategy adopted following the MTDS analysis, being cautious of the risks on the portfolio as highlighted in the debt strategies in the previous section.

Table 17: Debt to GDP Forecast 2023-2025 **Table 16** presents the risk indicators associated with the different proposed strategies. The MTDS exercise points to a reduced public debt burden across all strategies under the baseline scenario in-line with the objectives of Government's debt strategy. The debt-GDP ratio is expected to decline over the end-2022 level by an average of 11.8 percentage points of GDP to a level of around 51.5% – 52.1% of GDP at the end of 2025 across all strategies. The debt reduction is mainly due to fiscal consolidation and economic growth expected during this period and it does not take into consideration any guarantees in the baseline analysis.

Assessing the cost and risk indicators, the presented strategies provide an implied portfolio interest rate lower than the current implied rate, with the exception of S3. Under this strategy, the higher implied rate is attributed to the higher cost of international Bonds borrowings whilst S1 shows the lowest implied rate given the heavy reliance on concessional external debt financing considered under this scenario. All strategies analysed shows a decline in the interest payment over the medium term.

The refinancing risks is projected to be more favorable under all strategies. This is reflective to the nature that the strategies were considered and developed with the aim of lengthening the debt profile. The ATM on the overall portfolio increases to an average of 8.6 years under all strategies. S1 provides the longest ATM of 9.0 years on the external portfolio and this is attributed to the larger proportions of concessional and semi-concessional loans under external debt with long maturities of between 25 and

40 years. S3 carries the shortest ATM of 8.0 years with notable difference in the ATM on the external portfolio compared to the other strategies.

Looking at the interest rate risk, although the ATR increases across all strategies, the increase is lowest under S4 with the ATR at 3.7 years compared to the other strategies offering above 5 and even 6 years in having to re-fix the interest rate. As such, the percentage of debt that needs re-fixing in 1 year is higher than the other strategies. S3 provides the lowest percentage of debt that will need re-fixing in a year, at 37.7%. Similarly, the share of fixed rate debt for S3 is higher by 0.8, 6.5 and 7.2 percentage points of total debt compared to S2, S1 and S4 respectively.

The higher share of domestic financing under the other strategies compared to S1, results in lower currency risk and moderately lower interest rate risk. The shares of foreign currency debt at the end of 2025 for the aforementioned strategies ranges 45.8%-47.3% of total debt, compared to 53.1% under S1.

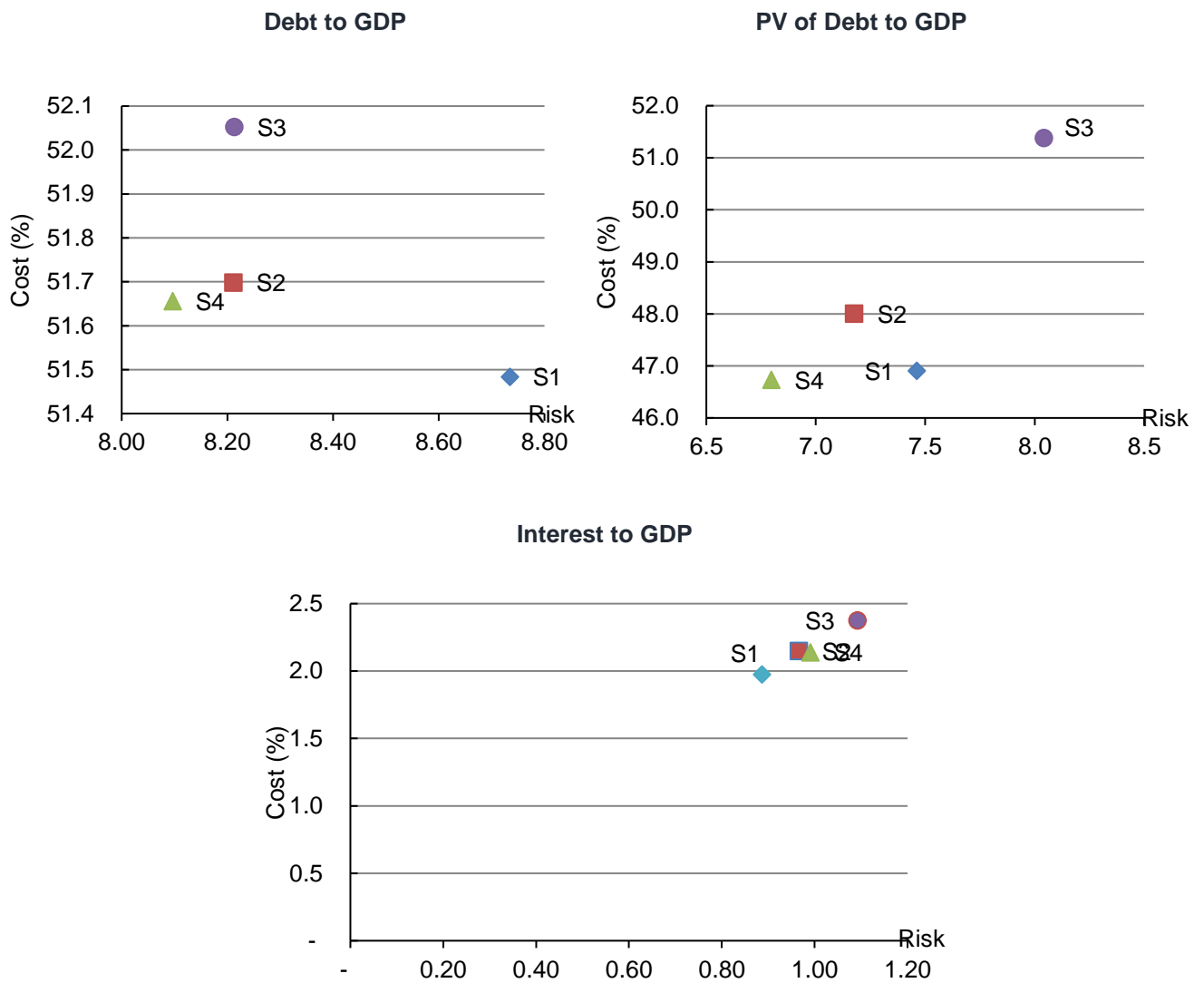
Table 16: Cost Risk Analysis of Strategies as at end of 2025

Risk Indicators		2022 Current	S1	As at end FY2025		
				S2	S3	S4
Nominal debt as percent of GDP		63.5 ⁸	51.5	51.7	52.1	51.7
Present value debt as percent of GDP		63.5	46.9	48.0	51.4	46.7
Implied interest rate (%)		4.2	3.8	4.1	4.5	4.1
Refinancing risk	ATM External Portfolio (years)	7.0	11.2	11.4	9.9	11.1
	ATM Domestic Portfolio (years)	2.9	5.2	6.1	5.9	5.9
	ATM Total Portfolio (years)	4.9	9.0	8.8	8.0	8.5
Interest rate risk	ATR (years)	2.5	5.5	5.9	6.2	3.7
	Debt refixing in 1yr (% of total)	50.3	45.2	44.9	37.7	47.1
	Fixed rate debt incl T-bills (% of total)	70.1	47.1	52.8	53.6	46.4
FX risk	FX debt as % of total	48.2	53.1	47.3	45.8	46.0
	ST FX debt as % of reserves	8.8	6.2	6.2	6.2	6.2

Source: MTDS Tool, Debt Management Office assumptions

Figure 8 overleaf shows the cost-risk indicators associated to the different strategies. As can be observed, S1 is superior to all strategies closely followed by S4 in reference to the depicted indicators. Under S1, the debt to GDP ratio will be lower in 2025 compared to the other strategies as well as the PV of debt with a low risk exposure. The interest cost will also be lower given the nature of the financing strategy.

⁸ This excludes Guarantees and the SDR allocation at CBS.

Figure 8: Cost-Risk Indicators as at the end of 2025

Source: MTDS Tool, Debt Management Office assumptions

Shocks

It is important to note that the MTDS illustrates the impact of some shocks applied on the exchange rate and interest rates to assess the sensitivity of changes in market rates on the debt portfolios that result from implementing the different debt strategies. For the purpose of the analysis two specific shocks are considered throughout the risk analysis. One on the exchange rate and one on the interest rate.

On the **exchange rate**, two shocks are analysed as follows;

- moderate shock; an additional depreciation (on top of the depreciation assumed in the baseline) of 15% in 2024, which is applied in combination with the interest rate shock;
- extreme shock: a depreciation of 30 percent in 2024.

For the **interest rate** two shocks are also analysed as follows

- moderate shock: it is assumed that there is an increase of external and domestic interest rates of 200 bps over the period 2023-25. This shock will affect external (variable rate) as well as domestic debt.
- extreme shock (stand-alone): in this shock, the interest rate increase is 400 bps. Finally, it is assumed that given the size of the shock, official external creditors adjust the cost of lending by increasing the concessional rate by 100 bps (on average) for fixed-rate loans to adjust their funding cost based on a sharp market re-pricing.

A combined moderate shock on exchange rate and interest rate was applied to capture the impact on the debt portfolio.

Other strategic considerations

In addition to cost-risk considerations, macroeconomic and financial market implications associated with specific strategies are also important in identifying the preferred strategy.

Given that Seychelles is a high-income country, accessing adequate concessional finance as implied in S1 may be limited. Therefore, the Government may need to rely more on market financing, both domestic and international in the medium term. This will be especially relevant when the IMF program comes to an end. Additionally, absence of firm commitments from bilateral credits is another cause of concern.

The strategies analyzed do not consider any change in the end-2022 Government cash balance. Any reduction in the current level of cash balance would imply a lower level of residual domestic financing and vice versa. The minimum cash balance is currently set at SCR 300m, around 1.1% of GDP. Changes in the cash balance will influence the domestic financing component of the adopted strategy.

Ministry of Finance, National Planning and Trade

Furthermore, the preferred strategy aims to strike a balance between required level of T-bills available in the market and the maximum threshold of refinancing risk that the Government can endure. Given the relatively under-developed money market and the systemic importance of T-bills for liquidity management by banks, there is a need to maintain a minimum stock of T-bills in the market. Until the time the money market benefits from the development of an active inter-bank market, it may be imperative to support the T-bills supply.

The recent injection in supply of T-bonds could have implications for market absorption capacity due to maturity mismatches in banks' balance sheet. Future pick-up in demand for private sector credit could result in lower capacity to absorb longer-term bonds, especially when there is no secondary market for bonds and repo facilities. However, the non-banking sector could provide channels for additional demand of T-bonds. Future issuance of longer-term bonds could be supported by the recent reforms in asset reallocation by the national pension fund, with its intended policy to reduce its exposure to real estate assets. In addition, there has been significant retail demand for Government bonds.

Seychelles economy is highly dependent on the Tourism industry hence subjected to externally induced shocks arising from the global economy. This can have significant impact on the exchange rate. It may therefore be preferable to have local currency debt to mitigate exchange rate risks as implied by S2 & S4.

Conclusion

There is no clear alternative strategy that is the best under all cost-risk indicators. Mitigation of exchange rate risk would suggest that strategies S4 and S2 are preferred. However, should lower refinancing risk be the priority, then strategies S3 and S1 deliver better results. On the other hand, in terms of interest cost and better redemption profile, S1 would be preferred. However, access to concessional external financing may be limited and will need further negotiations and firm commitments from the creditors.

Looking at it deeper, both S3 and S4 could be good strategies especially with the retrenchment of external concessional finance from 2024 and the debt portfolio tends to be more resilient to the macro-fiscal shock. Given that S3 has higher budgetary risk, exchange rate shock and entails greater risk on the debt-to GDP ratio, S4 is the preferred and hence will be adopted for debt management by the Government for 2023-2025 with the aim of reducing public debt sustainability risk.

On the domestic side, the aim is to initiate a regular bond issuance plan through the auction mechanism and gradually reduce the T-bills issuances to around 4%-6% of GDP by 2025 thus improve the refinancing risks. Bond issuance will be supported by initiating trading reforms in Government securities. Initial discussion has started with the relevant stakeholders in order to have the necessary frameworks in place to make available such facility. The increased reliance on domestic bond financing will

contribute to financial market development. Additionally, there is the need to ensure that there is a right balance in the Stock of T-bills for banks' liquidity management needs.

The proposed debt strategy will depend on firm fiscal discipline in order to achieve the necessary surpluses accompanied by steady economic recovery. The implementation of the MTDS will be supported by the publication of the Annual Borrowing Plan along with an auction calendar for all Government securities to help market participants plan their liquidity management and reduce uncertainty. Additionally, there will be interagency coordination, on a quarterly basis, at a high level, between the Ministry of Finance and Central Bank through the existing National Public Debt Management Committee to determine the quarterly borrowing plan.

Public Debt to GDP forecast 2023-2025

The table below summarizes the estimated forecast for the debt to GDP ratio for 2023-2025. Note that the forecast is based on the best information available at the time of publication in line with the macro assumptions adopted by the Ministry of Finance, National Planning and Trade's for the 2023 Budget. The estimates are based on a range of economic and other parameters. In comparison to the MTDS analysis, the ratios covered under this section includes the guarantees and consistent with the IMF forecasts by taking into consideration the SDR allocation.

As can be seen, the debt to GDP ratio will gradually reduce over the medium term to reach about 55.3% of GDP by 2025. This will be achieved through the attainment of sustainable fiscal surpluses over the medium-term and steady economic recovery. Borrowings will be done through a mixture of external and domestic borrowings as per strategy adopted following the MTDS analysis, being cautious of the risks on the portfolio as highlighted in the debt strategies in the previous section.

Table 17: Debt to GDP Forecast 2023-2025

Indicator	2022 Est.	2023	2024	2025
Debt to GDP (%)	67.9	64.6	60.3	55.3

Source: MoFNPT, and IMF Tables

Based on the latest macro-economic indicators and forecasted fiscal position - taking into consideration the guarantees and new borrowings in 2022- analysis on the debt dynamic shows a gradual reduction of debt to GDP ratio over the medium-term to reach about 50% by 2026; in line with the pre-COVID target. This will be primarily driven by strong real GDP growth, and positive primary balances through prudent fiscal discipline and measures over the medium term will be the other key contributor towards achieving this target.

SECTION 4

Public Enterprises Consolidated Medium Term Financial Projections and Risks Analysis for the Year 2023-2025

Consolidated Medium Term Financial Projections and Risks Analysis

Public Enterprises of the Government of Seychelles

For the Year 2023 to Year 2025

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Abbreviations and Acronyms

AFD	Agence Française de Développement
AS	Air Seychelles Limited
BADEA	Arab Bank for Economic Development in Africa
BDRI	Bois de Rose Investment Ltd
DBS	Development Bank of Seychelles
EIB	European Investment Bank
FSA	Financial Services Authority
GICC	Green Island Construction Company Limited
GTIC	Green Tree Investments Company Limited
GoS	Government of Seychelles
HFC	Housing Finance Company Limited
IDC	Islands Development Company Limited
L'UE	L'Union Estate Limited
NISA	National Information Services Agency
PDEE	Paradis des Enfants Entertainment Limited
PE	Public Enterprise
PEMC	Public Enterprise Monitoring Commission
PMC	Property Management Corporation
PS	Petro Seychelles Limited
PUC	Public Utilities Corporation
SCAA	Seychelles Civil Aviation Authority
SCB	Seychelles Commercial Bank Limited
SCR	Seychelles Rupee
SEYPEC	Seychelles Petroleum Company Limited
SFA	Seychelles Fishing Authority
SIMBC	Seychelles International Mercantile Banking Corporation Limited (Nouvobanq)
SPA	Seychelles Ports Authority
SPF	Seychelles Pension Fund
SPGA	Seychelles Parks and Gardens Authority
SPS	Seychelles Postal Services Limited
SPTC	Seychelles Public Transport Corporation
STC	Seychelles Trading Company Limited
SSI	Société Seychelloise d'Investissement Limited
USD	United States Dollar
2020 Dev	2020 Development (Seychelles) Limited

1 Introduction

1.1 Purpose

Pursuant to the Section 25(e)(vi) and (viii) of the Public Finance Management Regulations-2014, and Section 39 of the Public Enterprises Monitoring Commission (PEMC) Act-2013, this report is being produced by the PEMC to compile and submit Medium Term Financial Strategy of Public Enterprises (PEs) for the Financial Year 2023 to 2025.

1.2 Scope

This report provides information pertaining to the past, current and projected Financial Position, Financial Performance and Cash Flow of the PEs for the year 2019 to 2025.

This report intended to capture information of Projected Financial Statements (Budget Documents) of all PEs (i.e. 30) for the year 2019 to 2025 subject to the exclusions given below. List of all PEs operated in 09 Sectors in which the Government of Seychelles (GoS) has invested its Financial Resources are given in the “Annexure 1” of this report.

1.3 Exclusions

Financial Position, Financial Performance and Cash Flow of below mentioned entities are not included in this report under the below mentioned grounds.

Ser. No	Name of the PE	Grounds for Exclusion
01.	DBS	As per the Statutory Instrument S.I. 32 of 2022, , All Public Enterprises engaged in Financial Operations were excluded from the preview of the PEMC
02.	HFC	
03.	SCB	
04.	SIMBC	
05.	PMC	PEs did not submit its Projected Financial Statements (Budget Documents)
06.	SPGA	
07.	PDEE	
08.	2020 Development Company (Seychelles) Ltd	
09.	Seychelles Patriot	Incorporated in their Group Financial Projections (Budget Documents)
10.	Seychelles Progress	
11.	Seychelles Pioneer	
12.	Seychelles Prelude	
13.	BDRI	
14.	SSI	Winding-up process/close down

1.4 List of Public Enterprises and Subsidiaries

Public Enterprise	Subsidiaries	Sub-subsidiary
Seychelles Public Transport Corporation		
Property Management Corporation		
Air Seychelles Ltd	Airport Equipment Services Ltd	
Seychelles Civil Aviation Authority		
Seychelles Ports Authority		
Islands Development Company Ltd	Green Island Construction Company Ltd	Green Tree Investment Company Ltd
Seychelles Petroleum Company Ltd	Seychelles Progress Ltd	
	Seychelles Patriot Ltd	
	Seychelles Pioneer Ltd	
	Seychelles Prelude Ltd	
Petro Seychelles Ltd		
L'Union Estate Ltd		
Public Utilities Corporation		
Seychelles Parks and Gardens Authority		
Seychelles Postal Services Ltd		
Seychelles Trading Company Ltd	Bois De Rose Investment Limited	
Société Seychelloise d'Investissement Ltd		
Paradis des Enfants Entertainment Ltd		
Seychelles Pension Fund	Opportunity Investment Company Ltd	
Financial Services Authority		
2020 Development (Seychelles) Ltd		
National Information Services Agency		
Seychelles Fishing Authority		

2 Analysis Fiscal Risk Elements of PEs

2.1 Macro-Economic Risk Exposures of PEs

Macroeconomic changes can impact the PEs' financial performance, position, and relationship with the National budget in terms of taxes and dividends paid into the budget and funding requested from the budget. The impact of macroeconomic changes on PEs will depend on the nature of their activities and their capacity to sustain such uncertainties.

PE	Risk Exposures						
	Oil Price	Exchange Rate	Interest Rate	Credit Availability	Tourism	Housing Prices	Inflation
AS	x	x	x	x	x		x
BDRI			x	x			x
DBS		x	x	x	x	x	x
FSA		x	x	x			x
GICC	x	x	x	x	x	x	x
GTIC			x	x		x	x
HFC		x	x	x	x	x	x
IDC	x	x	x	x	x	x	x
I'UE	x	x			x		x
NISA	x	x	x	x			x
PDEE							x
PMC			x	x		x	x
PS	x	x					x
PUC	x	x	x	x	x	x	x
SCAA	x	x	x	x	x		x
SCB		x	x	x	x	x	x
SEYPEC	x	x			x		x
SFA	x	x			x		x
SIMBC		x	x	x	x	x	x
SPA	x	x	x	x	x		x
SPF		x	x			x	x
SPGA	x				x		x
SPS	x	x			x		x
SPTC	x						x
SSI	x	x	x	x	x	x	
STC	x	x	x	x	x		x
2020 Dev	x	x	x	x		x	x

2.1.1 Oil prices

PEs whose operations have a large component relating to the supply or use of petroleum products will be directly impacted by a significant rise in oil price, for example, the Seychelles Petroleum Company Ltd (SEYPEC), Air Seychelles Ltd, Public Utility Corporation (PUC) and the Seychelles Public Transport Corporation (SPTC).

2.1.2 Exchange Rate

The principal currency exposures of the PEs are the United States (U.S.) Dollar, the Euro and the British Pound Sterling. PEs whose part of operation and transactions are performed in foreign currencies are directly exposed to the volatility of the exchange rates.. At December 31, 2021 approximately 77% (SCR2.8 Bn.) of PE debt was denominated in foreign currency, of which 59% (SCR2.1 Bn.) in U.S. dollar, and 18% (SCR 659 Mn.) in Euro.

2.1.2.1 Public Utilities Corporation (PUC)

PUC is exposed to exchange rate risk arising from the acquisition of supplies and capital projects denominated in currencies other than its functional currency, the Seychelles Rupee. PUC's primary currency exposures are the Euro, the US Dollar, the Singapore Dollar, the South African Rand and the British Pound Sterling. For the year 2021, 90% of the total debt of PUC was denominated in foreign currency (2020; 96%). The appreciation of the Seychelles Rupee caused PUC's total debts to decrease from SCR 1.9bn in 2020 to SCR1.4bn in 2021. Foreign currency differences on PUC's borrowings amounted to –SCR 595 Mn. (2020; SCR 726.2Mn.) (2019; SCR24.2 Mn.)¹.

2.1.2.2 Seychelles Civil Aviation Authority (SCAA)

SCAA is exposed to exchange risk from its operating activities when revenue, expense and borrowings in denominated in foreign currency. In 2021, SCAA obtained a loan of USD5Mn. from the SIMBC (Nouvobanq) for the acquisition of capital investment equipment.. SCAA received a loan amount of SCR 33 Mn. during the year 2021 which decreased by SCR2.8 Mn. due to foreign exchange differences².

2.1.2.3 Development Bank of Seychelles (DBS)

The Government is exposed to exchange rate risk arising from DBS' borrowings that are denominated in foreign currency. DBS has an agreement with the Ministry of Finance, National Planning and Trade (MoFNPT), stating that net foreign exchange losses arising on loan facilities will be reimbursed by the latter. DBS reported foreign exchange gain on its borrowing of SCR70.5 Mn. for 2021, compared to a foreign exchange loss of SCR 62.5 Mn. for 2020. DBS' indemnity agreements with the Government for on-lent debt comprises amounts in Seychelles Rupees; consequently, the Government is directly exposed to exchange rate risk with the lender.

2.1.2.3 Seychelles Port Authority (SPA)

SPA's activities are exposed to exchange rate risk with respect mainly to the US Dollars and the Euro as it requires foreign exchange to develop its infrastructure and acquisition of property and equipment which are met through the surplus from foreign currency income and support of the Government of Seychelles. SPA obtained a loan from the Agence Française de Développement (AFD) which is part of the European Investment Bank (EIB) as a support for upgrading and expanding the Seychelles commercial port, the Mahe Quay. The amount first drawdown of EUR0.5Mn. is from the AFD loan. The total loan decreased from SCR 13 Mn. in 2020 to SCR 4.7Mn. in 2021 due to the foreign exchange difference of –SCR 4.8 Mn. (2020; SCR 5.2 Mn.)³.

¹ PUC AFS 2021, note 10, pg. 28.

² SCAA AFS (Prov.), note 14, pg. 37.

³ SPA AFS 2021, note 13, pg. 32.

2.2 Risks on Government Expenditures

2.2.1 Quasi-Fiscal Activities (QFA)

A QFA is defined as an activity conducted by a PE on behalf of the Government for which it is not compensated. QFAs may be imposed on PEs through pricing or other types of regulations.

QFAs can negatively impact the financial performance of PEs and reduce income that the Government would receive from them. They can lead to recurring losses and underinvestment by PEs, which may impact economic growth. PEs that are in a weak financial position may require government support to continue the service provision for the QFA, for example, through capital injection, subsidies or debt restructuring. Lack of transparency surrounding QFAs may also be an incentive for PE management to justify underperformance, notably in regulated sectors with no private sector peer for benchmarking.

PE	Description QFA	Annual effect for SOE SCR. Mn.	Compensation from the budget
Air Seychelles Ltd	Charging prices below market level for the resident fares on the domestic operation	14.3	-
L'Union Estate Ltd	Excavating red soil for sale to the people of La Digue at SCR200 per truck.	0.3	-
	Low-priced sewage pumping services to the community of La Digue due to lack of sewage pumping services on the island.	0.1	-
Public Utilities Corporation	Charging prices below market level	251.4	-
	Revenue loss (gain) to PE due to Photovoltaic (PV) energy penetration	6.0	-
Seychelles Civil Aviation Authority	Maintenance XRAY Machine located at Cargo-Customs	0.1	-
	Maintenance XRAY Machine located at Customs Immigration	0.1	-
	SRC Customs Building	0.4	-
	MET Land Lease	1.2	-
	SEYPEC Land Lease	0.3	-
	Inadmissible passenger (INAD) facility at new domestic terminal	0.1	-
	Electricity at Met office	1.0	-
	Electricity at Customs	0.4	-
Seychelles Petroleum Company Ltd Group	Selling petroleum products on other islands at the same price as on Mahe	49.2	-
Seychelles Ports Authority	Derogation for the usage of Ramp on Praslin	0.5	-
	Rental Relief	0	-
Seychelles Public Transport Corporation	Charging prices below market level	88.7	70.0
Total		413.9	70.0

2.2.2 Subventions

SCR Mn.

PE	Actual (AFS)			Budget				
	2019	2020	2021	2022		2023	2024	2025
				Initial	Revised			
AS	35.4	263.7	124.1	95.5	208.2	-	-	-
SPS	3.5	13.5	15.0	8.0	8.0	6.0	4.0	4.0
SPTC	53.2	79.8	70.0	38.2	49.3	36.9	29.8	32.3
IDC	-	32.1	-	-	-	-	-	-
NISA	-	2.1	-	-	-	-	-	-
L'Union Estate	-	10.2	9.4	-	-	-	-	-
SFA	-	16.8	-	-	-	-	-	-
STC	-	20.0	-	-	-	-	-	-
SPGA	-	11.1	14.3	7.3	7.3	-	-	-
Total	92.1	449.3	232.8	149	272.8	42.9	33.8	36.3

Source: Financial Planning and Control Division of MoFNPT

SPS and SPTC are indicated to receive financial support in the form of subventions from the Government for the year 2023 amounting to a total of SCR 42.9.Mn.

SPS will receive an amount of SCR6Mn. to support its operations compared to SCR15Mn. received in 2021 as financial support from the Government to cover salaries.

Government support of SCR 36.9Mn. for the year 2023 has been proposed for SPTC in order to support its operations compared to SCR 70Mn. received in 2021. As of 1st October 2021, bus fares increased as part of SPTC's structural reform to help it to sustain its operations and be more viable, through being less dependent on government subsidies. Commuters will pay SCR10 cashless using a travel card and SCR12 cash transactions as approved by the Cabinet.

2.2.3 Capital Grants

SCR. Mn.

PE	Actual (AFS)			Budget				
	2019	2020	2021	2022		2023	2024	2025
				Initial	Revised			
SPTC - Domestic Financing	14.5	1.6	2.0	14.5	14.5	14.5	14.5	14.5
SPTC - Foreign Financing	12.3	-	-	31.8	20.2	21.4	21.6	21.5
PMC	50.0	83.3	60.2	62.8	62.8	52.8	52.8	52.8
PUC - Local	60.0	61.0	40.0	60.0	60.0	60.0	60.0	60.0
PUC - Foreign	-	-	-	-	-	-	34.7	33.1
SPGA	-	-	-	-	-	-	2.9	0.15
Total	136.8	145.9	102.2	169.1	157.5	148.7	186.5	182.1

Source: Financial Planning and Control Division of MoFNPT

In addition to the subvention requirements, other PEs, namely SPTC, PUC, PMC and SPGA may require financial support from the Government in the form of capital grants.

PUC receives an annual Government grant for infrastructure development, which amounted to SCR 60Mn. in the 2021 amendment budget. For 2023, PUC's capital expenditure budget amounts to SCR 360.1Mn. PUC will have to commit funds to its capital investment from its resources for the year 2023 amounting to SCR 300.1Mn. PUC will have to commit funds to its capital investments from its own resources amounting to SCR 161.8Mn. and the funding deficit amounts to SCR 138.3Mn.

2.2.4 Contingent Liabilities (Explicit)

Explicit contingent liabilities refer to the legal obligation or announced policy that the Government will provide support in specific circumstances. The two types of explicit contingent liabilities for the Government at the end of 2021 are as follows.

Risk Parameter	Loans Granted By Government To PEs	Other Government Guarantees Granted to PEs		Risk Parameter	Loans Granted By Government To PEs	Other Government Guarantees Granted to PEs
AS				SCB		
BDRI				SEYPEC		
DBS	x	x		SFA		
FSA				SIMBC		
HFC		x		SPA		x
IDC	x			SPGA	x	
L'UE				SPF		
NISA		x		SPS		
PS				SPTC		
PDEE				SSI		
PMC				STC		
PUC	x	x		2020 Dev		
SCAA						

2.2.4.1 Loans Granted by Government to PEs

Loans granted by the Government to PEs are contingent liabilities since the Government would not recover the amounts outstanding if the PEs are unable to service their loans.

SCR. Mn.

	Actual	Actual	Actual	Budget	Revised	Proposal	Proposal	Proposal
	2019	2020	2021	2022	2022	2023	2024	2025
Net lending								
PUC On-lending	179,7	135,9	74,1	264,6	198,6	255,2	144,1	67,6
PUC Repayments	(12,7)	(16,8)	(97,1)	(76,4)	(64,4)	(67,2)	(79,5)	(79,7)
PUC On-lending-Infrastructure Development			-			10,0	34,3	38,0
DBS -On-lending	(13,2)	50,0	95,0	-	-	-	-	-
DBS - Repayments		(17,4)	(24,6)	(61,8)	(46,9)	(53,2)	(57,1)	(60,3)
STC - On Lending		-	-	-	-	-	-	-
STC		-	-	-	-	-	-	-
SFA -On lending		-	-	-	-	-	-	-
SFA -repayments		-	-	-	-	-	-	-
SPGA- On Lending		-	-	-	-	-	-	-
SPGA -repayments		-	-	-	-	-	-	-
IDC - On-lending		18,0	-	-	-	-	-	-
IDC -repayments		(2,0)	(6,0)	(6,0)	(6,0)	(4,0)		
Total	153,8	171,7	53,4	132,4	93,3	148,8	41,8	124,9

Source: Financial Planning and Control Division of MoFNPT

2.2.4.2 Government Guarantees Granted for Public-Private Partnerships (PPPs) Undertaken by PEs

While PPPs can provide benefits such as value for money on large infrastructure projects, they can also be a source of fiscal risk. Inadequate project assessment, including their budgetary implications, may lead to unforeseen costs in the event of failure of a PPP where the Government has provided a guarantee to the PE as the contracting authority. A risk arises if projects are incomplete or certain contract conditions are not met by the PE, causing the debt of the PPP to be transferred from the PE to the Government. Other instances could be court-mandated obligations for the Government to pay compensation for the collapse of a PPP agreement. The PE or the Government may also lose crucial assets to the investor if a PPP agreement collapses. PPPs can also be a source of implicit contingent liabilities for the Government. For example, in socially sensitive or critical projects, there may be pressure for the Government to provide support to ensure service provision.

The Commission maintains its recommendation that an in-depth risk assessment is conducted before a PE engages in a PPP to identify potential fiscal risks and contingent liabilities. The review and approval process of the PPP could include the MoFNPT, the PEs' Responsible Ministry and the Commission. The Government

could also maintain a central register of PE PPP commitments to facilitate the identification of risk from these commitments.

2.2.4.3 Other Government guarantees granted to PEs

Government guarantees on PE borrowings constitute contingent liabilities since the Government would have to service the debt on behalf of the PE in the event of default.

PE	Creditor	Purpose of loan guaranteed	Currency	Debt Amount in Respective Currency	Balance as at 31-Dec-2021	Balance as at 31-Dec-2021 SCR Mn.
SPA	AFD loan	Port extension and rehabilitation	EUR	16.5	0.5	8.3
PUC	Abu Dhabi fund for development	For solar farm project at Romainville	AED	31.2	27.7	110.6
DBS	EIB	Provide guarantee to DBS	EUR	10.0	0.0	0.0
	Subscribers to Public Bond	7.5% 5 Year Bond	SCR	50.0	0.0	0.0
		6% 3 Year Bond	SCR	150.0	0.0	0.0
		6% 3 Year Bond	SCR	50.0	50.0	50.0
		6.5% 5 Year Bond	SCR	50.0	50.0	50.0
	SIMBC/Nouvobanq	Tranche 1 - EUR 3.6m	EUR	3.6	0.0	0.0
		Tranche 2 - SCR 50m	SCR	50.0	9.2	9.2
		Provide guarantee for DBS	EUR	4.9	3.7	61.3
	Barclays Bank	SCR 50M	SCR	50.0	14.2	14.2
		SCR 75M	SCR	75.0	17.2	17.2
	Absa	SCR 35M	SCR	35.0	35.0	35.0
	Al Salam Bank	SCR 65M	SCR	65.0	28.8	28.8
	MCB	Tranche 1-SCR 25m	SCR	25.0	10.7	10.7
		Tranche 2 -EUR 1.6m	EUR	1.7	0.6	9.5
	CBS	Relief scheme for financing of SME	SCR	2.5	4.3	4.3
NISA	SIMBC/Nouvobanq	Capital Expenditure	SCR	20.0	7.5	7.5
PMC	SIMBC/Nouvobanq	To finance housing projects	SCR	200.0	147.0	147.0
	SPF		SCR	150.0	90.8	90.8
	PMC bond		SCR	200.0	12.4	12.4
HFC	SCB	Loan taken for on-lending to clients.	SCR	148.7	51.9	51.9
SIMBC/ Nouvobanq	CBS	Relief scheme for financing of SME	SCR	9.7	20.0	20.0
		Relief scheme for financing of Large Enterprise	SCR	7.5	30.4	30.4
SCB	CBS	Relief scheme for financing of SME	SCR	2.5	4.9	4.9
Total						774.0

Source: Debt Management Division, MoFNPT

2.2.5 Higher interest payments triggered by debt guarantees

There is no indication of higher interest payments triggered by debt guarantees.

2.2.6 Equity purchases with below-market returns

There is no indication of equity purchases with below-market returns.

2.2.7 Cancellation of Government Loans to PEs

There is no indication of Cancellation of Government Loans to PEs.

2.3 Risks on Government Income/Revenue

2.3.1 Variations in Taxes (Business Tax Only)

Taxes refers to the budgeted Business Tax expense of each PE based on the projected surplus before tax for 2021. Ten PEs are not liable to pay Business Tax either due to explicit exemptions in the Business Tax Act or due to the nature of their activity. Total tax paid is forecasted to increase for the years 2023-2025 mainly caused by the forecasted increase taxes from SEYPEC, STC, SCAA and IDC. For the year 2023, a total of SCR 283.9Mn. is being projected as Business Tax to Government from the six PEs. SEYPEC remains the PE with the highest tax forecast for 2023-2025, with a sum of SCR 210Mn for the year 2023, representing 74% of total budgeted tax.

SCR Mn.

PE Name	Actual (AFS)			Budget			
	2019	2020	2021	2022	2023	2024	2025
SEYPEC	93.6	101.8	172.7	201.7	210.0	236.4	271.0
STC	12.4	8.2	-	11.8	23.4	24.2	26.7
Air Seychelles	-	-	-	-	-	-	-
SCAA	42.2	9.1	(13.4)	2.7	30.9	35.4	66.8
SPA	75.6	22.1	19.3	11.3	9.8	2.1	0.1
IDC	11.2	5.2	2.4	7.9	9.6	22.3	20.1
NISA	-	-	-		0.3	0.9	1.3
Total Taxes	235.0	146.4	181.0	235.5	283.9	321.3	386.0

2.3.2 Variations in Dividends

Six PEs have budgeted to pay dividends to Government amounting to a total of SCR 367.3Mn. for the year 2023. SEYPEC is expected to distribute the highest forecasted dividends to GoS amounting to SCR250Mn, while IDC is expected to pay the lowest amounting to SCR 10Mn. SPA has budgeted a dividend payment of SCR 41.9Mn. for 2024 and SCR 56 Mn. For the year 2025, SPA payment of dividend will result in a deficit of SCR 38Mn. and SCR 81Mn. after tax and dividend in 2024 and 2025 respectively.

It is to be noted that the actual amount of dividend to be paid for 2021 will depend on the PEs' performance.

SCR Mn.

PE Name	Actual (AFS)			Budget			
	2019	2020	2021	2022	2023	2024	2025
SEYPEC	197.3	184.3	272.7	250.0	250.0	250.0	250.0
AS	-	-	-	-	-	-	-
SCAA	115.0	20.0	-	29.2	36.7	72.6	78.7
SPA	-	-	-	0.2	5.5	41.9	56.0
IDC	3.0	5.0	-	-	10.0	20.0	20.0
FSA		72.6	105.2	85.7	40.1	75.9	85.7
SFA		50.0	75.0	29.5	25.0	25.6	26.5
Total Dividends	315.30	331.90	452.90	365.1	367.30	486	516.9

2.3.3 Accumulation of Tax Arrears

Tax arrears are taxes due to government but not paid. STC and SEYPEC are the two PEs reporting the highest tax arrears annually and both are projecting a greater increase for the years 2023-2025 compared to the actual figures reported. NISA is projecting tax arrears for the three years with a slight decrease in 2025.

SCR. Mn.

