



REPUBLIC OF SEYCHELLES

2025 BUDGET

ASSUMPTIONS AND OBJECTIVES OF THE 2025 BUDGET

PART 1

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SECTION 1

Budget Speech



Ladres Bidze 2025
GOVERNMAN SESEL

Delivre par:

Minis Naadir Hassan

MINIS POUR FINANS, PLANIFIKASYON NASYONAL EK KOMERS

Dan Lasanble Nasyonal Sesel
Ile Du Port, Victoria, Mahe, Seychelles

Zedi le 31 Oktob 2024

**Msye Spiker,
Dirizan Lopoziyon,
Dirizan Zafer Gouvernman,
Tou Manm Onorab e
Tou dimoun a lekout,
Bonzour.**

1. Lentrodiksyon

Msye Spiker, Bidze 2025, i senkyenm bidze ki sa Ladministrasyon i prezante devan Lasanble Nasyonal pour laprouvasyon depi ki in antre dan Gouvernman an Oktob 2020.

Anvi ki sa i dernyen bidze dan sa manda i enportan pour mwan fer rapel tou dimoun lo bann lobzektif prensipal sa gouvernman ler i ti prezant son premye bidze an 2021. Sa ti lans son program pour sa 5 an dan son premye manda. Mon ti komans mon diskour bidze 2021 avek sa deklarasyon e mon site "I bon note ki sa nouvo gouvernman in pran ansarz sa pei dan enn son moman pli difisil dan son listwar. Me kanmenm sa, nou determinen e mon asire, ki nou pei pou sirviv tou sa bann defi. Me nou pa pou zis sirviv, me osi pozisyonn li dan en pli bon fason pou relanse e prospere".

Msye Spiker, ozordi i moman apropiye pour nou reflekte lo sa deklarasyon. Wi, mon kapab konfirmen ki nou'n sirviv, e nou pe menm fer pli byen. Dan bann bidze presedan dan sa bann dernyen lannen nou'n kapab amelyor bokou benefis pour nou pei e nou pep e menm entrodwir nouvo linisyativ ki pou anmenn nou pei devan e anmenn plis benefis.

Nou lekonomi in rekipere e avek stabilite makro ekonomik ki'n ganny re-etabli, sa in permet nou pou retourn bann benefis kot nou pep.

Msye Spiker, mon menm kapab dir ki bokou nou in menm fini bliye ki sa sitiasyon grav nou lekonomi e pei ti ladan. Sa dan limenm i laprev sa sikse ki nou'n pas atraver. Covid ti'n met nou lekonomi lo son zenou. Avek en lekonomi ki ti dan resesyon e sitiasyon finansyel gouvernman ki pa ti dan en bon kondisyon nou ti lo en presipis.

Me, ozordi nou dan en sitiasyon kot nou kapab prezant pli gro bidze dan listwar Sesel. Msye Spiker sa in arive dan mwens ki 5 an. En bidze ki donn ek nou pep benefis nou travay e osi met disponib larzan pou investir dan lenfrastruktir ekonomik ek sosyal ki a benefisyen nou pei pour sa bann lannen e deseni ki pe vini.

Sa Msye Spiker, i selman kapab arive ler i anan en gouvènmàn ki responsab e ki annan en plan stratejik. Me pli enportan en gouvènmàn ki fermeman kwar dan abilite son bann teknisyen pou delivre.

Msye Spiker les mwan fer rapel tou dimoun realite 2020 avek bann sif.

- Lekonomi ti'n regrese par 7.7%
- Defisit Fiskal Primer ti; 15.1% nou Prodwi Domestik Brit (GDP)
- Valer rounpi ti'n devalye konpare avek lezot lamonnen prensipal – Pour en 1 dolar ou ti bezwen plis ki SR22 – 1 Ero ti plis ki SR26 e 1 Liv Sterlen ti pros SR29.
- Avek lakantite touris ki ti'n desann, reveni direk ki pei ti gannye avek sa lendistri ti selman \$221 milyon, en rediksyon 62%.
- Dan son evalyasyon alafen lannen 2020, Fitch Rating ti degrad pozisyon nou pei sorti 'BB' komansman lannen pou ariv 'B', akòz det pei ti pe ariv lo en staz ki ti nepli soutenab.
- Ver milye 2021 to lenflasyon ti'n ariv an mwayenn par lao 11%.
- Reveni total ki gouvènmàn ti kolekte lafen 2020 ti apepre SR 7.6 bilyon.
- Me parkont, depans total gouvènmàn, ansanm avek 'net lending', ekskli lentere, ti ariv en pti pe plis ki SR 10.9 bilyon.
- En total defisit primer SR 3.3 bilyon.
- Nou det total baze lo revizyon GDP ti 80.8%.

Avek en sitiasyon finansyel parey gouvènmàn ti'n pran li plis det.

Nou statistik ofisyel i montre ki zis an 2020 tousel, det total ki gouvènmàn ti pran ti plis ki SR7.5 bilyon, sa i enkli det domestik ek eksteryer.

Msye Spiker, vwala vre sitiasyon ekonomik ek finansyel pei an 2020. I enportan pour nou pa zanmen oubliye kote nou ti ete, e ki mannyer sitiasyon ti kritik, ler nou ti vin o pouvwar. Nou pann zanmen kasyet realite avek lepep Seselwa. Sa de premye lannen apre nou ti vinn opouvwar ti vreman difisil e enkyetan pour gouvènmàn, akòz tou le zour, nou ti pe rode ki mannyer pou fer fas avek sa pandemik COVID 19, e anmenmtan relans nou lekonomi.

Desizyon brav ti ganny pran pou vaksin nou popilasyon e re-ouver lafrontyer pei an Mars 2021. Sa ti lesel fason pou retourn nou lekonomi lo semen produktivite.

Msye Spiker, tou desizyon ki nou gouvènmman in pran ziska la, in fer li dan lentere tou dimoun, biznes e nou pei. I pour sa rezon ki nou premye bidze an 2021 ti enn baze lo met fondasyon pou anmenn transformasyon dan nou fason fer, e asire ki nou sitiasyon finansyel i revin stab e ki nou det pei i retourn lo en semen soutenabilite. Sa fondasyon i kontinyen reste labaz okenn bidze ki nou gouvènmman pou prepare.

Alors, ki aksyon ki nou'n pran koman en gouvènmman ziska la, pou retir nou pei dan sa difikilte ki i ti ladan e siport nou popilasyon?

Msye Spiker, nou'n aplik en polisi bidzeter strikt. Nou'n reste disiplin e responsab a tou moman. Eski sa bann mezir ti toultan popiler? NON! Eski sa bann mezir ti nesese e enportan? WI! Sa ki mon kapab reasir tou Seselwa se SI sa bann mezir pa ti'n ganny pran, nou pei Sesel ti pou dan en sitiasyon kritik parey nou'n war arive dan plizyer pei.

Mon oule osi reasir tou Seselwa ki pandan sa dernyen katran nou pann zis kontrol depans. Ler sa bann mezir in konmans raport fri, nou'n partaze e sa nou'n fer li avek tou kous nou sosyete – ki enkli sekter biznes, etidyan, travayer e osi sa ki bezwen plis sipor atraver bann program benefis sosyal. Nou'n kontinyen fer devlopman lo nivo distrik, e investir dan lenfrastruktir. Nou'n distribye sa sikse avek bann diferan group sakenn a son tour.

Msye Spiker, pour nou reisir fer tousala, nou'n bezwen redres nou lekonomi ek sitiasyon finansyel.

Ozordi, nou sitiasyon i konm swivan:

- Lekonomi i ekspekte agrandi par 3% lafen 2024.
- Bidze pei i nepli dan defisit, me plito nou pe prozekte pou fer en sirplis fiskal primer 1.1% pour sa lannen.
- Nou ekspekte fini lannen avek en det total 61.5% nou GDP.
- Valer roupi in apresye kont bann deviz etranzer e stabilize.
- Lakantite reveni ki nou'n kolekte avek lendistri tourizm alafen 2023 ti \$989 milyon.
- Ozordi, Fitch Rating in reviz nou pozisyon, e nou pou fini lannen avek en 'rating' 'BB-, Outlook Positive'. Pli bon pozisyon ki nou'n deza gannyen.

- Alafen 2024, nou pe ekspekte kolekte en total reveni pou SR10.9 bilyon. Pli o ki nou'n deza kolekte.
- Depans total gouvènmman an 2024, ansanm avek 'net lending', ekskli lantere, i ekspekte ariv SR10.5 bilyon.

Sa bon rezilta ki mon'n fek site Msye Spiker, i rezilta travay dir tou dimoun, en pep rezilyan e matir, ki'n konpran ler gouvènmman ti bezwen pran bann aksyon disiplin e responsab pou retoun nou pei lo bon semen.

Ozordi dan sa senkyenm bidze, Msye Spiker, nou pou kontinyen rekonpans nou pep, baze lo nou abilite bidzeter, akoz nou lekonomi i ankor pe fer byen, malgre bann defi mondyal ki toultan reste en konsern pour nou. Me sa bidze Msyer Spiker i osi met fondasyon pour nou lekonomi kontinyen agrandir e sa i vedir ki a kree plis larises pour nou sitwayen.

2. Devlopman lo nivo mondyal e Performans Ekonomik Sesel

Msye Spiker, zisteman, ler nou regard aktivite ekonomik lo nivo mondyal pour lannen 2024 menm si i reste rezilyan, konpare avek bann peryod dan lepase, sa i ankor en performans pli ba. Nou touzour pe fer fas avek bann defi ki pe persiste lo kote tansyon politik e osi lo kote polisi moneter. Krwasans mondyal i ekspekte pou stabilize environ 3% pour lannen 2024 e 2025. Menm si to lenflasyon pe ralanti, presyon lo pri i reste eleve. Bann risks prensipal ki nou toultan bezwen pran an kont ki kapab annan lefe advers lo Sesel i sitiasyon finansyel lo kote mondyal, lager ant Ikrenn ek Larisi ki pe persiste, konfli dan Mwayenn Orian e lefe lenteripsyon dan komers.

Msye Spiker, lo kote domestik, nou ekspekte ki nou lekonomi pou agrandi par 3% an 2024. Sa i baze lo performans sekter tourism ki'n reste pozitiv avek en ogmantasyon 2% dan larive viziter konpare avek 2023 e nou pe prozekte total viziter pou ariv 357,900. Baze lo sa prozeksyon performans viziter, krwasans i osi pe prozekte dan bann sekter relye avek tourism - parey akomodasyon e manze, e osi transportasyon e stokaz. Sa performans pe osi ganny siporte avek sa bon performans dan sekter lenformasyon ek telekominikasyon e osi sekter lagrikiltir ek lapas.

Pour lannen 2025, nou pe prozekte ki lekonomi Sesel pou agrandi par 4.3%. Sa i relye avek en ogmantasyon dan larive viziter par 3.5%, letan nou konsider bann faktor parey levennman 'FIFA Beach Soccer World Cup' ki pou fer an Me 2025, e

osi bann lotel ki pou re-ouwer lannen prosenn. Bann sektor relye avek tourizm, parey akomodasyon e manze e servis administrativ e siport, nou pe prozekte en krwasans 5% e 3% respektivman pour lannen 2025.

Msye Spiker, dan lede sektor - lagrikiltir avek lapes - nou pe prozekte en krwasans 3% an 2025. Dan sektor prodiksyon prodwi pwason, nou pe estimen ki pou annan en krwasans 8% an 2025 e an mwayenn 3% dan mwayen term.

Dan sektor prodiksyon lalkol ek taba, nou pe prozekte en krwasans 4% pour lannen 2025 konpare avek 2% an 2024. Parkont, nou pe estimen ki pou annan en rediksyon 5% dan sektor materyo konstriksyon an 2024. Sa rediksyon i baze lo lenpak leksplozyon ki ti arive le 7 Desanm 2023. Sepandan, nou pe prevwar en relansman 3% dan sa sektor pour lannen 2025.

De lot kote, nou pe kontinyen vwar en krwasans pozitiv dan sektor konstriksyon anvi bann aktivite konstriksyon dan sektor tourizm. Sa krwasans pozitiv pe osi ganny vwar dan koleksyon reveni dan taks valer azoute pou sektor konstriksyon kin deza sirpas koleksyon antye pour lannen 2023 par 37 pousan. Sa sektor i ekspekte agrandi par 5% an 2025 e 3% dan mwayen term.

Sektor distribisyon e 'retail' pe ekspekte en krwasans 2% an 2024 e 3% an 2025.

Msye Spiker, dan sektor lenformasyon ek telekominikasyon en krwasans 10% pe ganny prozekte pour lannen 2024 e osi an 2025. Statistik pour 'data traffic' pour premye 6 mwan pandan 2024 in ogmante par 54% konpare avek menm peryod pour 2023. Sa krwasans pe osi ganny siporte avek zefor gouvrenman pou adopte teknolozi dan son bann servis e osi sa krwasans pozitiv dan sektor tourizm. An mwayen term sa sektor i ekspekte agrandi par 8%.

3. Sektor Moneter

Msye Spiker, anvi ki lenflasyon lo nivo mondyal in abese pandan lannen, e dan lekonomi domestik to lenflasyon ti tre ba, Labank Santral Sesel in mentenir en polisi moneter akomodativ pou ede siport plis aktivite ekonomik. Dan sa konteks, to Polisi Moneter ti an Avril 2024 ganny redwir sorti 2.0% pour vin 1.75%.

An zeneral, lakantite kredi ki'n ganny donnen an rounpi, e ki'n al anver sektor prive, in ogmante pandan sa lannen. An Out 2024, lakantite kredi in ogmant par 15%

konpare avek Out 2023. Sa i reflekte en lanvironnman pli favorab pour bann biznes.

Msye Spiker, an term devlopman lo marse eksteryer, menm si plizyer labank santral aletranze in fer desann zot to Lentere Polisi Moneter, i ankor annan bokou lensertitid relye avek bann tansyon e konfli politik ki kapab enpakte lekonomi domestik lannen prosenn. Alor, Labank Santral pou kontinyen pran kont bann faktè domestik ek eksteryer ler i fer desizyon, pou fer sir ki son polisi moneter i anliny avek son bann lobzektif.

4. Lenflasyon

Msye Spiker, nivo lenflasyon i ankor vremen ba kot to lenflasyon lo en baz douz mwan ti *negativ* 0.7% an Septanm 2024. Ler nou konpare avek Desanm 2021, pri an zeneral lo en baz douz mwan ti 9.8%. Sa abesman dan nivo lenflasyon depi lafen lannen 2021, ti prensipalman relye avek rediksyon dan pri komodite ek karbiran lo marse enternasyonal ensi ki en apresyasyon dan valer rounpi pandan sa menm peryod.

An Septanm 2024, pri an zeneral ti ogmant par 0.6% konpare avek Septanm 2023. An term prozeksyon pour Desanm 2024, lenflasyon i ekspekte a en to 2.5%. Dapre Fon Moneter Enternasyonal, to lenflasyon an mwayenn lo nivo global pou 5.8% e dan bann pei ki pe devlope, i pou 2.6%.

5. Sektè Eksteryer

Msye Spiker, lo kote sektè eksteryer, dan balans ‘current account’, ki rikord valer tranzaksyon ki Sesel i fer avek larestan lemonn, estimasyon preliminar i montre ki sa defisit in sorti 7.2% nou GDP an 2023, pou ariv 10.7% an 2024.

Me toudmenm, anlinny avek prozeksyon, i ekspekte annan en amelyorasyon dan performans lekonomi an 2025, e sa pou fer ki nivo defisit pou redwir pou vin 9.8% nou GDP.

6. Revi lo Performans Fiskal 2024

Msye Spiker, pour lannen 2024 pozisyon primer fiskal gouvènmman i reste 1.1% nou GDP parey prozeksyon inisyal e osi dan revi milye lannen. Nou pe estimen ki reveni total, ki pa enkli bann don - pou ariv SR 10.54 bilyon konpare avek SR

10.48 bilyon, dan prozeksyon bidze inisyal pour 2024. Sa i reprezant SR 58.7 milyon an plis ek bidze inisyal. Total reveni ki osi enkli bann don pour SR 10.9 bilyon, ki ekivalan 35.1% nou GDP.

Dan sa SR 10.9 bilyon - i enkli reveni taks ki pour en sonm SR 8.92 bilyon. Sa i SR 17.8 milyon an plis konpare avek sa ki nou ti'n prevwar pandan revi bidze milye lannen. Nou pe prozekte en ogmantasyon – prensipalman - dan koleksyon taks lo saler e benefis non-moneter par SR 28.7 milyon e taks biznes par SR 24 milyon. Par kont, nou pe prozekte en rediksyon dan bann laliny taks ki relye ek tourizm, sa i; taks lo valer azoute - par SR 30.9 milyon, taks lanvironnman soutenabilite lo bann viziter - par SR 15.2 milyon e taks lo reveni lotel - par SR 27.4 milyon.

Swivan, legzersis pandan revi milye lannen, gouvènmman ti prezant en bidze siplemanter SR 473.1 milyon. Sa, ti ganny finanse par en rediksyon dan depans dan bidze, pour en sonm SR 453.3 milyon e en ogmantasyon selman SR 19.8 milyon dan depans gouvènmman.

Nou ekspekte pou fini lannen 2024 avek en stok det lavalèr 61.5% GDP. Nou stok i ankor soutenab, e gard nou lo sa semen, ki nou a kapab realiz nou target pou redwir nou det ver 50% avan 2030.

7. Bidze 2025 e Performans Fiskal Mwayen Term

Msyè Spiker, pour lannen 2025, gouvènmman pe propoz en depans SR 11,901,621,045. Sa i reprezant en ogmantasyon 11.9%, ler ou konpar avek 'Appropriation Act' 2024, ki ti SR 10,640,628,966.

Total reveni ki osi enkli bann don pe ganny prozekte pou ariv SR 12.2 bilyon, ki ekivalan 36.8% nou GDP.

Alors, sa i fer ki gouvènmman pe prozekte en sirplis primer SR 379.9 milyon ki reprezant 1.1% GDP. Dan mwayen term, nou pou kontinyen konsolid nou pozisyon fiskal e fer sir nou kontinyen atenn en sirplis primer ki ava ed nou dan nou target pour redwir nou det.

8. Koleksyon Reveni pour 2025

Msye Spiker, dan sa total reveni ki nou pe prozekte pour lannen 2025, SR 9.96 bilyon pou ganny kolekte par bann reveni taks ki reprezant 85% koleksyon reveni total. Par kont, SR 1.8 bilyon pe ganny prozekte pour reveni ki pa taks e SR 453 milyon an term don. Sa total i reprezant en ogmantasyon SR 1.3 bilyon oubyen 11.7% ler ou konpar avek bidze revize pour lannen 2024.

Koleksyon dan reveni taks pe ganny prozekte pou ogmante dan taks lo saler e benefis non-moneter par SR 102 milyon. Sa i an rezilta re-ouvertir bann lotel ki pou kree plis lanplwa e osi ogmantasyon dan saler pour lannen 2025. Nou osi ekspekte en ogmantasyon dan koleksyon reveni dan Taks Biznes - par SR 161.9 milyon ki relye avek sekter finansyel an rapor avek antite 'securities dealers'. Pou annan en ogmantasyon dan 'Excise' Taks - par SR 130.3 milyon e Taks Valer Azoute (VAT) - par SR 570.4 milyon ki relye avek aktivite dan sekter tourizm.

Koleksyon lezot reveni ki pa taks pour lannen 2025, i ekspekte ogmante par SR 134.2 milyon. Mazorite sa ogmantasyon pou ganny kolekte koman en 'dividend' sorti kot IDC baze lo sa lagreman pou 'lease' zil Assumption pour en lavaler US\$ 20 milyon. Alors nou pou reflekte SR 301.4 milyon ogmantasyon dan 'dividend' sorti kot IDC. Gouvernman pou pret IDC en total SR 105.7 milyon anba depans dan 'net lending' pou permet li konstrir bann lenfrastruktir nesese lo sa zil, ki i pou repeye dan mwayen term.

Bann don ki nou pou gannyen i ekspekte ogmante par apepre SR 98.3 milyon. Dan mwayen term, reveni total ek bann don in prozekte pou ariv apepre 33% nou 'GDP'.

9. Labaz Depans Gouvernman

Msye Spiker, pour lannen 2025, gouvernman i reste angaze pou kontinyelman investir dan nou program sosyal e lenfrastruktir tout an prenan kont nou bann polisi fiskal. Bidze total pour portfolyo Lanplwa e Zafer Sosyal - ki enkli depans anba bann benefis e program kot Lazans Proteksyon Sosyal i pli gro sonm dan bidze 2025 - pour en total SR 1.57 bilyon - ki reprezant 13.2% bidze total ki pe ganny propoze. Bidze portfolyo Lasante pe ganny prozekte pour en total SR 1.5 bilyon ki reprezant 12.8% bidze total. En alokasyon SR 1.4 bilyon pe ganny prozekte pour portfolyo Ledikasyon ki reprezant 11.8% bidze total.

Bidze byen ek servis i reste pli gro sonm dan bidze 2025 avek en total SR 4.05 bilyon, ki reprezentant 12.3% GDP, konpare avek bidze revize an 2024 ki reprezentant 12.5% GDP.

Par kont Msye Spiker, pli gran ogmantasyon i pou en total bidze SR 1.86 bilyon ki pe ganny prozekte pour lannen 2025, i dan program lenvestisman kapital, ki reprezentant 5.6% GDP. Sa i reprezentant en ogmantasyon SR 473.1 milyon ouswa 34%, konpare avek bidze revize an 2024. Sa i reflekte priyorite gouvènmman pou konsolid bidze byen ek servis ki'n ede annan plis lespas fiskal pou envestir dan proze kapital.

10. Reminerasyon ek Saler

Msye Spiker, nou gouvènmman in toultan pare pou redistribye nou sikse ler i kapab, sirtou apre bann moman difisil. I fer sa, baze lo kalkilasyon bidzeter pou asire ki sa redistribisyon i ekitab e soutenab. I pa vo lapenn ki nou redistribye nou larises ler nou konnen ki a lon-term pei pa pou kapab soutenir bann tel aksyon, ki kapab andomaz nou lekonomi e sitiasyon finansyel. Nou'n toultan dir ki nou pou toultan azir dan en fason disiplin e responsab.

Depi premye Bidze sa Ladministrasyon, an 2021, nou'n toultan rod fason pou redonnen ler bidze i permet. Pour travayer sekter piblik, an Avril 2023, gouvènmman, ti donn en ogmantasyon saler kot zot ti garanti en minimonm SR 1,000 par travayer. Sa ti swiv sa legzerzis pou konsolid serten alawens dan saler, e avek sa konsolidasyon travayer pe osi benefisye plis anver peyman trezyenm mwan. Msye Spiker, sa revizyon an 2023 ti reprezentant en ogmantasyon an mwayenn 10%, e in kout gouvènmman apepre SR 220 milyon an total, par an.

Me anmenmtan, nou bezwen konsyan lenpak en ogmantasyon saler, sirtou an term son soutenabilite lon term lo bidze pei e lo lenflasyon.

Msye Spiker, gouvènmman i anploy li apepre 11 mil travayer dan sekter piblik, ki reprezentant anviron 20% total endividi dan marse lanplwa. Dan bidze 2025, en sonm SR 3.7 bilyon pe ganny propoze pour reminerasyon ek saler dan servis piblik - en ogmantasyon SR 309 milyon ouswa 9% letan ou konpar avek bidze revize an 2024. Sa i reprezentant 11.3% GDP konpare avek 11% dan bidze revize an 2024.

Msye Spiker, pour 2025, gouvènmman pe propoz en ogmantasyon 7% lo saler de baz par mwan, pour tou travayer sekter piblik ki pe ganny par anba SR21,368. Tou

travayer ki pe ganny plis ki SR21,368, zot pou resevwar en ogmantasyon SR1,500. Sa ogmantasyon i garanti en minimonm SR500 pour tou travayer ki travay a plen tan. Sa ogmantasyon 7% i osi aplik pour bann 'home carer'. Msye Spiker, sa limit SR 1,500 i nesese pou asire ki sa ogmantasyon saler i reste soutenab e ekitab. I enportan note ki sa ogmantasyon saler pa aplikab pour bann lapwentman konstitisyonel.

Msye Spiker mon ava donn 3 legzanp pou ilistre sa logmantasyon;

- En 'House Keeper' son saler de baz ki pa enkli son alawens pou sorti SR 7,343 pou vinn SR 7,857
- En Staff Nurse e en ansennyan, son saler de baz ki pa enkli son alawens pou sorti SR 13,204 pou vin SR 14,128
- En graduate ki konmans lo en saler de baz SR 16,546 pou aprezan ganny SR 17,704. Sa pa enkli okenn alawens.

Msye Spiker, sa ogmantasyon dan saler servis piblik pou pran lefe le 1 Avril 2025 e pe kout SR 115 milyon, ki reprezant 0.3% GDP. Sa ogmantasyon pou annan en lenpak anyel SR 153 milyon.

I bon note osi, sa ogmantasyon i dezyenm dan lespas zis 2an ki nou gouvernman pe donn travayer sekter piblik. Nou devret osi note ki i premye fwa ki Gouvernman in donn en logmantasyon saler 2 fwa dan en en pti dele letan. Mon lapel avek zot; se avek sa lenvestisman ki gouvernman pe fer anver zot, pou silvouple perform a en oter ki pou ed lekonomi agrandi plis e donn en servis o nivo ki piblik pe ekspekte.

Msye Spiker, an 2025, gouvernman pou komans lenplimantasyon son Sistenm Zesyon Resours Imen (HRMS), ki pou kout US\$ 1.7 milyon. Sa sistenm pou elimin bann louvraz administrativ mannyel, redwir letan prosis, redwir litalizasyon papye, e amelyor kapasite pran desizyon. Sa transformasyon pou asir meyer planifikasyon lafors travayer, amelyor satisfaksyon nou bann staff, e permet nou zer resours avek plis presizyon.

10.1 Ogmantasyon dan saler minimonm

Msye Spiker, avek devlopman dan lekonomi e prenankont ki dernyen fwa ki in anann en revizyon dan saler minimonm ti an Zanvye 2020, gouvernman in war li nesese pou revwar saler minimonm.

Baze lo bon Pratik, en revizyon tou le 5 an i neser pou fer sir ki saler i ganny aziste pou reflekte lenflasyon. Gouvernman i salye bann biznes dan sekter prive ki lo en baz regilye i ogmant saler zot travayer baze lo performans zot biznes. Gouvernman i rekonmann bann pratik parey, me nou osi konsyan ki annan biznes ki baz reminerasyon zot travayer pirman lo saler minimonm ki ganny rekonmande dan lalwa lanplwa.

Msye Spiker, en legzersis in ganny fer pou revwar saler minimonm, e nou pe propoz en ogmantasyon 7%, konm swivan;

- Sorti SR 38.27 pour vinn SR 40.95 par erdtan pour travayer ki ganny anploye. Sa i vedir en travay ki baze lo 40 erdtan par semenn, saler minimonm pou ogmante sorti SR 6,633.47 pour vinn SR 7,098 par mwan.
- To lapey pou bann travayer ki pa anploye a plen tan (casual) pou ogmante sorti SR 44.10 pour vinn SR 47.19 par erdtan.

Msye Spiker, Departman lanplwa ansanm avek bann partner kle pou konmans fer konsiltasyon lo revizyon saler minimonm dan bann prosenn mwan e nou lentansyon se ki okenn ogmantasyon ava pran lefe ver Avril 2025.

11. Sekter Lanplwa

Msye Spiker, avek propozisyon pou ogmant saler travayer, nou ekspekte ki sa linisyativ i ava ankouraz plis Seselwa pou antre dan en lanplwa formel.

To mank lanplwa nasyonal pour lannen 2023 ti 3% konpare avek 3.9% an 2022. Nou'n osi obzerv en rediksyon sorti 13.7% pour lannen 2022 pour vin 9.5% lannen 2023 dan to mank lanplwa parmi zenn. Sa i demontre progre ki'n ganny fer e gouvernman pou kontinyen met anplas bann polisi ek mezir pou met plis dimoun dan en lanplwa.

Msye Spiker, en sitiasyon ki preokip gouvernman bokou dan marse lanplwa i sa kantite dimoun, sirtou zonn, ki dan lanplwa enformel. Nou dernyen estimasyon se ki i annan apepre 8,000 endividi ki dan sa sekter. Sa i vedir zot pa pe fer kontribisyon pansyon e zot osi pa pe benefisyve avek serten proteksyon dan lalwa lanplwa.

Departman Lanplwa avek lasistans lorganizasyon enternasyonal pour travay in fer en letid lo lanplwa enformel dan Sesel e bann desizyon polisi pou ganny konsidere avek diferan partener pour adres rekonmandasyon sa resers. Nou rekonnet ki

plizyer endividi ki dan en lanplwa enformel i osi en viktim drog ou lalkol, savedir bann lentervansyon pou osi enkli kolaborasyon avek lezot Minister.

En popilasyon byen edike konsernan loportinite lanplwa, ava ede redwir presyon lo Departman Lanplwa, an sa ki konsern bann diferan program ki zot pe ofer an se moman, swa pou plas dimoun dan lanplwa oubyen pou donn zot en ‘skill’ travay. Depi 2021 a 2023, Departman Lanplwa in plas an mwayenn, apepre 1,600 endividi dan en lanplwa par an.

Msye Spiker, sa departman pe administre 3 program spesyal ki ede met dimoun dan en lanplwa. Sa 3 program i: Devlopman Skil, Mon Premye Louvraz, e ‘Re-skilling’. Pour lannen 2025, alokasyon anba sa bann skim i konm swivan; en sonm SR 5 milyon anba Program ‘Mon premye Louvraz. Gouvernman pe met SR 1 milyon adisyonnèl anba program ‘Devlopman Skill’ e ‘re-skilling’ ki pou kouvertiket bis gratwit pour bann partisipan. An total - SR 5.6 milyon pe ganny rekonmande anba program ‘devlopman skill’ e ‘re-skilling’.

An mwayenn, plis ki 100 dimoun ki ti pe rod en lanplwa ti anrezistre lo program re-skilling depi lannen 2021 ziska 2023. Osi, an mwayenn par lannen, plis ki 400 etidyan ki ti konplet zot letid pos segonder ti ganny plase dan en lanplwa atraver program “Mon Premye Louvraz” e; plis ki 300 zenn ti ganny plase lo program ‘Devlopman Skill’ an mwayenn par lannen.

Departman Lanplwa anba son program lokalizasyon, pandan 2021 ziska 2023 in reisir ranplas 81 etranze ki ti dan bann pozisyon lo nivo zestyon e sipervizyon sirtou dan lendistri tourizm par nou Seselwa. Msye Spiker, sa i asire ki Seselwa i ganny loportinite pou avanse dan zot karyer profesyonnel.

Msye Spiker, avek tou sa evolisyon e devlopman ki pe annan dan marse lanplwa dan nou pei, i enportan ki nou annan en lanplwa ki modern e ki reflekte larealite marse lanplwa e lekonomi ozordi. Travay pou reviz sa lanplwa i ase avanse e sa proze de lanplwa pou vinn devan Lasanble Nasyonal boner lannen prosenn.

Msye Spiker, plan nasyonal pour resours imen i espekte ganny finalize ver lafen 2024. Sa plan pou met devan bann skills e lanplwa ki an demann ozordi e pour sa prosen 5 an. I pou diriz bann lenstitisyon ledikasyonel e lorganizasyon lo domenn ki an demann lo marse lanplwa, pou asire ki nou pep i ganny formen dapre bezwen pei.

12. Sektor Ledikasyon

Msye Spiker, lenvestisman dan sektor ledikasyon i reste en priyorite pour nou gouvènmman. Sa sektor i anfet fondasyon e primordyal dan sa transformasyon ki nou pei pe pas atraver. Nou bann zanfan i devret konpran ki nou pe fer en kantite lenvestisman finansyel dan zot ledikasyon, me alafen dizour, i depan lo zot pou sezi sa loportinite e pran zot ledikasyon o serye pour zot kapab ganny en bon lavenir demen. Zot bezwen realize ki sa ‘bout papye’ ki zot gannyen enfwaz zot termin zot letid ki determinen ki kalite travay ek saler zot pou gannyen.

Msye Spiker, nou pou bezwen al dan en reform transformativ dan nou sistenm ledikasyon. Nou sistenm ledikasyon pa pou kapab reste kot i reflekte bann realite 20 an, 30 an pase. Lemonn in evolye e Sesel i bezwen met li pare pou sa nouvo lemond ki nou pe viv ladan.

Nou annan en responsabilite pou nou prepar nou zanfan pour sa lasosyete ozordi e osi pou sa nouvo lemond travay. Nou bezwen sorti dan en sistenm ki santre lo zis formasyon akademik me enn ki osi enkli devlopman lezot 'skills" ki zot pou bezwen dan zot lavi. An dot mo nou bezwen ede fer zot vin pli rezilyan e osi annan plis bagaz pou bann nouvo louvraz ki nou lekonomi pe e pou prodwi.

Sa i anmenn mwan lo en size ki monn koz bokou lo la. Sa se asire ki nou lekonomi i prodwi bann louvraz ki pey en saler pli O. Sa i deza pe arive, me, nou war ki nou ganny bokou problem pou ranplir sa bann pozisyon. Ki mannyer nou fer pour nou pep ganny en louvraz ki pey en pli O saler e sa i ava ed zot viv en lavi pli konfortab? Annou nou tou travay ansanm pou kontinyen ed nou lekonomi prodwir bann louvraz ek loportinite ki anmenn plis rannman. Annou devlop en sistenm ledikasyon ki donn nou bann zanfan loportinite pou ganny konpetans pou prepar zot pou kapab pran sa bann pozisyon.

Pour lannen 2025, sa sektor pe ganny en bidze SR 1.4 bilyon. Sa sonm i reprezant 4.3% nou GDP. Nou vwar en alokasyon SR 614.4 milyon pe ganny propoze dan bidze pour saler e reminerasyon, ki reprezant 44% depans total anba sa sektor. Pli gro sonm pour sa sektor, i anba ‘byen ek servis’ pour en sonm SR 667.5 milyon, ki reprezant 47% depans total anba sa sektor, e SR 126.9 milyon pe al anver depans dan bann proze kapital.

Msye Spiker, pou asire ki nou zanfan i ganny en pli bon konmansman depi ler zot ankor pli zenn, an 2025 gouvènmman in met en sonm SR 27.96 milyon pour ‘Child

Care Scheme’. Lenstiti pour Devlopman Pti Lanfans pe osi enplimant en nouvo sistenm nimerik pour sa lasistans finansyel, anlinny avek azanda lekonomi nimerik. Ziska Oktob 2024, i annan 2,483 zanfan ki’n anrezistre lo sa sistenm ki pe benefisyé avek sa lasistans.

En sonm SR 1.6 milyon in osi bidzete an 2025, pour ‘Fon Pti Lanfans’. Se bann ‘child care managers’ e ‘childminders’ ki ganny asiste anba sa fon. Zot kapab fer laplikasyon pou resevwar lekipman e resours edikasyonnel pour ki zot an konformite avek standar ki IECD ek son bann partener in etabli.

Msye Spiker, parey zot konnen gouvènmman i investir dan sekter ledikasyon lo tou nivo lekol. Depi sa ki dan ‘child care’ ziska lo nivo liniversite. An 2025, en sonm SR 198.4 milyon pe ganny bidzete dan fon letid. Sa i kouven pour endividi ki deza dan en lanplwa e osi etidyan kin termin zot letid dan bann sant profesyonnel.

Apard, ki program labours gouvènmman, en alokasyon SR 8 milyon pe bidzete pour lannen 2025 pour skim ‘loan edikasyonnel’ avek labank komersyal. Sa skim i permet etidyan annan sa opsyon pran en loan pou investir dan zot prop ledikasyon. Depi ki sa skim ti lanse an 2023 nou annan anviron 25 etidyan kin deza benefisyé, pour en lavalèr loan SR 11.6 milyon.

I byen osi note ki depi sa lannen, gouvènmman pe ofer 5 ‘fully funded scholarships’ tou le lannen dan domenn Lenformasyon, Kominikasyon ek Teknolozi (ICT). Sa i touzour anlinny avek nou stratezi transformasyon nimerik. Dan sa domenn i annan en gran demann me nou napa ase Seselwa kalifye.

Msye Spiker, gouvènmman i reste angaze pou anmenn teknolozi dan ledikasyon, sa pou ede fasilite lavi bann ansennyan e osi i pou pli adaptif pou bezwen bann zenn ki ozordi pe viv dan en lemonn kot zot pe ganny ekspoze avek diferan form teknolozi. En alokasyon SR 29.2 milyon in bidzete pou asire ki nou kree sa lanvironnman ki pou fasilite laprantisaz e fer sir ki nou bann zenn i epanouir. I pour sa rezon ki depi sa lannen, zanfan depi P5 an montan pe ganny akse avek skim ‘laptop’. An 2025 provizyon bidzeter pour sa skim i SR 6 milyon. Anba sa skim gouvènmman i fer en kontribisyon SR 3,000 anver pri laptop pour tou zanfan.

Gouvènmman dan son plan transformasyon nimerik in angaz li pou ekip lekol avek resours apropriye pou fasilite son lenplimantasyon. An 2024, gouvènmman in prokir 330 ‘desktop’ pour lasal konpiter e 314 ‘laptop’ pour ansennyan lo nivo administratif e bann ki ansarz bann program. An 2025 gouvènmman pou prokir

‘laptop’ pour tou lezot ansennyan kalifye. Aparti 2026 sa program pou enkli asistan ansennyan. Msye Spiker, fodre note ki avan lentrodiksyon sa program sa lannen, ansennyan ti bezwen pran en ‘loan’ avek Minister Ledikasyon pou aste zot laptop. Depi sa lannen, zot pe ganny donner zot zouti travay.

Msye Spiker, gouvènmman in ekout bann defi ki bann paran ki annan bann zanfan ki ganny afekte avek Otizm i fer fas avek. I kler ki napa ase ki’n ganny fer pou asiste sa bann paran e ed sa bann zanfan, sirtou pou asire ki nou annan en sistenn ledikasyon pli enklisiv. Pandan sa lannen gouvènmman in antre dan en konversasyon avek Lasosyasyon Otizm pou konpran pli byen bann defi e kwa ki nou kapab fer koman en gouvènmman pou ede. La mon ti a kontan eksprim mon apresyasyon avek Lasosyasyon Otizm ki vreman pro aktiv e determinen dan zot lalit pou ganny plis lasistans pour zot koz.

Alor avek sa bi antet, aparti Zanvye 2025, gouvènmman pe met resours apropiye pou enkonpor sant ‘Otizm’ anba lankadremman Minister ledikasyon. En sonm SR 4.1 milyon in ganny mete dan bidze pou kouver kou loperasyon sa sant. Sa i enkli rekritman profesyonel ki travay avek sa bann zanfan, e osi pou donn formasyon bann ansennyan ek paran pou pli byen pran swen avek sa bann zanfan. Mon donn mon lasirans avek bann paran ki sa i selman en konmansman, dan zefor gouvènmman pou kontinyelman ed bann zanfan otizm. Mon fer en lapel avek bann lezot lasosyasyon ki pe fer bann louvraz nob pou apros gouvènmman e konmans en konversasyon e nou ava regarde ki mannyer nou travay pli pros ek kanmarad pou ed nou pep.

Msye Spiker, anba proze kapital dan sekter ledikasyon, en sonm SR 126.9 milyon pe ganny propoze dan bidze 2025. Bann proze renovasyon enpe pli mazer i konm swivan:

- Renovasyon lo lenfrastruktir ‘Headquarters’ pour Minister Ledikasyon - SR 9.7 milyon
- Renovasyon lekòl Primer La Rosiere - SR 2 milyon
- Renovasyon lekòl Bel Eau - SR 2 milyon
- Renovasyon lekòl Bel Ombre - SR 2 milyon
- Renovasyon lekòl Glacis - SR 2.5 milyon
- Renovasyon lekòl Primer Perseverance- SR 3 milyon
- Renovasyon lekòl Belonie - SR 2 milyon
- Renovasyon lekòl La Retraite SR - 1.5 milyon
- Renovasyon lekòl Segonder Anse Boileau - SR 4 milyon

- Renovasyon lekol Segonder Mont Fleuri - SR 1.5 milyon
- Renovasyon lekol Segonder Anse Royale - SR 2.5 milyon
- Renovasyon lekol Segonder Praslin - SR 3 milyon
- Renovasyon Youth Hostel - SR 2 milyon
- Renovasyon Lenstiti Teknolozi - SR 3 milyon
- Renovasyon mazer Lenstiti Ansennyen - SR 4.5 milyon

An term bann nouvo proze Konstriksyon sa i konm swivan;

- Konstriksyon nouvo blok lekol Primer La Rosiere - SR 15 milyon
- Konstriksyon nouvo laplenn lekol Glacis - SR 3 milyon
- Konstriksyon lekol La Digue - SR 47.6 milyon
- Konstriksyon miray o tour lenstiti SIDOL - SR 3 milyon
- Konstriksyon miray o tour lekol A Level - SR 2.5 milyon
- Demolisyon e konstriksyon nouvo blok laklas lekol Segonder Praslin - SR 4.5 milyon
- Konstriksyon 'Mini Sewage Treatment Plant (STP)' pour lekol Primer e segonder Anse Boileau - SR 4.2 milyon
- Konstriksyon en laklas pour zanfan avek bezwen spesyal lekol Beau Vallon - SR 600 mil

Msye Spiker, parey nou vwar gouvernman pe kontinyen investir dan sekter ledikasyon nou bann zanfan. Me parey monn dir pli boner, i pa depan lo zis nou, me la kominote, sirtou paran ek zanfan pou zot sezi bann loportinite edikasyonel ki a zot dispozisyon.

13.Sekter Lasante

Msye Spiker, byennet nou pep an sa ki konsern lasante i reste enn bann priyorite pli enportan pour gouvernman. Pour lannen 2025, en sonm SR 1.52 bilyon pour sekter Lasante in ganny propoze. Sa i en ogmantasyon 9% konpare ek 2024 e 15% konpare avek 2020 avan sa ladministrasyon ti vinn opouvwar. Depans anba byen ek servis i reprezant 45% bidze total sekter Lasante. Sa i en reprezant SR 679.9 milyon

Bann depans pour byen ek servis i enkli:

- Depans lo provizyon medikal - SR 75.3 milyon
- Depans lo provizyon vaksen - SR 10.2 milyon
- Depans lo provizyon laboratwar - SR 36.6 milyon

- Depans lo tretman dyaliz - SR 76.8 milyon
- Depans lo lezot provizyon medikal ek laboratwar - SR 70.4 milyon
- Tretman spesyalize aletranze - SR 50 milyon
- Formasyon profesyonnel lasante - SR 9.3 milyon

I enportan osi note ki en sonm SR 696.3 milyon ki reprezant 45.7% bidze total lasante i pou peyman saler bann profesyonel lasante. Sa sonm i osi reprezant 18.7 % total bidze saler sekter piblik.

Msye Spiker, lenvestisman dan nou fasilite lasante i reste en priyorite pour gouvènmman. Dan sa bidze 2025, en alokasyon SR 146.6 milyon pe ganny prozekte dan sekter lasante, an term proze kapital. Sa i reprezant 7.9% proze kapital gouvènmman. I enportan pou note ki bokou nou bann fasilite lasante in avarye e sa i fer li enportan pou kontinyen nou program renovasyon lo sa bann fasilite. Pandan sa bann lannen ki'n pase nou ladministrasyon in fer lenvestisman pour en sonm SR 136 milyon lo sa bann fasilite swivan ;

- Renovasyon lo ward Zonm ek Madanm
- Renovasyon kontinyel lo Lopital Sesel
- Travay pou kouverti labotwar pou vin ICU
- Fasilite stokaz LPG kot lopital Mahe ek Praslin
- Renovasyon lo sant sterilizasyon CSSD
- Travay lo complex North East Point
- Konstriksyon Lopital St Mary's La Digue
- Lenstalasyon 'lifts' Lopital Sesel e
- Akizisyon 2 'stand by generators'

Pour 2025, travay i kontinyen e nou pe propoz en bidze SR 34.5 milyon pour renovasyon bann lezot fasilite lasante. Sa i konm swivan ;

- Travay renovasyon lo Lopital Sesel - SR 15 milyon
- Renovasyon Sant Lasante Anse Boileau - SR 2.6 milyon
- Prokirman e enstalasyon 'lift' dan lopital Anse Royale - SR 2 milyon
- Kontinyasyon proze pou azout nouvo fasilite dan batiman NIHSS - SR 2.5 milyon
- Provizyon pou renovasyon lopital - SR 4 milyon e renovasyon lo lezot sant lasante - SR 3 milyon
- Renovasyon bann lezot lenfrastruktir lasante - SR 5.4 milyon

Anplis ki renovasyon, investisman dan bann nouvo fasilite lasante i osi enportan. Travay lo klinik Baie Lazare in fini konmanse e sa pou kout SR 8.7 milyon. E de lezot proze prensipal pour lannen 2025 i ;

- Konstriksyon en Stor Medikal - SR 16.98 milyon
- Konstriksyon en nouvo Sant Lasante 'Ile Soleil', Anse Aux Pins- SR 9 milyon

Pli gro proze ki nou ekspekte konmanse an 2025 i en nouvo lopital. Sa lannen nou lopital Sesel i ganny li 100 an. I kler ki sa fasilite nepli soutenab ozordi e pour le fitir. I enportan pour nou investir dan en nouvo lopital modern ki pou zwenn laspirasyon e bezwen nou pep pour sa prosen 100 an. Sa lenvestisman i pa zis konstriksyon en nouvo batiman me investir dan en fitir pour tou Seselwa ganny akse avek servis medikal pli spesyalize. Sa lenvestisman i reprezant en vizyon lon term ki gouvernman i annan pour en sistenm lasante pli soutenab, rezilyan e kapab donn en servis pli o nivo pour nou popilasyon. Gouvernman pe finaliz en evalyasyon konpreansif lo proze nouvo lopital ki pran ankout tou lezot fasilite lasante ki egziste ozordi. Dan bidze pour sa prosen 3 an en sonm aprepre SR661.2 milyon in ganny propoze. En alokasyon SR 87 milyon in ganny mete dan bidze 2025 pou demar sa proze.

Msye Spiker mwan osi anvi remersi sa komite ki pe travay vreman dir pou rod finansman pour konstriksyon nouvo lopital, dan sa menm lespri kot bokou dimoun ti kontribye pour konstriksyon lopital Sesel, en santener pase. Nou tou annou mazine ki en zour nou, e nou fitir zenerasyon pou servi sa fasilite. Dan sa lespri, mon fer en lapel avek tou Seselwa pou kontinyen met zefor ansanm pou fer sa proze vin en realite.

En lot proze ki nou pe al war son benefis se sa lenvestisman dan en Sistenm Lenformasyon Entegre pour lasante ki pandan sa dernyen 5an in kout bidze SR 53.1 milyon. Sa nouvo sistenm lenformasyon pe ganny enplimante kot Lopital Sesel e tou lezot fasilite lasante ki ava ede ki okenn dokter ouswa ners ki pe donn en servis en pasyan a okenn moman, a kapab ganny akse avek lenformasyon medikal pli vit lo sa pasyan. Alors bann profesyonnel dan sekter lasante ava kapab donn en dyagnostik e en tretman pli kordinen lo sa pasyan avek bi pou amelyor kalite swen lasante e lefikasite dan servis lasante.

Sa sistenm pou osi :

- Enplimant sistenm apwentman dan klinik ki a ede pou minimiz letan ki pasyan i espere pou ganny servis

- Fer li pli fasil pou kolekte lenformasyon, ki pou ede pou annan polisi pli targete dan domenn lasante
- Fasilit ladministrasyon bann ward pou fer sir ki tou lekipman nesese i ganny mete depandan lo bezwen pasyan

14.Devlopman Sport e Lazen

Msye Spiker, en nasyon ki aktiv i enn ki prodiktiv e an bonn sante, ki ede pou redwir presyon lo nou sistenm lasante. I pour sa rezon ki gouvènmman pe investir bokou dan devlopman sportiv. Avek en lemonn ki anmenn bokou defi pour nou popilasyon dan laspe lasante mantal e fizik, sport i reste sa eleman kritik pou fer nou sirmont sa bann lobstak. Lenvestisman dan lenfrastriktir sportif i ava ed nou zenn epanouir, pa zis lokalman me osi lo nivo enternasyonal.

An 2022, mon ti vizit bann fasilitè sportiv ansanm avek minis responsab pour sport, kot mon ti deklare ki nou bann lenfrastriktir sportif in ganny tro negligè e pann ganny byen mentenir.

Pandan lannen 2024, gouvènmman in investir SR 42.8 milyon lo reparasyon diferan lenfrastriktir sportif e osi SR19.4 milyon an 2023. Bann pli gran lenvestisman i konm swivan:

- Travay renovasyon Stad Linite ki enkli nouvo sirfas pour atletik- SR 5.5 milyon. Travay osi pe kontinyen pou renovasyon lo ‘changing room’ pour atlet avek refri.
- Kontinyasyon travay renovasyon ‘Palais des Sports’- SR 7 milyon
- Renovasyon lo 5 kort tennis in konplete ki enkli en nouvo sistenm konpreansif pour lalimyer. Sa i ava ed bann atlet annan plis vizibilite letan pe fer aktivite apre ler
- Travay osi pou komanse sa lannen lo renovasyon twatir ‘ex-school meal center’
- Renovasyon pou osi konmanse lo fasilitè ‘dojo’
- Gouvènmman pe osi fer prokirman lekipman e sirfas pour de kort dan distrik.
- En ‘kicking gym’ in ganny konstrir Roche Caiman Sports Complex ki sipòrt bann atlet ‘martial arts’.