PE	Nature of Tax Liability	Actual			Budget			
		2019	2020	2021	2022	2023	2024	2025
SEYPEC	Deferred tax liabilities	226,3	434,0	126,8	369,7	526,5	535,4	521,2
	Current tax liabilities	-	-	-	17,1	19,8	19,7	22,9
	Total	226,3	434,0	126,8	386,7	546,3	555,1	544,1
STC	Deferred tax liabilities	1,6	1,4	1,4	1,4	1,4	1,4	1,4
	Current tax liabilities	1,3	-	-	15,8	15,8	15,8	15,8
	Total	2,9	1,4	1,4	17,2	17,2	17,2	17,2
SCAA	Differed Tax Liabilities	4,2	-	-	-	-	-	-
SPA	Differed Taxation	6,3	0,5	-	-	-	-	-
	Tax liability	27,4	16,0	5,1	5,4	3,9	0,1	-
	Total	33,7	16,5	5,1	5,4	3,9	0,1	-
NISA	Deferred tax	2,3	-	2,8	-	2,6	2,6	2,5
	Current tax liability	-	-	-	-	0,6	1,1	-
	Total	2,3	-	2,8	-	3,2	3,7	2,5
L'UNION	Tax payable	-	1,4	-	0,3	-	-	-
Total		269,4	453,4	136,1	409,6	570,6	576,1	563,7

2.3.4 Credit Risks in Loans to PEs

Information not available.

2.4 Risks on Government Assets and Liabilities

2.4.1 Depletion of Net Asset Value of PEs (Accumulated Losses)

Information not available.

2.4.2 Contingent Liabilities (Implicit)

Implicit contingent liabilities refer to cases where there is no legal responsibility or announced obligation for government support; however, there may be an expectation of government intervention in cases where a PE faces liquidity problems. Such liabilities are a social or moral obligation of the Government that reflects the interest and pressure of the public. Implicit contingent liabilities are not officially recognized until a triggering event occurs. The exposure and amount of Government support that could be required are all uncertain.

This section focuses on identified implicit contingent liabilities based on information collected from PEs, as shown in the table below.

Risk parameter	Loans from PE to other PEs	Loans from PE to third parties	Bailouts of PEs
AS			x
BDRI	x		
DBS	x	x	
HFC	x	x	
IDC	x		
L'UE			
NISA	x		
PS	x		
PDEE	x		
PMC	x		
PUC	x		
SCAA	x		
SCB	x	x	
SEYPEC			
SFA			
SIMBC/Nouvobanq	x	x	
SPGA			
SPA			
SPF	x		
SPS			
SPTC			
SSI	x		
STC			
2020 Dev			

2.4.2.1 Outstanding Balances and Borrowings Between PEs

Loans between PEs can be a source of fiscal risk, as both the debtor PE and the creditor PE may seek Government support in the event of a liquidity crisis and default. This risk is enhanced when several debtor PEs are facing difficulty to meet their obligations at the same time causing increased pressure on the creditor PE. Unsecured intercompany lending by non-financial entities to their subsidiaries with the absence of fixed repayment terms and interest can be compared to a cross-subsidy or capital contribution. The table illustrates PE-PE borrowing reported by PEs for 2021.

Lending Institution	Beneficiary	Balance Outstanding 31.12.2021			Particulars and Purpose of Credit Facilities Granted
		SCR	USD	EUR	
SIMBC/ Nouvobanq	DBS	9.2			For on-lending
	DBS			3.7	For on-lending
	PUC	68.8			Desalination plant extension
	IDC ⁴		1.1		Purchase of Beechcraft
	IDC		1.2		Purchase of 6 Caterpillar Generators for Desroches island
	IDC	1.1			Overdraft facility
	IDC		0.8		For Covid cashflow
	GICC		0.3		Overdraft facility
	GTIC	49.4			Construction of Independence House Annex
	GTIC	16.6 ⁵			For the renovation of National Library
	NISA	7.5			Capital expenditure
	PMC				To finance housing projects
	SCAA		1.8 ⁶		For acquisition of capital investment equipments
IDC	GTIC	8			Equity loan. No specific repayment terms. Interest free.
GICC	GTIC	10.2			Equity loan. No specific repayment terms. Interest free.
SCB	HFC	51.9			For on-lending
SSI	Petro Seychelles	20.0 ⁷			Shareholder loan
	PDEE ⁸	7.4			Advance
	BDRI	50.5			Intercompany loan
	BDRI	56.2			Shareholder loan
SPF	PMC	90.8			To finance housing projects
SEYPEC	Seychelles Patriot			22.8	Intercompany loan
	Seychelles Progress			10.4	Intercompany loan
	Seychelles Pioneer			9.1	Intercompany loan
	Seychelles Prelude			20.1	Intercompany loan
Total		447.6	3.4	66.1	

⁴ Balances for IDC, GICC and GTIC are at March 31, 2022 due to their year-end.

⁵ New loan in 2021

⁶ New loan in 2021. As per provisional AFS 2021. The loan amount was reported in SCR and has been converted to USD using the MTES exchange rate for 2021; USD/SCR16.53.

⁷ Received the final SCR5 Mn. on 15th February 2021.

⁸ Data for BDRI, SSI and PDEE are provisional as at 31.12.2020 outstanding balance. Their AFS 2020 had not been received by the Commission at reporting date.

2.4.3 Additional Borrowing to Fill Gross Financing Needs

Information not available.

2.4.4 Positive Valuation Effects on PE's Liabilities or Negative Effects on PE's Assets

Information not available.

2.4.5 Divestment Decisions

Information not available.

3 Analysis of Consolidated-Projected Financial Statements of PEs

3.1 Details of PEs Included in the Consolidated - Projected Financial Statements

STATUS OF THE SUBMISSION OF BUDGETS

PE Name	2023			2024			2025		
	Financial Position	Financial Performance	Cash Flow	Financial Position	Financial Performance	Cash Flow	Financial Position	Financial Performance	Cash Flow
AS	✓	✓	✓	✓	✓	✓	✓	✓	✓
BDRI	The Company is to be Merged with the STC								
DBS	Monitored by the CBS								
FSA	✓	✓	✓	✓	✓	✓	✓	✓	✓
HFC	Monitored by the CBS								
IDC	✓	✓	✓	✓	✓	✓	- ⁹		
GTIC ¹⁰	✓	✓	✓	✓	✓	✓	✓		
L'UE	✓	✓	Incomplete	✓	✓	Incomplete	✓	✓	Incomplete
NISA	✓	✓	✓	✓	✓	✓	✓	✓	✓
PS	✓	✓	✓	✓	✓	✓	✓	✓	✓
PDEE	Non-submission								
PMC	Non-submission								
PUC	✓	✓	✓	✓	✓	✓	✓	✓	✓
SCAA	✓	✓	✓	✓	✓	✓	✓	✓	✓
SCB	CBS purview								
SEYPEC ¹¹	✓	✓	✓	✓	✓	✓	✓	✓	✓
SFA	Non-submission	✓	Incomplete	Non-submission	✓	Incomplete	Non-submission	✓	Incomplete
SIMBC	Monitored by the CBS								
SPA	✓	✓	✓	✓	✓	✓	✓	✓	✓
SPGA	Incomplete								
SPF	✓	✓	✓	✓	✓	✓	✓	✓	✓
SPS	✓	✓	✓	✓	✓	✓	✓	✓	✓
SPTC	✓	✓	✓	✓	✓	✓	✓	✓	✓
SSI	Winding up process								
STC	✓	✓	✓	✓	✓	✓	✓	✓	✓
2020 Dev	Non-submission								

⁹ IDC'S 2024 financial year ends 31st March 2025.

¹⁰ GICC are incorporated in their Group Financial Projections (Budget Documents).

¹¹ Seychelles Patriot, Seychelles Progress, Seychelles Pioneer and Seychelles Prelude are incorporated in their Group Financial Projections (Budget Documents).

3.2 Consolidated Projection of Financial Position

SCR. Mn.

Name of PE	Non-Current Assets							Current Assets							Current Liabilities							Non-Current Liabilities							Equity and Reserves								
	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025		
AS	1,362.6	1,819.5	1,439.3	1,275.2	1,015.7	909.5	825.2	587.5	670.7	691.4	684.4	661.5	730.8	864.5	1,566.2	2,893.5	2,833.5	505.1	462.5	472.4	503.6	1,272.2	968.3	954.2	1,204.5	952.7	822.4	697.9	(888.3)	(1371.6)	(1657.0)	250.0	261.9	345.5	488.2		
BDRI	-	-	169.0	162.3	-	-	-	-	-	12.1	17.0	-	-	-	-	-	5.2	5.8	-	-	-	-	-	-	115.5	115.5	-	-	-	-	-	-	87.4	85.0	-	-	-
DBS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
FSA	179.4	305.4	303.9	310.5	328.3	327.2	334.1	74.0	142.5	131.1	168.9	163.7	163.7	163.7	45.6	70.5	39.3	33.6	33.6	33.6	33.6	17.2	11.9	13.3	17.8	23.7	30.0	24.4	190.6	365.5	382.5	428.0	434.7	427.2	439.8		
HFC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IDC	241.9	347.7	339.5	323.6	354.6	392.2	0.0	100.8	154.6	138.3	57.5	51.1	83.8	0.0	106.0	136.0	161.4	66.0	59.0	97.3	0.0	33.8	144.5	80.5	48.0	33.2	28.0	0.0	202.9	221.7	235.7	267.1	313.6	350.7	0.0		
GICC	17.7	14.5	12.3	20.1	35.1	42.1	0.0	86.5	91.4	157.8	97.0	89.6	128.9	0.0	73.0	98.0	149.6	17.1	16.6	24.2	0.0	0.3	0.4	0.4	20.6	11.4	7.0	0.0	30.9	7.5	20.1	79.5	96.8	139.8	0.0		
L'UE	17.5	19.4	21.5		35.8	45.7	49.9	24.9	15.8	11.7		43.9	1.0	1.0	2.1	0.6	1.1		29.8	0.0	0.0	17.8	18.0	4.2		0.0	0.0	0.0	22.5	16.6	27.9		10.3	12.5	13.7		
NISA	17.6	26.6	20.4	19.3	17.9	17.3	15.9	14.3	12.3	11.9	11.3	10.7	13.9	17.5	4.1	2.9	4.2	4.1	1.8	1.7	0.6	13.0	16.7	13.5	9.8	9.1	9.3	9.3	14.9	19.4	14.6	0.0	17.7	20.3	22.6		
PS	0.4	0.3	0.3	0.7	0.6	0.6	0.4	6.2	7.7	8.7	15.6	17.5	21.1	24.8	3.6	4.6	2.1	5.8	7.2	8.2	14.0	17.6	25.1	35.8	35.4	37.3	42.9	45.0	(14.6)	(21.7)	(29.0)	(25.0)	(26.3)	(29.5)	(33.7)		
PDEE	-	-	0.6	-	-	-	-	-	-	1.6	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	-	-	-	-	
PMC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
PUC	3,437.5	3,672.1	3,701.6	3,942.6	4,486.3	4,994.9	5,267.6	1,595.7	1,875.2	1,703.8	1,575.1	1,439.9	1,124.8	1,110.4	265.8	395.8	289.9	265.4	522.0	494.6	526.5	1,249.6	1,903.5	1,420.4	1,373.6	1,512.6	1,541.7	1,415.1	2,422.8	2,168.9	2,658.5	2,868.4	2,921.2	3,153.1	3,546.1		
SCAA	463.5	448.2	448.2	493.6	563.6	633.9	630.3	312.2	256.9	248.3	252.3	196.1	184.3	261.6	79.2	61.3	75.7	67.2	60.2	50.9	45.6	13.0	2.8	22.0	50.6	34.7	29.9	30.2	683.5	641.0	598.8	628.1	664.8	737.4	816.1		
SCB																																					
SEYPEC	5,019.8	6,136.5	5,375.8	4,723.4	2,568.7	2,369.3	2,091.2	1,096.9	1,058.8	1,563.2	1,649.9	2,344.2	2,964.4	3,421.3	478.9	476.6	746.5	506.4	966.8	982.7	960.3	287.4	479.5	193.9	399.5	553.3	560.1	542.6	5,350.4	6,239.2	5,998.5	5,467.4	3,392.7	3,790.9	4,009.6		
SFA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
SIMBC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
SNPA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
SPA	167.3	294.7	289.8	303.5	433.0	766.9	932.9	289.0	275.1	224.8	250.7	291.6	232.2	211.0	37.9	34.2	18.3	17.9	19.0	46.8	51.4	22.2	18.7	12.9	13.6	149.9	364.7	501.0	396.2	516.8	483.5	522.7	555.7	587.6	591.5		
SPF	2,768.9	2,659.8	2,728.6	2,725.8	2,985.2	3,003.9	3,008.3	768.0	872.7	784.2	846.5	561.8	588.9	586.3	232.5	81.3	21.0	28.6	18.3	16.7	16.7	13.9	15.2	14.6	17.6	17.8	18.0	18.2	3,290.6	3,436.0	3,477.2	3,526.1	3,510.9	3,558.1	3,559.7		
SPS	10.3	11.0	0.0	1.8	1.5	1.5	1.5	18.1	31.9		30.7	30.7	30.7	30.7	10.0	9.3	0.0	3.3	2.1	2.1	2.1	1.4	2.1	0.0	1.2	1.2	1.2	1.2	17.0	31.5	0.0	24.1	21.8	21.8	21.8		
SPTC	105.5	94.8	81.4	100.7	110.7	108.7	106.7	62.0	58.4	51.3	43.0	1.2	(3.0)	(57.7)	15.9	16.8	13.2	8.2	16.4	67.6	86.0	27.3	30.1	29.9	29.9	29.9	29.9	29.9	124.4	106.3	89.6	105.7	65.7	8.3	(66.8)		
SSI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
STC	223.1	88.5	86.3	136.6	211.1	206.7	195.5	323.9	332.1	330.4	400.0	376.1	456.2	551.1	97.3	106.6	84.4	100.6	81.7	85.1	89.0	151.1	26.1	37.2	69.7	69.0	68.4	67.7	298.5	287.9	295.1	366.3	436.4	509.4	589.9		
2020 Dev	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
TOTAL	14,033.2	15,939.0	15,018.4	14,539.9	13,148.0	13,820.3	13,459.6	5,359.9	5,855.8	6,070.5	6,099.8	6,279.5	6,721.8	7,186.4	3,018.1	4,387.9	4,445.3	1,635.2	2,297.0	2,383.7	2,329.4	3,137.5	3,662.8	2,948.3	3,407.2	3,435.7	3,553.6	3,382.6	12,142.4	12,665.1	12,685.6	14,593.5	12,678.0	13,633.2	13,998.4		

Note:- “-” Details of Financial Positions and projections of PESs not submitted to the PEMC as required under the PEMC Act are shown as “-”.

3.3 Consolidated Projection of Financial Performance

Ser. No.	Name of Public Enterprise	Total Revenue							Tax							Dividend							Request for Subventions							Request for Capital Grants							Retained Earnings									
		2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025			
1.	AS	1,249.9	854.3	720.4	1,238.8	1,056.0	1,218.4	1,455.2								-	-	-	-	-	-	-	84.2	158.1	101.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.	BDRI																																													
3.	DBS																																													
4.	FSA	158.5	225.1	224.3	249.1	186.4	206.6	233.2								35.4	72.6	105.2	85.8	40.1	75.9	85.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.	HFC																																													
6.	IDC	296.5	318.4	511.0	593.9	711.9	683.2	0.0	(5.3)	0.2	(9.8)	(9.3)	(23.0)	(19.8)	0.0	5.0	-	-	10.0	20.0	20.0	-	-	32.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	GICC	356.4	313.4	102.4	433.0	317.8	394.8	0.0	(7.3)	(19.9)	(7.4)	(18.3)	(5.8)	(14.3)	0.0		60.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	L'UE	30.5	14.7	20.6	26.5	32.8	38.0	38.9	(1.6)	(0.1)	(5.0)	(0.1)	1.8	2.1	2.2	-	-	-	-	-	-	-	-	-	13.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	NISA	26.0	21.9	20.9	21.9	24.4	25.5	26.1	(0.5)	4.9	(5.5)	-	(0.6)	(1.1)	(1.0)	-	-	-	-	-	-	-	-	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	PS	2.3	10.6	3.0	4.4	7.3	8.5	8.5								-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	PDEE																																													
12.	PMC																																													
13.	PUC	1,803.0	1,637.1	1,825.0	2,011.4	2,544.8	2,483.3	2,802.1								-	-	-	-	-	-	-	60.0	61.0	40.0	-	-	-	-	63.0	86.4	81.2	79.9	60.0	60.0	60.0	983.1	729.2	1,218.7	1,428.7	1,481.5	1,713.4	2,106.4			
14.	SCAA	506.0	210.9	293.3	446.3	486.5	605.2	631.3	(36.9)	28.6	0.6	(19.4)	(24.3)	(48.3)	(52.3)	115.0	20.0	-	29.2	36.7	72.6	78.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15.	SCB																																													
16.	SEYPEC	5,479.3	4,765.8	5,227.0	6,476.5	7,856.0	8,266.6	8,338.6	(37.8)	(418.0)	365.7	(204.6)	(237.5)	(235.9)	(274.8)	197.3	184.3	272.7	250.0	250.0	250.0	250.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17.	SFA		266.8	285.0	258.9	296.7	310	314.5		-	-	22	-	-	-		50	75	29.5	25	25.8	26.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.	SIMBC																																													
19.	SNPA																																													
20.	SPA	198.1	264.5	166.4	210.7	200.9	187.4	194.3	(69.4)	(13.5)	(2.1)	(14.9)	(8.2)	(1.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
21.	SPF	227.8	245.6	303.3		176.9	179.0	174.1								-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22.	SPS	27.8	30.0		15.4	29.8	27.8	27.8	0.3	0.2		(0.1)				-	-	-	-	-	-	-	3.5	13.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23.	SPTC	220.3	182.1	176.1	197.1	157.5	145.0	129.9								-	-	-	-	-	-	-	53.2	79.8	70.0	26.0				8.5	1.6	2.0	35.9	26.5	14.5	14.5	23.9	21.3	17.6	10.8	(42.6)	(101.6)	(178.1)			
24.	SSI																																													
25.	STC	1,142.9	1,049.0	997.3	1,096.4	1,150.9	1,208.0	1,268.0	(14.3)	(2.4)	(3.8)	(23.6)	(23.4)	(24.2)	(26.7)	-	-	-	-	-	-	-	-	20.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	2020 DEV																																													
TOTAL		11,725.3	10,143.4	10,591.2	13,021.3	14,939.9	15,677.3	15,327.9	(172.8)	(419.8)	332.8	(290.2)	(321.0)	(343.3)	(352.6)	352.7	336.9	377.9	375.0	346.8	418.5	414.5	200.9	366.6	225.3	26.0	0.0	0.0	0.0	71.5	88.0	83.2	115.8	86.5	74.5	74.5	4,343.1	5,179.6	5,083.4	4,862.5	4,058.1	4,777.7	5,051.6			
			Exempted				Information not Provided				Information Not Provided																																			

3.4 Consolidated Projection of Cash-Flow Statements

SCR. Mn.

Ser. No.	Name of Public Enterprise	Cash Generated from Operational Activities							Cash Generated from Investment Activities							Cash Generated from Financing Activities							Net Cash Generation							Net Cash Position At the End of The Financial Year						
		2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025
1.	AS	107.7	369.2	272.2	361.9	233.2	272.3	329.1	(17.7)	(23.7)	(4.7)	(15.5)	(17.6)	(25.8)	(30.8)	(162.4)	(300.2)	(240.7)	(412.9)	(176.6)	(181.8)	(187.5)	(72.4)	45.2	26.7	(66.5)	39.1	64.6	110.8	132.1	199.8	214.2	144.6	178.6	244.9	363.9
2.	BDRI																																			
3.	DBS																																			
4.	FSA	71.8	168.4	112.7	141.0	63.7	77.9	95.6	(32.2)	(11.4)	(8.4)	(18.4)	(22.6)	(1.0)	(8.8)	(59.4)	(93.2)	(115.9)	(86.8)	(41.1)	(76.9)	(86.8)	(19.8)	63.8	(11.6)	35.9	0.0	0.0	0.0	62.4	126.2	114.6	150.5	150.5	150.5	150.5
5.	HFC																																			
6.	IDC	(5.3)	(67.0)	20.4	55.5	84.1	86.0	0.0	(16.3)	(50.6)	(48.1)	(62.0)	(50.5)	(57.1)	0.0	(33.1)	142.7	5.4	(5.9)	(38.9)	(16.4)	0.0	(54.7)	25.0	(22.3)	(12.5)	(5.3)	12.5	0.0	14.6	49.8	3.2	12.0	6.7	19.2	0.0
7.	GICC	37.5	83.3	26.8	20.3	15.7	45.1	0.0	(1.4)	(1.5)	(3.3)	(17.2)	(22.2)	(14.2)	0.0	(0.7)	(60.0)	0.0	10.5	(11.5)	(4.0)	0.0	35.4	21.8	23.4	13.6	(18.0)	26.9	0.0	(27.3)	(4.0)	19.3	28.0	10.0	36.9	0.0
8.	L'UE	8.5	(3.7)	3.0					(2.2)	0.9	(4.3)												6.3	(2.9)	(1.3)					10.2	7.3	6.0	5.8	8.8		
9.	NISA	4.4	(1.5)	2.5	1.3	3.7	5.3	4.5	(0.6)	(0.3)	(0.3)	(0.7)	0.0	(0.9)	(0.5)	(2.3)	(2.9)	(1.6)	(2.9)	(3.6)	(0.7)	(0.1)	1.4	(4.6)	0.6	(2.3)	0.1	3.7	3.9	8.8	4.1	4.8	2.5	2.6	6.3	10.2
10.	PS	(9.4)	1.5	(4.0)	(0.4)	2.0	3.7	3.7	(0.0)	(0.0)	(0.0)	(0.6)	(0.1)	(0.1)	(0.1)	5.0	5.0	5.0	0.0	0.0	0.0	0.0	(4.4)	6.4	1.0	(0.9)	1.9	3.6	3.6	1.1	7.6	8.6	10.7	12.6	16.2	19.7
11.	PDEE																																			
12.	PMC																																			
13.	PUC	345.6	470.0	132.2	208.3	216.6	396.9	572.0	(857.5)	(438.8)	(283.8)	(427.1)	(730.3)	(708.1)	(482.2)	539.8	52.3	151.4	77.8	230.3	32.9	(126.2)	27.9	83.4	(0.2)	(141.1)	(283.4)	(278.2)	(36.5)	525.8	867.5	647.7	584.7	301.4	23.2	(13.3)
14.	SCAA	229.0	(25.7)	(37.8)	123.1	109.3	193.2	189.7	(15.6)	(5.4)	(44.2)	(94.8)	(119.6)	(121.0)	(48.3)	(121.5)	(20.0)	30.6	(0.5)	(51.1)	(88.2)	(84.4)	91.9	(51.1)	(51.4)	27.8	(61.4)	(16.0)	57.1	108.1	98.5	76.2	104.1	42.6	26.6	83.6
15.	SCB																																			
16.	SEYPEC	41.0	81.9	(27.4)	31.9	37.6	58.0	56.8	(9.7)	(5.9)	6.0	2.7	(4.5)	(2.6)	(3.0)	(14.1)	(10.5)	(16.5)	(16.7)	(16.9)	(16.7)	(17.1)	17.2	65.5	(38.0)	17.9	16.2	38.7	36.7	23.2	21.8	35.4	57.0	81.5	120.2	156.9
17.	SFA																																			
18.	SIMBC																																			
19.	SNPA																																			
20.	SPA	38.2	53.3	48.2	61.1	77.1	52.1	60.9	42.7	(166.9)	11.6	(37.4)	(156.9)	(274.0)	(237.1)	7.8	0.0	0.0	0.2	135.5	162.6	154.6	88.7	(113.6)	59.8	23.9	55.7	(59.3)	(21.6)	227.0	204.3	190.1	214.4	270.1	210.8	189.2
21.	SPF																																			
22.	SPS	(1.5)	4.5		(16.3)	1.4	(0.6)	(0.6)	(1.2)	(0.5)		(0.6)	1.3	1.3	1.3	(0.4)	(0.6)						(3.1)	4.0		(16.9)	2.8	0.7	0.7	3.5	12.8		1.8	2.9	0.8	0.8
23.	SPTC	29.7	(0.7)	(2.6)	0.0	(23.7)	7.7	(44.5)	(19.6)	(1.0)	3.8	(35.8)	(26.5)	1.4	(14.5)				22.9	13.5	0.0	0.0	10.1	(1.7)	1.3	(12.9)	(36.7)	9.2	(59.0)	7.6	5.9	7.1	(5.7)	(42.5)	(33.3)	(92.4)
24.	SSI																																			
25.	STC	88.2	(27.1)	(30.1)	86.4	37.1	60.7	60.5	(23.2)	(7.9)	(6.1)	(58.9)	(82.1)	(7.3)	(0.2)	(31.1)	(29.9)	(14.8)	27.4	(2.8)	(2.8)	(2.8)	34.0	(64.8)	(51.1)	54.9	(47.8)	50.6	57.5	137.0	76.4	50.0	104.9	57.1	107.7	165.2
26.	2020 DEV																																			
TOTAL		985.3	1,106.3	516.1	1,074.1	857.8	1,258.3	1,327.8	(954.4)	(713.2)	(381.9)	(766.4)	(1231.5)	(1209.4)	(824.2)	127.6	(317.2)	(197.2)	(386.8)	36.7	(192.0)	(350.3)	158.6	76.5	(63.0)	(79.1)	(337.0)	(143.0)	153.2	1,234.1	1,677.8	1,377.2	1,415.2	1,082.8	930.0	1,034.5

Information Not Provided

4 Analysis of Individual-Projected Financial Statements of PEs

4.1 Air Seychelles Limited

4.1.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021 (Prov.)	2022	2023	2024	2025
ASSETS							
Non-Current Assets	1,362.6	1,819.5	1,439.3	1,275.2	1,015.7	909.5	825.2
Property and equipment	563.2	668.3	581.5	523.8 ¹²	442.1	423.9	419.6
Right of Use of Assets	491.1	966.1	796.5	691.2	538.7	451.4	371.1
Intangible assets	148.1	2.1	6.6	5.4	4.0	3.1	2.2
Deposits	109.5	139.5	33.9	33.9	30.9	31.2	32.2
Long Term Receivables from related parties - GOS ¹³	50.7	43.5	20.9	20.9	-	-	-
Current Assets	587.5	670.7	691.4	684.4	661.5	730.8	864.5
Inventories	158.4	209.6	203.7	218.5	199.2	201.1	207.8
Trade and other receivables	176.1	189.2	214.0	275.9	251.5	253.9	262.4
Amount due from related parties	-	-	-	30.1	27.4	27.7	28.6
Cash and cash equivalents	132.1	199.8	214.2	144.6	170.8	237.1	355.9
Assets held for sale	12.3	16.9	15.3	15.3	12.4	11.0	9.8
Current portion of long-term receivables from related parties	108.6	55.3	44.1	-	-	-	-
Total Assets	1,950.1	2,490.2	2,130.7	1,959.6	1,677.1	1,640.3	1,689.7
EQUITY and LIABILITIES							
Equity	(888.3)	(1371.6)	(1657.0)	250.0	261.9	345.5	488.2
Share capital	1,018.8	1,278.8	1,200.4	1,200.4	1,094.3	1,104.5	1,141.5
Preference Shares	-	-	-	-	-	-	-
Accumulated losses	(1907.1)	(2650.4)	(2857.4)	(950.4)	(832.4)	(759.0)	(653.3)
Non-Current liabilities	1,272.2	968.3	954.2	1,204.5	952.7	822.4	697.9
Loans and borrowings	804.7	118.5	129.1	234.7	153.4	111.2	67.4
Lease Liability	418.6	812.6	777.4	679.3	534.4	443.9	354.1
Provision for end of service benefits	48.9	37.2	47.7	47.4	43.3	43.7	45.1
Amounts due to related parties	-	-	-	243.1	221.6	223.7	231.2
Current liabilities	1,566.2	2,893.5	2,833.5	505.1	462.5	472.4	503.6
Trade and other payables	305.5	251.4	393.9	277.5	219.0	212.9	220.0
Loans and borrowings	317.3	1,278.8	1,182.5	16.7	40.9	43.6	47.5
Lease Liability	62.7	131.8	85.3	92.3	84.1	84.9	87.7
Amounts due to related parties	735.8	1,124.2	1,050.4	5.8	5.2	5.3	5.5
Unearned revenue	144.8	107.3	121.3	112.9	113.2	125.7	142.9
Total Liabilities	2,838.4	3,861.8	3,787.7	1,709.6	1,415.2	1,294.8	1,201.5
Total Equity and Liabilities	1,950.1	2,490.2	2,130.7	1,959.6	1,677.1	1,640.3	1,689.7

¹² Ground handling equipment with Net book value of USD 1.67Mn. removed from Property, Plant and Equipment as the asset is to be transferred to SCAA/GoS.

¹³ This corresponds to a grant deferral agreement between Air Seychelles and GoS in which the airline received incentives for long haul flights to Paris and Hong-Kong.

4.1.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021 (Prov.)	2022	2023	2024	2025
Revenue	1,117.8	613.0	594.5	1,213.3	1,030.3	1,184.3	1,408.4
Other income	128.0	237.2	123.2	23.5	25.5	33.8	46.5
Direct operating costs	(1037.3)	(651.2)	(634.7)	(903.1)	(813.9)	(934.5)	(1122.0)
Administrative and marketing expenses	(166.2)	(351.7)	(218.7)	(120.3)	(151.3)	(157.7)	(164.3)
Provision Impairment/(reversal) of impairment of trade receivables	-	-	20.3	-	-	-	-
Early termination costs	-	-	-	-	-	-	-
Loss on disposal of Sabre PSS	-	-	-	-	-	-	-
Allowance for credit losses	(49.0)	53.5	-	-	-	-	-
Operating profit	(6.7)	(99.4)	(115.4)	213.5	90.6	125.9	168.7
Finance income	4.1	4.2	2.8	2.0	0.2	0.3	0.3
Finance costs	(91.9)	(161.4)	(256.9)	(109.6)	(56.8)	(45.0)	(37.9)
Gain on extinguishment of debt	-	-	-	1,804.7	-	-	-
Net finance costs	(87.8)	(157.3)	(254.2)	1,697.0	(56.6)	(44.7)	(37.6)
Profit / (loss) for the period*/ year before income tax	(94.4)	(256.6)	(369.6)	1,910.5	34.0	81.1	131.1
Tax expense	-	-	-	-	-	-	-
Profit/(Loss)	(94.4)	(256.6)	(369.6)	1,910.5	34.0	81.1	131.1
Other comprehensive income	-	-	-	-	-	-	-
Items that are or may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Available-for-sale financial assets - net change in fair value	-	-	-	-	-	-	-
Available-for-sale financial assets - reclassified to profit or loss	-	-	-	-	-	-	-
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-
Total Comprehensive Income	(94.4)	(256.6)	(369.6)	1,910.5	34.0	81.1	131.1

4.1.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021 (Prov.)	2022	2023	2024	2025
Operating activities							
Net profit	(94.4)	(256.6)	(369.6)	1,910.5	34.0	81.1	131.1
Adjustment for:							
Depreciation	47.7	47.4	46.1	46.5	53.9	48.4	49.5
Amortization	23.3	28.8	1.2	1.3	0.9	0.9	1.0
Amortization - Right of Use Asset	61.2	125.3	110.3	105.3	91.5	92.3	95.4
(Gain)/loss on disposal of property and equipment	(0.4)	(3.1)	(1.6)	(0.9)	1.5	1.5	1.6
(Profit) / loss on write-off of intangible assets	-	157.1	-	-	-	-	-
Write off adjustments - property and equipment	-	7.9	-	27.6	-	-	-
Impairment of non-current assets held for sale	1.7	-	0.6	-	-	-	-
impairment loss on trade receivables	49.0	(53.5)	113.2	(31.7)	-	-	-
Reversal of provision for impairment of obsolescence inventories	1.5	5.6	(13.1)	-	-	-	-
Staff terminal benefits during the year - charge	12.6	12.6	12.2	4.7	5.5	5.6	5.9
Finance costs	91.9	161.4	183.6	119.6	56.8	45.0	37.9
Finance income	(4.1)	(4.2)	(2.8)	(1.5)	(0.8)	(0.3)	(0.3)
Extinguishment and reversal of payables and accruals	-	-	-	(1866.6)	-	-	-
Currency translation differences	(5.8)	12.9	-	-	-	-	-
	184.3	241.7	80.0	314.8	243.3	274.6	322.0
Changes in							
Inventories	(20.6)	(16.3)	6.2	(4.5)	-	-	-
Trade and other receivables	83.3	85.3	(16.1)	(11.0)	-	-	-
Amounts due from related parties	(52.9)	101.2	27.7	14.0	19.1	-	-
Trade and other payables	(156.0)	(132.1)	157.9	21.5	(34.0)	(8.2)	0.0
Amounts due to related parties	99.8	200.6	(4.8)	50.8	-	-	-
unearned revenue	(20.6)	(74.5)	20.6	(18.8)	10.3	11.4	13.0
Cash generated from / (used in) operating activities	117.1	406.0	271.5	366.9	238.7	277.9	335.0
Staff terminal benefits paid	(9.4)	(36.8)	0.7	(5.0)	(5.5)	(5.6)	(5.9)
Taxes paid	-	-	-	-	-	-	-
Net cash inflow from operating activities	107.7	369.2	272.2	361.9	233.2	272.3	329.1

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021 (Prov.)	2022	2023	2024	2025
Cash flows from investing activities							
Acquisition of property and equipment	(41.3)	(17.0)	(3.5)	(16.5)	(18.4)	(26.1)	(31.0)
Reclassification to Right of use asset (pre-delivery costs)	(12.3)	(8.5)	-	-	-	-	-
Acquisition of intangible assets	0.0	(2.1)	(5.7)	(0.4)	-	-	-
Proceed from disposal of property and equipment	0.6	3.4	1.7	-	-	-	-
Proceeds from disposal of available-for-sale asset	(3.5)	(1.5)	-	-	-	-	-
Deposits	34.6	(2.1)	-	-	-	-	-
Interest received	4.1	4.2	2.8	1.5	0.8	0.3	0.3
Net cash outflow from investing activities	(17.7)	(23.7)	(4.7)	(15.5)	(17.6)	(25.8)	(30.8)
Cash flows from financing activities							
Proceeds from loans and borrowings - net	-	-	-	272.7	-	-	-
Interest paid - net	(91.9)	(127.9)	(183.6)	(119.6)	(56.8)	(45.0)	(37.9)
Lease Liability - principal payments	(58.8)	(161.3)	(57.1)	(97.1)	(84.8)	(95.5)	(104.6)
Payment of borrowings	(11.7)	(11.1)	-	(469.0)	(34.9)	(41.3)	(45.0)
Net cash from financing activities	(162.4)	(300.2)	(240.7)	(412.9)	(176.6)	(181.8)	(187.5)
Net change in cash and cash equivalents	(72.4)	45.2	26.7	(66.5)	39.1	64.6	110.8
Movement in cash and cash equivalents							
Cash and Cash equivalents As At 1 Jan	198.7	165.9	187.5	211.1	139.5	180.2	253.1
Increase/ (Decrease) during the year	(72.4)	45.2	26.7	(66.5)	39.1	64.6	110.8
Currency translation differences	5.8	(11.3)	-	-	-	-	-
Cash and Cash equivalents As At Dec 31	132.1	199.8	214.2	144.6	178.6	244.9	363.9

4.1.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Air Seychelles

SCR. Mn.

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation		-45%	-3%	104%	-15%	15%	19%	Prior to the Covid-19 pandemic, the airline's operating revenue amounted to around SCR 1.1Bn. (YR 2019). This was despite the cancellation of flights to Abu Dhabi and late flight schedule to Tel Aviv which were only in operation as from November of that year. During the pandemic (YR 2020 & 2021), the operating revenue dropped sharply on average by 46% but this is expected to pick up by the end of 2022 as Air Seychelles is anticipating an operating revenue of SCR 1.2Bn.. Growth in revenue from passenger services, ground handling and cargo services is expected during the next 3 years with 2025 forecasting an operating revenue of SCR 1.4Bn. as Air Seychelles anticipates to operate at full capacity.
	Increase in Operating Expenditure		-17%	-15%	20%	-6%	s13%	18%	The direct operating costs incurred by the airline prior to Covid-19 was around SCR 1.0Bn. (YR 2019) comprising mostly of cost of fuel and oil, aircraft maintenance and airport charges. With the lockdowns and flight restrictions, the direct cost reduced by around 38% during 2020 and 2021 and rose back in 2022 and 2023 due to the increased oil prices on international market due to Ukraine/Russia war. As the airline anticipates increased international commercial flights, increase in direct costs is forecasted to rise to SCR 1.1Bn. by 2025. The administrative and marketing expenses for the next 3 years (2023-2025) is expected to be similar as in 2019. Additionally, the airline is not forecasting any major abnormal operating expenses for the coming next 3 years.
	Tax Liability	-	-	-	-	-	-	-	Air Seychelles is exempted from paying business tax in accordance with Schedule II, article 26, of the Seychelles Business Tax Act of 30 December 2009.. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes
	Profit After TAX	(94.4)	(256.6)	(369.6)	1,910.5	34.0	81.1	131.1	Air Seychelles recorded net losses during 2019 to 2021 and is expecting a significant net profit of SCR 1.9Bn. by the end of 2022 due to the airline benefiting from a gain of SCR 1.8Bn. on the extinguishment of debt from Etihad and bondholders. As from 2023 to 2025, the airline's operation is expected to generate net profits ranging between SCR 34.0Mn. to SCR 131.1Mn. contributed by the forecasted growth in operating income principally increased revenue from passenger services.
	Profit Margin	-8.45%	-41.86%	-62.29%	157.46%	3.30%	6.85%	9.31%	
Efficiency of Operations	Assets Turnover	57%	25%	28%	62%	61%	72%	83%	During 2019 to 2021, assets of AS has not been able contribute to generate any profit and recorded a shareholders value reduction. However, AS is expecting to fully utilize its assets and increase the profitability of the Company at least 8% on the total assets employed in AS by the year 2025.
	Return on Assets	-5%	-10%	-17%	97%	2%	5%	8%	
	Capital Spending	(41.3)	(17.0)	(3.5)	(16.5)	(18.4)	(26.1)	(31.0)	AS has forecasted for capital investments in 2023 to 2025 with the main investment being additions to engine overhauls in order to maintain its assets in usable state.
Delivery of Expectations of Investors	Interest Cover (times)	(0.1)	(0.6)	(0.4)	1.95	1.6	2.8	4.5	Up to the year 2022, earnings of AS were not enough to pay at least its interest payment. This is expected to increase positively from 2023.
	Dividend Cover	-	-	-	-	-	-	-	AS is not expecting to distribute Dividends during the next there year's period.
	Distributable Income from the Profits of eh Year	-	-	-	-	-	-	-	The profit to be earned by AS will be utilized to replenish its assets and investment in assets until the year 2025.
	Return on Capital Investments	-11%	-19%	-22%	764%	13%	23%	27%	Reduction in Shareholders wealth one year alone has recorded more than 20% resulting insolvency situation. Due to debt-restructuring strategy, the AS is expecting to re-generate shareholders wealth through its business based on optimistic assumptions.
	Grant	50.7	43.5	20.9	20.9	-	-	-	No Capital Grants are expected by the AS w.e.f. the year 2023
	Government Subsidies	-	-	-	-	-	-	-	-
Liquidity	Current ratio	0.4	0.2	0.2	1.4	1.4	1.5	1.7	Liquidity of the AS is significantly expected to increase due to Projected Excessive liquid Cash Position. Liquid assets are expected to be sufficient to fully cover upcoming working capital requirements. Cash, and cash equivalents is sufficient to cover at least 70% of the total short-term debt obligations by 2025.
	Cash ratio	0.1	0.1	0.1	0.3	0.4	0.5	0.7	
Gearing / Leverage / Solvency	Gearing	-46%	-55%	-78%	13%	16%	21%	29%	The Company is still in a very risky position in terms of its gearing as well as its Nets Assets Position. The Company is expecting to recover its solvency position by 2025. However, close supervision of its operations and strategies required.
	Net Assets	-63.3	-77.9	-100.2	15.1	17.4	22.7	31.1	
	Increase in Liabilities	202.3	219.3	229.1	103.4	93.9	85.1	76.4	Total Liability Position of AS is expecting to fall down due to projected settlement plans.
	Guarantees	Details are not available							

4.2 Financial Services Authority

4.2.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
ASSETS							
Non-Current Assets	179.4	305.4	303.9	310.5	328.3	327.2	334.1
Property, Plant and Equipment	27.5	54.9	55.6	62.6	80.3	79.2	86.1
Investment property	140.5	240.3	240.3	240.3	240.3	240.3	240.3
Long term receivables	11.4	10.2	8.0	7.7	7.7	7.7	7.7
Current Assets	74.0	142.5	131.1	168.9	163.7	163.7	163.7
Trade and other receivables	11.6	16.3	11.3	13.2	13.2	13.2	13.2
Cash and cash equivalents	62.4	126.2	114.6	150.5	150.5	150.5	150.5
Investment in Treasury Bills			5.2	5.2	0.0	0.0	
Total Assets	253.4	447.9	435.0	479.5	492.0	490.9	497.8
EQUITY and LIABILITIES							
Equity	190.6	365.5	382.5	428.0	434.7	427.2	439.8
Stated capital	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Capital grant	3.4	2.6	1.7	0.9			
Retained earnings	178.5	332.5	350.4	396.7	404.3	396.8	409.4
Revaluation reserve	0.0	21.7	21.7	21.7	21.7	21.7	21.7
Non Current liabilities	17.2	11.9	13.3	17.8	23.7	30.0	24.4
Borrowings	6.6	-	-	-	-	-	-
Retirement benefit obligations	10.4	11.9	13.3	17.8	23.7	30.0	24.4
Accrued interest on Borrowings	0.1	-	-	-	-	-	-
Gratuity & Compensation Reserve	-	-	-	-	-	-	-
Current liabilities	45.6	70.5	39.3	33.6	33.6	33.6	33.6
Borrowings	23.2	10.6	0.0				
Other payables	22.4	59.9	39.3	33.6	33.6	33.6	33.6
Total Liabilities	62.8	82.4	52.5	51.5	57.3	63.7	58.0
Total Equity and liabilities	253.4	447.9	435.0	479.5	492.0	490.9	497.8

4.2.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Revenue	157.1	199.4	223.6	248.3	185.6	205.8	226.8
Staff costs	(45.9)	(50.5)	(45.1)	(64.7)	(69.3)	(73.5)	(75.7)
Administrative expenses	(27.4)	(27.3)	(31.6)	(39.5)	(47.7)	(49.2)	(50.3)
Educational dissemination	(4.4)	(3.3)	(0.7)	(1.1)	(0.7)	(1.0)	(1.0)
Other operating costs	(7.4)	(1.2)	(1.6)	(2.1)	(2.1)	(2.2)	(1.9)
Finance income - interest on staff loans	0.7	0.8	0.7	0.6	0.7	0.7	0.8
Finance cost - borrowing costs	(0.2)	(0.1)	0.0	(1.0)	(1.0)	(1.0)	(1.0)
Marketing Grant to SIB	(4.5)	(0.2)	(0.5)	(2.0)	(5.0)	(5.0)	(5.0)
CISNA Seminar	-	-	-	-	-	-	-
Other income	0.1	-	-	0.2	0.2	0.1	0.1
Foreign exchange (losses)/gains	0.7	24.9	(34.3)	(6.5)	(12.9)	(6.2)	5.6
Profit for the year	68.7	142.5	110.4	132.2	47.6	68.4	98.3
Other comprehensive income	-	96.8	-	-	-	-	-
Surplus on revaluation of investment property	-	96.8	-	-	-	-	-
Profit Before Tax	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	68.7	239.3	110.4	132.2	47.6	68.4	98.3

4.2.3 Actual and Projected Cash Flow Statement

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Operating activities							
Profit for the year	68.7	239.3	110.4	132.2	47.6	68.4	98.3
Adjustment for:							
Depreciation on PPE	2.2	2.1	2.5	3.0	2.9	2.2	1.9
Depreciation of investment property	6.1	-	-	-	-	-	-
Asset written off	0.2	0.7	-	-	-	-	-
(Profit)/Loss on disposal of asset	(0.1)	-	-	-	-	-	-
Amortization of capital grant	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)		
Retirement benefit obligation charge	4.3	5.1	5.0	6.2	7.5	8.0	8.2
Interest payable	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Interest receivable	(0.7)	(0.8)	(0.7)	(0.6)	(0.7)	(0.7)	(0.8)
Gain on revaluation of investment property	0.0	(96.8)	-	-	-	-	-
Impairment of trade receivables	0.1	(0.1)	-	-	-	-	-
Adjustment on accrued Interest upon completion of full repayment of Loan	-	-	(0.3)	-	-	-	-
Exchange Variation	-	-	-	6.5	12.9	6.2	(5.6)
Net Cash Provided/(used) by Operating Activities	79.9	148.7	116.1	146.4	69.5	84.2	102.0
Changes in working capital	-	-	-	-	-	-	-
Increase in trade and other receivables	(4.5)	(3.4)	7.2	(1.5)	-	-	(5.6)
(Decrease)/increase in trade and other payables	(1.8)	26.0	(7.6)	(2.9)	-	-	-
Cash generated from operations	73.6	171.3	115.7	142.1	69.5	84.2	96.5
Retirement obligations paid	(2.5)	(3.7)	(3.6)	(1.6)	(6.5)	(7.0)	(1.6)
Interest received	0.7	0.8	0.7	0.6	0.7	0.7	0.8
Net Cash Inflow from Operating Activities	71.8	168.4	112.7	141.0	63.7	77.9	95.6
Cash flows from investing activities							
Purchase of property, plant and equipment	(12.9)	(7.8)	(3.2)	(18.4)	(20.8)	(1.0)	(8.8)
Payment Investment Properties	(19.4)	(3.6)	0.0		(1.7)	0.0	0.0
Purchase of intangible assets	-	-	-	-	-	-	-
Proceeds from sale of asset	0.1	-	-	-	-	-	-
Investment in Treasury bills	-	-	(5.2)	-	-	-	-
Net cash outflow from investing activities	(32.2)	(11.4)	(8.4)	(18.4)	(22.6)	(1.0)	(8.8)

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Cash flows from financing activities							
Loan Repayment	(20.8)	(19.2)	(10.6)	-	-	-	-
Interest paid	(3.2)	(1.4)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)
Cash surplus transferred to GOS	(35.4)	(72.6)	(105.2)	(85.8)	(40.1)	(75.9)	(85.8)
Net cash inflow from financing activities	(59.4)	(93.2)	(115.9)	(86.8)	(41.1)	(76.9)	(86.8)
Net change in Cash and Cash equivalents							
Net change in Cash and Cash equivalents	(19.8)	63.8	(11.6)	35.9	-	-	-
Cash and Cash equivalents As At Jan 1	82.1	62.4	126.2	114.6	150.5	150.5	150.5
Increase during the year	(19.8)	63.8	(11.6)	35.9	-	-	-
Cash and Cash equivalents As At Dec 31	62.4	126.2	114.6	150.5	150.5	150.5	150.5

4.2.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Financial Services Authority

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation		27%	12%	11%	-25%	11%	10%	Expected downfall of main source of revenue of FSA (i.e. IBC fees and corporate fees) will have significant impact on revenue generation capacity as a result of companies not renewing their licenses and not complying with FSA regulations.
	Increase in Operating Expenditure		-8%	-4%	39%	14%	5%	2%	Mainly Due to Increase due to Proposed Recruitment Plans and 13 Month Salary Scheme. Significant Increase due to Amortization / Depreciations. Less Emphasis on Educational Campaigns.
	Tax Liability	-	-	-	-	-	-	-	FSA is exempted from Business Tax. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	157.1	199.4	223.6	248.3	185.6	205.8	226.8	Increase of Profit in 2021 and 2022 is mainly due to forex gains. No significant Increase in Profit is expected.
	Profit Margin	44%	71%	49%	53%	26%	33%	43%	Financial Performance is expected to decline in 2023 compared to the actuals in the past However, will recover by 2025
Efficiency of Operations	Assets Turnover	0.8	0.5	0.6	0.6	0.4	0.5	0.5	No indication of significant performance improvements to increase the use of its assets to strengthen the performance of FSA is noted. On the other hand, the Use off Assets does not have a direct relationship with the operational performance of the FSA as the Company is engaged in Providing Financial Services.
	Return on Assets	28%	41%	25%	29%	10%	14%	20%	
	Debtor's Turnover - Days	21.57	26.97	29.81	18.50	19.42	25.98	23.43	Revenue from the customers of SFA is collected within one month of services provided
Delivery of Expectations of Investors	Interest Cover (times)	371.4	2,499	-	133.2	48.6	69.4	99.3	Profit earned by FSA is strongly adequate to pay its loan interest.
	Dividend Cover	1.49	1.94	3.30	1.05	1.54	1.19	0.90	Dividends proposed and paid by FSA is financed from its annual profit without using retained earnings
	Return on Investments (Times)	5.68	5.66	21.22	10.59	13.81	5.47	7.85	No Significant Change – Minimum 5 times of the Investment by the GOS
	Grant	-	-	-	-	-	-	-	SFA has been operated as a self-dependent PE and expect to maintain its position while paying dividends to the GoS
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	1.62	2.02	3.34	5.02	4.87	4.87	4.87	Liquidity of the FSA significantly expected to increase due to expected Excessive liquid Cash Position.
	Cash ratio	1.37	1.79	2.92	4.48	4.48	4.48	4.48	
Gearing / Leverage / Solvency	Gearing	0.61	0.33	0.23	0.14	0.12	0.13	0.15	The debt finance significantly decreased over the period.
	Net Assets	151.7	190.6	365.5	382.5	428.0	434.7	427.2	Compared to the Year 2019, Shareholders' wealth is expected to increase by almost 300 million by the year 2025
	Total Borrowings	50.6	29.8	10.6	-	-	-	-	The FSA has Completely paid its debt in 2021 and no debt financing is expected for its operations
	Guarantees	Details are not available							

4.3 Islands Development Company Limited (IDC)

4.3.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budget			
	19/20	20/21	21/22	22/23	23/24	24/25	25/26
ASSETS							
Non-Current Assets	241.9	347.7	339.5	323.6	354.6	392.2	Not Budgeted
Property, plant and equipment	200.8	286.9	281.5	300.0	335.5	355.6	
Investments	0.1	0.1	0.1	4.1	4.1	4.1	
Lending	-	21.0	8.0	-	-	-	
Due from associate	22.9	22.9	14.7	8.0	6.0	4.0	
Capital work in progress	12.6	6.2	30.9	10.0	7.5	27.0	
Current Assets	100.8	154.6	138.3	57.5	51.1	83.8	
Lending	-	-	-	-	-	-	
Asset held for sale	-	2.8	2.8	-	-	-	
Inventories	10.0	17.4	14.8	12.0	23.0	39.0	
Taxation	0.9	-	3.0	-	-	-	
Trade and other receivables	58.9	78.1	95.0	33.5	21.4	25.6	
Cash and cash equivalents	30.9	56.2	22.6	12.0	6.7	19.2	
Total Assets	342.7	502.2	477.7	381.1	405.8	476.0	
EQUITY and LIABILITIES							
Equity	202.9	221.7	235.7	267.1	313.6	350.7	Not Budgeted
Share capital	21.3	21.3	21.3	21.3	21.3	21.3	
Share subscription in advance	-	-	-	-	-	-	
Retained earnings	133.7	155.4	172.3	203.2	252.1	291.6	
Deferred grants	47.9	45.0	42.1	42.6	40.2	37.8	
Non Current liabilities	33.8	144.5	80.5	48.0	33.2	28.0	
Employee benefit obligations	4.1	4.8	5.4	2.5	3.2	4.0	
Deferred Tax Liability	-	-	-	-	-	-	
Deferred grants	-	-	-	-	-	-	
Borrowings	29.6	139.7	75.2	45.5	30.0	24.0	
Current liabilities	106.0	136.0	161.4	66.0	59.0	97.3	
Borrowings	29.2	38.8	51.9	25.0	22.0	32.0	
Taxation	-	1.5	-	3.6	4.2	4.0	
Trade and other payables	76.8	95.8	109.5	37.4	32.8	61.3	
Total Liabilities	139.8	280.5	242.0	113.9	92.2	125.3	
Total Equity and liabilities	342.7	502.2	477.7	381.1	405.8	476.0	

4.3.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual 2019-2021			Provisional 2022	Forecast 2023-2024		
	19/20	20/21	21/22		23/24	24/25	25/26
Revenue	272.1	209.9	427.3	569.1	686.5	660.5	Not Budgeted
Direct costs	(121.9)	(112.8)	(284.6)	(391.9)	(450.8)	(443.5)	
Other income	24.0	37.8	29.0	24.8	25.4	22.7	
Dividend income		60.0	0.0	0.0	0.0	0.0	
Administrative salaries and Benefits	(56.3)	(59.9)	(61.7)	(79.0)	(84.0)	(81.4)	
Depreciation (net of deferred grant credit)	(21.6)	(23.1)	(32.1)	(17.5)	(17.5)	(17.5)	
Camp running expenses	0.0	0.0	0.0	0.0	0.0	0.0	
Fuel for electricity generation & island use	(23.5)	(11.0)	(11.9)	(22.2)	(23.2)	(22.5)	
Repairs & maintenance	(12.3)	(9.8)	(13.9)	(17.1)	(17.3)	(18.0)	
Communication	(4.7)	(5.8)	(6.3)	(4.3)	(4.0)	(4.0)	
External transportation	(7.3)	(3.2)	(10.7)	(8.4)	(7.9)	(2.3)	
Exchange (losses)/gains (operating)	(0.4)	(3.4)	(11.9)	0.0	0.0	0.0	
Utilities	(2.4)	(2.1)	(2.4)	(1.2)	(1.6)	(1.9)	
Travelling	(1.1)	(0.2)	(0.3)	(1.0)	(1.2)	(0.8)	
Management fee				0.0	0.0	0.0	
Insurances	(3.4)	(2.5)	(1.5)	(3.4)	(3.7)	(3.9)	
Rental	(1.4)	(1.1)	0.0	0.0	0.0	0.0	
Other expenses	(15.3)	(10.8)	(16.0)	(1.6)	(2.0)	(1.2)	
Revegetation restoration of Farquar	(7.4)	0.0		0.0	0.0	0.0	
Operating profit	17.2	62.0	3.0	46.2	98.7	86.3	
Finance income	0.4	10.7	54.7	0.0	0.0		
Finance costs	(3.7)	(31.2)	(31.1)	(9.1)	(6.9)	(6.9)	
Finance costs - net	(3.4)	(20.5)	23.6	(9.1)	(6.9)	(6.9)	
Share of losses in associate	-	-	-	-	-	-	
Profit before income tax	13.8	41.4	26.6	37.1	91.8	79.3	
Income tax expense	(5.3)	0.2	(9.8)	(9.3)	(23.0)	(19.8)	
Profit for the year	8.6	41.7	16.9	27.8	68.9	59.5	
Dividends	(5.0)	(20.0)	0.0	(10.0)	(20.0)	(20.0)	
Profit After Distribution	3.6	21.7	16.9	17.8	48.9	39.5	
Retained earnings 1 April	130.1	133.7	155.4	185.4	203.2	252.1	
Retained earnings 31 March	133.7	155.4	172.3	203.2	252.1	291.6	

4.3.3 Actual and Projected Cash Flow Statement

SCR. Mn.

Description	Actual 2019-2021			2022	Forecast 2023-2024		
	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Cash inflow from operating activities							
Profit/loss for the year before exceptional item	13.8	41.4	26.6	37.1	91.8	79.3	
Adjustment for:							
Tax paid	(5.2)	(2.4)	(7.9)	(9.6)	(22.3)	(20.1)	
Depreciation (net of adjustment for deferred grant)	21.6	23.1	32.1	17.5	17.5	17.5	
Changes in provision for employee benefits	1.0	0.6	0.6	0.4	0.7	0.9	
Profit on disposal of tangible fixed assets	(8.7)	(0.0)	(6.1)	-	-	-	
Tangible assets decommissioned and scrapped	-	2.1	-	-	-	-	
Dividend received from subsidiary	-	(60.0)	-	-	-	-	
Finance costs	3.4	20.5	(18.3)	9.1	6.9	6.9	
	26.0	25.4	27.1	54.5	94.7	84.6	
<i>Changes in working capital</i>							
Decrease/(increase) in inventories	0.8	(7.4)	2.6	7.3	(11.0)	(16.0)	
Decrease/(increase) in debtors	(26.8)	(19.2)	(16.9)	(1.5)	12.1	(4.1)	
Increase/(decrease) in creditors and advances on contracts	(2.3)	(61.0)	13.8	4.3	(4.7)	28.5	
Cash generated from/(utilized) in operations	(2.3)	(62.2)	26.6	64.6	91.1	92.9	
Interest received	0.4	0.5	0.6				
Interest paid	(3.4)	(5.3)	(6.7)	(9.1)	(6.9)	(6.9)	
Net cash from/(used) in operating activities	(5.3)	(67.0)	20.4	55.5	84.1	86.0	
Cash flow from investing activities							
Payments to acquire tangible fixed assets	(12.6)	(117.0)	(36.2)	(62.5)	(53.0)	(37.6)	
Proceeds from disposal of investment	8.7	0.0	12.8	0.0	0.0	0.0	
Work in progress realized as lending				0.5	2.5	(19.5)	
Investment in work in progress	(12.4)	6.4	(24.6)				
Dividends received		60.0	0.0				
Net cash used in investing activities	(16.3)	(50.6)	(48.1)	(62.0)	(50.5)	(57.1)	
Cash flow from financing activities							
Capital grant received	-	-	-	(2.4)	(2.4)	(2.4)	
Loans repaid	(19.1)	(3.8)	(31.3)	4.5	(18.5)	4.0	
Loans received	0.0	107.5	15.5	-	-	-	
Changes in related party balances	(9.0)	39.0	21.1	2.0	2.0	2.0	
Dividend paid	(5.0)	0.0	-	(10.0)	(20.0)	(20.0)	
Net cash used in financing activities	(33.1)	142.7	5.4	(5.9)	(38.9)	(16.4)	
Increase/(Decrease) in cash and cash equivalent	(54.7)	25.0	(22.3)	(12.5)	(5.3)	12.5	
Cash & cash equivalent 1 April	69.3	14.6	49.8	24.5	12.0	6.7	
Exchange adjustments on cash & cash equivalent	(0.1)	10.2	(24.4)	0.0	0.0	0.0	
Cash & Cash equivalents 31 March	14.6	49.8	3.2	12.0	6.7	19.2	

Not Budgeted

4.3.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of IDC

Description		Actual			Budget			Remarks
		2019	2020	2021	2022	2023	2024	
Profitability of Operations	Increase in Revenue Generation	(8%)	(23%)	104%	33%	21%	(4%)	IDC expects to double its revenue mainly due to the commercial project orders being negotiated. The Company d not expect any Finance Income or Dividends from its investments from 2023 to 2025
	Increase in Operating Expenditure	29.3%	(3.6%)	(0.6%)	(101%)	(11.4%)	2.6%	The Operating Expenditure to Revenue as a percentage is expected to reduce from 95% to 88% by the year 2025
	Tax Liability	(5.3)	0.2	(9.8)	(9.3)	(23.0)	(19.8)	Tax expenditure has shown an increase. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes
	Profit After Tax	8.6	41.7	16.9	27.8	68.9	59.5	Significant increase in Net profit is expected by the Company resulting higher net profit margin from 3% to 9% on average by the year 2024
	Profit Margin	3.16%	19.85%	3.95%	4.89%	10.03%	9.01%	
Efficiency of Operations	Assets Turnover	89%	92%	121%	121%	166%	174%	The use of assets by the IDC is expected to significantly increase in more efficient manner in order to generate and contribute to its revenue. Number of days taken from the Company to convert Stocks to generate revenue and collect its cash from customers is expected to fall down from 121 days to 4 days by the year 2025 showing strong plan ahead for revenue recovery strategies.
	Return on Assets	3%	12%	4%	6%	16%	15%	
	Cash Cycle - Days	(121)	(118)	(40)	(2)	3	(4)	
Delivery of Expectations of Investors	Interest Cover (times)	47.0	6.8	1.1	-	-	-	The Company shows adequate earnings to pay-out its interest Cost without a difficulty. Earnings of the Company of each year is adequate to pay its dividend without obtaining funds from retained earnings. Return and Use of Assets by the IDC is fluctuating due to various market conditions in the Construction Industry. Funds for dividends are mainly taken from retained earnings due to significant investment activities undertaken by the Company IDC has been operated as a self-dependent PE and expect to maintain its position in forthcoming financial years.
	Dividend Cover - Times	1.72	2.08	-	2.78	3.44	2.97	
	Return on Investments (Equity) (Times)	4%	19%	7%	10%	22%	17%	
	Distributable Income from Yearly Profits	(7.7)	(9.0)	(31.3)	(34.2)	18.3	2.4	
	Grant	-	-	-	-	-	-	
	Government Subsidies	-	-	-	-	-	-	
Liquidity	Current ratio	1.0	1.1	0.9	0.9	0.9	0.9	Working capital of the Company has shown weakening trend over the period
	Cash ratio	0.3	0.4	0.1	0.2	0.1	0.2	
Gearing / Leverage / Solvency	Gearing	59%	44%	49%	70%	77%	74%	The dependency on external financing is planned to be reduced drastically.
	Net Assets	202.9	221.7	235.7	267.1	313.6	350.7	The net assets of the Company is expected to increase by 150mn compared to the year 2019.
	Increase in Total Borrowings	6%	(101%)	14%	53%	19%	(36%)	The Company's level is expecting to go down over the years
	Guarantees	No Information is Available						

4.4 Green Island Construction Company (GICC)

4.4.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budget			
	19/20	20/21	21/22	22/23	23/24	24/25	25/26
ASSETS							
Non-Current Assets	17.7	14.5	12.3	20.1	35.1	42.1	Not Budgeted
Property, Plant and Equipment	15.1	11.7	10.0	20.0	35.0	42.0	
Investment property	0.2	0.1	0.1	0.1	0.1	0.1	
Differed Income Tax Assets	2.4	2.7	2.2	-	-	-	
Current Assets	86.5	91.4	157.8	97.0	89.6	128.9	
Taxation	-	-	-	-	-	-	
Work in Progress	-	-	-	15.0	17.5	28.0	
Inventories	4.9	3.6	9.5	8.0	17.0	26.0	
Trade and other receivables	81.5	85.0	129.0	46.0	45.1	37.9	
Cash and cash equivalents	0.1	2.8	19.3	28.0	10.0	36.9	
Total Assets	104.1	105.9	170.1	117.1	124.7	171.0	
EQUITY and LIABILITIES							
Equity	30.9	7.5	20.1	79.5	96.8	139.8	Not Budgeted
Stated capital	0.1	0.1	0.1	0.1	0.1	0.1	
Capital grant	-	-	-	-	-	-	
Retained earnings	30.8	7.4	20.0	79.4	96.7	139.7	
Non Current liabilities	0.3	0.4	0.4	20.6	11.4	7.0	
Borrowings	-	-	-	19.5	10.0	6.0	
Retirement Benefit Obligations	0.3	0.4	0.4	1.1	1.4	1.0	
Deferred tax Liability	-	-	-	-	-	-	
Current liabilities	73.0	98.0	149.6	17.1	16.6	24.2	
Current Tax liability	3.4	4.9	4.2	2.6	1.9	2.4	
Trade and other Payables	42.3	86.3	145.4	4.5	6.7	13.8	
Borrowing	27.4	6.8	0.0	10.0	8.0	8.0	
Total Liabilities	73.3	98.3	150.0	37.7	27.9	31.2	
Total Equity and liabilities	104.1	105.9	170.1	117.1	124.7	171.0	

4.4.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual 2019-2021			Provisional 2022	Forecast 2023-2024		
	19/20	20/21	21/22		23/24	24/25	25/26
Construction income	356.4	311.6	98.4	433.0	317.8	394.8	Not Budgeted
Direct outgoings	(302.6)	(211.8)	(43.6)	(309.8)	(246.9)	(289.6)	
Gross Profit	53.8	99.8	54.8	123.2	70.9	105.2	
Sundry Income	-	0.3	0.1	-	-	-	
Profit on disposal of subsidiary	-	-	0.0	-	-	-	
Employee salaries and benefits expenses	(9.5)	(10.4)	(18.5)	(12.2)	(9.2)	(9.2)	
Camp running expenses	(7.8)	(6.4)	(4.2)	(7.2)	(8.0)	(8.4)	
Depreciation and amortization	(6.0)	(5.0)	(5.0)	(7.2)	(7.2)	(7.2)	
Exchanges (losses)/gains	(1.3)	(9.7)	3.9	-	-	-	
Vehicle expenses	(3.8)	(5.4)	(5.4)	(4.7)	(5.5)	(5.9)	
Subscription & Donations	(0.0)	(2.2)	(0.0)	0.0	0.0	0.0	
Rent	(2.2)	(1.7)	(1.0)	(0.5)	(0.5)	(0.5)	
Management fees	-	-	-	-	-	-	
License & Insurance	(1.4)	(0.6)	(0.6)	(3.1)	(4.0)	(3.2)	
Utilities	(3.0)	(2.1)	(2.3)	(1.7)	(1.8)	(1.7)	
Other expenses	(0.7)	(0.9)	(0.9)	(10.5)	(8.8)	(8.9)	
Operating Profit	18.0	55.7	20.9	76.2	26.0	60.3	
Finance income	-	1.5	-	-	-	-	
Bank interest	-	-	-	-	-	-	
Finance cost	(4.8)	(0.7)	(0.9)	(3.2)	(2.9)	(3.0)	
Finance net cost	(4.8)	0.8	(0.9)	(3.2)	(2.9)	(3.0)	
Profit before income tax	13.2	56.5	19.9	73.0	23.1	57.3	
Income tax expenses	(7.3)	(19.9)	(7.4)	(18.3)	(5.8)	(14.3)	
Profit for the year	5.9	36.7	12.5	54.8	17.3	43.0	
Dividend Proposed to Parent	-	(60.0)	-	-	-	-	
	5.9	(23.3)	12.5	54.8	17.3	43.0	
Retained earnings 1 April	24.9	30.8	7.4	24.6	79.4	96.7	
Retained Earnings 30 March	30.8	7.4	20.0	79.4	96.7	139.7	

4.4.3 Actual and Projected Cash Flow Statement

SCR. Mn.

Description	Actual 2019-2021			2022	Forecast 2023-2024		
	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Cash inflow from operating activities							
Operating Profit	13.2	56.5	19.9	73.0	23.1	57.3	
Taxation Paid	(7.2)	(18.6)	(7.6)	(16.7)	(6.4)	(13.9)	
Depreciation	6.0	5.0	5.0	7.2	7.2	7.2	
Changes in compensation liability	-	0.1	0.1	0.2	0.3	(0.4)	
Finance cost/ (Income)	4.8	(0.8)	0.9	3.2	2.9	3.0	
Cash inflow from operations	16.8	42.2	18.3	66.9	27.0	53.3	
Changes in working capital	24.7	41.8	9.3	(43.4)	(8.4)	(5.2)	
Decrease/(Increase) in inventories	34.4	1.3	(5.9)	0.3	(9.0)	(9.0)	
Decrease in work in progress	(0.3)	-	-	(10.5)	(2.5)	(10.5)	
(Increase)/Decrease in credit given and prepaid services	12.3	(3.6)	(43.9)	(28.0)	0.9	7.1	
(Increase)/Decrease in deposits against future works	(57.3)	(0.1)	95.8	(5.1)	2.1	7.2	
Credit received	35.7	44.1	(36.7)				
Cash generated from operations	41.5	84.0	27.6	23.5	18.6	48.1	
Interest paid	(4.1)	(0.7)	(0.8)	(3.2)	(2.9)	(3.0)	
Interest received	-	-	-	-	-	-	
Net cash used for operating activities	37.5	83.3	26.8	20.3	15.7	45.1	
Cash flow from investing activities							
Payments to acquire tangible fixed assets	(1.4)	(1.6)	(3.3)	(17.2)	(22.2)	(14.2)	
Investments made	-	0.1	-	-	-	-	
Net cash used in investing activities	(1.4)	(1.5)	(3.3)	(17.2)	(22.2)	(14.2)	
Cash flow from financing activities							
Dividend paid	-	(60.0)	-	-	-	-	
Loan Received	-	-	-	10.5	(11.5)	(4.0)	
Loan repaid	(0.7)	-	-	-	-	-	
Investments made	-	-	-	-	-	-	
Issue of shares	-	-	-	-	-	-	
Net cash used in financing activities	(0.7)	(60.0)	-	10.5	(11.5)	(4.0)	
Increase/(Decrease) in cash and cash equivalent	35.4	21.8	23.4	13.6	(18.0)	26.9	
Cash & cash equivalent 1 April	(61.9)	(27.3)	(4.0)	14.4	28.0	10.0	
Exchange adjustments on cash & cash equivalent	(0.7)	1.5	(0.1)	-	-	-	
Cash & Cash equivalents 31 March	(27.3)	(4.0)	19.3	28.0	10.0	36.9	

Not Budgeted

4.4.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of GICC

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	-13%	-68%	340%	-27%	24%		GICC expects the revenue from the following construction projects; new SRC building, new building for Arts and Culture department, renovation of existing Independence house, Sewerage treatment plants on La Digue, and renovations of Victoria hospital..
	Increase in Operating Expenditure	-	-24%	-70%	360%	-18%	15%		Main contributor to the fluctuation is Direct Operational/Construction Cost
	Tax Liability	(7.3)	(19.9)	(7.4)	(18.3)	(5.8)	(14.3)		Tax expenditure has shown an increase. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes
	Profit After Tax	5.9	36.7	12.5	54.8	17.3	43.0		Significant increase in Net profit is expected by the Company resulting higher net profit margin from 2% to 10% on average by the year 2024
	Profit Margin	1.66%	11.78%	12.70%	12.66%	5.44%	10.89%		
Efficiency of Operations	Assets Turnover	342%	294%	58%	370%	255%	231%		Return and Use of Assets by the GICC is fluctuating due to various market conditions
	Return on Assets	6%	35%	7%	47%	14%	25%		
	Debtor's Turnover - Days	83.43	99.64	478.53	38.79	51.77	35.07		Significant improvement is planned by the GICC on recovery strategies
Delivery of Expectations of Investors	Interest Cover (times)	4	82	23	24	9	20		The Company shows adequate earnings to pay-out its interest Cost without a difficulty
	Dividend Cover	-	(1.6)	-	-	-	-		The Company is not planning for Dividend Pay-outs in next three ears
	Return on Investments (Equity) (Times)	19%	487%	62%	69%	18%	31%		Return and Use of Assets by the GICC is fluctuating due to various market conditions
	Distributable Income from Yearly Profits	4.5	35	9.2	37.6	-	28.9		The Company is in a strong position to Declare Dividends after reserving funds for its planned capital Investments
	Grant	-	-	-	-	-	-		
	Government Subsidies	-	-	-	-	-	-		GICC has been operated as a self-dependent PE and expect to maintain its position in forthcoming financial years.
Liquidity	Current ratio	1.2	0.9	1.1	5.7	5.4	5.3		Current ration of the Company is found strong. However, Cash position of the Company needs improvements
	Cash ratio	0.0	0.0	0.1	1.6	0.6	1.5		
Gearing / Leverage / Solvency	Gearing	30%	7%	12%	68%	78%	82%		The dependency on external financing is planned to be reduced drastically.
	Net Assets	30.9	7.5	20.1	79.5	96.8	139.8		Irrespective of the dilution of shareholders' wealth during the past there years, the net assets of the Company is expected to rise by 4 times compared to the year 2019.
	Total Borrowings	-	-	-	19.5	10	6		The Company is planning for SCR 19.5 Mn. Loan in 2023 which is expected to fully settle in 5 years time
	Guarantees	No Information is Provided							

4.5 L'Union Estate Limited

4.5.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted				
	2019	2020	2021	2022	2023	2024	2025	
ASSETS								
Non-Current Assets	17.5	19.4	21.5	Not Submitted	35.8	45.7	49.9	
Property, plant and equipment	17.3	19.3	21.4		14.3	9.9	4.2	
Investment	0.1	0.1	0.1		0.0	0.0	0.0	
Intangible Assets	0.1	0.1	0.0		0.0	0.0	0.0	
Current Assets	24.9	15.8	11.7		43.9	1.0	1.0	
Inventories	6.2	5.8	4.3		0.5	1.0	1.0	
Trade and other receivables	2.5	1.3	1.3		32.8	0.0	0.0	
Cash and cash equivalents	10.2	7.3	6.0		10.5	0.0	0.0	
Tax receivable	1.2	1.3	-		-	-	-	
Investments	4.8	-	-		-	-	-	
Total Assets	42.4	35.2	33.2		79.6	46.7	50.9	
EQUITY and LIABILITIES								
Equity	22.5	16.6	27.9	Not Submitted	10.3	12.5	13.7	
Share capital	7.3	7.3	7.3		7.3	7.3	7.3	
Retained Earnings	15.2	9.3	20.6		3.0	5.2	6.4	
Non-Current liabilities	17.8	18.0	4.2		0.0	0.0	0.0	
Pension Liability	5.2	5.4	4.2		0.0	0.0	0.0	
Trade and other payables	12.6	12.6	0.0		0.0	0.0	0.0	
Current liabilities	2.1	0.6	1.1		29.8	0.0	0.0	
Trade and other payables	0.7	0.6	0.8		29.8	0.0	0.0	
Tax payable	1.4	0.0	0.3		0.0	0.0	0.0	
Retirement benefit obligation	-	-	-		-	-	-	
Total liabilities	19.9	18.6	5.2			29.8	0.0	0.0
Total Equity and Liabilities	42.4	35.2	33.2			40.1	12.5	13.7

4.5.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Turnover	30.5	13.9	20.6	Not Submitted	32.8	38.0	38.9
Grant-Ministry of Finance	-	-	13.5		0.0	0.0	0.0
Cost of sales	(7.9)	(10.7)	(9.1)		(11.0)	(12.5)	(12.6)
Gross profit	22.6	3.2	25.0		21.8	25.5	26.3
Other income	-	0.8	(0.2)		-	-	-
Administrative and general expenses	(11.9)	(9.9)	(8.4)		(18.8)	(20.4)	(19.9)
Operating profit	10.7	(6.0)	16.3		5.9	7.2	7.3
Finance income	0.5	0.2	0.0		0.0	0.0	0.0
(Loss)/profit before tax	11.2	(5.8)	16.3		5.9	7.2	7.3
Tax	(1.6)	(0.1)	(5.0)		1.8	2.1	2.2
(Loss)/profit for the year	9.6	(5.9)	11.4		7.6	9.3	9.4

4.5.3 Actual and Projected Cash Flow Statement - Not Submitted

Due to the submission of incomplete budget documents, the projection of the performance, Financial position or efficiency of the operations by L'Union Estate Limited is not done

4.6 National Information Services Agency (NISA)

4.6.1 Statement of Actual and Projected Financial Position

Description	Actual			Projected.			
	2019	2020	2021	2022	2023	2024	2025
ASSETS							
Non-current assets	17.6	26.6	20.4	19.3	17.9	17.3	15.9
Property, plant and equipment	17.6	16.5	15.5	14.7	13.3	12.9	11.7
Right of Use Asset	-	7.5	4.9	4.7	4.6	4.4	4.2
Deferred tax asset	-	2.6	-	-	-	-	-
Current Assets	14.3	12.3	11.9	11.3	10.7	13.9	17.5
Inventories	2.3	5.5	3.9	5.5	4.8	4.4	4.0
Trade and other receivables	3.3	2.7	3.3	3.3	3.3	3.3	3.3
Cash and cash equivalents	8.8	4.1	4.8	2.5	2.6	6.3	10.2
TOTAL ASSETS	31.9	39.0	32.3	30.6	28.6	31.3	33.5
EQUITY AND LIABILITIES							
Equity	14.9	19.4	14.6	16.3	17.7	20.3	22.6
Retained earnings	14.9	19.4	14.6	16.3	17.7	20.3	22.6
Non-current liabilities	13.0	16.7	13.5	9.8	9.1	9.3	9.3
Borrowings	9.1	7.4	4.2	0.7	-	-	-
Provision for employee benefit	1.6	1.6	1.5	1.6	1.6	2.0	2.1
Lease Liability	-	7.7	5.0	5.0	4.9	4.8	4.7
Deferred tax	2.3	0.0	2.8	2.6	2.6	2.6	2.5
Current liabilities	4.1	2.9	4.2	4.1	1.8	1.7	1.6
Trade and other payables	1.0	1.0	0.9	0.5	0.5	0.5	0.5
Borrowings	2.6	1.5	3.2	3.5	0.7	-	-
Current tax liability	-	-	-	-	0.6	1.1	1.0
Deferred income	0.5	0.4	0.0	0.1	0.1	0.1	0.1
TOTAL EQUITY AND LIABILITIES	31.9	39.0	32.3	30.3	28.6	31.3	33.5