Sa travay renovasyon entansiv pou kontinyen pandan lannen 2025 avek bi asire ki nou fasilitè sport i a en nivo, pou ankouraz plis aktivite sportif enternasyonal fer isi Sesel. En prozeksyon SR 88.1 milyon pe ganny prozèkte e bann pli gran alokasyon i konm swivan;

- Renovasyon ‘Sports Complex’ Anse Royale - SR 5.6 milyon
- Bann lezot renovasyon Stad Linite ki enkli en nouvo tinel pour atlet e osi renovasyon ‘south stands’ ki pou donn en nouvo konfor spektater - SR 7.7 milyon
- Konstriksyon en ‘Multi-Purpose Indoor Court’ Anse Royale- SR 42.4 milyon. Sa proze pe al lo prosedir tender ver lafen Novanm 2024
- Renovasyon ‘Sport Complex’ La Digue - SR 1.6 milyon
- Renovasyon fasilite lenfrastruktir sports Mont Fleuri ki enkli sistenm drenaz- SR 1.5 milyon
- Renovasyon Stad Amitie Praslin- SR 2 milyon
- Bann lezot renovasyon ‘Palais des Sports’- SR 1.9 milyon
- Travay renovasyon kot basen naze ki enkli ‘changing room’ pour atlet - SR 1 milyon.

Sa i enkli SR 20 milyon pe ganny bidzete an 2025 pou siport lezot travay renovasyon lo fasilite sportif. Sa i enkli;

- Renovasyon pour anferm fasilite kort ‘multipurpose’ Mont Buxton e Port Glaud.
- Renovasyon ‘changing room’ lo fasilite sport Point Larue e Baie Lazare.
- Konstriksyon ‘outdoor gym’ dan distrik Grand Anse Mahe, Anse Boileau, La Digue avek Takamaka, pour en total SR 3.4 milyon. Mon swete zabitan sa bann distrik a pran sa loportinite pour zot angaz zot plis dan aktivite fizik e sa i ava en benefis lon term pour nou sosyete.

Mnye Spiker, an 2025, Sesel pou akeyir de aktivite sportiv enternasyonal. Premye ki pou fer an Me, i ‘FIFA Beach Soccer World Cup’ e dezyenm an Zilyet – CJSOI. Gouvernman pe met en sonm SR 40.6 milyon dan bidze anba byen ek servis pour lorganizasyon e partisipasyon dan ‘CJSOI’ e SR 3 milyon dan ‘FIFA Beach Soccer World Cup’.

En sonm SR 3.2 milyon in bidzete pour lasistans pour bann federasyon. En sonm SR 745,000 in osi ganny mete pour lasistans bann lekip letan zot vwayaze lo bann zil pou fer konpetisyon. En sonm SR 1.58 milyon pe ganny bidzete pour devlopman zenn dan sports e SR 723,740 pou idantifye talan. En sonm SR 1.71 milyon osi in ganny bidzete pour alawenns pour lantrener.

Nou pe osi met en sonm SR 3.1 milyon dan bidze 2025 pour devlopman sport lo en baz profesyonnel. An 2025, i annan en sonm SR 5.75 milyon pour preparasyon

bann atlet pour zwe Olenpik, Zwe Lafrik, Zwe Losean Endyen, e Zwe ‘Commonwealth’ ki pou fer dan bann lannen ki pe vini.

Gouvernman in osi finaliz diskisyon avek lasosyasyon ‘motor racing’ pour sa morso semen ‘Ile Du Port’ ki anba konstriksyon pou ganny servi pou organiz zot aktivite pour zot manm. Sa lasosyasyon pou bezwen investir dan mezir sekirite avan ki Gouvernman i donn zot laprouvasyon final.

Gouvernman pou kontinyen ‘empower’ bann zenn atraver diferan aktivite. Konsey Nasyonal pour Zenn in ganny alokasyon en bidze total SR 26.6 milyon pou elarzi aktivite e siport bann linisyativ dirize par bann zenn lo nivo distrik ek rezyon. Priyorite pou lo ogmant lakantite klib zenn ki angaze dan bann domenn enpe diferan parey ‘coding’, devlopman aplikasyon, ek inovasyon dan domenn nimerik, pour devlop bann kapasite enportan pour transformasyon nou lekonomi. Anplis, i pou annan investisman dan nouvo programm parey ‘boot camps’ ek formasyon lantreprenarya, vize lo bann zenn ki konn teknolozi e pour ankouraz inovasyon lo baz ‘grassroots’. Promosyon lar, ek linisyativ servis kominoter bann Klib Lentere pou asire ki annan en gran varyete loportinite pour tou zenn dan pei. Gouvernman pe osi kolabor plis avek bann partner rezyonal pou ofer loportinite pou ekspoz nou bann zenn Seselwa lo marse Lafrik, Lerop ek Lanmerik. Sa pou ouver laport pou eksperyans enternasyonal ek loportinite, ki pou anrisir zot devlopman personnel ek profesyonnel.

15. Bann Proze e Programm dan Lakominote

Msye Spiker, parey zot in konstate, gouvernman pe fer en kantite lenvestisman dan bann fasilite sportif lo nivo distrik, avek bi ankouraz nou popilasyon pou vin pli aktiv e partisip plis dan zot kominote. Sa lenvestisman i form parti en pli gran stratezi ki gouvernman pe fer dan distrik pou benefisye plis nou zabitan. Amelyor bann fasilite e aktivite ki anann pou fer dan kominote i form part en plan Gouvernman pou lager osi kont bann fleo parey labi sibstans e krim.

An 2025, Minister responsab pou Zafer Kominoter e Gouvernman Lokal, an partenarya avek son bann partner, pou develop en polisi nasyonal lo byennet e epanouisman kominoter, avek bi:

- Asire ki tou servis gouvernman i ganny kordinen e tous tou kous nou popilasyon;

- Asire ki devlopman lenfrastruktir i bouz ansanm avek devlopman e epanouisman imen e
- Asire ki fleo sosyal i redwir e ki bann bon valer kominoter, enkli bann valer moral e spirityel i ganny ranforsi.

Msye Spiker, sa transformasyon ki Sesel pe pas atraver depi 2020, i pa zis pe target nou lekonomi, me osi nou kominote. In annan bokou lanfaz kin mete lo programm kominoter pou ede anmenn dimoun ansanm dan diferan kalite programm apre ler - ki swa dan lar, ledikasyon, kiltir, spirityel e lezot. Bann kan vakans O nivo in ganny organize dan diferan distrik, sa se pou fer sir ki bann zanfan i annan en keksoz pou fer dan vakans.

Gouvernman pe travay lo enstalasyon sistenm CCTV kamera dan serten distrik pou amelyor sistenm sekirite dan biro ek fasilite distrik.

Msye Spiker, depi lannen 2021 ziska lannen 2023, gouvernman in konplet 356 proze dan distrik pour a lavaler SR 58.1 milyon. An 2024, nou ekspekte pou konplet 184 proze pour en sonm SR 35 milyon. Pour lannen 2025, gouvernman pe fer en alokasyon SR 26 milyon pour bann pti proze dan distrik. En sonm SR 15 milyon in osi ganny mete pour bann pti semen segonder dan distrik ki i ava ed deplasman nou zabitan. Sa sonm i en ogmantasyon konpare avek en alokasyon SR 10 milyon an 2024.

Gouvernman i annan li en total 15 sant Day Care, e 10 parmi in pas anba renovasyon mazer pandan lannen 2023 a 2024. An 2021, 5 nouvo Day care ti ganny konstrir e ti ganny remet avek operater atraver prosedir ‘tender’. Sa i Grand Anse Praslin, Baie St Anne Praslin, Takamaka, Anse Aux Pins, e Glacis. Day Care Mont Fleuri i dan staz reparasyon e nouvo Day Care Les Mamelles i dan prosedir ‘tender’. Sa lannen, gouvernman i ekspekte depans SR 2.8 milyon e nou pou ogmant sa sonm pou vin SR 4.4 milyon an 2025 pour konstriksyon e renovasyon ‘day care’.

Laplipar bann biro oubyen sant kominoter i date depi bann lannen katrevendis e zot pa dan en leta konvenab. Depi 2021 ziska 2024, travay renovasyon in ganny fer lo 14 parmi sa 26 lofis, sa i enkli biro ladministrasyon distrik e sant sosyal Grand Anse e Baie Ste Anne Praslin. Travay reparasyon mazer in ganny fer lo 12 Sant kominoter.

En bidze total SR 15.8 milyon pe ganny bidzete an 2025 pou konplet biro ladministrasyon Distrik Bel Ombre; Sant Kominoter ek biro ladministrasyon distrik Cascade, e Perseverance. En alokasyon SR 1.5 milyon pe ganny bidzete pour renovasyon twatir sant kominoter Anse Royale e SR 1 milyon pour renovasyon sant kominoter Beau Vallon.

Msye Spiker, volontarya i en aksyon ki bezwen ganny plis ankouraze dan lakominote ki ava enkilke bann bon valer dan nou sosyete. I annan bokou zabitan ki pe donn sa bann servis volonter, espesyalman dan bann letan dirzans. Enn parmi sa bann groupman i Brigard Dirzans ki tonm anba responsabilite Administrasyon Distrik. Nou salye zefor sa bann endividi e pour sa rezon ki gouvènmman pe ogmant sa ‘incentive’ sorti SR 1,500 par an, pou vin SR 3,000. Sa pou pran lefe an 2025.

16. Sekter Sosyal

Msye Spiker, menm avek tou sa lenvestisman pou ed nou popilasyon epanouir e debourye, malerezman i annan ki feb e war zot tonm dan diferan kalite fleo sosyal. Nou tou nou ti a swete ki en zour, nou viv dan en Sesel kot tou fleo sosyal in ganny mete anba kontrol oubyen konpletman eliminen. Me sa i reste touzour en aspirasyon. Ozordi, nou pe bezwen kontinyen donn sipor nou bann frer ek ser kin tonbe, avek lespwar ki en zour zot a redebout e vin pli rezilyan pour zot kontribye ver zot fanmiy, lakour ek pei.

Msye Spiker, avek sipor Labank Mondyal, en analiz e resers detaye e aprofondi in ganny fer pou regard bann faktor risk dan nou bann zenn. Apre plizyer resers, ‘interview’, miting e konsiltasyon Labank Mondyal in prezant rezilta sa rapor. Msye Spiker, rezilta sa resers i enn ki konsernan e si konman en nasyon nou pa pran en pli gran responsabilite pou edik, ekip, ankandre e sipor nou bann zenn nou pa pou bouz devan.

Msye Spiker, gouvènmman avek tou bann partner kle pou bezwen travay ansanm pou nou adres bann defi devan nou, lentervansyon pou bezwen vinn a trwa nivo; premyerman; ki mannyer nou entegre servis sosyal dan lekol pli byen, dezyenman; ki mannyer la kominote pou ede e anmenm en soutyen atraver bann aktivite kiltirel, sportif, spirityel e menm edikasyonnel e trwazyenman; ki mannyer nou pou ekip nou zenn pour zot war lenportans annan en karyer e ki kalite loportinite nou pou met a zot laporte ase boner pou fasilite sa tranzisyon.

Msye Spiker, anatandan, nou pe bezwen fer fas avek larealite ozordi, kot i annan nou zenn ki'n tonbe. Gouvernman i reste angaze dan sa lalit kont sa bann fleo ki pe afekte nou sosyete. Ver lafen sa lafen nou ekspekte war nouvo proze "Youth Hope Centre" konmanse. Sa proze i ekspekte kout en total SR 41.7 milyon. En alokasyon SR 30 milyon in ganny fer dan bidze 2025. Msye Spiker, sa sant i ava donn lespwar nou bann zenn. I pour en landrwa rezidansyel pour zanfann ki bezwen servis spesyalize an term zot konportman e ledikasyon alternativ. Sa proze pou annan 2 konponan, premye i pou en konponan Rezidansyel e dezyenm en konponan edikasyonel. Sa pou asire ki ler zenn i antre dan sa program i tous zot devlopman entegral ki pou ede reform zot karakter pou re-antre dan sosyete. Proze i ekspekte terminen ver katriyenm kar lannen prosenn, e en sonm SR 3.7 milyon in bidzete pou kouper son kou loperasyon lannen prosenn. Msye Spiker, sa sant pou kout Gouvernman SR 9.2 milyon par an pou zer li.

Msye Spiker, letan ki gouvernman pe depans plizyer milyon rounpi pou konbat kont trafik drog, i malere ki en group zot pe anrisir zot pos avek plizyer milyon rounpi sal ki tase avek soufrans tou viktim drog ansanm ek zot fanmir.

Depi ki nou'n vin o pouvwar, lalit kont drog in reste enn nou priyorite. Depi Zanvye 2021 ziska Out 2024, en total 1.2 milyon gram drog in ganny sezi. Sa i enkli eroin, kokainn, kanabis, 'ecstasy' e pandan sa de dernyen lannen drog parey "crystal meth e methamthetamine". Msye Spiker sa bann drog an total i annan en valer SR 439 milyon lo marse.

Zis mazinnen nou bann pov frer e ser ti pou depans SR 439 milyon rounpi lo sibstans ki detri zot lavi, lavi zot fanmir e la kominote an zeneral. Msye Spiker sa bann lasezisman in vinn an rezilta travay sanses ki departman lapolis pe fer. Pandan sa menm peryod zot in fer en total 2,118 larestasyon, dan ki 508 ka in ganny prosekite, e ziska Out 2024 - 221 ka in ganny anprizonnen.

Travay prevansyon e rehabilitasyon i bezwen mars kot a kot. Pou ede siport rehabilitasyon bann viktim avek adiksyon sa bann sipor neser pou met anplas;

- Renovasyon sant Anse Boudin – Praslin, pour bann pasyan avek adiksyon-SR 3 milyon.
- Finansman pou siport Dyosez Katolik avek en nouvo program rehabilitasyon anba parasol 'La ferme de L'espoir' pour ed bann zenn Seselwa ki'n ganny afekte avek adiksyon lalkol ek drog. Msye Spiker, sa proze pou baze dan distrik Port Glaud lo en propriyete ki pour Dyosez Katolik. Gouvernman an 2025 pou kontribye SR 4.1 milyon pou prensipalman kouper renovasyon lo

de batiman ki pou servi konman sa sant. Gouvernman pe osi kouven kou loperasyon pour 3 mwan an 2025, e an 2026 Gouvernman pou donn en sipor 390 mil rounpi ki pou kouven kou loperasyon sa sant pour 9 mwan.

- Gouvernman ansanm avek “Care”, pou konmans en programm spesyal lo en baz pilot dan 6 lekòl primer, enn dan sak rezyon aparti Zanvye 2025. Sa programm pou target tou zanfàn dan P1 e i pou ale pour en peryod 3 an. Gouvernman pou sipòrt Care avek en bidze SR 1.8 milyon pour sa proze. Bi gouvernman se pou evantyelman enplimant sa programm dan tou lekòl. alors nou pe fer en lapel avek sekter prive pou vin devan e donn zot sipor. Msye Spiker, mon osi enplor bann paran pou ankouraz zot zanfàn pou partisip aktivman dan sa programm.

Msye Spiker, aparti Zanvye 2025, tou lekòl leta dan Sesel pou bezwen zwe en pli gran rol anver aktivite apre ler lekòl. Minister Ledikasyon ansanm avek bann lekòl e lezot partener tel ki SNYC, Lenstiti Kiltir, Gouvernman Lokal e Sosyete Sivil pou vinn pli aktiv e servi lanvironnman lekòl pou fer zot bann aktivite. Lanvironnman lekòl i enn parmi bann landrwa pli sekirize pour nou zanfàn, dan plas zanfàn apre lekòl al kot lakour e paran i ankòr pe travay ki ogmant zot risk al anver bann aktivite anti sosyal. Bann sipor swivan pou ganny met anplas aparti Zanvye 2025;

- SR 1.9 milyon anver bann klib lentere, ki tonm anba SNYC, pou developman bann proze e programm.
- SR 1.9 milyon pou sipòrt peyman pou bann animater dan distrik, programm pou tous tou group sosyete ki pou enkli bann zenn. Animater pou ganny peye SR 3,000 par mwan. Sa programm i administre par Minister Gouvernman Lokal.
- SR 1.7 milyon sipor adisyonnèl anba Lenstiti Kiltir pou sipor bann aktivite kiltirel e tradisyonnèl dan lekòl e dan kominote.

Msye Spiker, konstriksyon en “crisis centre” pou konmanse an 2025, en alokasyon SR 4.7 milyon in ganny mete dan bidze. Sa sant pou ekipe avek en “Call Center” ki pou fonksyonn 24 lo 24 avek en lekip ki pou travay avek bann ka ki ganny raporte apre 4er ler tou biro in fermen. Sa lekip pou osi donn servis ‘helpline’ e refer bann ka avek travayer sosyal pour lentervansyon. Msye Spiker, sa i montre langazman gouvernman pou reponn bezwen son pep a nenport keler e ki moman.

Msye Spiker, SR 4 milyon in ganny mete dan bidze pou kouven renovasyon en propriyete ki pou ofer servis pour viktim vyolans domestik.

Msye Spiker, pou nou bouz pli devan konman en nasyon, i pou depan lo en zefor kolektiv e kot sak endividi i pran son responsabilite. Gouvernman i met an plas diferan program e servis, me i reste responsabilite sak endividi pou servi tou loportinite ki a zot dispozisyon pou amelyor zot lavi personnel, zot fanmiy, zot lakominote e an retour Sesel ki prospere konman en nasyon.

17. Alokasyon pour bann program sosyal

Dan bidze 2025, Gouvernman pou kontinyen onor son langazman pou finans bann program sosyal ki target dimoun pli vilnerab dan nou sosyete. Sa bann program i asire ki sa bann group e zot fanmir pa tonm dan laprovoyete, e kot gouvernman i aport en soutyen pou ed zot fer de bout zwenn. Bidze pour lannen 2025 pour sa bann program mazer i konm swivan :

Benefis administre par Lazans Proteksyon Sosyal :

- SR 61.8 milyon pour ‘Social Safety Net’
- SR 23.4 milyon pour benefis bann zanfan ki’n perdi swa en paran oubyen toulede paran,
- SR 7.7 milyon pour benefis ‘foster parents’
- SR 3.1 milyon pou benefis ‘multiple births’
- SR 6.6 milyon pour ‘sickness benefits’, e
- SR 1.3 milyon pour benefis maternite ek paternite

Nou ava rapel ki sa bann benefis ti ogmante an Zanvye 2024 e gouvernman ti azout enn nouvo, sa ti ‘Multiple Births’. Parmi serten pa tin ganny revize depi 2016.

Benefis administre par Minister ledikasyon ;

- SR 23.6 milyon pou kouver fre bis etidyan
- SR 3 milyon anver ‘Dedicated Fund’
- En sonm SR 35 milyon, pou kouver program ‘breakfast ek dezennen dan lekol

Benefis ki al anver bann program lakaz ;

- SR 10 milyon pour skim Reparasyon Lakour Vilnerab, sa i administre par Departman Lakaz;
- SR 10 milyon, special housing
- SR 5 milyon pour skim ‘Home Improvement/Re-roofing’ pour pansyoner atraver HFC ;

- SR 24 milyon pour skim sibvansyon ‘loan’ lakaz, ki administre par HFC

Serten lezot benefis i konm swivan;

En alokasyon SR 36 milyon in ganny fer koman konsesyon vwayaz. Msye spiker sa i kouver tiket bis pour dimoun aze, dimoun avek dezabilite e pli gro sonm i al anver dimoun ki pran de bis pou al travay - gouvènmman i sibvansyonn dezyenm parti sa vwayaz, sa ki nou dir ‘workers special’.

Msye Spiker, alawens bann etidyan pos-segonder, ti dernyen fwa ganny revize an 2014. Gouvènmman sa lannen ti ogmant alawens bann etidyan lo zil pros par SR pou kouver depans adisyonnèl ki zot bezwen fer pour nobou kontinny zot letid pos-segonder lo Mahe. Ver Avril 2025, alawens etidyan dan bann pos - segonder pou ogmante konm swivan - ki garanti en ogmantasyon minimòm 10%;

- Etidyan ki sorti dan segonder pou antre dan en program pos - segonder, alawens pour premye lannen pou sorti SR 850 pou mont SR 1,000, alawens pour dezyenm lannen pou sorti SR 950 pou mont SR 1,100 e pour trwazyenn lannen pou sorti SR 1,050 pou mont SR 1,200.
- Etidyan ki lo bann program ‘apprentiship’ zot alawens pou konm swivan ; i pou sorti SR 1,400 pou vinn SR 1,550 pou etidyan premye lannen e i pou sorti SR 1,600 pou mont SR 1,800 pou etidyan dezyenm lannen.
- Etidyan ki pe swiv letid pour en Diplòm dan Ledikasyon Primer ; pour premye lannen pou sorti SR 1,500 pou mont SR 1,700, alawens pour dezyenm lannen pou sorti SR 2,000 pou mont SR 2,200 e pour trwazyenn lannen pou sorti SR 2,500 pou mont SR 2,700.
- Etidyan ki pe swiv letid pour Diplòm dan Ledikasyon Segonder ; pou premye lannen, zot alawens pou sorti SR 2,000 pou mont SR 2,200, e, alawens pou dezyenm lannen pou sorti SR 2,500 pou mont SR 2,700.
- Etidyan ki pe swiv kour ADHM kot Lakademi Tourizm, zot alawens pou sorti SR 3,000 e vinn SR 3,200.
- Revi spesyal in ganny fer pour ‘mature students’. Nou konstate ki bokou etidyan anba sa kategori zot deza annan en fanmir e ki zot depans i bokou plis ki en etidyan normal. Ozordi Alawens pour bann ‘mature student’ i SR 1,800 dan tou sant profesyonnel - a leksepsyon Lenstiti bann ansenyan ki SR 6,000, si ou ti dan en lanplwa - e SR 3,000 si ou pa ti dan en lanplwa. Aparti Avril 2025, alawens ‘mature student’ dan tou sant profesyonnel pou mont SR 6,250 e pou bann etidyan kot Lenstiti bann Ansenyan i pou mont SR 7,343. Pour bann ki pa ti pe anploye avan kalifye pou antre dan en sant profesyonnel zot pou resewar 50% sa alawens. Tou bann ki dan sekter piblik

e zot anplwayer ki anvoy zot etidye a plen tan dan sant profesyonnel zot pou resevwar zot saler anliny avek PSO.

Msye spiker sa bann sanzman dan alawens pos segonder pou kout Gouvernman SR 7.6 milyon an 2025 e SR 10.1 milyon tou le zan, apre sa.

Benefis retret/dezabibilite ek envalidite

Msye Spiker, mon pou aprezan tous benefis dezabilite, benefis envalidite e benefis retret. Ozordi nou annan nou a pepre 14,550 dimoun ki pe resevwar sa trwa benefis. An 2022, Gouvernman ti donn en lasistans tanporer ziska en 'maximum' SR 500 pour endividi anba sa trwa benefis. Sa lasistans i ankor pe donner.

Me, aparti Avril 2025 sa program lasistans tanporer pou nepli egziste e gouvernman pou revwar sa trwa benefis konm swivan;

- Benefis retret : si ou kalifye pour fon pansyon avek en benefis plis ki SR 3, 250 ou benefis retret pou sorti SR 5,750 e mont SR 6,150. Si ou kalifye pour fon pansyon avek en benefis mwens ki SR 3, 250 ou benefis retret pou sorti SR 5,750 e mont SR 6,400. Si ou pa kalifye fon pansyon ou benefis retret pou sorti SR 5,750 e mont SR 6,650. Parkont, tou benefisyer ki ti ganny sekirite sosyal avan kreasyon Fon Pansyon ki ozordi zot benefis retret i SR 6,250 zot benefis pou vinn SR 7,150.
- Benefis envalidite : si ou kalifye pour fon pansyon, ou benefis pou sorti SR 5,750 e mont SR 6,150. Si ou pa kalifye pour en benefis envalidite avek fon pansyon ou benefis pou sorti SR 5,750 e mont SR 6,650.
- Benefis dezabilite pou ogmante sorti SR 5,750 e vinn SR 6,650

Sa revizyon pou kout gouvernman SR 121 milyon an 2025 e SR 162 milyon tou le zan. Msye Spiker, zis sa 3 benefis tousel pou kout gouvernman en total SR 1.3 bilyon an 2025, sa sonm i reprezant 11% bidze total Nasyonal.

Msye Spiker, apard ki sa benefis retret bann dimoun aze ki pe ogmante an Avril 2025, i osi annan lezot benefis adisyonel atraver bidze e sa i konm swivan:

- Zot kapab benefisyer avek tiket bis gratwit ki pour en maximum SR 1,680 par person, par mwan
- Si i kalifye pour en 'carer' a plen tan, i pou kout SR 7,633 aparti Avril 2025.

Sa i bann benefis avek en lenplikasyon moneter direk ki par mwan i kout an total SR 15,963 pour en pansyoner.

Msye Spiker, Mon anv sezi sa loportinite pou fer en lapel avek tou zanfan e tou pti zanfan ki annan zot manman/ papa e gran manman/ gran papa ki dan zot laz retret, pou soutenir zot, me non pa kontinyelman abiz lo zot. Msye Spiker dan bokou ka ou war ozordi ki bann dimoun aze ankor pe pran responsabilite primer dan en lakour ki pa sipoze leka. Sak adilt ki travay ki devret kapab pran son responsabilite anver son bann depans mon non pa depan lo larzan retret sa pansyonner.

18. Sekter Lakaz ek Later

Msye Spiker, pandan sa 4an ki nou administrasyon in o pouvwar, sekter lakaz in reste enn nou priyorite e zefor remarkab in ganny fer pou ed nou popilasyon annan zot prop lakaz. Gouvernman in fer alokasyon en total 287 unit lakaz abordab depi Zanvye 2021 ziska la, pour en kou total SR 317.2 milyon. E osi 29 unit akomodasyon tanporer pour en lavaler SR 22 milyon.

Dan sa bidze, gouvernman pou met bann mezir e polisi pou siport Seselwa pou konstrir zot prop lakaz, e anmenmtan i pou kontinyelman envestir dan bann proze lakaz ek later.

Msye Spiker, an 2025, en alokasyon SR 527.2 milyon in ganny fer pour bann nouvo proze lakaz e sa i konm swivan:

- 30 younit, Ex-Desaubin (Faz 2) Takamaka – SR 10.4 milyon
- 80 younit - Zil Aurore (Faz 1)– SR 54 milyon
- 40 younit Vilaz Orkid (Faz 2) – SR 29.3 milyon
- 24 younit Corgate Estate (Faz 5) – SR 13.5 milyon
- 16 younit Union Vale (Faz 2) – SR 3.6 milyon
- 3 younit Lakaz “Emergency” Praslin – SR 3 milyon
- 16 younit Lari Hangard Mont Buxton - SR 13.9 milyon
- 4 younit lakaz “emergency” La Digue – SR 3.5 milyon e
- 16 younit “Mid Range Condos” Bel Air – SR 14 milyon

Anmenmtan, Msye Spiker nou pe ekspekte ki en total 156 units lakaz ki’n fini konmanse e pou konplete an 2025. E la nou pe koz sa bann proze swivan;

- Ex-Zelia, Anse Boileau – 24 units
- Anse Etoile (La Gogue) – 24 units
- Amitie Grand Anse Praslin -16 units
- Anse Francois Pointe Laure -16 units

- Waterloo St. Louis- 16 units
- Anse Poules Bleus (Faz 2) Baie Lazare -16 units
- Vilaz Zanblon (Faz 2) Cascade -24 units
- Lower Les Mamelles (Faz 2) - 8 units
- Ex-St Ange, La Digue -12 units
- E en total 56 ‘Mid-Range Condos’ Perseverance i osi ekspekte konplete e alokasyon lakaz ava fer an 2025.

Msye Spiker, an sa ki konsern proze ‘land bank’ pour 2025 en alokasyon SR 128.2 milyon in bidzete. Bann nouvo proze devlopman later ‘land bank’ ki pe ganny finanse anba bidze 2025 i konm swivan;

- Port Glaud/Port Launay – SR 8.5 milyon
- Caryole faz 2 – SR 2.4 milyon
- Grand Anse Praslin – SR 3.8 milyon
- Anse Kerlan, Praslin – SR 4.3 milyon
- Pti Lavil, Praslin – SR 2.6 milyon

I osi annan en alokasyon SR 20 milyon pou kontinny lezot proze ‘land bank’ ki’n deza konmanse e osi pou konplet sa bann proze swivan:

- Fond Azore Land Bank Extension - Baie Ste Anne
- Ex Deltel Dan Banbou Anse Royale
- Cap St Marie Land Bank – Anse Boileau
- Barbarons Land Bank
- La Retraite Land Bank

Msye Spiker, gouvènmman pe osi vin avek bann linisyativ avek lobzektif fasilite nou popilasyon pou swa repar oubyen konstrir zot prop lakaz. Enn nou partener kle dan sa demars i HFC. Gouvènmman in fer revizyon dan son bann fasilite ki HFC i deza pe ofer e entrodwir bann nouvo, pou fer son bann prodwi vin pli aksesib e abordab.

Mon pou monsyonn an zeneral bann revizyon e nouvo prodwir e HFC pou plitar donn plis detay;

Prenan kont ogmantasyon dan pri konstriksyon ki annan lefe lo kou pou konstrir en lakaz, HFC pou ogmant sonm ‘maximum loan’ ki i ofer pou sa bann kategori loan swivan:

- Premye Loan lakaz: Pou ogmante sorti SR 1.2 milyon pou vin SR 1.5 milyon

- Loan pour en Dezyenm lakaz (Second Housing loan): Pou ogmante sorti SR 550 mil pou vin SR 850 mil
- Loan pou kouver lakaz konpletman (complete re-roofing): Pou ogmante sorti SR 100 mil pou vin SR 150 mil
- Skim pou lagrandisman lakaz (House Extension Scheme): Pou ogmante sorti SR 100 mil pou vin SR 300 mil
- Skim pansyoner pou re-kouver lakaz konpletman (Pensioner Home Improvement Loan): Loan pou ogmante sorti SR100 mil pou vin SR150 mil

Msye Spiker, saler maksimonm pou kalifye pou serten kategori loan pou osi ogmante konm swivan:

- Loan pour renovasyon mazer; Saler pou ogmante sorti SR 20 mil pou vin SR 25 mil (net) par mwan
- Home Improvement Loan; Saler pou ogmante sorti SR 15 mil pou vin SR 20 mil (net) par mwan
- Complete Re-Roofing Loan; Saler pou ogmante sorti SR 15 mil pou vin SR 20 mil (net) par mwan
- Survey Loan; Saler pou ogmante sorti SR 20 mil pou vin SR 30 mil (net) par mwan

Nou pe osi ogmant pousantaz repeyman vizavi saler aplikan (Debt service Ratio), ki pou ogmante sorti 30% a 40% pou vin 30% a 45% pou premye e dezyenm loan pou konstrir lakaz e osi loan pou agrandi lakaz.

En lot sanzman dan polisi HFC se ki aparti Zanvyè 2025, HFC pou konmans aksepte ‘second line charge’ koman garanti pou serten fasilite - me sa i pou depan lo serten kondisyon ki HFC i ava elabor lo la pli tar.

En lot konsiderasyon kot i konsern garanti pour ‘*home improvement*’ e ‘*complete re-roofing loan*’, HFC pou konsider met en sekirite lo sa propriyete koman lipotek dan plas ki sa aplikan i bezwen en garanter. Sa pou aplikab dan ka kot en aplikan i annan en propriyete e i dan en lanplwa stab, laranzman pou ganny fer ek son landrwa travay pour son repeyman ‘*loan*’ i ganny dedwir lo son saler tou le mwan.

Msye Spiker an se moman laz maksimonm ki en kliyan i gannyen pou repey son loan i 65 an baze lo laz retret. Aparti 2025, HFC pou konsider peryod repeyman apre 65 an, dan ka kot i annan 2 aplikan kot laz sa dimoun pli aze a ganny konsidere si zot satisfè lezot kondisyon. Sa i pou aplik pou premye e dezyenm loan lakaz selman.

Msye Spiker bann lezot revizyon dan bann fasilite ki HFC i ofer i konm swivan:

- Loan pou renovasyon mazer: Konstriksyon ‘*boundary walls*’ e osi reparasyon miner pou ganny azoute lo lalis proze ki kalifye anba sa fasilite
- Skim pansyoner pour renovasyon lakaz: En pansyoner ki’n deza fer laplikasyon pour en loan anba sa skim i pou aprezan kapab refer laplikasyon pour en lot, si in fini repey sa enn avan. Me i byen note i pa pou benefisye avek sa 25% sibvansyon e son dediksyon pou ganny fer direkteman lo son pansyon. En lot revizyon anba sa skim se ki pansyoner ki annan plis ki 75 an pou kapab fer laplikasyon pour en loan renovasyon lakaz me i pou annan kondisyon atase ki HFC i ava donn plis detay lo la plitar
- Skim pou agrandir lakaz: Aplikan pou aprezan kapab agrandir lezot parti zot lakaz dan plas zis lasanm. Konstriksyon “bedsitter” pou osi ganny konsidere.

Msye Spiker, HFC pou osi entrodwir sa bann nouvo prodwi e skim an 2025;

- Skim pou lagrandisman vertikal (Vertical Extension Scheme): Sa skim i pou ankouraz paran pou donn permisyon zot zanfandan pou azout en bout par lao zot lakaz. Apre ki paran in donn son zanfandan permisyon i kapab fer laplikasyon anba sa skim. Maksimonm loan pou SR 950,000.
- Skim Emergency Loan pour pansyoner; Sa nouvo skim i pou asiste sa group vilnerab dan bann sikonstans dezas kot zot kapab ganny akse avek en loan pou ranplas ou repar bann lekiman de baz e sistenm parey elektrik, desarz etc ki’n ganny andomaze. Maksimonm loan pou SR10,000.
- Loan “Home Carer”, dezabilite ek envalidite pour renovasyon/ amelyorasyon lakaz: Prenan kont natir zot travay i fer li difisil pou bann ‘home carers’ kalifye pour en loan ek labank, sa loan i pou ed bann Home Carers ganny akse avek plis finansman pou fer renovasyon zot lakaz, kas ros, lanbelisman kot zot lakaz e osi pou rekouver zot lakaz. Maksimonm loan pour renovasyon i SR 50,000 e pou rekouver zot lakaz i SR 150,000.

Msye Spiker, ozordi HFC pe aplik de diferan to lentere pour premye e dezyenm loan lakaz depandan lo kantite loan ki sa aplikan i kalifye. Pour en loan ziska SR 500 mil - to lentere i 7% e en to lentere 8 % pe ganny aplike pour en loan par lao R 500 mil ziska SR 1.2 milyon. Sa de to lentere i o konpare avek menm kalite loan ki labank komersyal pe ofer ki fer li pa abordab espesyalman pou aplikan ki zot saler i pli ba ki SR 20,000.

Pou asire ki HFC pe zwe son rol pou ofer loan abordab, aparti le 1 Zanvye 2025 - to lentere lo loan pou konstrir e osi pou fer devlopman vertikal pou vin 6% pou

aplikan ki zot saler i pli ba ki SR 20, 000. Gouvernman pou sibvansyon sa diferans ki HFC i sarze e sa in estimen pou kout apepre SR 1 milyon.

19. Sekter Transportasyon

Msye Spiker, gouvernman i reste angaze ek lenvestisman kontinyel dan sekter transportasyon pou amelyor kondisyon nou semen, konektivite, sirkilasyon e sekirite lo semen e osi siport lekonomi pou agrandi. En sonm SR 161.6 milyon in bidzete an 2025 pour lenvestisman kapital dan sa sekter.

Bann nouvo proze semen ki pou ganny finanse dan sa bidze 2025 i enkli:

- Access Road La Gogue Dam site- SR 2.5 milyon
- Amelyorasyon semen Kan Per, Praslin – SR 2 milyon
- Agrandisman semen Val den Dor (faz 2) - SR 1 milyon
- Dezyenm faz Gran Riviere, Anse Royale - SR 4 milyon
- Amelyorasyon semen Vilaz Pascal - Beau Vallon – SR 1.5 milyon
- Amelyorasyon ‘link’ semen Ma Joie (Faz 2)- SR 1.5 milyon
- Bann proze mazer dan sa sekter ki ekspekte konplete an 2025 i Stasyon teste transpor Praslin e sa i en sonm SR 1.9 milyon in bidzete.

En provizyon SR 32.5 milyon pou konplet proze semen was Mahe.

Msye Spiker, problemn konzesyon trafik sirtou dan bomaten avan travay konmanse e apre travay i reste en sours fistrasyon pour motoris. Solisyon pou rezourd sa problemn i konplike anvì kontrent lespas pou fer semen adisyonel. Malgre sa bann defi, gouvernman pe kontinyen rod opsyon pou amelyor sirkilasyon trafik. Avek sa antet, en proze ‘third lane’ Pointe Larue in deza konmanse e sa i ekspekte konplete ver 2027. Sa proze i konmans kot erport e termin Anse Faure ki pou konekte avek Ile Soleil.

Premye faz proze i ekspekte konplete finisyon sa lannen e i ekspekte kout SR 7 milyon. Dezyenm faz sa proze ki konmans kot terminal kargo e pou fini kot lakonpanyen Amalgamated Tobacco, pe pas dan prosedir Tender e i ekspekte konmanse sa lannen. En sonm SR 13.6 milyon in ganny bidzete an 2025 pou fer faz 2 ek 3 sa proze. Trwazyenm faz pou konmans kot lakonpanyen Amalgamated Tobacco ziska Anse Faure e konekte avek Ile Soleil.

En lot proze ki pe ganny finanse dan sa bidze pou ede amelyor sirkilasyon trafik i amelyorasyon ron pwen Providence ki pou al kot CCCL e lagrandisman ‘lane

stand by' pou al lo zone 18. En sonm SR 1 milyon in bidzete an 2025 pour sa proze.

I dan plan SLTA pou resirfas 30 kilomet semen primer ensi ki segonder e en sonm SR 71 milyon in ganny fer provizyon dan sa bidze 2025.

An sa ki konsern amelyor sekirite lo semen, e osi ede pour sirkilasyon trafik, en lot provizyon SR 1 milyon in fer pour en letid konmanse pou evalye bann landrwa kot nou kapab konstrir bann 'overhead bridge'. En sonm SR 1.5 milyon in osi ganny enkli dan sa bidze pou rekonstrir e mentenir bann pon ki zot striktir pe ganny andomaze.

Touzour an sa ki konsern sekirite lo semen, nou'n fer en alokasyon SR 7.9 milyon dan bidze 2025 pou finans ankor 50 lalimyer dan sak distrik lo Mahe, Praslin ek La Digue. I byen note ki depi Zanvye 2021 ziska la - en total 3,450 nouvo lalimyer in ganny enstale e apepre SR 22 milyon in ganny depanse pou enstal e mentenir sa bann lalimyer.

Nou pe osi fer en alokasyon SR 5.5 milyon pour konstriksyon e mentenir drenaz ek trotwar dan bann distrik.

Msye Spiker, gouvènmàn pou kontinyen sipòrt devlopman kapital pour SPTC. Dan mwayen term en sonm SR 42.7 milyon pou al anver akizisyon nouvo bis, ki pou enkli 2 bis elektrik pou etidye fezabilite bann tel bis. En sonm SR40 milyon pe osi ganny bidzete pou kouver bann proze lenfrastriktir.

Msye Spiker, an sa ki konsern nou bann fasilite portyer, Lotorite Por Sesel in pandan sa bann dernyen lannen angaz li dan redevlopman e konstriksyon nouvo fasilite. Lobzektiv se pou donn en meyer servis a tou bann ki servi sa bann fasilite. Sesel pe devlop vitman e Lotorite Por pe trouv li dan en pozisyon kot i bezwen akseler devlopman son bann fasilite.

An 2023, Praslin in ganny li en nouvo terminal pasaze, apele ERO, ki konstriksyon ti konmanse an 2021 lo Zil Eve. I dan plan Lotorite Por pou kontinyen amelyor sa terminal pou azout bann servis esansyel pou desarze e stokaz kargo. An 2024, en lekspresyon lentere pou fer devlopman lo later lo Zil Eve, ki osi ganny zere par Lotorite Por, ti ganny fer par Bord Lenvestisman Sesel. Nou'n vwar partisipasyon 3 investiser kin ganny bay pou fer bann devlopman komersyal e en marina. Nou

ekspekte ki plis devloper prive lo Praslin i pran sa bann loportinite ki pe ganny met a zot dispozisyon, pou kontinyen anmenn devlopman lo sa zil.

Msye Spiker, Lotorite Por i annan plan pou konstrir en nouvo terminal pasaze lo por La Digue lannen prosenn, ki ava fourni zot avek plis konfor ler zot pe esper bato. Dan plan pour sa nouvo terminal i annan lespas komersyal pour bann Digwa kapab lwe pou fer zot biznes.

Zis pou fer rapel ki por La Digue in fek fini pas anba en travay pou agrandi sa fasilite pou permet pli gro bato koste por. Lobzektif sa proze se pou separ pasaze ek kargo, pou rann li pli konvenab pour tou bann ki servi sa pti por.

Msye Spiker, depi 2018, Lotorite Por pe zer bann morso later e fasilite portyer Bel Ombre. Sa lotorite i dan faz pe rod investiser pou fer bann devlopman komersyal lo sa bann morso later. I annan pour le moman en investiser ki pe al ganny bay pour en morso later pou fer en devlopman komersyal e touristik.

Msye Spiker, pli gro proze Lotorite Por se byensir lagrandisman Por Komersyal ki deservi bann bato ‘container’, tenker ek bato ki transport siman. Esansyelman se sa por ki fasilite tranzaksyon komers nou pei avek larestan lemonn, atraver eksportasyon ek lenportasyon. Sa por ki ti selebre son 50 an 2023 i kritik pou lekonomi nou pei. Nou pe war ki lakantite container ki pe rantre dan pei pe ogmante. Pour sa 2 dernyen lannen noun war plis ki 80 mil TEU, ekivalan 20 pye pas dan Por Komersyal. Nou ekspekte sa lannen ki plis ki 90 mil TEU i pas atraver nou Por. Sa por i dan en leta ase degrade e i plis ki ler pou sa ekstansyon ganny fer.

Lekspresyon lentere pou konstriksyon lasose ti lanse an Mars sa lannen e nou ekspekte ki ‘tender’ pou lanse mwan prosen. Sa pou fer ki kontrakter prefere pou ganny anonse an Avril lannen prosenn e konstriksyon pou konmanse an Novanm 2025. Sa proze ki anvizaze ganny fer dan 2 an i ekspekte fini an Me 2027.

Lekspresyon lentere pou operater ‘container’ pou lanse a la fen sa lannen, e nou ekspekte ki alafen 2025 kontra pou’n fini ganny sinnyen avek sa operater ki pou investir dan bann lenfrastruktir par deryer lasose (sa ki nou apel ‘back of quay facilities’) tel ki bann ‘yard’, ‘warehouse’, lofis administratif pour sa operater e fasilite pou ladwann e lezot lazans ki kontrol lafrontyer, e dan bann lekipman konman ‘mobile harbour cranes’ pou deservi bann pli gro bato e pli modern ki napa ‘crane’ abor. Dapre program sa proze, loperasyon lo nouvo terminal i sipoze konmanse an Zanvye 2028.

20. Sekter Lanvironman, Lenerzi ek Sanzman Klima

Msye Spiker, lefe sanzman klima e son lenpak lo nou lanvironman e nou sosyete an zeneral i reste pli gran defi pour nou pei dan sa peryod ki nou pe viv ladan. Pour Sesel, lefe sanzman klima nepli enn ki nou zis koz lo la koman en keksoz ki pou arive dan lavenir, me in fini vin en realite. Tou le zour nou war lefe lo nou lakot koze par nivo lanmer kin mont pli O. Nou war plis bann lensidan klimatik pli sever, parey plis lapli ki koz linondasyon e deboulir later. Nou pou osi war sanzman dan tanperatir e osi bann peryod letan abnormal, kot swa nou kapab ganny plis lapli oubyen nou letan sek i prolonze. Nou war bann levennman kot nou bann koray pe ganny detrir aköz nivo tanperatir losean i pli O.

Frer/ser Seselwa sa i en keksoz serye ki nou pe fer fas avek. Legzistans nou pei i an kestyon. In ler pour nou met lide e zefor ansanm pou protez nou pei e ed li adapte avek sanzman klima.

Parey nou okouran, zefor pour nou minimiz e adapte ek lefe sanzman klima pou kout bokou larzan. Bann letid fer par gouvernman Sesel avek sipor bann eksper enternasyonal anba ‘Nationally Determined Contributions’ in estimen i kapab kout US\$670 milyon pou enplimant sa bann mezir. Sa i en sonm larzan ki Sesel pa pou kapab aford lo li menm.

Gouvernman in fini konmans demars pou mobiliz finansman pou enplimant diferan mezir. Avan finisyon sa lannen nou pou adopte en stratezi pour nou mobiliz resours finansman relye avek sanzman klima 2025-2030. Pou note gouvernman in konmans mobiliz resours domestik par lentrodiksyon en taks lanvironnman soutenabilite lo bann viziter.

An Fevriye 2025, Gouvernman pe organiz en ‘roundtable’ enternasyonal avek led Fon Moneter Enternasyonal pou anmenn diferan partener domestik ek enternasyonal pou diskite lo bann diferan lasistans ki Sesel i kapab gannye pou ed li mobiliz resours finansyel ek teknik pou enplimant son bann proze ek linisyativ pou konbat kont lefe sanzman klima e osi adaptasyon.

Lo kote enternasyonal Sesel i ankor pe lite pou fer sir i osi kapab benefisye avek bann promes kin ganny fer; par egzanp pour "loss and damage fund". Sesel i ganny reprezante dan sa bann forum, kot nou toultan servi loportinite pou prezant nou pozisyon, me parey zot konnen progre i dousman e pa toultan ekitab.

Msye Spiker dan mon ladres bidze lannen pase, mon ti anonse ki i kritik ki nou pei i akseler son tranzisyon ver lenerzi renouvlab. Sa i pa zis aköz lefe negativ lo lanvironman e klima ki sistenm prodiksyon elektrisite an servi karbiran i anmennen, me osi pou rezon stratezik pou asire ki Sesel pa ganny afekte avek bann tansyon zeo politik ki bokou letan i enfliyans pri karbiran.

Avek sa Msye Spiker, gouvènmman pe akseler son zefor avek bann mezir spesifik pou kapab prodwi plis elektrisite atraver bann sours renouvlab. An term prodiksyon, travay lo en nouvo 'PV floating lagoon' in komanse e sa i ekspekte prodwir 5 MGW lenerzi. Gouvènmman ansanm ek PUC i osi dan diskisyon tre avanse avek en lot lakonpanyen ki prodwi lenerzi renouvlab pou konmans en proze ki annan potansyel pou prodwi aprepre 2.5 MGW lenerzi La Digue e osi 4.5 MWH sistenm batri ki stor lenerzi, e osi 6 MGW lo Mahe, ki ekivalan 1.5% nou konsomasyon.

Enn bann kontrent pli sever ki nou fer fas avek dan prodiksyon lenerzi renouvlab se nou napa ase later pou enstal par egzanp bann pano soler. Pou adres sa problemn i esansyel ki nou servi maksimonm nou bann twatir pou enstal bann pano soler. Pou fer sa arive, gouvènmman pe met anplas en nouvo skim pou ankouraz plis lakaz rezidansyel e osi biznes pou al dan sa direksyon. Sa i ava ranplas sa skim avan ki ti nepli pe marse.

Pour lannen 2025, gouvènmman pe revwar skim 'PV Rebate' dan son totalite avek bi pou relans li pou ankouraz plis lenvestisman par konsomater rezidansyel e bann pti biznes.

Sa nouvo skim pou donn endividi ki enstal en sistenm PV en rediksyon lo zot kou total ki pou ganny peye par gouvènmman konm swivan;

- Pour en sistenm avek kapasite 1KW – SR 10,500
- Pour en sistenm avek kapasite 2KW – SR 21,000 e
- Pour en sistenm avek kapasite 3 KW - SR 31,500

Pour pti biznes ki annan en reveni pli ba ki SR 6 milyon benefis pou konm swivan;

- Pour en sistenm avek kapasite 5KW – SR 36,000
- Pour en sistenm avek kapasite 10KW – SR 72,000 e

- Pour en sistenm avek kapasite 15KW - SR 108,000

Anplis ki sa, anba sa skim, konsomater rezidansyel pou kapab pret larzan avek labank komersyal pour en ‘loan’ ziska SR 150,000 avek en to lentera 5%, avek en repeyman ki pou ganny fer pandan en maksimonm 7 an. Sa i ava ede ki plis endividi i satisfere kriter labank pou akse sa ‘loan’. E pour bann pti biznes, zot pou kapab pret larzan avek labank komersyal pour en ‘loan’ ziska SR 250,000 avek en to lentera 5% e repeyman pou ganny fer pandan en peryod maksimonm 5 an.

Dan bidze 2025, gouvènmman in met en sonm SR 5 milyon pour sa kontribisyon anver sibvansyon sa linisyativ pano soler, e SR 2 milyon pou sibvansyon sa to lentera ki labank komersyal i sarze. Alor mon demann konsomater rezidansyel e sa kategori biznes pou pran sa bann loportinite pou fer sa lenvestisman ki zot a kapab war en rediksyon lo zot pri elektrisite.

Msye Spiker, gouvènmman pe osi bezwen fer son bout. Ozordi gouvènmman pe depans anviron SR 160 milyon an mwayenn par lannen lo peyman elektrisite. Alor an 2025, en sonm SR 10 milyon in bidzete pou investir dan lenstalasyon pano soler lo twatir bann batiman Gouvènmman.

Pou ankouraz bann biznes ki dan sekter lenerzi renouvlab, sa lannen, gouvènmman in donn senk an adisyonnèl konman benefis pour bann lakonpanyen an term ‘loss carry forward’.

Gouvènmman i osi realiz lenportans prodiksyon lenerzi renouvlab. Me pou sa vinn en realite nou bezwen osi asire ki nou grid distribisyon lenerzi i kapab soutenir prodiksyon eleve ki nou antisipe dan sa sekter. Nou pou bezwen osi repozisyon PUC pour li kapab partisip dan sa transformasyon. Pour sa arive bokou lenvestisman dan grid distribisyon pou bezwen ganny fer. Sa pou osi ganny siporte avek bann evalyasyon e lezot lasistans teknik.

Gouvènmman i dan diskisyon avanse avek Labank Mondyal ek lezot partener pou siport sa linisyativ lo en plan teknik ek finansyer. Sa i pou ariv en kou preski US\$37.3 milyon ki nou ava prete avek bann kondisyon vreman konsyèsionnel a lon term.

Nou osi pe finaliz en plan resours entegre pour sekter lenerzi, ki pou etabli en lapros kordinen dan tranzisyon anver bann sours lenerzi renouvlab. Sa plan i

ekspekte konplete ver lafen Mars 2025. Sa plan i ava ed nou pou vwar lezot lenvestisman ki nou bezwen fer dan sekter.

Lo kote proze adaptasyon kont lenpak sanzman klima, gouvèrnman pe osi fer en alokasyon SR 18.1 milyon dan sa bann proze swivan;

- Proze rehabilitasyon lakot Anse Konsolasyon - SR 2.7 milyon
- Proze rehabilitasyon lakot Aux Cap - SR 2.7 milyon
- Konstriksyon Drenaz Carana- SR 2.7 milyon
- Amelyorasyon dan kapasite pou retir delo dan plato La Digue - SR 1.4 milyon e
- Amenazman e lentegrasyon sistenm lakot Anse Royale Beach Park - SR 2.7 milyon

Msye Spiker, pli ale nou pe war plis lenpak sanzman klima lo nou bann lenfrakstriktir obor lakot ki enkli semen. Koman en pei nou bezwen vin pli aktiv lo proteksyon e rehabilitasyon nou bann lenfrastriktir kont sanzman klima. Anlinny ek sa - en sonm SR 115 milyon in mete dan bidze pour sa prosen 3 an pour SLTA enplimant proze proteksyon e rehabilitasyon lenfrakstriktir semen lo lakot.

Bokou resours e lenvestisman in ganny mete dan sa sekter, me nou pou bezwen fer plis ankor a lavenir pour nou kapab finans sa stratezi. Avek lespas fiskal nou pe prozekte SR 37 milyon an 2026 e SR 62 milyon an 2027 pour nouvo proze ki relye ek sanzman klima.

Msye Spiker, en lot gro problem ki nou pe fer fas avek i amenazman salte. An 2025 i annan diferan mezir ki nou pe finanse dan sa domenn. Nou'n fer en alokasyon SR 17.9 milyon pour proze amenazman 'Solid Waste'. Bann konponan enportan sa proze se pou revwar amenazman salte lo 'landfill'. Nou pou bezwen reorganiz litalizasyon lespas lo 'landfill' ki ava ed nou ogmant son kantite letan ki nou kapab servi li ankor. En lot konponan sa proze se pou entrodwi bann mezir pou promouvwar 'circularity' e osi redwir salte ki pe ariv kot 'landfill'. Analiz ki'n ganny fer, in war ki plis ki 40% salte, i bann ki nou kapab fer konpost avek. Sa bann mezir a kapab kre nouvo loportinite biznes pour nou sekter prive.

Msye Spiker, Sesel pe kontinyelman fer fas avek lenpak sanzman klima, kot konmela nou pe eksperyans plis peryod gro lapli, lanmer mont e linondasyon. Le 6 Desanm 2023 ti montre nou ki mannyer nou tre vilnerab kont sa bann eleman natirel. Alor pou esey redwir lenpak sa bann katastrof natirel, gouvèrnman pe fer en alokasyon SR 14.7 milyon anba bidze Divizyon Amenazman Risk relye ek

Dezas. Sa alokasyon in vin apre apre ki en analiz ti ganny fer e idantifye bann landrwa en pe pli kritik ki bezwen stabilizasyon pou redwir lenpak bann aksyon parey glisman later e ros. En alokasyon in ganny fer dan bidze 2025 pour ki sa proze i demare. Dezyenm faz sa proze pou ganny fer en 2026.

Bann levennman advers parey gro lapli e deboulisman later pe vinn pli souvan an reziltan sanzman klima. sa i annan en lenpak direk lo bidze pei kot bann depans enprevi i bezwen ganny fer dan 'Contingency Fund'. Sa metod i nepli efikas e nou pe travay lo en nouvo striktir pou annan en 'Disaster Financing Strategy". Sa i ava ed nou planifye pli byen e osi asire ki nou annan resours finansyel pou fer fas avek bann dezas ki arive. Gouvernman i an diskisyon tre avanse pou finaliz en program ki ava ed nou servi bann diferan lenstriman finansyel pou adres bann kou ler en dezas i arive. Sa i ava enkli en Fon Rezerv ki ava akimile ek letan e ki kapab ganny servi letan en evantyalite i arive.

Sa bann linisyativ pou nesisit revwar lankadreman Zesyon Fon Piblik pour nou enplimant sa bann sanzman. En provizyon dan konstitisyon e lalwa ki govern Zesyon Fon Piblik i deza etabli en 'Contingency Fund'. Me nou bezwen revwar sa lankadreman pou fer sir nou azour avek realite ozordi.

21. Transformasyon Ekonomik

Msye Spiker, transformasyon ekonomik i reste la baz pour ki nou lekonomi i kontinyen agrandi, vin pli rezilyan e kree plis larises pour nou popilasyon. Diversifikasyon nou lekonomi i reste en priyorite, me selman i annan bokou defi pou realiz sa lanbisyon, sa i akoz grander nou pei, en mankman later e osi lezot resours natirel. Sa i vedir ki nou bezwen konsantre lo selman serten sekter ki nou annan lavantaz ladan.

Nou war ki nou sekter finansyel, avek nimerik i kontinyen agrandi avek bann linisyativ ki governman i met anplas.

An 2025, governman pou kontinyen ek son azanda pou transform nou lekonomi atraver bann lenvestisman dan sekter ekonomik e bann polisi ek mezir pou fasilite fer biznes dan pei.

En total SR 49 milyon pou ganny investir dan bann lenfrakstriktir pou siport pti e mwayen biznes lannen prosenn. Nou annan en;

- Nouvo sant mikro antrepriz Anse Aux Pins – kot SR 5 milyon in ganny bidzete an 2025 pou konmans konstriksyon sa sant ki pou kout en total SR 23 milyon
- Nouvo sant antrepriz ‘Marine and Auto Industrial Park’ – SR 3 milyon
- Perseverance ‘Bulk Infrastructures’ – SR 5.8 milyon
- Renovasyon Sant mikro antrepriz Grand Anse Praslin – SR 2.9 milyon
- Developman lenfrakstriktir faz 2 lo Zil Eve – SR 25.5 milyon
- Proze drenaz, lenfrastriktir semen ek trotwar dan zone endistriyel Providence – SR 6.2 milyon
- Proze developman Beau Vallon - En sonm SR 7.5 milyon in ganny mete dan bidze pour sa proze ki ekspekte konplete an Fevriye 2025. Bann aktivite e fasilite pou konmans ver Zen 2025 vi ki apre konstriksyon i pou pran en pe letan pou bann alokater enstal zot bann lekipman. Sa bann kiosks pou donn loportinite 40 pti e mwayen biznes pou montre e vann zot bann prodwi.

Msye Spiker, Victoria Waterfront i annan en rol enportan pou zwe dan fer nou kapital vin pli atiran e dinamik pour tou rezidan ek touris, e gouvènmman i angaze pou transform Victoria Waterfront dan en sant kiltirel ek komersyal vivan. Redevlopman pou arive par faz, Faz 1 i konpri ansyen landrwa kot ‘ex-children playground’. Sa landrwa in ganny divize dan sa bann ‘zone’ swivan:

- a) Zone A – Vilaz Kreol pou ofer en leksperyans kiltirel ek gastronomik ki selebre vre kiltir Seselwa, ki enkli en restoran Kreol.
- b) Zone B pour en ‘zone’ Diverstisman, avek kantite kalite aktivite pour tou laz dimoun.
- c) Zone C – En ‘waterpark’ e
- d) Zone D – En Boardwalk/Marina avek bi pour vin en gran pronmnad dan Waterfront, ki osi enkli en lotel ki pou annan en limit 30 lasanm.

Nou espere ki premye kar 2025, tou louvraz ‘tender’ pou ganny akorde e bann investiser pou kapab konmans prosedir pou fer devlopman. Plan pou dezyenm faz pe ganny diskite e an 2025 gouvènmman pou partaz konsep pour sa faz.’

Msye Spiker, parey mon ti masyonnen dan mon diskour pour lannen 2024, pour nou kapab bouz lo prosen staz devlopman ekonomik, nou pou bezwen plis later. Alors gouvènmman i annan plan reklamasyon e en provizyon SR 51.6 milyon in ganny fer dan bidze 2025. Sa i anplis ki sa sonm SR 279 milyon ki ti dan bidze 2024. Sa proze pou enkli;

- Ogmant stok disab pour konstriksyon ki pou ekivalan ant 500,000 a 800,000 met kib
- Agrandisman Ile Aurore par 180,000 met kare
- Agrandisman Zone 20 par 110,000 met kare
- Developman Zone 5 par 240,000 met kare

Msye Spiker, Minister Lenvestisman, Lantreprenarya e Lendistri in travay pour plis ki 3an avek bann diferan Minister, Departman pou revwar bann prosedir e standar pou amelyor lanvironman biznes. Sa i avek bi fer bann prosedir vin pli fasil e pli transparan.

Gouvernman pe etabli en Unit ki pou tonm direk dan Minister Lenvestisman, Lantreprenarya e Lendistri, pou asiste biznes pou ede donn gidans e kordin avek lezot minister. Sa i avek bi azir koman en azan lo par biznes ki ava pe zet en regar direk lo sak problem ki ganny met devan an relasyon avek servis Gouvernmanmenm avan zot ariv sa pwen pou soumet zot laplikasyon kot biro Licensing.

Sa unit pou finalman ganny agrandi pou vin en sant fasilasyon biznes permanan. Proze i dan staz ‘design’ e i pou demare lannen prosenn. Sa sant pou dedye koman en pwen kot biznes pou ganny akse avek lamazorite bann servis gouvernman. Menm konseps pou ganny adopte, kot nou pou met bokou lanfaz lo ‘*customer service*’ kot en biznes ava ganny konsey e kapab fer tranzaksyon dan en sel landrwa dan plas bezwen al kot plizyer landrwa, parey i ete konmela.

Antretan, gouvernman pe kontinny son travay pou amelyor ‘Ease of Doing Business’ dan en fason pli vit e pli direk. Sa i an akor avek nou zefor pou bouz nimerik dan laplipar nou bann servis. Travay i kontinyen pou devlop nou ‘*Investment Portal*’. Sa i sa platform nimerik ki pou permet envestiser e biznes fer zot bann demars virtuelman. Sa proze in antre dan staz evaliasyon e i ekspekte konplete an 2025. Sa sistenm pou anmenn plis efikasite dan bokou bann prosedir ki en biznes i bezwen tel parey, anrezistremans biznes, laplikasyon GOP, laplikasyon license, permi lenportasyon e lezot.

Msye Spiker parey tou dimoun i okouran, pou nenport ki sistenm nimerik marse, sa prosedir ki souligny sa bann servis i bezwen modernize li osi. Alors, pou siport nou demars, Minister Lenvestisman pe met bokou lanfaz pou moderniz nou bann lalwa ‘licensing’ ki tonm anba biro ‘Licensing’. Travay pe ganny fer lo tou regilasyon

neseser. Nide se pou retir bann gran prosedir birokrasi, konsiltasyon ki met baryer pou en biznes ganny en license. Sa i pou fasilite bann prosedir ki ava fer li pli vit pou biznes ganny en license. Par kont, an fezan sa - bokou plis responsabilite pou bezwen tonm lo sa biznes limenm pou fer sir ki tou son bann standar i an plas. Pareyman, provizyon ava ganny fer pou ki bann ki pa respekte standar i ganny penalize.

Parey ou vwar Msye Spiker, sa gouvènmman i pe pran askyon serye dan bann landrwa konsènen. Nou lèntere se fer plis pou retir firstrasyon vi ki sa fason fer in enkilke pandan plizyè lannen, i pou bezwen annan en sanzman dan latid e fason fer e panse parmi plizyè antite. Gouvènmman i angaje pou fer sa arive.

Dan sa menm lalinny byento gouvènmman pe al entrodwir en linisyativ ki apel zero birokrasi. Anba sa program tou minis ek lazans pou ganny demande pou idantifye bann prosedir birokratik e propoz nouvo fason fer pou retir sa bann lobstak. Sa pou ganny fer pandan en peryod 4 mwan, lannen prosenn. Sa legzersis ava ganny fer tout an konsiltasyon avek manm piblik, biznes e sosyete sivil.

Msye spiker en lot linisyativ ki gouvènmman pe pran pou amelyor lanvironnman biznes i lèntrodikeyon en lakour komersyal. Sa lakour pou ekout zis bann ka ki annan sa laspe komersyal - tel ki lasirans, tranzasyon finansyer e pre ki enkli kontra, propriyete entelektyel, parmi lezot ankor. Sa i ava permet bann tel ka ganny 'deal' avek pli vit e en rezolisyon a ganny pran pli vit.

Sa lakour pou form par Lakour Siprenm e i pou annan en ziz a plen tan. Sa ziz pou annan pa plis ki 6 mwan pou rann zizman ou en rezolisyon dan en ka. En sonm SR 4.9 milyon in ganny bidzete an 2025 pour loperasyon sa lakour.

22. Sekter Lapes ek Lekonomi Ble

Msye Spiker, nou'n osi investir bokou larzan dan bann fasilite atraver pei e nou'n gard nou promes pou amelyor kalite lavi nou bann peser. Bann proze por, bazar, gear store, pou kontinyen lannen prosenn avek nouvo fasilite modern dan sa bann distrik swivan:

- Fasilite Lapes – Anse La Mouche
- Fasilite Lapes- English River
- Fasilite Lapes- Glacis - pou konplete 2025

Msye spiker avek proze “dredging” ki lotorite por pe fer dan distrik Belombre sa pou ed bann peser dan sa distrik.

Travay i ekspekte konmanse tar sa lannen pou developman lenfrastruktir lo Ile Du Port, e lannen prosenn en alokasyon SR 42 milyon in ganny mete dan bidze pour sa proze. Sa pou enkli nouvo semen, lenfrastruktir desarz, delo, elektrisite ek telekominikasyon. Ile du Port in ganny demarke koman en landrwa kot sekter ‘fish processing’ pou baze.

Aparti Zanvye 2025 Lotorite Lapes Sesel (SFA) an partenarya avek Linyon Eropeen pou entrodwi en nouvo skim pansyon pou ankouraz peser kontribye anver zot Pansyon lo en baz volonter. Tou peser ki enterese pou partisip dan sa skim, zot bezwen kontribye 5% e SFA pou kontribye sa lot 5%. En sonm SR 500,000 pou ganny bidzete toulezan par SFA. Dan sa skim, labaz kontribisyon pou baze lo saler minimonm.

Gouvernman pe osi fasilite negosyasyon ant bann ‘stevedores’e bann lazans ki anploy zot pou revwar zot benefis.

23. Sekter Lagrikiltir

Msye Spiker, bidze pour sekter lagrikiltir pour lannen 2025 i SR 142 milyon. Priyorite gouvernman i reste pou ogmant prodiksyon agrikol, amelyor valer azoute, fer sa sekter vinn pli soutenab e anmenn nouvo teknolozi. Gouvernman pe kontinyelman etidye pli bon fason pou siport sa sekter e alor nou pou osi amelyor alokasyon kredi pour lenvestisman dan lagrikiltir e amelyor konesans bann fermye ek bann biznes.

Msye Spiker, pou fasilite akse avek finansman pour fermye, pou annan serten lamanman dan skim Fon Devlopman pour Lagrikiltir (ADF) pour lannen 2025. Anba sa skim an se moman, en later lagrikiltir lo en ‘leasehold’ i kapab ganny servi koman sekirite kont en loan ziska lavalan SR 350,000. Nou rekonnèt ki i annan en gran valer dan later largrikiltir, e ki tel later i an demann. An menm tan, nou rekonnèt ki bokou fermye i annan limitasyon dan lezot sekirite ki zot kapab ofer kont en ‘loan’. Alor, nou pe ogmant lavalan loan ki kapab ganny sekirize avek later lagrikiltir ‘leasehold’ pou vin SR 850,000, pourvi sa i reprezant pa plis ki 70% valer sa later. Nou pe osi ankouraz transformasyon dan sekter lagrikiltir, e an linny avek sa, nou pe fer sir ki bann term tel ki ‘agro-tourism’ e ‘agro-forestry’ i ganny enkli dan sa skim e byen defini pou permet bann tel proze ganny finanse

anba ADF. Bann “specialised vehicles” - set a dir bann vekil ki bezwen formasyon spesifik pou fer marse e ki ganny servi pou lagrikiltir, pou osi ganny kouver.

Dan bidze 2025, en sonm SR 5 milyon pou ganny azoute dan sa fon ki pou siport sa SR 63 milyon ki Gouvernman ti mete an 2024. Aparti 2026, alokasyon bidzeter anba sa fon pou monte e vinn SR 30 milyon par an.

Sa soutyen finansyel ava ede siport nou bann fermye anvi son bann kondisyon preferansyel. Par egzantp en loan ziska SR3 milyon son to lentere i 2.5% e pour en ‘loan’ par lao SR 3 milyon, to lentere i 5%. Maksimonm peryod repeyman i 12 an. Nou ekspekte ki sa fasilite finansman i a ed fermye pou devlop zot proze pou kontinyen ogmant prodiksyon lokal.

Msye Spiker, i bon fer note ki dan bidze i enkli sa sibvansyon pou fermye ki prodwi;

- lavyann poul ki SR 2.30 par kilo.
- lavyann pork ki SR 6.50 par kilo.

Tandis i annan osi sibvansyon lo kou labatwar, kot ozordi i kout SR 500 pou touy en koson kot labatwar. En fermye i pey SR 200 e gouvernman i sibvansyon SR 300 e pour lavyann poul, sa fre labatwar i kout SR 7 ozordi, kot gouvernman i sibvansyon SR 4 e fermye i pey SR 3.

An plis ki sa, gouvernman i osi sibvansyon fre transportasyon pour manze zannimo avek ‘layer chick’ sorti Mahe pou fermye Praslin ek La Digue.

Dan sekter lagrikiltir gouvernman in konstrir en nouvo batiman resers e sa in kout SR 9.2 milyon. In annan renovasyon lo sant zenetik pou elevaz zannimo ki’n kout SR 3 milyon. In annan amelyorasyon servis laboratwar ek klinik veteriner pour en lavaler SR 2 milyon, e konstriksiyon semen kot serten laferm ki’n ariv anviron SR 10.7 milyon.

Avek bi kontinyen investir dan sa sekter, en alokasyon bidze SR 32.6 milyon pe osi ganny fer pour bann diferan proze lagrikiltir pour lannen 2025. Sa i pou enkli bann proze swivan;

- SR 6.5 milyon pour konstriksiyon biro lagrikiltir Union Vale;
- SR 2.5 milyon anver proze semen;
- SR 3 milyon pe ganny bidzete pour sistenm irigasyon

- SR 8 milyon pou konstriksiyon nouvo labatwar lo Mahe, ki pou baze lo zone 18 Providence
- Renovasyon Bazar Victoria in demare depi 2023 e en alokasyon bidzeter SR 3.2 milyon in ganny mete pour lannen 2025.

24. Lord ek Lape

Msye Spiker, pour nou tou kontinyen viv byen, epanouir, e kontinyen progresse, koman en nasyon, nou bezwen asire ki i annan lord ek lape ki rennyen dan nou pei. San lord ek lape tou nou lakonplisman pa pou abouti dan naryen. I pour sa rezon ki enn bann sekter priyorite dan nou Plan Devlopman Nasyonal 2024/2028 i promouvwar Lord e Lape.

Pour lannen 2025, Minister Zafer Entern pe ganny en bidze SR 743.4 milyon. Departman Imigrasyon ek ‘Civil Status’ in akonpli bokou pandan sa lannen, sirtou an servi teknolozi pou ofer zot servis a zot kliyan. Zot in lans kart idantite vertyel lo platform ‘SeyID’ pour tou endividi ki annan permi pou reste Sesel. Zot in osi entrodwir ‘CertExpress’ ki en platform elektronik ki ed tou sitwayen Seselwa pou ganny en sertifika nesans, maryaz ouswa lanmor san bezwen vizit sa Minister.

An 2022, Sesel ti entrodwir son paspor biometrik. An 2024, sitwayen Sesel ki reste Lafrans, Grande Bretagne ek Lemirat Arab Ini pe kapab fer zot laplikasyon e kolekte zot paspor dan sa bann pei menm. An 2025 sa servis pou ganny enplimante pour nou bann sitwayen Ostrali ek Kanada.

En lot proze ki gouvènmman pe travay lo la se anrezistremman nesans. Dan plas fer sa paran deplase pou vin kot biro lanrezistremman pandan ki sa manman i dan son konze maternite, tou keksoz i kapab ganny fer dan lopital.

Msye Spiker, dan sa sekter lord ek lape pour lannen 2025, gouvènmman pou envestir SR 103.9 milyon dan sa bann proze swivan;

- Konstriksyon kordgard Perseverance i dan staz prokirman e pou konmanse an 2025. En sonm SR 9 milyon pe ganny bidzete;
- Renovasyon kordgard Baie Ste Anne Praslin pou konplete dan premye kar 2025 e in ganny en alokasyon SR 2 milyon;
- Konstriksyon akomodasyon pour travayer departman lapolis ki pou konmanse an 2025 - SR 3.4 milyon
- Konstriksyon fasilite ‘Marine Police’ - SR 43.9 milyon

- Travay kontinyasyon lo ‘Maximum Security Prison’ ki nou ekspekte konplete an 2025 - SR 5.5 milyon
- Premye faz sant rimann pou konplete an Novanm 2024. Konstriksyon pou dezyenm faz pou demare an 2025 e en sonm SR 5 milyon in ganny prozekte; e
- Konstriksyon en nouvo batiman pou medikal e lakwizin pour Departman Prizon - SR 10 milyon.

25. Revizyon dan Polisi Taks

25. 1 Revizyon striktir taks lo saler ek benefis non-moneter pou lentrodiksyon en deklarasyon taks par bann endividi

Msye Spiker, aprezan nou ava bouz lo bann nouvo polisi taks ki gouvènmàn pe al entrodwir. Premyèman i annan taks lo saler ek benefis non-moneter ki ti entrodwir an Zilyet 2010 apre ki dediksyon sekirite sosyal lo saler ti ganny aboli. An semoman sa to taks ki progresiv i ant 0 a 30%.

14an plitar gouvènmàn pe vin avek en lot faz reform lo taks lo saler ek benefis non-moneter pou lentrodiksyon en deklarasyon taks par bann endividi. Rezon pour sa, se ki nou rekonnèt ki bokou endividi pe investir dan zot prop lavenir e osi zot fanmir e retir depandans lo sistenm gouvènmàn. Alors, gouvènmàn pe travay lo en nouvo striktir taks lo saler pou entrodwir bann dediksyon parey depans ki sa bann endividi i fer lo lekòl prive zot zanfan, depans lasante ki zot fer, kontribisyon adisyonnèl lo pansyon volonter, lentere ki zot peye lo loan lakaz, okenn lasirans ki zot pran pour medikal ouswa lakaz, e lentere ki zot peye lo bann loan edikasyonnel. Msye Spiker, sa bann striktir parey i egziste dan bann lezot pei. Sa nouvo striktir pou ganny fer an de faz:

- An 2026, tou bann endividi pou anrezistre avek Komisyon Reveni Sesel.
- An 2027, nou pou konmans sa nouvo striktir taks lo saler ek benefis non-moneter pou lentrodiksyon en deklarasyon taks par bann endividi e anmenn bann dediksyon an fors.

Lannen 2025 pou dedye konman konsiltasyon e preparasyon ek sekter prive, afen ki tou travayer i konpran byen sa reform. Nou bi se pou senplifye e retir okenn komplikasyon, sirtou an servan sistenm teknolozi pou fasilite sa reform.

25.2 Retir ‘Withholding taks’ ki aplikab lo bann lenvestisman dan Sektor Lekonomi Nimerik pour senk an.

Msye Spiker, gouvèrnman pe kontinyen ankouraz plis bann lakonpanyen pou servi teknoloji pli avanse ki nou a kapab donn en servis pli aksesib nou popilasyon. Sa i touzour anlinny avek nou stratezi transformasyon nimerik.

Alors pou ankouraz bann lezot lenvestisman sorti dan bann lezot pei dan sektor lekonomi nimerik, e osi akseler lenvestisman dan devlopman teknoloji, gouvèrnman pou retir ‘withholding taks’ 15% ki aplikab ozordi lo bann servis teknikal ki ganny donnen par bann lakonpanyen aletranze dan sektor lekonomi nimerik. Sa egzansyon pou dir pour 5 an. Nou enplor bann lakonpanyen pou pran sa benefis pour sa prosen 5 an e investir dan teknoloji.

25.3 Revizyon dan ‘accelerated amortisation’ pour bann lenvestisman dan ‘software’ dan Sektor Lekonomi Nimerik pou ariv trwa zan.

Nou osi pou revwar ‘accelerated amortisation’ pour bann lenvestisman dan devlopman teknoloji prensipalman ‘software’. ‘Accelerated amortisation’ i en metod ki ganny servi dan biznes taks pou dedwir en pli gran porsyon son depans dan bann premye lannen son lenvestisman.

Pou azout en lot benefis dan sektor lekonomi nimerik e ankouraz plis lenvestisman dan sa sektor, gouvèrnman pou enplimant sa ‘accelerated amortisation’ pour bann lenvestisman dan devlopman teknoloji prensipalman ‘software’, pou ariv 3 an selman. Sa benefis pou selman dir pour en peryod 5 an.

25.4 Retir ‘Withholding tax’ lo lentere ki bann endividi i resevwar lo bann lenvestisman dan bann ‘fixed deposits’ avek bann lakonpanyen finansyel

Msye Spiker, ozordi i annan bann lenstriman finansyel ki ‘withholding taks’ i aplikab ziska 15% lo sa lentere. Avan ki en labank komersyal i pey sa endividi son lentere, sa labank komersyal i dedwir sa ‘withholding taks’ e pey Konmisyon Reveni Sesel e apre pey sa endividi sa diferans.

Ozordi endividi ki investir dan bann lakonpanyen e ganny peye en ‘dividend’ ouswa investir dan ‘treasury bills ou bonds’, zot ganny peye sa lentere ouswa ‘return’ san ki ‘withholding taks’ i aplikab lo sa bann kalite lenvestisman. Alors sa

endividi i resevwar son ‘return’ lo sa lenvestisman an antye san okenn dediksyon pour taks.

Msye Spiker pou ankouraz plis opsyon pou investir dan bann lezot lenstriman finansyel par bann endividi, nou pe retir ‘withholding taks’ 5% lo bann ‘fixed deposits’ ki bann endividi i investir avek bann lenstitisyon finansyel.

25.5 Revi dan alawenns personnel lo erport

Msye Spiker, gouvènmman pe reviz alawenns personnel lo komodite ki en vwayazer i kapab antre Sesel dan pei. Ozordi sa limit i SR 5000 pour en vwayazer par lao 18an e SR 3000 pour enn ki par anba 18an. Sa i nepli reflekte larealite ozordi anvi sanzman ki’n annan dan pri.

Baze lo bann norm enternasyonal e pri komodite gouvènmman pe reviz regilasyon ‘customs management (passenger allowance)’ ek lezot lezislasyon. Nouvo alawenns personnel en vwayazer pou konm swivan;

- En vwayazer pou aprezan kapab antre avek en lekipman elektronik ki enkli en telefonn portab, ‘laptop’ ouswa tablet;
- Bann lezot komodite pour en lavalè SR 15,000 pour bann vwayazer par lao 18 an; e
- Bann lezot komodite pour en lavalè SR 8,000 pour bann vwayazer par anba 18 an;

Sa pou pran lefe le premye Zanvye 2025.

25.6 To Taks lo bann Antite ki ofer Servis Byen Vertyel ouswa ‘Virtual Asset Providers Licensees’ anba lalwa taks biznes

Msye Spiker, an Septanm 2024, sa lalwa ki met sa lankadremman laysenns pour bann antite ki ofer servis byen vertyel, ti vin an mars. Sa bann antite i annan ziska le 31 Desanm 2024 pou fer en aplikasyon pour en laysenns avek Lotorite Servis Finansyel.

Gouvènmman pou aplik en to taks 1.5% lo ‘assessable income’ lo tou bann antite ki ofer Servis Byen Vertyel. Sa to taks i menm to taks ki egziste ozordi pou bann antite ‘securities dealers’ dan sekter finansyel.

25.7 Lamannman dan Lalwa Taks Valer Azoute ‘Value Added Tax’

Msye Spiker, apre konsiltasyon ek sèkter prive, Gouvernman pe anmenn lamannman dan lalwa taks valer azoute, pou fer sir bann provizyon anba sa lezislasyon i pli kler pou enterprete.

Premye konponan se pou adres konsern e fer li pli kler ki ‘levies’ i reste endepandan avek evalyasyon bann lezot taks. Pou osi annan lentrodiksyon en ‘input tax credit schedule’ pou tranzaksyon ki egal ou par-lao SR 50,000. Nou osi pou revwar prosedir ‘refund’ ki enkli akimilasyon kredi pa plis ki 3 mwan. Bann prosedir pou anrezistre en biznes anba sistenm volonter, pou ganny revwar avek lentansyon pou detekte okenn ka frod ouswa reveni ki kapab pa ganny kolekte. Sa bann lamannman pou osi entrodwir en peryod tranzisyonnel ki bann biznes i kapab sorti anba sistenm VAT.

25.8 Ranforsi Lalwa Ladministrasyon Reveni

i. Ranforsi Lezislasyon pou Bord ki govern bann lazans taks e ladwann ‘TACAB’

Msye Spiker, nou pe osi al ranforsi lezislasyon Bord ki govern bann lazans taks ek ladwann, mye konni koman TACAB. Lentansyon sa bann lamannman se pou revwar bann provizyon pou ranforsi plis pouvwat Bord TACAB. Sa i ava ede ki TACAB a kapab fer en lenvestigasyon ler in resevwar en alegasyon sorti kot en biznes ouswa Komisyon Reveni Sesel. Souvandfwa, en lazans ki donn servis taks en biznes, i fer malonnet e pa soumet bann dokiman nesaser kot SRC pour son kliyan. Sa i fer ki sa kliyan i bezwen pey bann sirsaz. En kod kondwit pour sa bann lazans ek bann sanksyon pou ganny etabli. E osi bann provizyon konman en lazans i kapab ganny sispann.

ii. Ranforsi bann lezot provizyon anba Lalwa Ladministrasyon Reveni

Msye Spiker, gouvernman pe al ranforsi bann lezot provizyon anba Lalwa Ladministrasyon Reveni. Premye konponan se pou donn Komisyon Reveni Sesel pouvwat pou enpoz bann sanksyon administrativ pour bann lofans ki ganny komet. Sa bann sanksyon pou moneter e i pou vin en mezir adisyonnèl pou SRC servi kont bann lofans ki pe ganny komet.

Dezyenm konponan bann lamannman pou relye ek proses ki ganny servi pou ‘recover’ det ki en ‘taxpayer’ in akimile. En biznes i kapab obzekte en desizyon si zot pa satisfè avek sa desizyon. Responsabilite i lo sa biznes pou prouve ki sa analiz ki SRC in fer pa zistifye baze avek bann dokiman konkret. Me souvandfwa dokiman adisyonnèl i ganny soumet par bout zis pou retard peyman dapre analiz ki’n ganny fer. Alors, lamannman pou ganny propoze pou fer monte kantite zour nou donn en biznes pou soumet en lobzeksyon. Sa a sorti 60 zour pou vin 90 zour. Nou pe osi entrodwir kantite letan ki Komisyon Reveni i annan pou travay lo sa lobzeksyon ler zot in resevwar. Sa i 120 zour. Nou pe osi enkli bann provizyon pour en biznes pey porsyon sa det ki pann ganny obzekte.

25.9 Ranforsi Lalwa Taks Biznes

Msye Spiker, an Desanm 2022, en revè ti ganny fer lo bann benefis non moneter anba lalwa taks lo saler e non-monmeter. Alors depi Zanvye 2023, sa bann benefis i ganny takse lo sa kou aktyel ouswa lo valer takse dapre sa lalwa. En biznes i selman kapab dedwir sa bann benefis non monmeter anba lalwa biznes taks, selman lo valer kin ganny takse anba katriyenm ‘schedule’ taks lo saler e non-monmeter. Alors nou pou propoz lamannman pou fer ki sa kou aktyel i ganny kouver osi dan depans ki kapab ganny dediksyon anba lalwa taks biznes. Dan bann lenstans kot sa kou aktyel i pa kler, sa valer ki’n ganny servi anba katriyenm ‘schedule’ i kapab ganny servi.

Anba lalwa taks lo biznes, i annan bann depans ki ou pa kapab fer dediksyon anba ou reveni biznes. Sa i enkli taks biznes ki oun peye. Me nou bezwen klarifye ki bann lezot taks parey ‘tourism marketing’ taks, taks valer azoute, e taks ki oun peye lo saler e non-monmeter pa kapab ganny azoute dan ou depans osi.

An Zanvye 2023, nouvo provizyon pour ranplas seksyon 54 dan Lalwa taks biznes lo ‘Transfer Pricing’ ti vin an viger. An Oktob 2023, regilasyon anba lalwa taks biznes pour bann dokimantasyon ‘Transfer Pricing’ ti ganny pibliye. Baze lo sa bann provizyon, Komisyoner Zeneral kot SRC ki determin sa benefis ‘transfer pricing’. Okenn obligasyon pa ganny mete lo sa biznes pou vwar si en azisteman avek son deklarasyon taks i bezwen ganny fer menm si nou rezim taks i baze lo en ‘self-assessment’. Alors bann lamannman pou ganny propoze pou klarifye sa bann provizyon. En lamannman pou osi ganny propoze pou entrodwir en ‘transfer pricing schedules’, en ‘schedule’ depresyasyon e osi en ‘schedule’ pou kapab vwar bann peyman an deor Sesel.

26. Konklizyon

Msye Spiker, an konklizyon, mon oule retoun lo konmansman mon diskour, kot mon'n met lanfaz ki atraver tou bidze ki nou gouvènmman in travay lo la, in montre klerman ki nou annan en stratezi tre kler pour nou pei. Nou reste touzour responsab e disiplinè dan nou depans. Nou demann avek tou dimoun pou travay dir pou kontinyen fer agrandi nou lekonomi. Ler lespas fiskal i permet nou redistribye sa sikse avek tou dimoun. Nou pou kontinnyen lo sa menm trazektwar.

Msye Spiker, mon kapab dir avek pep Seselwa ki Bidze 2025, i enn ki Pozitiv, ki adres e ki pe tous tou sekter nou sosyete. Bidze 2025 i laprev ki gouvènmman i annan en stratezi kler, realistik e konnen ki i pe fer. Koman en nasyon nou bezwen kontinnyen lo sa semen pozitive.

Msye Spiker, mon oule remerci Prezidan La Repiblik, Msye Wavel Ramkalawan pour son gidans ek sipor dan formilasyon sa bidze, kot in ekout byen e valoriz ekspertiz teknisyen dan nou Ladministrasyon.

Mon osi remerci Vis Prezidan, tou mon bann koleg Minis, bann minister, departman ek lazans ki'n kontribye ver preparasyon Bidze 2025.

Mon osi remerci Lasanble Nasyonal pour zot sipor pandan lannen.

Pour tou Seselwa, delapar gouvènmman mon osi dir zot mersi pour zot travay dir pandan sa bann dernyen lannen ki'n ede relans nou lekonomi e ozordi zot pe zouir sa sikse.

Pour staff mon Minister, mon'n toultan dir e mon pou kontinyen repete ki zot devouman ver zot travay e zot nivo profesyonalizm i 'second to none'. Delapar Prezidan e tou manm sa Ladministrasyon mon dir zot en gro mersi.

Msye Spiker, mon fini parey mon ti konmanse "ozordi nou dan en sitiasyon kot nou kapab prezant pli gro bidze dan listwar Sesel. Msye Spiker sa in arive dan mwens ki 5 an. En bidze ki donn avek nou pep benefis nou travay e osi met disponib larzan pou investir dan lenfrastriktir ekonomik ek sosyal ki a benefis nou pei pour sa bann lannen e deseni ki pe vini."

**Avek Sa, Msye Spiker, mon rekonmande ki sa, “Appropriation Bill 2025”
pour en bidze SR 11,901,621,045 pou otoriz depans dan ‘Consolidated Fund’
pour lannen 2025, i ganny aprouve.**

Mersi Msye Spiker.



BUDGET 2025

GOVERNMENT OF SEYCHELLES

Delivered by:

NAADIR HASSAN

MINISTRY OF FINANCE, NATIONAL PLANNING AND TRADE

In the Seychelles National Assembly

Ile Du Port, Victoria,

Mahé, Seychelles

Thursday 31st October 2024

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

Good morning.

1. Introduction

Mr. Speaker, the 2025 Budget is the fifth budget that this Administration has presented to the National Assembly for approval since coming into government in October 2020.

It is important for me to remind everyone of the principal objectives of this Government when it presented its first budget in 2021. The presentation of that budget marked the launch of this government's programme for the five years of its first term. I began my speech with this declaration, and I quote, "It is good to note that this new government has taken charge of the country at one of the most difficult times in its history. Despite this, we are determined and I am confident, that our country will survive all these challenges. But we will not only survive; we will also position ourselves better to relaunch and prosper."

Mr. Speaker, today is an appropriate time to reflect on that statement. Yes, I can confirm that we have survived, and that we are even doing better than anticipated. In the preceding budgets over these past years, we have been able to improve on the benefits available to our people and we have introduced new initiatives that have contributed to our country's progress and brought yet more benefits to our people.

Our economy has recovered, and with macroeconomic stability having been re-established, this has allowed us to bring more benefits for our people.

Mr. Speaker, I can even say that many of us have forgotten the gravity of the economic situation that this country was facing at the time. This is in itself, proof of our success. The COVID-19 pandemic had brought our economy to its knees. With an economy in recession and the government's financial situation in very poor shape, we were on a precipice.

Today, however, we are in a situation to present the largest budget in the history of Seychelles. Mr. Speaker, this has happened in less than five years. It is a budget whereby our people reaps the benefits of our hard work and provides funding for investing in economic and social infrastructures that will ensure the wellbeing of our country for years and decades to come.

This Mr. Speaker, can only happen when there is a responsible government with a strategic plan. More importantly, a government that firmly believes in the ability of its technicians to deliver.

Mr. Speaker, let me remind everyone of the reality of 2020 with some figures.

- The economy had contracted by 7.7%.
- The Primary Fiscal Deficit was 15.1% of our Gross Domestic Product (GDP).
- The value of the rupee had depreciated compared to other major currencies – for one dollar you needed more than SR22; 1 Euro was more than SR26 and 1 Pound Sterling was almost SR29.
- With the number of tourists having decreased, the direct revenue that the country earned from this industry was only \$221 million, a reduction of 62%.
- In its evaluation at the end of 2020, the Fitch Rating downgraded our country's position from 'BB' at the beginning of the year to 'B', because the country's debt was reaching an unsustainable stage.
- By mid-2021, the inflation rate had reached an average of above 11%.
- The total revenue that the government collected at the end of 2020 was approximately SR 7.6 billion.
- But on the other hand, the total government expenditure, along with 'net lending' excluding interest reached a little more than SR 10.9 billion.
- A total primary deficit of SR 3.3 billion.
- Our total debt based on revised GDP, was 80.8%.

Our official statistics show that just in 2020 alone, the total debt that the government incurred was more than SR 7.5 billion. This includes domestic and external debt.

Mr. Speaker, that was the real economic and financial situation of the country in 2020. It is important for us not to ever forget where we were, where we have come from, and how critical the situation was, when this government came to power. We never hide the reality from the Seychellois people. Those first two years after our victory were really difficult and worrying for the government, because every day, we were looking for ways to deal with the COVID-19 pandemic, and at the same time relaunch our economy.

Bold decisions were taken to vaccinate our population and reopen the country's borders in March 2021. That was the only way to return our economy to the path of productivity.

Mr. Speaker, we have applied a very strict budgeting system. We have remained disciplined and responsible at all times. Were these measures popular? NO! Were these measures necessary and important? YES! What I can reassure all Seychellois is that if these measures had not been taken, our country would have been in a critical situation like we have seen happen in several other countries.

I also want to reassure all Seychellois that over the past four years we have not just controlled spending. When these measures started to bear fruit, we shared it with all group of the society—including the business sector, students, workers and those needing more support through social benefit programs. We have continued our development projects at the district level, and invested in infrastructure. We have distributed this success with different groups in turn.

Mr. Speaker, to achieve all this, we needed to redress our economy and financial situation. Today, our situation is as follows:

- The economy will grow by 3% by the end of 2024.
- The country's budget is no longer in deficit, but rather we are projecting to make a primary fiscal surplus of 1.1% for this year.
- We expect to end the year with a total debt of 61.5% of our GDP.
- The value of the rupee has appreciated against foreign currencies and stabilized.
- The revenue we have collected from the tourism industry by the end of 2023 was US\$ 989 million.
- Today, the Fitch Rating has revised our country's position, and we will end the year with a rating of 'BB- , Outlook Positive'. This is the best position we have ever achieved.
- By the end of 2024, we expect to collect a total revenue, including grants, of SR 10.9 billion. The highest we have ever collected.
- The total government expenditure in 2024, along with 'net lending', excluding interest is expected to reach SR 10.5 billion.

These positive outcomes that I have just mentioned Mr. Speaker, are the results of the everyone's hard work, the dividends of a resilient and mature population, who understood when the government needed to take discipline and responsible actions to return our country to the path of positivity.

Today, in this fifth budget, Mr. Speaker, we will continue to reward our people, based on budget available, because our economy is still doing well, despite the global challenges that always remain a concern for us, because of our vulnerability to external shocks. But this budget Mr. Speaker also lays the foundation for our economy to continue to grow and that means creating more wealth for our citizens.

2. Global Development and Seychelles Economic Performance

Mr. Speaker, when we look at global economic activities for the year 2024, eventhough it remains resilient, compared to past periods, it is still a lower performance. We are still faced with ongoing challenges from political tensions and monetary policy issues. Global growth is expected to stabilize at around 3% for 2024 and 2025. Even though inflation rates are slowing, price pressures remain high. The main risks we must always consider that could negatively impact Seychelles include the global financial situation, the ongoing war between Ukraine and Russia, conflicts in the Middle East, and the effects of trade disruptions.

Mr. Speaker, domestically, we expect our economy to grow by 3% in 2024. This is based on the performance of the tourism sector, which has remained positive with a 2% increase in visitor arrivals compared to 2023, projecting a total of 357,900 visitors. Based on these tourism performance projections, growth is also projected in tourism related sectors such as accommodation and food services, and also transportation and storage. This performance is also supported by strong performances in the information and telecommunications sector and the agriculture and fisheries sectors.

For the year 2025, we are projecting a growth of 4.3%. in the Seychelles economy. This is a direct result of a 3.5% increase in visitor arrivals, considering factors such as the 'FIFA Beach

Soccer World Cup' taking place in May 2025, and the expected re-opening of several hotels next year. For tourism related sectors such as accommodation and food services, administrative and support services, we are projecting a growth of 5% and 3% respectively for the year 2025.

Mr. Speaker, in the agriculture and fisheries sectors, we are projecting a growth of 3% in 2025. In the manufacturing of fishery products sector, we are estimating a growth of 8% in 2025, with an average of 3% in the medium term.

In the manufacturing of beverage and tobacco sector, we are projecting a growth of 4% for the year 2025, compared to 2% in 2024. However, we are estimating a 5% reduction in the manufacturing - other sector, which mainly consists of the production of concrete, rock products, and paints, is projected to contract by about 5 per cent during 2024. The contraction follows the aftermath of the 7th December explosion in the Providence industrial area. Nevertheless, we are forecasting a growth of 3% in this sector for the year 2025.

On the other hand, we continue to see positive growth in the construction sector due to construction activities in the tourism sector. This positive growth is also reflected in the strong year-to-date VAT collections from this industry, already outperforming the total 2023 VAT collections by 37 per cent. This sector is expected to grow by 5% in 2025 and 3% in the medium term.

The wholesale and retail sector is expected to grow by 2% in 2024 and 3% in 2025.

Mr. Speaker, in the information and telecommunications sector, a growth of 10% is projected for the year 2024 and also in 2025. Data traffic statistics for the first six months of 2024 have increased by 54% compared to the same period in 2023. This growth is also supported by government efforts to adopt the use of technology in its services, and the positive growth in the tourism sector. In the medium term, this sector is expected to grow by 8%.

3. The Monetary Sector

Mr. Speaker, given that global inflation has decreased during the year, and domestic inflation rate was very low, the Central Bank of Seychelles has maintained an accommodative monetary policy to help support more economic activity. In this context, the Monetary Policy Rate was reduced in April 2024 from 2.0% to 1.75%.

In general, the amount of credit given in rupees, which went to the private sector, increased during the year. In August 2024, the amount of credit increased by 15%, compared to August 2023. This reflects a more favorable environment for business.

Mr. Speaker, in terms of developments in foreign markets, even though several central banks abroad have lowered their Monetary Policy Interest Rates, there is still much uncertainty related to political tensions and conflicts that could impact the domestic economy next year. Therefore, the Central Bank will continue to take into account domestic and external factors when making decisions, to ensure that its monetary policy is aligned with its objectives.

4. Inflation

Mr. Speaker, the level of inflation remains very low, with the twelve-month inflation rate at 0.7% in September 2024. When compared to December 2021, the general price level on a twelve-month basis was 9.8%. This decrease in inflation since the end of 2021 was mainly due to a reduction in the prices of commodities and fuel on the international market, as well as an appreciation in the value of the rupee during the same period.

In September 2024, the general price level increased by 0.6% compared to September 2023. In terms of projections for December 2024, inflation is expected to be at a rate of 2.5%. According to the International Monetary Fund, the average global inflation rate will be 5.8%, and in developing countries, it will be 2.6%.

5. The External Sector

Mr. Speaker, with regards to the external sector, preliminary estimates show that there has been a deterioration in the current account balance, which records the value of transactions that Seychelles conducts with the rest of the world. Official statistics show that this deficit has increased from 7.2% of our GDP in 2023 to 10.7% in 2024.

However, in line with projections, there is expected to be an improvement in the performance of the tourism and fisheries sectors in 2025, which will cause the deficit level to be reduced to 9.8% of our GDP.

6. Review of 2024 Fiscal Performance

Mr. Speaker, for the year 2024, the government's primary fiscal position remains at 1.1% of our GDP as initially projected and also in the mid-year review. We are estimating that our total revenue, excluding grants, will come up to SR 10.54 billion compared to SR 10.48 billion in the initial budget projection for 2024. This represents SR 58.7 million more than the original sum budgeted. Our total revenue including grants, amounts to SR 10.9 billion, which is equivalent to 35.1% of our GDP.

This SR 10.9 billion includes tax revenue amounting to SR 8.92 billion. This is SR 17.8 million more than what we had forecasted during the mid-year budget review. We are projecting an increase of SR 28.7 million in revenue, primarily in tax collections on income and non-monetary benefits tax, and in business tax, an increase of SR 24 million. However, we are projecting a reduction in revenue in the following tax lines related to tourism, which includes; value-added tax - by SR 30.9 million, environmental sustainable tax on visitors - by SR 15.2 million, and hotel turnover tax - by SR 27.4 million.

Following the exercise during the mid-year review, the Government presented a supplementary budget of SR 473.1 million. This was financed by a reduction in budget expenditures, at a sum of SR 453.3 million and an increase of only SR 19.8 million in government spending.

We expect to end the year 2024 with a debt stock valued at 61.5 percent of our GDP. Our stock is still sustainable, and keeps us on track to achieve our target of reducing our debt to 50% before 2030.

7. The 2025 Budget and the Medium Term Fiscal Performance

Mr. Speaker, for the year 2025, the government is proposing a spending of SR 11,901,621,045. This represents an increase of 11.9%, when compared to the 2024 Appropriation Act, which was SR 10,640,628,966.

Our total revenue, including grants, is projected to reach SR 12.2 billion, equivalent to 36.8% of our GDP. Thus, the government is projecting a primary surplus of SR 379.9 million, representing 1.1% of our GDP. In the medium term, we will continue to consolidate our fiscal position and ensure that we achieve a primary surplus that will help us in our objective to reduce our debt.

8. Revenue Collection for 2025

Mr. Speaker, in the total revenue we are projecting for the year 2025, SR 9.96 billion will be collected from tax revenues, representing 85% of our total revenue collection. However, we are projecting a collection of SR 1.8 billion in non-tax revenue, and SR 453 million in terms of grants. This total represents an increase of SR 1.3 billion or 11.7% when compared to the revised budget for the year 2024.

Tax revenue collection is projected to increase in taxes on income and non-monetary benefits by SR 102 million. This is a result of the re-opening of hotels that will create more employment, and also an increase in salaries for the year 2025. We also expect an increase of SR 161.9 million in revenue collection in Business Tax, attributed to the financial sector with respect to 'securities dealers'. There will be an increase of SR 130.3 million in Excise Tax - and SR 570.4 million in Value Added Tax (VAT), in relation to activities in the tourism sector.

The collection of other non-tax revenues for the year 2025 is expected to increase by SR 134.2 million. This increase will be mainly from the dividend that will be received from IDC, based on the agreement to lease Assumption Island for a value of US\$ 20 million. Thus, we will reflect an increase of SR 301.4 million in dividends from IDC. The government will lend IDC a total of SR 105.7 million under net lending expenses to allow it to construct necessary infrastructure on the island, which will be repaid in the medium term.