4.6.3 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Projected.			
	2019	2020	2021	2022	2023	2024	2025
Revenue	25.7	21.8	20.9	21.9	24.4	25.3	25.9
Operating costs	(23.0)	(20.7)	(19.1)	(19.7)	(21.8)	(21.4)	(22.3)
Operating Profit	2.8	1.1	1.7	2.2	2.6	3.9	3.5
Finance Income	0.2	0.1	0.1	0.0	0.1	0.1	0.2
Finance Costs	(1.4)	(1.6)	(1.1)	(1.0)	(0.6)	(0.4)	(0.4)
Profit before Taxation	1.6	(0.4)	0.6	1.2	2.0	3.6	3.3
Taxation	(0.5)	4.9	(5.5)	0.0	(0.6)	(1.1)	(1.0)
Net Profit After Taxation	1.1	4.5	(4.8)	1.2	1.4	2.5	2.3

4.6.2 Actual and Projected Cash Flow Statement

SCR. Mn

Description	Actual			Projected.			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	1.6	(0.4)	0.6	1.2	2.0	3.6	3.5
Adjustments							
Depreciation on property, plant and equipment	1.4	1.4	1.3	1.5	1.5	1.5	1.5
Amortization of intangible assets	0.1	0.0	0.0	-	0.0	0.0	0.0
Amortization of Right of Use Asset	-	0.3	0.2	0.2	0.2	0.2	0.2
Gain due to decrease in consideration of rental property	-	-	(0.2)	-	-	-	-
Interest payable	1.4	1.6	1.1	1.0	0.6	0.4	0.4
	4.5	3.0	3.1	4.0	4.4	5.8	5.7
Movements in Working Capital							
(Increase)/Decrease in trade and other receivables	(0.3)	0.5	(0.5)	-	0.0	0.0	0.0
(Increase)/Decrease in inventories	1.1	(3.2)	1.6	(1.6)	0.2	0.5	0.4
(Increase)/Decrease in accounts payable	0.4	(0.1)	(0.0)	-	0.0	0.0	0.0
(Increase)/Decrease in deferred income	(0.2)	(0.1)	(0.3)	(0.1)	0.0	0.0	0.0
Provision of employee benefit	0.4	0.0	(0.1)	0.0	0.0	0.4	0.2
	1.4	(2.8)	0.6	(1.7)	0.2	0.8	0.5
Tax refund/(paid)	(0.0)	(0.0)	0.0	-	(0.3)	(0.9)	(1.3)
Interest on borrowing	(1.4)	(1.6)	(1.1)	(1.0)	(0.6)	(0.4)	(0.4)
	(1.4)	(1.7)	(1.1)	(1.0)	(0.9)	(1.3)	(1.7)
Net cash flow from operating activities	4.4	(1.5)	2.5	1.3	3.7	5.3	4.5
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of tangible assets	(0.6)	(0.3)	(0.3)	(0.7)	0.0	(0.9)	(0.5)
Purchase of intangible assets		(0.0)	0.0	0.0	0.0	0.0	0.0
Net cash flow from investing activities	(0.6)	(0.3)	(0.3)	(0.7)	0.0	(0.9)	(0.5)
CASH FLOW FROM FINANCING ACTIVITIES							
Repayment of loan	(2.3)	(2.8)	(1.5)	(2.8)	(3.5)	(0.6)	0.0
Repayment of lease liability		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net cash flow from financial activities	(2.3)	(2.9)	(1.6)	(2.9)	(3.6)	(0.7)	(0.1)
Net movement in cash and cash equivalents	1.4	(4.6)	0.6	(2.3)	0.1	3.7	3.9
Cash and cash equivalents as at January 01,2016	7.3	8.8	4.1	4.8	2.5	2.6	6.3
Cash and cash equivalents as at December 31	8.8	4.1	4.8	2.5	2.6	6.3	10.2

4.6.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of NISA

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	0%	(15%)	(4%)	5%	11%	4%	2%	No major change.
	Increase Operating Expenditure	1%	(8%)	(9%)	2%	8%	(3%)	4%	No major change.
	Tax Liability	(0.5)	4.9	(5.5)	0.0	(0.6)	(1.1)	(1.0)	SCR 4.9Mn. in 2020. According to the estimate for the year 2023, taxation will decrease compared to the years 2024-2025 whereby the taxation amount is estimated to be SCR 1.1Mn and SCR 1.0Mn. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	1.1	4.5	(4.8)	1.2	1.4	2.5	2.3	Net profit slightly increased over the period.
	Profit Margin	4%	21%	-23%	6%	6%	10%	9%	Profitability of NISA is expecting to be doubled by 2025
Efficiency of Operations	Assets Turnover	81.1%	61.8%	58.8%	69.7%	82.5%	85.0%	80.6%	Assets turnover has declined from 80% to 65% from 2019 to 2021 and NISA expects to increase the same up to 77% by 2025. Net profit (Return) on assets of NISA recorded at 3% prior to COVID 19 situation and expecting to increase up to 5 in 2023 and up to 7% by 2025
	Return on Assets	3.45%	11.52%	(14.93)%	4.04%	4.87%	8.08%	6.93%	
	Cash Cycle - Days	66.26	125.27	113.17	147.72	121.94	113.57	103.93	Cash Cycle of NISA is expecting to fall from 66 days to 103 days indicating that sales and recovery Strategy of NISA to be re-looked-into.
Delivery of Expectations of Investors	Interest Cover (times)	2.00	0.66	1.51	2.25	4.00	9.24	8.66	Profit earned by NISA is strongly adequate pay its loan interest mainly due to low finance Cost of the Entity.
	Dividend Cover	-	-	-	-	-	-	-	No Dividends are expected to pay by the NISA
	Return on Investments (Times)	7.40%	23.16%	-33.12%	7.57%	7.86%	12.47%	10.27%	Due to the increase of profit, the return on Investment of the shareholders of the NISA is gradually increasing
	Grant	-	-	-	-	-	-	-	NISA has been operated as a self-dependent PE and expect to maintain its position while paying dividends to the GoS
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	3.5	4.3	2.8	2.7	5.8	8.4	11.1	Liquidity of the FSA is significantly expected to increase due to expected Excessive liquid Cash Position.
	Cash ratio	2.1	1.4	1.1	0.6	1.4	3.8	6.5	
Gearing / Leverage / Solvency	Gearing	47%	50%	45%	54%	62%	65%	67%	The debt finance is significantly decreased over the period resulting higher bargaining power to the Shareholders
	Net Assets	14.9	19.4	14.6	16.7	17.7	20.3	22.6	Net assets of the NISA is gradually increasing indicating that the shareholders' wealth is protected
	Total Borrowings	9.1	15.1	9.2	5.6	4.9	4.8	4.7	The total borrowings balances from Long-term Finances and lease holders are expected to decrease over the period
	Guarantees	Details are not available							

4.7 Petro Seychelles Limited

4.7.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
ASSETS							
Non-Current Assets	0.4	0.3	0.3	0.7	0.6	0.6	0.4
Property and equipment	0.4	0.3	0.3	0.6	0.6	0.6	0.4
Intangible asset	-	-	-	0.1	0.1	0.0	0.0
Current Assets	6.2	7.7	8.7	15.6	17.5	21.1	24.8
Trade and other receivables	5.0	0.0	0.0	0.1	0.1	0.1	0.3
Other current financial assets	0.1	0.1	0.1	4.8	4.8	4.8	4.8
Cash and cash equivalents	1.1	7.6	8.6	10.7	12.6	16.2	19.7
Total Assets	6.6	8.0	9.0	16.2	18.1	21.6	25.3
EQUITY and LIABILITIES							
Equity	(14.6)	(21.7)	(29.0)	(25.0)	(26.3)	(29.5)	(33.7)
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Retained earnings	(15.6)	(22.7)	(30.0)	(26.0)	(27.3)	(30.5)	(34.7)
Non-Current liabilities	17.6	25.1	35.8	35.4	37.3	42.9	45.0
Shareholders loan	10.0	15.0	20.0	20.0	20.0	20.0	20.0
Retirement benefit obligations	0.4	0.5	0.5	0.9	1.0	1.1	1.3
Deferred Income	7.2	9.6	15.3	14.5	16.3	21.7	23.7
Current liabilities	3.6	4.6	2.1	5.8	7.2	8.2	14.0
Trade and other payables	0.5	0.3	0.5	0.7	0.5	0.5	0.8
Deferred Income	3.1	4.3	1.7	5.1	6.7	7.7	13.2
Total liabilities	21.2	29.7	38.0	41.2	44.5	51.1	59.0
TOTAL EQUITY AND LIABILITIES	6.6	8.0	9.0	16.2	18.1	21.6	25.3

4.7.2 Statement of Actual and Projected Comprehensive Income

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Revenue	2.3	2.9	2.9	4.1	7.1	8.2	8.2
Operating expenses	(1.8)	(1.5)	(1.4)	(3.9)	(3.9)	(3.9)	(3.9)
Gross profit	0.4	1.3	1.6	0.2	3.1	4.3	4.3
Other operating income	-	7.7	(8.9)	(0.0)	(0.0)	(0.0)	(0.0)
Administrative expenses	(2.9)	(2.9)	(5.9)	(4.7)	(4.8)	(4.9)	(4.9)
Allowance for credit impairment	(4.7)	(13.3)	5.9	-	-	-	-
Operating profit	(7.1)	(7.1)	(7.2)	(4.5)	(1.7)	(0.6)	(0.6)
Finance income	-	-	-	0.2	0.2	0.2	0.2
Profit/(Loss) for the year	(7.1)	(7.1)	(7.2)	(4.2)	(1.5)	(0.3)	(0.3)
Other comprehensive income	-	-	-	-	-	-	-
Tax Payment	-	-	-	-	-	-	-
Total comprehensive profit/(loss) for the year	(7.1)	(7.1)	(7.2)	(4.2)	(1.5)	(0.3)	(0.3)

4.7.3 Actual and Projected Cash Flow Statement

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
(Loss)/Profit for the year	(7.1)	(7.1)	(7.2)	(4.2)	(1.5)	(0.3)	(0.3)
Adjustment for:							
Foreign exchange movement on trade and other receivable	(0.0)	(7.6)	1.0	0.0	0.0	0.0	0.0
Amounts released for deferred income	2.4	3.6	4.9	6.5	3.4	6.4	7.5
Interest earned	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)
Depreciation of property and equipment	0.1	0.1	0.0	0.1	0.1	0.1	0.2
Change in provision for credit impairment	4.7	13.3	(5.9)	0.0	-	-	-
Change in provision retirement benefit obligations	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Bad debts	-	-	3.1	-	-	-	-
Income received from contracts	-	-		(3.2)	0.3	(2.6)	(3.6)
	0.2	2.3	(4.1)	(0.8)	2.3	3.6	3.6
Changes in working capital							
Change in Trade and other receivables	(9.6)	(0.7)	(0.0)	0.2	(0.0)	0.0	(0.2)
Change in Trade and other payables	0.0	(0.2)	0.1	0.2	(0.3)	0.1	0.3
Net cash generated from operating activities	(9.4)	1.5	(4.0)	(0.4)	2.0	3.7	3.7
INVESTING ACTIVITIES							
<i>Cash flows from Investing activities</i>							
Purchase of equipment	(0.0)	(0.0)	(0.0)	(0.6)	(0.1)	(0.1)	(0.1)
Purchase of intangible assets	-	-	-	(0.1)	(0.0)	(0.0)	(0.0)
Investment in financial assets	-	-	-	(4.8)	(4.8)	(4.8)	(4.8)
Proceeds from redemption of treasury bill	-	-	-	5.0	5.0	5.0	5.0
Interest received on staff loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash outflow from investing activities	(0.0)	(0.0)	(0.0)	(0.6)	(0.1)	(0.1)	(0.1)
FINANCING ACTIVITIES							
Shareholders Loan	5.0	5.0	5.0	-	-	-	-
Net cash provided by/(used in) Financing Activities	5.0	5.0	5.0	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	(4.4)	6.4	1.0	(0.9)	1.9	3.6	3.6
Movement in Cash and Cash Equivalents							
<i>Cash and Cash Equivalents As At Jan 1</i>	5.6	1.1	7.6	11.6	10.7	12.6	16.2
Increase/ (Decrease) during the year	(4.4)	6.4	1.0	(0.9)	1.9	3.6	3.6
Exchange gains on cash and cash equivalents	-	-	-	-	-	-	-
Cash and Cash Equivalents As At Dec 31	1.1	7.6	8.6	10.7	12.6	16.2	19.7

4.7.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Petro Seychelles Limited

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation		26%	0%	41%	73%	15%	0%	The Company is engaged in specialized operations and performance and efficiency depends on realization of prospective revenues.
	Increase in Operating Expenditure		88%	-92%	514%	1%	1%	-100%	
	Tax Liability	-	-	-	-	-	-	-	Loss Making PE. Hence no Business Tax.
	Profit After TAX	(7.1)	(7.1)	(7.2)	(4.2)	(1.5)	(0.3)	(0.3)	If the revenue targets are achieved, the level of loss goes down. Currently operations are entirely financed by shareholders' loans.
	Profit Margin	-312%	-248%	246%	-103%	-21%	-4%	-4%	
Efficiency of Operations	Assets Turnover	34%	36%	33%	25%	39%	38%	33%	The Company is engaged in special operations and performance and efficiency depends on realization of prospective revenues.
	Return on Assets	-107%	-89%	-80%	-26%	-8%	-2%	-1%	
Delivery of Expectations of Investors	Interest Cover (times)	-	-	-	-	-	-	-	No Borrowings
	Dividend Cover	-	-	-	-	-	-	-	No Dividend Payments are expected
	Return on Investments (Times)	-706%	-714%	723%	-423%	-148%	-33%	-33%	The Company is engaged in special operations and performance and efficiency depends on realization of prospective revenues.
	Grant	-	-	-	-	-	-	-	No Grants or Subsidies are reported
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	35%	31%	24%	44%	47%	49%	55%	Approximately 50% of Working capital is maintained by the Petro to meet its Current Debtors while having adequate cash balance for the payment of Immediate payables
	Cash ratio	32%	164%	405%	184%	175%	197%	141%	
Liquidity	Gearing	-69%	-73%	-76%	-61%	-59%	-58%	-57%	The Company is engaged in special operations and performance and efficiency entirely depends on realization of prospective revenues and project objectives.
	Net Assets	(35.8)	(51.4)	(66.9)	(66.2)	(70.8)	(80.5)	(92.8)	
	Total Borrowings	-	-	-	-	-	-	-	No Borrowings
	Guarantees	Details are not available							

4.8 Public Utilities Corporation (PUC)

4.8.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	3,437.5	3,672.1	3,701.6	3,942.6	4,486.3	4,994.9	5,267.6
Property, plants and equipment	1,955.2	1,908.9	1,904.0	2,367.4	3,453.0	3,505.7	3,760.2
Intangible assets	17.0	8.7	4.8	3.0	1.0	35.5	28.6
Capital work in progress	1,456.6	1,749.0	1,791.7	1,571.1	1,031.2	1,452.7	1,477.8
Right-of-use assets	7.2	4.4	0.3	0.0	-	-	-
Trade and other receivables	1.6	1.2	0.9	1.0	1.0	1.0	1.0
Current Assets	1,595.7	1,875.2	1,703.8	1,575.1	1,439.9	1,124.8	1,110.4
Inventories	675.2	754.0	766.0	746.8	756.3	733.6	711.6
Trade and other receivables	378.5	233.3	244.8	243.5	382.2	368.0	412.1
Cash and cash equivalents	542.1	887.9	693.0	584.7	301.4	23.2	(13.3)
Total Assets	5,033.3	5,547.3	5,405.4	5,517.7	5,926.2	6,119.7	6,378.1
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Equity	2,422.8	2,168.9	2,658.5	2,868.4	2,921.2	3,153.1	3,546.1
Assigned capital	1,439.7	1,439.7	1,439.7	1,439.7	1,439.7	1,439.7	1,439.7
Retained earnings / (revenue deficit)	983.1	729.2	1,218.7	1,428.7	1,481.5	1,713.4	2,106.4
Deferred Grants	1,095.2	1,079.1	1,036.6	1,010.3	970.3	930.3	890.3
Non-Current	993.1	971.1	930.9	922.5	882.5	842.5	802.5
Current	102.1	107.9	105.7	87.8	87.8	87.8	87.8
Non-Current liabilities	1,249.6	1,903.5	1,420.4	1,373.6	1,512.6	1,541.7	1,415.1
Borrowings	1,107.3	1,748.7	1,267.0	1,223.7	1,354.6	1,380.9	1,251.4
Lease liability	2.7	1.2	-	-	-	-	-
Trade and other payables	39.0	40.4	43.7	45.6	45.6	45.6	45.6
Employee benefit liabilities	100.5	113.1	109.7	104.3	112.5	115.3	118.2
Current liabilities	265.8	395.8	289.9	265.4	522.0	494.6	526.5
Borrowings	50.5	124.5	94.1	80.5	178.3	187.0	192.2
Lease liability	4.7	3.6	0.5	-	-	-	-
Trade and other payables	205.2	260.1	187.9	177.3	336.1	300.0	326.7
Employee benefit liabilities	5.3	7.7	7.4	7.6	7.6	7.6	7.6
Total liabilities	1,515.3	2,299.3	1,710.3	1,639.0	2,034.7	2,036.3	1,941.7
Total Equity, Deferred Grants and Liabilities	5,033.3	5,547.3	5,405.4	5,517.7	5,926.2	6,119.7	6,378.1

4.8.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Total Revenue	1,792.0	1,625.6	1,811.6	1,999.5	2,531.5	2,471.7	2,790.5
Revenue from operations	1,684.9	1,523.0	1,687.6	1,893.2	2,431.5	2,371.7	2,690.5
Other income	107.1	102.6	124.0	106.2	100.0	100.0	100.0
Operating Expenditures	1,683.8	1,872.9	1,325.5	1,784.5	2,433.7	2,189.4	2,347.1
Consumables and spares	910.8	779.6	1,016.5	1,194.0	1,647.4	1,372.4	1,503.7
Staff cost	281.6	283.8	250.4	256.8	310.6	310.6	326.2
Depreciation of property, plant and equipment	179.8	180.6	187.0	183.9	185.1	191.4	203.1
Amortization of intangible assets	8.1	8.3	3.9	2.4	2.0	8.6	6.9
Amortization of right-of-use	3.8	5.4	3.0	0.5	0.0	0.0	0.0
Other operating overheads	276.6	187.2	264.2	216.6	282.8	301.6	301.9
Exchange difference	23.1	429.6	(402.2)	(72.1)	0.0	0.0	0.0
Provision for/(reversal of) credit impairment	-	(1.8)	2.7	2.5	5.7	4.7	5.4
Profit from operations before financing activities	108.2	(247.3)	486.2	215.0	97.9	282.3	443.4
Finance income	11.0	11.5	13.4	11.9	13.3	11.6	11.6
Finance expense	(8.1)	(18.0)	(10.0)	(16.9)	(58.4)	(62.0)	(62.0)
Profit Before Tax	111.1	(253.9)	489.6	209.9	52.8	231.9	393.0
Tax	-	-	-	-	-	-	-
Profit of the year and total comprehensive income	111.1	(253.9)	489.6	209.9	52.8	231.9	393.0

4.8.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	111.1	(253.9)	489.6	209.9	52.8	231.9	393.0
Adjustments							
Depreciation of property plant and equipment	179.8	180.6	187.0	183.9	185.1	191.4	203.1
Net gain on termination of leases	-	(0.1)	(0.1)	-	-	-	-
Amortization of Intangible asset	8.1	8.3	3.9	2.4	2.0	8.6	6.9
Amortization of right-of-use	3.8	5.4	3.0	0.5	-	-	-
Impairment loss	(5.9)	(1.8)	2.7	2.5	5.7	4.7	5.4
Amortization to grant income	(107.1)	(102.5)	(123.6)	(106.2)	(100.0)	(100.0)	(100.0)
Fixed Asset written off	-	-	10	-	-	-	-
Finance income received	(11.0)	(11.5)	(13.4)	(12.3)	(13.8)	(12.1)	(12.1)
Finance charged	8.1	18.0	10.0	16.9	58.4	62.0	62.0
Provision of obsolete inventory	-	-	6.3	-	-	-	-
Strategic parts expense	7.7	9.0	24.5	-	-	-	-
Foreign currency differences on borrowing	24.3	726.2	(595.5)	(72.1)	-	-	-
Employee benefit obligation charge	27.0	24.9	14.0	(5.3)	8.2	2.8	2.9
Exchange (losses)/gains on cash and cash equivalent	(0.3)	(258.2)	219.5	(32.9)	-	-	0.0
	245.6	344.5	237.8	187.3	198.3	389.4	561.1
Movements in Working Capital							
Inventories	13.6	(78.8)	(18.3)	19.2	(9.5)	22.7	22.0
Trade and other receivables	29.0	147.4	(13.9)	(1.3)	(144.4)	9.4	(49.5)
Movement in bank balances retained for letter of credit	(9.4)	(0.6)	0.9	-	-	-	-
Trade and other payables	63.7	56.3	(68.9)	(8.8)	158.8	(36.1)	26.7
	342.5	468.8	137.7	196.4	203.3	385.3	560.4
Interest received on overdue trade debtors	10.5	11.1	12.3	11.9	13.3	11.6	11.6
Employee benefit paid	(7.4)	(9.9)	(17.7)	-	-	-	-
Net cash flow from operating activities	345.6	470.0	132.2	208.3	216.6	396.9	572.0
CASH FLOW FROM INVESTING ACTIVITIES							
Additions to property, plant and equipment	(31.6)	(42.2)	(27.7)	(76.0)	(20.0)	(20.0)	(20.0)
Additions to intangible assets	-	-	-	(0.6)	-	-	-
Additions in capital work in progress	(826.3)	(393.5)	(231.5)	(351.0)	(710.8)	(688.6)	(462.7)
Movement in term deposits	(0.1)	(3.6)	(25.7)	-	-	-	-
Interest on term deposit	0.4	0.3	1.1	0.4	0.5	0.5	0.5
Interest in staff loan	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Net cash flow from investing activities	(857.5)	(438.8)	(283.8)	(427.1)	(730.3)	(708.1)	(482.2)

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
CASH FLOW FROM FINANCING ACTIVITIES							
Grants received	63.0	86.4	81.2	79.9	60.0	60.0	60.0
Proceeds from borrowings	502.3	28.5	183.3	97.9	309.2	213.2	62.8
Repayment of borrowings	(13.8)	(39.3)	(99.9)	(82.6)	(80.5)	(178.3)	(187.0)
Principal paid on lease liabilities	(3.6)	(5.3)	(3.2)	(0.5)	0.0	0.0	0.0
Interest paid	(8.1)	(18.0)	(10.0)	(16.9)	(58.4)	(62.0)	(62.0)
Net cash inflow from financing activities	539.8	52.3	151.4	77.8	230.3	32.9	(126.2)
Net movement in cash and cash equivalents							
	27.9	83.4	(0.2)	(141.1)	(283.4)	(278.2)	(36.5)
Cash and cash equivalents as at January 01	497.7	525.8	867.5	693.0	584.7	301.4	23.2
Exchange gain/(losses) on cash and cash equivalent	0.3	258.2	(219.5)	32.9	0.0	0.0	0.0
Cash and cash equivalents as at December 31	525.8	867.5	647.7	584.7	301.4	23.2	(13.3)

4.8.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Public Utilities Corporation

SCR. Mn.

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation		-9%	11%	10%	27%	-2%	13%	The PUC's revenue has slightly increase from 2019 to 2021 with an average growth rate of 1%, then from 2022 to 2025 it has been budgeted to increase to an average of 13%. As per PUC, they anticipate an increase in demand since there are expectations of newly build hotels in the south of Mahe of which would require PUC grid connections.
	Increase n Operating Expenditure	-	11%	-29%	35%	36%	-10%	7%	PUCs operating expenditure moderately fell from 2019 to 2021 with an average fall of 9%. However, it has been forecasted that expenditure will grow to an average of 15% from 2022 to. The rise is mainly associated to increases in consumables and spares and staff cost. Consumables consist mainly of fuel which is anticipated to grow because of the expected growth in demand. In addition, PUCs objective for the forthcoming years is to increase the salaries of mainly lower paid staff to improve retention.
	Tax Liability	-	-	-	-	-	-	-	PUC's Operations are Tax Exempted. However, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	111.1	(253.9)	489.6	209.9	52.8	231.9	393.0	PUC's profitability has significantly increased from 2019 (SCR 111.1Mn.) to 2021 (SCR 489.6Mn). However, it has been budgeted to immediately decline in 2022 to SCR 209.9Mn and then significantly drop in 2023 to SCR 52.8Mn. This fall is contributed by an increase in finance expense in 2023 to SCR 58.4Mn compared to SCR 16.9Mn in 2022. However, it is budgeted to increase slowly from 2024 to 2025.
	Profit Margin	111.1	(253.9)	489.6	209.9	52.8	231.9	393.0	
Efficiency of Operations	Assets Turnover		66%	70%	69%	84%	78%	80%	PUCs asset turnover has slightly decreased from 2020 at 66% to 70% in 2021. But it has been budgeted to increase significantly from 2022 at 69% to 8% in 2025. This indicates that PUC is expected to be efficient in generating revenue using its company's asset.
	Return on Assets		-5%	9%	4%	1%	4%	6%	PUC return on asset has been gradually increasing and expected to keep increasing from 2022 at 4% to 6% in 2025. This signifies that PUC has sufficient assets to be profitable.
	Debtor's Turnover - Days	82	56	53	47	57	57	56	Debtors Turnover Period of PUC is expecting to Improve significantly indicating that sales and recovery Strategy of PUC are going to be strengthened.
Delivery of Expectations of Investors	Interest Cover (times)	13.3	-13.7	48.5	12.7	1.7	4.6	7.2	PUCs interest coverage ratio was at 13.3 in 2019 and has risen to 48.5 in 2021. However, it has been forecasted to significantly fall from 12.7 in 2022 to 7.2 in 2025. Nonetheless, PUC will still have sufficient operating profits available to meet interest payments.
	Dividend Cover	-	-	-	-	-	-	-	No indication of payment of Dividend up to 2025.
	Distributable Income	(715)	(647)	258	(141)	(658)	(456)	(70)	PUC's net profit is insufficient to finance its capital expenditure which can be clearly sighted from 2019 and 2020, and forecasted from 2022 to 2025. Despite having a positive distributable income in 2021 with SCR 258.1Mn., PUC relies primarily of obtaining debts and grants for capital expenses.
	Return on Capital Investments	-7%	12%	5%	1%	5%	8%	-7%	PUC's return on capital employed had drastically increased from -7% in 2019 to 12% in 2020. This is mainly associated to the negative net profit during the year which is the cause of COVID restrictions whereby hotels were closed during the period. It is expected to fall to 0.05 in 2022 but gradually increase to 8% in 2025. This indicates that PUC expects to provide higher returns to its shareholders.
	Grant	63.0	86.4	81.2	79.9	60.0	60.0	60.0	-
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	6.0	4.7	5.9	5.9	2.8	2.3	2.1	Liquidity of the PUC is significantly expected to decrease due to expected drastically reduction in liquid Cash Position. As per PUC, they have forecasted the drop by taking into consideration the CAPEX for the next 3 years and increasing amount of loan repayments. PUC will have to use up the cash flow from operations to fund the projects. This signifies that if PUC continues with its projects with no change in tariffs it expects to run out of cash by 2025.
	Cash ratio	2.0	2.2	2.4	2.2	0.6	0.0	0.0	
Gearing / Leverage / Solvency	Gearing	0.5	0.4	0.5	0.5	0.5	0.5	0.6	No significant leverage is noted
	Net Assets	3,518	3,248	3,695	3,879	3,891	4,083	4,436	Net assets of the PUC is gradually increasing indicating that the shareholders' wealth is protected
	Total Borrowings	1,165	1,878	1,362	1,304	1,533	1,568	1,444	The total borrowings balances from Long-term Finances and lease holders are expected to decrease over the period
	Guarantees	Details are not available							

4.9 Seychelles Petroleum Company Limited

4.9.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	5,019.8	6,136.5	5,375.8	4,723.4	2,568.7	2,369.3	2,091.2
Property, Plants and Equipment	4,984.5	6,088.9	5,337.4	4,684.3	2,531.5	2,332.1	2,055.2
Right-of-use assets	35.2	47.6	38.3	39.0	37.1	37.1	35.9
Investment in financial assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current Assets	1,096.9	1,058.8	1,563.2	1,649.9	2,344.2	2,964.4	3,421.3
Inventories	211.7	213.1	320.2	325.6	643.3	654.2	636.7
Investment in financial asset	94.6	119.5	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	464.7	343.0	581.8	469.0	498.6	507.1	493.5
Cash and cash equivalents	325.9	383.1	584.9	855.3	1,202.3	1,803.2	2,291.0
Non current asset held for sale	-	-	76.2	-	-	-	-
Total Assets	6,116.7	7,195.3	6,939.0	6,373.3	4,912.8	5,333.7	5,512.5
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Equity	5,350.4	6,239.2	5,998.5	5,467.4	3,392.7	3,790.9	4,009.6
Share capital	120.6	151.4	142.1	128.9	48.7	49.5	48.2
Other reserves	3,761.2	3,814.3	4,207.4	3,379.3	3,388.1	3,494.4	3,486.3
Retained earnings	1,468.6	2,273.6	1,649.0	1,959.2	(44.1)	247.0	475.1
Non-Current liabilities	287.4	479.5	193.9	399.5	553.3	560.1	542.6
Lease liability	35.6	26.2	39.2	29.8	26.8	24.7	21.4
Deferred tax liabilities	226.3	434.0	126.8	369.7	526.5	535.4	521.2
Retirement Benefit Obligations	25.4	19.3	27.9	0.0	0.0	0.0	0.0
Current liabilities	478.9	476.6	746.5	506.4	966.8	982.7	960.3
Lease liability	0.1	2.4	0.0	2.0	0.0	0.0	0.0
Current tax liabilities	0.0	0.0	0.0	17.1	19.8	19.7	22.9
Trade and other payables	478.8	474.2	746.5	487.3	947.0	963.1	937.4
Total liabilities	766.3	956.0	940.5	905.9	1,520.2	1,542.9	1,502.9
Total Equity, Deferred Grants and Liabilities	6,116.7	7,195.3	6,939.0	6,373.3	4,912.8	5,333.7	5,512.5

4.9.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Revenue	5,361.8	4,620.5	5,091.2	6,357.9	7,782.7	8,189.5	8,267.9
Cost of sales	(5010.5)	(4347.4)	(4954.8)	(5677.8)	(6937.0)	(7311.4)	(7392.2)
Gross profit	351.4	273.2	136.5	680.1	845.6	878.1	875.7
Selling and marketing expenses	(0.8)	(0.5)	(0.5)	(3.1)	(0.8)	(0.8)	(0.8)
Administrative expenses	(187.0)	(207.8)	(180.0)	(155.4)	(156.6)	(161.6)	(160.0)
Other income	117.5	140.9	131.0	118.6	73.3	77.1	70.7
(Charge)/Reversal of credit impairment	-	5.6	(10.4)	-	-	-	-
Other gain/ (losses)-Net	(5.2)	826.8	(638.2)	-	-	-	-
Operating Profit	275.9	1,038.0	(561.6)	640.1	761.6	792.7	785.7
Interest Income	-	4.4	4.8	-	-	-	-
Finance costs on lease liabilities	-	(0.4)	(3.8)	(0.7)	(0.8)	(0.8)	(0.4)
Finance costs	(0.9)	4.1	1.0	(0.7)	(0.8)	(0.8)	(0.4)
Profit before taxation	275.0	1,042.1	(560.6)	639.5	760.7	791.9	785.3
Taxation charge	(37.8)	(418.0)	(365.7)	(204.6)	(237.5)	(235.9)	(274.8)
Profit of the year and total comprehensive income	237.2	624.1	(194.9)	434.8	523.2	556.0	510.5
Proposed Dividends	(197.3)	(184.3)	(272.7)	(250.0)	(250.0)	(250.0)	(250.0)
Transferred to Retained Earnings	39.9	439.8	-467.6	184.8	273.2	306	260.5

4.9.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Cash generated from operations	666.1	1,547.2	(282.6)	679.6	763.9	1,106.1	1,100.8
Interest received	2.4	4.4	4.8	-	-	-	-
Tax recovered	-	-	-	-	-	-	-
Tax paid	(93.6)	(101.8)	(172.7)	(201.7)	(210.0)	(236.4)	(271.0)
Retirement benefit obligation paid	-	(6.8)	(2.6)	-	-	-	-
Net cash generated from operating activities	574.9	1,443.0	(453.1)	477.9	553.9	869.8	829.8
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of property and equipment	(42.0)	(47.0)	(65.3)	40.8	(64.9)	(38.4)	(43.5)
Proceeds from sale of equipment	0.3	0.4	0.4	-	-	-	-
Repayment of lease liability	(0.1)	(3.2)	(0.0)	-	-	-	-
Addition to financial assets	(183.5)	(131.6)	-	-	-	-	-
Redemption of financial assets	89.6	77.0	167.1	-	-	-	-
Finance costs	-	(0.4)	(3.8)	(0.7)	(0.8)	(0.8)	(0.4)
Net cash used in investing activities	(135.6)	(104.8)	98.4	40.2	(65.7)	(39.2)	(43.9)
CASH FLOW FROM FINANCING ACTIVITIES							
Dividends	(197.3)	(184.3)	(272.7)	(250.0)	(250.0)	(250.0)	(250.0)
Repayment of borrowings	-	-	-	-	-	-	-
Net cash used in from financing activities	(197.3)	(184.3)	(272.7)	(250.0)	(250.0)	(250.0)	(250.0)
Net movement in cash and cash equivalents	242.0	1,153.9	(627.4)	268.1	238.2	580.6	535.9
Cash and cash equivalents as at January 01,	67.1	409.1	359.6	587.2	964.0	1,222.6	1,755.1
Exchange gain/(losses) on cash and cash equivalent	16.9	(1179.8)	852.7	-	-	-	-
Cash and cash equivalents as at December 31	325.9	383.1	584.9	855.3	1,202.3	1,803.2	2,291.0

4.9.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Petroleum Company Limited

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	-14%	10%	25%	22%	5%	1%	Revenue drop experienced by the SEYPeCs in 2020 due to Covid 19 Pandemics situation is expected to be recovered and further increase from 2022 to 2025.
	Increase in Operating Expenditure	-	-30%	58%	1%	23%	5%	1%	SEYPECs operating expenditure dropped in 2020 has increase to its normal spending level in 2020 and Sudden significant increase in 2023 is caused by Cost of sales and gradually expect to increase up to 2025.
	Tax Liability	-38	-418	-366	-205	-238	-236	-275	SEYPECs tax expense in 2019 was SCR 37.8Mn. and significantly rose to SCR365.7Mn. in 2021. It is expected to fall in 2022 to SCR 204.6Mn. then gradually increase from 2023 to SCR 274.8Mn. in 2025. However, Details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	237	624	(195)	435	523	556	510	Expected increase in Net Profit is expected. However, provisions for exchange gain or losses are not considered.
	Profit Margin	4%	14%	-4%	7%	7%	7%	6%	
Efficiency of Operations	Assets Turnover	88%	64%	73%	100%	158%	154%	150%	SEYPECs asset turnover has been forecasted to significantly grow from 100% in 2022 to 150% in 2025. This indicates that SEYPEC is expected to be efficient in generating revenue using its company's asset.
	Return on Assets	4%	9%	-3%	7%	11%	10%	9%	SEYPEC recorded a fall on its return on assets to - 3% in 2021, however it has been budgeted to increase from 7% in 2022 to 9% in 2025. This signifies that SEYPEC has sufficient assets to be profitable.
	Cash Conversion Cycle	12	5	10	17	7	7	7	SEYPEC Cash Generation from its activities found to be very strong and less cash is held in its working capital.
	Investment on Fixed Assets	42	47	65	(41)	65	38	44	It is important to note that in 2021 SEYPEC disposed Seychelles Pride tanker for SCR 76.2Mn. equivalents to USDm4.6. This is evident in 2022 as fixed asset has fallen to SCR 4.7Mn. and it has also forecasted to significantly fall to SCR 2091.2Mn. in 2025. The Non-Current assets are expected to de-value significantly by 2025 and no replacement plan is expected.
Delivery of Expectations of Investors	Interest Cover (times)	307	253	562	914)	952	991	1,964	Capacity to cost of borrowings and finances are very high.
	Dividend Cover	1.20	3.39	(0.71)	1.74	2.09	2.22	2.04	
	Distributable Income from the Profit of the Year	140	933	-463	680	696	754	742	The early earnings of the CEYPEC is able to pay its proposed dividends without affecting to its retained earnings
	Return on Capital Employed	4%	10%	-3%	8%	15%	15%	13%	
	Grant	-	-	-	-	-	-	-	SEYPEC does not receive grant
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	2.3	2.2	2.1	3.3	2.4	3.0	3.6	SEYPECs liquidity is expecting to be strong and cash readily available to meet its short-term liabilities are expected to be increased.
	Cash ratio	0.7	0.8	0.8	1.7	1.2	1.8	2.4	
Gearing / Leverage / Solvency	Net Debt-to-Equity ratio (Gearing)	7.0	6.5	6.4	6.0	2.2	2.5	2.7	Debt to Equity ratio is expected to fall down due to increase in debt financing for the operations of the Company
	Net Assets	5,350	6,239	5,998	5,467	3,393	3,791	4,010	SEYPEC is a company that is financially stable and has enough to meet its obligations, hence it will continue business in the foreseeable future and is expected to recover from the impact of COVID 19 in its operations. However, the Net assets of the company is expected to decline over the period..
	Total Borrowings (Lease Only)	36	29	39	32	27	25	21	SEYPEC had no record of Loans from 2019 to 2021 and no budgeted loans from 2022 to 2025. However, the Leasing stands as a main debt to the external parties.
	Guarantees	Details are not available							