Grants that we will receive are expected to increase by approximately SR 98.3 million. In the medium term, total revenue including grants is projected to reach about 33% of our GDP.

9. The Basis of Government Expenses

Mr. Speaker, for the year 2025, the government remains committed to continually invest in our social programs and infrastructure while taking into account our fiscal policies. The Employment and Social Affairs portfolio - which includes expenses under benefits and programmes at the Agency of Social Protection is the largest sum in the 2025 budget - totaling SR 1.57 billion,

representing 13.2% of the total proposed budget. The Health portfolio budget is projected at a total of SR 1.5 billion, representing 12.8% of the total budget. An allocation of SR 1.4 billion is projected for the Education portfolio, representing 11.8% of the total budget.

The budget for goods and services remains the largest sum in the 2025 budget with a total of SR 4.05 billion, representing 12.3% of our GDP, compared to the revised budget in 2024 which represented 12.5% of our GDP.

However, Mr. Speaker, the largest increase is for a total budget of SR 1.86 billion projected for the year 2025, in the capital investment programme, representing 5.6% of our GDP. This represents an increase of SR 473.1 million or 34%, compared to the revised budget in 2024. This reflects the government's priority to consolidate the budget for goods and services that has helped to create more fiscal space to invest in capital projects.

10. Wages and Salaries

Mr. Speaker, our government has always been ready to redistribute our successes when possible, especially after difficult times. This is done based on budget calculations to ensure that this redistribution is equitable and sustainable. It is not worthwhile to redistribute our wealth when we know that in the long term the country cannot sustain such actions, which could damage our economy and financial situation. We have always said that we will always act in a disciplined and responsible manner.

Since the first Budget of this Administration in 2021, we have always looked for ways to give back when the budget allows. For public sector employees, in April 2023, the government granted a salary increase where they guaranteed a minimum increase of SR 1,000 per employee. This followed the exercise to consolidate certain salary allowances, and with this consolidation, workers are also benefiting more from the thirteenth-month payment. Mr. Speaker, this revision in 2023 represented an average increase of 10%, and it cost the government about SR 220 million in total, per year.

But at the same time, we need to be aware of the impact of a salary increase, especially in terms of its long-term sustainability on the country's budget and on inflation.

Mr. Speaker, the government employs about 11,000 workers in the public sector, which represents about 20% of the total population in employment. In the 2025 budget, a budget of SR 3.7 billion is proposed for salaries and wages in the public service, which is an increase of SR 309 million or 9% compared to the revised budget in 2024. This represents 11.3% of our GDP compared to 11% in the revised budget in 2024.

Therefore, Mr. Speaker, for 2025, the Government is proposing a 7% increase on the basic monthly salary for all public sector workers earning below SR 21,368. All workers earning more than SR 21,368 will receive an increase of SR1,500. This increase guarantees a minimum of SR 500 for all full-time workers. This 7% increase also applies to 'home carers'. Mr. Speaker, this SR 1,500 cap is necessary to ensure that the salary increase remains sustainable. It is important to note that this salary increase does not apply to constitutional appointees.

Mr. Speaker, I will give three examples to illustrate this increase;

- A 'House Keeper's' basic salary will increase from SR 7,343 to SR 7,857. in the case of
- A Staff Nurse or a teacher, their basic salary excluding allowances will increase from SR 13,204 to SR 14,128.
- A graduate whose basic salary is SR 16,546 will increase to SR 17,704. This exclude all allowances.

Mr. Speaker, this increase in public service salaries will take effect on April 1, 2025, and will cost SR 115 million, which represents 0.3% of our GDP. This increase will have an annual impact of SR 153 million.

It is also good to note that this is the second increase in 2 years, that our government is giving to public sector workers. I would like to appeal to them to reward the government's investment in them by performing at a level that will enhance the economy's growth, and to provide the high-level service that the public expects from them.

Mr. Speaker, in 2025, the government will begin the implementation of its Human Resource Management System (HRMS), which will cost US\$ 1.7 million. This system will eliminate manual administrative tasks, reduce processing time, reduce paper usage, and improve decision-making capabilities. This transformation will ensure better use of the workforce, improve staff satisfaction, and allow greater precision in resource management.

10.2. Increase in Minimum Wage

Mr. Speaker, with the developments in the economy and considering that the last time there was a minimum wage revision was in January 2020, the government has found it necessary to review the minimum wage.

Based on best practices, a review every 5 years is necessary to ensure that wages are adjusted to reflect changes in prices caused by inflation. The government applauds businesses in the private sector that regularly increase their employees' wages based on their business performance. The government recommends such practices, but we are also aware that there are private sector employers who base their employees' wages on the minimum wage recommended by employment act.

Mr. Speaker, an exercise has been conducted to review the minimum wage, and we propose a 7% increase, as follows:

- from SR 38.27 to SR 40.95 per hour for employed workers. This means for a job based on 40 hours per week, the minimum wage will increase from SR 6,633.47 to SR 7,098 per month.
- The rate for casual (part-time) workers will increase from SR 44.10 to SR 47.19 per hour.

Mr. Speaker, the Department of Employment, together with key partners, will begin consultations on the minimum wage revision in the coming months, and our intention is that this increase will take effect around April 2025.

11. The Employment Sector

Mr. Speaker, with the proposal to increase workers' wages, we expect this initiative to encourage more Seychellois to enter formal employment.

The national unemployment rate has remained below 5% and for the year 2023, it was 3% compared to 3.9% in 2022. We have also observed a reduction in the unemployment rate among youths from 13.7% in 2022 to 9.5% in 2023. This demonstrates the progress that has been made and the government will continue to implement policies and measures to put more people into employment.

Mr. Speaker, a situation that greatly concerns the government in the employment market is the number of people, especially men, who are in informal employment. Our latest estimate is that there are about 8,000 individuals in this sector. This means that they are not making pension contributions and are also not benefiting from certain protections under employment law.

The Department of Employment, with the assistance of the International Labour Organization, has conducted a study on informal employment in Seychelles, and policy decisions will be considered with various partners to address the recommendations of this research. We recognize that many individuals in informal employment are also victims of drug or alcohol abuse, meaning interventions will also include collaboration with other Ministries.

A well-informed population on employment opportunities will help reduce the pressure on the Department of Employment, with regards to the various employment programmes they are currently offering; be it to place people in employment or to provide them with a work skill. From 2021 to 2023, the Department of Employment placed an average of 1,600 individuals in employment per year.

Mr. Speaker, this department administers 3 special programmes that help place people in employment. These programmes are: Skills Development, My First Job, and Re-skilling. For the year 2025, an allocation under these schemes has been made as follows; a sum of SR 5 million under the 'My First Job' Programme. The government is putting an additional SR 1 million under the 'Skills Development' and 're-skilling' programs which will cover free bus tickets for participants. In total, SR 5.6 million has been proposed under the skills development and re-skilling programmes.

On average, more than 100 individuals seeking employment have registered in the re-skilling programme from 2021 to 2023. Also, on average per year, more than 400 students who completed their post-secondary studies were placed in employment through the 'My First Job' programme; and more than 300 youths were placed in the 'Skills Development' programme on average per year.

The Department of Employment has successfully replaced 81 foreigners who were in management and supervisory positions, especially in the tourism industry, with Seychellois, under its localization program, from 2021 to 2023. Mr. Speaker, this ensures that Seychellois have opportunities to move ahead in their professional careers.

Mr. Speaker, with all the evolution and development in the employment market in our country, it is important that we have a modern employment law that reflects the realities of today's employment market and economy. Work to revise this law is quite advanced, and the bill will come before the National Assembly next year.

Mr. Speaker, the national human resources plan is expected to be finalized by the end of 2024. This plan will outline the skills and jobs that are in demand currently, and for the next 5 years. It will guide educational institutions and organizations on the areas that are in demand in the employment market, to ensure that our people are trained according to the needs of the country.

12. The Education Sector

Mr. Speaker, investment in the education sector remains a priority for our government. This sector has a primordial role to play in the transformation our country is undergoing. Our children must understand that we are making significant financial investments in their education; but ultimately, it is up to them to seize the opportunities before them, and take their education seriously to ensure a prosperous future. They must realize that the 'piece of paper' they receive upon completing their studies will determine the kind of job and salary they obtain.

Mr. Speaker, we need to embark on a transformative reform in our education system. Our education system cannot remain as it is, reflecting realities from 20 or 30 years ago. The world has evolved, and Seychelles needs to prepare itself for this new world we are living in.

We have a responsibility to prepare our children for today's society and for the new world of work. We need to move away from a system that focuses solely on academic training and include the development of life skills. In other words, we need to help them become more resilient and better equipped for the new jobs that our economy is producing.

This brings me to a topic I have discussed a lot. That is ensuring our economy produces jobs that pay higher salaries. This is already happening, but we see that we face many problems in filling these positions. How do we ensure our people have jobs that pay higher salaries, allowing them to live more comfortably? Let us all work together to continue helping our economy produce jobs and opportunities that bring greater returns. Let us develop an education system that gives our children the opportunity to acquire the skills needed to prepare them to take on these positions.

For the year 2025, this sector has been allocated a budget of SR 1.4 billion, representing 4.3% of our GDP. An allocation of SR 614.4 million is proposed in the budget for salaries and wages, which represents 44% of total expenditures in this sector. The largest sum in this sector, under goods and services, amounts to SR 667.5 million, representing 47% of the sector's total expenses. And SR 126.9 million is directed towards capital expenditure projects.

Mr. Speaker, to ensure that our children get a better start from an early age, in 2025, the government has allocated SR 27.96 million for the Child Care Scheme. The Institute for Early Childhood Development is also implementing a new digital system for this financial assistance, in line with the government's digital economy agenda. As of October 2024, 2,483 children had been registered in this system and are benefiting from this assistance.

A sum of SR 1.6 million is also budgeted in 2025 for the 'Early Childhood Fund'. It is the child care managers and childminders who are assisted under this fund. They can apply to receive equipment and educational resources to comply with the standards established by IECD and its partners.

Mr. Speaker, as you know, the government invests in the education sector at all school levels, from childcare to university. In 2025, an amount of SR 198.4 million is budgeted for the scholarship fund. This covers individuals already in employment as well as students who have completed their studies at professional centers.

Apart from the government scholarship programmes, an allocation of SR 8 million is budgeted for 2025 for an educational loan scheme with commercial banks. This scheme allows students to take out loans to invest in their own education. Since its launch in 2023, about 25 students have already benefited from it, for a total loan amounting to SR 11.6 million.

It is also important to note that as from this year, the government is offering 5 fully funded scholarships in the field of Information, Communication, and Technology (ICT). This is in line with our digital transformation strategy. There are high demands in this field, but we do not have enough qualified Seychellois to satisfy these demands.

Mr. Speaker, the government remains committed to integrating technology into education, which will help ease the lives of teachers and also be more adaptable to the needs of young people who today live in a world where they are exposed to various forms of technology. An allocation of SR 29.2 million has been budgeted to create an environment that facilitates learning and ensures that our youths thrive. For this reason, as from this year, children from grade 5 upwards have access to the laptop scheme. In 2025, the budget provision for this scheme is SR 6 million. Under this scheme, the government contributes SR 3,000 towards the price of a laptop for every child.

The government, in its digital transformation plan, has committed to equipping schools with appropriate resources to facilitate its implementation. In 2024, the government has procured 330 desktops for computer labs and 314 laptops for teachers in the administrative cadre and those in charge of programs. In 2025, the government will procure laptops for all other qualified teachers. Starting in 2026, this program will include teacher assistants. Mr. Speaker, it should be noted that before the introduction of this program this year, teachers had to take out a loan with the Ministry of Education to buy their laptops. Since this year, they have been provided with their working tools.

Mr. Speaker, the government has listened to the challenges that parents of children affected by autism face. It is clear that not enough has been done to assist these parents and help these children, especially to ensure that we have a more inclusive education system. During this year,

the government has engaged in a conversation with the Autism Association to better understand the challenges and what we can do as a government to help. I would like to express my appreciation for the Autism Association, which is truly proactive and determined in their fight for more assistance for their cause.

With this in mind, starting from January 2025, the government is allocating appropriate resources to incorporate an 'Autism' center under the framework of the Ministry of Education. An amount of SR 4.1 million has been set aside in the budget to cover the operational costs of this center. This includes the recruitment of professionals to work with these children, as well as training for teachers and parents to better care for these children. I assure parents that this is only the beginning of the government's efforts to continuously assist children with autism.

Mr. Speaker, a sum of SR 126.9 million is being proposed in the 2025 budget under Capital Projects in the education sector. This sum for the major renovation will be allocated to the following projects:

- The renovation of a new infra-structure for the Ministry of Education's Headquarters - SR 9.7 million
- The renovation of La Rosiere Primary School - SR 2 million
- The renovation of Bel Eau - SR 2 million
- The renovation of Bel Ombre - SR 2 million
- The renovation of Glacis School - SR 2.5 million
- The renovation of Perseverance Primary School - SR 3 million
- The renovation of Belonie School - SR 2 million
- The renovation of La Retraite School - SR 1.5 million
- The renovation of Anse Boileau Secondary School - SR 4 million
- The renovation of Mont Fleuri Secondary School - SR 1.5 million
- The renovation of Anse Royale Secondary School - SR 2.5 million
- The renovation of Praslin Secondary School - SR 3 million
- The demolition and construction of a new classroom block for Praslin Secondary School - SR 4.5 million
- The renovation of the Youth Hostel - SR 2 million
- The renovation of the Seychelles Institute of Technology - SR 3 million
- Major renovation of the Seychelles Institute of Teacher Education - SR 4.5 million

In terms of construction of new projects, the sum will be allocated as follows;

- The construction of a new block at the La Rosiere Primary School - SR 15 million
- The construction of the Glacis School playing field - SR 3 million
- The construction of a new school for La Digue - SR 47.6 million
- The construction of a boundary wall around the School of A Level Studies - SR 2.5 million
- Demolition and construction of new classroom blocks for Praslin Secondary School - SR 4.5 million
- Construction of a 'Mini Sewage Treatment Plant (STP)' for Anse Boileau Primary and Secondary School - SR 4.2 million

- Construction of a classroom for children with special needs - SR 600,000

Mr. Speaker, as we can see, the government continues to invest in the education sector for our children. However, as I have said earlier, it does not depend only on the government, but also on the community, on parents and children, to seize the educational opportunities being put at our disposition.

13. The Health Sector

Mr. Speaker, the health of our people remains one of the most important priorities for the government. For the year 2025, an amount of SR 1.52 billion for the health sector has been proposed. This represents a 9% increase compared to 2024 and a 15% increase compared to 2020, before this administration came into power. Spending on goods and services accounts for 45% of the total budget for the health sector, which amounts to SR 679.9 million."

The expenditures under goods and services include the following programmes:

- Medical supplies - SR 75.3 million
- Vaccine provision - SR 10.2 million
- Laboratory supplies - SR 36.6 million
- Heamodialysis treatments - SR 76.8 million
- Other medical and laboratory supplies - SR 70.4 million
- Specialized treatment abroad - SR 50 million
- Health professional training - SR 9.3 million

Mr. Speaker, investment in our health facilities remains a priority for the government. In the 2025 budget, an allocation of SR 146.6 million is projected for the health sector in terms of capital projects. This represents 7.9% of the government's capital projects. It is important to note that many of our health facilities have deteriorated, making it essential to continue our renovation program for these facilities. Over the past years, our administration has invested a total of SR 136 million in the following facilities:

- Renovation of the male and female medical wards
- Ongoing renovations at Seychelles Hospital
- Work to convert the laboratory into an ICU
- LPG storage facilities at Mahé and Praslin hospitals
- Renovation of the CSSD sterilization center
- Work on the North East Point complex
- Construction of St. Mary's Hospital in La Digue
- Installation of lifts at Seychelles Hospital
- Acquisition of 2 standby generators.

For 2025, work will continue, and we are proposing a budget of SR 34.5 million for the renovation of other health facilities. This includes:

- Renovation work at Seychelles Hospital - SR 15 million

- Renovation of Anse Boileau Health Center - SR 2.6 million
- Procurement and installation of lifts at Anse Royale Hospital - SR 2 million
- Continuation of the project to add new facilities at the NIHSS building - SR 2.5 million
- Provision for renovation of hospitals - SR 4 million and renovation of other health centers - SR 3 million
- Renovation of other health infrastructure - SR 5.4 million

In addition to renovations, investment in new health facilities is also important. Work on the Baie Lazare clinic has already begun, and this will cost SR 8.7 million. The two other main projects for the year 2025 are:

- Construction of a Medical Store - SR 16.98 million
- Construction of a Health Center at Île Soleil, Anse Aux Pins - SR 9 million

The largest project we expect to start in 2025 is a new hospital. This year, Seychelles Hospital is celebrating its 100th anniversary. It is clear that this facility is no longer sustainable today and for the future. It is important for us to invest in a new, modern hospital that will meet the aspirations and needs of our people for the next 100 years. This investment is not just about constructing a new building, but about investing in a future where all Seychellois will have access to more specialized medical services. This investment represents a long-term vision that the government has for a more sustainable, resilient health system that can provide a higher level of service for our population. The government is finalizing a comprehensive feasibility of the new hospital project, taking into account all existing health facilities today. In the budget for the next three years, an amount of SR 661.2 million has been proposed. An allocation of SR 87 million has been set aside in the 2025 budget to start this project.

Mr. Speaker, I also want to thank the committee that is working very hard to secure funding for the construction of the new hospital, in the same spirit that many people contributed to the construction of Seychelles Hospital a century ago. Let us all imagine that one day, our future generations will use this facility. In this spirit, I call on all Seychellois to continue to put in efforts together to make this project a reality.

Another project that we will see the benefits of is the investment in an Integrated Health Information System, which over the past five years has cost the budget SR 53.1 million. This new information system is being implemented at Seychelles Hospital and all other health facilities, which will help any doctor or nurse providing a service to a patient at any time to access medical information about that patient more quickly. Thus, health professionals will be able to provide a more coordinated diagnosis and treatment for the patient, with the aim of improving the quality of healthcare and the effectiveness of health services. This system will also:

- Implement an appointment system in clinics to help minimize the waiting time for patients to receive services.
- Make it easier to collect information, which will help create more targeted policies in the health sector.

- Facilitate the administration of wards to ensure that all necessary equipment is provided based on patient needs.

14. Sports and Youth Development

Mr. Speaker, an active nation is a productive and healthy one, which helps reduce the strain on our healthcare system. It is for this reason that the government is investing heavily in sports development. With a world that presents many challenges to our population in terms of mental and physical health, sports remains a critical element to overcome these obstacles. Investment in sports infrastructure will help our youth thrive, not just locally but also on an international level.

In 2022, I visited sports facilities along with the minister responsible for sports, where I declared that our sports infrastructure has been too neglected and poorly maintained.

During the year 2024, the government has invested SR 42.8 million in maintaining various sports infrastructures, and also SR 19.4 million in 2023. The largest investments are as follows:

- Renovation works at Stade Linite, including a new surface for athletics - SR 5.5 million. Work is also continuing on the renovation of changing rooms for athletes and referees.
- Ongoing renovation of the Palais des Sports - SR 7 million
- The renovation of 5 tennis courts has been completed, including a new comprehensive lighting system to improve visibility for athletes during night-time activities.
- Work will also begin this year on the renovation of the roofing at the ex School Meal Centre.
- Renovation will also start on the dojo facilities.
- The government is also procuring equipment and surfaces for two courts in the districts.
- A kicking gym has been constructed at Roche Caiman Sports Complex to support martial arts athletes.

This intensive renovation work will continue in 2025 with the aim of ensuring our sports facilities are at a level to attract more international sports activities in Seychelles. A projection of SR 88.1 million has been budgeted for this, and the major allocations are as follows:

- The renovation of the Anse Royale Sports Complex - SR 5.6 million
- Additional renovations at Stade Linite, including a new tunnel for athletes and the renovation of the south stands to provide better comfort for spectators - SR 7.7 million
- The construction of a Multi-Purpose Indoor Court at Anse Royale - SR 42.4 million. This project is going into tender procedures by the end of November 2024.
- The renovation of the Sports Complex on La Digue - SR 1.6 million
- The renovation of sports infrastructure facilities at Mont Fleuri, including drainage systems - SR 1.5 million
- The renovation of Amitie Stadium on Praslin - SR 2 million
- Other renovations at the Palais des Sports - SR 1.9 million
- Renovation works at the swimming pool, including changing rooms for athletes - SR 1 million.

An additional allocation of SR 20 million has been budgeted in 2025 to support other renovation works on sports facilities, including:

- Renovations to enclose the multipurpose courts at Mont Buxton and Port Glaud.
- The renovation of the changing rooms at the sports facilities in Point Larue and Baie Lazare.
- The construction of outdoor gyms in the districts of Grand Anse Mahe, Anse Boileau, La Digue, and Takamaka, totaling SR 3.4 million. I hope the residents of these districts will take this opportunity to engage more in physical activities, which will be a long-term benefit to our society.

Mr. Speaker, in 2025, Seychelles will host two international sports events. The first, in May, is the FIFA Beach Soccer World Cup, and the second in July – CJSOI. The government is allocating SR 40.6 million in the budget under goods and services for the organization of these events and our participation in the CJSOI, plus SR 3 million for the FIFA Beach Soccer World Cup.

A sum of SR 3.2 million has been budgeted for assisting sports federations. An amount of SR 745,000 has also been allocated for assisting teams when they travel to the islands for competitions. An amount of SR 1.58 million has been budgeted for developing youth sports, and SR 723,740 for talent identification. An amount of SR 1.71 million has also been budgeted for allowances for coaches.

We are also allocating SR 3.1 million in the 2025 budget for the professional development in sports. In 2025, a sum of SR 5.75 million has been allocated to prepare athletes for the Olympics, African Games, Indian Ocean Games, and Commonwealth Games in the coming years.

The government has also finalized discussions with the motor racing association for the use of the Ile Du Port road section, currently under construction, to organize activities for their members. This association will need to invest in safety and security measures before the government gives its final approval.

Government will continue to empower the youth through different activities. The National Youth Council has been allocated with a total budget of SR 26.6 million to expand activities and support youth-led initiatives at the district and regional level. The priority will be on increasing the number of youth clubs involved in diverse areas such as coding, app development, and digital innovation, fostering skills that are crucial for the 21st century economy. In addition, investment in new programs, including boot camps and digital entrepreneurship training, targeting tech-savvy youth and promoting innovation at the grassroots level. Promotion of arts, sports, and community service initiatives within the Clubs of Interest to ensure a broad spectrum of opportunities for youth across the country. Government will collaborate more with regional partners to provide exposure for Seychellois youth in the broader African, European and American market. These will open doors for international experiences and opportunities, further enriching their personal and professional growth.

15. Community Projects and Programmes

Mr. Speaker, as you have observed, the government is making significant investments in sports facilities at district level, with the aim of encouraging our population to become more active and participate more in their communities. This investment is part of a larger strategy the government is implementing in the districts, to benefit more of our residents. Improving facilities and activities within the community is part of the government's plan to also combat issues such as substance abuse and crime.

In 2025, the Ministry responsible for Community Affairs and Local Government, in collaboration with its partners, will develop a national policy on community well-being and development, with the aim of:

- Ensuring that all government services are coordinated and reach all segments of our population;
- Ensuring that infrastructure development moves in tandem with human development;
- Ensure that social scourges are reduced and that good community values, including moral and spiritual values, are reinforced.

Mr. Speaker, the transformation that Seychelles has been undergoing since 2020 is not just targeting our economy, but also our communities. There has been a lot of emphasis placed on community programmes to help bring people together in various types of after-hours activities - whether in the arts, education, culture, spirituality, and others. Holiday camps at the district level have been organized to ensure that children have something to do during vacations.

The government is working on installing CCTV camera systems in certain districts to improve the security system in district offices and facilities. In 2025, a sum of SR 600,000 has been budgeted for this project.

Mr. Speaker, from 2021 to 2023, the Government completed 356 district projects totaling SR 58.1 million. In 2024, we expect to complete 184 projects for a sum of SR 35 million. For 2025, the Government is allocating SR 26 million for small projects in the districts. A sum of SR 15 million has also been allocated for secondary roads in the districts, which will facilitate the movement of our residents. This sum is an increase compared to an allocation of SR 10 million in 2024.

The government has a total of 15 Day Care centers, and 10 among them underwent major renovations during 2023 and 2024. In 2021, 5 new Day Care centers were built and handed over to operators through a tender process. These are Grand Anse Praslin, Baie St Anne Praslin, Takamaka, Anse Aux Pins, and Glacis. The Mont Fleuri Day Care centre is in the repair stage, and the new Les Mamelles Day Care centre is in the tender process. This year, the government expects to spend SR 2.8 million and we will increase this amount to SR 4.4 million in 2025 for the construction and renovation of day care centres.

Most community offices or centres date back to the 1980s and are not in a suitable state. From 2021 to 2024, renovation work has been carried out on 14 of the 26 offices, including the district administration offices and community centres in Grand Anse and Baie Ste Anne Praslin. Major repair work has been done on twelve Community Centres.

A total budget of SR 15.8 million has been budgeted in 2025 to complete the Bel Ombre District Administration Office; the Cascade and Perverserance Community Centres and District Administration offices. An allocation of SR 1.5 million has been budgeted for roof renovations at the Anse Royale community centre and SR 1 million for renovations at the Beau Vallon community centre.

Mr. Speaker, we need to encourage more volunteering in the community to instill good values in our society. There are many residents who provide volunteer services, especially during emergencies. One such group is the Emergency Brigades under the District Administration's responsibility. We salute the efforts of these individuals, and for this reason, the government is increasing the incentive from SR 1,000 per year to SR 3,000. This will take effect in 2025.

16. The Social Sector

Mr. Speaker, despite significant investments to help our population thrive and become self-reliant, some people are unfortunately very vulnerable and fall victim to various social ills. We all wish that one day, we could live in a Seychelles where all social ills are under control or completely eradicated. However, this remains a dream. Today, we must continue to support our brothers and sisters who have fallen, with the hope that they will stand up again and become more resilient to contribute to their families, homes, and country.

Mr. Speaker, with the support of the World Bank, a detailed and in-depth analysis and research were conducted to examine risk factors among our youth. After several studies, interviews, meetings, and consultations, the World Bank has presented the results of this report. Mr. Speaker, the results of this research are alarming, and if as a nation we do not take greater responsibility to educate, equip, and guide our children, we will not move forward.

Mr. Speaker, the government along with all key partners will need to work together to address the challenges ahead; interventions will need to come at three levels; firstly, how to better integrate social services in schools, secondly, how the community can help and provide support through cultural, sports, spiritual, and educational activities, and thirdly, how we can equip our youth to see the importance of having a career and what kind of opportunities can be provided to them at an early enough to facilitate this transition.

Mr. Speaker, meanwhile, we must face today's reality, whereby many of our youths have already fallen. The government remains committed in the fight against these social ills that affect our society. By the end of this year, we expect the new Youth Hope Centre project to start. This project is expected to cost a total of SR 41.7 million. An allocation of SR 30 million has been made in the 2025 budget. Mr. Speaker, this centre will give hope to our youth. It will be a residential place for children who need specialized services in terms of their behaviour and alternative education. The project will have two components, the first is a Residential component and the second an educational component. This will ensure that when youths enter the programme, it touches their integral development which will help reform their character for re-entry into society. The project is expected to be completed by the fourth quarter of next year, and an amount of SR 3.7 million has been budgeted to cover its operational costs next year. Mr. Speaker, this centre will cost the Government SR 9.2 million per year to manage.

Mr. Speaker, while the Government is spending several million rupees to combat drug trafficking, it is unfortunate that certain groups are enriching their pockets with millions of dirty rupees, tainted with the suffering of all drug victims and their families.

Since we came to power, the fight against drugs has been one of our priorities. From January 2021 to August 2024, a total of 1.2 million grams of drugs have been seized. This includes heroin, cocaine, cannabis, ecstasy, and in the last two years, drugs like crystal meth and methamphetamine. Mr. Speaker, these drugs have a total market value of SR 439 million.

Just imagine, our poor brothers and sisters would have spent SR 439 million on substances that destroy their lives, the lives of their families, and the community in general. Mr. Speaker, these achievements are the result of the sincere work that the police department is doing. During the same period, they made a total of 2,118 arrests, of which 508 cases were prosecuted, and as of August 2024 – there has been 221 convictions.

Prevention and rehabilitation work must go hand in hand. To help support the rehabilitation of victims with addiction, the necessary support system must be put in place:

- The renovation of the Anse Boudin centre on Praslin, for patients with addiction - SR 3 million.
- Funding to support the Catholic Diocese with a new rehabilitation programme under the umbrella of ‘La ferme de L’espoir’ to help young Seychellois affected by alcohol and drug addiction. Mr. Speaker, this project will be based in the district of Port Glaud on a property belonging to the Catholic Diocese. In 2025, the government will contribute SR 4.1 million mainly to cover renovations on two buildings that will serve as this centre. The government is also covering the operating costs of this centre for 3 months in 2025, and in 2026 the Government will provide an assistance of 390,000 rupees which will cover the operating costs of this centre for 9 months.
- The government together with “Care”, will start a special programme on a pilot basis in 6 primary schools, one in each region, starting January 2025. This programme will target all children in P1 and it will last for a period of 3 years. The government will support Care with a budget of SR 1.8 million for this project. The government's goal is to eventually implement this programme in all schools, so we are calling on the private sector to come forward and give their support. Mr. Speaker, I also implore parents to encourage their children to actively participate in this programme.

Mr. Speaker, starting January 2025, all state schools in Seychelles will need to play a greater role in after-school activities. The Ministry of Education together with the schools and other partners such as SNYC, the Institute of Culture, Local Government, and Civil Society will become more active and use the school environment for their activities. The school environment is one of the safest places for our children, instead of them going home after school while parents are still working, which increases their risks of engaging in antisocial activities. The following support will be put in place starting January 2025:

- SR 1.9 million towards interest clubs, under SNYC, for the development of projects and programmes.

- SR 1.9 million per year to support payments for animators in the districts; the programme will touch all social groups including the youths. Animators will be paid SR 3,000 per month. This programme is administered by the Ministry of Local Government.
- SR 1.7 million additional support under the Institute of Culture for support of cultural and traditional activities in schools and in the community.

Mr. Speaker, an allocation of SR 4.7 million has been made in the budget for the construction of a crisis centre, which will begin in 2025. This centre will be equipped with a Call Center that will operate 24/24 with a team that will work with cases reported after 4 pm when all offices are closed. This team will also provide helpline services and refer cases to social workers for intervention. Mr. Speaker, this shows the government's commitment to respond to the needs of its people at any time and at any moment.

Mr. Speaker, SR 4 million has been allocated in the budget to cover the renovation of a property that will offer services for victims of domestic violence.

Mr. Speaker, to move forward as a nation, it will depend on a collective effort where each individual takes responsibility. The government is putting in place various programmes and services, but it remains the responsibility of each individual to use all the opportunities at their disposal to improve their personal lives, their families, their communities, and in turn, Seychelles as a prosperous nation.

17. Allocation for the Social Programmes

Mr. Speaker, in the 2025 budget, the Government will continue to honour its commitment to financing social programmes targeting the most vulnerable in our society. These programmes ensure that these groups and their families do not fall into poverty, whereby the government provides support to help them make ends meet. The budget for 2025 for these major programmes is as follows:

Benefits administered by the Social Protection Agency:

- SR 61.8 million for the Social Safety Net
- SR 23.4 million for benefits to children who have lost one or both parents
- SR 7.7 million for foster parents benefits
- SR 3.1 million for multiple births benefits
- SR 6.6 million for sickness benefits
- SR 1.3 million for maternity and paternity benefits

It is to be recalled that these benefits were increased in January 2024 and the government added Multiple Births as new benefit. Some had not been reviewed since 2016.

Benefits administered by the Ministry of Education:

- SR 24.3 million to cover student bus fees
- SR 3 million towards the Dedicated Fund

- SR 35 million to cover the breakfast and lunch programme in schools.

Benefits directed towards housing programmes:

- SR 10 million for the Vulnerable House Repair Scheme, administered by the Department of Housing
- SR 10 million for special housing
- SR 5 million for the Home Improvement/Re-roofing scheme for pensioners through HFC
- SR 24 million for the housing loan subsidy scheme, administered by HFC

Other benefits include:

- An allocation of SR 31.7 million has been made as a travel concession. Mr. Speaker, this covers bus tickets for the elderly, people with disabilities, and a large sum goes towards people who take two buses to work—the government subsidizes the second part of the journey, what we call 'workers special'.

Mr. Speaker, post-secondary student allowances were last reviewed in 2014. This year, the government increased the allowances for students from the inner islands by SR 600 per month to cover additional expenses, that will allow them to continue their post-secondary studies on Mahé. By April 2025, post-secondary student allowances will increase as follows - guaranteeing a minimum increase of 10%:

- For students who go directly from secondary to a post-secondary programme, the allowance for the first year will increase from SR 850 to SR 1,000, for the second year from SR 950 to SR 1,100, and for the third year from SR 1,050 to SR 1,200.
- Allowances for students on apprenticeship programmes will increase as follows; from SR 1,400 to SR 1,550 for first-year students and from SR 1,600 to SR 1,800 for second-year students.
- For students pursuing a Diploma in Primary Education, there will be an increase for the first year from SR 1,500 to SR 1,700, for the second year from SR 2,000 to SR 2,200, and for the third year from SR 2,500 to SR 2,700.
- For students pursuing a Diploma in Secondary Education, there will be an increase for the first year, from SR 2,000 to SR 2,200, and for the second year from SR 2,500 to SR 2,700.
- For students following the ADHM course at the Tourism Academy, their allowance will increase from SR 3,000 to SR 3,200.
- A special review was done for mature students. We noticed that many students in this category already have a family and that their expenses are much higher than a normal student. Today, the Allowance for mature students is SR 1,800 in all professional centres - except for the Teacher where it is SR 6,000, if you were employed - and SR 3,000 if you were not employed.
- Starting in April 2025, the mature student allowance in all professional centres will be increased to SR 6,250 and for students at the Institute of Teachers it will be increased to SR 7,343. Those who were not employed before qualifying to enter a professional centre will receive 50% of this allowance. All those in the public sector who were sent by their

employers to study full-time in a professional centre, will receive their salary according to the PSO.

Mr. Speaker, these changes in post-secondary allowances will cost the Government SR 7.6 million in 2025 and SR 10.1 million annually thereafter.

Benefits of Retirement/Disability and Invalidity

Mr. Speaker, I will now discuss the benefits of disability, invalidity, and retirement. Today, we have approximately 14,550 people receiving these three benefits. In 2022, the government provided temporary assistance of up to a maximum of SR 500 for individuals under these three benefits. This assistance is still being given.

However, starting in April 2025, this temporary assistance program will no longer exist, and the government will review these three benefits as follows:

- Retirement Benefit: If you qualify for the pension fund above SR 3,250, your retirement benefit will increase from SR 5,750 to SR 6,150. If you qualify for the pension fund up to SR 3,250, your retirement benefit will increase from SR 5,750 to SR 6,400. If you do not qualify for a pension, your retirement benefit will increase from SR 5,750 to SR 6,650. Furthermore, all beneficiaries who were receiving social security before the creation of the Pension Fund, whose current retirement benefit is SR 6,250, will have their benefit increased to SR 7,150.
- Invalidity Benefit: If you qualify for a pension, your benefit will increase from SR 5,750 to SR 6,150. If you do not qualify for an invalidity benefit with Pension Fund, your benefit will increase from SR 5,750 to SR 6,650.
- Disability Benefit will increase from SR 5,750 to SR 6,650.

This review will cost the government SR 121 million in 2025 and SR 162 million each year thereafter. Mr. Speaker, these three benefits alone will cost the government a total of SR 1.3 billion in 2025, representing 11% of the total national budget.

Mr. Speaker, besides the increase in retirement benefits for the elderly starting in April 2025, there are also additional benefits through the national budget as follows:

- They will be able to benefit from free bus tickets worth a maximum of SR 1,680 per person, per month.
- If qualifying for a full-time carer, it will cost SR 7,633 starting in April 2025.

These are benefits with a direct monetary implication costing a total of SR 15,963 per pensioner.

Mr. Speaker, I would like to take this opportunity to appeal to all children and young people who have their mothers/fathers and grandparents in retirement age to support them, but not to continuously abuse them. Mr. Speaker, in many cases, we see today that elderly people are still taking primary responsibility in households where they should not be. Every working adult

should take responsibility for their expenses and not depend on the retirement funds of the pensioners.

18. The Housing and Land Sector

Mr. Speaker, during these four years that our administration has been in power, the housing sector has remained one of our priorities, and remarkable efforts have been made to help our population own their homes. The government has allocated a total of 287 affordable housing units from January 2021 to date, at a total cost of SR 317.2 million, and also 29 temporary accommodation units, valued at SR 22 million.

In this budget, the government will implement measures and policies to support our citizens in building their own homes, while continuing to invest in housing and land projects.

Mr. Speaker, for 2025, an allocation of SR 527.2 million has been made for new housing projects as follows:

- 30 units, Ex-Desaubin Estate (Phase 2) Takamaka – SR 10.4 million
- 80 units, Ile Aurore (Phase 1) – SR 54 million
- 40 units, Orchid Village (Phase 2) – SR 29.3 million
- 24 units, Corgate Estate (Phase 5) – SR 13.5 million
- 16 units, Union Vale (Phase 2) – SR 3.6 million
- 3 Emergency housing units on Praslin – SR 3 million
- 16 units, Hangard Street, Mont Buxton - SR 13.9 million
- 4 Emergency housing units on La Digue – SR 3.5 million
- 16 Mid Range Condos in Bel Air – SR 14 million

Additionally, Mr. Speaker, we are anticipating the completion of a total of 156 housing units, which have already begun, in 2025. The projects include:

- Ex-Zelia Estate, Anse Boileau – 24 units
- Anse Etoile (La Gogue) – 24 units
- Amitie, Grand Anse Praslin - 16 units
- Anse Francois, Pointe Laure - 16 units
- Waterloo, St. Louis- 16 units
- Anse Poules Bleus (Phase 2) Baie Lazare -16 units
- Zanblon Village (Phase 2) Cascade -24 units
- Lower Les Mamelles (Phase 2) - 8 units

- Ex-St Ange Estate, La Digue -12 units, and
- a total of 56 ‘Mid-Range Condos’ in Perseverance, which are expected to be completed and allocated in 2025.

Mr. Speaker, an allocation of SR 128.2 million has been budgeted for the ‘land bank’ project in 2025,. The new land bank development projects financed under the 2025 budget are as follows:

- Port Glaud/Port Launay – SR 8.5 million
- Caryole Estate, Phase 3 – SR 2.4 million
- Grand Anse Praslin – SR 3.8 million
- Anse Kerlan Praslin – SR 4.3 million
- Pti Laval, Praslin– SR 2.6 million

There is also an allocation of SR 20 million to continue other ‘land bank’ projects that have already started and to complete the following projects:

- Fond Azore Land Bank Extension- Baie Ste Anne
- Ex Deltel Estate, ‘Dan Banbou’ Anse Royale
- Cape St Marie Land Bank- Anse Boileau
- Barbarons Land Bank
- La Retraite Land Bank

Mr. Speaker, the government is also introducing financial initiatives with the objective of facilitating our population to either repair or build their own homes. A key partner in this endeavour is the HFC. The government has reviewed the facilities that HFC already offers and introduced new ones to make its products more accessible and affordable.

I will generally mention the revisions and new products and HFC will provide more details later: Considering the increase in construction costs affecting the overall cost of building a home, HFC will increase the ‘maximum loan’ amount it offers for the following loan categories:

- First Home Loan: Will increase from SR 1.2 million to SR 1.5 million
- Second Housing loan: Will increase from SR 550,000 to SR 850,000
- Loan for complete re-roofing: Will increase from SR 100,000 to SR 150,000
- House Extension Scheme: Will increase from SR 100,000 to SR 300,000
- Pensioner Home Improvement Loan for complete re-roofing: Will increase from SR 100,000 to SR 150,000

Mr. Speaker, the maximum income to qualify for certain loan categories will also increase as follows:

- Major renovation loan; Income will increase from SCR 20,000 to SCR 25,000 (net) per month.
- Home Improvement Loan: Income will increase from SCR 15,000 to SR 20,000 (net) per month
- Complete Re-Roofing Loan; Income will increase from SCR 15,000 to SCR 20,000 (net) per month
- Survey Loan; Income will increase from SCR 20,000 to SR 30,000 (net) per month

We are also increasing the debt service ratio, which is currently 30% to 40%, to 30% to 45%, for the first and second home construction loans, and also loans for home expansion.

Another change in the HFC policy is that starting as January 2025, HFC will begin accepting ‘second line charge’ as collateral for certain facilities - but this will depend on certain conditions that HFC will elaborate on later.

Another consideration regarding collateral for home improvement and complete re-roofing loans, is that HFC will consider placing a mortgage on the property as security instead of requiring the applicant to come with a guarantor. This will be applicable in cases where an applicant owns a property and is in stable employment; arrangements will be made with their employers for their loan repayment to be deducted from their salary every month.

Mr. Speaker, currently the maximum age at which a client can repay their loan is 65 years based on the retirement age. From 2025, HFC will consider repayment periods beyond 65 years. In cases where there are two applicants, the age of the older person will be considered if they meet other conditions. This will apply only to the first and second home loans.

Mr. Speaker, other revisions in the facilities offered by HFC include:

- Major renovation loan: Construction of boundary walls and minor repairs will be added to the list of projects that qualify under this facility.
- Pensioner housing renovation scheme: A pensioner who has already applied for a loan under this scheme will now be able to reapply for another one, if they have repaid the previous loan. However, it is important to note that they will not benefit from the 25% subsidy, and their deduction will be made directly from their pension. Another revision under this scheme is that pensioners over the age of 75 will be able to apply for a housing renovation loan, but there will be conditions attached, of which HFC will provide more details later.
- House Expansion Scheme: Applicants will now be able to expand other parts of their houses instead of just one room. The construction of a ‘bedsitter’ will also be considered.

Mr. Speaker, HFC will also introduce the following new products and schemes in 2025:

- Vertical Extension Scheme: This scheme will encourage parents to give permission for their children to construct above their house. After the parents have given their child

permission, they can apply under this scheme. The maximum loan amount will be SR 950,000.

- Emergency Loan Scheme for pensioners; This new scheme will assist this vulnerable group in disaster circumstances where they can access a loan to replace or repair basic equipment and systems such as electrical facilities, drainage systems, and other such things that have been damaged. The maximum loan amount will be SR10,000.
- Home Carer, Disability and Invalidity Home Renovation/Improvement Loan: Considering the nature of their work, it is difficult for home carers to qualify for a bank loan. This loan will help Home Carers access more funding to renovate their homes, demolish rocks, beautify their homes, and also re-roof their homes. It will not include the construction of or the purchasing of new homes. The maximum loan amount for renovation is SR 50,000 and for re-roofing is SR 150,000.

Mr. Speaker, today HFC applies two different interest rates for first and second home loans, depending on the amount of the loan the applicant qualifies for. For a loan up to SR 500,000, the interest rate is 7% and an interest rate of 8% is applicable for a loan of above SR 500,000, up to SR 1.2 million. These two rates are high compared to the same type of loans offered by commercial banks, which makes it unaffordable especially for applicants whose salaries are lower than SR 20,000.

To ensure that HFC is playing its role in offering affordable loans, starting January 1, 2025 - the interest rate on loans for construction and also for vertical development will be 6% for applicants whose salaries are less than SR 20, 000. The government will subsidize the difference that HFC charges, and this is estimated to cost about SR 1 million.

19. The Transport Sector

Mr. Speaker, the Government remains committed to continuous investment in the transportation sector to improve road conditions, connectivity, traffic circulation, and road safety, and to support the expansion of the economy. A sum of SR 161.6 million has been budgeted in 2025 for capital investment in this sector.

The new road projects to be financed in the 2025 budget include:

- Access Road to the La Gogue Dam site- SR 2.5 million
- Improvement of Kan Per road, Praslin – SR 2 million
- Expansion of Val d'en Dor road (phase 2) - SR 1 million
- Second phase of Gran Rivière, Anse Royale- SR 5 million
- Improvement of Pascal Village road - Beau Vallon – SR 1.5 million
- Improvement of the link road to Ma Joie (Phase 2)- SR 1.5 million

Major projects in this sector expected to be completed in 2025 include the Praslin Transport Testing Station, with a budgeted sum of SR 1.9 million.

A provision of SR 32.5 million has also been budgeted to complete the west Mahe road project.

Mr. Speaker, the problem of traffic congestion, especially in the morning before work and in the afternoon after work, remains a source of frustration for our motorists. The solution to the problem is very complicated, in view of the limited space for building additional roads. In spite of these challenges, our government continues with its efforts to improve the traffic situation in the country. With this in mind, the first phase of the project for a 3rd Lane at Pointe Larue has already started and is expected to be completed towards 2027. The project starts at the airport and will end at Anse Faure, which will connect to Ile Soleil.

The first phase of the project is expected to cost SR 7 million. The second phase starts at the cargo terminal and ends at Amalgamated Tobacco Company, and is currently undergoing the tender process to start this year. A sum of SR 13.6 million has been budgeted in 2025 for phases 2 and 3 of this project. The third phase will start at Amalgamated Tobacco Company up to Anse Faure and connect with Ile Soleil.

Another project financed in this budget to help improve traffic circulation is the improvement of the Providence roundabout going towards CCCL and the expansion of the standby lane towards zone 18. A sum of SR 1 million has been budgeted in 2025 for this project.

It is in the plan of the SLTA to resurface 30 kilometres of primary and secondary roads, and a sum of SR 71 million has been provisioned in the 2025 budget.

Regarding road safety, and also to improve traffic circulation, a sum of SR 1 million has been allocated for a study to be made on the most suitable sites to build overhead bridges. A sum of SR 1.5 million has also been included in the budget to reconstruct and maintain bridges whose structures are getting damaged.

Still considering road safety, we have allocated SR 7.9 million in the 2025 budget to finance another 50 lights in each district on Mahe, Praslin, and La Digue. It is worth noting that from January 2021 to date - a total of 3,450 new lights have been installed, and approximately SR 22 million has been spent to install and maintain these lights.

We are also allocating SR 5.5 million for the construction and maintenance of drainage systems and sidewalks in several districts.

Mr. Speaker, the government will continue to support SPTC's capital development. In the medium term, a sum of SR 42.7 million will be allocated for the acquisition of new buses, which will include two electric buses, with the aim of studying the feasibility of running such buses. SR40 million is also being budgeted for infrastructure projects.

Mr. Speaker, concerning our port facilities, the Seychelles Ports Authority has in recent years engaged in the redevelopment and construction of new facilities. The objective is to provide better service to all those who use these facilities. Seychelles is developing rapidly and the Ports Authority finds itself in a position where it needs to accelerate the development of its facilities.

In 2023, Praslin received a new passenger terminal, called ERO, whose construction began in 2021 on Eve Island. It is in the Ports Authority's plan to continue improving this terminal to add

essential services for the unloading and storage of cargo. In 2024, an expression of interest for land development on Black Parrot Island, which is also managed by the Ports Authority, was made by the Seychelles Investment Board. We have seen the participation of 3 investors who were given the opportunity to develop commercial and marina developments. We expect that more private developers on Praslin will take these opportunities that are being made available to them, to contribute to the development of this island.

Mr. Speaker, the Ports Authority has plans to build a new passenger terminal at the La Digue port next year, which will provide passengers with better comfort while they wait for their boats. In the plan for this new terminal, there is commercial space for La Digue people to rent for their businesses.

Just a small reminder that the La Digue port has just undergone work to expand and deepen this facility. The objective of this project is to separate passengers and cargo areas, to make it more convenient for all those who use this small port.

Mr. Speaker, since 2018, the Ports Authority has been managing land and port facilities at Bel Ombre. This authority is in the phase of looking for investors to bring about commercial developments on this land. There is currently an investor who is about to be given a piece of land to develop a commercial and tourist facility.

Mr. Speaker, the biggest project of the Ports Authority is of course the expansion of the Commercial Port that serves container ships, tankers, and cement transport ships. Essentially, this port facilitates our country's commercial transactions with the rest of the world, through exports and imports. This port, which celebrated its 50th anniversary in 2023, is critical to our country's economy. We are seeing an increase in the number of containers that enter the country. For the past two years, we have seen more than 80,000 (TEU), equivalent to 20 feet, pass through the Commercial Port. We expect this year that more than 90,000 TEUs will pass through our Port. This port is in a somewhat degraded state and it is more than time for this extension to be made.

The expression of interest for the construction of the quay was launched in March this year and we expect that the tender will be launched next month. This will mean that the preferred contractor will be announced in April next year and construction will start in November 2025. This project, which is expected to be completed in two years, is expected to finish in May 2027.

The expression of interest for the container operator will be launched at the end of this year, and we expect that by the end of 2025 the contract will have been signed with this operator who will invest in the infrastructure behind the quay (what we call 'back of quay facilities'). This includes yards, warehouses, administrative offices for this operator and facilities for customs and other border control agencies. We also expect investments in such equipment as mobile harbour cranes to serve the larger and more modern ships that do not have cranes on board. According to the project programme, operations at the new terminal are expected to start in January 2028.

20. The Environment, Energy and Climate Change Sector

Mr. Speaker, the effects of climate change and its impact on our environment, and our society in general, remains our country's greatest in current times. In the case of Seychelles, climate change effects are no longer something that we refer to in the future, but have become a reality. We see the effects of climate change every day on our coasts, with rising sea levels. We witness more climactic incidents that are increasingly more severe, such as heavy rains that cause inundations and landslides. We are also seeing increased temperature changes and abnormal weather patterns such as heavy rains at unexpected times and prolonged dry periods. We are witnessing the destruction of our coral reefs because of increased ocean temperatures.

My fellow Seychellois, we are facing something really serious. Our country's existence is on the line. It is high time that we got together to protect our country and equip it to adapt to climate change.

As we are aware, the effort to minimize and adapt to climate change effects will cost a lot. Studies undertaken by the government, with the assistance of international experts under the aegis of 'Nationally Determined Contributions', have estimated that it could cost as much as US\$670 million to implement the proposed measures. This is a sum that Seychelles cannot afford on its own.

The government has already started procedures to mobilize the necessary financing for the implementation of various measures. Before the end of this year, we will adopt a strategy to mobilize climate change related financing for 2025-2030. It is to be noted that the government has already started mobilizing domestic resources by introducing a Tourism Environmental Sustainability Levy on visitors.

In February 2025, the government is organizing an international round table in collaboration with the IMF, to bring together different local and international partners to discuss what kind of assistance can be made available to Seychelles to enable us to mobilize financial and technical resources to implement our projects and initiatives to combat the effects of climate change and implement adaptation projects.

On the international scene, Seychelles is still fighting to ensure that we can also benefit from the promises made, such as the 'loss and damage fund'. Seychelles is represented in these forums, and we always use these opportunities to make our stance clear, but as you all know, progress is very slow and equitability is not always assured.

Mr. Speaker, in my budget address last year, I announced that it had become critical for our country to transition towards renewable energy. This is not only because of the negative impact of fossil energy production on the environment, but also as a strategic move to ensure that Seychelles is not affected by geopolitical tensions that inevitably affect the price of fuel.

With this, Mr. Speaker, the government is accelerating its efforts to put in place specific measures to enable an increase in our electricity production through renewable sources. With regards to this, work has begun on a new PV floating lagoon, which is expected to produce 5 MGW of energy. The government and PUC are in advanced discussions with another renewable energy company, regarding a project that has the potential to produce about 2.5 MGW of energy

on La Digue, and a battery system that stores 4.5 MWH of energy, as well as 6 MGW on Mahe, which is equivalent to 1.5% of our consumption.

One of our most debilitating constraints in our endeavours to produce renewable energy is the lack of land to install solar panels. We need to make maximum use of our roofs for solar panels, to address this problem. To make this happen, the government is creating a new scheme to encourage more residential homes and businesses to move in that direction. This will replace the previous scheme which was no longer working.

For the year 2025, the government is reviewing the 'PV Rebate' scheme in its entirety with the aim of relaunching it to encourage more investment by residential consumers and small businesses.

This new scheme will provide individuals who install a PV system with a reduction on their total costs, which will be paid by the government as follows:

- For a system with a capacity of 1KW – SR 10,500
- For a system with a capacity of 2KW – SR 21,000 and
- For a system with a capacity of 3KW – SR 31,500

For small businesses with an income lower than SR 6 million, the benefits will be as follows:

- For a system with a capacity of 5KW – SR 36,000
- For a system with a capacity of 10KW – SR 72,000 and
- For a system with a capacity of 15KW – SR 108,000

Additionally, under this scheme, residential consumers will be able to borrow money from commercial banks for a loan of up to SR 150,000 at an interest rate of 5%, with repayment to be made over a maximum period of 7 years. This will help more individuals meet the bank's criteria to access this loan. For small businesses, they will be able to borrow money from commercial banks for a loan of up to SR 250,000 at an interest rate of 5%, with repayment to be made over a maximum period of 5 years.

In the 2025 budget, the government has allocated a sum of SR 5 million for this contribution towards subsidizing this solar panel initiative, and SR 2 million to subsidize the interest rate charged by commercial banks. Therefore, I urge residential consumers and this category of businesses to take these opportunities to make investments that will allow them to see a reduction in their electricity costs.

Mr. Speaker, the government also needs to do its part. Today we spend about SR 160 million on average per year on electricity payments. Therefore, in 2025, a sum of SR 10 million has been budgeted to invest in the installation of PV solar panels on the rooftops of Government buildings.

To encourage businesses in the renewable energy sector, this year the government has provided an additional five years as benefit for companies in terms of 'loss carry forward.'

Mr. Speaker, the government also recognizes the importance of renewable energy production. However, for this to become a reality, we also need to ensure that our energy distribution grid can support the elevated production we anticipate in this sector. We will need to reposition PUC

so that it can participate in this transformation. For this to happen, significant investments in the distribution grid will need to be made. This will also be supported by assessments and other technical assistance.

The government is in advanced discussions with the World Bank and other partners to support this initiative through a technical and financial plan. This will amount to nearly US\$37.3 million, which we will borrow under very concessional long-term conditions.

We are also finalizing an integrated resource plan for the energy sector, which will establish a coordinated approach in the transition to renewable energy sources. This plan is expected to be completed by the end of March 2025. This plan will help us to identify other investments that we need to make in the energy sector.

In terms of climate change impact adaptation projects, the government is also allocating SR 18.1 million to the following projects:

- Coastal rehabilitation project at Anse Consolation - SR 2.5 million
- Coastal rehabilitation project at Aux Cap - SR 2.7 million
- Carana Drainage Construction - SR 2.7 million
- Improvement in the capacity to remove water in the La Digue Plateau - SR 1.4 million
- Management and integration of the coastal system at Anse Royale Beach Park - SR 2.7 million

Mr. Speaker, we are increasingly seeing climate change impacts on our coastal infrastructures, including roads. Our country needs to become more proactive on the protection and rehabilitation of our infrastructures against climate change impacts. In line with this, a sum of SR 115 million has been provided in the budget for the next 3 years to allow SLTA to implement protection and rehabilitation projects on coastal roads.

A lot of resources and investments have been put into this sector, but we will need to do even more in the future to finance this strategy. With the fiscal space, we are projecting SR 37 million in 2026 and SR 62 million in 2027 for new climate change-related projects.

Mr. Speaker, another major environmental issue we are facing is waste management. In 2025, various measures are being financed in this area. We have allocated SR 17.9 million for the Solid Waste Management project. Important components of this project are to review waste management at the landfill. We will need to reorganize the use of space at the landfill, which will help us to increase the length of time that we can use it. Another component of this project is to introduce measures to promote circularity and also reduce waste that reaches the landfill. Analysis has shown that more than 40% of waste can be composted. These measures could create new business opportunities for our private sector.

In our approach to better manage waste in our country, we are also studying waste-to-energy solutions and analyzing technologies that better manage waste in our landfill.

Mr. Speaker, Seychelles continues to face the impacts of climate change, where we are currently experiencing more periods of heavy rainfall, rising seas, and flooding. December 6, 2023, showed us how vulnerable we are to these natural elements. Therefore, to try to reduce the impact of these natural disasters, the government is making an allocation of SR 14.7 million under the Disaster Risk Management Division budget. This allocation comes after an analysis was conducted and identified several critical areas that need stabilization to reduce the impacts of disasters such as landslides and falling rocks. An allocation has been made in the 2025 budget for this project to start. The second phase of this project will be carried out in 2026.

Mr. Speaker, given the costs that come with the negative impacts of climate change, the government is also reviewing the Public Fund Management framework to explore the possibility of setting up a more long-term structure for a disaster fund. A provision in the constitution and the legislation that governs Public Fund Management already establishes a ‘Contingency Fund’. But we need to review this framework to make sure we are up to date with today's realities.

21. Economic Transformation

Mr. Speaker, economic transformation remains the foundation for our economy to continue growing, creating more wealth, and improving the lives of our people. The diversification of our economy remains a priority, though we do have a lot of challenges ahead of us, before we can realise this ambition. This is because of the small size of our country, and thus we lack sufficient land and other natural resources. This means that we can only focus on certain sectors where we have a competitive advantage.

We have seen that our financial sector, along with digital initiatives, continues to expand with the measures that the government is implementing.

In 2025, the government will continue its agenda to transform our economy through investments in economic sectors and policies and measures to facilitate business operations in the country.

A total of SR 49.7 million will be invested in infrastructure to support small and medium enterprises next year. These include:

- A new micro-enterprise centre at Anse Aux Pins – for which SR 5 million has been budgeted in 2025 to begin construction of this centre which will cost a total of SR 23 million.
- A new Marine and Auto Industrial Park enterprise centre – SR 3 million
- Perseverance Bulk Infrastructures – SR 5.8 million
- Renovation of the Grand Anse Praslin micro-enterprise centre – SR 2.9 million
- Infrastructure development phase 2 on Eve Island – SR 25.5 million
- Drainage, road infrastructure, and sidewalk projects in the Providence industrial zone – SR 6.2 million

- Beau Vallon development project - A sum of SR 7.5 million has been placed in the 2025 budget for this project expected to be completed in February 2025. Activities and facilities will start around June 2025 as it will take some time for the allocators to install their equipment. These kiosks will provide opportunities for 40 small and medium businesses to showcase and sell their products.

Mr. Speaker, Victoria Waterfront has an important role to play in transforming our capital into a more attractive and dynamic spot for residents and tourists alike. The government is committed to transforming the Victoria Waterfront into a lively cultural and commercial centre. This redevelopment will be done in stages. Phase 1 will be located at the ex-Children's Playground. The area will be divided into the following zones:

- a) Zone A – A Creole Village to offer a cultural and gastronomic experience that celebrates the authentic Seychellois culture, and will include a Creole restaurant.
- b) Zone B will be an entertainment zone, with all sorts of activities for all ages.
- c) Zone C will be a waterpark, and
- d) Zone D will hold a Boardwalk/Marina with the aim of having a promenade at the waterfront, and a 30-room hotel.

We hope that the tender procedures will have been completed by the first quarter of 2025, so that the investors can begin the development. The plan for Phase 2 is being discussed, and the government will share the concept in 2025.

Mr. Speaker, as I mentioned in my speech for 2024, what we need to move to the next stage of our economic development is more land. Therefore, the government plans to reclaim more land, and a provision of SR 51.6 million has been made in the 2025 budget for this. This is over and above the SR 279 million that was budgeted in 2024. This project will include;

- Increasing the stock of coral fill used for construction, which will be the equivalent of 500,000 to 800,000 sq m.
- The expansion of Ile Aurore by 180,000 sq m.
- The expansion of Zone 20 by 110,000 sq m.
- The development of Zone 5 by 240,000 sq m.

Mr. Speaker, the Minister of Investment, Entrepreneurship, and Industry has been working for more than three years with various ministries and departments to review procedures and standards to improve the business environment. This is aimed at making procedures easier and more transparent for businesses.

The government is establishing a unit that will fall directly under the Ministry of Investment, Entrepreneurship, and Industry, to assist businesses by providing guidance and coordinating with other ministries. This unit will act as an agent for businesses that will take a direct look at each problem presented in relation to government services—even before they reach the point of submitting their licensing application at the Licensing Authority.

This unit will eventually be expanded to become a permanent business facilitation center. The project is in the design stage and is set to start next year. This center will be dedicated as a point where businesses can access the majority of government services. The same concept will be adopted, where we will place great emphasis on customer service, allowing a business to receive advice and conduct transactions in one place instead of having to go to multiple locations, as is currently the case.

In the meantime, the government is continuing its work to improve the Ease of Doing Business in a faster and more direct manner. This aligns with our efforts to digitize most of our services. Work is ongoing to develop our Investment Portal. This is a digital platform that will allow investors and businesses to carry out their processes virtually. This project has entered the evaluation stage and is expected to be completed in 2025. This system will bring greater efficiency to many of the procedures that a business needs, such as business registration, GOP applications, licensing applications, import permits, and others.

Mr. Speaker, as everyone is aware, for any digital system to work, the procedures that underpin these services also need to be modernized. Therefore, to support our efforts, the Ministry of Investment is placing significant emphasis on modernizing our licensing laws that fall under the Licensing Authority. Work is being done on all necessary regulations. The idea is to eliminate cumbersome bureaucratic procedures and consultations that create barriers for a business to obtain a license. This will facilitate procedures that will make it faster for businesses to obtain a license. However, in doing so, much more responsibility will need to fall on the businesses themselves to ensure that all their standards are in place. Similarly, provisions will be made to penalize those who do not comply with the standards.

As you can see, Mr. Speaker, this government is taking serious action in the relevant areas. Our interest is to do more to eliminate frustrations since this way of doing things has been ingrained for several years. There will need to be a change in attitude and the way of doing and thinking among several entities. The government is committed to making this happen.

In this same vein, soon the government will introduce an initiative called zero bureaucracy. Under this program, all ministries and agencies will be asked to identify bureaucratic procedures and propose new ways to remove these obstacles. This will be done over a four-month period next year. This exercise will be conducted in full consultation with the public, businesses, and civil society

Mr. Speaker, another initiative the government is taking to improve the business environment is the introduction of a commercial court. This court will hear only cases that have a commercial aspect - such as insurance, financial transactions, and loans including contracts, intellectual property, among others. This will allow such cases to be dealt with more quickly and a resolution reached sooner. This court will form part of the Supreme Court and will have a full-time judge. This judge will have no more than 6 months to render a judgment or a resolution in a case. A sum of SR 4.9 million has been budgeted in 2025 for the operations costs of this court.

22. The Fisheries and Blue Economy Sectors

Mr. Speaker, we have also invested significantly in facilities across the country and have kept our promise to improve the quality of life of our fishermen. Projects for ports , markets, and gear stores will continue next year with new modern facilities in the following districts:

- Fishing Facility – Anse La Mouche
- Fishing Facility - English River
- Fishing Facility - Glacis - to be completed in 2025

Mr. Speaker, the dredging project that the Ports Authority is undertaking in the Bel Ombre district will assist fishermen in that district.

Work is expected to start later this year on the development of the infrastructure on Ile Du Port, and next year a budget allocation of SR 42 million has been set aside for this project. This will include new roads, infrastructure for waste disposal, water, electricity, and telecommunications. Ile du Port has been designated as a hub for the fish processing sector.

Mr. Speaker, starting from January 2025, the Seychelles Fishing Authority (SFA), in partnership with the European Union, will introduce a new pension scheme to encourage fishers to contribute towards their pensions on a voluntary basis. All fishermen interested in participating in this scheme will need to contribute 5%, and the SFA will contribute the other 5%. An amount of SR 500,000 will be budgeted annually by the SFA. In this scheme, the contribution will be based on the minimum salary.

The government is also facilitating negotiations between stevedores and the agencies that employ them to review their benefits.

23. The Agricultural Sector

Mr. Speaker, the budget for the agriculture sector for the year 2025 is SR 142 million. The government's priority remains to increase agricultural production, enhance added value, make the sector more sustainable, and introduce new technologies into the sector. The government continues to study the best ways to support this sector and therefore we will also improve the allocation of credit for investment in the agricultural sector and improve the knowledge of farmers and businesses.

Mr. Speaker, to facilitate access to financing for farmers, there will be certain amendments to the Agricultural Development Fund (ADF) scheme for the year 2025. Under this scheme, currently, agricultural land on a leasehold can be used as security for a loan up to the value of SR 350,000. We recognize that there is significant value in agricultural land, and such land is in demand. At the same time, we acknowledge that many farmers have limitations in other securities they can offer against a loan. Therefore, we are increasing the value of loans that can be secured with leasehold agricultural land to SR 850,000, provided that this represents no more than 70% of the value of the land. We are also encouraging transformation in the agricultural sector, and in line with this, we are ensuring that terms such as 'agro-tourism' and 'agro-forestry' are included in this scheme and well-defined to allow such projects to be financed under the ADF. Specialized

vehicles—meaning vehicles that require specific training to operate and that are used for agriculture—will also be covered.

Mr. Speaker, as I mentioned in the 2024 budget, we are revising the development fund for the agricultural sector. Major changes under this scheme include adding SR 5 million to this fund in the 2025 budget to add to the SR 63 million that the Government provided in 2024. Starting in 2026, the budget allocation under this fund will increase to SR 30 million per year.

This financial assistance will help support our farmers, given its preferential conditions. For example, a loan of up to SR 3 million will have an interest rate of 2.5% and for a loan above SR 3 million, the interest rate is just 5%. The maximum repayment period is 12 years. We expect that this financing facility will help farmers develop their projects and continue to increase local production.

Mr. Speaker, it is good to note that the budget includes subsidies for farmers producing:

- Chicken meat at SR 2.30 per kilo.
- Pork meat at SR 6.50 per kilo.

At the same time, there are also subsidies for slaughterhouse costs, where it currently costs SR 500 to slaughter a pig at the slaughterhouse. A farmer pays SR 200, and the government subsidizes SR 300. For chicken, the slaughterhouse fee is SR 7 today, where the government subsidizes SR 4 and the farmer pays SR 3.

In addition to this, the government also subsidizes transportation costs for animal feed and layer chicks from Mahé to the farmers on Praslin and La Digue.

A new research building has been constructed at a cost of SR 9.2 million. The genetic center for animal breeding has undergone a renovation at the cost of SR 3 million. Improvements have been made to the veterinary laboratory and clinic services, costing SR 2 million, and the construction of roads at certain farms has cost us about SR 10.7 million.

To continue investing in this sector, a budget allocation of SR 32.6 million is also being made for various agricultural projects for the year 2025. These include:

- SR 6.5 million for the construction of the Union Vale agricultural office;
- SR 3.5 million towards road projects;
- SR 3 million budgeted for irrigation systems;
- SR 8 million for the construction of a new slaughterhouse on Mahe, which will be located in zone 18 at Providence;
- The renovation of the Victoria Market began in 2023 and a budget allocation of SR 3.2 million has been set for 2025.

24. Law and Order

Mr. Speaker, if we want to keep on enjoying a good life, to thrive and keep on progressing as a nation, we need to ensure that there is law and peace reigning in our country. Without law and peace, all our achievements will amount to nothing. It is for this reason that one of the priority sectors in our National Development Plan 2024/2028 is to promote Law and Peace.

For the year 2025, the Ministry of Internal Affairs has been allocated a budget of SR 743.4 million. The Immigration and Civil Status Department has accomplished a lot this year, especially in using technology to offer their services to their clients. They have launched virtual identity cards on the 'SeyID' platform for all individuals who have permits to stay in Seychelles. They have also introduced 'CertExpress', an electronic platform that helps all Seychellois citizens obtain a birth, marriage, or death certificate without needing to visit the Ministry.

In 2022, Seychelles introduced its biometric passport. In 2024, Seychellois citizens residing in France, Great Britain, and the United Arab Emirates will be able to apply for and collect their passports in those countries. In 2025, this service will be implemented for our citizens in Australia and Canada.

Another project the Government is working on is the registration of births. Instead of parents having to travel to the registration office while the mother is on maternity leave, everything can be done at the hospital.

Mr. Speaker, in 2025, the Government will invest SR 103.9 million in the law and peace sector, through the following projects;

- An amount of SR 9 million is budgeted has been budgeted for the construction of the Perseverance police station, which is in the procurement stage, and will start in 2025;
- SR 2 million has been allocated for the construction of the Baie Ste Anne Praslin police station, which will be completed in the first quarter of 2025;
- SR 3.4 million has been allocated for the construction of accommodation for police department staff, which will start in 2025 -;
- SR 43.9 million has been allocated for the construction of the Marine Police facilities -;
- SR 5.5 million has been allocated for continuing the work on the Maximum Security Prison which we expect to complete in 2025 -;
- The first phase of the remand centre will be completed in November 2024. Construction for the second phase will start in 2025 and a sum of of SR 5 million has been projected for this; and,
- SR 10 million has been allocated for the construction of a new building for a medical section and a kitchen for the Prison Department.

25. Tax Policies

25.1. Revision of the tax structure on income and non-monetary benefits to introduce annual returns by individuals

Mr. Speaker, now let us move on to the new tax policies that the government is going to introduce.

Firstly, there is the tax on salary and non-monetary benefits, which was introduced in July 2010 after the social security deduction on salary was abolished. At present, this progressive tax rate ranges from 0 to 30%.

14 years later, the government is introducing another phase of reform on tax on salary and non-monetary benefits to introduce a tax declaration by individuals. The reason for this is that we recognize that many individuals are investing in their own future and that of their families, reducing dependence on government systems. Therefore, the government is working on a new salary tax structure to introduce deductions such as expenses that these individuals incur on their children's private schooling, healthcare expenses, additional voluntary pension contributions, interest paid on home loans, any insurance taken for medical or housing purposes, and interest paid on educational loans. Mr. Speaker, similar structures exist in other countries. This new structure will be implemented in two phases: In 2026, all individuals will register with the Seychelles Revenue Commission. In 2027, we will start the new tax structure on salary and non-monetary benefits to introduce a tax declaration by individuals and bring deductions into effect.

2025 will be dedicated as a consultation and preparation period with the private sector, so that all workers understand this reform well. Our goal is to simplify and remove any complications, especially using technology systems to facilitate this reform.

25.2. Removal of Withholding Tax on investments in the Digital Economy sector for five years.

Mr. Speaker, the government continues to encourage more companies to use more advanced technology in order to make their services more accessible to our population. This is always in line with our digital transformation strategy.

Therefore, to encourage further investments from other countries in the digital economy sector and also to accelerate investments in technology development, the Government will remove the 15% Withholding Tax currently applicable on technical services provided by foreign companies in the digital economy sector. This exemption will last for 5 years. We urge companies to take advantage of this benefit for the next 5 years and invest in technology.

25.3. Revision in accelerated amortisation for investments in software in the Digital Economy sector to three years.

We will also review the accelerated amortisation for investments in technology development, primarily software. Accelerated amortisation is a business tax method used to deduct a larger portion of its expenses in the initial years of investment. Currently, accelerated amortisation for investments in technology development, primarily software, is over a period of five years.

To add another benefit to the digital economy sector and encourage more investments in this sector, the Government will implement this accelerated amortization for investments in

technology development, primarily software, to just 3 years. This benefit will also last for 5 years.

25.4. Removal of Withholding Tax on interest received by individuals on investments in 'fixed deposits' with financial institutions.

Mr. Speaker, today there are financial instruments where withholding tax of up to 15% applies to this interest. Before a commercial bank pays an individual their interest, the commercial bank deducts this withholding tax and pays it to the Seychelles Revenue Commission and then pays this individual the difference.

Today, individuals who invest in companies and get paid a dividend or invest in treasury bills or bonds, get paid this interest or returns without withholding tax being applicable on these types of investments. Therefore, this individual receives his/her returns on this investment in full without any tax deduction.

Mr. Speaker, to encourage more options for investing in other financial instruments by individuals, we are removing the 5 percent withholding tax on fixed deposits that individuals invest with financial institutions.

25.5. Review of the personal allowance at the airport

Mr. Speaker, the government is revising the personal allowance on goods that a traveller can bring into the country. Currently, this limit is SR 5000 per traveller over 18 years and SR 3000 for those under 18. This no longer reflects the reality today given the changes that have occurred in prices.

Based on international norms and commodity prices, the government is reviewing the 'customs management (passenger allowance)' regulations and other legislation. The new personal allowances for a traveler will be as follows:

- a traveller will now be able to bring one electronic device including either a mobile phone, a electronic device, laptop or tablet into the country;
- other goods at a value of SR 15,000 for travellers over 18 years; and
- other goods for a value of SR 8,000 for travellers under 18 years

25.6. Tax Rate for Entities Offering Virtual Asset Services or Virtual Asset Providers Licensees under the Business Tax

Mr. Speaker, in September 2024, the legislation establishing the licensing framework for entities offering virtual asset services came into effect. These entities have until December 31, 2024, to apply for a license with the Financial Services Authority.

The government will apply a tax rate of 1.5% on the assessable income of all entities offering Virtual Asset Services. This tax rate is the same as the current rate for securities dealers in the financial sector.

25.7. Amendment to the Value Added Tax

Mr. Speaker, following consultations with the private sector, the government is amending the Value Added Tax law to clarify the provisions under this legislation.

The first component addresses concerns, and clarifies that levies remain independent of the evaluation of other taxes. An input tax credit schedule for transactions equal to or above SR 50,000 will also be introduced. We will also review the refund procedure, which includes not accumulating credits for more than three months. The procedures for voluntarily registering a business will be reviewed with the intention of detecting any potential fraud or uncollected revenue. These amendments will also introduce a transitional period allowing businesses to exit the VAT system.

25.8. Strengthening the Revenue Administrative act

i. Legislation for the Board governing tax and customs entities, known as TACAB

Mr. Speaker, we are also strengthening the legislation of the Board that governs tax and customs agencies, known as TACAB. The intention behind these amendments is to review the provisions in place, to enhance the Board's powers further. This will help TACAB conduct investigations when allegations arise from a business or the Seychelles Revenue Commission. Often, a tax service entity may act dishonestly and fail to submit the necessary documents to the SRC for its client, causing the client to incur penalties. A code of conduct for these agencies and penalties will be established. Provisions will also be included for suspending an agency.

ii. Strengthening Other Provisions under the Revenue Administration Law

Mr. Speaker, the government is strengthening other provisions under the Revenue Administration Law. The first component gives the Seychelles Revenue Commission the power to impose administrative sanctions for offenses committed. These sanctions will be monetary and serve as an additional measure for the SRC to use deal with offenses.

The second component of the amendments relates to the process used to recover debt accumulated by a taxpayer. A business can object to a decision if they are not satisfied with it. The responsibility is on the business to prove that the analysis performed by the SRC is unjustified based on concrete documents. However, often additional documents are submitted at the last minute to delay payment based on the analysis conducted. Therefore, amendments are proposed to increase the number of days we give a business to submit an objection. This will change from 60 days to 90 days. We are also introducing the amount of time the Revenue Commission has to work on an objection once they have received it, which is 120 days. Provisions will also be included for a business to pay the portion of the debt that is not disputed

25.9. Strengthening the Business Tax act

Mr. Speaker, in December 2022, a review was conducted on non-monetary benefits under the income and non-monetary benefits tax act. Therefore, since January 2023, these benefits have been taxed based on their actual cost or the taxable value under this law. A business can only deduct these non-monetary benefits under business tax act on the value that has been taxed under

the fourth schedule of the salary and non-monetary tax schedule. We propose amendments to ensure that the actual cost is also covered in the expenses that can be deducted under business tax act. In instances where the actual cost is not clear, the value used under the fourth schedule can be used.

Under the business tax act, there are expenses that cannot be deducted from your business income. This includes the business tax you have paid. However, we need to clarify that other taxes such as tourism marketing tax, value-added tax, and taxes paid on income and non-monetary benefits cannot be added to your expenses either.

In January 2023, new provisions to replace section 54 in the Business Tax Law on Transfer Pricing came into force. In October 2023, regulations under the business tax law for Transfer Pricing documentation were published. Based on these provisions, the Commissioner General at SRC determines the transfer pricing benefit. No obligation is placed on the business to see if an adjustment to their tax declaration needs to be made even though our tax regime is based on self-assessment. Therefore, amendments are proposed to clarify these provisions. An amendment will also be proposed to introduce transfer pricing schedules, a depreciation schedule, and also a schedule to view payments outside Seychelles.

26. Conclusion

Mr. Speaker, in conclusion, I want to return to the beginning of my speech, where I emphasized that all the budgets that our government has worked on till now, have shown that we have a very clear strategy for our country. We remain always responsible and disciplined in our spending. We ask everyone to work hard to continue to keep our economy growing. When fiscal space allows, we will continue to redistribute this success to everyone. We will keep on this same trajectory.

Mr. Speaker, I can tell Seychellois that the 2025 Budget is a positive one, addressing and impacting all sectors of our society. The 2025 Budget is proof that the government has a clear, realistic strategy and knows what it is doing. As a nation, we need to continue on this positive path.

Mr. Speaker, I would like to thank the President of the Republic, Mr. Wavel Ramkalawan, for his guidance and support in formulating this budget, where he has listened attentively and valued the expertise of technicians in his administration.

I also thank the Vice President, Ahmed Afif, all my fellow ministers, the ministries, departments, and agencies that have contributed to the preparation of the 2025 Budget.

I also thank the National Assembly for their support during the year.

To all Seychellois, on behalf of the government, I also say thank you for your hard work during these last years that have helped relaunch our economy, and today you are enjoying this success.

To the staff of my Ministry, I have always said and will continue to repeat that your dedication to your work and your level of professionalism is second to none. On behalf of the President and all members of this Administration, I say a big thank you.

Mr. Speaker, I finish as I started: today we are in a situation where we can present the largest budget in the history of Seychelles. Mr. Speaker, this has happened in less than 5 years. A budget that gives our people the rewards of our hard work and also makes available, funds to invest in economic and social infrastructure that will benefit our country for years and decades to come.

With this, Mr. Speaker, I recommend that the Appropriation Bill 2025 for a budget of SR 11,901,621,045 to authorize spending from the Consolidated Fund for the year 2025, be approved.

Thank you, Mr. Speaker

SECTION 2

Budget Strategy & Outlook

Budget Strategy And Outlook 2025

Estimates of Revenue and Expenditure and Appropriation Bill October 2024

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Acronyms and Abbreviations

AfDB	African Development Bank
ASP	Agency for Social Protection
ATT	Accommodation Turnover Tax
BT	Business Tax
CBS	Central Bank Seychelles
CJSOI	Commission de la Jeunesse et des Sports de l’Océan Indien
CPI	Consumer Price Index
CSR	Corporate Social Responsibility Tax
EFF	Extended Fund Facility
EOY	End of Year
ESL	Environmental Sustainability Levy
ET	Excise Tax
FDI	Foreign Direct Investment
FPCD	Financial Planning & Control Division
GDP	Gross Domestic Product
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
ICT	Information Communications Technology
IMF	International Monetary Fund
LMG	Locally Manufactured Goods
MDA	Ministries, Departments & Agencies
MEFP	Memorandum of Economic & Financial Policies
MFAD	Macroeconomic Forecasting & Analysis Division
MoFNPT	Ministry of Finance, National Planning & Trade
NBS	National Bureau of Statistics
NDC	Nationally Determined Contributions
NDS	National Development Strategy
OPEC	Organisation of Petroleum Exporting Countries and other partner countries
OT	Other Tax
PIM	Public Investment Management
PIT	Personal Income Tax
PMC	Property Management Corporation
PSIP	Public Sector Investment Program
PUC	Public Utilities Corporation
SEEREP	Seychelles Energy-Efficiency and Renewable Energy Programme
SIDS	Small Island Development States
SOE	State Owned Enterprise
SPTC	Seychelles Public Transport Corporation
SRC	Seychelles Revenue Commission
TMT	Tourism Marketing Tax
UNDP	United Nations Development Programme
VAT	Value Added Tax
WEO	World Economic Outlook

About this document

This document sets out the economic and fiscal context for the 2025 Budget. It presents an overview of Seychelles economy, provides revenue and expenditure estimates for 2025 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

Global economic activity in 2024 has shown resilience despite persistent challenges from geopolitical tensions and restrictive monetary policies. Global growth is expected to stabilize at about 3 per cent for both 2024 and 2025. While inflation is projected to continue its downward trend, underlying price pressures, particularly in services, remain elevated. As a result, central banks are likely to maintain a cautious stance in easing policy rates. Emerging markets, such as China and India, are projected to grow strongly, while advanced economies are expected to face slower momentum due to weaker investment and trade performance.

International developments

The global economy grew by 3 per cent in 2023, driven by resilient consumer demand and a recovery in the services sector. However, high interest rates and geopolitical uncertainties, such as the ongoing war in Ukraine and recent conflict in the Middle East, tempered more robust growth prospects. Inflation peaked in 2023 and started to moderate in early 2024, with headline inflation in G20 economies expected to drop to 5.4 per cent by the end of the year. Advanced economies experienced slower growth due to disruptions in supply chains and weakened external demand, while emerging Asia, led by strong domestic consumption in China and India, outperformed.

For 2024, global growth is expected to maintain its pace at 3 per cent, reflecting a delicate balance between declining inflation and moderating growth. Advanced economies are projected to expand at an average of 1.7 per cent, with the euro area and Japan showing modest recovery, and the United States growing at 2.6 per cent. Meanwhile, emerging markets are set to grow at 4.3 per cent, supported by robust domestic demand and recovering trade. Although inflation is easing, it remains elevated in the services sector, necessitating a cautious approach from central banks. Key risks to the outlook include tighter financial conditions, geopolitical tensions, and potential trade disruptions.

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

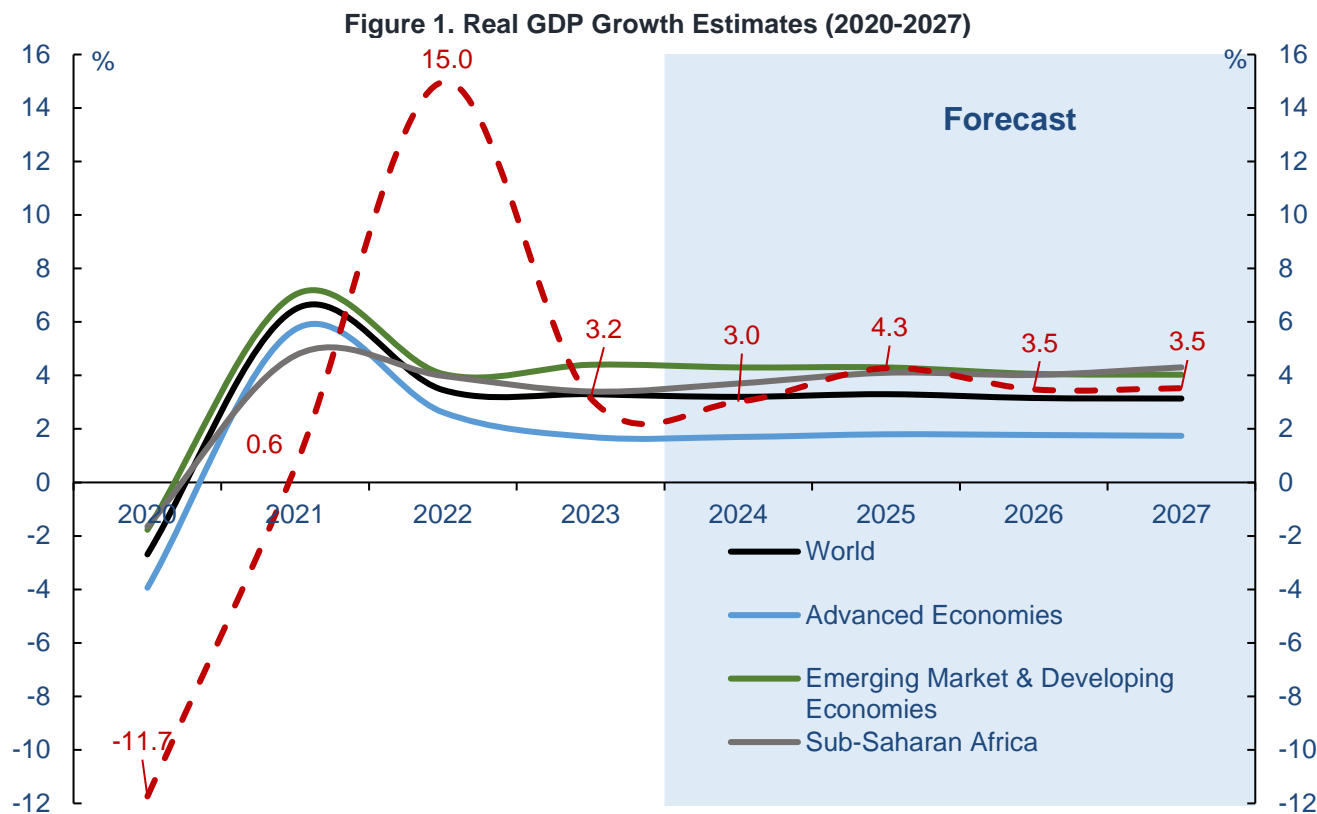
	World GDP Growth (%)		
	2023	2024	2025
IMF	3.3	3.2	3.3
OECD	3.1	3.2	3.2
World Bank	2.9	2.7	2.5
Fitch Ratings	2.6	2.7	2.7
Average:	3.0	3.0	2.9
Seychelles:	3.2	3.0	4.3

Source: IMF; OECD; WB; Fitch Ratings, and MoFNPT MFAD¹

¹ IMF World Economic Outlook update July 2024; OECD Economic Outlook September 2024; World Bank Global Economic Prospects June 2024; Fitch Ratings Global Economic Outlook September 2024; and MoFNPT Macroeconomic Forecasting and Analysis Division.

In 2025, global growth is expected to remain steady at 2.9 per cent, with inflation continuing to ease further. Headline inflation in G20 economies is projected to decline to 3.3 per cent, while core inflation in advanced economies should align with central bank targets at 2.1 per cent. Growth in advanced economies is expected to stabilize at 1.8 per cent, supported by improving financial conditions and a gradual recovery in investment. However, as the effects of policy tightening subside, growth in the United States and the euro area is likely to slow.

Emerging markets are expected to sustain robust growth, with China and India leading the way. China’s growth is forecasted to decelerate slightly to 4.5 per cent due to structural challenges in the real estate sector, while India is poised to maintain strong momentum at 6.8 per cent, driven by resilient consumption and investment. Latin America and the Caribbean are likely to see a modest recovery, with Brazil benefitting from supportive fiscal policies and a rebound in commodity prices. Despite these positive developments, risks such as high debt levels, tight financing conditions, and geopolitical uncertainties will require careful monitoring to sustain the recovery through 2025.



Source: IMF World Economic Outlook July 2024, NBS and MoFNPT MFAD.

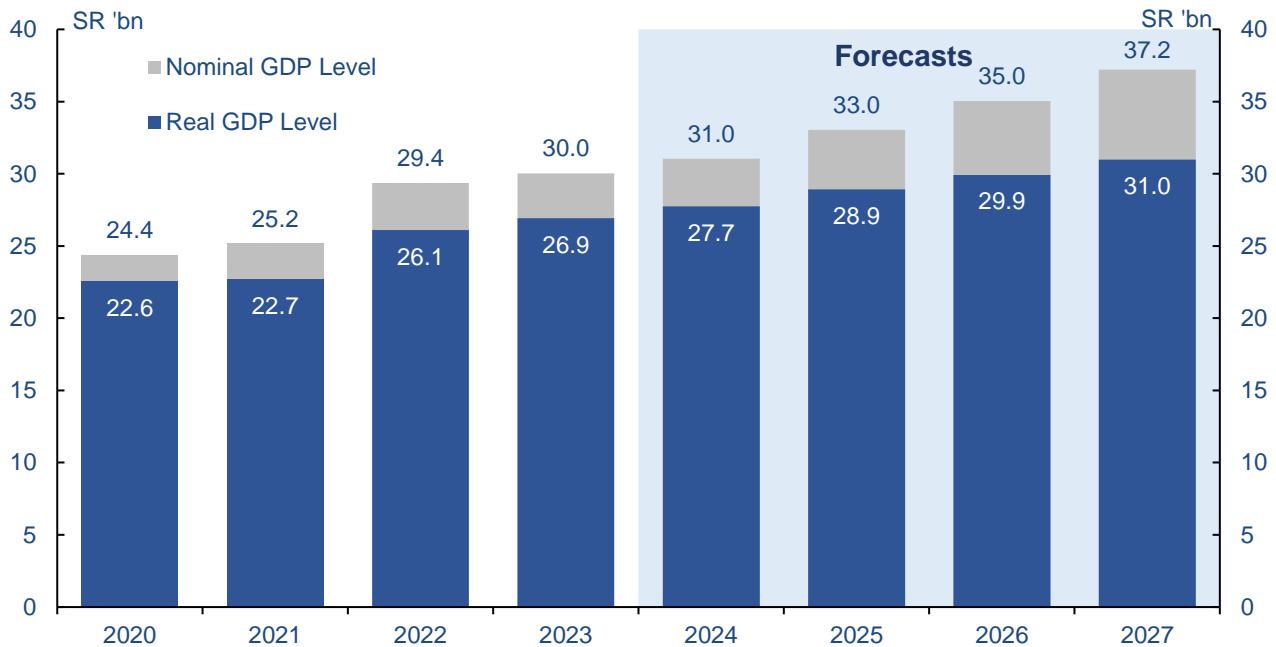
Domestic Outlook

2024 context

Seychelles’ 2024 economic growth is expected to remain moderate at 3 per cent, maintaining the momentum from 2023. The growth is on the back of a modest visitor arrivals growth forecast of 2 per cent which would amount to about 357,900 visitors. The growth is also supported by strong output in the information and communication technologies sector, while production volume growth from the agriculture and fisheries sectors are expected to remain positive.

In contrast, estimates suggest slowed economic activity in the manufacturing sectors for 2024. No significant growth is expected in the manufacturing of fishery products, while the manufacturing of beverages sector growth hovers at a modest 2 per cent. Moreover, the partial halting of concrete and rock material production has resulted in a contraction of the other manufacturing sector; however, output indicators suggest that this interruption has had limited impact on the construction sector growth.

Figure 2. Seychelles Nominal GDP Level and Real GDP Level (2020-2027)



Source: Macroeconomic Forecasting & Analysis Division estimates, MoFNPT

2025 Projection and the Medium term

For 2025, GDP growth is projected at 4.3 per cent, mainly attributed to growth in tourism related activities such as ‘Accommodation and food service’, and ‘Administrative and support service’, estimated at 5.0 per cent and 3.0 per cent respectively. This increased tourism sector activity is based on the 2025 visitor arrivals growth forecast of 3.5 per cent. The combination of increased visitors and major public events also bolsters the growth of the beverages manufacturing industry as well as the wholesale and retail sector. The strong 10 per cent growth of ICT activity is also supported by growing tourism in addition to the country’s goal of increased digitalisation.

Furthermore, the concrete and rock material production sector is expected to begin recovery and further support an estimated 6 per cent growth of the construction sector.

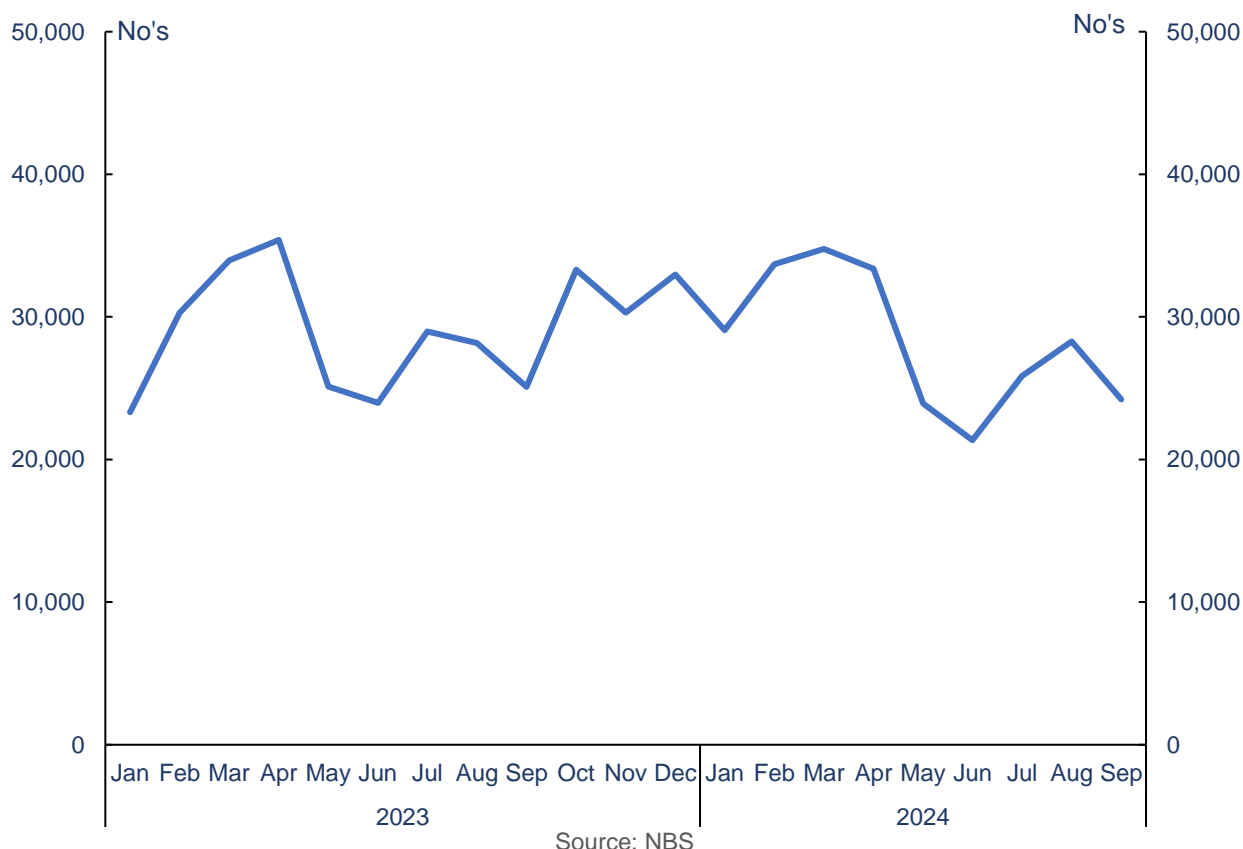
Over the medium term, real GDP growth is projected to average 3.5 per cent supported by the steady visitor arrivals growth trajectory and the continuous development of various sectors, particularly tourism and ICT.

Real Sector

Tourism

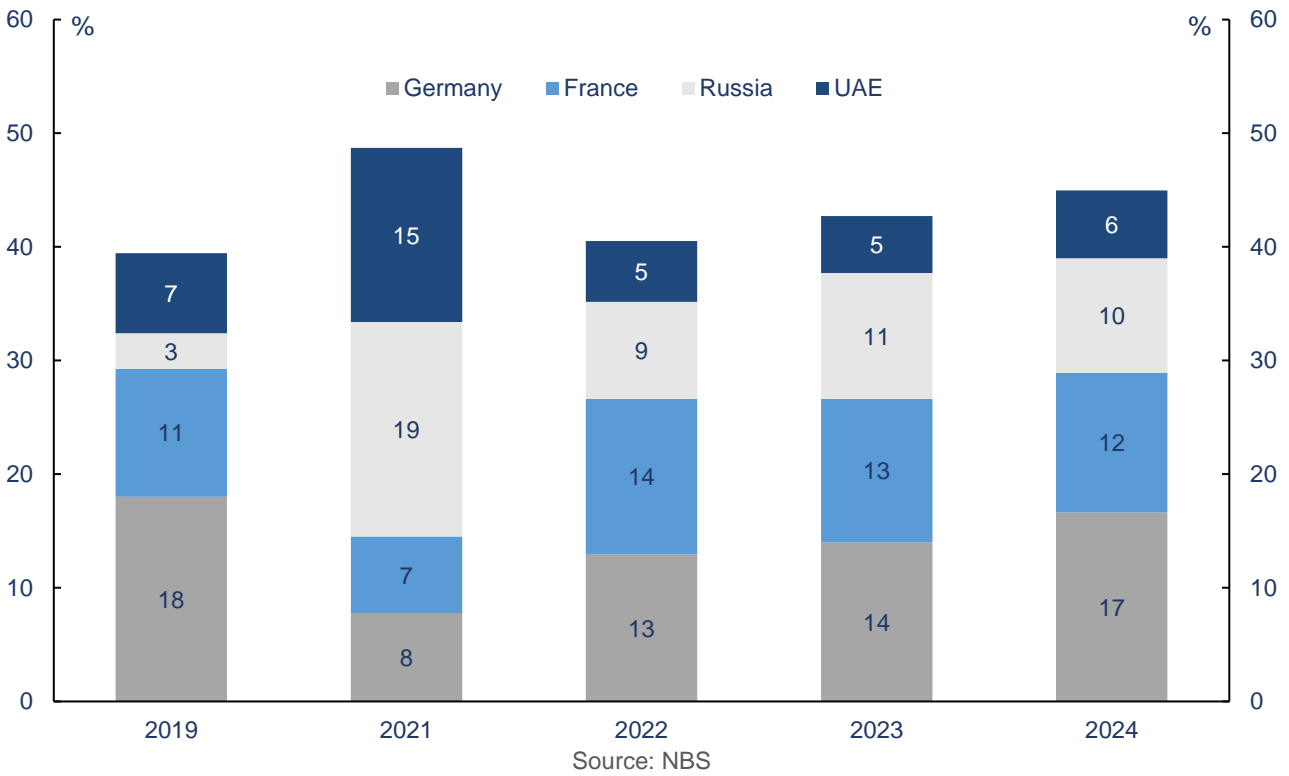
The global performance, international tourism reached 790 million in the first seven months of 2024 which is about 96 per cent of pre-pandemic levels². In the context of Seychelles, the year-to-date tourism arrivals have reached about 66 per cent of pre-pandemic levels. The tourism 2024 outlook for Seychelles remains positive, with an expected arrivals growth of 2 per cent over 2023 which amounts to about 357,900 visitors. As shown in the figure below, as at the end of September 2024, visitor arrivals stood around 255,000, or 0.4 per cent lower than what was recorded in the same period last year, this is mainly attributed to the drop in arrivals during the off-peak season. Europe remains the main market, with a year-to-date share of 73 per cent of total arrivals, with 17 per cent of visitors coming from Germany, 12 per cent from France and 10 per cent Russia. Asia is the second largest market holding a share of 16 per cent, with 6 per cent of visitors coming from United Arab Emirates. As a result of the forecasted tourist arrivals performance, positive growth is expected in the main tourism-related sectors, namely ‘Accommodation and food service’ and ‘Transportation and storage’.