4.10 Seychelles Civil Aviation Authority

4.10.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	463.5	448.2	448.2	493.6	563.6	633.9	630.3
Property, plants and equipment	371.5	359.5	326.2	385.6	430.7	516.1	533.4
Capital Work in Progress	8.2	8.0	44.3	31.5	56.9	42.4	22.3
Long Term Deposit	25.0	-	-	-	-	-	-
Investment Property	58.8	56.2	52.7	52.7	52.7	52.7	52.7
Deferred Tax Asset	-	24.4	25.1	23.8	23.3	22.7	22.0
Current Assets	312.2	256.9	248.3	252.3	196.1	184.3	261.6
Trade & Other Receivables	122.5	64.1	86.9	78.2	75.6	91.2	95.5
Inventory	5.6	6.4	6.4	6.2	6.1	6.0	5.9
Current Tax Receivables	9.9	19.0	5.6	(11.0)	(4.5)	(17.3)	(2.8)
Cash and Bank Balances	174.2	167.4	149.5	178.9	118.9	104.4	163.0
Total Assets	775.7	705.1	696.5	745.9	759.7	818.2	891.9
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Equity	683.5	641.0	598.8	628.1	664.8	737.4	816.1
Government Capital Reserve	184.9	184.9	184.9	184.9	184.9	184.9	184.9
Retained earnings	498.6	456.1	413.9	443.2	479.9	552.5	631.2
Non-Current liabilities	13.0	2.8	22.0	50.6	34.7	29.9	30.2
Loan Accounts	-	-	17.3	44.5	29.4	23.7	23.7
Gratuity & Compensation	8.8	2.8	4.7	6.0	5.4	6.2	6.6
Deferred Tax Liabilities	4.2	-	-	-	-	-	-
Current liabilities	79.2	61.3	75.7	67.2	60.2	50.9	45.6
Trade & Other payables	68.9	38.9	40.5	34.0	26.8	28.0	29.0
Accrued Leave	8.4	9.7	10.1	6.5	5.9	5.3	4.8
Gratuity & Compensations	1.9	12.6	11.9	11.9	11.9	11.9	11.9
Loan Due within a year	-	-	13.3	14.8	15.6	5.7	0.0
Total liabilities	92.2	64.0	97.7	117.8	94.9	80.8	75.9
Total Equity and Liabilities	775.7	705.1	696.5	745.9	759.7	818.2	891.9

4.10.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Aeronautical Revenue	453.3	188.7	256.4	399.5	432.6	543.8	562.2
Non-Aeronautical Revenue	48.0	21.5	35.7	46.0	53.5	61.1	68.7
Other Operating Income	4.7	0.7	1.3	0.9	0.3	0.3	0.3
Less: IATA Charges	6.0	3.3	2.5	(4.4)	(5.1)	(7.1)	(7.1)
Net Income	500.1	207.6	290.8	441.9	481.4	598.1	624.2
Operating Expenses							
Staff Costs	221.1	211.1	195.3	221.7	215.4	228.1	234.1
Other Operating Overheads.	94.6	69.9	62.2	92.4	119.7	126.0	131.4
Bad & Doubtful Debts (ECL)	3.2	1.8	3.9	2.2	(0.2)	1.4	(0.4)
Exchange movements	1.2	(60.4)	33.9	0.9	1.2	1.5	1.5
Earnings Before Depreciation, Interest, ECL & Tax	189.1	(9.7)	1.9	(315.0)	(336.3)	(355.6)	(367.1)
Finance income	(4.8)	(4.8)	(3.9)	(1.9)	(1.7)	(1.7)	(1.8)
Finance Costs	-	-	1.5	2.0	1.6	0.8	0.1
Grant	-	-	-	-	-	-	-
Prior Year adjustment	-	-	-	-	-	-	-
Interest Expense (on loans)	-	-	-	-	-	-	-
Depreciation	42.6	41.2	40.6	46.7	47.7	48.6	49.6
Total Operating Expenses	357.9	258.8	333.7	364.0	383.6	404.6	414.5
Profit before Tax	142.2	(51.2)	(42.8)	77.9	97.8	193.5	209.7
Business Tax	(36.9)	28.6	0.6	(19.4)	(24.3)	(48.3)	(52.3)
Net Profit After Tax	105.2	(22.5)	(42.2)	58.5	73.4	145.2	157.3
Distribution to Government	(115.0)	(20.0)	-	(29.2)	(36.7)	(72.6)	(78.7)
Retained Profit for the year	(9.8)	(42.5)	(42.2)	29.2	36.7	72.6	78.7

4.10.3 Actual and Projected Cash Flow Statement

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	142.2	(51.2)	(42.8)	77.9	97.8	193.5	209.7
<i>Adjustment for:</i>							
Depreciation Expenses	42.6	41.2	40.6	46.7	47.7	48.6	49.6
Loss/(Profit) on Disposal	(3.4)	(0.1)	(0.2)	-	-	-	-
Write off Adjustment (WIP)	-	1.2	0.0	-	-	-	-
Leave Accrued	8.4	1.3	0.3	(3.5)	(0.7)	(0.6)	(0.5)
Gratuity & Compensation charged	0.8	13.5	13.8	14.6	13.6	14.6	14.8
Bad & Doubtful Debts (ECL)	3.2	1.8	3.9	(2.2)	(0.2)	1.4	0.4
Exchange Losses/(Gains) on Year End Transactions	(0.5)	(41.5)	(29.1)	-	-	-	-
	184.9	(33.8)	(13.4)	133.5	158.2	257.5	273.9
Provisional Tax Paid	(42.2)	(9.1)	13.4	(2.7)	(30.9)	(35.4)	(66.8)
Gratuity & Compensation paid		(8.8)	(12.6)	(13.3)	(14.3)	(13.8)	(14.5)
	(42.2)	(17.9)	0.8	(16.0)	(45.2)	(49.2)	(81.3)
<i>Movements in Working Capital</i>							
(Increase)/Decrease in inventories	(5.5)	(0.7)	(0.0)	0.6	(0.1)	(0.1)	(0.1)
(Increase)/Decrease in Accounts Receivable (including Staff Loans)	61.3	56.7	(26.7)	11.5	3.7	(16.2)	(3.7)
Increase/(Decrease) in Accounts Payable	30.6	(30.0)	1.6	(6.5)	(7.2)	1.2	0.9
	86.4	25.9	(25.1)	5.6	(3.7)	(15.1)	(2.8)
Net cash inflow from operating activities	229.0	(25.7)	(37.8)	123.1	109.3	193.2	189.7
CASH FLOW FROM INVESTING ACTIVITIES							
Addition to property & Equipment	(19.0)	(7.5)	(4.0)	(11.8)	(12.8)	(7.0)	0.0
Addition to work in progress	(31.8)	(20.1)	(36.6)	(81.6)	(105.3)	(112.6)	(46.7)
Sale of Assets	3.5	0.1	0.8	-	-	-	-
Additions to short term investment	(7.3)	(2.9)	(4.3)	(1.5)	(1.5)	(1.5)	(1.6)
Receipt of Long term deposit	-	25.0	-	-	-	-	-
Net cash used in investing activities	(15.6)	(5.4)	(44.2)	(94.8)	(119.6)	(121.0)	(48.3)
CASH FLOW FROM FINANCING ACTIVITIES							
Loan Receipt/Loan repayment	0.9	0.0	33.3	28.8	(14.4)	(15.6)	(5.7)
Loan Repayment	(7.5)	-	-	-	-	-	-
Dividend paid	(115.0)	(20.0)	-	(29.2)	(36.7)	(72.6)	(78.7)
Exchange Movement on Borrowings	-	-	(2.8)	-	-	-	-
Net cash inflow from financing activities	(121.5)	(20.0)	30.6	(0.5)	(51.1)	(88.2)	(84.4)
Net movement in cash and cash equivalents	91.9	(51.1)	(51.4)	27.8	(61.4)	(16.0)	57.1
Cash and cash equivalents as at January 01	112.7	108.1	98.5	76.2	104.1	42.6	26.6
Exchange gain/(losses) on cash and cash equivalent	0.5	41.5	(29.1)	-	-	-	-
Cash and cash equivalents as at December 31	108.1	98.5	76.2	104.1	42.6	26.6	83.6

4.10.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Civil Aviation Authority

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	-58%	40%	52%	9%	24%	4%	The Authority was generating a total operating revenue of SCR 501.3Mn. prior to Covid-19 (YR 2019) and this was reduced by almost 58% in 2020 and around 42% in 2021 as compared to 2019. SCAA has generated most of its aeronautical revenue in 2019-2021 from passenger service fees and air navigation fees and its non-aeronautical revenue from concession fees and pay parking & advertisement. This is expected to continue in 2023-2025 where revenue from passenger services is forecasted to grow.
	Increase in Operating Expenditure	-	-31%	33%	7%	6%	6%	3%	The increase is mainly due to anticipated payments of 13th month salary and the Authority resuming its training. Additionally, as from 2023-2025, other operating overhands is forecasted to increase as SCAA is expected to pay for its software licenses for their new IT server infrastructure.
	Tax Liability	(36.9)	28.6	0.6	(19.4)	(24.3)	(48.3)	(52.3)	Tax payment to the SRC is expected to increase. However, Details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	105.2	(22.5)	(42.2)	58.5	73.4	145.2	157.3	Profitability of the SCAA is expected to recover by 2025 to the same profitability level that was prior to Covid 19 pandemic .
	Profit Margin	21%	-11%	-15%	13%	15%	24%	25%	
Efficiency of Operations	Assets Turnover	65%	30%	42%	60%	64%	74%	71%	During 2019 the Authority's total asset generated net profits (Return on Assets) followed by generated net losses during the pandemic (YR 2020 & 2021). Improvements and increase is forecasted as from 2022-2025 as SCAA is planning for additional capital investments.
	Return on Assets	-1%	-6%	-6%	4%	5%	9%	9%	
	Investment on Fixed Assets	50.80	27.60	40.60	93.40	118.10	119.60	46.70	In addition to replacement of existing old assets, Capacity development projects such as, Expansion for SIA Terminal Facilities , Airside Infrastructure Projects , Asset replacements (heavy PPE, ANS capital infrastructure , Major Capital work in progress , are planned.
Delivery of Expectations of Investors	Interest Cover (times)	6,036	-	-28	40	63	254	3,129	SCAA's finance costs are low as compared to its net profit after tax so is expected to be more than sufficient to cover its finance costs during 2022 to 2025.
	Dividend Cover	0.9	-1.1	-	2.0	2.0	2.0	2.0	The Authority was making payments of dividend during 2019 and 2020 while not having sufficient net profit after tax to do so. As from 2022 to 2025, payments of dividend are around 50% of the bottom line.
	Distributable Income	90	(28)	(86)	(36)	(46)	24	109	The Authority has generated net profits in 2019 followed by reported net losses from equity capital (Return on investments) during 2020 to 2021. Improvements is forecasted as from 2022 to 2025 due to forecasted growth in net profit after tax associated mostly with greater increase in operating revenue as compared to operating expenditures.
	Return on Equity	15%	-4%	-7%	9%	11%	20%	19%	
	Grant	-	-	-	-	-	-	-	No Grants or Subsidies are expected.
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	3.9	4.2	3.3	3.8	3.3	3.6	5.7	All the above liquidity ratios of SCAA suggest that the Authority has sufficient liquid assets (current assets less inventories) and cash and cash equivalents to meet its short-term debt obligations. SCAA is required to hold a minimum capital requirement of SCR50Mn.
	Cash ratio	2.2	2.7	2.0	2.7	2.0	2.1	3.6	
Gearing / Leverage / Solvency	Net Debt-to-Equity ratio (Gearing)	7.4	10.0	6.1	5.3	7.0	9.1	10.8	Gearing ratios of SCAA are above 1 indicating that total liabilities do not exceed the total assets. The debt ratio is expected to rise as from 2023-2025 as total liabilities are forecasted to reduce gradually.
	Net Assets	683.5	641	598.8	628.1	664.8	737.4	816.1	The Authority's net assets have remained positive and is expected to continuously increase as from 2022 to 2025. This suggest that SCAA's shareholder wealth is increasing and not indicating signs of going concern at least in the near future. The Authority's Fixed assets is anticipated to continuously increase on average contributed by the capital investment plans from capital work in progress.
	Total Borrowings (Lease Only)	0.9	-	33.3	28.8	(14.4)	(15.6)	(5.7)	The Authority's borrowings are expected to reduce as from 2023 as repayments are made on the USD 5Mn. (SCR 82.7Mn.) ¹⁴ loan from Novobanq. As at December 31, 2021, SCAA have withdrawn USD 2.1M (SCR 34.7Mn.) ¹⁵ . In 2022, anticipated withdrawals is expected to be USD 2.9M (SCR 47.9Mn.). Repayment on this loan is expected to begin in February 2022.
	Guarantees	Details are not available							

¹⁴ MTES exchange rate for 2022; USD/SCR16.53.¹⁵ MTES exchange rate for 2021; USD/SCR16.53

4.11 Seychelles Fishing Authority

Seychelles Fishing Authority did not submit its Projected Financial Statements in a Comparative Manner. As such, the Budget Documents prepared by the SFA are presented for information purpose only.

Seychelles Fishing Authority

INCOME, OPERATING & CAPITAL EXPENDITURE BUDGET 2023

SCR. Mn

ACCOUNTS: CATEGORY/CODE/DETAILS	ACTUAL		REVISED	Budgeted		
	2020	2021	2022	2023	2024	2025
Income						
6001 · Local Fishing License Fees	0.5	0.5	0.5	0.5	0.5	0.5
6002 · Annual EU Fishing License Fees- Budget Support	49.8	63.3	50.0	33.8	37.5	37.5
6003 · EU Fishing License Fees	23.1	31.6	30.5	21.4	23.8	23.8
6004 · Non-EU Fishing License Fees	60.8	76.4	78.3	94.0	96.7	96.7
6005 · Registration Fees	0.3	0.3	0.4	0.4	0.4	0.4
6006 · VMS Management Fees	1.6	2.2	1.4	0.9	0.9	1.0
6007 · Certificate of Authorisation Fees	0.5	0.4	0.6	2.8	2.8	2.9
6008 · Seaman Fishing Protocol	4.5	2.9	1.6	0.6	0.6	0.7
6009 · Sales of Ice & Others	2.7	3.9	4.8	7.5	7.8	8.0
6010 · Net Repairs & Container Storage	6.5	4.7	9.6	5.0	5.2	5.3
6011 · Building & Warehouse Leasing	3.9	4.1	10.0	5.0	5.2	5.3
6012 · Gear Store Rental & Market Facilities	0.3	0.2	1.0	0.5	0.5	0.5
6013 · Ile Du Port Property Lease	5.7	1.8	4.5	2.0	2.1	2.1
6014 · Providence Property Lease	0.0	0.0	0.1	0.1	0.1	0.1
6015 · Aquaculture Concessions	0.1	0.1	0.0	0.0	0.0	0.0
6016 · Sea Cucumber Inspection & Management	1.6	1.5	2.4	0.8	0.8	0.9
6017 · Sundry	0.0	0.1	0.0	0.0	0.0	0.0
6018 · Sales of Fuel	15.7	22.5	23.8	34.4	35.4	36.4
Mark up on Sale of Fuel	0.0	0.0	0.7	0.7	0.7	0.7
6019 · Refunds on Fuel Purchased	9.2	16.6	12.7	15.0	15.5	15.9
6020 · Aquaculture Annual License Fees	0.0	0.0	1.8	0.0	0.0	0.0
6021 · Aquaculture Management Fees	0.0	0.1	1.1	1.1	1.1	1.1
6023. Lobster Licenses & Compliance B	0.1	0.1	0.0	0.0	0.0	0.0
6025. Aquaculture License fees	0.0	0.0	0.0	0.0	0.0	0.0
6026. IRD Income	0.0	0.0	0.0	0.0	0.0	0.0
6027. IPD Income	0.0	3.3	0.0	0.0	0.0	0.0
6028. Observer Income	0.0	0.9	0.0	0.0	0.0	0.0
7001 · Interest & Dividend Received	0.2	3.6	3.7	0.3	0.3	0.3
7002 · Profit on Disposal of Assets	0.4	0.7	0.0	0.0	0.0	0.0
7003 · Misc. Non-Fisheries Income	1.1	9.9	2.9	0.0	0.0	0.0
EU Annual Sectoral Support (Grant)	0.0	0.0	0.0	37.8	38.9	40.1
	188.5	251.7	242.4	264.3	276.6	280.2
6022 · Additional Catch Surcharge	75.2	28.9	13.0	28.9	29.7	30.6
6024 · Environmental Fees	3.1	4.4	3.5	3.6	3.7	3.8
	78.3	33.2	16.5	32.4	33.4	34.4
Total Expected Revenue	266.8	285.0	258.9	296.7	310.0	314.5

Foot Note:

-Exchange rate fluctuation has a major impact on revenue especially Foreign licenses

-Exchange rate 2023 € 13.50 \$ 13.50

ACCOUNTS: CATEGORY/CODE/DETAILS	ACTUAL		REVISED	Budgeted		
	2020	2021	2022	2023	2024	2025
Operating Expenditure						
Remuneration & Employee Benefits						
8001 · Salaries & Wages	50.1	59.4	70.2	77.4	79.7	82.1
8002 · Other Allowances	3.2	1.9	1.0	1.0	1.1	1.1
8003 · Employers Pension Fund	1.3	1.7	2.6	3.4	3.5	3.6
8004 · Gratuity & Compensation	0.8	2.7	9.4	2.9	3.0	3.1
8005 · Director's Emoluments	0.5	0.5	0.8	0.6	0.6	0.6
8006 · Staff Welfare (incl. Insurance,	1.2	3.1	3.2	3.0	3.1	3.2
8007 · Annual Leave	0.0	0.3	0.0	0.5	0.5	0.5
Total Remuneration & Employee Benefits	57.2	69.6	87.1	88.8	91.5	94.2
Operating Expenditure (Ref. Goods & Services)						
8020 · Transport, Travelling & Accommodation						
8021 · Overseas Travel & Subsistence	0.1	0.1	0.2	0.2	0.2	0.3
8022 · Domestic Travel & Subsistence	0.4	0.4	0.5	0.7	0.7	0.7
8023 · Vehicle Running & Insurance Exp	1.5	1.3	1.3	2.1	2.2	2.3
Total 8020 · Transport, Travelling & Accommodation	2.0	1.8	2.1	3.1	3.2	3.3
8030 · Training & Recruitment Expenses						
8031 · Overseas Training	0.5	0.2	0.1	0.0	0.0	0.0
8032 · Local Training	0.1	0.5	3.1	1.3	1.3	1.4
8033 · Recruitment	0.1	0.1	0.1	0.1	0.1	0.1
Total 8030 · Training & Recruitment Expenses	0.7	0.8	3.3	1.4	1.5	1.5
Utilities						
Electricity	0.0	0.0	9.7	15.0	15.5	15.9
Water	0.0	0.0	0.7	1.0	1.0	1.1
Total · Utilities	0.0	0.0	10.4	16.0	16.5	17.0
Communications						
Telephone	0.0	0.0	1.1	1.5	1.5	1.6
Internet expenses	0.0	0.0	4.0	3.7	3.8	4.0
Other Communications Exp	0.0	0.0	4.8	1.5	1.6	1.6
Total · Communications	0.0	0.0	9.9	6.8	7.0	7.2
8040 · Utilities & Telecommunication						
8041 · Electricity & Water	0.4	2.0			0.0	0.0
8042 · Telephone, Fax & Internet Expen	2.0	2.1			0.0	0.0
8043 · Other Communication Exps	0.0	0.4			0.0	0.0
Total 8040 · Utilities & Telecommunication	2.4	4.5	0.0	0.0	0.0	0.0
8050 · Office Running Expenses						
8051 · Office Supplies, Postage, Printings	0.8	1.5	1.6	1.7	1.7	1.8
8052 · Office Cleaning Expenses	0.6	1.2	1.0	0.4	0.4	0.4
Total 8050 · Office Running Expenses	1.4	2.6	2.6	2.1	2.1	2.2

ACCOUNTS: CATEGORY/CODE/DETAILS	ACTUAL		REVISED	Budgeted		
	2020	2021	2022	2023	2024	2025
8060 · Property & Equipment Maintenance						
8061 · Rep/Maint/ Insurance of Assets	2.0	2.4	3.5	2.6	2.6	2.7
8063 · Rent of Premises	2.7	7.6	6.9	7.9	8.1	8.3
8064 · Security Services	4.2	6.5	3.9	8.1	8.3	8.6
8065 · Repairs & Maintenance - Others	0.2	0.0	0.4	0.4	0.4	0.4
8066 · Minor Tools/Equipments/Utensils	0.1	0.1	0.4	0.3	0.3	0.3
Total 8060 · Property & Equipment Maintenance	9.3	16.6	15.2	19.1	19.7	20.3
8070 · Educational & Promotional Expense						
8071 · Sponsor & Donations	0.0	0.0	0.1	0.1	0.1	0.1
8072 · Publicity, Publications & Awareness	0.0	0.3	0.3	0.5	0.5	0.5
8073 · Official Entertainment	0.0	0.0	0.2	0.3	0.3	0.3
8074 · Conferences, Seminars & Workshop	0.0	0.0	0.2	0.2	0.2	0.2
8075.Educational & Awareness campaign	0.0	0.1	0.0	0.2	0.2	0.2
Total 8070 · Educational & Promotional Expense	0.1	0.4	0.9	1.2	1.3	1.3
8080 · Consultancy & Professional Fees						
8081 · Consultancy Fees & Assoc Exps	0.8	0.8	1.5	0.9	0.9	1.0
8082 · Audit, Legal & Other Profession	0.4	0.3	0.7	0.5	0.6	0.6
Total 8080 · Consultancy & Professional Fees	1.3	1.1	2.2	1.4	1.5	1.5
8090 · Research & Development Costs						
8091 · Aquaculture Master Plan Project	12.1	1.2	0.8	0.3	0.3	0.3
8092 · Research Boat Expenses	0.2	0.3	0.9	0.0	0.0	0.0
8093 · Research Project Costs	0.0	0.1	0.3	0.0	0.0	0.0
8094 · Materials for Research	0.3	0.4	0.2	0.1	0.1	0.1
8095 · Provisions for Research Vessels Crew	0.2	0.1	0.1	0.0	0.0	0.0
8096 · Research/Statistics Publication	0.0	0.0	0.0	0.0	0.0	0.0
8097 · Utilities	1.5	0.8	0.0	0.0	0.0	0.0
8098 · Other R&D Associated Exps	0.2	0.0	0.0	0.0	0.0	0.0
8099.Maintenance-Research Assets	0.0	0.0	0.0		0.0	0.0
Total 8090 · Research & Development Costs	14.5	2.9	2.3	0.4	0.4	0.4
8100 · Monitoring Control, Surveillance						
8101 · Satellite Communication Expenses	2.6	0.4	0.9	0.4	0.4	0.4
8102 · Patrol Boat & Patrol Expenses	0.0	0.1	0.3	0.0	0.0	0.0
8103 · Patrol Boat Expenses	0.0	0.8	0.0	0.0	0.0	0.0
Total 8100 · Monitoring Control, Surveillance	2.6	1.3	1.2	0.4	0.4	0.4
8105 · Fisheries Facilities Development						
8110 · Utilities	9.4	9.6	0.0	0.0	0.0	0.0
8111 · Fuel Expenses	25.5	39.3	36.0	50.0	51.5	53.0
8112 · Fishing Boat Owners Association	0.0	0.0	0.0	0.0	0.0	0.0
8113 · Praslin Fisherman Association	0.0	0.0	0.0	0.0	0.0	0.0
8114 · Publication & Awareness	0.1	0.2	0.0	0.2	0.2	0.2
8115 · Fisheries Development Loan	0.0	0.0	0.0	0.0	0.0	0.0
8116 · Training & University Costs	0.0	0.0	0.0	0.0	0.0	0.0
8117 · Workshop & Conferences	0.1	0.0	0.0	0.0	0.0	0.0
8118 · Maintenance of Fishing Facilities	2.6	2.8	3.0	0.0	0.0	0.0
8119 · Other Fisheries Support Expense	3.9	0.5	0.2	0.7	0.7	0.7
Total 8105 · Fisheries Facilities Development	41.6	52.5	39.2	50.9	52.4	53.9

ACCOUNTS: CATEGORY/CODE/DETAILS	ACTUAL		REVISED	Budgeted		
	2020	2021	2022	2023	2024	2025
8120 · General & Other Sundry Expenses						
8121 · Indian Ocean Tuna Commission Expenses	0.0	1.4	0.9	2.4	2.5	2.6
8122 · Illegal Unregulated Unreported(IUU) Vessels Costs	0.8	0.2	0.5	0.5	0.5	0.5
8123 · Contributions Intl Organisation	0.0	0.0	0.2	0.1	0.1	0.1
8124 · Sundry Expenses	0.0	0.0	0.0	0.0	0.0	0.0
8125 · Suspense	0.9	0.1	0.0	0.0	0.0	0.0
8126 · Seamen Refund	12.0	12.2	0.7	0.0	0.0	0.0
8127.Seaman Expenses	0.0	0.1	0.0	0.0	0.0	0.0
Total 8120 · General & Other Sundry Expenses	13.8	13.9	2.3	3.0	3.1	3.2
8130 · Finance Costs						
8131 · Bank Interests & Charges	0.2	0.2	0.2	0.2	0.2	0.2
8132 · Doubtful Debts & Bad Debts Written Off	0.0	0.0	0.0	0.1	0.1	0.1
8133 · Depreciation & Amortisation	13.0	23.6	0.0	0.0	0.0	0.0
77000· Exchange Loss or (Gain)	-25.1	16.9	0.0	5.0	5.2	5.3
Total 8130 · Finance Costs	-11.9	40.7	0.2	5.3	5.4	5.6
Total Operating Expenditure	134.9	208.8	178.9	199.9	205.9	212.0
OPERATING SURPLUS/(DEFICIT)	131.9	76.2	80.0	96.9	104.1	102.5
Capital Expenditures (Ref. Minor Capital & PSIP)						
1003 · Infrastructures Improvements	4.2	0.0	7.0	0.0	0.0	0.0
1006 · Buildings Improvements	0.4	0.0	7.0	10.0	10.3	10.6
1009 · Office & Research Equipments	1.5	1.5	4.0	2.0	2.1	2.1
1012 · Ice Plants	0.1	2.2	0.0	0.0	0.0	0.0
1015 · Boats & Vehicles	1.6	1.2	2.0	1.0	1.0	1.1
1018 · Software Developments	0.7	0.6	4.2	2.3	2.4	2.4
1021 · Other Assets	0.2	0.3	0.8	0.2	0.2	0.2
1039 · Capital Development Projects - WIP	1.3	2.4	1.3	4.0	4.1	4.2
EU Annual Sectoral Support related expenses (Grant)				37.8	38.9	40.1
Total Capital Expenditures	9.9	8.2	26.4	57.3	20.1	20.7
Total Expenditure	144.8	217.0	205.3	257.1	225.9	232.7
Government Dues (Taxation & Dividend)						
8141 · Business Tax	0.0	0.0	22.0		0.0	0.0
8142 · CSR Tax	0.0	0.0	1.2		0.0	0.0
8143 · VAT	0.0	0.0	0.8		0.0	0.0
5013 · Dividend	50.0	75.0	29.5	25.0	25.8	26.5
Total Due to Government	50.0	75.0	53.5	25.0	25.8	26.5
SURPLUS/(DEFICIT) AFTER TAX & DIVIDEND	72.0	-7.1	0.1	14.6	58.3	55.3
Net Cash Flow for the Year	72.0	-7.1	0.1	14.6	58.3	55.3
Cash Flow Brought Forward				103.2	117.8	176.1
Net Cash Flow at the End of the Year	72.0	-7.1	0.1	117.8	176.1	231.4

4.11.1 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Fishing Authority

The SFA provided its Budget for the year 2022 to 2025, however did not submit the document in the required format. Above is the projected Income, operating and Capital Expenditure for the year 2022 to 2025

Total Expected Income

Total expected revenue forecasted for the year 2023 - 2025 shows an increase compared to prior years of 2020 – 2021, except for the year 2022. For the year 2021 the revenue has increased by 6% compared to 2020, however the 2022 revenue is expected to decrease by 9% compared to previous year of 2021. For forecasted years of 2022 – 2025, total expected revenue shows an increase of 14% between year 2023 and 2022. For the years 2023 – 2025 an increase of 6% is expected throughout the years.

It is important to note that increase and decrease in exchange rate have an impact on SFAs operation, as some of its revenue received are denominated in foreign currencies.

Total operating expenditure

Total operating expenditure forecasted for the year 2022 - 2025 shows an increase compared to the years of 2021 – 2022. For the year 2021, the operating expenditure increased by 54.7% compared to 2020, however the 2022 operating expenditure is expected to decrease by 14.3% compared to the previous year of 2021. For forecasted years of 2022 – 2025, total operating expenditure shows an increase of 11.7% between the years 2022 and 2023. For the years 2023 – 2025 an increase of 6% is expected throughout the years. It is important to note that the increase forecasted for 2025 is higher compared to the year 2020 and 2021.

Surplus for the year

The measure indicates the amount that remains after deducting the total operating expenditure from total expected income for the year. The total remaining surplus throughout the year 2020 to 2025 is fairly constant, at approximately 30% except for the year 2020. The total surplus for the year 2020 was 49% as illustrated by the table below. The figures are before taking into account CAPEX and dividend disbursement

Capital expenditure

In 2021, there was a 17% drop in capital projects, and the year 2022 shows a major spike in budgeted capital expenditure of 222% in 2022. The increase in capital expenditure for the latter 3 years is supported by EU Annual Sectoral Support related expenses (Grant).

Dividend

Dividend payment to Government was at SCR. 75Mn. for 2021. However, a large drop of SCR 45.5 Mn. is estimated for 2022, i.e. SCR. 29.5Mn. The dividend payment decreases to SCR 25.0 Mn in 2023. For 2024 and 2025, a slight increase in dividend payment of 3% year on year has been projected. This will maintain the yearly dividend payment at around SR. 25Mn. for 2023 to 2025. SFA's analysis shows that revenue has mainly been impacted by depreciation of foreign currencies and reduction in additional catch surcharge. Such trend has been factored into 2023 to 2025 forecast.

EU Annual Sectoral Support

For the forecasted year 2023 – 2025, the SFA will benefit with an EU Annual Sectoral Support related expenses (Grant). The Grant will be available for the year 2023 – 2025, and will be used to assist in the Capital Expenditure of SFA.

4.12 Seychelles Ports Authority

4.12.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non Current Assets	167.3	294.7	289.8	303.5	433.0	766.9	932.9
Property and equipment	147.6	276.1	266.2	281.4	410.8	743.6	909.6
Intangible assets	0.2	0.2	0.4	-	-	-	-
Investment property	19.5	18.4	17.2	16.1	16.1	17.2	17.2
Deferred tax assets	-	-	6.0	6.1	6.1	6.0	6.0
Current Assets	289.0	275.1	224.8	250.7	291.6	232.2	211.0
Inventories	3.3	3.2	3.3	4.3	2.6	3.1	3.2
Investment in financial assets	-	23.5	-	-	-	-	-
Trade and other receivables	58.6	44.0	31.4	31.9	18.9	18.3	18.6
Cash and cash equivalents	227.0	204.3	190.1	214.4	270.1	210.8	189.2
Total Assets	456.3	569.8	514.6	554.2	724.5	999.1	1,143.8
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Capital and Reserves	396.2	516.8	483.5	522.7	555.7	587.6	591.5
Capital reserve	10.7	9.5	8.4	9.5	9.5	8.4	8.4
Capital Grant	-	-	-	-	-	-	-
Retained earnings	385.5	507.4	475.1	513.3	546.2	579.2	583.1
Non Current liabilities	22.2	18.7	12.9	13.6	149.9	364.7	501.0
Retirement benefit obligations	8.0	5.2	4.6	6.5	6.6	14.4	16.3
Differed Taxation	6.3	0.5	0.0	-	-	-	-
Other payable	-	-	-	-	-	-	-
Borrowings	7.8	13.0	8.2	7.1	143.2	350.3	484.7
Current liabilities	37.9	34.2	18.3	13.6	149.9	364.7	501.0
Borrowings Payable within 1 year	-	-	-	-	-	38.5	43.3
Trade and other payables	10.2	12.6	8.4	9.6	15.1	8.1	8.1
Tax liability	27.4	16.0	5.1	5.4	3.9	0.1	0.0
Retirement benefit obligation	0.4	5.6	4.7	2.9	-	-	-
Total liabilities	60.1	53.0	31.1	31.5	168.8	411.5	552.4
Total Equity and Liabilities	456.3	569.8	514.6	554.2	724.5	999.1	1,143.8

4.12.2 Statement of Actual and Projected Comprehensive Income

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Port Related services	182.5	158.9	150.3	163.4	167.6	154.3	160.7
Hire of boats	1.8	0.8	0.8	0.4	0.4	0.4	0.4
Rental income	10.5	12.2	14.3	33.7	31.8	32.8	33.2
Other income	3.3	1.7	1.0	13.2	1.0	-	-
Foreign exchange gain	-	90.9	-	-	-	-	-
Gross income	198.1	264.5	166.4	210.7	200.9	187.4	194.3
Cost of services	(14.1)	(11.3)	(18.6)	16.8	30.6	23.2	25.7
Gross Profit	184.0	253.2	147.8	193.9	170.3	164.2	168.6
Operating Expenditures	-107.8	-121.8	-177.9	-139.7	-129.2	-158.5	-193.9
Staff costs	(71.0)	(74.2)	(70.0)	(81.4)	(84.4)	(88.1)	(92.5)
Premises costs	(3.8)	(6.3)	(3.0)	(5.9)	(8.3)	(6.0)	(6.3)
Operating overheads	(12.4)	(13.1)	(9.6)	(7.2)	(9.0)	(10.7)	(10.1)
Loan Interest	-	-	-	-	-	(9.5)	(13.9)
Foreign exchange (loss)	(5.2)	0.0	(74.0)	(21.4)	-	-	-
Movement in provision for credit impairment	(1.8)	(13.6)	0.2	-	-	-	-
Depreciation of property plant and equipment	(12.4)	(13.4)	(20.3)	(23.8)	(27.5)	(44.2)	(71.1)
Depreciation of investment property	(1.1)	(1.1)	(1.1)	-	-	-	-
Amortization	(0.1)	(0.1)	(0.1)	-	-	-	-
Profit Before Tax	76.2	131.2	(30.1)	54.1	41.2	5.7	(25.5)
Tax reversal/(expense)	(69.4)	(13.5)	(2.1)	(14.9)	(8.2)	(1.8)	0.0
Profit and total Comprehensive Income for the Year	6.8	117.7	(32.2)	39.2	32.9	3.9	(25.5)
Distribution to Government	-	-	-	0.2	(5.5)	(41.9)	(56.0)
Retained Profit for the year	6.8	117.7	(32.2)	39.5	27.4	(38.0)	(81.5)
Accumulated Retained Earnings	385.5	507.4	475.1	513.3	546.2	579.2	583.1

4.12.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	76.2	131.2	(30.1)	54.1	41.2	5.7	(25.5)
<i>Adjustment for:</i>							
Depreciation of property and equipment	12.4	13.4	20.3	23.8	27.5	44.2	71.1
Depreciation of investment property	1.1	1.1	1.1	-	-	-	-
Amortization	0.1	0.1	0.1	-	-	-	-
Provision for credit impairment	0.6	13.6	(0.2)	-	-	-	-
Retirement benefit obligation charge	5.6	7.5	5.9	6.5	6.6	3.0	3.1
Loss on disposal	0.1	0.0	0.0	-	-	-	-
Write-off of property and equipment	-	0.2	0.0	-	-	-	-
Interest accrued	-	(0.9)	0.0	(0.2)	0.7	9.5	13.9
Currency translation differences	3.6	(90.9)	74.0	-	-	-	-
Prior year adjustment on IOT revenue	0.0	4.5	0.0	-	-	-	-
VAT credit refund	-	(8.5)	0.0	-	-	-	-
Currency translations differences on borrowings	-	5.2	(4.8)	(1.2)	-	-	-
Prior year adjustments-Other	-	(0.3)	(0.2)	-	-	-	-
<i>Movements in Working Capital</i>							
increase in inventories	(0.6)	0.1	(0.1)	(1.0)	1.8	(0.5)	(0.1)
increase in trade and other receivables	24.2	1.7	12.9	(5.8)	13.0	0.6	(0.3)
Decrease in trade and other payables	(6.3)	2.4	(4.2)	2.6	5.5	(7.0)	0.0
Tax paid	(75.6)	(22.1)	(19.3)	(11.3)	(9.8)	(2.1)	(0.1)
Gratuity and compensation paid	(3.3)	(5.1)	(7.4)	(6.5)	(9.3)	(1.2)	(1.2)
Net cash inflow from operating activities	38.2	53.3	48.2	61.1	77.1	52.1	60.9
CASH FLOW FROM INVESTING ACTIVITIES							
Addition to property & Equipment	(20.1)	(143.3)	(11.7)	(37.4)	(156.9)	(274.0)	(237.1)
Purchase of investment property	(0.5)	-	-	-	-	-	-
Additions to intangible assets	(0.2)	(0.1)	(0.2)	-	-	-	-
Purchase of investment in financial assets	(101.9)	(23.5)	-	-	-	-	-
Proceeds from redemption of investment in financial assets	165.3	-	23.5	-	-	-	-
Net cash used in investing activities	42.7	(166.9)	11.6	(37.4)	(156.9)	(274.0)	(237.1)
CASH FLOW FROM FINANCING ACTIVITIES							
Dividends paid and net cash outflow from financing activity	-	-	-	0.2	(5.5)	(41.9)	(56.0)
Borrowings received	7.8	-	-	-	141.0	204.5	210.6
Net cash inflow from financing activities	7.8	-	-	0.2	135.5	162.6	154.6
Net movement in cash and cash equivalents	88.7	(113.6)	59.8	23.9	55.7	(59.3)	(21.6)
Cash and cash equivalents as at January 01	141.9	227.0	204.3	190.5	214.4	270.1	210.8
Exchange gain/(losses) on cash and cash equivalent	(3.6)	90.9	(74.0)	-	-	-	-
Cash and cash equivalents as at December 31	227.0	204.3	190.1	214.4	270.1	210.8	189.2

4.12.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Ports Authority

SCR. Mn.