Figure 3. Monthly arrivals (2023-Sep 2024)



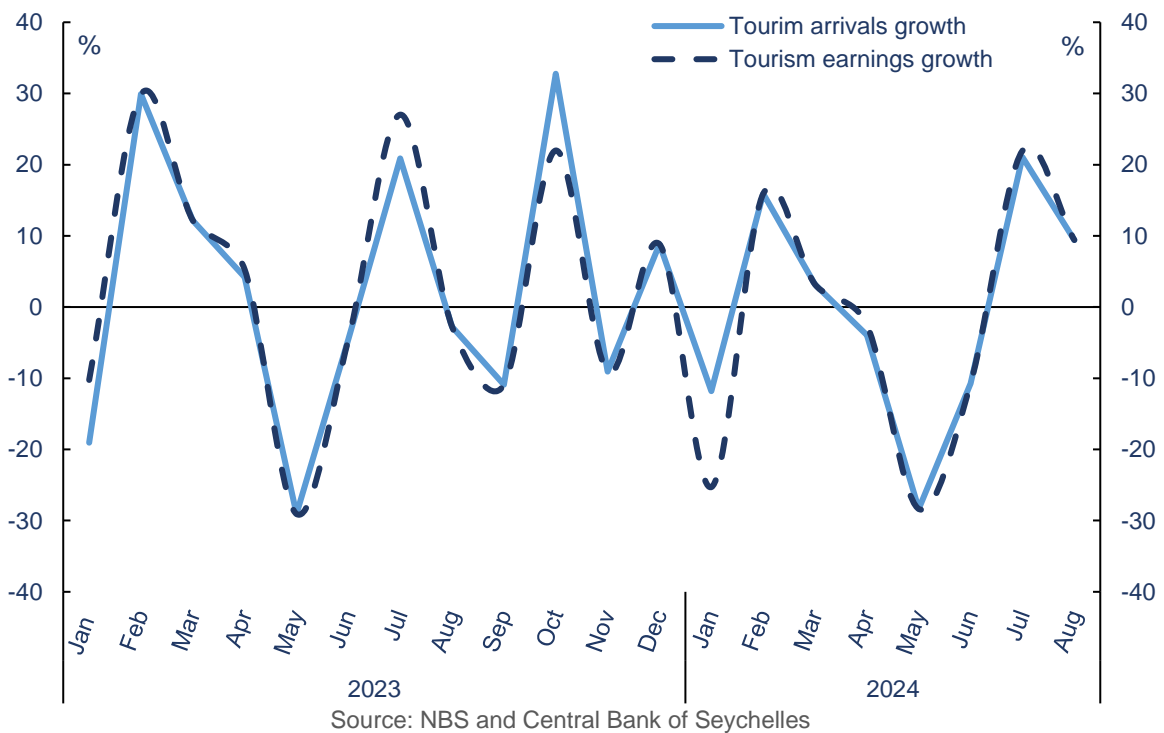
² United Nations World Tourism Outlook

Figure 4. Comparison of main market arrivals' share Jan-Sep (2019-2024)



In terms of tourism earnings, as at August 2024 total earnings amounted to USD 539m which is about 17 per cent lower than what was recorded in the same period in 2023. The graph below shows a comparison in tourism earnings and arrivals over the period of 2023 to August 2024.

Figure 5. Growth (month on month) comparison in tourism earnings and tourism arrivals (2023- Aug 2024)

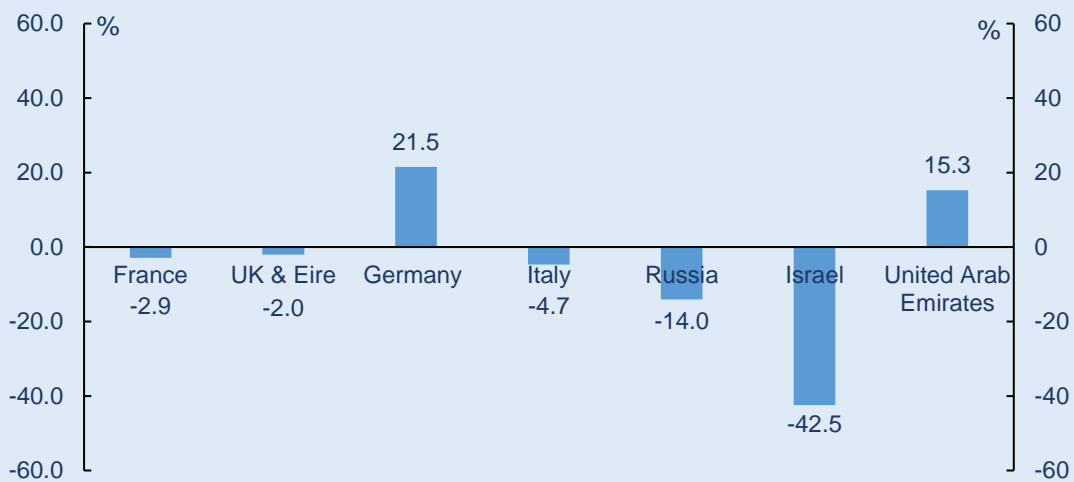


Box 1: Revised Tourism arrivals forecast

2024 tourism performance

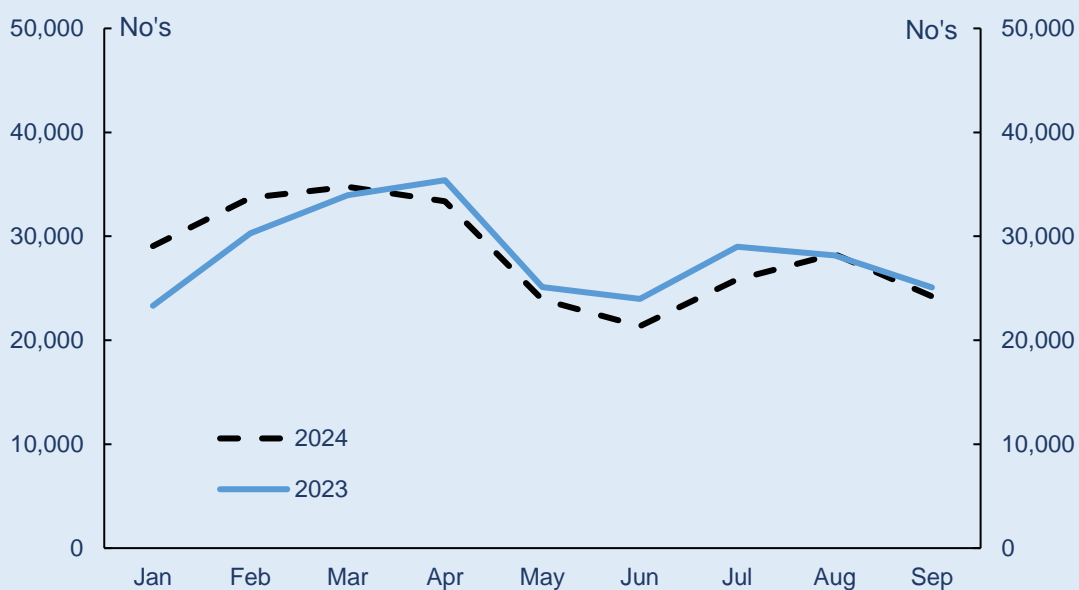
As at 29th September 2024, total arrivals stood at 253,736, which represents a negative growth of 0.4 per cent. When looking at the performance of some of the main markets, Germany and UAE have been performing well with positive growth over 2023, while France, Italy, Russia and Israel have recorded a decline in arrivals compared to the same period last year as shown in Figure 6. Looking at the first quarter of 2024, a total of 97,517 visitors were recorded, which is about 1 per cent higher than the same period in 2023. For the second quarter of 2024, only 78,651 visitors were recorded. This is 19 per cent lower than what was recorded in Q1 and 7 per cent lower compared to the same period last year (see Figure 7). The drop in arrivals is attributed mainly to the connectivity issues. Turkish Airlines, Condor, Edelweiss and Aeroflot seized their operations in Q2 and is expected to resume in the last quarter of the year, due to the seasonal schedules whereby airlines operate based on demand, route profitability and aircraft availability. This resulted in the absence of direct flights connecting Seychelles to Europe, which is the primary market for the destination.

Figure 6. Main markets' growth comparison Jan-Sep (2024 vs 2023)



Source: NBS

Figure 7. Monthly arrivals comparison Jan-Sep (2023-2024)

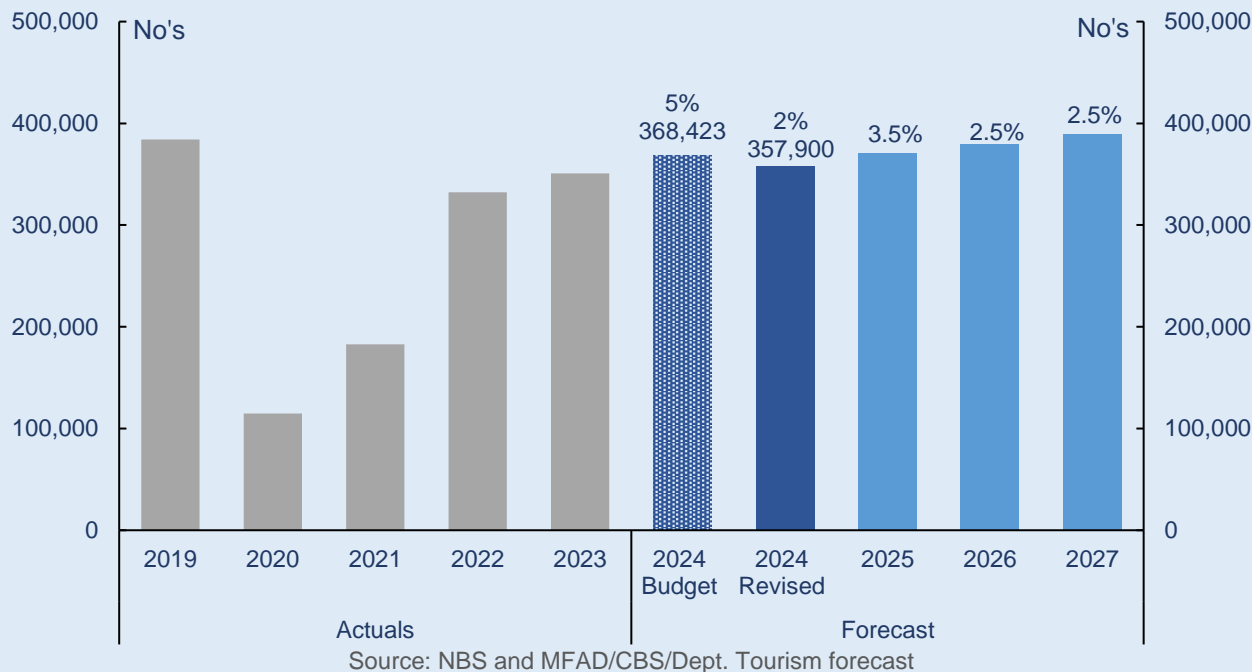


Source: NBS

Tourism forecasts

Due to the aforementioned factors, the tourism arrivals growth forecast for the year 2024 has been revised to 2 per cent from the initial Budget forecast of 5 per cent, giving an estimated total of 357,900 visitors for 2024. For 2025, arrivals are expected to grow by 3.5 per cent taking into consideration several anticipated factors, such as the FIFA Beach Soccer World Cup, as well as the opening of new hotels. However, there are potential risks given the on-going conflict in the Middle-East, which might affect the tourism outlook for 2025 (see Fiscal Risk Statement 2025 for simulations). Over the medium term, tourism arrivals is expected to grow moderately at a rate of 2.5 per cent and surpassing 2019 pre-pandemic levels by 2027.

Figure 8. Tourism arrivals forecast (2024-2027)



Agriculture and Fisheries

The **agriculture** sector is expected to grow by 3 per cent in 2024, based on Quarterly National Accounts data, which shows robust growth in the first half of the year compared to the same period last year. Production statistics reveal significant year-on-year increases in cattle and egg production of 40 per cent and 19 per cent, respectively, though pig and chicken production have decreased. Additionally, Government policy, as outlined in the National Development Strategy (NDS), continues to prioritise this sector in line with objectives to diversify the economy and increase food security. The growth outlook for 2025 and the medium term is expected to remain at 3 per cent.

The **fisheries** sector’s growth has been maintained at 5 per cent for 2024, mainly on the basis of policy stance. Efforts to improve fisheries related infrastructure and enhance value chains continued in 2024. Further development is expected in the sector, with 2025 and medium-term growth estimated at a steady 3 per cent per year.

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. No significant growth is being foreseen in this sector for this year, consistent with the latest available production statistics which indicate relatively low canned tuna production volumes over the first half of the year. The slowdown in production comes as a consequence of shifting demand and labour supply challenges. On the other hand, the manufacturer has indicated optimistic canned tuna production targets for 2025 following heavy investment and re-evaluation of strategies. Therefore, the manufacturing of fishery product sector is forecasted to grow by 8 per cent in 2025, while medium term growth projections average about 3 per cent.

The '**Manufacturing of beverage and tobacco**' sector growth is projected at 2 per cent for 2024. Production statistics over the first half of the year indicate 14 per cent growth in soft drink production but suggest no significant increase in beer & stout. Overall beverage consumption is anticipated to increase over the second half of 2024. For 2025, the sector is projected to grow by 4 per cent, as a result of an expected bump in demand for beverages brought on by the range of major events planned throughout the year, including the 2025 FIFA Beach Soccer World Cup, as well as political rallies leading up to the 2025 elections.

The '**Manufacturing - other**' sector, which mainly consists of the production of concrete, rock products, and paints, is projected to contract by about 5 per cent during 2024. The contraction follows the aftermath of the 7th December explosion in the Providence industrial area. The disaster forced many businesses in the surrounding area, including one of the main manufacturers of concrete and rock product, to halt operations. While production statistics suggests a 20 per cent fall in concrete and rock production over the first quarter, production volumes in the second quarter indicate a notable uptick suggesting initial recovery of the sector following heavy investment and increased output from other industry players. For 2025, the sector's growth is projected at 3 per cent as further investment is anticipated with the aim to increase production capacity.

Construction

The **construction** sector remains robust with 6 per cent growth forecasted for 2024. Construction activities continue, maintaining the momentum from the range of major construction projects, particularly tourism establishments, which are on track. This is also reflected in the strong year-to-date VAT collections from this industry, already outperforming the total 2023 VAT collections by 37 per cent. The industry is expected to carry forward this momentum over to next year with projections at 5 per cent for 2025, and 3 per cent over the medium term as major construction developments progress.

Wholesale and retail

The **wholesale and retail** sector is expected to grow by 2 per cent in 2024, given that VAT receipts from this sector have been over-performing on a year-to-date basis, followed by positive outlook for domestic fuel sales and fuel re-export which are key components under this activity. However, this was slightly offset by a year-to-date deficit under Excise tax for petroleum. For 2025, this sector is expected to grow by 3 per cent, taking into account some of the events taking place namely the Beach Soccer World Cup, the CJSOI and the presidential and parliamentary election. The medium-term sector growth is projected at an average of 3 per cent.

Information and Communication Technology

The Seychelles' **ICT** sector has been achieving double-digit growth over recent years. The data traffic statistics for the first half of 2024 shows a significant increase of 54 per cent over the same period in 2023. This is supported by the Government's continuous efforts to digitalise most of its transactions and processes, along with the positive outlook for the tourism arrivals. Given this strong year-to-date performance, this sector is expected to grow by 10 per cent in 2024 and maintain this growth in 2025. Over the medium term, the sector is projected to grow at an average of 8 per cent as new technology and ICT solutions are applied throughout various industries.

Box 1: Climate Finance Resource Mobilisation Strategy

As a Small Island Developing State (SIDS), Seychelles confronts distinct challenges such as rising sea levels, escalating temperatures, and shifting weather patterns. These issues present serious risks to the nation’s economy, environment, and communities. Key sectors vulnerable to these changes include fisheries and the broader Blue Economy, tourism, agriculture, and water resources, along with coastal infrastructure. Additionally, the islands’ rich biodiversity, essential for both their natural heritage and economic activities, is also at significant risk.

Seychelles is dedicated to its climate obligations including international climate agreements, such as the Paris Agreement, and submitted its updated Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2021. These updated NDCs underscore the critical need for financial support to effectively implement both mitigation and adaptation strategies aimed at enhancing resilience and reducing greenhouse gas emissions.

Recognizing the cross-sectoral impact of climate change, Seychelles has integrated key adaptation and mitigation objectives from the NDCs into its National Development Strategy (NDS) for 2024-2028, particularly in Priority Area 6: Environmental Sustainability and Climate Change Resilience. This Priority Area outlines strategies and targets for lowering greenhouse gas (GHG) emissions, transitioning to renewable energy, and improving energy efficiency, all in line with Seychelles' commitments under the updated 2021 NDCs. The goals include a 26.4 per cent reduction in economy-wide GHG emissions by 2030 compared to a business-as-usual scenario and achieving net zero emissions by 2050.

This strategic alignment between the NDS and NDCs ensures that investment decisions are closely tied to the anticipated outcomes of the NDCs. To implement these commitments by 2030, the Government of Seychelles estimates that it will need over USD 670m, with 49 per cent (approximately USD 331.5m) allocated for mitigation efforts and 51 per cent (around USD 339m) for adaptation initiatives. The charts below illustrate the components and their cost share in terms of mitigation and adaptation.

Figure 9. Cost of mitigation per sector (USD' m)

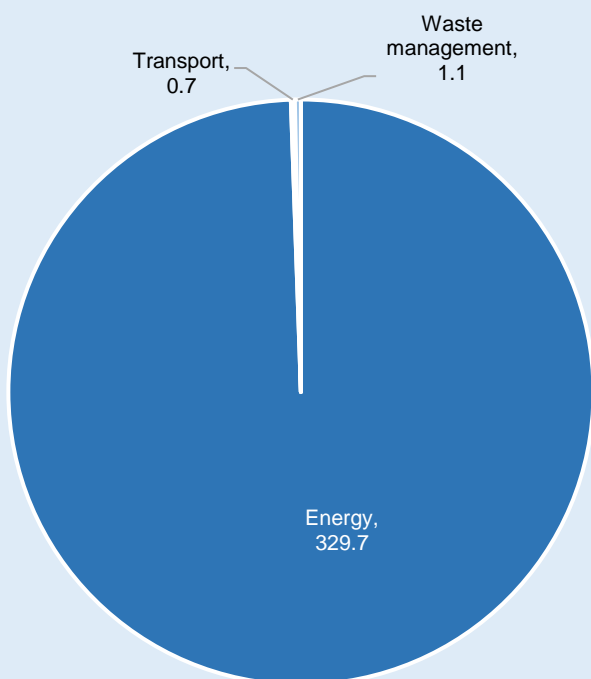
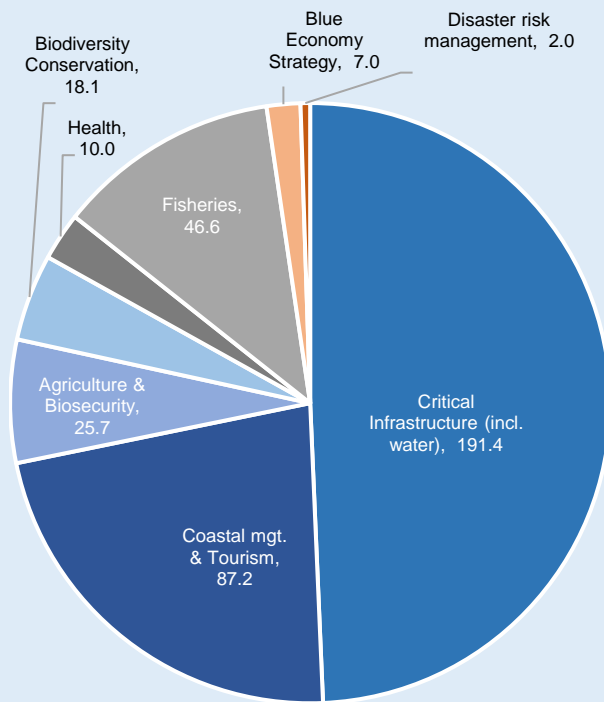


Figure 10. Cost of adaptation per sector (USD' m)



Seychelles' Updated NDCs

More recent estimates, such as the Country Focus Report from the African Development Bank (2023), indicate that Seychelles will need approximately USD 1.25bn by 2030 to effectively address climate change. This amounts to around USD 113.6m annually. Additionally, the report reveals that from 2010 to 2020, Seychelles received a total of USD 376.6m in climate finance from development partners, averaging USD 34.3m per year. This results in a financing gap of about USD 79.3m annually. This gap underscores the urgent need for a coordinated and robust approach to mobilizing climate finance from a variety of sources while ensuring debt sustainability.

While an exact, internationally-accepted definition of "climate finance" has yet to be established, it typically refers to the financial resources mobilized to support both mitigation and adaptation efforts aimed at addressing the impacts of climate change. This includes public finance commitments made by developed countries under the UNFCCC. Accessible and reliable climate finance is crucial for achieving low-carbon, climate-resilient development, particularly for Small Island Developing States (SIDS) such as Seychelles.

To this end, the Ministry of Finance, National Planning & Trade, supported by the Commonwealth Climate Finance Access Hub (CCFAH), and the NDC Partnership is developing a Climate Finance Resource Mobilization Strategy (CFRMS), aligned with the commitments of the Resilience and Sustainability Facility (RSF), an IMF-supported initiative that provides up to USD 46m in funding. The RSF aims to enhance resilience to climate change by addressing obstacles to climate-related investments and promoting the integration of climate considerations into macroeconomic policies and frameworks

The CFRMS will cover the period from 2025 to 2030 and will focus on the following key objectives:

1. Identify and Access Diverse Funding Sources
2. Enhance Coordination and Collaboration
3. Develop a Sustainable Financial Mechanism
4. Build Capacity and Raise Awareness
5. Monitor and Evaluate Progress
6. Mainstream Climate Change into all development planning and Budgeting

The CFRMS will leverage Seychelles' strengths in climate action and in accessing development finance to secure the necessary resources for addressing climate challenges. These strengths include:

Leadership in Climate Biodiversity and Conservation: Seychelles is recognized as a leader in climate biodiversity and conservation, actively advocating for global initiatives like the Multidimensional Vulnerability Index (MVI) and the Loss and Damage Fund, promoting financing solutions to tackle climate issues.

National Consensus on Climate Impact: There is broad agreement on the negative effects of climate change on Seychelles' natural environment and socio-economic development, which fosters political will and public support for effective climate action.

Strong Partnerships: Seychelles has established robust partnerships with bilateral and multilateral organizations, as evidenced by its participation in the IMF-backed Resilience and Sustainability Facility (RSF) and its ongoing involvement in international forums, including the Conference of Parties (COP).

Experience with Innovative Financial Instruments: Seychelles has successfully utilized innovative financing mechanisms such as the Blue Bond and Debt-for-Nature Swap. These pioneering initiatives have set a precedent for creative financial solutions to address climate change and can serve as a foundation for exploring new and effective tools for climate finance.

In developing and implementing the Climate Finance Resource Mobilization Strategy, we must anticipate several key challenges:

- **Limited access to concessional financing** for development due to High-Income Status: Seychelles' classification as a high-income country complicates, necessitating a shift towards more expensive financing sources.
- **Vulnerability to External Shocks:** Events such as the COVID-19 pandemic and recent conflicts in Eastern Europe and the Middle East have highlighted the risks posed by global disruptions, leading to significant macroeconomic challenges, especially negative shocks to the key economic sectors

- **Absorption and Implementation Capacity** is exemplified by persistent under-execution of capital projects within the public Budget, including for climate initiatives. From 2017 to 2022, the average execution of capital expenditure was -41.6 per cent relative to the initial Budget, with a staggering 61.1 per cent under-execution rate in 2022, amounting to approximately 3.5 per cent of GDP (SR 933m), marking a 9 per cent increase from 2021.
- **Policy and Legal Frameworks:** Existing policies and legal frameworks will require thorough review and updates to align with current needs and objectives.

By addressing these challenges and meeting these objectives, Seychelles seeks to strengthen its climate resilience, lower its carbon footprint, and support global climate initiatives, all while fostering sustainable development and enhancing the well-being of its citizens. The CFRMS outlines several options for raising climate finance, including exploring the possibility of establishing a National Financing Vehicle, implementing Debt-for-Nature or Debt-for-Climate swaps, issuing Green /Blue Bonds, and developing Carbon Market mechanisms, among other strategies.

Key initiatives in the climate finance sector include:

- The United Nations Development Program (UNDP) is working closely with the Ministry of Finance to create Long-Term Low-Emission Development Strategies (LT-LEDS) for the nation.
- Additionally, the Ministry of Finance, in collaboration with the Ministry responsible for Climate Change and Environment, co-chairs the Climate Finance Technical Working Group. This forum unites key stakeholders to foster dialogue and cooperation.
- A climate tagging initiative for the Government's annual Budget is also in progress, supported by the IMF Fiscal Affairs Department. This initiative will enable the identification and tracking of public sector expenditures on mitigation and adaptation measures, enhancing transparency and providing valuable insights into climate-related spending. Similarly, the Government is committed to a process of disaster risk tagging supported by the Disaster Risk Management Division (DRMD) and the United Nations Office for Disaster Risk Reduction (UNDRR).
- The Government is actively pursuing innovative climate finance initiatives, including the Fund for Responding to Loss and Damage. This fund is dedicated to addressing the economic and non-economic impacts of climate change, particularly for developing countries that are especially vulnerable to its adverse effects. The fund aims to support countries in coping with losses linked to extreme weather events and gradual environmental changes.
- Seychelles' forthcoming NDCs 3.0 will build on the momentum established by the updated NDCs of 2021, incorporating enhanced commitments to both mitigation and adaptation. This new framework aims to reinvigorate the country's broader climate action agenda. The updated NDC is set to be submitted to the UNFCCC in March 2025.
- In line with its commitments under the Paris Agreement, the Government, with support from the United Nations Environment Program (UNEP), is actively developing a Biennial Transparency Report (BTR). This report will outline the country's efforts in implementing mitigation and adaptation measures, as well as its strategies for reducing and tracking greenhouse gas emissions in accordance with its Nationally Determined Contributions (NDCs). The BTR is scheduled for completion by December 2024.

The Ministry of Finance, National Planning, & Trade (MoFNPT) and the broader Government of Seychelles remain committed to collaborating with like-minded partners towards a shared vision for sustainable and inclusive finance for climate action. Leveraging existing networks and partnerships to ensure resources are directed where they are most needed remains a key consideration. By developing and implementing climate-smart solutions today, we are strengthening Seychelles' resilience to future challenges.

Monetary Sector

Overview

The primary objective 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.

In 2024, CBS maintained accommodative monetary policy conditions to support domestic economic activity. Notably, the MPR was lowered by 25 basis points from 2.0 per cent to 1.75 per cent as of the second quarter of 2024 and was maintained at that rate for the rest of the year. Concurrently, the interest rate on the SDF and SCF was reduced to 0.25 per cent and 3.25 per cent, respectively.

There were mixed movements in the short-term market interest rates. In August 2024, the average interest rate on saving deposits was 1.46 per cent, while the average return on fixed-term deposits was 2.80 per cent. As for the average lending rate, this stood at 9.83 per cent. The average yield on Government securities rose as of June 2024, on account of higher volume of issuance. As at September 2024, the 91-day, 182-day and 365-day T-bills stood at 2.86 per cent, 3.14 per cent and 3.33 per cent, respectively.

In the months ahead, continued support to the economy remains key to encourage economic activity. However, global uncertainties, ongoing geopolitical tensions and trade disruptions pose a significant threat to the domestic economic recovery. 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) showed an increase in the average prices of goods and services in year-on-year terms, as of May 2024. The marginal uptick in domestic prices reflected the combined effects of a weaker domestic currency and higher electricity tariffs. In September 2024, the year-on-year inflation rate was 0.6 per cent, whilst the 12-month average inflation rate stood at *negative* 0.7 per cent.

Looking ahead, domestic price dynamics will remain dependent on developments in international commodity prices. Oil prices peaked at USD 90 per barrel in April 2024 when compared to USD 80 per barrel in January 2024. This outcome reflected price pressures from the geopolitical tensions in the Middle East and persistent oil production cuts by the Organisation of Petroleum Exporting Countries and other partner countries (OPEC+). However, oil prices softened to USD 74 per barrel in September 2024 on account of sluggish global demand for oil. Nevertheless, fuel prices are expected to increase in the upcoming months given the intensification of the geopolitical conflict in the Middle East, particularly the escalation between Israel and Iran in early October 2024, as well as prolonged production cuts by OPEC+.

International food prices have generally increased since the beginning of the year primarily due to stronger demand as well as the lower supply of key commodities such as vegetable oils, meat and sugar.

In the months ahead, food prices are expected to rise in line with higher demand for various commodities and potential adverse weather events. This outlook could be further exacerbated by higher freight costs and longer shipping routes associated with the geopolitical conflicts in the Black Sea region and in the Middle East.

The domestic economy is projected to grow by 4.3 per cent in 2025, primarily supported by the tourism industry. The increase in economic activity is anticipated to be accompanied by a rise in the import of goods and services. Taking into account the expected uptick in international food and oil prices, demand for foreign exchange is likely to increase and thus potentially lead to a year-on-year depreciation of the rupee in 2025. As such, domestic prices of goods and services are anticipated to increase in 2025 and remains subject to several risks such as the geopolitical risks, geo-economic fragmentation and trade disruptions.

Credit

Expansion in local currency credit disbursed to the private sector was a key driver of economic activity in 2024. However, a more sluggish recovery was observed in loans denominated in foreign currency, as demand for such facilities was subdued, given that interest rates were higher as a result of the tight global financial conditions.

The total stock of outstanding domestic credit as at August 2024, grew by 7.0 per cent (SR 1,106m) compared to the same month in 2023. This outcome was as a result of increases in 'Claims on private sector' and 'Claims on public entities', by SR 1,030m (11 per cent) and SR 151m (15 per cent), respectively. The rise in the stock of outstanding credit to the private sector was primarily attributed to an increase of 15 per cent (SR 1,176m) in loans denominated in local currency. Over the same period, there was a notable fall of 8.7 per cent (SR 145m) in the stock of foreign currency loans, in rupee terms. In USD terms, the balance of foreign currency loans declined by 13 per cent (USD 15m). As for 'Claims on Government', this fell by 1.4 per cent (SR 75m) reflective of lower domestic financing needs by Government.

Analysis of the distribution of private sector credit compared to 2023 indicated a growth in the categories of 'Individuals & Households' by 28 per cent (SR 449m), 'Mortgages' by 17 per cent (SR 316m), 'Wholesale and Retail Trade' by 14 per cent (SR 137m), 'Telecommunications, Computer & Information' by 10 per cent (SR 52m) and 'Manufacturing' by 25 per cent (SR 37m).

The two Private Sector Relief Schemes - the Micro, Small and Medium Enterprises (MSMEs) and Large Enterprises - closed in March 2022. As at August 2024 and in year-on-year terms, there was a reduction of SR 20m and SR 33m in the stock of outstanding credit under the MSMEs and Large Enterprises schemes, correspondingly. This was due to ongoing repayments towards the facilities. Therefore, the outstanding balance at the end of August 2024 was SR 26m and SR 32m, respectively.

External Sector

Balance of Payments

Preliminary estimates indicate a deterioration in the country's external position in 2024 relative to the previous year. The current account deficit as a percentage of GDP is projected at 11 per cent, compared to a deficit of 7.2 per cent in 2023. The underlying factors for this worsened balance of payments projection are the increase in imports this year, coupled with a reduction in the value of services exports.

Current Account

The trade deficit is projected to narrow from USD 885m in 2023 to USD 880m in 2024. The value of imported goods is forecasted at USD 1,481m compared to USD 1,427m last year. This growth is due to an increase in imports of manufactured goods, partly related to Foreign Direct Investment (FDI) and other capital projects. Another contributing factor is the higher volume of oil imports during the year, whereby its value is projected to rise from USD 279m in 2023 to USD 294m. Exports of goods are estimated at USD 600m, above the outcome for 2023 by USD 58m. This is attributed to the higher value of canned tuna exports, which is forecasted to increase from USD 277m in the previous year to USD 296m. As for oil re-exports, its value is projected to rise by USD 10m in 2024, owing to an increase in both the volume and price of oil re-exports.

The export of services is forecasted to decrease by USD 76m in relation to the previous year. Its main component, tourism earnings, is projected at USD 860m, a reduction of 13 per cent compared to 2023. The expectation at the start of the year was that the positive performance of the tourism sector in 2023 would carry through to 2024, supported by the opening of some large hotels. However, a seasonal reduction in air connectivity as of end-March through to September 2024 by several key airlines, coupled with international sporting events which occurred in Europe over the summer, affected domestic tourism activity. As a result, overall earnings from the sector are forecasted to be lower than the preceding year. As for the import of services, it is expected to be slightly above the outcome for 2023, related to higher transportation costs and other trade-related services, as well as increased FDI-related imports.

Gross international reserves are projected to end the year at USD 806m, equivalent to 3.7 months of imports. This is higher than the recorded level of USD 682m or 3.3 months of imports cover in 2023. This projected growth in external reserves primarily follows Budget support received from multilateral partners during the year coupled with opportunistic purchases of foreign exchange from the market to accumulate reserves.

Exchange Rates

The continued decline in foreign inflation in 2024 prompted several central banks to reduce their policy rates. The shift in global interest rates as well as the differing monetary policy outlook of central

banks were key factors influencing movements in currency markets throughout the year. This is in addition to developments surrounding political cycles as well as the escalation in geopolitical tensions.

The relatively strong economic recovery in the United States (US) as compared to its peers, coupled with the prevailing high interest rates, helped to boost more confidence in the USD in the first half of 2024. Unlike its counterparts³, the Federal Reserve Bank (the Fed) of the US maintained its policy rates in the first six months of the year in light of persistent inflation. As such, the high interest rates that prevailed in the US proved more attractive to investors therefore leading to a stronger USD as opposed to other traded currencies. However, there were increased expectations of possible interest rate cuts by the Fed in the second half of the year. The 50-basis point policy rate reduction in September 2024 had a significant impact on the value of the USD which lost significant ground against its other counterparts. The uncertainties surrounding the US elections that is due to take place in November 2024 also weighed down on the US dollar's strength in the latter part of the year.

Unlike the strong growth in the US, the Eurozone's economic recovery proved to be slow and given rapidly easing inflation, the European Central Bank (ECB) had given indications of a policy rate cut⁴ early during the year to boost economic activity. The divergence in inflation trajectories and central bank policy outlook led to the weakening of the Euro (EUR) against the USD and the British Pound Sterling (GBP) in the first half of 2024. Despite such, the EUR recovered vis-à-vis the USD in the third quarter of the year, given the weakening of the latter currency in international markets, ahead of the interest rate cut by the Fed which materialised in September 2024.

In the United Kingdom, the GBP remained relatively steady for the first half of the year, continuing to maintain its strength against other traded currencies. The GBP was given a further boost in July 2024 following the victory of the labour party in the snap elections. The GBP lost some ground against the USD in August 2024 following the Bank of England's (BoE) announcement of an interest rate cut of 25 basis points. However, the BoE's hawkish stance⁵ as compared to its peers, robust private sector performance as well as a new Government Budget that was geared towards reinforcing the fiscal position and economic stability, collectively helped the GBP regain its strength in the latter part of 2024.

Going forward, the shift in interest rates and differing monetary policy outlook remains a critical factor behind the movements in international currency markets. Nevertheless, a rising concern amongst investors is the escalation of the conflict in the Middle East which could ultimately shake currency markets around the globe.

³ The Swiss National Bank (SNB), the Riksbank of Sweden, the Bank of Canada and the European Central Bank (ECB) cut interest rates in the first half of 2024.

⁴ The ECB cut interest rates for the first time in five years by 25 basis points in June 2024.

⁵ The Bank of England (BOE) decided to keep interest rates unchanged in September 2024 following a reduction of 25 basis points in August 2024, unlike its other counterparts such as the Fed that delivered a 50 basis points cut and the ECB that announced a second policy rate cut in September. The slow responsiveness of the BOE in regards to reducing interest rates as compared to its peers has been a key factor behind the currency's strength.

On the domestic front, the Seychelles rupee (SR) weakened against the major traded currencies in 2024. As at October 22, 2024, the annual average of the SR/USD stood at 14.4774 which was a year-to-date depreciation of 54 cents relative to the same period in 2023. The local currency weakened by 72 cents vis-à-vis the Euro and by R1.14 against the GBP. The weakening of the rupee against the USD is anticipated to persist in the fourth quarter of 2024 as demand for foreign exchange continues to rise ahead of the end-of-year festivities.

Going into 2025, the exchange rate outlook will be dependent on the dynamics in the foreign exchange market. In particular, uncertainties related to the external environment, key of which is the intensification of geopolitical tensions, may impact the exchange rate outlook in the coming year.

Structural Benchmark under EFF-RSF, 2023-2025

Table 2. Seychelles Structural Benchmarks under the EFF-RSF, 2023-2025 - update

ACTIONS	TIMING	OBJECTIVE	STATUS
Fiscal and Public Financial Management Policy			
The upgrade of the ASYCUDA system with new modules is completed for the E Manifest, and Express Courier modules.	End-September 2023	Strengthen revenue mobilization.	Met
Cabinet approval of legislative amendments to streamline VAT exemptions, in consultation with IMF staff.	End-December 2023	Strengthen revenue mobilization.	Not met. Implemented with delay in February 2024.
Publish annual reporting of budgeted tax expenditure as a part of the annual Budget exercise, in consultation with IMF staff	End-October 2023	Increase transparency on Tax expenditure	Not met. Implemented with delay in November 2023.
Seychelles Revenue Commission to launch an automated framework for analyze data from multiple sources, identify risks to revenue, conduct risk analysis, and identify potential audit cases based on predefined criteria and parameters.	End-June 2025	Identify and address tax leakages.	New SB
The MoFNPT to compile an inventory of existing tax expenditures on VAT and business tax, together with an estimate of annual revenue cost, and to publish as part of the official Budget.	End-December 2024	Increase transparency on tax expenditures and fiscal cost.	Met
Cabinet adoption of a roadmap and timeline of actions necessary to improve the efficiency of public investment, including for climate-related investment, based on the January 2023 PIMA.	End-September 2023	Improve the efficiency of public investment.	Met
Cabinet approval of the Public-Private Partnership (PPP) framework and explicitly include climate-related risks, while integrating this in the Public Financial Management Act and the Public Procurement Act.	End-March 2025	Improve the efficiency of public investment.	
(i) MoFNPT to announce in the annual Budget circular that projects will not be included in the Medium-term Expenditure Strategy (MTES) if appraisal information is absent or materially incomplete; (ii) MoFNPT to establish and distribute to MDAs a set of minimum criteria to assess projects in the MTES 3-year Public	End-June 2024	Improve capital expenditure execution by strengthening the framework and capacity for appraising and selecting capital projects.	Met

Sector Investment Plan (PSIP), on the basis of which (met or not met) PIMU will recommend to the Inter-Ministerial Committee (IMC) for inclusion/deferral in the current year's Budget.			
Cabinet approval of a legislative amendments to the Public Debt Management Act, in line with recommendations provided by IMF capacity development.	End-March 2025	Establish debt management objectives, establish the Minister of Finance's authority to borrow, and clarify the roles and avoid redundancy of technical units.	
MoFNPT to establish a database of major and critical fixed Government assets managed by MDAs and upload this information to the Fixed Asset Management System.	End-November 2025	Bolster public financial management through accounting of maintenance practices.	New SB
Cabinet to approve an action plan to address any deficiencies identified in the Public Expenditure and Financial Accountability (PEFA) assessment.	End-November 2025	Strengthen public expenditure management.	New SB
CBS to develop a draft operational framework and launch a 6-month pilot retail investor-oriented purchase window as a prelude to a full-scale buyback facility for the trading of Government securities through commercial banks.	End-January 2026	Support the liquidity of bonds and help develop a secondary market for Government securities and increase the potential for domestic financing.	New SB
Government to conduct a functional review of the public sector over the medium-term.	End-December 2025	Enhance managerial efficiency, ensure maximization of current human resources, and improve on service delivery.	New SB
Monetary Policy and Financial Stability			
Submit amendments to the CBS Act, in consultation with IMF staff, to Cabinet.	End-June 2023	Finish implementing the 2021 safeguards assessment recommendations. The amendments aim to, inter alia, (i) strengthen governance and oversight; (ii) enhance institutional and personal autonomy; and (iii) safeguard financial autonomy.	Not met. Implemented with delay in July 2023.
CBS to conduct inflation surveys (1 and 5 years) of banks, firms, and households and publish the results on the CBS website.	End-June 2025	Enhance the monetary policy framework.	New SB
Submit to the National Assembly amendments to the CBS Act in line with those approved by Cabinet in July 2023 and IMF staff recommendations.	End-June 2024	Address CBS recapitalization needs, in addition to safeguards assessment recommendations.	Not met. Implemented with delay in July 2024.
Implement the use of repo operations by CBS for liquidity management	End-December 2024	Operationalize recent IMF TA recommendations to strengthen the monetary policy operating framework.	Met
Adoption of a reform plan for monetary policy operational reforms and make it public.	End-July 2023	Establish a timeline for the implementation of IMF TA recommendations to strengthen the monetary policy operating framework and instruments, including the adoption of repos and the development of the interbank market.	Met

CBS to complete a study on NPLs by including a forward-looking analysis.	End-September 2023	Improve the study conducted by CBS on the impact of unwinding of forbearance measures extended during the pandemic on bank asset quality, through a forward-looking analysis, including stress testing.	Not met. Implemented with delay in November 2023.
Cabinet approval for draft Bank Resolution Bill aligned to provide an adequate institutional framework and effective powers for dealing with bank resolution and managing a crisis, thus contributing to financial stability, while limiting the use of public funds and addressing moral hazard concerns.	End-September 2024	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.	Met
State-Owned Enterprises (SOEs)			
Publication of SOE Annual Report.	End-June 2023	The annual report will present the overall financial performance of the Public Enterprises based on their audited financial statement and will publish eight months after the closing of the financial year.	Not met. Implemented with delay in July 2023.
Finalize ring-fencing of the ground-handling operation in Seychelles Airport by transferring the corresponding assets to Seychelles Aviation Handling Company and signing the lease agreement with Air Seychelles.	End-December 2023	Ensure that the ground-handling operations at the Seychelles International Airport, considered an important strategic asset, remain protected from creditors.	Not met. Implemented with delay in March 2024.
Real Sector Reforms			
Finalize the terms-of-reference for a study to better understand the dynamics of the tourism sector on the overall economy and its revenue potential.	End-June 2023	Conduct a tourism study, with the assistance of development partners, to better understand the dynamics of the tourism sector and its benefit to the economy. The study would cover all economic activities related to tourism, including accommodation, food and beverage services, recreation and entertainment, transportation, and travel services	Met
Complete the study on the dynamics of tourism on overall economy and on revenue potential and prepare an action plan to maximize the impact of tourism in Seychelles' economy over the long-term.	End-December 2024		Rescheduled to end-May 2025
Governance			
Amend the Beneficial Ownership (BO) Act to broaden access to the FIU's central BO database to financial institutions and reporting institutions with AML/CFT obligations.	End-December 2024	Advance accuracy and accessibility of beneficial ownership information of entities created in Seychelles (including international business companies, limited partnerships, trusts and foundations).	New SB

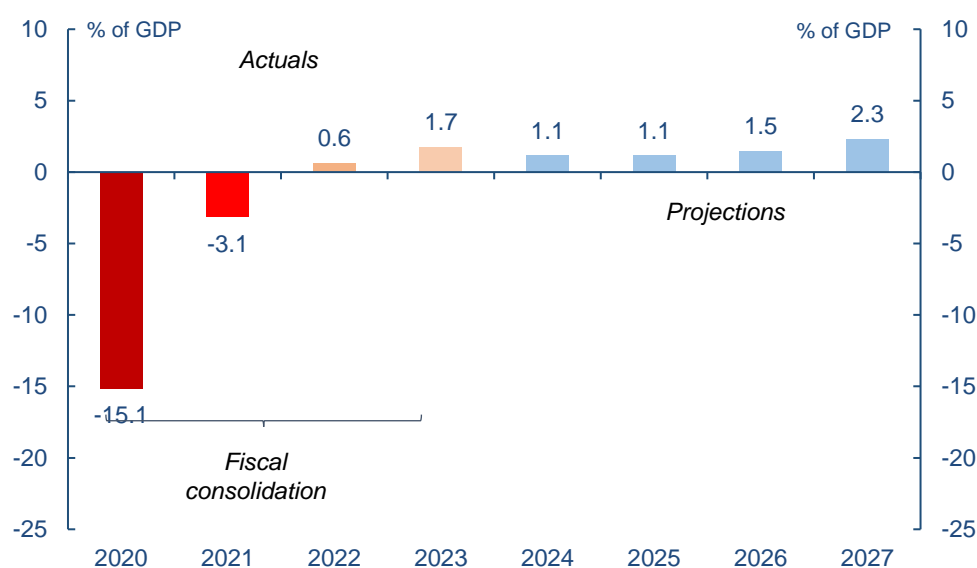
Source: IMF MEFP 2024

Budget Outlook

The Seychelles economy remains resilient this year, despite a more prudent outlook for tourism-related sectors. For the year 2024, the Government's primary fiscal balance is expected to be 1.1 per cent, with favourable revenue streams coupled with a slight decline in projected overall spending (excluding interest), largely due to Budget under-execution from 'Wages & Salaries', 'Goods & Services', and 'Capital projects', averaging about SR 1m respectively. This outturn, combined with the relatively stable exchange rate will translate in a debt stock of about 61.5 per cent to GDP as at the end of the year.

For the 2025 Budget year, the primary balance as a percentage of GDP is projected to remain unchanged from the 2024, at 1.1 per cent, equivalent to SR 380m. This is mainly attributed to strong tax collection expected in line with continued economic growth, coupled with revenue gaining policies in Personal Income Tax (PIT) and Value Added Tax (VAT) (see Tax Revenue section). Additionally, primary expenditures are set to increase by 6.9 per cent, driven by double digit increases in capital expenditure and benefits and approved programme of ASP.

Figure 9. Primary Balance 2020 to 2027 (% of GDP)



Source: Financial Planning and Control Division, MoFNPT

Table 3. Government Revenue and Expenditure, SR' 000s

Description	2023 Actual	2024 EOY	2025 Budget	2026	2027
Revenue & Grants	9,731,012	10,897,163	12,169,358	11,862,531	12,385,187
Primary Expenditure	8,069,945	8,937,948	9,558,505	9,437,309	9,570,654
Primary Balance:	523,772	356,634	379,867	510,739	860,062
% of GDP:	1.7	1.1	1.1	1.5	2.3

Source: Financial Planning and Control Division, MoFNPT

Over the medium term, the fiscal surplus is maintained which signals faster debt reduction as the fiscal outturns return to pre-pandemic levels.

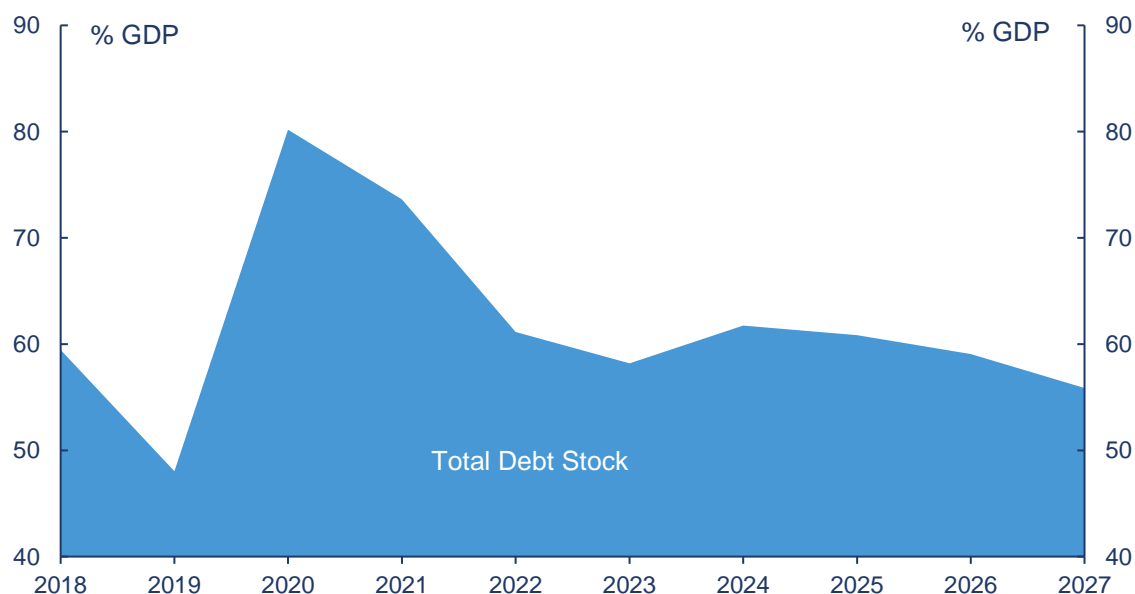
Key highlights of the 2025 Budget include:

- **Distribution of economic wealth and increased capital spending**
 - Gradual implementation of VAT reforms to increase the efficiency and equity of the tax line.
 - Increased investment in both social and economic infrastructure projects.
- **Fostering medium-term and long-term fiscal sustainability**
 - Mobilise climate finance to address adaptation and mitigation challenges
 - 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
 - Enhance capabilities of public sector employees to improve the quality of service delivery

The Seychelles Government, under the agreed EFF and RSF 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. In regards to climate change mitigation and adaptation, reform measures have been set and the Government is on track with the implementation of several policies.

With the current positive outlook, debt vulnerabilities are expected to reduce in line with the pre-pandemic target of achieving a total public debt to GDP level of about 50 per cent by 2030.

Figure 10. Total debt stock as a percentage to GDP, 2018-2027



Source: Debt Management Division, MoFNPT

Revenue & Grants

Total revenue and grants receipts for 2024 is estimated at SR 10.9bn which is about 35 per cent of GDP. This represents an increase of SR 24m or 0.2 per cent when compared to the mid-year Budget. Compared to 2023, the end-of-year 2024 Budget represents an increase of about SR 1.2bn or 12 per cent which is mainly attributed to a rise in expected tax, non-tax and grants receipts for the year.

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

REVENUE & GRANTS	2023 Actual	2024 EOY	2025 Budget	2026	2027
Tax Revenue	8,168,669	8,915,999	9,955,764	10,551,558	11,215,002
Non-Tax Revenue	1,314,057	1,626,484	1,760,610	1,180,164	1,105,640
Grants	248,286	354,680	452,983	130,809	64,545
Total Revenue & Grants:	9,731,012	10,897,163	12,169,358	11,862,531	12,385,187
% of GDP:	32.4	35.1	36.8	33.9	33.3

Source: Financial Planning and Control Division, MoFNPT

For 2025, the total revenue envelope stands at about SR 12.2bn, and this represents an increase of SR 1.3bn or 12 per cent in comparison to the 2024 estimate. Tax revenue collections are expected to contribute about 82 per cent of total revenue, with main increases in Income tax, Excise tax, Value Added tax, and Business tax. Non-tax revenue is expected to increase by about SR 134m, and this is mainly due to increases in fees and charges and dividend income. Grant receipts are expected to increase by about SR 98m or 28 per cent. Over the medium term, total revenue and grants is projected to average around 33.6 per cent of GDP.

Tax Revenue

The year-end projection for 2024 tax revenue is set at SR 8.9bn, or 28.7 per cent of GDP. This marks an increase of SR 17.8m, or 0.2 per cent, from the mid-year Budget and is approximately 9 per cent higher than 2023 collections. The upward revision is primarily driven by Business tax, Income tax and Other taxes, which together increased the estimate by SR 74.9m.

Year-to-date Business tax has been robust with over-performances recorded under most sublines. Additionally, tax arrears of about SR 13m is expected, resulting in an end-of-year Business tax estimate of SR 1.9bn. Income tax has also seen notable over-performances throughout the year and has prompted an upward revision of about SR 28.7m. Initial investigation suggests that this may be attributed to a structural change following the amendment in the 13th month pay and bonus pay policy but this remains to be confirmed. Finally, Other tax has been adjusted upwards by about SR 22m to cater for expected sale of assets and proceeds from the planned reclamation projects.

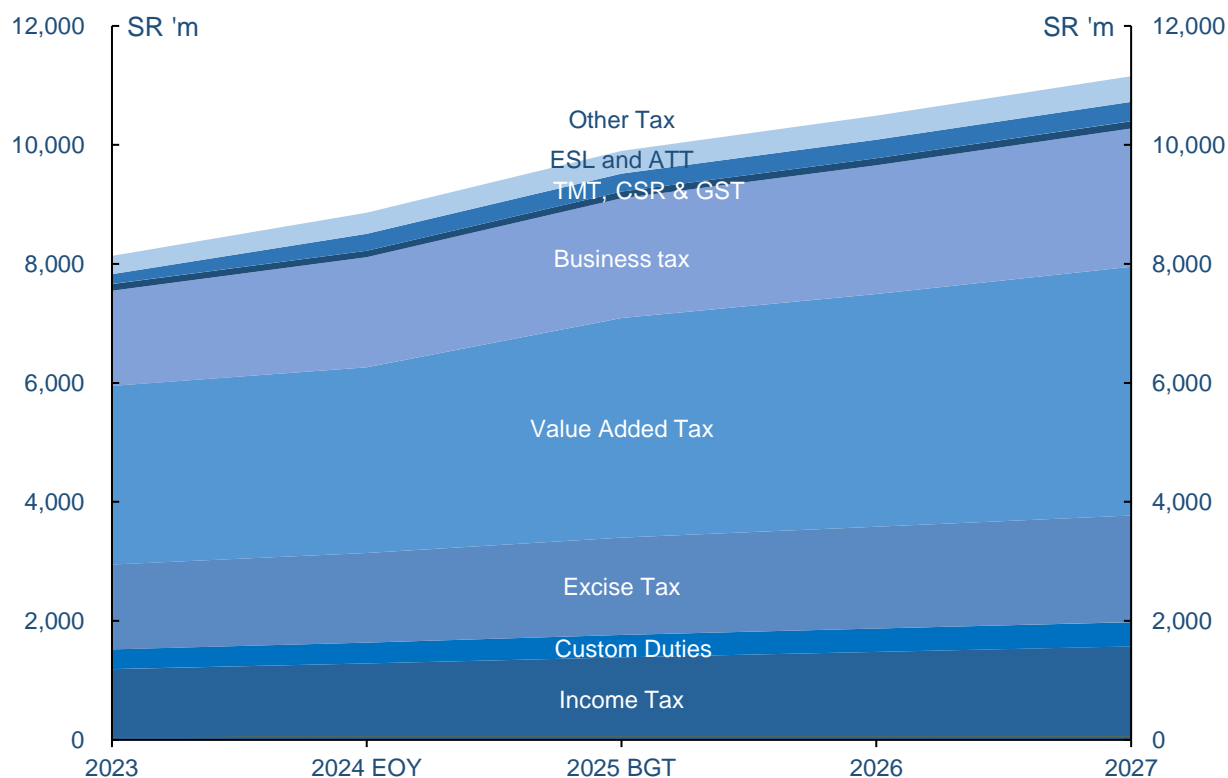
Conversely, Value Added Tax (VAT), Environmental Sustainability Levy (ESL) and the Accommodation Turnover tax has been decreased by about SR 73m in aggregate. VAT collections stands at SR 3.1bn following a reduction of about SR 30.9m. This is mainly on account of higher tourism-related refunds expected for the year. Year-to-date, ESL collections has been relatively weak,

mainly due to persisting compliance issues and the flat year-to-date visitor arrivals. Accommodation turnover tax is expected to reach about SR 117m after a reduction of SR 27m. Although this line has been performing relatively in line with Budget, the overall estimate was revised downwards to account for an adjustment made to initial policy costings.

Table 5. Medium-term Tax Revenue, SR' 000s

DESCRIPTION	2023 Actual	2024 EOY	2025 Budget	2026	2027
Income Tax	1,190,004	1,283,552	1,385,606	1,479,769	1,572,070
Custom Duties	329,543	350,998	376,783	390,664	405,276
Excise Tax	1,426,485	1,504,597	1,634,853	1,711,886	1,794,274
GST (Goods and Services)	669	0	0	0	0
Value Added Tax	3,001,806	3,122,156	3,692,598	3,913,844	4,180,510
Business tax	1,601,022	1,853,839	2,015,703	2,162,717	2,323,638
Corporate Social Responsibility Tax	4,865	2,038	0	0	0
Tourism Marketing Tax	108,962	101,249	107,739	114,245	121,371
Environmental Sustainability Tax	60,408	172,046	178,067	182,519	187,082
Accommodation Turnover Tax	102,098	116,921	124,416	131,929	140,158
Other Tax	307,529	351,960	382,221	405,052	430,510
Property tax	35,271	56,645	57,778	58,933	60,112
Total Tax Revenue:	8,168,669	8,915,999	9,955,764	10,551,558	11,215,002
% of GDP	27.2	28.7	30.1	30.1	30.1

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Figure 11. Tax Revenue 2023-2027


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.

2024 Context

For 2024, the end-of-year Income tax collection estimate has been revised upwards against the mid-year revised Budget by 2.3 per cent, representing a SR 28.7m increase from SR 1.25bn to SR 1.28bn. This change was driven by persistent year-to-date over-performances across all sub-lines totalling about SR 56.8m or 7.1 per cent, as at the end of August. Initial investigation suggests that this over-performance may be attributed to a structural change following the amendment in the 13th month pay and bonus pay policy. However, analysis is still ongoing.

The Income tax line continues to exhibit strong growth, with a year-on-year revenue growth of SR 93.5m or 7.9 per cent vis-à-vis 2023.

Table 6. Income Tax 2023-2027, SR' 000s

INCOME TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Central Government	266,235	292,575	331,107	361,588	384,143
Other Public Sectors	139,615	158,238	168,381	178,550	189,687
Private Sector	784,153	832,739	886,118	939,631	998,240
TOTAL INCOME TAX:	1,190,004	1,283,552	1,385,606	1,479,769	1,572,070
% of GDP:	4.0	4.1	4.2	4.2	4.2

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

As of April 2025, public sector wages are expected to increase by 7 per cent, with a maximum additional salary increase of SR 1,500 per month.

2025 Projection and the Medium term

For the year 2025, the Income tax estimate is expected to follow trend, with a positive year-on-year growth of about SR 1.39bn, or an increase of SR 102.1m or 8 per cent over 2024.

The main driver of this growth is a strong nominal growth assumption for 2025, further supported by the introduction of the public sector wage rise effective April 2025.

Over the medium-term Income tax is currently forecasted to continue growing at a healthy rate at an average of about 6.7 per cent per year with ratio to GDP holding steady at an average of 4.2 per cent over this period.

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.

2024 Context

Custom duties revenue estimate for 2024 have been revised upwards by about SR 1.5m or 0.4 per cent in comparison to the mid-year estimate. This adjustment is primarily due to stronger-than-expected revenue collections to date, particularly from the 'Alcohol,' 'Prepared Food,' and 'Livestock Trust Fund' sublines. Total collections are anticipated to reach SR 351m, marking a slight increase of SR 1.5m, or 6.5 per cent, over the actual revenue collected in 2023.

Table 7. Custom Duties Projections 2023-2027, SR' 000s

CUSTOM DUTIES	2023 Actual	2024 EOY	2025 Budget	2026	2027
Custom Duties Direct Imports	332,303	355,998	381,783	395,664	410,276
Alcohol	90,444	94,270	101,525	105,057	108,758
Textiles and textile articles	7,599	7,859	8,363	8,868	9,422
Tobacco	1,784	1,838	1,917	1,984	2,053
Prepared Food	10,699	14,126	15,031	15,939	16,933
Others	126,357	136,809	147,338	152,464	157,835
Levy	68,805	64,074	69,005	71,405	73,921
Documentary Charges	3,563	3,685	3,842	3,976	4,116
Livestock Trust Fund	23,052	33,337	34,762	35,972	37,239
Custom Duties Exemptions	-2,760	-5,000	-5,000	-5,000	-5,000
TOTAL CUSTOM DUTIES:	329,543	350,998	376,783	390,664	405,276
% of GDP:	1.1	1.1	1.1	1.1	1.1

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No direct policy change has been proposed for Customs duties for 2025.

2025 Projection and the Medium term

For the year 2025, Custom duties receipts are expected to amount to about SR 376.8m, representing an increase of about SR 26m or 7 per cent in comparison to 2024 end-of-year estimate. This growth is supported by an expected rise in imports in anticipation of the 2025 FIFA Beach Soccer World Cup, the 'CJSOI' sporting event and the presidential and parliamentary elections to be held during the year. As a result, all import-related taxes are expected to increase.

Over the medium-term, Custom duties collections are expected to increase by about 3.7 per cent on average annually, 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 because of health or environmental reasons. The former reason applies to alcohol, tobacco and sugar while the latter applies to petroleum and motor vehicles. Excise tax on all these goods, other than motor vehicles, is specific.

Imported petroleum products account for the highest contribution to Excise tax, amounting to almost half of the total. Demand for excisable goods generally shows a minimal response to price fluctuations, given that most of these goods, in particular tobacco, are relatively non-responsive to price change. Hence, this tax line proves to be a significant revenue earner for the Government.

2024 Context

For the year 2024, Excise tax collections are estimated at SR 1.5m, equivalent to 4.9 per cent of GDP. Compared to the mid-year estimate, this marks an upward revision of about SR 8.7m, or 0.6 per cent. This adjustment is primarily attributed to strong performance in year-to-date collections from both imported and locally manufactured alcohol, as well as the sugar tax on imported beverages. However, this increase is slightly mitigated by a downward revision of about SR 2.6m in growth assumptions. When compared to 2023 collections, 2024 end-of-year estimate represents a year-on-year growth of about SR 78m or 5.5 per cent.

Table 8. Excise Tax Projections 2023-2027, SR' 000s

EXCISE TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Excise Tax - Imports	1,019,072	1,073,512	1,176,405	1,232,938	1,294,526
Alcohol (Beverages Spirits and Vinegar)	237,531	251,223	270,238	279,640	289,492
Petroleum (Mineral Products)	638,987	662,137	712,760	737,557	763,541
Motor Vehicles (Vehicles, Aircrafts, vessels)	139,724	157,236	190,366	212,595	238,237
Tobacco Imported	2,830	2,916	3,040	3,146	3,257
Excise Tax - Locally Manufactured Goods	342,092	360,286	377,138	390,258	402,908
Alcohol	169,170	184,159	193,480	200,211	206,165
Tobacco	172,922	176,128	183,658	190,047	196,742
Sugar Tax	65,321	70,798	81,310	88,690	96,840
Imported Beverages	35,121	45,958	52,977	57,745	63,009
LMG - Beverages	30,200	24,840	28,334	30,944	33,832
TOTAL EXCISE TAX:	1,426,485	1,504,597	1,634,853	1,711,886	1,794,274
% of GDP:	4.8	4.8	4.9	4.9	4.8

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No direct policy change has been proposed for Excise tax for 2025.

2025 Projection and the Medium term

Excise tax is expected to see a notable growth of SR 130m or 8.7 per cent in 2025, with collections estimated to reach SR 1.6bn, representing about 4.9 per cent of GDP. Here again, the anticipated growth is supported by expected increase in the volume and value of imports as well as locally manufactured goods for reasons mentioned under custom duties.

Excise tax is expected to grow by about 4.8 per cent yearly, on average over the medium term, maintaining a yearly average ratio to GDP of about 4.8 per cent.

Goods and Services Tax arrears

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.

2024 Context

As at August 2024, a total of SR 83k has been collected in GST arrears. Compared to the same period last year this shows a significant decrease of 85 per cent, in line with the winding down of the tax line.

Table 9. GST Arrears, SR' 000s

GOODS & SERVICES TAX	2023 Actual	2024 EOY
Arrears	669	0
TOTAL GST:	669	0
% of GDP:	0.0	0.0

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Value Added Tax

Background

Value Added Tax (VAT) is imposed on the value added of all taxable products that are produced and consumed domestically through VAT registered companies, with the current rate being a flat 15 per cent of taxable goods and services. VAT is charged on all taxable imports but not on exports, also known as the 'destination principle'. Businesses with an annual turnover exceeding SR 2m are required to be VAT registered (compulsory registrations). VAT collections tend to grow in tandem with nominal GDP, and it accounted for an average of 37 per cent of the total tax revenue in the past two years, making it the single largest tax line.

2024 Context

The revised end-of-year estimate for VAT stands at SR 3.11bn, representing a 4 per cent growth on 2023 collection. This however, represents a reduction of SR 30.9m or 1.0 per cent compared to the 2024 mid-year revised Budget. Most sublines were revised downwards on account of a lower nominal GDP forecast for 2024. VAT on 'Tourism' experienced a further downward revision to account for higher tourism-related refunds. Overall, the subline was lowered by 50.7m or 11.6 per cent. On the other hand, a minority of sublines were revised upwards, such as VAT on 'Imported Goods', which increased by SR 15.4m or 1.2 per cent driven by expectations of a stronger year-end performance. Similarly, VAT on 'Wholesale and Retail' was revised upwards by SR 10.8m or 4.0 per cent due to improved compliance following sector-wide audits, while the forecast for VAT on 'LMG Tobacco' saw an increase of SR 3.6m, or 12.5 per cent, reflecting robust year-to-date collection.

Policy Changes

Following a considerable in-depth VAT policy review exercise, which started in the latter half of 2022⁶, reforms to the VAT system were recommended. For the 2025 Budget, the implementation of the following reforms is planned:

- Removal of taxation on digital payment token
- Clarifying that zero-rating applies only to the supply of importation services directly relating to temporarily imported goods and removing supply of services offered by a licensee under the international corporate services providers Act as zero-rating supply

⁶ The exercise was conducted with external assistance from the IMF's FAD

- Amending rules for services for place of supply and introduce clear rules to determine whether a supplier or recipient belongs in Seychelles

Other reform measures will be implemented gradually over the medium term.

Table 10. VAT 2023-2027, SR' 000s

VALUE ADDED TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
VAT- Domestic	1,712,295	1,809,924	2,278,730	2,427,611	2,606,572
LMG- Alcohol	91,062	94,244	100,285	106,341	112,974
LMG- Tobacco	27,709	32,419	34,497	36,580	38,862
Construction	134,994	305,948	372,042	383,906	407,852
Services - Tourism	654,452	387,236	703,381	870,858	925,178
Services - Financial and Insurance	82,396	86,859	90,740	101,020	105,921
Services - ICT and Telecommunication	146,896	151,530	161,243	170,980	181,645
Real Estate	-34,281	77,058	93,997	99,673	115,891
Wholesale Retail - Others	206,427	279,715	302,316	318,684	357,500
Others	402,640	394,916	420,231	339,569	360,750
VAT- Imported Goods	1,290,094	1,317,232	1,418,868	1,491,233	1,578,938
VAT- Exemptions	-583	-5,000	-5,000	-5,000	-5,000
TOTAL VAT:	3,001,806	3,112,156	3,692,598	3,913,844	4,180,510
% of GDP:	10.0	10.1	11.2	11.2	11.2

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

2025 Projection and the Medium Term

For 2025, VAT is forecasted at SR 3.69bn, accounting for 11.2 per cent of GDP, and about 37.1 per cent of total revenue. In comparison to the 2023 end-of-year estimate, this represents a growth of 18.3 per cent, which is higher than the forecasted nominal GDP growth for 2025 of 6.4 per cent. The high growth rate accounts for recovery of the 'Tourism' sub-line as refunds are expected to decrease significantly in line with the opening of major hotels that were either being renovated or were under construction. Despite the completion of tourism projects, VAT on 'Construction' subline is expected to remain robust given non-tourism construction activities in the pipeline for the year. Additionally, VAT reforms for the year has also been factored in the forecast.

Over the medium term, overall VAT revenue is expected to grow mostly in line with nominal GDP projections, with some sublines growing at different rates due to various VAT reforms, as well as refunds considerations. On average, VAT is expected to account for 37 per cent of tax revenue, and 11 per cent of GDP over the medium term.

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's lodgement program.

2024 Context

Business tax collections are projected to reach SR 1.85bn by the end of the year, about SR 252.8m or 15.8 per cent more than 2023, and about 1.3 per cent higher than the mid-year revised Budget forecast. This is mainly due to a SR 13.6m increase in expected Business tax arrears collections following the conclusion of tax evasion cases. Additionally, the end-of-year estimate incorporates a windfall of SR 10.3m under the 'Others' subline. This subline has consistently recorded notable over-performances as a result of reclassified Business tax revenue collections following the implementation of the SRC's new Tax Management System (TMS).

Table 11. Business Tax 2023-2027, SR' 000s

BUSINESS TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Companies	1,381,599	1,620,072	1,773,933	1,909,324	2,057,715
Sole traders	80,549	81,848	84,650	88,720	92,992
Partnerships	27,701	28,145	29,109	30,508	31,986
Trusts	18	18	18	19	20
Withholding Tax	79,544	81,285	84,068	88,110	92,600
Others	6,483	16,930	17,509	18,351	19,182
Residential Dwelling	25,128	25,541	26,415	27,685	29,144
TOTAL BUSINESS TAX:	1,601,022	1,853,839	2,015,703	2,162,717	2,323,638
% of GDP:	5.3	6.0	6.1	6.2	6.2

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

Policy Changes

In July 2024, the National Assembly approved the proposed Virtual Asset Service Providers (VASP) Bill, which introduces a licensing regime for the Virtual Asset (VA) sector to be regulated and supervised by the Financial Services Authority (FSA). The framework introduced for this sector has sought to balance the importance of encouraging responsible innovation and safeguarding against risks concerning the misuse of VA/VASPs. Aligned with this, a key consideration for the development of the sector is the rate of taxation which will be applicable to the licensees.

Government has approved the proposal to apply a rate of 1.5 per cent business tax on licensees under the Virtual Asset Service Providers Act, with effect from 1st January 2025 as proposed above, via amendment of the Seventh Schedule of the Business Tax Act. Considering the previous absence of a licensing or registration regime for the VASP sector, the availability of relevant financial data remains

scarce; consequently, it is difficult to accurately forecast the amount of tax revenue that will be collected from this sub-sector. Authorities will be continuously monitoring and evaluating the impact of this new tax regime on sectoral growth, compliance levels and revenue generation.

2025 Projection and the Medium Term

For 2025, Business tax is forecasted at SR 2.02bn, an 8.7 per cent increase over 2024. The rise in Business tax revenue is driven by a greater 2024 base collection estimate coupled with a higher 2024 nominal economic growth estimates (Business tax is applied on a business's previous year's profits, which tend to align with economic growth) on top of the revised 2024 collection estimate. This is further supported by the robustly expanding 'Securities dealers' sector', and strengthened by the collection of Business tax arrears, which will continue to boost Business tax revenue in 2025, reaching 6.1 per cent of GDP. Over the medium-term, the combination of economic growth, financial sector development and tax arrears collections are projected to drive Business tax to follow an average year-on-year growth of 7 per cent. Business tax is projected to amount to 6.3 per cent of GDP by 2028.

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.

2024 Context

As at the end of August 2024, collections of arrears relating to Corporate Social Responsibility tax amounted to SR 1.8m. Considering this, SR 2m has been estimated for 2024.

Table 12. Corporate Social Responsibility Tax 2023-2027, SR' 000s

CORPORATE SOCIAL RESPONSIBILITY TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Corporate Social Responsibility Tax (CSR)	4,865	2,038	0	0	0
TOTAL CSR:	4,865	2,038	0	0	0
% of GDP:	0.02	0.01	0.00	0.00	0.00

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

CSR tax was abolished at the end of the first quarter of 2021.

2025 Projection and the Medium term

Despite the turnaround in CSR revenue in 2024, it is expected that 2025 revenue will not be significant and no further projections are being made for 2025 and 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. Casino operators and contractors Class I were also included from 2017. 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.

2024 Context

2024 end-of-year TMT collection is estimated at SR 101.3m, a small increase on the mid-year estimate by SR 4.3m or 4.4 per cent. This increase is driven by persistent and significant monthly revenue over-performances within the line, despite the current year-on-year slowdown of tourism growth when compared with 2023. This is an indication that despite this slowdown in tourism, businesses that contribute to TMT within sectors not intrinsically linked to the tourism market are performing well, in particular firms within the 'Financial and Insurance Activities' and 'Information and Communication' sectors, which are both currently projected for strong 2024 growth.

In comparison to 2023 end-of-year actuals, however, a decline can be observed in the 2024 revenue estimate of about SR 7.7m or 7.1 per cent. However, this is due to an artificially inflated 2023 TMT revenue caused by a classification issue in the latter half of 2023.

Table 13. Tourism Marketing Tax 2023-2027, SR' 000s

TOURISM MARKETING TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Tourism Marketing Tax	108,962	101,249	107,739	114,245	121,371
TOTAL TMT:	108,962	101,249	107,739	114,245	121,371
% of GDP:	0.4	0.3	0.3	0.3	0.3

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No new policies are planned for this tax line in 2025.

2025 Projection and the Medium term

The 2025 TMT revenue estimate stands at SR 107.7m accounting for about 0.3 per cent of GDP. The estimate represents a growth of 6.4 per cent against the 2024 estimate. For the medium-term, TMT is expected to retain healthy year-on-year revenue growth, projected at an annual average of 6.3 per cent, while continuing to account for about 0.33 per cent of GDP.

Despite a possible medium-term slowdown or contraction in tourism growth, the projected growth of key industries particularly ‘Financial and Insurance Activities’ and ‘Information and Communication’ are expected to continuously support medium-term revenue growth.

Environmental Sustainability Levy

Background

Environmental Sustainability Levy (ESL) was introduced in August 2023, to be collected per tourist per night and is applicable to all tourism establishments such as self-caterings, hotels and guesthouses. The establishments are classified under three categories and each have their respective rates. The small establishments (up to 24 rooms) have a rate of SR 25, a rate of SR 75 for medium sized (25-50 rooms) and for large establishments SR 100 (more than 50 rooms).

2024 Context

By the end of 2024, collections for Environmental Sustainability Levy are expected to reach SR 172m, or 0.6 per cent of GDP, representing a downward revision of SR 15m or 8 per cent compared to the mid-year revised Budget. This is mainly attributed to adjustments made to cater for the downward revision in tourism arrivals forecast, in addition to the year-to-date under-performance, as at August 2024. Collections from January to August amounted to SR 102m, denoting a shortfall of SR 11m or 10 per cent compared to the end-of-year Budget, mainly on account of continued compliance issues.

Table 14. Medium-Term breakdown of Environmental Sustainability Levy, SR' 000s

ENVIRONMENTAL SUSTAINABILITY LEVY	2023 Actual	2024 EOY	2025 Budget	2026	2027
Environmental Sustainability Levy (ESL)	60,408	172,046	178,067	182,519	187,082
TOTAL ESL:	60,408	172,046	178,067	182,519	187,082
% of GDP:	0.2	0.6	0.5	0.5	0.5

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No direct policy change has been proposed for Environmental Sustainability Levy for 2025.

2025 projections and Medium Term

For the year 2025, Environmental Sustainability Levy is expected to amount to SR 178m which is about 4 per cent higher than the 2024 Budget, mainly due to the higher tourism growth assumptions and also with the various compliance activities being undertaken by SRC in for the businesses in the tourism sector in order to create awareness and promote compliance.

Over the medium term, Environmental Sustainability Levy collections are expected to grow at an average of 2 per cent, in line with the expected tourism arrivals growth.

Accommodation Turnover Tax

Background

The Accommodation turnover tax (ATT) was introduced in January 2023, and applies to hotel establishments generating a gross turnover of SR 100m or more, at a rate of 2 per cent.

2024 Context

Accommodation turnover tax is expected to reach SR 117m, equivalent to about 0.4 per cent of GDP. This represents a downward revision of SR 27m or 19 per cent compared to the mid-year revised Budget. The downward revision is mainly attributed to an adjustment made to initial policy costings. However, it was slightly offset by the year-to-date over-performance with collections amounting to SR 81m which is slightly over the end-of-year Budget for this period by SR 3m.

Table 15. Medium-Term breakdown of Accommodation turnover tax, SR' 000s

ACCOMMODATION TURNOVER TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Accommodation Turnover Tax (ATT)	102,098	116,921	124,416	131,929	140,158
TOTAL ATT:	102,098	116,921	124,416	131,929	140,158
% of GDP:	0.3	0.4	0.4	0.4	0.4

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No direct policy change has been proposed for Accommodation Turnover tax for 2025.

2025 projections and Medium Term

For 2025, a total of SR 124m is expected to be collected, representing a growth of about 6 per cent over 2024. This growth is on account of anticipated improvement in compliance rate by tourism establishments as the SRC intensifies awareness through the various compliance activities being undertaken. Over the medium term, collections are expected to grow at an average of 6 per cent.

Other Tax

Background

Other tax comprises of a set of license fees and smaller tax lines that covers a variety of sectors in the economy. The main constituents are 'Road tax', 'Telecommunications licenses', and 'Stamp duty'.

2024 Context

Other tax has been revised upwards by SR 22m or 7 per cent compared to the mid-year estimate, and total expected collections now stands at SR 352m. This revision is mainly attributed to adjustment made to 'Stamp Duty' line to cater for expected transfers from sale of assets and reclamation projects which contributed to an upward revision of SR 14m. Other adjustments were also made to cater for over-performances in some lines, mainly 'Telecommunications licenses' with year-to-date collections

14 per cent higher than the end-of-year Budget, and ‘Licences and other licence registration’ with year-to-date over-performance of 44 per cent. This was slightly offset by deficits recorded under certain lines, namely ‘Road tax and other licences’ and ‘Radio broadcasting licences’. Overall, Other tax is maintained at 1.1 per cent of GDP for 2024.

Table 16. Other Tax 2023-2027, SR' 000s

OTHER TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
OT- Ministry of Finance					
Trade/Ind Licenses	7,922	8,162	8,510	8,807	9,582
Licenses and Other License Registration	4,443	4,577	4,773	4,939	5,113
Road Tax and Other Licenses	136,059	140,167	146,160	151,245	156,573
Telecommunications Licenses	60,041	80,753	90,647	100,321	111,188
Hotel Licenses	344	355	370	383	396
Liquor and Toddy Licenses	283	291	304	314	325
Radio Broadcasting Licenses	800	800	800	800	800
SUB TOTAL					
OT- MACCE					
Environment Trust Fund	2,237	2,304	2,403	2,486	2,574
OT- Department of Legal Affairs					
Stamp Duty	86,571	105,455	118,770	125,943	133,798
OT-Department of Transport					
Vehicle Testing	8,829	9,096	9,485	9,815	10,161
TOTAL OTHER TAX:	307,529	351,960	382,221	405,052	430,510
% of GDP:	1.0	1.1	1.2	1.2	1.2

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No direct policy change has been proposed for Other tax for 2025.

2025 projections and Medium Term

Other tax is expected to amount to SR 382m in 2025 or about 1.2 per cent of GDP, representing an increase of about SR 30m or 9 per cent over the 2024 Budget estimate. This is mainly on account of expected Stamp duty from reclamation projects expected for the year. Over the medium term, Other tax is expected to grow by an average 6 per cent, maintaining a ratio to GDP of 1.2 per cent on average.

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 (due to be increased in 0.50 per cent as of 1st January 2024).

2024 Context

The end-of-year 2024 Property tax revenue is estimated at SR 56.6m, about SR 21.4m or 60.6 per cent higher than 2023 collections. This large revenue increase is primarily due to the increase in property tax rate effective 1st January 2024 as aforementioned. However, when compared to the initial Budget estimate of SR 72.5m, there has been a significant downward revision. This is due to substantial year-to-date revenue under-performances of the tax line, of which the cause is still being investigated. As the cause of this under-performance and whether the shortfall will be covered by the end of the year is currently unknown the estimate was revised downwards from the Budget estimate to ensure that end-of-year revenue would not be significantly overstated.

Table 17. Property Tax 2023-2027, SR' 000s

PROPERTY TAX	2023 Actual	2024 EOY	2025 Budget	2026	2027
Property Tax	35,271	56,645	57,778	58,933	60,112
TOTAL PROPERTY TAX:	35,271	56,645	57,778	58,933	60,112
% of GDP:	0.1	0.2	0.2	0.2	0.2

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

Policy Changes

No new policies are planned for this tax line in 2025.

2025 projections and Medium Term

The 2025 Property tax revenue estimate has also been revised downwards in line with the 2024 estimate due to a lower base from about SR 74m to SR 57.8m, or 22 per cent. Year-on-year medium term growth is projected at an average of about 2 per cent annually, maintaining a ratio to GDP of about 0.2 per cent.

Tax Expenditures

Within the tax legislation, regulations and practices, there are certain exemptions, deductions and credits that are given to promote socioeconomic objectives as per Government's policy. These are called 'tax expenditures' and they represent revenue foregone as a result of these special treatments.

Tax expenditures can be used to achieve desired outcomes per Government policy instead of direct spending, but often receive less scrutiny from Governments compared to direct expenditure programs. This makes it crucial to identify and quantify them to ensure transparency and accountability in public finances. For a more detailed analysis of tax expenditures please refer to the Tax Expenditure Statement 2025.

Non-Tax Revenue & Grants

Non-tax revenues are revenues generated other than through tax collections for different services being offered by Government either through a cost recovery basis or based on Government's policy

for the services being offered. The table below shows the breakdown of non-tax revenues and grants forecasted for 2024 and the medium term.

For Non-tax revenues, the 2024 end-of-year estimates reflects a 23.8 per cent increase from the 2023 actual figures, whilst the 2025 forecast projects an increase of 8.2 per cent, as compared to the 2024 end-of-year figure. The main contributor for the increase for the 2024 end-of-year estimate as compared to the 2023 actual is large increases from 'Dividend income', 'Sale of Assets' and 'Other Non-Tax'. The comparative increase for the 2025 forecast as compared to the 2024 EOY on the other hand is largely explained by increase in 'Dividend Income'.

Table 18. Non-Tax revenue and grants, SR' 000s

NON-TAX & GRANTS	2023 Actual	2024 EOY	2025 Budget	2026	2027
Non-Tax	1,314,057	1,626,484	1,760,610	1,180,164	1,105,640
Fees and Charges	445,880	422,347	456,653	459,792	461,970
Dividend Income	581,531	693,465	907,867	556,955	504,436
Sale of Assets	249,413	387,043	350,547	119,131	97,272
Other Non-Tax	37,233	123,630	45,543	44,286	41,962
Grants	248,286	354,680	452,983	130,809	64,545
TOTAL NON-TAX & GRANTS:	1,562,343	1,981,164	2,213,594	1,310,973	1,170,185
% of GDP:	5.2	6.4	6.7	3.7	3.1

Source: MoFNPT, Financial Planning and Control Division estimates

Fees and Charges

Government expects to collect SR 456.8m under Fees and Charges in 2025 representing a moderate increase of 8.1 per cent compared to the 2024 end-of-year estimate of SR 422.3m. For this category, there are upward revisions under the following primarily lines:

- Disembarkation fees and passenger service fees at SR 7.3m and SR 4.7m respectively, under the Ministry of Transport. This increase is in line with the forecasted increase in passenger arrivals.
- Customs Fees and Fines, collected by the Seychelles Revenue Commission, are estimated to increase by SR 2.3m due to revised fines and charges for cargo ground handling services
- Immigration Fees at SR 2.1m due to the increase in Gainful Occupational Permit (GOP) applications.
- With the revision of planning fees, there is a slight increase in collection of fees at SR 1.5m as compared to the end-of-year 2024 estimates under Planning Authority.

Dividend Income

Dividend income remains the largest individual contribution to Non-Tax revenue for the year 2025. A total of SR 907.9m has been budgeted for the year, representing 52 per cent of the total estimated revenue under Non-Tax revenue. The total for the year 2025 shows an increase of about 30.9 per cent

as compared to the 2024 end-of-year estimates. The increase is largely explained by comparatively larger forecasted dividend income from the Island Development Company for the year 2025, as compared to previous years. A total of SR 321m is expected as dividend income from the company for the year 2025, as compared to SR 25m only for the 2024 end-of-year estimates. The significant increase from the company is explained by revenue to be collected from the proceeds of the lease of Assumption Island.

Table 19. Dividend income, SR' 000s

DIVIDEND INCOME	2023 Actual	2024 EOY	2025 Budget	2026	2027
SIMBC Nouvobanq	132,600	214,984	150,000	150,000	150,000
Seychelles Petroleum Company	250,000	250,000	250,000	200,000	150,000
Land Marine Ltd	6,650	6,300	6,300	6,300	6,300
Indian Ocean Tuna Limited	45,193	23,302	23,302	23,302	20,783
Seychelles Civil Aviation Authority	17,000	34,000	50,000	50,000	50,000
Island Development Company	12,000	25,000	321,422	20,000	20,000
Seychelles Commercial Bank	5,000	4,320	4,000	4,000	4,000
Financial Services Authority	60,898	80,000	50,000	50,000	50,000
Seychelles Fishing Authority	35,000	35,000	35,000	35,000	35,000
Ile Du Port Handling Services	17,190	20,559	17,844	18,353	18,353
TOTAL DIVIDEND:	581,531	693,465	907,867	556,955	504,436
% of GDP:	1.9	2.2	2.7	1.6	1.4

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. Due to a one-off collection for 'Other Non-Tax' income for the end-of-year 2024, that is not expected in the year 2025, the forecast for the year 2025 is significantly lower compared to the 2024 end-of-year estimates by 63 per cent. A total of SR 45.5m is forecasted for the year 2025, as compared to a total of SR 123.6m for the end-of-year 2024 estimates. The 2024 end-of-year estimates reflects a total of SR 79.8m, that was collected from the Central Bank of Seychelles in line with the CBS Act 2004 from the bank's total distributable earnings for the year end December 31st 2023. The same is not forecasted for the year 2025.

Proceeds from sale of asset

The 2025 proceeds from sale of assets is projected at about SR 350.5m, representing a decrease of 9 per cent as compared to the 2024 end-of-year estimates. The decrease is largely explained by the expected profile of the cash flows from the new land reclamation project, that is featured for both year-end 2024 and Budget 2025 figures. Government is expected to benefit from a new land reclamation project, starting from the year 2024, that will see the extension of Ile Aurore, Zone 20 and Zone 05. To note that for both years, the largest component of proceeds from sale of assets (up to 96 per cent of total) is the expected cash inflows from the land reclamation project.

Grants

For the medium term, 2025-2027, a total of SR 648.3m worth of projects and programmes is expected to be funded through grants from various external bilateral and multilateral donors. Out of this, a total of SR 453m is forecasted to be funded in 2025, representing an increase of 27.7 per cent over the end-of-year 2024 figure.

The largest component of the grants for the year 2025 is expected to be in the form of ‘benefits in kind’ for several capital projects, the largest of which are two housing projects expected to be financed from the Government of China, for a total of SR 209m.

Table 20. Grants Receipts for 2023-2027, SR' 000s

GRANTS	2023 Actual	2024 EOY	2025 Budget	2026	2027
Cash Grants	78,267	97,033	90,615	117,696	40,202
o/w recurrent	51,106	66,329	29,209	58,587	40,202
o/w capital	27,161	30,704	61,406	59,109	-
Benefits in Kind	170,019	257,646	362,369	13,113	24,343
o/w recurrent	125,138	11,828	55,517	6,125	-
o/w capital	44,881	245,818	306,851	6,988	24,343
TOTAL GRANTS:	248,286	354,680	452,983	130,809	64,545
% of GDP:	0.8	1.1	1.4	0.4	0.2

Source: MoFNPT, Financial Planning and Control Division estimates.

Various projects are expected to be funded through grant financing in 2025, as per below:

- **President Office Portfolio**

A total of SR 15.1m has been forecasted from the Government of India, to continue financing the ongoing project for the Coastal Surveillance Radar System project in 2025. For the end-of-year 2024 figure, a total of SR 11.9m has been forecasted under the Department of Defence.

- **Finance, National Planning and Trade Portfolio**

The year 2025 is expected to see further progress with regards to the new ‘covering the dynamics of the tourism sector’ project being financed by The African Development Bank for which a total of SR 1.04m has been forecasted under the Department of National Planning.

A total of SR 54.3m has also been forecasted for the development of the ‘Invoice Management System’, expected to be financed by the Government of China.

- **Family, Youth & Sport Portfolio**

Part financing for the project ‘Expansion to Anse Royale’s old people’s home’ has been forecasted in the year 2025 from the Government of India, under the High Impact Small Development projects program for the sum of SR 2.1m. A total of SR 35.4m has also been forecasted to cater for the construction of the Anse Royale Indoor Sports Complex, to be financed through grant financing by the UAE Government.

- **Internal Affairs Portfolio**

The Government of Japan is expected to continue the financing of the construction of the new Marine Police and Anti- Narcotic Facilities, with a total estimated project cost of JPY 800m or SR 72.7m. A total of SR 43.9m has been forecasted in the year 2025.

- **Education Portfolio**

The AfDB is expected to further assist Government's TVET programme in 2024, through budgetary support for the project 'Capacity building for TVET & Entrepreneurship', at a sum of SR 595.3k.

- **Land and Housing Portfolio**

A total of SR 209m has been allocated towards to major housing projects expected to be implemented throughout the year 2025, financed by the Government of China This includes the 'Construction of 72 housing units Cap Bon Jean' and 'Construction of 69 housing units Beoliere'.

The UAE Government is expected to continue assisting the with housing projects '40 units of 'Vilaz Orkid Phase I', as well as '40 Units Vilaz Orkid phase II', for a total sum of SR 33.5m.

- **Transport Portfolio**

A total of SR 28.5m has been forecasted to finance the completion of the 'West Coast Road Improvement' project Phases 1, 2, 3 and 4. The project is being financed by the Government of UAE.

In 2025, The Department of Transport is expected to spend SR 244.9k, to see the completion of the 'Support the Shift to Electricity Mobility' project, which is being financed by UNEP and GEF.

- **Agriculture, Climate Change and Environment Portfolio**

Various environmental protection and climate change projects remain ongoing which include:

- Ridge to Reef- Integrated Management of Marine, Coastal & Terrestrial Ecosystems- SR 3.8m (UNDP/ GEF)
- Restoring Marine Ecosystem- SR 18.m (UNDP/ GEF)
- Montreal Protocol- SR 150.7k (UNEP)
- Chemical and Waste (Island Project)- SR 5.6m (GEF)

Expenditure

For the fiscal year 2025, Government has budgeted an overall expenditure and net lending totalling to SR 12.7bn. Overall expenditure and net lending has increased by 10.3 per cent in comparison to the 2024 end-of-year estimate, while Primary Current expenditure has increased by 6.9 per cent. This allows for a primary balance surplus of 1.1 per cent of GDP, similar to the primary balance of end-of-year 2024.

Table 21. Summary of Expenditure, SR' 000s

EXPENDITURE	2023 Actual	2024 EOY	2025 Budget	2026	2027
Expenditure and net lending	10,082,457	11,495,757	12,681,180	12,110,954	12,150,539
Current expenditure	8,945,162	9,893,176	10,450,195	10,196,471	10,196,068
Primary Current Expenditure	8,069,945	8,937,948	9,558,505	9,437,309	9,570,654
Wages and salaries	3,009,497	3,424,793	3,733,455	3,755,558	3,794,527
Goods and services	3,582,147	3,892,315	4,049,367	3,853,817	3,885,474
Capital expenditure	978,405	1,385,449	1,858,534	1,643,465	1,817,158
Social program of Government	243,124	283,235	293,822	324,422	377,457
Transfers to Public Enterprises	47,697	57,277	59,127	53,127	49,127
Benefits and approved progs.	1,187,481	1,252,000	1,406,745	1,450,135	1,463,917
Others	-	28,328	15,990	250	152
Interest due	875,217	955,228	891,689	759,162	625,414
External	315,439	490,887	473,380	436,071	386,257
Domestic	559,778	464,341	418,309	323,091	239,157
Development Grant	156,598	103,423	125,346	155,334	143,313
Net lending	-33,857	25,509	197,105	65,684	-81,000
Contingency	36,149	88,200	50,000	50,000	75,000
PRIMARY BALANCE:	523,772	356,634	379,867	510,739	860,062
% of GDP:	1.7	1.1	1.1	1.5	2.3

Source: MoFNPT, Financial Planning and Control Division estimates

Below are the variances for each of the main categories of expenditure in 2025, when compared to the 2024 end-of-year estimates:

- Wages and Salaries increases by SR 308.7m or 9 per cent.
- Goods and Services increases by SR 157.1m or 4 per cent.
- Capital expenditure increases by SR 473.1m or 34 per cent.
- The Social Programmes of Government increases by SR 10.6m or 4 per cent.
- Transfers to Public Enterprises increases by SR 1.8m or 3 per cent.
- Benefits and Approved Programmes of the Agency for Social Protection increases by SR 154.7m or 12 per cent.
- Others allocation decreases by SR 12.3m or 44 per cent.
- Development Grants increases by SR 21.9m or 21 per cent.
- Contingency decreases by SR 38.2m or 43 per cent.

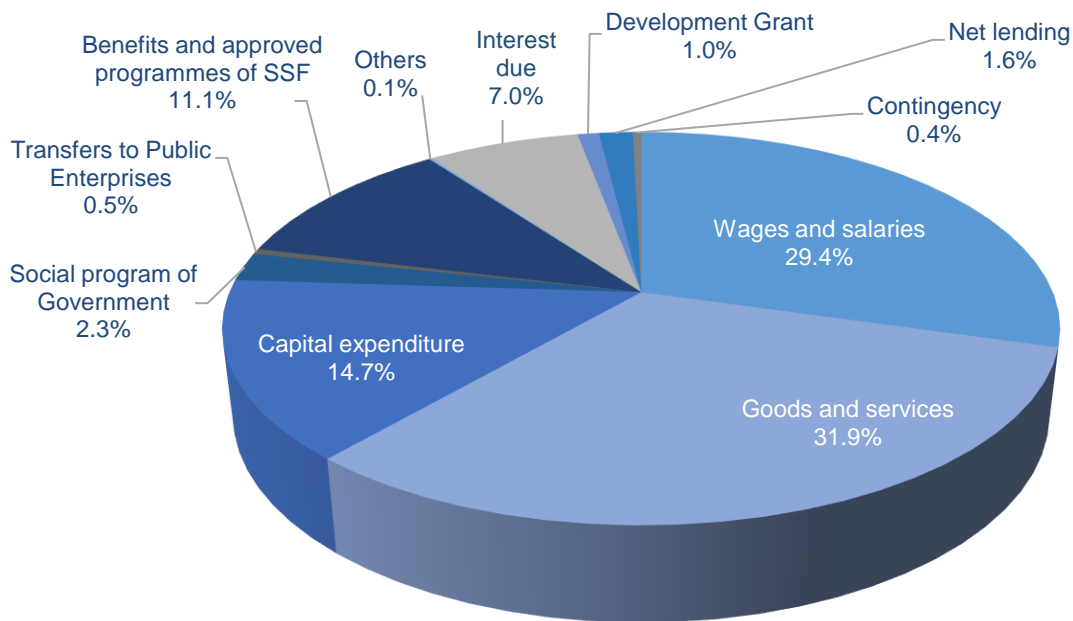
Interest payment

In line with Government's current debt strategy, interest payments due show a declining trend over the medium term. The 2025 Budget provision for interest payments stands at SR 891.7m, representing a decrease of SR 63.5m or 7 per cent in comparison to end-of-year 2024. As part of the Debt Management Strategy, debt to GDP target ratio is expected to reach by 2030.

Expenditure distribution by main Budget allocation (excluding interest payments)

As illustrated in the diagram below, ‘Wages and Salaries’ and ‘Goods and Services’ remain the two main drivers of Budget expenditure. ‘Goods and services’ make up 33.1 per cent of the total expenditure, followed by wages and salaries with a share of 31.6 per cent. In nominal terms ‘Goods and Services’ is SR 173.7m higher than ‘Wages and Salaries’. From 2024, all grants relating to recurrent expenses will be allocated under ‘Goods and Services’ as opposed to being allocated to ‘Capital expenditure’, as it was in previous years.

Figure 12. 2024 Budget Allocation



Source: MoFNPT, Financial Planning and Control Division estimates

Wages and Salaries

A total sum of SR 3.7bn is being proposed for wages and salaries. This represents an increase of SR 308.7m or 9 per cent, when compared to the 2024 end-of-year estimates. Compensation of employees remains a significant part of Government’s Budget. Wages and Salaries in 2025 represents 11.3 per cent of GDP, compared to the 11.7 per cent in the approved 2024 Budget. Government remains committed to ensure that the Budget for this expenditure line remains sustainable.

In 2025, the increase in wages and salaries is primarily linked with the payment of the 13th month salary for position under wages and salaries, and the salary review exercise for the public sector employees. This will cost Government as follows;

- **13th Month Salary:** The 13th month pay to all public sector employees will cost Government SR 116.2m in 2025.
- **Salary review for Public Sector:** Based on the salary review exercise, the Government is proposing a 7 per cent increase on the basic salary and at a maximum increase of SR 1,500. The increase will be implemented from 1st April 2025 and a sum of SR 91.8m has been forecasted for 2025 and SR 119m for 2026 & 2027.

The freeze in increase of long service allowances has been maintained.

Recruitment

A sum of SR 28.2m is being allocated for the creation and unfreezing of posts in 2025. Recruitment in 2025 has been limited to filling priority positions in key MDAs. However, the Budget still makes provision for posts which were funded in 2024 but which remain vacant to date, at the total amount of SR 296.2m. Despite the major challenge continuously face by MDAs to identify the required number and qualified personnel to fill the vacant positions, the Government will be funding 76 new posts in priority sectors in 2025, slightly lower whilst comparing to the provision of 114 new posts in 2024.

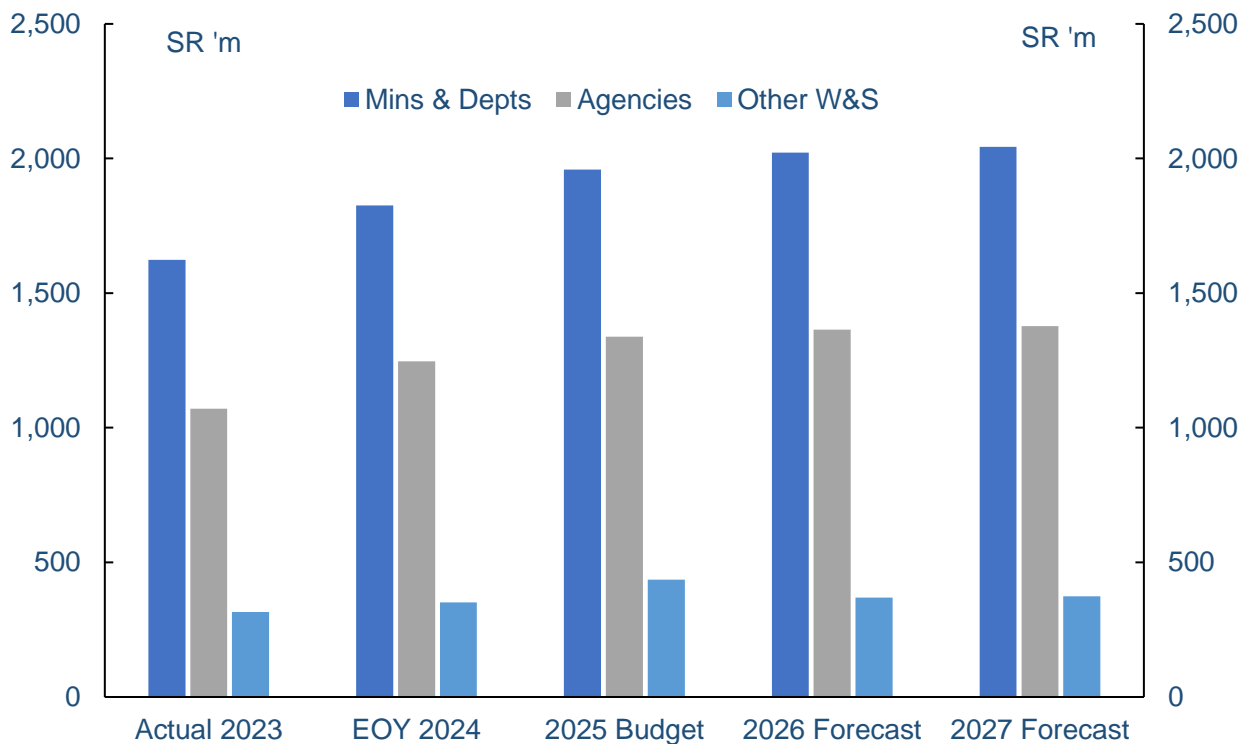
Other Factors

Below is a brief summary of other allocations in regards to wages & salaries:

- SR 58.5m is being allocated for promotions, upgrading and salary enhancements, relating mainly to the year 2025
- SR 231.1m is being catered for gratuity and compensation dues under the respective MDA’s Budget, and under the central gratuity and compensation vote for all Government employees.
- SR 149.0m is being allocated under Pension Scheme contribution. This is an increase of SR 20.1m compared to 2024 year-end estimates, in line with the increase in public sector salary, as result of the salary review.