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-6%	-13%	-5%	9%	3%	-8%	4%	The total operating income decreased from 2019 to 2020 due to the Covid Pandemic Impact. from 2022 onwards, it is expected to increase and re-gain the revenue figures as prior to 2019
	Increase in Operating Expenditure	5%	14%	-8%	-17%	-3%	28%	23%	Significant increase expected in 2024 and 2025 is mainly due to depreciation of PPE which will be added to the operations of the SPA.
	Tax Liability	69.4	13.5	2.1	14.9	8.2	1.8	-	The tax expense has significantly drop from 2019 compare to the current and the forecasted year as the profitability of the PE goes down.. Further, details of PIT, WHT, or other relevant Taxes or Levies are not Shown in the Projected Financial Statements or Notes.
	Profit After TAX	6.8	117.7	(32.2)	39.2	32.9	3.9	-25.5	SPA's expected profitability forecast has been undertaken under the existing tariff rates. The SPA is expecting to implement new tariff structure and accordingly, the profitability of the SPA is expected to improve further.
	Profit Margin	3%	68%	-19%	20%	16%	2%	-13%	
Efficiency of Operations	Assets Turnover	43%	30%	32%	36%	28%	19%	17%	Contribution of the Assets of the SPA in revenue generation has fallen down mainly due to reduction in revenue as well ass increased investment in PPE.
	Return on Assets	1%	21%	-6%	7%	5%	0%	-2%	
	Investment on Fixed Assets	20.7	143.4	11.9	37.4	156.9	274.0	237.1	The SPA is planning to significantly invest in PPE in order to increase its efficiency and operational capacity.
Delivery of Expectations of Investors	Interest Cover (times)	-	-	-	-	-	0.60	-1.83	A decline in the rate of interest cover as the business is less profitable to cover and pay interest on its outstanding debt. For the forecasted year and current year, it has significantly drop as the business is less profitable.
	Dividend Cover	-	-	-	197.5	5.0	(0.9)	(1.5)	The SPA is planning to commence payment of Dividends from the year. However, funds for the distribution will be taken from retained earnings as the distributable income of the year remains a negative figure.
	Distributable Income	(13.9)	(25.6)	(44.1)	1.8	(123.9)	(270.1)	(262.6)	The amount of distributable income has significantly decreased mainly due to expected investments in PPE and also due to lower profitability of the SPA.
	Return on Equity	2%	23%	-7%	8%	6%	1%	-4%	During the year of 2019, return on investments in term of net profit in relation to equity was 2% which was low for the company and this has significantly increase to 23% in 2020 indicating that the business was effective in the different investment choices made during that year. However, during the current year and the forecasted year it is expected for the rate of return on investment to decline, this show that the business will not be profitable and effective in the investment choices being made.
	Grant	-	-	-	-	-	-	-	No Grant or Subsidies are requested
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	7.6	8.0	12.3	18.5	1.9	0.6	0.4	SPA current ratio shows an increase from 2019 to 2022, representative of SPA's capability to meet its short term debt obligations due within a year. However, there is a sharp decline in current ratio from 18.5 in 2022 to 1.9 in 2023. Subsequently, in 2024 and 2025 there is further decline in current ratio to below 1 indicating that SPA will not have sufficient cover its short-term debt obligations.
	Cash ratio	6.0	6.0	10.4	15.8	1.8	0.6	0.4	The cash ratio follows similar pattern to the current ratio, notably an increase from 2019 to 2022 followed by sharp decline in cash ratio from 15.8 in 2022 to 1.8 in 2023. Subsequently, in 2024 and 2025 there is further decline in current ratio to below 1 indicating that SPA's will not have sufficient cash on hand to pay to pay off current debt when it is due.
Gearing / Leverage / Solvency	Equity to Debt ratio (Gearing)	6.6	9.8	15.5	16.6	3.3	1.4	1.1	The Strong position of the Debt:Equity ratio is expecting to decline mainly due to substantial financing strategy of the SPA for its investments.
	Net Assets	396.2	516.8	483.5	522.7	555.7	587.6	591.5	The SPA continues to increase the Net assets position and making the shareholder's wealth more strong.
	Total Borrowings (Lease Only)	60.1	53.0	31.1	31.5	168.8	411.5	552.4	The Debt position of the SPA is significantly expected to increase due to new borrowing plan for potential growth.
	Guarantees	Details are not available							

4.13 Seychelles Pension Fund

4.13.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	2768.9	2659.8	2728.6	Not Submitted	2,985.2	3,003.9	3,008.3
Property and equipment	31.4	20.8	17.8		18.8	16.4	14.2
Investment properties	1528.6	1395.7	1408.3		1,666.2	1,844.2	1,961.2
Right of use on assets	42.7	42.1	41.6		41.1	40.6	40.1
Investment in subsidiary - Opportunity Investment Company Limited	44.4	40.6	40.6		40.6	40.6	40.6
Investment in associates - Seychelles Breweries Limited					264.3	264.3	264.3
Investment in associates - Al Salam Bank Seychelles Limited					25.3	25.3	25.3
Investment in associates - Cable & Wireless Seychelles Limited					294.4	294.4	294.4
Investment in financial assets	412.4	613.6	564.2		582.5	448.1	368.1
Loans receivable	108.0	90.8	71.9		51.8	29.9	0.0
Current Assets	768.0	872.7	784.2		561.8	588.9	586.3
Investment in financial assets	516.9	410.9	336.3		255.1	280.7	286.3
Receivables and prepayments	73.3	81.6	78.6		81.3	70.7	61.5
Assets held for sale	55.5	203.9	206.6		21.9	21.9	21.9
Loans receivable	15.9	17.3	18.8		18.8	18.8	6.2
Cash and bank balances	106.4	159.0	143.9		184.7	196.9	210.5
Total Assets	3537.0	3532.5	3512.8		3,547.0	3,592.8	3,594.6
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Capital and Reserves	3290.6	3436.0	3477.2	Not Submitted	3,510.9	3,558.1	3,559.7
Member's fund	1645.4	1721.6	1744.1		1,763.6	1,783.2	1,765.8
Other fund	533.3	533.3	533.3		533.3	533.3	533.3
Reserve funds	14.6	14.6	14.6		14.6	14.6	14.6
Other reserves	153.9	153.9	153.9		153.9	153.9	153.9
Retained surplus	943.4	1012.6	1031.3		1,045.5	1,073.2	1,092.2
Non-Current liabilities	13.9	15.2	14.6		17.8	18.0	18.2
Retirement benefit obligations	7.2	8.6	8.2		11.4	11.6	11.8
Deferred property lease	6.6	6.5	6.4		6.4	6.4	6.4
Current liabilities	232.5	81.3	21.0		18.3	16.7	16.7
Trade and other payables	232.5	81.3	21.0		18.3	16.7	16.7
Total liabilities	246.3	96.5	35.6		36.1	34.7	34.9
Total Equity and Liabilities	3536.9	3532.5	3512.8		3,547.0	3,592.8	3,594.6

4.13.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Income	190.1	200.7	163.9	Not Submitted	176.9	179.0	174.1
Interest income	50.7	45.4	47.4		30.3	25.8	19.2
Dividend income	20.5	22.3	21.4		44.3	46.5	48.2
Rental income	118.0	114.2	94.1		101.9	106.2	106.2
Profit on sale of investment properties and other financial assets	-	17.6	0.3		-	-	-
Profit on disposal of property and equipment	-	0.1			-	-	-
Other income - Surcharges	0.8	1.0	0.6		0.5	0.5	0.5
Amortization of deferred Government Grant	0.1	0.1	0.1				
Expenditure	141.6	134.4	117.5	Not Submitted	162.7	151.3	155.1
Interest credited to members	47.4	35.6	37.3		47.6	48.6	49.6
Administrative expenses	47.7	48.6	44.4		57.6	60.0	61.1
Investment fees	0.4	0.2	1.1		6.2	6.5	6.7
Events and marketing	3.7	2.5	1.6		2.1	2.5	2.5
Property management expenses	30.6	32.1	22.0		22.8	24.0	24.5
Covid -19 related expenses		0.3	0.3				
Depreciation of property and equipment	6.3	6.0	5.6		5.5	5.6	5.7
Amortization of right of use of assets	0.5	0.5	0.5				
Loss on disposal of property and equipment					16.6	0.0	0.0
Provision charge for bad and doubtful debts		4.9	1.1		2.0	2.0	2.0
Auditors' remuneration	0.5	0.4	0.4		0.7	0.7	0.8
Other professional fees	4.5	3.2	3.2		1.6	1.5	2.3
Contingency Reserves							
Surplus for the year before fair value changes and exchange differences	48.6	66.3	46.3	Not Submitted	14.2	27.7	19.0
(Loss)/gain on exchange	0.9	14.6	(44.8)				
Surplus for the year before fair value changes	49.5	80.9	1.5		14.2	27.7	19.0
Decrease in fair value of quoted equities	3.4	(33307)	(2.5)				
Decrease in fair value of subsidiaries (Opportunity Investment Co Ltd)		(3.9)					
Decrease in fair value of investment properties	32.7	(9.3)	(15.7)				
(Decrease) /Increase in fair value of associate (Seybrew)	(9.9)	16.5	(0.8)				
(Decrease)/Increase in fair value of associate (Al Salam Bank)	0.6	13.7	(10.8)				
(Decrease)/Increase in fair value of associate (Cable & Wireless)		(175.5)	139.5				
Total fair value changes	26.8	(158.4)	109.7		-	-	-
Other comprehensive income							
(Decrease)/Increase in Fair Value of Unquoted Equities	19.7	146.7	(92.5)				
Total other comprehensive income	19.7	146.7	(92.5)		-	-	-
Net changes in fair values of investment	46.5	(11.7)	17.2		-	-	-
Surplus for the year	96.0	69.2	18.7		14.2	27.7	19.0
Retained surplus brought forward	847.4	943.4	1012.6		1,031.3	1,045.5	1,073.2
Retained surplus carried forward	943.4	1012.6	1031.3		1,045.5	1,073.2	1,092.2

4.13.3 Actual and Projected Statements of Changes in Net Assets Available for Benefits

SCR. Mn.

Description	Actual			Budget			
	2019	2020	2021	2022	2023	2024	2025
Contribution Income	423.5	460.2	467.0	Not Submitted	792.2	828.7	884.7
Compulsory contributions:							
- by employees	199.3	213.0	213.8		375.4	390.6	416.2
- by employers	196.0	212.1	214.4		375.4	390.6	416.2
Voluntary contributions:							
- by employees	21.1	25.9	29.0		31.5	36.2	39.8
- by employers	7.0	9.3	9.7		9.9	11.3	12.5
Investment Income	145.9	104.8	56.0		61.8	76.3	68.6
Interest received by members	47.4	35.6	37.3		47.6	48.6	49.6
Net change in fair value on financial assets					14.2	27.7	19.0
Surplus for the year from investments	96.0	69.2	18.7				
Revaluation of property to reserve	2.5	0.0			0.0		0.0
Net fair value changes					0.0		0.0
Benefits Paid	337.3	419.7	481.7	Not Submitted	771.7	857.7	951.7
- Normal Retirement	257.9	323.3	368.5		627.6	698.6	776.6
- Voluntary retirement refund upon retirement	3.7	2.3	1.7		2.8	3.0	3.3
- Death before Normal Retirement	2.9	2.7	4.2		3.7	4.0	4.5
- Permanent Incapacity	45.5	52.6	58.4		75.1	82.6	90.8
- Pre-Migration Retirement	0.7	0.9	0.2		0.6	0.6	0.7
- Death after Normal Retirement	0.0	0.0			0.0	0.0	0.0
- Surviving Spouse Pension	1.1	12.6	13.7		17.4	19.2	21.1
- Children Pension	4.0	4.2	4.5		5.1	5.6	6.1
- Post-Retirement Surviving Spouse	9.8	11.6	14.2		21.4	24.1	26.5
- Post-Retirement Children Pension	1.1	1.2	1.3		2.5	2.7	3.0
- Voluntary retirement contribution refund at 55 years onwards	9.1	8.7	14.3		15.6	17.2	18.9
- Early retirement benefit					0.0		
- Dependent/Severe Disability	0.0	0.0	0.0		0.1	0.1	0.1
- Refund of overpaid contributions	0.5	0.0	0.5		627.6	698.6	776.6
- Other adjustments	1.1	(0.3)	(0.0)		2.8	3.0	3.3
(Deficit)/Excess contribution over benefits paid	76.1	40.5	(14.8)		20.4	(29.0)	(67.0)
Adjustment: Prior year deferred lease	-	-	-		0.0	-	0.0
Adjustment- Salaries and amortization (restated)	-	-	-		0.0	-	0.0
Overall surplus for the year- net increase in assets available for benefits	222.0	145.3	41.2		82.2	47.2	1.6
Balance at January 1,	3,068.6	3,290.6	3,436.0		3,444.4	3,547.0	3,592.8
Balance as at December 31,	3,290.6	3,436.0	3,477.2		3,547.0	3,592.8	3,594.6

4.13.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Pension Fund

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	6%	-18%	Not Submitted	8%	-1%	-3%	Operational revenue of the SPF is showing a decline continuously.
	Increase in Operating Expenditure	-	-5%	-13%		38%	-7%	-3%	Operational spending of the SPF is expected to fall down at a greater rate on yearly basis.
	Tax Liability	-	-	-		-	-	-	No Business tax is applicable to the SPF. However, details of such as PIT are not projected and shown in the Budget Documents.
	Profit After TAX	96.0	69.2	18.7		14.2	27.7	19.0	Due to low operating cost of the SPF, profit margin shows a positive return. However, at a reducing trend.
	Profit Margin	50%	34%	11%		8%	15%	11%	
Efficiency of Operations	Assets Turnover	5%	6%	5%		5%	5%	5%	Operational income from the assets employed shows approximately 5% while net return shows only 1%.. Unattended strategies to increase the return on assets will lead the SPF to difficulties to meet its benefit payments in long run, as no other revenue sources are available to the SPF.
	Return on Assets	3%	2%	1%		0%	1%	1%	
	Increase in Contribution	-	9%	1%		70%	5%	7%	The SPF expects average increase of 5% of the pension contributions by members.
	Investment in Investment Properties	-	9%	1%		8%	11%	6%	The SPF keep investing in Investment Properties approximately 8% on average compared to the same in previous year in order to increase revenue generation capacity of the SPF.
Delivery of Expectations of Members and Investors	Increase in Investment Income	-	-28%	-47%		5%	23%	-10%	Due to Covid 19 impact, revenue from investments of the SPF has declined and expect to recover in 2023. However, a decline is expected again in 2025.
	Increase in Benefits Paid	-	24%	15%		23%	11%	11%	Contrary to the decline or uncertain Income and decrease in revenue generation ability from Investments of the SPF, demand for benefit payments keep increasing at a rate higher than 10% on yearly basis indicating that the SPF needs strategy to re-analyze Benefit Payment capacity to its members in long run.
	Excess contribution over benefits paid	76.1	40.5	(14.8)		20.4	(29.0)	(67.0)	
	Overall Surplus of the Members’ Accounts	222.0	145.3	41.2		82.2	47.2	1.6	Overall annual surplus in the Members account is keep declining at a greater rate and after 2025, if the SPF does not implement strong fund management strategy, the Members account and accumulated funds in the will start to decline to pay for its members’ benefits. As such, the SPF need to focus on projects that generate higher return on investment and re-prioritize its investment decisions.
	Grant	-	-	-		-	-	-	PDF is operated on Investment Income and funds form its member contributions. However, the
	Government Subsidies	-	-	-		-	-	-	
Liquidity	Current ratio	3.30	10.73	37.34		30.70	35.26	35.11	The liquidity of the SPF is increasing at a greater rate mainly due to short term investments. And, the Cash in hand to pay its day to-day operations and creditors shows adequate. The SPF needs to re-assess and undertake benefit analysis of tiding up its members funds in short-term investments rather than investing in long term instruments or high yield assets.
	Cash ratio	7.22	5.49	5.45	3.04	2.99	2.79		
Gearing / Leverage / Solvency	Equity to Debt ratio (Gearing)	14.36	36.61	98.67	98.25	103.54	103.00	The SPF Debt is considerably low compared to the funds available in the Members Account and it shows a continues increase over the period.	
	Net Assets	3290.6	3436	3477.2	3,510.90	3,558.1	3,559.7	The net assets position of the SPF shows a slight increase over the period. However, if the Financial strategy of the SPF is unable to address the investment priorities taking in to consideration of matching Concept of the use of its funds, the Net assets position could start to decline after the year 2025. (i.e. Already, the annual net surplus of Members Account has started to show a deficit)	
	Total Borrowings (Lease Only)	-	-	-	-	-	-	No Borrowings are available in the books of accounts of the SPF.	
	Guarantees	Details are not available							

4.14 Seychelles Postal Services Limited

4.14.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	10.3	11.0	Not Submitted	1.8	1.5	1.5	1.5
Property, plant and equipment	9.2	8.6		0.6	1.3	1.3	1.3
Intangible assets	0.0	0.0		0.0	0.2	0.2	0.2
Deferred tax asset	0.4	0.7		1.2	-	-	-
Right of use assets	0.6	1.7		-	-	-	-
Current Assets	18.1	31.9		30.7	30.7	30.7	30.7
Inventories	5.7	5.8	Not Submitted	4.8	3.4	3.4	3.4
Trade and other receivables	9.0	13.0		13.6	12.3	12.3	12.3
Cash and cash equivalents	3.5	14.8		17.0	15.0	15.0	15.0
Total Assets	28.4	42.9		32.5	32.2	32.2	32.2
EQUITY AND LIABILITIES							
Capital and Reserves	17.0	31.5	Not Submitted	24.1	21.8	21.8	21.8
Share Capital	0.1	0.1		0.1	0.1	0.1	0.1
Capital and other reserves	28.6	28.6		28.6	28.6	28.6	28.6
(Revenue deficit)/Retained earnings	-11.7	2.8		-4.6	-6.9	-6.9	-6.9
Non-current liabilities	1.4	2.1		1.2	1.2	1.2	1.2
Retirement benefit obligation	1.0	1.2		1.2	1.2	1.2	1.2
Lease liabilities	0.3	0.9	Not Submitted	-	-	-	-
Current Liabilities	10.0	9.3		3.3	2.1	2.1	2.1
Trade Payables	9.8	8.6		3.3	2.1	2.1	2.1
Lease liabilities	0.2	0.7		-	-	-	-
Total Liabilities	11.4	11.4		4.5	3.3	3.3	3.3
Total Equity and Liabilities	28.4	42.9		28.7	25.2	25.2	25.2

4.14.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Revenue	27.8	29.9	Not Submitted	27.4	29.8	27.8	27.8
Direct operating expenses	(5.4)	(7.3)		(6.3)	(5.2)	(5.2)	(5.2)
Gross profit	22.4	22.5		21.1	24.5	22.5	22.5
Other income	-	0.1		-	-	-	-
Employee benefit expenses	(18.7)	(7.1)		16.6	17.6	17.6	17.6
General and administrative expenses	(4.2)	(4.0)		6.1	6.6	6.6	6.6
Depreciation on property, plant and equipment	(1.6)	(1.1)		1.1	1.1	1.1	1.1
Amortization	(0.0)	(0.0)		-	-	-	-
Depreciation of right of use asset	(0.4)	(0.5)		-	-	-	-
Expected credit losses	-	(0.8)		-	-	-	-
Exchange gain/(loss)	-	5.3		-	-	-	-
Finance costs	(0.1)	(0.1)		-	-	-	-
Profit/(loss) before tax	(2.6)	14.2		(2.8)	(0.8)	(2.8)	(2.8)
Taxation (charge)/credit	0.3	0.2		(0.1)	-	-	-
Profit/(loss) for the year	(2.2)	14.5		(2.7)	(0.8)	(2.8)	(2.8)

4.14.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	(2.6)	14.2	Not Submitted	(14.7)	(0.8)	(2.8)	(2.8)
Adjustment for:							
Depreciation of Property, Plant and Equipment	1.6	1.1		1.4	1.2	1.2	1.2
Amortisation charged	0.0	0.0		0.0	0.0	0.0	0.0
Depreciation of right of use asset	0.4	0.5		-	-	-	-
Expected credit losses	-	0.8		0.6	0.6	0.6	0.6
Profit on disposal	-	(0.1)		-	-	-	-
Bad debt written off	-	-		-	0.1	-	-
Movement in Provision for Retirement Benefit Obligation	1.2	1.1		-	-	-	-
Foreign exchange gain/(loss)	0.0	(5.3)		(0.3)	(0.2)	(0.2)	(0.2)
	0.6	11.6		(13.6)	0.4	(1.7)	(1.7)
Change in working capital:							
Increase/Decrease in Inventories	0.4	(0.1)		0.2	0.1	0.1	0.1
Increase/Decrease in Accounts Receivable	0.7	(4.9)		(0.4)	(0.2)	(0.2)	(0.2)
Increase in trade and other payables	(2.7)	(1.2)		(2.5)	1.2	1.2	1.2
Net cash generated from operating activities	(1.0)	5.4		(16.3)	1.4	(0.6)	(0.6)
Retirement benefit obligations paid	(0.5)	(0.9)		-	-	-	-
Net cash inflow from operating activities	(1.5)	4.5		(16.3)	1.4	(0.6)	(0.6)
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of property plant and equipment	(1.2)	(0.5)	Not Submitted	(0.6)	1.3	1.3	1.3
Proceeds from sale of assets	-	0.1		-	-	-	-
Net cash used in investing activities	(1.2)	(0.5)		(0.6)	1.3	1.3	1.3
CASH FLOW FROM FINANCING ACTIVITIES							
Repayment of lease liabilities	(0.4)	(0.6)	Not Submitted	-	-	-	-
Net cash inflow from financing activities	(0.4)	(0.6)		-	-	-	-
Net movement in cash and cash equivalents	(3.1)	4.0	Not Submitted	(16.9)	2.8	0.7	0.7
Cash and cash equivalents as at January 01	6.6	3.5		19.0			
Exchange gain/(losses) on cash and cash equivalent	(0.0)	5.3		(0.3)	0.2	0.2	0.2
Cash and cash equivalents as at December 31	3.5	12.8		1.8	2.9	0.8	0.8

4.14.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Postal Services Limited

The Performance, Key Operational and Financial Aspects of Seychelles Postal Services Limited is unable to be analyzed and commented up-on due to incompleteness of its budget figures as well as lack of information in the budget documents submitted.

However, the SPS remain to be a loss making PE acting as a social service Provider.

4.15 Seychelles Public Transport Corporation

4.15.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	105.5	94.8	81.4	100.7	110.7	108.7	106.7
Property and Equipment	105.5	94.8	81.4	100.7	110.7	108.7	106.7
Current Assets	62.0	58.4	51.3	43.0	1.2	(3.0)	(57.7)
Inventories	18.9	23.2	0.0	24.0	18.6	19.8	22.8
Investment in financial assets	25.7	22.9	16.1	15.9	15.9	-	-
Amount receivable from subsidiary	-	-	21.6	-	-	-	-
Trade and other receivables	9.3	6.3	6.5	8.8	9.1	10.5	11.9
Cash and cash equivalents	8.1	6.0	7.1	(5.7)	(42.5)	(33.3)	(92.4)
Total Assets	167.5	153.1	132.6	143.7	111.9	105.7	49.0
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Reserves	124.4	106.3	89.6	105.7	65.7	8.3	(66.8)
Capital Grants	100.6	85.0	72.0	94.9	108.3	109.8	111.3
Retained earnings	23.9	21.3	17.6	10.8	(42.6)	(101.6)	(178.1)
Non-Current liabilities	27.3	30.1	29.9	29.9	29.9	29.9	29.9
Retirement benefit obligations	27.3	30.1	29.9	29.9	29.9	29.9	29.9
Current liabilities	15.9	16.8	13.2	8.2	16.4	67.6	86.0
Borrowings	0.6	0.1	-	-	-	-	-
Trade and other payables	15.3	16.7	13.2	8.2	16.4	67.6	86.0
Total liabilities	43.1	46.9	43.1	38.0	46.2	97.4	115.8
Total Equity and Liabilities	167.5	153.1	132.6	143.7	111.9	105.7	49.0

4.15.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Revenue	141.7	97.9	103.4	167.9	155.3	142.7	127.6
Operating expenses	(49.9)	(46.7)	(50.3)	(55.5)	(56.3)	(51.2)	(51.9)
Operating profit	91.8	51.2	53.2	112.5	99.0	91.5	75.7
Administrative expenses	(143.0)	(138.1)	(127.0)	(146.2)	(152.2)	(149.9)	(151.3)
Charge for allowance for credit losses	0.0	(2.1)	(1.7)	(2.4)	(2.4)	(2.8)	(3.2)
Interest income - banks	0.3	1.1	0.4	0.1	0.1	0.0	0.0
Other income	78.6	84.2	72.7	29.2	2.1	2.3	2.3
Loss from operations	27.6	(3.8)	(2.5)	(6.8)	(53.4)	(58.9)	(76.6)
Foreign exchange gain/(losses)	(0.0)	1.2	(1.2)	0.0	0.0	0.0	0.0
Loss for the year	27.6	(2.6)	(3.7)	(6.8)	(53.4)	(58.9)	(76.6)
Other comprehensive income							
Grant received during the year	8.5	1.6	2.0	35.9	26.5	14.5	14.5
Depreciation charge	(16.5)	(17.2)	(15.0)	(14.0)	(14.0)	(14.0)	(14.0)
Total other comprehensive income	(8.0)	(15.6)	(13.0)	21.9	12.5	0.5	0.5
Tax Liability	-	-	-	-	-	-	-
total comprehensive expense for the year	19.7	(18.2)	(16.7)	15.0	(41.0)	(58.4)	(76.1)

4.15.3 Actual and Projected Cash Flow Statement

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	27.6	(2.6)	(3.7)	(6.8)	(53.4)	(58.9)	(76.6)
<i>Adjustment for:</i>							
Depreciation on property and equipment	17.1	17.5	17.5	16.5	16.5	18.0	18.0
Purchase of property and equipment through capital grant	(7.0)	(1.6)	(2.0)	(35.9)	(26.5)	(14.5)	(14.5)
Loss/ (gain) on exchange of financial assets	-	(1.0)	0.9	-	-	-	-
Accrued interest	(0.2)	(0.2)	(0.1)	-	-	-	-
Charge / (credit) of provision for credit impairment	0.1	2.1	1.7	-	-	-	-
Release of grants	(16.5)	(17.2)	(15.0)	-	-	-	-
Grant related to assets received	8.5	1.6	2.0	35.9	26.5	14.5	14.5
Change for retirement benefit obligations	7.5	6.0	4.5	(0.0)	-	-	-
(Gain)/loss on sale of motor vehicle	0.2	-	-	-	-	-	-
Operating profit/(loss) before working capital changes	37.3	4.5	5.8	9.7	(36.9)	(40.9)	(58.6)
<i>Movements in Working Capital</i>							
Decrease/(increase) in inventories	(3.6)	(4.3)	1.6	(2.4)	5.4	(1.2)	(3.0)
Decrease/(increase) in trade and other receivables	6.9	0.9	(1.9)	(2.2)	(0.4)	(1.4)	(1.4)
Trade and other payables	(6.8)	1.4	(3.4)	(5.1)	8.2	51.2	18.4
	33.7	2.5	2.2	0.0	(23.7)	7.7	(44.5)
Retirement benefit obligation paid	(4.0)	(3.2)	(4.7)	-	-	-	-
Net cash inflow from operating activities	29.7	(0.7)	(2.6)	0.0	(23.7)	7.7	(44.5)
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of property and equipment	(0.9)	(5.1)	(2.3)	(35.9)	(26.5)	(14.5)	(14.5)
Refund in work-in-progress	-	-	0.2	-	-	-	-
Purchase of investment in financial assets	(23.0)	(0.6)	(0.2)	-	-	-	-
Proceeds from redemption of investment in financial assets	4.3	4.7	6.1	0.1	-	15.9	-
Net cash used in investing activities	(19.6)	(1.0)	3.8	(35.8)	(26.5)	1.4	(14.5)
CASH FLOW FROM FINANCING ACTIVITIES							
Grant related to assets received	-	-	-	22.9	13.5	0.0	0.0
Net cash inflow from financing activities	0.0	0.0	0.0	22.9	13.5	0.0	0.0
Net movement in cash and cash equivalents	10.1	(1.7)	1.3	(12.9)	(36.7)	9.2	(59.0)
Cash and cash equivalents as at January 01	(2.5)	7.6	5.9	7.1	(5.7)	(42.5)	(33.3)
Exchange gain/(losses) on cash and cash equivalent	-	-	-	-	-	-	-
Cash and cash equivalents as at December 31	7.6	5.9	7.1	(5.7)	(42.5)	(33.3)	(92.4)

4.15.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Public Transport Corporation

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	-31%	6%	62%	-8%	-8%	-11%	SPTCs revenue has been forecasted to show an average downward fall of 9% from 2022 to 2025.
	Increase in Operating Expenditure	-	-4%	-4%	14%	3%	-4%	1%	Slight increase in Operating expenditure is recorded and projected
	Tax Liability	-	-	-	-	-	-	-	SPTC is exempted from Tax.
	Profit After TAX	19.7	(18.2)	(16.7)	15.0	(41.0)	(58.4)	(76.1)	The SPTC continue to be a loss making PE.
	Profit Margin	14%	-19%	-16%	9%	-26%	-41%	-60%	
Efficiency of Operations	Assets Turnover	0.85	0.64	0.78	1.17	1.39	1.35	2.60	SPTC asset turnover and Return on assets has been gradually increasing due to decrease in total assets of the SPTC. This is mainly due to the operation of the Company is not able to generate revenue and profit as the sales prices are controlled as a national policy.
	Return on Assets	0.17	(0.02)	(0.03)	(0.05)	(0.48)	(0.56)	(1.56)	
	Investment on Fixed Assets	(0.9)	(5.1)	(2.3)	(35.9)	(26.5)	(14.5)	(14.5)	SPTCs capital investment are expected to be used to replace its fleet using capital grants provided by the Government of Seychelles and foreign sponsors.
Delivery of Expectations of Investors	Interest Cover (times)	-	-	-	-	-	-	-	-
	Dividend Cover	-	-	-	-	-	-	-	-
	Distributable Income from the Profit of the Year	18.8	(23.3)	(19.0)	(20.9)	(67.5)	(72.9)	(90.6)	SPTC is not making any profit to distribute any dividends as it is operated as a loss making PE after the year 2019.
	Return on Equity	19%	-27%	-26%	-22%	-62%	-66%	-81%	
	Grant	8.5	1.6	2.0	35.9	26.5	14.5	14.5	As the Transport Services are controlled by the Government as a national policy, funds required to fill the deficit as well as for capital investments are obtained as Grants from the National Budget.
	Government Subsidies	-	-	-	22.9	13.5	0.0	0.0	
Liquidity	Current ratio	3.91	3.47	3.87	5.26	0.07	(0.04)	(0.67)	The SPTC's Cash position and liquidity is projected to fall down and no recovery plan is provided.
	Cash ratio	0.5	0.4	0.5	-0.7	-2.6	-0.5	-1.1	
Gearing / Leverage / Solvency	Equity to Debt ratio (Gearing)	3.9	3.3	3.1	3.8	2.4	1.1	0.4	The Shareholder's wealth is expected to deplete at a greater speed and greater rate by 2025 making the SPTC insolvent.
	Net Assets	124.4	106.3	89.6	105.7	65.7	8.3	(66.8)	
	Total Borrowings (Lease Only)	-	-	-	-	-	-	-	
	Guarantees	Details are not available							

4.16 Seychelles Trading Company Limited

4.16.1 Statement of Actual and Projected Financial Position

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
ASSET							
Non-Current Assets	223.1	88.5	86.3	136.6	211.1	206.7	195.5
Property, plants and equipment	80.5	79.0	76.1	127.2	202.4	198.8	188.4
Intangible assets	0.2	0.1	0.1	0.1	0.1	0.0	0.0
Right-of-use assets	142.4	9.3	10.1	9.3	8.6	7.8	7.1
Current Assets	323.9	332.1	330.4	400.0	376.1	456.2	551.1
Inventories	171.4	236.7	247.8	263.4	283.0	307.0	337.1
Trade and other receivables	15.5	14.7	30.5	31.7	36.0	41.5	48.8
Current tax asset	-	4.4	2.2	-	-	-	-
Cash and cash equivalents	137.0	76.4	50.0	104.9	57.1	107.7	165.2
Total Assets	547.0	420.6	416.7	536.6	587.1	662.9	746.6
EQUITY, DEFERRED GRANTS AND LIABILITIES							
Capital and Reserves	298.5	287.9	295.1	366.3	436.4	509.4	589.9
Share capital	-	-	-	-	-	-	-
Contributed capital	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Retained earnings	206.3	195.7	202.9	274.1	344.2	417.2	497.6
Non Current liabilities	151.1	26.1	37.2	69.7	69.0	68.4	67.7
Borrowings	-	-	-	30.0	30.0	30.0	30.0
Lease Liabilities	130.1	1.5	9.8	9.8	9.1	8.4	7.7
Deferred Tax Liabilities	1.6	1.4	1.4	1.4	1.4	1.4	1.4
Retirement benefit obligations	19.4	23.1	26.0	28.5	28.5	28.5	28.5
Current liabilities	97.3	106.6	84.4	100.6	81.7	85.1	89.0
Borrowings	10.5	5.0	5.0	5.0	5.0	5.0	5.0
Lease Liabilities	14.5	5.2	0.5	-	-	-	-
Trade and other payables	68.5	96.4	77.3	78.5	59.6	63.0	66.9
Contract liabilities	2.6	0.0	1.7	1.3	1.3	1.3	1.3
Current tax liability	1.3	0.0	-	15.8	15.8	15.8	15.8
Total liabilities	248.4	132.6	121.6	170.3	150.7	153.5	156.7
Total Equity and Liabilities	547.0	420.6	416.7	536.6	587.1	662.9	746.6

4.16.2 Statement of Actual and Projected Comprehensive Income

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
Revenue	1,137.6	1,011.8	990.9	1,088.2	1,142.6	1,199.7	1,259.7
Cost of sales	(853.4)	(820.2)	(805.8)	(794.9)	(827.9)	(872.9)	(920.3)
Gross profit	284.2	191.6	185.1	293.3	314.7	326.8	339.5
Distribution expenses	(12.1)	(8.0)	(12.4)	(16.0)	(17.9)	(19.7)	(20.5)
Administrative expenses	(228.4)	(206.8)	(189.6)	(198.1)	(199.2)	(206.2)	(208.3)
Other income	4.4	35.3	6.1	8.1	8.1	8.1	8.1
Operating profit	48.1	12.1	(10.8)	87.3	105.6	108.9	118.7
Foreign exchange gain/(loss)	1.3	(19.6)	24.7	10.7	(8.1)	(8.1)	(8.1)
Finance income	0.9	1.9	0.3	0.1	0.2	0.2	0.2
Finance expense	(12.4)	(2.7)	(3.2)	(3.3)	(3.9)	(3.9)	(3.8)
Profit before tax	37.9	(8.2)	11.0	94.8	93.8	97.2	107.1
Prior year adjustment	-	-	-	-	-	-	-
Profit before tax as restated	37.9	(8.2)	11.0	94.8	93.8	97.2	107.1
Tax expense	(14.3)	(2.4)	(3.8)	(23.6)	(23.4)	(24.2)	(26.7)
Tax expense as restated	(14.3)	(2.4)	(3.8)	(23.6)	(23.4)	(24.2)	(26.7)
Profit and total comprehensive income for the year	23.7	(10.6)	7.2	71.2	70.5	73.0	80.4

4.16.3 Actual and Projected Cash Flow Statement

SCR. Mn.

Description	Actual			Budgeted			
	2019	2020	2021	2022	2023	2024	2025
OPERATING ACTIVITIES							
Profit before taxation	37.9	(8.2)	11.0	94.8	93.8	97.2	107.1
<i>Adjustment for:</i>							
Depreciation of property, plant and equipment	12.3	11.5	9.3	7.7	6.5	10.7	10.5
Amortization of intangible assets	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Depreciation of right-of-use-assets	15.6	18.9	6.0	0.8	0.8	0.8	0.8
Retirement benefit obligation	5.3	6.3	6.0	5.0	5.1	5.2	5.3
Interest receivable	(0.9)	(1.9)	(0.3)	0.1	0.2	0.2	0.2
Interest payable	0.8	(0.4)	0.1	1.4	1.6	1.6	1.6
Interest on lease liabilities	11.5	3.0	0.9	0.7	0.6	0.6	0.5
Re-measurement of leases	-	(2.0)	-	-	-	-	-
(Profit)/Loss on disposal of equipment	-	(0.2)	4.2	-	-	-	-
Provision/(reversal) for credit impairment	0.7	0.5	0.6	-	-	-	-
Difference in exchange	0.1	(4.2)	(24.7)	-	-	-	-
Operating profit before working capital changes	83.5	23.4	13.2	110.5	108.7	116.2	125.9
<i>Movements in Working Capital</i>							
Inventories	37.8	(65.3)	(11.2)	(15.6)	(19.6)	(24.0)	(30.1)
Trade and other receivables	1.3	0.3	4.4	(1.2)	(4.3)	(5.5)	(7.3)
Trade and other payables	(19.8)	25.4	(33.4)	7.0	(19.2)	3.4	4.0
Tax paid	(12.4)	(8.2)	0.0	(11.8)	(23.4)	(24.2)	(26.7)
Retirement benefit obligations paid	(2.1)	(2.6)	(3.1)	(2.4)	(5.1)	(5.2)	(5.3)
Net cash inflow from operating activities	88.2	(27.1)	(30.1)	86.4	37.1	60.7	60.5
CASH FLOW FROM INVESTING ACTIVITIES							
Additions to property, plant and equipment	(24.1)	(10.0)	(10.6)	(58.8)	(81.9)	(7.1)	-
Proceeds from disposal of Property, plant and equipment	-	0.2	4.2	-	-	-	-
Interest received	0.9	1.9	0.3	(0.1)	(0.2)	(0.2)	(0.2)
Net cash used in investing activities	(23.2)	(7.9)	(6.1)	(58.9)	(82.1)	(7.3)	(0.2)
CASH FLOW FROM FINANCING ACTIVITIES							
<i>Receipt of Loan</i>	5.0	0.0	-	30.0	-	-	-
Repayment of Government borrowings	(10.0)	(5.0)	-	-	-	-	-
Interest paid	(1.2)	(0.1)	(0.1)	(1.4)	(1.6)	(1.6)	(1.6)
Lease Payments	(24.8)	(24.8)	(14.8)	(1.2)	(1.2)	(1.2)	(1.2)
Net cash inflow from financing activities	(31.1)	(29.9)	(14.8)	27.4	(2.8)	(2.8)	(2.8)
Net movement in cash and cash equivalents	34.0	(64.8)	(51.1)	54.9	(47.8)	50.6	57.5
Cash and cash equivalents as at January 01	103.0	137.0	76.4	50.0	104.9	57.1	107.7
Exchange gain/(losses) on cash and cash equivalent	(0.0)	4.2	24.7	-	-	-	-
Cash and cash equivalents as at December 31	137.0	76.4	50.0	104.9	57.1	107.7	165.2

4.16.4 Indicators of Past, Present and Projected Performance, Key Operational and Financial Aspects of Seychelles Trading Company Limited

Description		Actual			Budget				Remarks
		2019	2020	2021	2022	2023	2024	2025	
Profitability of Operations	Increase in Revenue Generation	-	-8%	-3%	8%	4%	5%	5%	STC faced a gradual fall in their revenue from 2020 to 2021 due to drop in sales. The incremental revenue is expected to be maintained at 5% in coming years. No significant price changes are expected.
	Increase in Operating Expenditure	-	-4%	-4%	0%	4%	5%	5%	STC faced a gradual fall in their expenditure from 2020 to 2021 due to drop in sales. The increase of operational expenditure is expected to be maintained at 5% in coming years.
	Tax Liability	14.3	2.4	3.8	23.6	23.4	24.2	26.7	Tax payment due to Business Income is expected to rise significantly from 2023 to 2025. Also, Details of VAT, PIT, CSR, WHT, etc. were not disclosed and projected in its projections.
	Profit After TAX	23.7	-10.6	7.2	71.2	70.5	73	80.4	The profitability of the STC is expected to be tripled compared to 2019 and maintained at the same rate.
	Profit Margin	2%	-1%	1%	7%	6%	6%	6%	
Efficiency of Operations	Assets Turnover	209%	249%	239%	204%	196%	182%	170%	Return on Assets is declining mainly due to the uprising trend of funds tied-up in working capital of the Company which limit the profitability and efficiency of funds available for profit generation of the Company.
	Return on Assets	4%	-3%	2%	13%	12%	11%	11%	In Contrast, the Return on assets is expecting to increase respective of decrease in total assets. This is mainly due to effective cost cutting strategy which is to be put in place by the STC.
	Cash Conversion Cycle	(17.09)	(27.20)	(12.70)	(13.47)	(2.47)	(1.05)	0.77	The Cash Cycle of STC was in total advantageous position in 2019 and almost the daily operations were funded by ZERO Cost suppliers. This status is gradually fading out and expecting to delay in cash generation Cycle. This is mainly due to significant increase of Inventory which takes very long time to convert the same to revenue.
	Investment on Fixed Assets	(24.1)	(10.0)	(10.6)	(58.8)	(81.9)	(7.1)	-	The STC's intention to invest in Fixed assets to upkeep the ongoing operations or to expand efficiency and capacity is forecasted up to 2024 only.
Delivery of Expectations of Investors	Interest Cover (times)	1.27	(1.48)	(0.98)	0.92	1.13	1.12	1.11	Except for the year 2020 and 2021 Revenue earned by the STC is adequate to bear its finance cost without a difficulty.
	Dividend Cover	-	-	-	-	-	-	-	No Dividend Pay-outs are expected
	Distributable Income from Profit of the year	0.5	(18.5)	1.0	12.3	(11.7)	65.7	80.2	All the profits made by the STC are accumulated in Retained earnings even though the STC is able to consider dividend pay-out policy.
	Return on Capital Invested	26%	-11%	8%	77%	76%	79%	87%	Due to the increase in expected profits, and non increase of equity investment, the return on Investment is expected to rise continuously.
	Grant	-	-	-	-	-	-	-	Earnings of the STC is adequate to meet its operational and capital funding requirements without seeking assistance from the national budget
	Government Subsidies	-	-	-	-	-	-	-	
Liquidity	Current ratio	3.3	3.1	3.9	4.0	4.6	5.4	6.2	The funds available in Working capital of the STC expected to rise and double by 2025. This increase in liquidity at the same time decrease the profitability of the Company.
	Cash ratio	1.4	0.7	0.6	1.0	0.7	1.3	1.9	
Gearing / Leverage / Solvency	Equity to Debt ratio (Gearing)	120%	217%	243%	215%	290%	332%	376%	Due to the profitable operations of the STC and retained earnings available to meet its Investment and operational spending, the bargaining power of debt holders are expected to dilute over the period and shareholders are able to make any decisions without any interference from its debt holders and their covenants.
	Net Assets	298.5	287.9	295.1	366.3	436.4	509.4	589.9	STCs positive increase in equity throughout the 2019 to 2025 indicates a continuous rise and doubling its shareholder wealth.
	Total Borrowings (Lease Only)	10.5	5.0	5.0	35.0	35.0	35.0	35.0	The Borrowings of the STC is expected to remain the same after 2023 and no additional borrowings are expected by the STC. This borrowing mainly represents the lease liabilities which is a long-term.
	Guarantees	Details are not available							

Appendix 1. Public Enterprises as per PEMC Act 2013, Schedule one (S.I. 73 of 2019)

Ser. No.	Public Enterprise	GoS Shareholding
1.	Seychelles International Mercantile Banking Corporation Ltd (SIMBC/Nouvobanq)	78%
2.	Seychelles Commercial Bank Ltd (SCB)	60%
3.	Development Bank of Seychelles (DBS)	61%
4.	Housing Finance Company Ltd (HFC)	100%
5.	Financial Services Authority (FSA)	100%
6.	Seychelles Pension Fund (SPF) ¹⁶	-
7.	Seychelles Petroleum Company Ltd (SEYPEC)	100%
8.	Public Utilities Corporation (PUC)	100%
9.	Petro Seychelles Ltd	100%
10.	Seychelles Ports Authority (SPA)	100%
11.	Air Seychelles Ltd	100%
12.	Seychelles Civil Aviation Authority (SCAA)	100%
13.	Seychelles Public Transport Corporation (SPTC)	100%
14.	Islands Development Company Ltd (IDC)	100%
15.	Property Management Corporation (PMC)	100%
16.	L'Union Estate Company Ltd	100%
17.	National Information Services Agency (NISA)	100%
18.	Seychelles Postal Services Ltd (SPS)	100%
19.	Seychelles Trading Company Ltd (STC)	100%
20.	Seychelles Fishing Authority (SFA)	100%
21.	Seychelles Parks and Gardens Authority (SPGA)	100%
22.	2020 Development (Seychelles) Ltd	100%

¹⁶ SPF is owned by its members.

Appendix 2. Record of submission¹⁷ of estimates and projections for the year 2022

Public Enterprise	Date of Submission	Statements Submitted
1. Air Seychelles Ltd	18 th October 2022	BS, P/L, CF & CAPEX ¹⁸
2. Financial Services Authority	27 th October 2022	BS, P/L, CF & CAPEX
3. Islands Development Company Ltd	27 th October 2022	BS, P/L, CF & CAPEX
4. Green Island Construction Company Limited	27 th October 2022	BS, P/L, & CF
5. L'Union Estate Ltd	27 th and 31 st October 2022	BS, P/L, CF (partial submission) & CAPEX
6. National Information Services Agency	27 th October 2022	BS, P/L, CF & CAPEX
7. Petro Seychelles Ltd	18 th October 2022	BS, P/L, CF & CAPEX
8. Public Utilities Corporation	20 th October 2022	BS, P/L, CF & CAPEX
9. Seychelles Civil Aviation Authority	24 th October 2022	BS, P/L, CF & CAPEX
10. Seychelles Petroleum Company Ltd Group	20 th October 2022	BS, P/L, CF & CAPEX
11. Seychelles Ports Authority	20 th October 2022	BS, P/L, CF & CAPEX
12. Seychelles Pension Fund	28 th October 2022	BS., PL, CF & CAPEX
13. Seychelles Public Transport Corporation	19 th October 2022	BS, P/L, CF & CAPEX
14. Seychelles Postal Services Ltd	26 th October 2022	BS, P/L, CF & CAPEX
15. Seychelles Fishing Authority	24 th October 2022	PL & CF (partial submission)
16. Seychelles Trading Company Ltd	21 st October 2022	BS, P/L, CF & CAPEX

¹⁷ Record of submission as at reporting date (September 30, 2021)

¹⁸ BS: Balance sheet, PL: Statement of profit or loss, CF: Statement of cash flows, CAPEX: Capital Expenditure

SECTION 5

Fiscal Risk Statement



Fiscal Risk Statement 2023

November 2022

This document provides an overview of the major fiscal risks facing the Budget for 2023. The Fiscal Risk Statement (FRS) comments on general economic risks and uncertainties, specific fiscal risks related to Budget execution, and presents a risk framework for public enterprises. Combined, this allows for the disclosure of risks to public finances and appreciation of the context within which the Government operates. The FRS is compiled and prepared by the Ministry of Finance, National Planning & Trade, with input from the Public Enterprise Monitoring Commission.

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Acronyms and abbreviations

List of acronyms

CBS	Central Bank of Seychelles
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
MFAD	Macroeconomic Forecasting and Analysis Division
MoFNPT	Ministry of Finance, National Planning & Trade
NBS	National Bureau of Statistics
PE	Public Enterprise
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PIM	Public Investment Management

1. Introduction

Continued stability and economic growth, whilst ensuring the sustainability of public finances over the medium term remains as the foremost objective for the Government. This document is aimed at identifying the main fiscal risks facing the 2023 Budget. Fiscal risks are defined as factors that may cause fiscal outcomes to deviate from expectations or forecasts. These consist of potential shocks to public finances relating to the macroeconomic environment, Budget execution risks, as well risks from Public Enterprises (PEs)¹.

Seychelles as a small island economy, remains in a fragile position due to its remoteness, relatively limited resources and heavy dependence on international trade. **Given the exposures faced by the country, macroeconomic risks, largely emanating from external shocks, have been identified as the main source of risk in 2023 and the medium term.** To the extent that further negative changes in the economic environment occur, this will impact Government expenditure (acting as a stability buffer) and revenue forecasts. Government will have to: either reduce and reschedule its planned expenditures, limit its scope; undertake additional financing and so increasing the debt stock; or not honour its debt obligations, resulting in crisis.

The risk framework presented below represents has four broad categories related to the macroeconomic situation, Budget spending, PE operations, and potential mitigation strategies.

Table 1. Budget Fiscal Risk Framework

Risk Category	Major issues considered
Macroeconomic risks	Shock scenario analysis to evaluate impact of macroeconomic variables on GDP growth, Budget aggregates and Debt target
Budget execution risks	Additional and unforeseen spending pressures, capital project under-execution levels Impact of natural disasters on contingency reserves
Public Enterprise risks	Identified risk parameters affecting all Public enterprises
Risk Mitigation	Key measures that can be taken to offset the impact of such fiscal risks

¹ Note that this document does not look at 'Financial Stability' risks. This is covered by the CBS in a specific report.

Although these categories are clearly defined, fiscal risks remain correlated and are inter-dependent, with one particular risk, affecting more than one category (especially the case for macroeconomic risks and the performance of PEs). For example, an unforeseen increase in fuel price will impact both Government excise tax revenue on petroleum, assuming a partial negative demand effect, and non-tax revenue in the form of dividend from PEs heavily reliant on fuel (given the higher operating costs). This will impact overall revenue and provide a constraint towards planned public spending, resulting in increased pressure on the primary surplus and debt targets.

2. Macroeconomic Risks

Seychelles faces numerous external vulnerabilities such as large swings in international commodity prices and changes to the global economic landscape. We remain susceptible to external shocks which poses considerable threat to the economy given the strong reliance on tourism exports, as well as the importation of oil, food and other commodities.

Macroeconomic developments can cause fiscal outcomes to deviate from projections for key macroeconomic variables and is consequently a major source of fiscal risk. Such variables include; Real GDP growth, oil prices, interest rates, exchange rates and commodity prices. In this section, we will consider two main macroeconomic risks and have simulated possible impacts through shock scenarios; shocks on inflation and shocks on exchange rate which has a direct effect on the nominal GDP. Shocks on Government debt is also simulated using the IMF Debt Dynamics Tool (DDT) and finally, a combined shock scenario is also presented by negatively shocking tourism arrivals which has a direct effect on the real GDP, tax revenue, inflation, exchange rate and total public debt stock.

The budgetary impact of each of the scenarios will also be presented. Based on the identified risks, three scenarios of macroeconomic developments are elaborated: baseline, upside and downside. The Budget is prepared on the baseline scenario, which is the expected outcome incorporating assumptions and judgments based on the best information available at the time of publication assuming no policy changes.

2.1 Macroeconomic Assumptions

The below table presents the main macroeconomic assumptions underpinning the 2023 Budget estimates and of which all shock scenarios are based upon.

Table 2. Macroeconomic assumptions 2022-2026

	<i>Actuals</i>		<i>Estimates</i>		<i>Projections</i>			
	2019	2020	2021	2022	2023	2024	2025	2026
Nominal GDP (SR' m)	23,635	22,211	24,611	27,785	30,553	32,883	35,294	37,872
Real GDP growth	3.1	-7.7	7.9	10.6	5.4	4.0	4.0	3.9
GDP deflator growth	1.3	1.8	7.8	1.7	3.9	3.5	3.2	3.3
CPI (annual average)	1.8	1.2	9.8	3.0	4.2	3.8	3.5	3.0
SR/€ (average)	15.76	20.62	...	...	...	...	...	...
SR/US\$ (average)	14.03	17.81	...	...	...	...	...	...

Source: Macroeconomic Framework Working Group

2.2 Sensitivity Analysis to macroeconomic variables

This section presents several sensitivity analysis on inflation and exchange rates in an attempt to identify the impact of macroeconomic risks on economic growth and Government balances. Fan charts for each shock will be presented at the end in Box 1.

Inflation Shocks

Nominal GDP refers to the monetary value of all the finished goods and services produced in a country's economy in a given time period evaluated at current market prices. Real GDP differs from nominal in that it accounts for changes in prices due to inflation; a general rise in the price level. Inflation itself is influenced by several factors mainly changes in oil and commodity prices, and any change in inflation rate will predictably impact real GDP estimates. For tax revenue growth, the main proxy considered is nominal GDP.

Sensitivity analysis

Given our high dependency on imports, several external factors such as fluctuations in oil prices or in commodity prices, will have a direct impact on inflation. This will then have an impact on Nominal GDP and inevitably affect Government's revenue.

Given the sensitivity of revenue to nominal GDP (a buoyancy of about '1.0' for the majority of taxes), it is estimated that:

A 1 percentage point increase in inflation rate would translate into a SR 254m, or 0.8 per cent increase in nominal GDP.

The direct impact on tax revenue is an estimated increment of SR 41.5m, or 0.5 per cent.

The positive effect will also impact on Non-tax revenue especially in terms of dividend receipts from PEs, which can be hard to quantify and so not included in this simulation.

It is important to note that there will be additional effect on the expenditure side. With general prices increasing globally, there will be an international pass through of prices onto the domestic market. Even with an increase in revenue, Government will have to monitor expenditure and find ways to finance its spending, as the increased inflation will inevitably translate into high expenditure.

A rise in the inflation rate for example through a rise in fuel prices or any small fluctuations in the price would have a significant budgetary impact in terms of increased expenditure. Furthermore, an increase in inflation is likely to have an impact on the domestic interest rate, leading to a possible surge in interest expense as a result.

Exchange rate Shocks

Being highly dependent on imports and revenue inflows, fluctuations in the exchange rate also poses a risk to the Nominal GDP. The risks of exchange rate volatility are augmented given the current freely floating regime, which allows the currency to appreciate or depreciate dependent on market forces. It is important to note that swings in exchange rates also has an inflationary effect.

Sensitivity analysis

Fluctuations in exchange rate directly affects nominal GDP, which directly impacts Government's tax revenue growth. Another direct impact in terms of revenue is on external grants, which are mainly from international donors and comes in the form of foreign currency. In view of the current economic climate, a depreciation of the Seychelles rupees against US dollars and the Euro seem plausible to explore.

Given the sensitivity of exchange rate to nominal GDP, it is estimated that:

A 1 per cent *depreciation* in the SR/USD rate would result in an SR 103m, or 0.3 per cent decrease in nominal GDP.

Assuming no other effects, this would translate into a potential SR 16.7m or 0.2 per cent decrease in tax revenue.

In addition, net foreign currency denominated expenditure would augment by SR 924k or 1 per cent.

Given that most of the country's earnings is in Euro, it is estimated that:

A 1 per cent *depreciation* in the SR/EUR rate, would increase nominal GDP by 109m, or 0.4 per cent.

Assuming no other effects, this would translate into a potential SR 17.8m or 0.2 per cent increment in tax revenue.

No linked expenditure costs are considered given that these are denominated in USD.

It should be highlighted that the difference in the results emanate from the currency in consideration. Given that majority of the country's expenses are USD denominated, it is reasonable that a depreciation of the rupee against the dollar would imply that nominal GDP and revenue would decrease whereas FX denominated expenditure would increase as a result. On the other hand, given that most of the country's earnings are in Euro, a depreciation in the SR/EUR rate would predictably translate into higher revenue.

Fluctuations in exchange rate will also affect the country's debt dynamics (explained in section 2.3) as well as the expenditure side especially on the foreign exchange receipts and other Government spending.

Table 3. Summary of Macroeconomic shocks

Variables	Shock	Impact (SR' m)		Impact (% change)	
		Nominal GDP	Revenue	Nominal GDP	Revenue
Inflation	1% Rise	254	41.5	0.8	0.5
SR/USD ex. rate	1% Depreciation	-103	-16.7	-0.3	-0.2
SR/EUR ex. rate	1% Depreciation	109	17.8	0.4	0.2

Source: Macroeconomic Forecasting & Analysis Division Estimates, MoFNPT

The following fan charts presented below depict the three scenarios of macroeconomic developments: baseline, upside and downside when different shocks were applied.

Box 1: Macroeconomic shocks: Fan charts

Figure 1: Real GDP deviations from Baseline

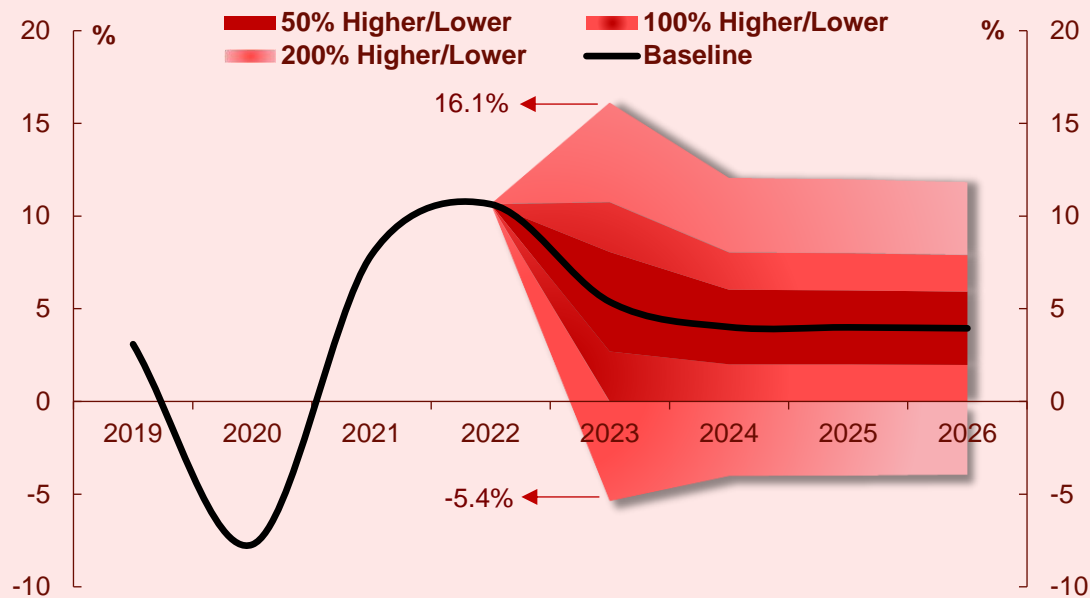
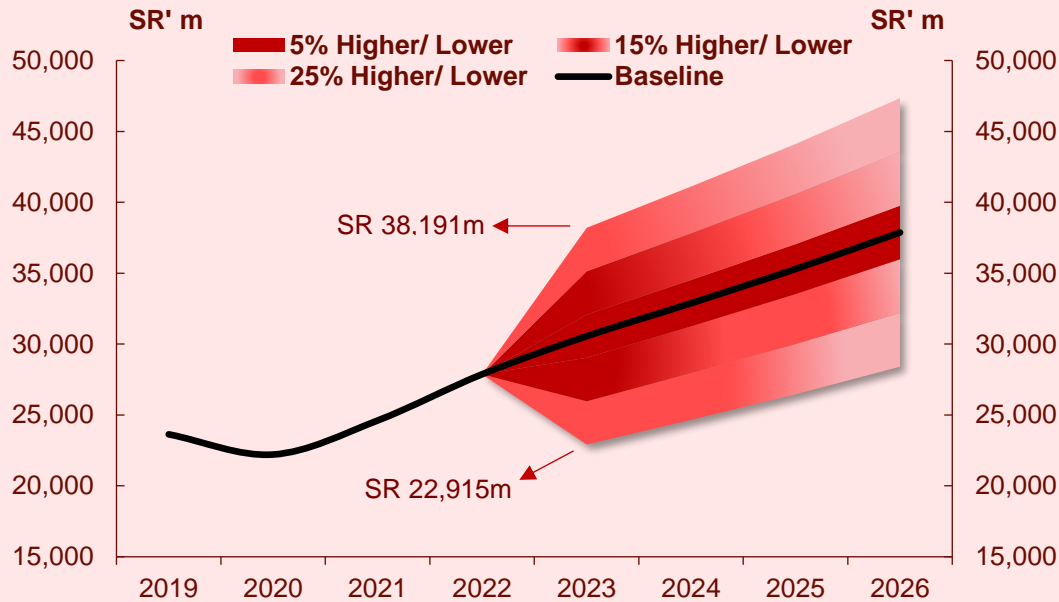


Figure 2: Nominal GDP Level deviations from Baseline



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

Figure 3: Tax Revenue deviations from Baseline

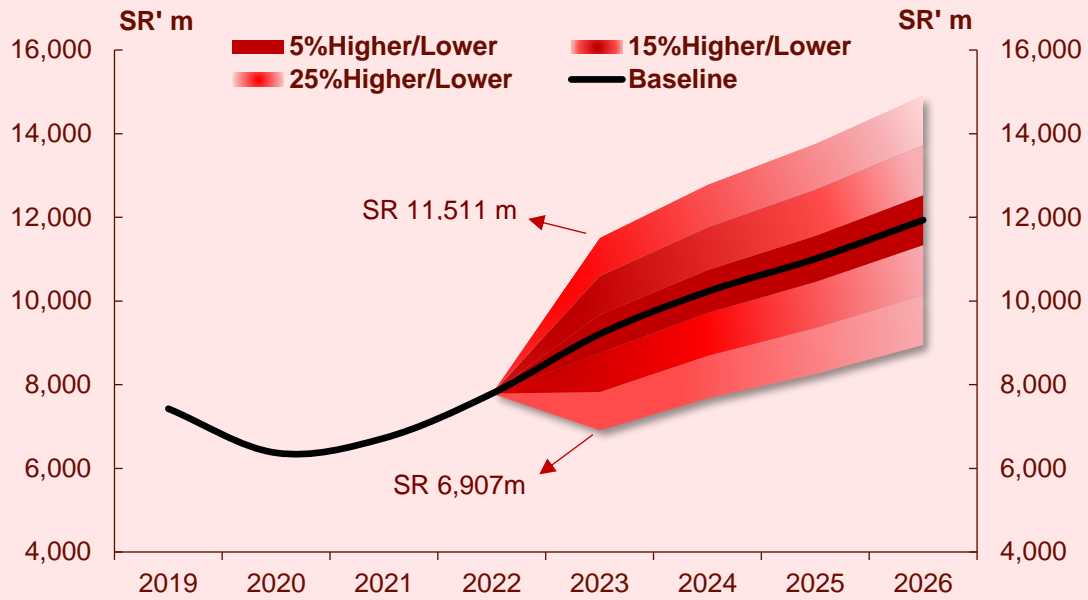
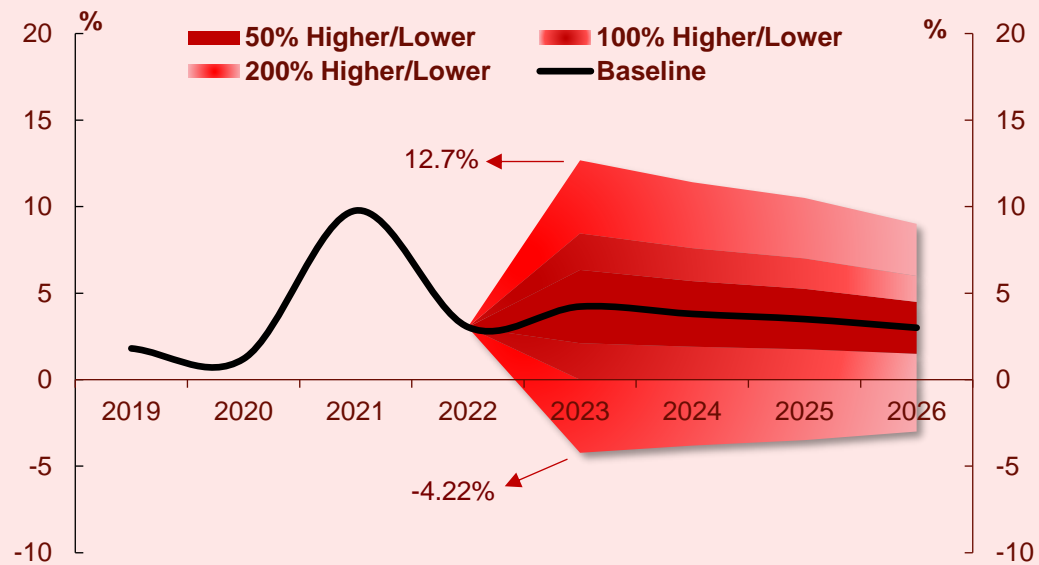


Figure 4: Inflation deviations from Baseline



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

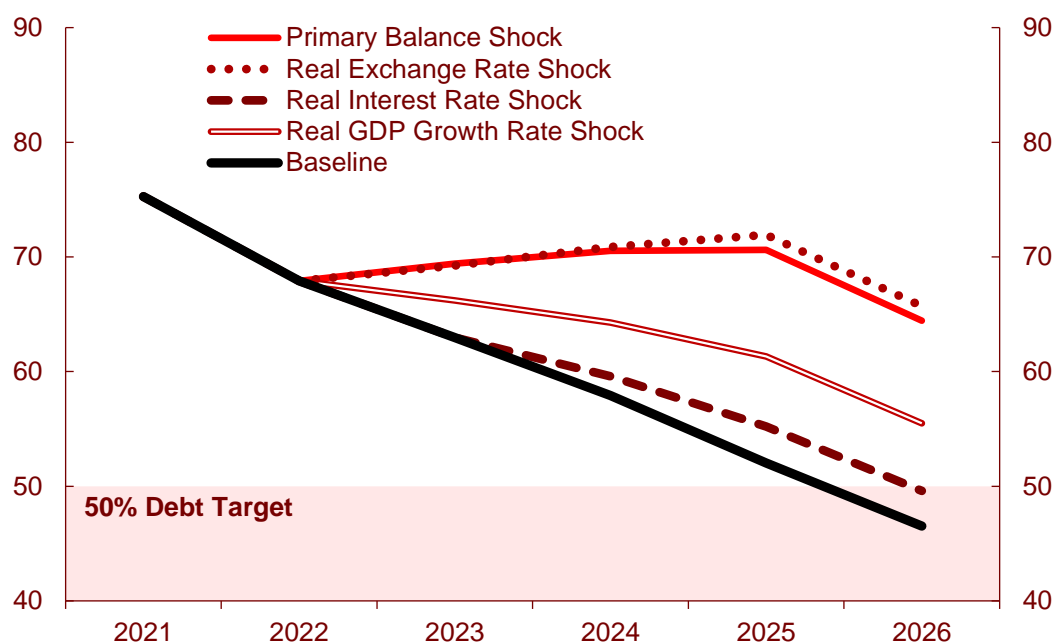
2.3 Debt Dynamics Tool - Assessing shocks on Debt

Shocks on debt were simulated using the IMF Debt Dynamics Tool in an attempt to highlight potential impacts to the planned public debt trajectory. For the purpose of this exercise, the following stress tests were applied separately to the following debt parameters in 2023:

- **One negative standard deviation shock:**
 - Primary balance to GDP
 - Real GDP growth rate
 - Exchange rate
- **Two standard deviations shock:**
 - Real effective debt interest rates.

Figure 5 depicts the public debt to GDP path over 2023 to 2026 after applying the aforementioned shocks. Given that the **largest deviation from the baseline in the scenarios was as a result of shocks on the real exchange rates followed by that on the Primary balance**, it can be said that public debt is highly sensitive to changes in these parameters. In terms of fiscal risk and debt management, these should be the main areas of focus for the Government – building more resilience towards external vulnerabilities and ensuring fiscal discipline towards the attainment of Primary balance targets.

Figure 5. Gross Nominal Public Debt: Stress Tests (% of GDP)



Source: Macroeconomic Forecasting and Analysis Division Estimates-DDT, MoFNPT

Table 4. Summary of Debt simulations

<i>Impact on Public Debt Path</i>			
Variables	Size of Shock (Standard Dev. ²)	Public Debt Projection as at end of 2026 (% of GDP)	% change from Baseline
Baseline		< 50	
Exchange Rate (SR)	1 SD = 23.52	66	+41.2
Primary Balance (% GDP)	1 SD = -6.41	64	+38.5
Real Interest Rate (%)	2 SD = 6.00	50	+6.6
Real GDP growth (%)	1 SD = -5.38	55	+19.3

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

Sensitivity Analysis

Exchange rates

Any fluctuation in exchange rates will affect external debt repayments in local currency terms, and dependent on the nature of the change, will impact the debt target either positively or negatively – In this case, a depreciation of the rupee will mean a higher rupee cost to service debt denominated in foreign currency.

For the year 2022, the domestic currency remains strong and relatively stable. This, coupled with the improved economic growth rate has translated into lower public debt stock year-to-date. However, the total debt level remains highly sensitive to changes in exchange rate, especially debt denominated in foreign currencies.

Given the sensitivity of exchange rates to external debt, it is estimated that:

A 1 per cent depreciation in the 'end-of-period' SR/USD rate would result in 0.4 per cent increase in external debt stock for the year 2023.

Primary balance

Primary Balance being the difference between total revenues including grants and primary expenditure excluding interest provides an insight into financing requirement i.e. changes in debt required to bridge the gap between revenue and expenditure.

Any deviation from the Budgeted revenue envelope or expenditure estimates will directly impact the primary balance and as a result affect the country's debt path.

Given the sensitivity of primary balance to total public debt, it is estimated that:

A 1 percentage point decrease in the primary balance would result in 1.6 per cent increase in total debt stock for the year 2023.al GDP growth

² Standard deviation using 2015-2022 averages

Real GDP is the monetary value of goods and services produced in a country in a given period of time adjusted for inflation. Any fluctuations in the real GDP growth rate will indirectly impact both total revenue and expenditure and consequently effect changes in financing needs of a country in terms of public debt stock.

Given the sensitivity of real GDP growth to total public debt, it is estimated that:

A 1 percentage point decrease in the real GDP growth rate would result in 0.9 per cent increase in total debt stock for the year 2023.

Real effective Interest rate

Real effective interest rate refers to the cost of borrowing accounted for inflation. Changes in either domestic or foreign real effective interest rates will directly impact the cost of debt and the total public debt portfolio as a result.

Given the sensitivity of real interest rate to total public debt, it is estimated that:

A 1 percentage point increase in the real effective interest rate on local currency denominated debt would result in 0.5 per cent increase in total debt stock for the year 2023.

A 1 percentage point increase in the real effective interest rate on foreign currency denominated debt would result in 0.4 per cent increase in total debt stock for the year 2023.

2.4 Macroeconomic shock scenario simulation

Tourism remains the main economic activity in the Seychelles economy, with a directly contribution of just under a quarter of total GDP (2020 actuals). Any change in visitor arrivals, the main driver for tourism growth, will have a direct impact on real GDP, and will indirectly impact inflation, tax revenue, the primary balance target, and consequently public debt. Tourism earnings in foreign currencies will also be impacted and this may filter through to inflation via the exchange rate channel.

Shock scenario:

- **80% drop in estimated tourism arrivals growth in 2023**

The baseline estimate for arrivals in 2023 is 21 per cent

The potential impact of this scenario across all macroeconomic accounts – Real, Fiscal, Monetary and Balance of Payments, were simulated and are presented in Box 2 overleaf.

Scenario results:

- Given the above shock scenario, **projected visitor arrivals growth in 2023 would be 4.2 per cent only (half of projected baseline growth) amounting to 12,823 more visitors.**
- With lower than expected arrivals, this may translate into lower tourism-related sectoral growth and consequently, **real GDP growth for 2023 may fall by about 2.3 percentage points.**
- **Projected tourism earnings denominated in foreign currency is estimated to be lower by 14 per cent in the alternate scenario** relative to baseline.
- **The 14 per cent decline in tourism earnings implies a 5.9 per cent or 90 cents weakening of the Seychelles Rupee against the US Dollar** in comparison to baseline.
- Using simple regression analysis, it is estimated that **for every depreciation of one rupee, the year-on-year inflation increases by 1.0 percentage point under the shock scenario.**
- From a fiscal stance, lower GDP growth will directly **impact total tax revenue by an estimated 2.3 per cent or SR 212m in 2023.**
- A lower revenue envelope will directly **worsen the primary balance for the year from an estimated 1.1 per cent surplus to 0.3 per cent of GDP equivalent to SR 83.1m.**
- As a result, additional financing will be required to bridge the gap so as to maintain the agreed primary balance target of 50 per cent by 2026. **Subsequently, total public debt is likely to increase by about 2.1 percentage points from 62.9 per cent to 65.1 per cent in 2023.**

Box 2. Impact of downside shock on macroeconomic indicators

— Baseline - - Shock

Figure 6. Scenario Shock on Tourism Arrivals

An 80% drop in the estimated visitor arrivals growth for 2023 would result in 53,860 fewer visitors.

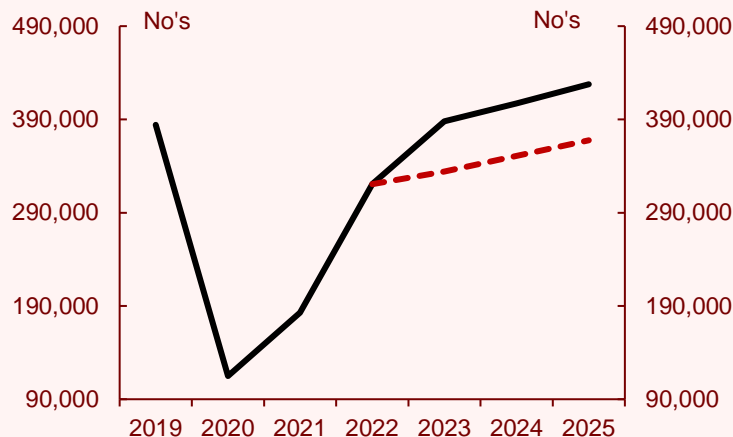


Figure 7. Scenario Impact on Real GDP

Lower tourism output impacts overall GDP growth by 2.3 pp.

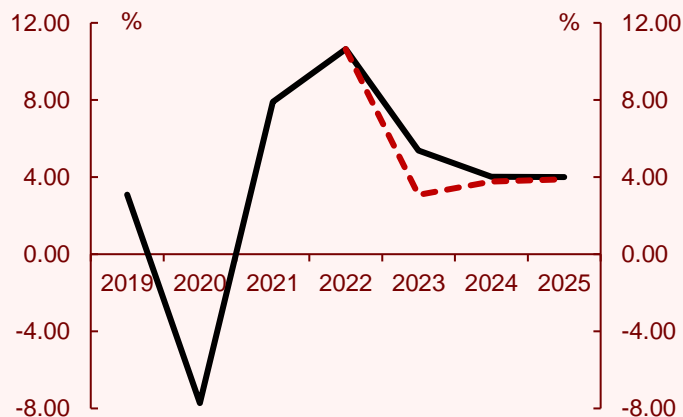


Figure 8. Scenario Impact on Tourism Earnings

Earnings from tourism will be offset by 14 per cent compared to baseline

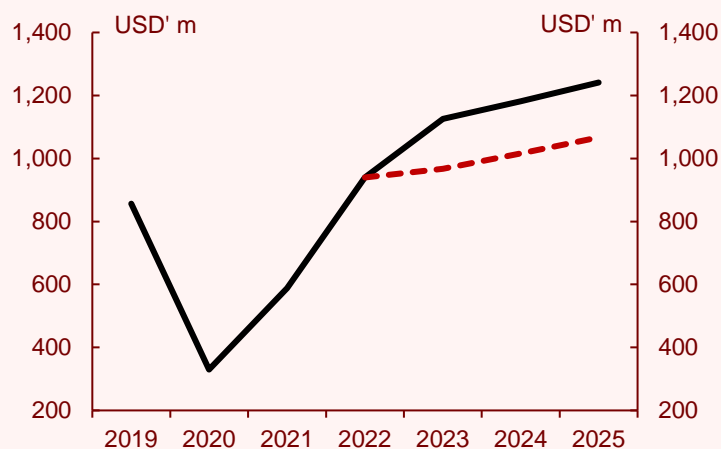


Figure 9. Scenario Impact on Inflation

...which may result in 1.0 pp increase in y-o-y inflation as a result a SR 1 depreciation.

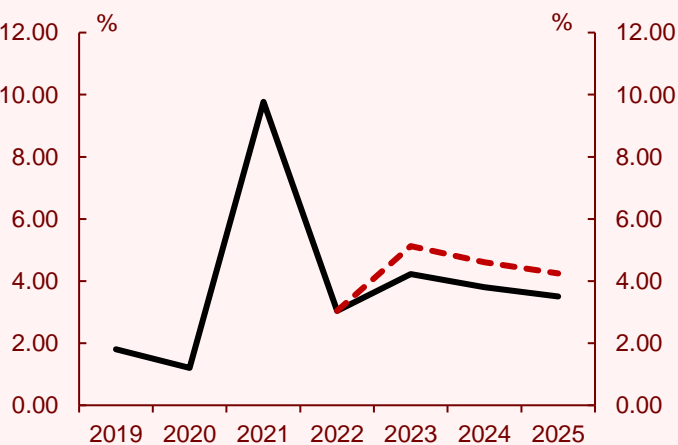


Figure 10. Scenario Impact on Tax Revenue

Lower GDP growth will impact tax receipts by 2.3 per cent or SR 212m

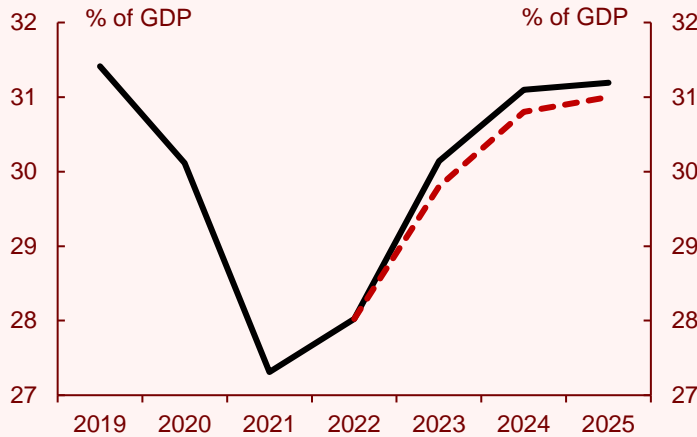


Figure 11. Scenario Impact on Primary Balance

...resulting in a worse PB from 1.1 to 0.3 per cent...

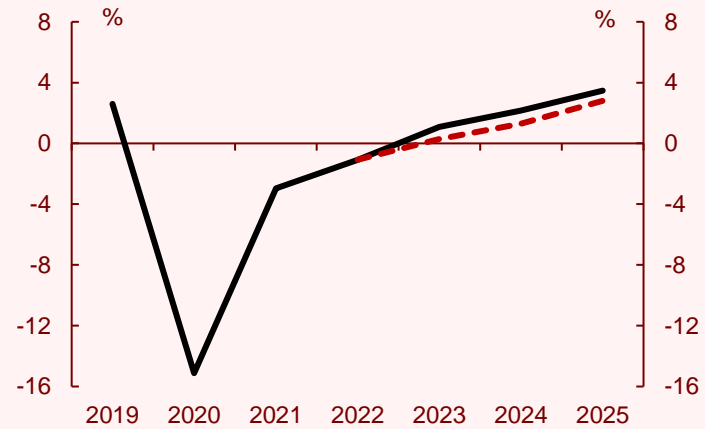
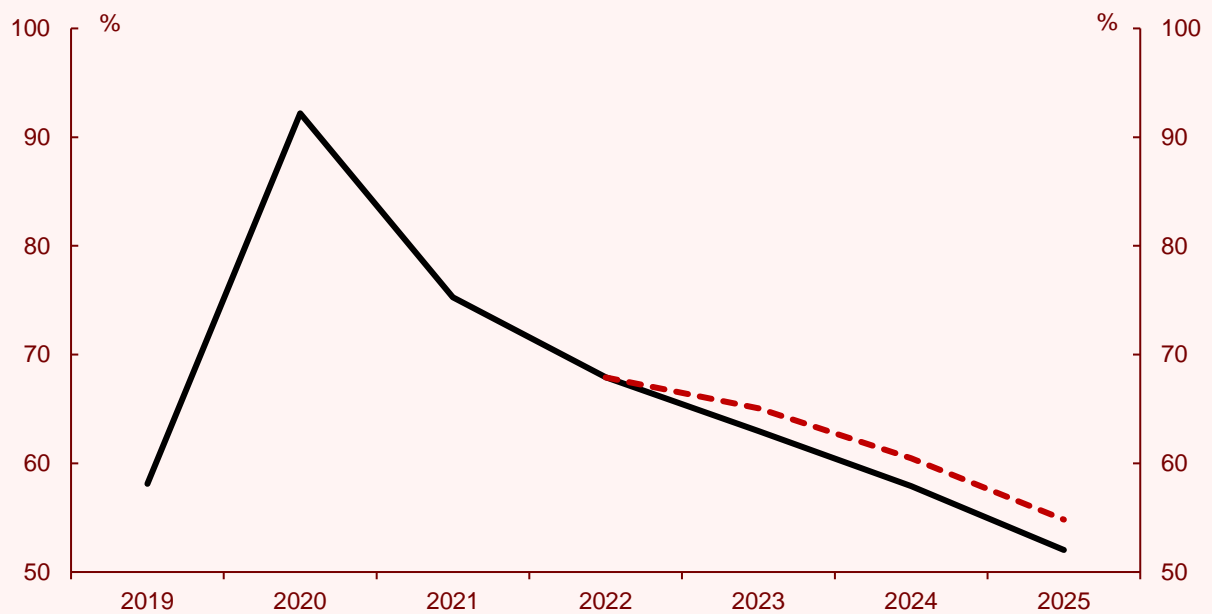


Figure 12. Scenario Impact of Public Debt

...and a direct increase in debt levels by 2.1pp.



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT
Simulations on Tourism earnings and Inflation were provided by CBS

Sensitivity Analysis

Given the sensitivity of visitor arrivals to real GDP, it is estimated that:

A 1 per cent fall in tourist arrivals would result in a decline of about 0.17 percentage points in the real GDP growth estimate.

Ceteris paribus, this would translate into a potential drop in tax receipts by about SR 13.5m or 0.15 per cent.

3. Budget Execution Risks

Capital projects

Capital project management is a key Budget execution risk. Numerous projects have not been executed as planned over the past five years resulting in significant cost overruns, delays in related service delivery, adding strain on the Budget. Cost overruns on a project also means that the respective implementing agency has to re-allocate funds from other projects or request for supplementary appropriations.

Under-execution is one of the challenges faced when undertaking capital projects, where deficiencies are encountered in project implementation which is mainly attributed to delays in procurement, poor project planning and lack of human resources and capacity, resulting in lower actual spending compared to what was planned for in the Budget. This is often at the expense of other spending needs (such as other priority projects) which could have been financed had this fiscal space been available, and such spending would have contributed towards the growth of the economy. Consequently, it represents a major public finance management risk given sub-optimal resource allocation and distribution.

Over the period 2016 to 2021, the execution rate for capital expenditure averages out to about -35 per cent. **For the year 2021, an under-execution rate of 42.9 per cent or about 3.5 per cent of GDP (amounting to SR 856m) was recorded.** In comparison to 2020, this represents an increase of about 156 per cent. Figure 13 and 14 overleaf depicts the under-execution cost as a per cent of GDP and the execution rate over the same period.

The revised Budget for Capital expenditure in 2022 is SR 800m, equivalent to about 3 per cent of GDP.

Figure 13. Actual vs Budget (% of GDP)

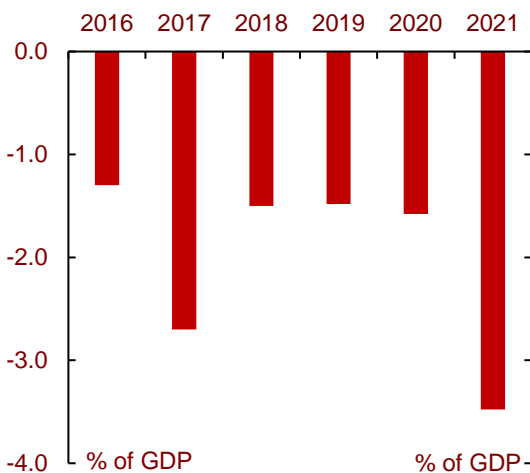
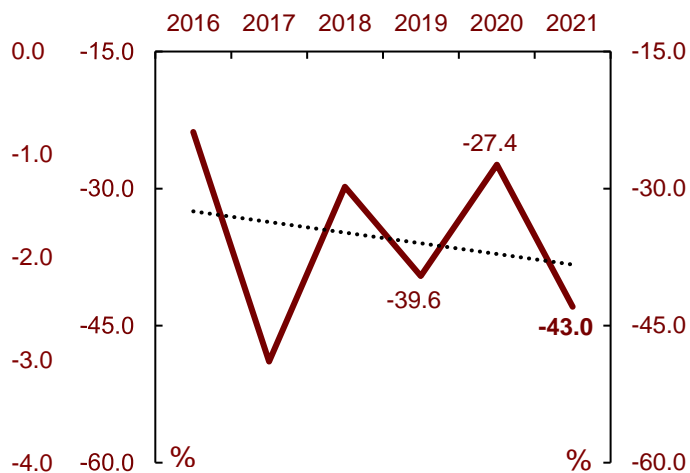


Figure 14. Execution Rate (%)



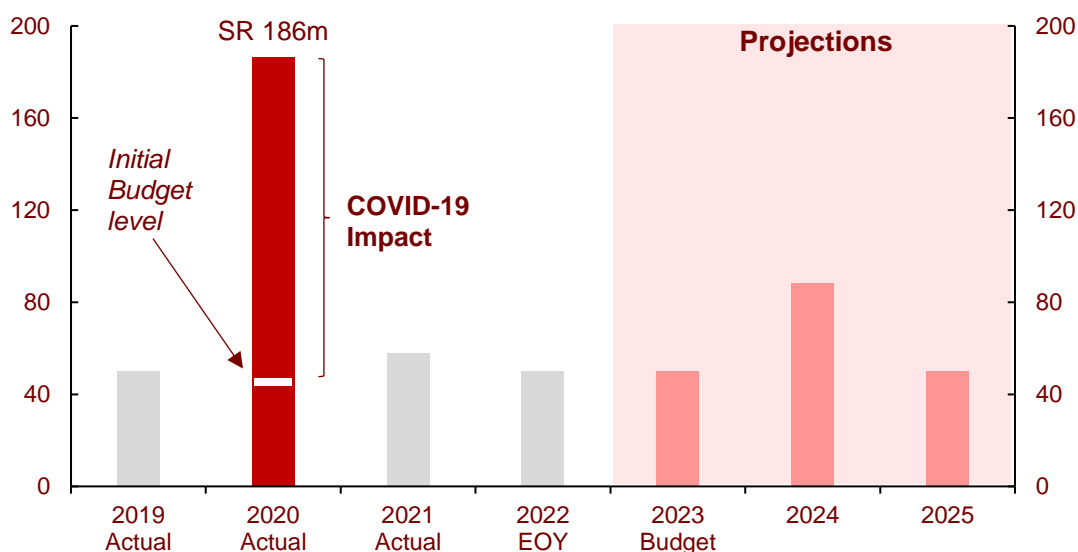
Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

Natural disasters

Natural disasters in small island states poses significant risk to the Budget, with potential for very high impact. Whilst a Contingency fund is in place to cater for such calamities and for unforeseen expenditures such as compensation claims on government, it may be inadequate depending on the nature and magnitude of the disaster. This was the case in 2020 where the contingency provision was far less than the actual pandemic impact. As is seen in the below chart, **the actual COVID-19 contingency outlay was four times more than the initial budgeted amount (or about SR 100m more).**

Following the pandemic hit year of 2020, contingency reserves have returned to the SR 50m average level. While it is hard to anticipate fiscal risks emanating from natural disasters, building up contingency buffers and provisioning more for contingency spending will go some way towards mitigating negative impacts of such events.

Figure 15. Contingency fund (SR'm)



Source: MoFNPT

4. Public Enterprise Risks

Public enterprises can be a major source of fiscal risk to public finances if they do not perform well financially. Fiscal risk analysis identifies, quantifies and discloses the fiscal risk exposure of the Government of Seychelles (GOS) arising from the Public Enterprises (PEs). Given the size of this sector as part of the economy, it is important to monitor these enterprises to ensure good financial performance, as well as the sustainability of operations.

Fiscal risks arise from a variety of sources and affect the financial performance of PEs. A PE operating inefficiently could see its financial returns decline, its debt increase and its solvency could be at risk. This will affect its operations and the ability to deliver on its core mandate. In turn, this may result in lower fiscal flows via dividend payments to Government, and additional fiscal costs to the Budget, as well as an unsustainable level of debt for that PE.

There are substantial fiscal risks emanating from the PEs in Seychelles. The key fiscal risks in Seychelles includes:

1. **Macroeconomic shocks** for instance, exogenous shocks resulting in fluctuations for commodity prices particularly for oil, interest and exchange rates, real estate prices and tourism growth rates.
2. Fiscal risks emanating from other **expenditure and revenue developments** for example higher increases in salaries or in QFAs or lower sales of PEs which reduces the net profit or increases losses.
3. **Contingent liabilities** of which the Government either have legal or no legal obligations to intervene in cases where PE faces liquidity problems.
4. **Arrears**, whereby debts continue to accumulate, become uncollectible, are written off, resulting in profitability and liquidity problems.
5. **Deficiencies in the institutional framework** such as the significant non-compliance of PEs to the PEMC Act and other governing legislations.

This section, is summarised from the 'Public Enterprises Fiscal Risk Report 2021' prepared by the Public Enterprise Monitoring Commission (PEMC) which analyses risks faced by PEs for the 2021 fiscal year only. As such, there is no disclosure on risks faced by or resulting from PEs in 2022. This section does provide, however, a thorough look at the state of fiscal risks emanating from and affecting PEs as per the most current financial statements.

4.1 Summary of Public Enterprise (PE) risks 2021

Description	Recommendation
<p>1. Contingent liabilities</p> <p><i>Contingent liabilities of PEs can occur from several sources such as guarantees on their borrowings, loans from the Government to PEs and legal cases involving PEs. The realisation of contingent liabilities can increase public debt.</i></p>	
<p>1.1 Explicit</p> <p>1.1.1 Government guarantees</p> <p>Government guarantees on PE borrowings constitute contingent liabilities since the Government would have to service the debt on behalf of the PE in the event of default. At December 31, 2021 Government guarantees and Government on-lending to PEs represented approximately 21% (SR 774m) of total PE debt (Excluding Property Management Corporation (PMC) total debt for 2021 due to non-submission).</p> <p>1.1.2 Loans from Government to PEs</p> <p>Loans from the Government to PEs are contingent liabilities since the Government would not recover the amounts outstanding if the PEs are unable to service their loans. PEs having loans outstanding from the Government at the end of 2021 are as follows:</p> <p>1.1.2.1 Islands Development Company Ltd (IDC)</p> <p>IDC received a loan of SR 18m from the Government in August 2020 for COVID-19 support. The legal end date is August 31, 2023. The balance outstanding as at December 31, 2021 as per IDC AFS 2021 amounts to SR8.5m.</p> <p>1.1.2.2 Public Utilities Corporation</p> <p>PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions, the balances outstanding at December 31, 2021 as per PUC AFS 2021 are as follows:</p> <ul style="list-style-type: none"> - European Investment Bank (EIB): SR 422m - Agence Française de Développement (AFD): SR 144m - African Development Bank: SR 216m - Arab Bank for Economic Development in Africa (BADEA): SR 130m - Saudi Fund for Development (SFD): SR 201m 	<p>Mechanisms such as guarantee fees, partial guarantees, quantitative ceilings on guarantees could be considered.</p> <p>Loans from the Government to PEs should be subject to scrutiny and could be linked to targets.</p>
<p>1.1.3 Government guarantees for Public-Private Partnerships (PPPs) undertaken by PEs</p> <p>PPPs can be an important source of fiscal risk as they can create explicit and implicit contingent liabilities. In the event of failure of a PPP whereby a PE is the contracting authority, a risk arises if projects are incomplete and the debt of the PPP is transferred from the PE to the Government. Other instances could be court-mandated obligations for the Government to pay compensation for the collapse of a PPP agreement. The PE or the Government may also lose crucial assets to the investor if a PPP agreement collapses.</p>	<p>A detailed risk assessment should be conducted before a PE engages in a PPP to identify potential fiscal risks and contingent liabilities. The review and approval process of the PPP should include the Ministry of Finance, the PEs' Responsible Ministry and the Commission. The draft Public-Private Partnership Bill 2019 details the feasibility study to be undertaken. Consideration could also be given to value for money assessments for PPPs. The Government could also maintain a central register of PE PPP commitments.</p>

1.2 Implicit

1.2.1 Loans between PEs

Loans between PEs can be a risk as both the debtor PE and the creditor PE may require Government support in a liquidity crisis and default. This risk is increased in cases where several debtor PEs are encountering difficulty to meet their commitments at the same time, such as during an economic crisis, causing increased pressure on the creditor PE.

Among PE-PE borrowing, there is also inter-company lending from parent companies to subsidiaries. Some of the loans are interest-free and their repayment terms have not been defined. Such lending, unsecured and without guarantee of repayment, is comparable to a cross-subsidy or capital contribution. Cross-subsidies between PEs may take resources from more fruitful investment ventures and be considered an extra-budgetary flow.

The implementation of approval thresholds on PE borrowing, whereby the PE would require the approval of the Ministry of Finance through the Public debt Committee and its Responsible Ministry before signing new borrowing. Such approval should remain irrespective of whether a Government guarantee would be required. This could be done through PE borrowing and debt management plans.

1.2.2 Bailouts

The use of the Government's fiscal resources to bailout PEs can come at a considerable cost to the national Budget and can negatively impact the Government's financial position. PEs may be encouraged to take excessive risk such as accumulating significant debt, as they perceive a possibility of a government bailout, despite the absence of an explicit commitment. The bailout of PEs may result in less incentive for them to become more efficient and develop their capacity to withstand macroeconomic shocks.

Bailouts or subsidies provided to PEs could be attached to certain conditions for the PE to fulfil, such as defined actions to improve efficiency. For instance, the funding may be disbursed in tranches, subject to certain pre-agreed conditions being fulfilled.

Providing PE Management with performance-based incentives may also aid in improving PE efficiency; this should be supported by transparent PE reporting to limit the risk of earnings management.

1.2.3 Legal claims against PEs

Legal claims involving PEs expose the Government to potential risk. In instances where the PE find itself in a poor financial position and unable to make payments associated with a legal decision, the Government may be expected to step in and do so on its behalf to avoid the interruption of service delivery by the PE. This may pose pressure on the Budget and the Government's financial position.

1.2.3.1 Air Seychelles Ltd

Bondholders have filed a petition to wind up Air Seychelles dated 24th August 2021 against Air Seychelles in the Courts of Seychelles, following the airline's default on USD 71.5m bonds and their rejection of the Government's offer of USD 20m payment for the debt. The Bondholders followed up by sending a letter to the Group and Company offering to withdraw the petition if both parties could engage and come to an agreement regarding the settlement of the debt. On 4th October, the Board of the Group and Company placed the Group and Company in voluntary administration due to financial difficulties as it failed to repay its debts. On 7th December 2021, both the Bondholders and the government of Seychelles voted in favour of a rescue plan whereby 66.7% discounts on amounts due to them with the condition set by the Bondholders that payments were to be done no later than 31 March 2022, which the Group and Company defaulted on. The Bondholders took note of the good progress by the Group and Company to raise funds and agreed that the winding up petition be stayed until 11 May 2022.

Systematic reporting by PEs of significant pending lawsuits to the Commission.

2. Macroeconomic risk

Macroeconomic changes can impact the PEs' financial performance and their relationship with the National Budget in terms of taxes and dividends paid into the Budget and funding requested from the Budget.

2.1 Exchange rate risk

PEs, whose part of operation and transactions are performed in foreign currencies, are directly exposed to the volatility of the exchange rates. PEs having debt denominated in foreign currency were exposed to exchange rate losses following the important depreciation of the Seychelles Rupee in 2020. At December 31, 2021 approximately 77% (SR 2.8bn) of PE debt was denominated in foreign currency, of which 59% (SR 2.1bn) is in U.S. Dollar, and 18% (SR 659m) in Euro.

Use of mechanisms to transfer the risk directly associated with particular PEs, such as hedging and insurance instruments.

In addition to higher debt costs, the depreciation of the Seychelles Rupee led to higher import costs for the PEs.

3. Other revenue and expenditure developments

All PEs are exposed to the risk of fluctuations in revenue and expenditure, which would affect their performance. Reduced PE profitability may cause lower taxes and dividends to the Government and increase the need for subsidies or recapitalisation.

3.1 New or increased Quasi-Fiscal Activities (QFAs)

A QFA is an activity conducted by a PE on behalf of the Government for which it is not compensated. QFAs may be imposed on PEs through pricing or other types of regulations.

QFAs can negatively impact the financial performance of PEs and can reduce income that the Government would receive from them. They can lead to recurring losses and underinvestment by the PEs, which may impact economic growth. PEs that are in a weak financial position may require government support to continue the service provision for the QFAs, for example, through capital injection, subsidies or debt restructuring. These may have a substantial cost to the Budget. Lack of transparency surrounding QFAs may also be an incentive for PE management to justify underperformance, notably in regulated sectors with no private sector peer for benchmarking.

Policy mandates of PEs should be transparently disclosed and compensated.

Common QFAs identified by PEs for 2021 are as follows:

- Charging prices below market level
- Absorption of transportation cost of commodities to other islands by PEs.

3.2 COVID-19

At the beginning of 2021, the country started its vaccination program, resulting in the decision to re-open its borders in mid-March 2021. The impact of the COVID-19 pandemic on the PEs in 2021 includes the following:

- For Air Seychelles, the first three months of 2021 were negatively impacted by the COVID-19 pandemic as the Seychelles International Airport remained closed and re-opened on 25 March 2021. The Group and the Company resumed their flights to Tel Aviv, starting with one weekly flight. Other airlines slowly resumed their flights back into Seychelles and this gradually increased revenue from Ground Handling of scheduled flights.
- The Seychelles Ports Authority (SPA) in an effort to minimize the spread of the pandemic, had to cancel cruise ships remaining port calls and reduce contracts with mariners, amongst others. Despite this, the Authority remained resilient, which resulted in an increase in the number of ship calls (reefer vessels, fishing vessels and yachts).
- The Seychelles Civil Aviation Authority (SCAA) took a decision to differ the implementation of two projects in line with SCAA's financial plan pertaining to COVID-19 impact on the investment funding and liquidity position. Additionally, no dividend was paid to the Government in 2021.
- With the inflow of tourists by mid-March 2021, Islands Development Company Ltd (IDC) was able to generate much needed revenue, despite still recovering from the effects of the pandemic.
- The National Information Services Agency (NISA) has seen an increase in its revenue compared to the budgeted figure.
- PEs whose income are derived from the tourism-related sectors such as the Public Utilities Corporation (PUC) and the L'Union Estate Ltd, also reported improvements in revenue and profit.
- In the case of HFC, SIMBC and SCB, in early February 2022, the Central Bank of Seychelles (CBS) announced removal of restriction on dividend declaration effective financial year 2021 as part of the unwinding strategy of COVID-19-revision of remedial measures applicable for years 2019 and 2020. Commercial banks are now allowed to declare dividends for the financial year ended December 31.

Implement cost-cutting measures and hygiene protocols.
Defer non-essential capital expenditure.

3.3 Climate change

The adverse effects of climate change can harm the PEs' financial performance. PEs may be faced with additional cost to adapt their operations to mitigate the impact of climate change.

PEs identify and quantify the costs related to the adaption and mitigation of the impacts of climate change on their operations.

3.4 Cybersecurity risks

Commercially sensitive data can be misappropriated in cyber-attacks, leading to reputational costs for the PEs, loss of revenue, and the risk of increasing the cost of doing business.

Improve cyber-resilience by investing in IT security.

4. Institutional risks

4.1 Oversight framework

The Ownership policy for PEs was approved by the Cabinet of Ministers in January 2021, given that prior to this there was a lack of clarity between the roles of the Government, Responsible Ministry and PE Board due to the absence of an ownership policy.

There were no formal performance targets set for PEs by the Government, in addition to an absence of formal public policy targets. This leads to a lack of strategic direction for the PE, leaving the PE Boards to formulate their objectives. It is complex to measure the performance of PE Board and management in the absence of such targets.

Development of formal performance targets for the PEs by the shareholder to minimise the risk of PE bailouts and to provide the shareholder's expectation to the PE Board. International good practice recommends that the PE ownership unit sets financial targets in collaboration with the Responsible Ministry to ensure that there is alignment between these targets and policy targets

4.2 Lack of resources of the Commission

The Commission has insufficient resources to exercise the required scrutiny on the PEs' finances, operations and budgets and conduct a comprehensive risk analysis to advise decision-makers promptly.

Improved allocation of resources to the Commission, to enhance its capacity.

4.3 Selection process of Board members

Greater transparency is required in the nomination and appointment of board members. The absence of a skills matrix per PE may lead to gaps in the appointment process.

Strengthen Corporate Governance within the PE sector supported by a formal, transparent nomination and appointment process for directors.

A register of directors would broaden the horizon of the nomination and appointment authorities, leaving an open and transparent process for prospective candidates to apply to be included in the register, increasing the likelihood that candidates are appointed on Boards corresponding to their skills.

4.4 Lack of compliance (PEMC Act)

The Commission lacks the enforcement powers to compel PEs to comply with its information requests. The inadequate legal provisions contribute to the delay in conducting an effective and efficient analysis.

Untimely and incomplete reporting by PEs delays the Commission's reporting and ultimately hinders the availability of timely analysis to decision-makers. Prompt reporting by PEs also aids in improving the accountability of PE Boards and Management.

Introduction of enforcement mechanisms within the PEMC Act.

4.5 Internal control deficiencies

The absence of an audit committee or an internal audit function (either in-house or outsourced) for PEs can lead to gaps in their internal controls and risk management systems.

PE Boards should ensure that internal audit procedures are developed within PEs, supported by an internal audit function reporting directly to the Board.

Source: PEMC

5. Risk Assessment Matrix 2023

Given the fiscal risks presented in this document, a fiscal Risk Assessment Matrix (RAM) was developed (Table 5). The main risks were assessed based on analysis and judgement. These were assigned a 'likelihood' and 'impact' value, from low to high using a scale of '1 to 3' in increasing severity. Possible transmission mechanisms and potential policy responses to mitigate the impact and likelihood of the risks are also presented. Effectiveness of mitigation measures was also assigned a value using the same scale.

Table 5: Risk Assessment Matrix 2023

Risks Identified	Likelihood/ Time Horizon	Impact	Transmission	Mitigating Measure	Effectiveness of mitigating measures
External Risks					
Tourism arrivals shock	Med/ST	High	Predicted recession in the Eurozone coupled with a depreciating Euro could lead to less tourist arrivals. Lower tourist arrivals imply lower income, which is especially problematic given forecasted US Dollar appreciation (Seychelles imports in USD)	<ul style="list-style-type: none"> Prepare fiscal contingencies to lessen the impact of lower economic growth on Budget targets such as further fiscal tightening. Speed up efforts to diversify the economy to increase output and FX earnings. 	Medium Med-Low
Large movements in international price of fuel	High/ST	Med-High	Potential for further increases in international fuel prices as a result of the Ukrainian crisis, which in conjunction with a stronger USD will lead to high expenses for Seychelles. An increase in international fuel prices will increase outflows through more expensive purchases affecting external balances.	<ul style="list-style-type: none"> Monitor developments in the international oil market and allow exchange rate to move freely to absorb shocks. Move towards less fuel dependency and improve energy mix (long term) 	Low
Macroeconomic Risks					
Exchange rate shock	Med-High/ST	Med-High	Depreciation of the Euro is likely to persist given the continuing energy crisis and macroeconomic issues facing the Eurozone. Expected recession in Europe will impact main tourism markets, resulting in lower tourism earnings which will put pressure on the exchange rate. This in turn will increase inflationary pressures, impact on Budget revenues and costs, and Seychelles' ability to service its debt.	<ul style="list-style-type: none"> Employ innovative marketing and pricing strategies to ensure continued growth in tourism arrivals. Speed up efforts to diversify the economy to increase output and FX earnings. Continuing the campaign to curb import related consumption. 	Med-Low
Inflation shock	Med-High/ST-MT	Med-High	High and volatile costs of global oil and commodity prices, will increase pressure on domestic prices through increasing import costs. An increase in inflation will affect Budget spending, cost of living, business confidence and general financial stability.	<ul style="list-style-type: none"> Proactive Monetary policy intervention. Contingency plans to curb impact of depreciation. 	Medium

Fiscal Risks

Increase in Budget Gross Financing Needs	Med-Low/ST	Med-High	Lower economic growth from a potential tourism slowdown, shortfall in meeting tax revenue targets, high spending pressures, and shortfalls in planned external financing would deteriorate fiscal balances and would increase financing needs.	<ul style="list-style-type: none"> • Build up contingency buffers. • Tighten and ensure fiscal discipline. • Develop alternative financing and debt strategies. 	Med-High
Missing IMF Programme performance targets	Med-Low/MT	Med-High	Uncertainty over the direction of global recovery, continued vulnerability to external shocks, poor implementation of policy reform measures, and increasing financing needs would lead to a worsening fiscal position marking a departure from the sustainability path.	<ul style="list-style-type: none"> • Ensure continuous monitoring and evaluation of performance benchmarks. • Tighten and ensure fiscal discipline. 	Med-High

PE risks

PE contingent liabilities	Medium/ST-MT	High	Poor financial performance of PEs (Debt and arrears accumulation, liquidity shortages, and revenue shortfalls)resulting in requests for Government support placing additional strain on the Budget.	<ul style="list-style-type: none"> • Reinforce monitoring and develop early warning mechanisms. • Establish sufficient contingency reserves and negotiate suitable financing terms for guarantees. 	Med-Low
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Other Risks

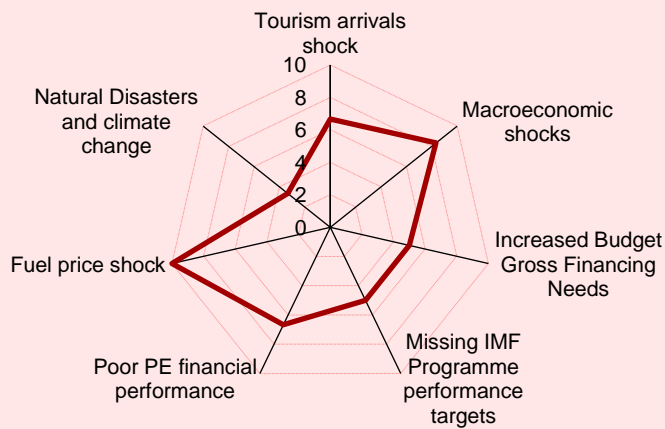
Natural disasters and climate change	Low/No specific time	High	Climate change poses a long-term fiscal risk threat with high impact to Budget finances. A single disastrous event is, however, unlikely.	<ul style="list-style-type: none"> • Ensure that Budget contingency buffers are provisioned for in the event of a natural disaster occurring. • Source additional financing to undertake sustainable, environmental and climate change related projects. 	Med-Low
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Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

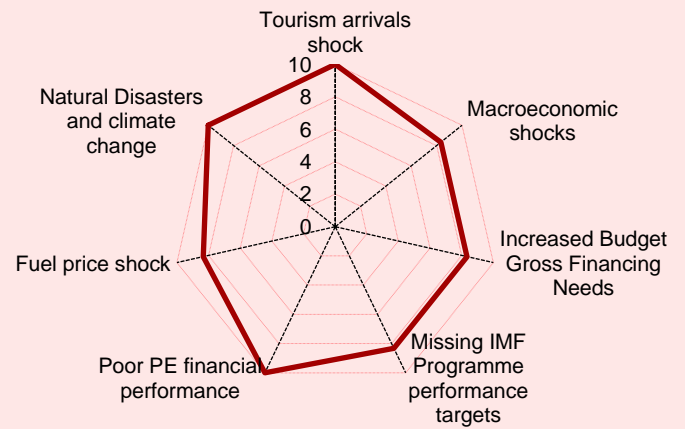
The following radar charts presented below depict the RAM estimates for 2023 on 'likelihood, impact and effectiveness of mitigation measures' based on the values assigned. A radar chart is a two-dimensional chart displaying multivariate data with several quantitative variables represented on axes starting from the same point.

Figure 16. RAM 2023 charts

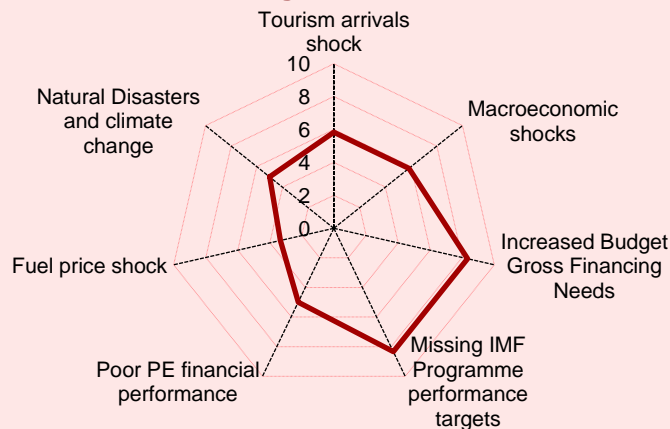
Risk Likelihood



Risk Impact



Effectiveness of mitigation measures



Note that the rating scale of '1 to 3' has been expressed in percentiles for presentation purposes.

As can be seen from the charts, the likelihood of major risks is mostly medium to high in 2022 as the economy continues along the recovery path.

These risks also are high impact indicating vulnerabilities worsened by the pandemic.

Additionally, all the risks identified cannot be fully mitigated.

Source: Macroeconomic Forecasting and Analysis Division Estimates,

6. Mitigating Fiscal Risks

Necessary in the identification, evaluation and analysis of fiscal risks, are strategies and methods to mitigate the possible impact of such risks. As the risks discussed in this document will all affect the fiscal position of the country, and impact upon fiscal targets and fiscal sustainability, risk mitigation is a major priority for the Government.

Below are several strategies and initiatives that can be undertaken to help in mitigating fiscal risks. The Government remains committed towards further expanding its options towards this cause.

- **Establish a Budget contingency provision** for fiscal risks that are likely to materialise. This is expensed in the Budget to cover for any unforeseen expenditures that may arise, which were initially not predicted during Budget preparation. The Budget already includes this.
- Make provisions in the **Budget to cater for the evaluation of fiscal risks**. More capacity in this area will result in better policy responses.
- **Transferring risks through hedging and insurance instruments**. This would help in mitigating the macroeconomic risks associated to the PEs in particular.
- **Impose caps and limits on the liabilities public entities can accumulate**.
- **Improve upon reporting requirements of PEs**. This is currently being undertaken by PEMC.
- **Make specific Budget provisions to cater for PE risk**. This involves appropriate subsidisation to PEs in case institutional risks, and contingent liabilities, were to materialise into the fiscal risks, and for the proper planning of costs associated to QFAs.
- **Implementing a coordinated reporting framework** between MoFNPT, the responsible ministries, regulators and the PEs concerning any decisions that would affect key stakeholders negatively. This framework would also allow risks to be identified and tackled early.

7. Conclusion

The Fiscal Risk Statement covers potential fiscal risks that threaten the Government's Budget in the period ahead. Macroeconomic risks are considered as the source of fiscal risk with most likelihood and with far reaching effects. The most significant fiscal risks over the next three years are lower-than-expected economic growth which threatens revenue and debt forecast, higher-than-expected inflationary and exchange rate pressures which impacts nominal GDP, and the uncertain financial performance of public enterprises.

To highlight different sources of fiscal risks, Shock scenarios were simulated across numerous variables such as inflation and exchange rates. Fan charts presented effects of changes in the estimated real and nominal GDP, tax revenue and inflation rate. Fluctuations in both the SR/EUR (affecting earnings) and SR/USD rate (affecting expenditure) on the Nominal GDP baseline were estimated.

Fiscal stress tests on public debt were simulated using the IMF Debt Dynamics Tool. Exchange rate, primary balance, real interest rate and real GDP growth were the four variables considered. It was found that debt is most sensitive to volatility in real exchange rates, followed by changes to the Primary balance ratio to GDP. In both scenarios, debt deviated the most from the baseline downward path.

A combined shock scenario was also presented which evaluated the potential macroeconomic impact of a 80 per cent shortfall in the projected 2023 tourism arrivals growth. Given the high dependence on tourism, this specific shock on visitor arrivals may negatively impact growth by 2.3 percentage points. With lower arrivals, expected tourism earnings in foreign currency are estimated to decline, applying pressure on the domestic and potentially increasing inflation expectations. The worsening of these macroeconomic variables will cause to constrain the revenue envelope, posing a threat to the Primary balance, as well as to derail planned debt reduction.

A summary of risks facing Public Enterprises have also been presented. These are categorised as contingent liabilities, macroeconomic risks, operational risks and institutional risks. This disclosure is important as fiscal risks emanating from PEs represent a substantial risk on public finances. Shocks particularly from oil prices, interest rates, exchange rates and inflation affects significantly PEs such as Air Seychelles, IDC, PUC, SEYPEC and STC. In addition, PEs are exposed to revenue and expenditure risks which can worsen their financial position and hence the position of Government. Other factors, such as contingent liabilities and calls on Government guarantees across PEs, also have potential negative impact. Risks deriving from deficiencies in Government's institutional framework could also take a toll on Seychelles' fiscal aggregates. Such discrepancies produce uncertainty and inadequate guidance undermining compliance transparency and accountability.

A Risk Assessment Matrix was also provided in this document which assigns likelihood and impact values to major fiscal risks. In addition to this, possible Government strategies necessary to help mitigate overall fiscal risk are discussed.

Current fiscal policies in place are designed to reduce these risks and to ensure that Government targets are achieved, although more could be done to safeguard the future. The Government remains committed towards this.