Figure 15 illustrates the allocation of wages and salaries in Ministries and Departments against the Agencies:

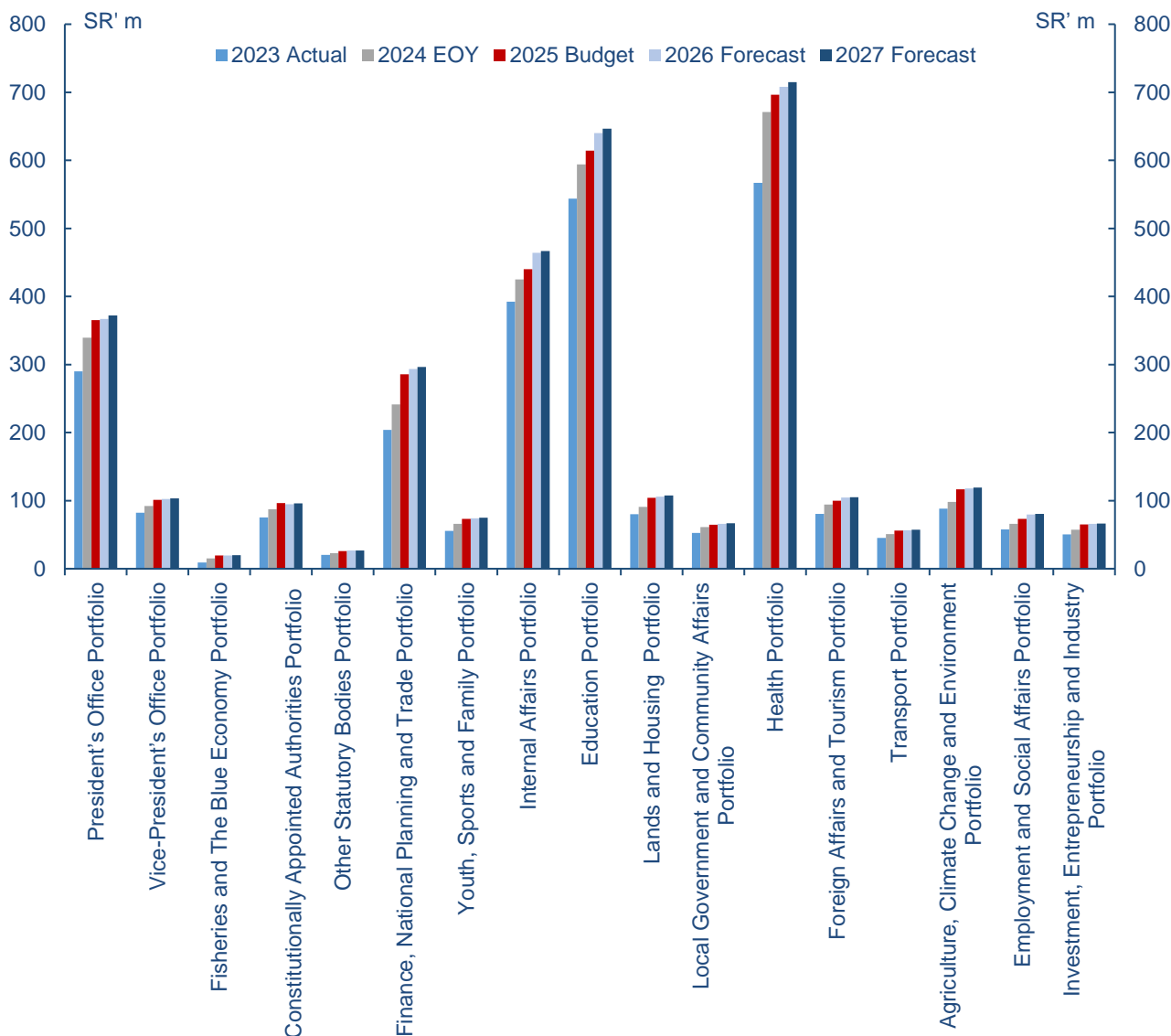
Figure 13. 2023-2027 Wage Budget Allocation



Source: MoFNPT, Financial Planning and Control Division

An amount of SR 2.12bn in the 2025 Budget is allocated to Health, Education, Internal Affairs and President’s Office Portfolios. This represents 64.2 per cent of the total MDA’s Wages and Salaries allocation. The table that follows shows the evolution of Wages and Salaries from 2023 to 2027.

Figure 14. Evolution of Portfolio shares actual and budgeted wages & salaries (2023-2027), SR' m



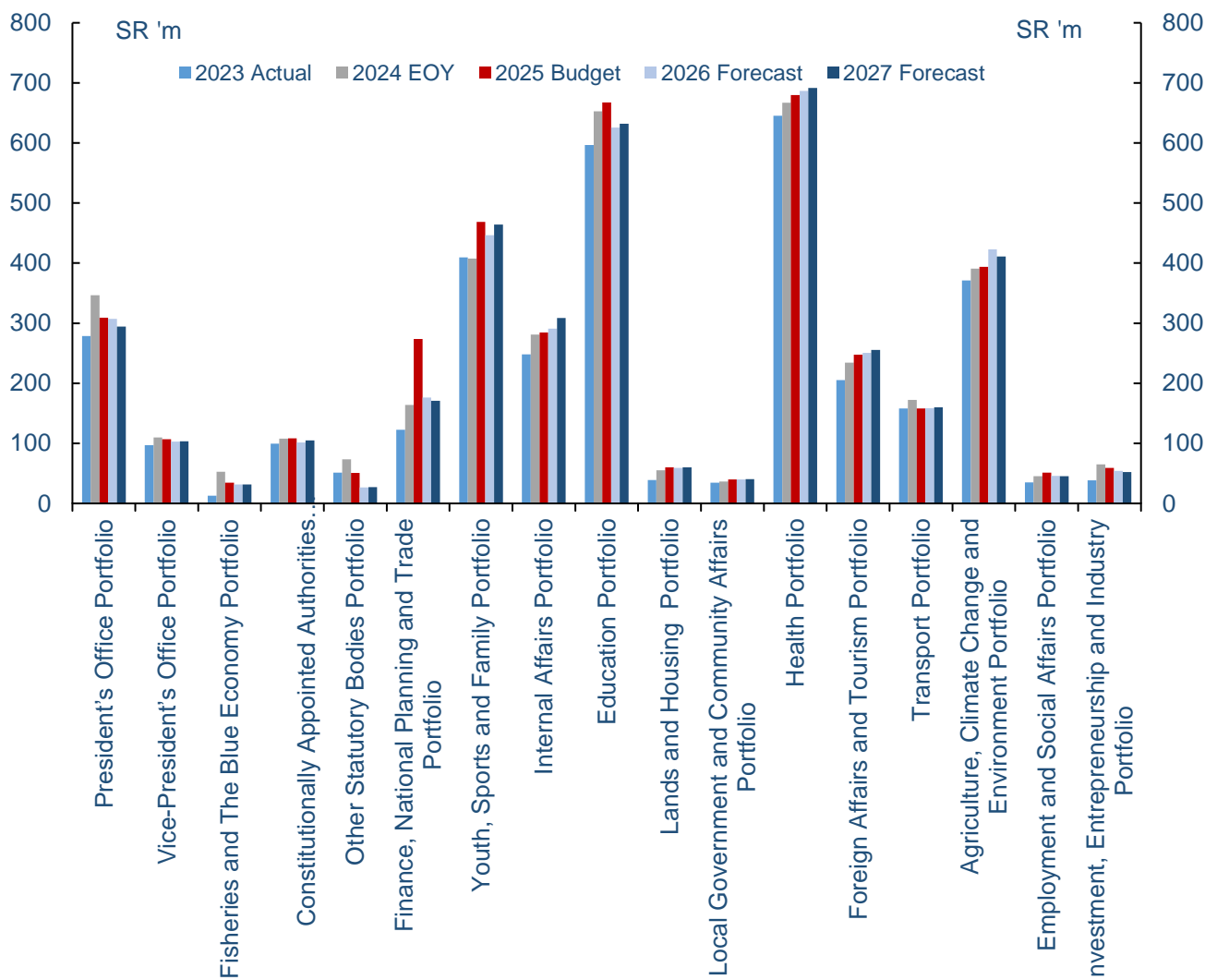
Source: MoFNPT, Financial Planning and Control Division

The Health portfolio retains the largest share under wages and salaries with 21.1 per cent of allocation going to the portfolio. This is followed by the education portfolio with a share of 18.6 per cent of the total allocation. The Education portfolio holds a total of 2,614 posts forecasted into 2025, whilst the Health portfolio has a total of 2,099 posts forecasted into 2025. Higher salary packages for the Health portfolio, however, contribute to the disproportionately higher cost for wages and salaries across the two largest portfolios.

Goods and Services

A sum of SR 4.05bn has been allocated towards Goods and Services in 2025. This represents 31.9 per cent of the total expenditure and net lending, and 12.3 per cent of GDP. The Goods and Services expenditure has increased by SR 157.1m in comparison to the 2024 end-of-year estimates. In 2025, goods and services allocation are partly financed through grants for a total sum of SR 30.5m. The goods and services Budget caters for the 13th month for non-core positions at a total of SR 22.7m in 2025.

Figure 15. Evolution of Portfolio shares Actual and Budgeted Goods and Services (2023-2027), SR' m



Source: MoFNPT, Financial Planning and Control Division

Ministries Department and Agencies with Significant increase;

Additional support has been provided to critical MDA's to ensure the implementation of strategic priorities in the medium term;

- The allocation for the Ministry of Finance, National Planning & Trade remain relatively high in 2025, keeping with the end-of-year 2024 estimates mainly for the financing of the Integrated

Financial Information Management System (IFMIS). The project for the new system is ongoing and is expected to complete in 2026.

- The Seychelles Revenue Commission’s goods and services Budget has increased by SR 52.3m or 74.5 per cent in 2025, compared the 2024 end-of-year estimates. The 2025 estimates make provision for the commission to finance the new Invoice Management System. In addition, the medium-term Budget make provision for the recurrent operational cost towards the project.
- The National Sports Council’s Budget increase of SR 40.3m from the 2024 end-of-year estimates is a result of two major games that are to take place in 2025; which are the CJSOI and FIFA Beach Soccer. Seychelles will be hosting the CJSOI competition in 2025, therefore a sum of SR 40m has been allocated for Seychelles’ organisation and participation in the game.
- Goods and Services allocation for the Ministry of Education increases by SR 14.03m in the 2025 forecast, as compared to end-of-year estimate for 2024. The increased allocation is mainly as a result of:
 - revision of allowances for students in Professional Centres and Advance Level Studies effective 1st April 2025;
 - provision of funds for integrating the Autism Support Centre into the Ministry of Education;
 - Budget allocation for A’ level students on Praslin and La Digue studying at Vijay International School
 - the introduction of new Care School Project, to be rolled out in state schools on a pilot phase.
- The Ministry of Foreign Affairs and Tourism is forecasting an increase of SR 13m for the 2025 goods and services Budget as compared to the 2024 end-of-year estimates. The increase is to cater for the operational cost of the New Office in Geneva that will establish in July 2025 under Department of Foreign Affairs. In addition, provision for the increase in post-secondary students allowances and mature students’ allowances for Seychelles Tourism Academy are allocated under the Department of Tourism.
- SR 15m is the forecasted increase in 2025 Budget of Seychelles Home Care Agency, to cater for the salary increase for Home Carers as result of the Government salary review, effective 1st April 2025.
- The Health Care Agency 2025 Budget reflects an increase of 1.7 per cent or SR 10.1m against the 2024 end-of-year estimates. This increase is mainly for the following expenditure purposes:
 - Increase in cost of security and enforcement to cater for security services at Seychelles Hospital
 - Annual Maintenance Cost for the Health Information System (HIS)
 - Increase in the price of medicines, vaccines and laboratory supplies.

- Under “Other Goods and Services” category there is an upward revision of SR 25.9m or 88 per cent, compared to the 2024 end-of-year estimates. The main increase is under Executions for Elections which is to cater for the cost of Presidential and National Assembly elections to be held in 2025, including provision for the election of Mayor of Victoria.

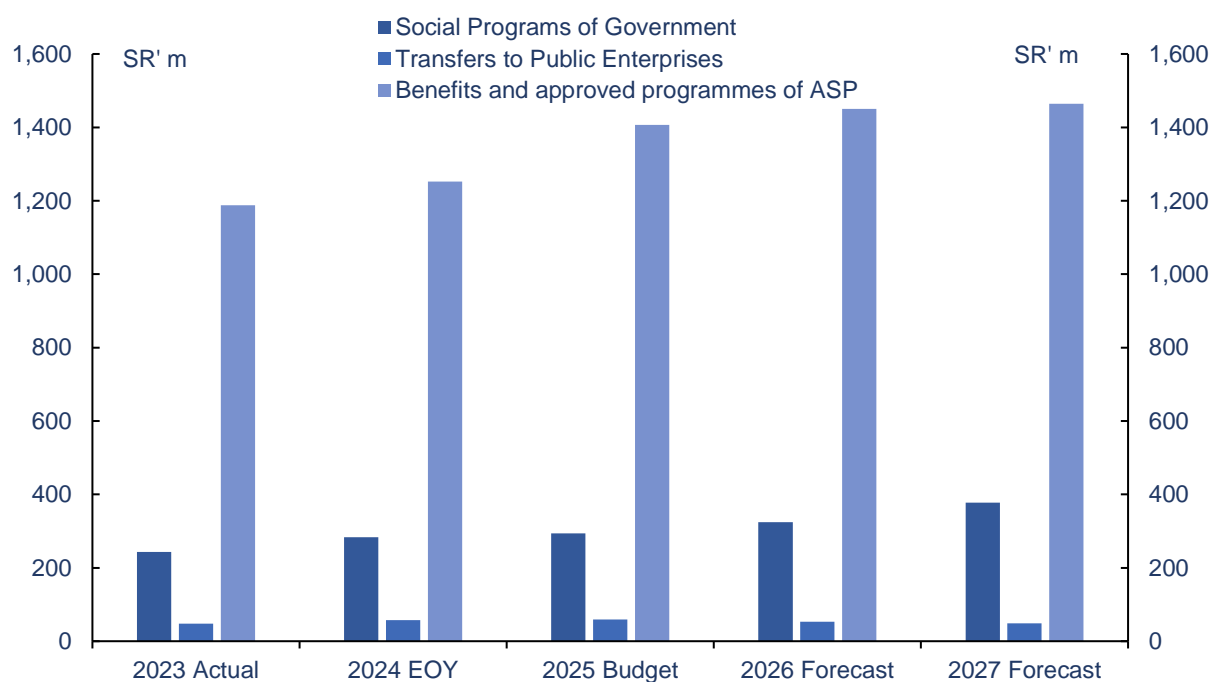
Transfers

Table 22. Summary of Total Transfers by Different Categories, SR' m

TRANSFERS	2023 Actual	2024 EOY	2025 Budget	2026	2027
Social Programs of Government	243,124	283,235	293,822	324,422	377,457
Transfers to Public Enterprises	47,697	57,277	59,127	53,127	49,127
Benefits and approved programmes of ASP	1,187,481	1,252,000	1,406,745	1,450,135	1,463,917
TOTAL TRANSFERS:	1,478,302	1,592,511	1,759,694	1,827,684	1,890,501
% of GDP:	4.9	5.1	5.3	5.2	5.1

Source: MoFNPT, Financial Planning and Control Division

Figure 16. Transfers of Social Government



Source: MoFNPT, Financial Planning and Control Division

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: (1) incentivise targeted sectors or programmes aimed at assisting small entrepreneurs, or (2) promote education and social values. A total of SR 1.76m has been forecasted for the year 2025, representing a

10 per cent increase over the 2024 end-of-year estimate. The Budget is forecasted to steadily increase over the medium term.

- [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 amount they can afford and the cost of the house. The total for Housing Finance Scheme for the year 2025 has been increased by 48per cent as compared to the year end 2024 figure to cater for a number revision to existing products as well as introduction of new products through the scheme for beneficiaries taking effect from 2025 including:

- Revision of 'Maximum loan amounts' and 'Debt Service Ratio' for products 'Housing loan' and 'Second Housing loan'.
- Revision in qualifying works and salary threshold criteria for products 'Major renovation loan' and 'Complete Re-Roofing loan'.
- Revision in salary threshold criteria for products 'Home Improvement loan' and 'Survey loan'
- Revision of 'Maximum loan amount' and amount of 'Government Subsidy' for 'Pensioners' home improvement loan.
- Introduction five new products to cater for evolution in housing project requirements of different groups of clients, namely; 'Vertical Extension Scheme', 'House Extension Scheme', 'Pensioners' Emergency Loan Scheme', 'Permanent Invalidity & Disability Home Improvement Scheme' and 'Home Carers Home Improvement Scheme'.

- [HFC Subsidised interest rate](#)

The 2025 Budget also makes provision for a new subsidy to be applicable towards housing loans from the HFC. The new subsidy is aimed towards ensuring the affordability of loan products from the HFC to its targeted clientele vis-à-vis similar products currently being offered by commercial banks. Assessments have shown that the interest rates applicable to housing loan products from the HFC are high relative to those offered by commercial banks, rendering the rationale for the products to be non-effective.

Currently, any new loan amounting up to SR 500k carries an interest rate of 7 per cent, and any loan amount between SR 500k and a maximum of SR 1.2m carries an interest rate of 8 per cent. With the new interest rate subsidy coming into force in 2025, the effective interest rate for the loan products will be reduced to 6 per cent for both thresholds.

An allocation of SR 934k has been forecasted in the 2025 Budget for this subsidy. The allocation for this subsidy is forecasted to gradually increase over the medium term, in line with demand.

- [SEEREP Incentive Scheme / PV Rebate Scheme](#)

In line with Government's intention to incentivize private individuals, as well as businesses, to adopt energy-efficient practices, and to help reduce the country's dependence on fossil fuels, the PV rebate

scheme, as well as the Seychelles Energy-Efficiency and Renewable Energy Programme (SEEREP) Scheme, was set up in 2012. The PV rebate scheme provides a cash incentive to both residential and commercial consumers investing in PV systems connected to the electricity grid, thereby reducing the one-off installation cost of PV systems. The SEEREP scheme provides improved access to financing for such investments. Currently, the SEEREP Scheme is in force with commercial banks. Through the scheme, loans of up to SR 150k are offered to businesses with an annual revenue of less than SR 6m for adopting energy-efficient products and renewable energy technologies.

Since inception, the use of the PV rebate scheme has fluctuated over the years. The SEEREP, on the other hand, saw a rise in use between the years 2016 and 2017, but use has declined since then. For the year 2025, the Government is reviewing the PV rebate and SEREP Incentive scheme in its entirety with the aim of revamping it to encourage more investments by residential consumers and small businesses. The scheme will be rebranded as the “**Green Energy Incentive Scheme**”.

The first component of this scheme will provide a cost reduction associated with the installation of PV systems as follows:

1. For individuals who install a PV system with a reduction on their total cost, which will be paid by the Government as follows:
 - For a system with a capacity of 1KW – SR 10,500
 - For a system with a capacity of 2KW – SR 21,000
 - For a system with a capacity of 3KW – SR 31,500
2. For small businesses with an income lower than SR 6m, benefits will be as follows:
 - For a system with a capacity of 5KW – SR 36,000
 - For a system with a capacity of 10KW – SR 72,000
 - For a system with a capacity of 15KW – SR 108,000

The second component of this scheme relates to the acquisition of energy efficient appliances as follows:

- For residential consumers: A facility with commercial banks for a loan of up to SR 150,000 at an interest rate of 5per cent, with repayment to be made over a maximum period of 7 years. This will help more individuals meet the bank's criteria to access this loan.
- For small businesses: A facility to borrow money from commercial banks for a loan of up to SR 250,000 at an interest rate of 5 per cent, with repayment to be made over a maximum period of 5 years.

In the 2025 Budget, the Government has allocated a total of SR 7m under the Green Energy Incentive scheme.

- Youth Employment Scheme

The sum of SR 5m has been maintained under the Youth Employment Scheme for 2025. 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.

- Residential Care Services – Roman Catholic Church

An allocation of SR 10.6m has been forecasted for the year 2025 under the program, as compared to the 2024 end-of-year figure of SR 6.47m. The increase has been made to cater for a new rehabilitation project to be part financed from the program and is to be administered by the Roman Catholic Church.

- Youth Entrepreneurship Scheme

The amount of SR 1m, catered for under the Youth Entrepreneurship Scheme, is used to support 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. The 2024 end-of-year estimate stands at SR 3m and is forecasted to increase to SR 5m in 2025. Total contribution, however, is expected to increase to SR 30m in 2026 and 2027. The increase is primarily due to additional support for infrastructure development to support High Tech Farming. The fund is being administered by the Development Bank of Seychelles.

- Small and Medium Enterprise Scheme

Government's contribution to the Small and Medium Enterprise Scheme is maintained at SR 50m for 2025. Government is currently 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 small start-ups to assist them in their early stages of development. To assess its effectiveness, the scheme was put on hold in 2020. During 2022, Government approved the new modalities for the scheme, and the assistance has been increased to a maximum of SR 200,000. The budgeted figure of SR 5m has been maintained as the 2024 end-of-year estimates; however, the same is forecasted to increase to SR 7m per year over the medium term.

- Empowerment and Social Protection Programme

The National Grants Committee was set up in 2018 to evaluate projects that used to be funded from the Empowerment and Social Protection Programme. A sum of SR 9m has been allocated for the financial support of different NGO's through the National

- [Laptop Scheme](#)

A sum of SR 6m has been forecasted for the Laptop Scheme for 2025 as compared to the SR 5m budgeted for the end-of-year 2024. In order to facilitate the integration of IT in teaching from a much early stage in education, in January 2024, the scheme was extended to Primary Five and Six Students in both public and private educational institution. This scheme provides a three-thousand-rupee contribution towards the purchase price of a laptop of the students' choice. The scheme excludes the purchase of smart phones and desktop computers.

- [Education Loans Scheme](#)

Government in 2023 introduced the new Education Loan Scheme. The education loan scheme is accessible through the signatory Credit Granting Institutions for a maximum loan of SR 800k at an interest subsidy of 4 per cent. The loan is repaid over a ten-year period and Government provides a full guarantee of the loan amount. A sum of SR 8m has been forecasted for 2025.

- [Contribution to Unisey](#)

A yearly forecasted allocation of SR 5m has been maintained as contribution to Unisey in 2024. This support will go towards the improvement of the facilities and the campus, as well as for the development of new programmes.

- [DBS Subsidize Interest](#)

As part of the Debt Management Strategy for 2023, Government made a provision of SR 200m guarantee to the Development Bank of Seychelles (DBS) in order for the Bank to continue with its lending activities, given the increase in loan applications. Government will be subsidizing part of the interest rate on the bond. A sum of SR 3.4m has been allocated in the 2025 Budget.

Subvention to Public Enterprises

The Government is assisting the following State-Owned Enterprises (SOEs) with a total sum of SR 59m in 2025, representing a slight increase of SR 1.8m or 3 per cent compared to the 2024 end-of-year estimates.

- [Seychelles Postal Services Company](#): The Government has allocated a sum of SR 4m to support the Seychelles Postal Services for 2025, in consideration of its operational shortfall due to decreases in activities.
- [Seychelles Public Transport Corporation \(SPTC\)](#): Total assistance to the SPTC amounts to SR 41.7m. The sum includes SR 36m, which relates to the subsidisation of the cost of public transportation for the elderly, people with disability, and the workers special. SR 5.7m represents Government subvention to SPTC for assisting the company towards the negative cash flow projection in 2025.
- [The Guy Morel Institute](#): The Government has catered for a sum of SR 2m to support the operations of the Guy Morel Institutes.

- **Seychelles Conservation and Climate Adaptation Trust (SeyCCAT):** The total amount of SR 1m that has been allocated for SeyCCAT represents the financial support from Government to cater for the operational cost of Blue Bond Management.
- **Paradis Des Enfants:** The amount of SR 5m has been allocated for Paradis Des Enfants, which will go partly towards infrastructural improvement, the maintenance of games facilities, and towards its operational shortfall.
- **The National Information Services Agency (NISA):**
The allocation for NISA amounting to SR 1m to cater for the new function that NISA will be absorbing with the phasing out of Seychelles New Agency as a result of the Government restructuring.
- **PETRO Seychelles:** The Government has catered for a sum of SR 4m to support the operations of the PETRO Seychelles.

Benefits and Approved Programmes

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 keeping with previous Budget allocations, the 2025 Budget maintains Government's commitment to finance the social programmes targeting the most vulnerable people in society. Benefits and Approved Programmes of ASP represent 4.7 per cent of GDP for 2025.

The following statutory benefits under ASP were reviewed to take effect from January 2024: Maternity/Paternity benefit, Semi-Orphan benefit, Abandoned Child / Orphan, Foster Parent benefit, Foster Child, Survivor benefit, and Allowance for expected mothers from inner islands.

A sum of SR 1.41bn is being catered to finance the payment under the Approved Programmes of ASP. This represents an increase of SR 154.7m compared to the 2024 end-of-year estimates. This growth is largely explained by increases in the three largest individual benefits under the program Budget-wise.

- **Revision in Retirement, Invalidity and Disability benefits**

A sum of SR 1.3bn has been budgeted for 2025 to cater for retirement, invalidity, and disability benefits, which accounts for 11 per cent of the total National Budget. Since July 2022, the Government has been providing assistance of up to a 'maximum' of SR 500 for clients under these three benefits under the Government Temporary Assistance programme. From April 2025, this assistance will be phased out and a review under these three benefits will take effect as follows:

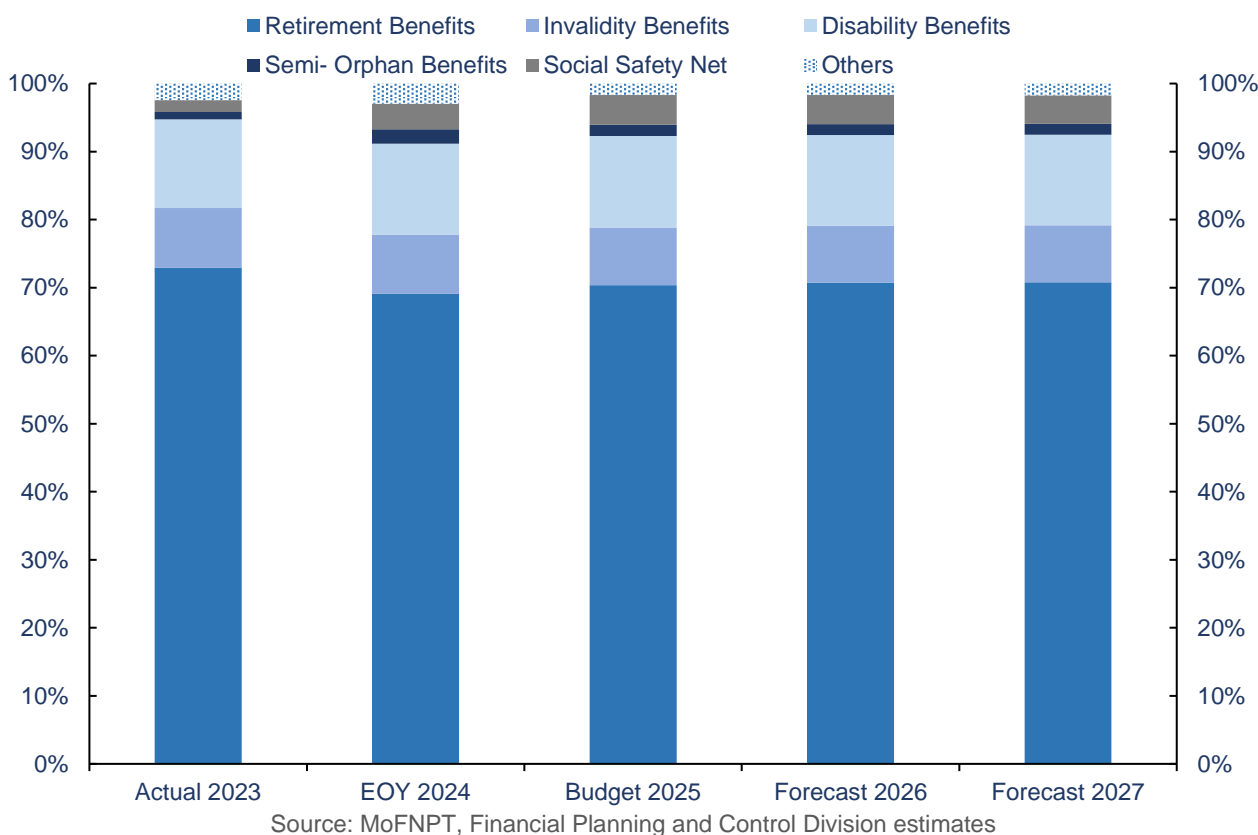
- **Retirement benefits:** If you qualify for the pension fund of up to SR 3,250, your retirement benefit will increase from SR 5,750 to SR 6,150. If you qualify for the pension fund of above SR 3,250, your retirement benefit will increase from SR 5,750 to SR 6,400. If you do not qualify for the pension fund, your retirement benefit will increase from SR 5,750 to SR 6,650.

However, all beneficiaries who were receiving social security before the creation of the Pension Fund and whose retirement benefit is currently SR 6,250 will see their benefits increase to SR 7,150.

- **Invalidity benefits:** If you qualify for the pension fund, your benefit will increase from SR 5,750 to SR 6,150. If you do not qualify for an invalidity benefit with the pension fund, your benefit will increase from SR 5,750 to SR 6,650.
- **Disability benefits** will increase from SR 5,750 to SR 6,650.

The total cost implication of these increases stands at SR 121.3m in 2025 and is expected to have a full cost implication of SR 162m for the years 2026 and 2027 individually.

Figure 17. Main Benefits and Scheme under ASP



- **Retirement Benefits**

Similar to previous years, the largest budgetary allocation for Benefits and approved programmes of ASP remains to be from retirement benefits. Given an ageing population, retirement benefits remain a concern, particularly in terms of its sustainability. Along with the increase in ageing population, as well as the provisions made for the revisions taking effect from 2025, the total retirement benefits for the year 2025 has been budgeted at SR 989.6m, representing a 14 per cent increase over the value for the year end 2024 estimates. Retirement Benefit accounts for 70.3 per cent of the total benefits under the Benefits and Approved Programmes of Agency for Social Protection.

- **Social Safety Net**

Social Safety Net is the only discretionary assistance programme. The 2025 Budget forecasted is maintained at SR 61.8m. In recent years, the actual spending from this Budget line has decreased significantly due to numerous controls put in place to regulate spending from this vote. The year 2022, for example, saw a total expenditure of only SR 9.5m. Gradually, however, the trend in spending has increased. A total of SR 20.99m has been recorded as actual spending as at year end 2023, and the first half of the year 2024 has recorded spending of SR 16.3m.

Public Sector Investment Programme

The Central Government Investment Program for the period 2025 to 2027 is budgeted at SR 5.3bn. For the fiscal year 2025, SR 1.9bn will be allocated for projects, representing 35 per cent of this medium-term investment plan.

In addition to the Public Sector Investment Program (PSIP) allocations, the Government provides funding through Net lending and Development grants to some Public Enterprises for their development projects. Public Enterprises receiving development funding from the Central Government in the year 2025 are the PUC for which a total of SR 45m has been budgeted, SPTC for which a total of SR.26.9m has been budgeted and the PMC for which a total of SR.53.4m has been budgeted. The table below shows the total PSIP allocations made across the medium term.

Table 23. Public Sector Investment 2023-2027, SR' 000s

DESCRIPTION	2023 Actual	2024 EOY	2025 Budget	2026	2027
Central Government Projects	978,405	1,385,448	1,858,534	1,643,465	1,817,158
Net Lending	-33,857	25,509	197,105	65,684	-81,000
Development Grants	156,598	103,423	125,346	155,334	143,313
TOTAL ALLOCATION:	1,101,146	1,514,380	2,180,985	1,864,483	1,879,471
% of GDP:	3.7	4.9	6.6	5.3	5.1

Source: MoFNPT, Financial Planning and Control Division estimates

2024 Overview

A total Budget of SR 1.4 bn was allocated for Central Government capital projects in the approved Budget for the year 2024. Several projects earmarked for financing from the local funds are not expected to materialize this year. These projects include the re-roofing of the National Assembly building and the construction of the Ministry of Finance annex building.

In 2024, several significant ongoing infrastructure projects were undertaken. These included the completion of the renovation of the Carnegie building; the Salazie 8 Plot Land Bank project; renovations at Mont Fleuri Secondary School and Grand Anse Mahé Primary School; and improvements to the Glacis Police Station. Additionally, there were renovations of the PSSW House in Amitié, Praslin; and the La Digue Sports Complex. We also completed the construction of 12 housing units at Ex-Kashugy, Bel Ombre; and 24 housing units at the Roundabout, Perseverance.

2025 Outlook

The total Budget allocated for Central Government investment projects for the year 2025 amounts to SR 1.9 bn. This represents a 34 per cent increase compared to the end-of-year Budget for 2024, which stands at SR 1.4bn.

The SR 1.87bn is allocated as follows: 68 per cent from local sources, 12 per cent from loans, and 20 per cent from grants. The sectors contributing to the overall increase in allocation are the Lands and Housing sector, with a 20 per cent increase, and the Health sector, with a 149 per cent increase.

The increase in the Lands and Housing sector is due to several projects, including the construction of 72 housing units at Cap Bonm Jean, Anse Royale, and 69 housing units at Beoliere, Port Glaud, along with the Government House building, the Ile Aurore infrastructure project, and the Ile Du Port development project. The increase in the Health sector is mainly for new hospital infrastructure.

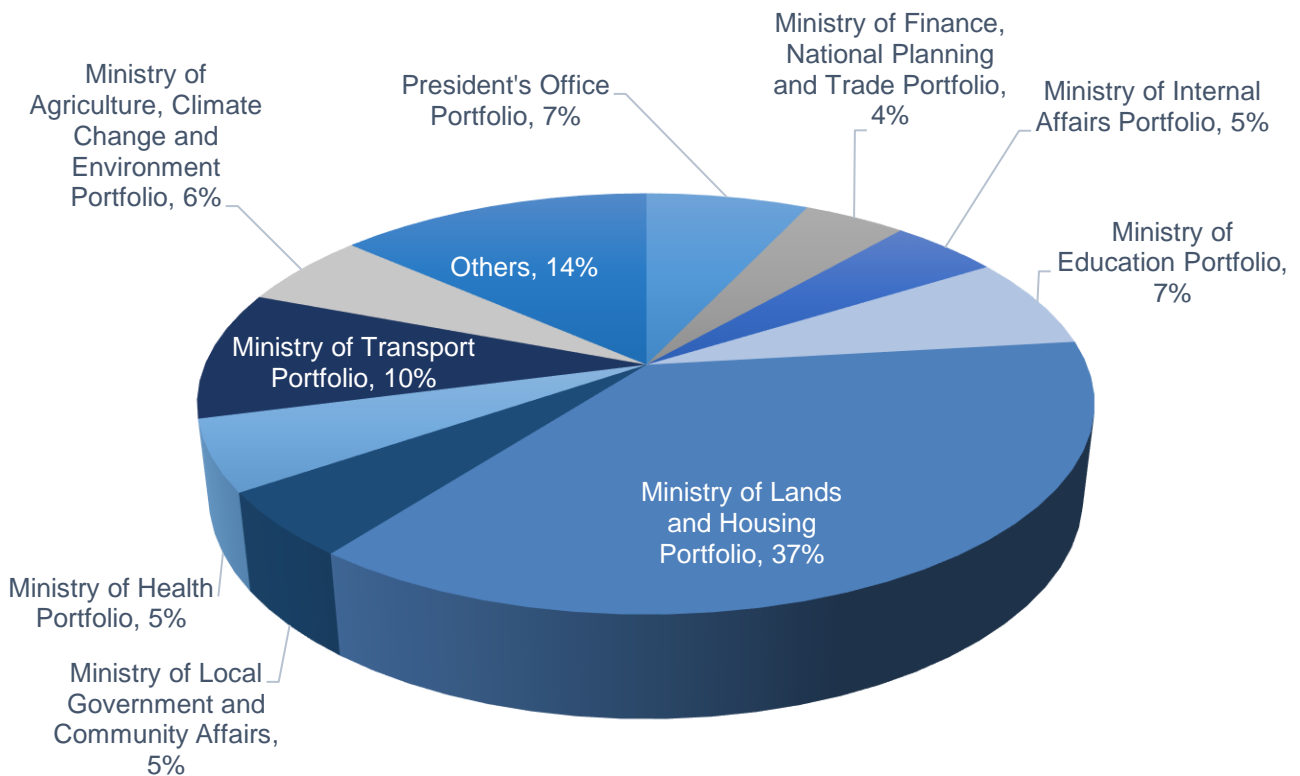
Listed below are some of the main ongoing projects that form part of the PSIP Budget for 2025:

- Construction of Jetty with a total allocation of SR 26.4m
- Major Repair of PDJ with a total allocation of SR 16.5m
- Construction of SRC Building with a total allocation of SR 75.5m
- Renovation Works at Unity Stadium with a total allocation of SR 16.5m
- La Rosière Primary School - Construction of New Block with a total allocation of SR 31.5m
- New La Digue School - Reconstruction with a total allocation of SR 134.6m
- 24 Housing Units Ex-Zelia, Anse Boileau with a total allocation of SR 17.0m
- 24 Housing Units Ex-PSSW Phase II, Cascade with a total allocation of SR 15.1m
- 16 Housing Units, Dan Kan Les Mamelles Phase II with a total allocation of SR 15.9m
- 12 Housing Units, La Digue Phase I with a total allocation of SR 12.2m
- Special Housing Projects with a total allocation of SR 30.0m
- Ile Du Port Development with a total allocation of SR 44.0m
- Ile Perseverance 1 DA's Office with a total allocation of SR 13.0m
- Community Roads Projects with a total allocation of SR 55.0m
- Maintenance Works - Seychelles Hospital with a total allocation of SR 45.4m
- 3rd Lane, Pointe Larue with a total allocation of SR 49.4m
- Road Pasquere, Praslin with a total allocation of SR 15.0m
- Infrastructure Development, Eve Island - Phase 2 with a total allocation of SR 33.7m

Domestic Financing

The total allocation in the 2025 Budget under local financing amounts to SR 1.3bn. The Land and Housing Portfolio makes up the largest portion (37 percent) of the total local financing at SR 473.7m. This is followed by the Ministry of Transport Portfolio with 10 percent and the Ministry of Education Portfolio with 7 percent. The graph below shows the domestic financing allocation across the portfolios.

Figure 18. Domestic Financing allocations



Source: MoFNPT, Financial Planning and Control Division estimates

Projects financed through local funding in 2025 span various sectors and encompass both new and ongoing projects. These include housing projects such as the Affordable Housing Units Ile Aurore Phase 1 (80 units) and the Land Reclamation Project from the Land and Housing Portfolio. Other projects financed under local funding include the construction of Coastal Protection Infrastructure and the 3rd Lane Pointe Larue project within the Ministry of Transport Portfolio, as well as the construction of a new block for La Rosiere Primary School under the Education Portfolio.

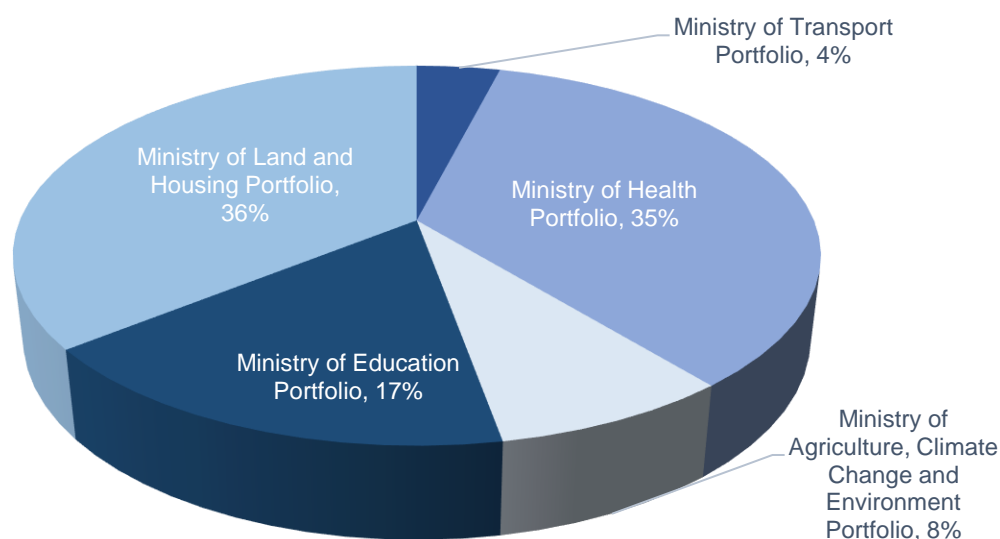
Loan Financing

A total of SR 219.4m in capital projects for 2025 is expected to be financed through foreign loans. The largest portion is allocated to the Land and Housing Portfolio, accounting for 36 percent of the total allocation, primarily designated for the Social Housing Project. Following that, the Ministry of Health Portfolio receives 35 percent, and the Ministry of Education Portfolio is allocated 17 percent.

In addition to the Social Housing Project within the Land and Housing Portfolio, other key projects financed through loans include the construction of new hospital infrastructure within the Health Portfolio and the reconstruction of the New La Digue School under the Ministry of Education Portfolio

The below graph shows the distribution of foreign loan per portfolio.

Figure 19. Foreign Loan by Portfolio



Source: MoFNPT, Financial Planning and Control Division estimates

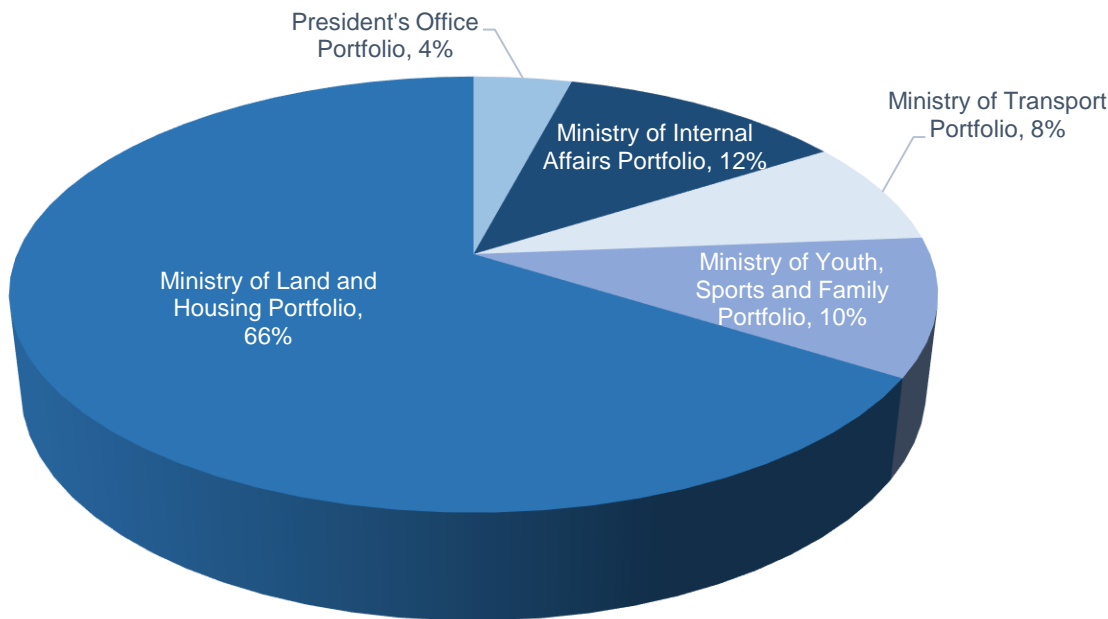
Grants financing

Grant financing accounts for the second-largest proportion of financing for the Government's public sector investment program in 2025, at 20 percent. The Ministry of Land and Housing Portfolio has the largest proportion of projects expected to be financed through foreign grants, followed by the Ministry of Internal Affairs Portfolio and the Ministry of Youth, Sports and Family Portfolio.

The main projects expected to be financed through foreign grants for the year include the Construction of 72 housing units Cap Bonm Jean, Anse Royale and the Construction of 69 housing units Beoliere, Port Glaud, the construction of the new Marine Police facilities, and the Construction of Indoor Court Anse Royale within the Ministry of Youth, Sports and Family Portfolio.

The graph overleaf shows the distribution of the grant finance to the respective MDAs.

Figure 20. Grant Financing by Portfolio



Source: MoFNPT, Financial Planning and Control Division estimates

Cash Grant financing

Cash grants accounts for up to 20 per cent of total Government grants in 2024. Projects and programs being financed from cash grants are found largely to be from the Department of Police, the Department of Climate change and the Seychelles Defence Forces. Several programs aimed towards climate change mitigation and adaptation measures are being financed through cash grants through the department of Climate Change. The project for the construction of the new marine police facilities which is currently undergoing design is budgeted to be financed through cash grant by the Department of Police.

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 new housing projects being financed from by the Government of China, for which a total of SR 209m has been budgeted in 2025; as well as road infrastructure projects being implemented by the Department of Transport. This includes the ‘West Coast Road Improvement’ project, for which a total of SR 28m has been allocated. A total of SR 54m has also been allocated towards the development the new Invoice Management System project for the Seychelles Revenue Commission, being financed by the Government of China.

Planned Investment by Sector

The table below shows the total allocation of the capital expenditure Budget across various sectors. The largest allocation for the 2025 Budget is in the Land and Housing Portfolio, primarily attributed to projects such as the construction of the Social Housing Projects, and 40 Housing Units in Vilaz Orkid Phase II. The second-largest sector allocation is from the Ministry of Transport Portfolio, intended to support the ongoing West Coast projects, particularly West Coast Project Phase 2, 3 & 4. The third-

largest allocation is from the Ministry of Education Portfolio, for the construction of the New La Digue School.

Table 24. Financing allocation for 2024-2027, SR' m

SECTORS	2024 EOY	2025 Budget	2026	2027
President's Office Portfolio	71,177	103,969	74,776	48,619
Vice-President's Office Portfolio	23,355	3,000	-	-
Ministry of Fisheries Portfolio	6,862	-	-	-
Constitutionally Appointed Authorities Portfolio	9,514	9,622	16,800	2,716
Ministry of Finance, National Planning and Trade Portfolio	24,169	56,188	34,525	34,800
Ministry of Youth, Sports and Family Portfolio	49,123	96,734	55,334	31,000
Ministry of Internal Affairs Portfolio	36,509	103,897	105,629	48,103
Ministry of Education Portfolio	62,205	126,896	160,137	129,249
Ministry of Lands and Housing Portfolio	631,371	795,597	596,236	627,670
Ministry of Local Government and Community Affairs	55,094	64,054	52,625	49,200
Ministry of Health Portfolio	58,786	146,552	235,246	512,105
Ministry of Foreign Affairs and Tourism Portfolio	7,863	5,750	15,000	8,500
Ministry of Transport Portfolio	271,260	161,646	124,912	142,239
Ministry of Agriculture, Climate Change & Environment Portfolio	39,936	90,429	123,065	157,468
Ministry of Employment and Social Affairs Portfolio	10,000	34,699	3,084	6,750
Ministry of Investment, Entrepreneurship and Industry Portfolio	28,225	59,501	46,097	18,740
TOTAL:	1,385,449	1,858,534	1,643,465	1,817,158

Source: MoFNPT, Financial Planning and Control Division estimates

Development Grants to Public Enterprises

A total of SR 125.3m is being allocated towards development grants to State Owned Enterprises (SOEs). The SOEs receiving development funding from the Central Government in the year 2025 are as follows;

- SPTC is being allocated a total of SR 26.9m as Government's contribution towards the implementation of its capital projects as follows: SR 10m for projects being financed locally and SR 16.9m for the acquisition of new buses which will be financed through foreign financing.
- Property Management Corporation (PMC) is to be allocated a Budget of SR 53.4m in 2025 for interest payments on its CBS Bond and the repayment of loans with NouvoBanq and the Seychelles Pension Fund which was taken for the financing of Government's '24 in 24 by 24' housing projects.
- SR 45m to the Public Utilities Corporation (PUC) as Government support towards infrastructure projects.

Net Lending

- A total of SR 197.1m is being budgeted for Net Lending in 2025. This amount relates to loans from financial institutions and which are then on-lent to relevant SOEs.
- A total outflow of SR 144.5m is budgeted for projects from the Public Utilities Corporation for various development projects forming part of the SOE's master plan for development.
- The largest cash outflow allocation for net lending is SR 150.7m budgeted for the Island Development Company which is earmarked for the required infrastructure development on Assumption Island.
- A total of SR 4m cash outflow is budgeted for the Seychelles Postal Services to cater for one ware house project.
- In 2025, total receipts under this expenditure head is forecasted at SR 102.13m of which SR 86.4m is from PUC and SR 15.7m from DBS. The receipts are in line with the on-lending agreements Government has with these two institutions.

Contingency

A provision of SR 50m is being allocated under the contingency fund for 2025 to cater for unforeseen events.

Debt Outlook

As of the end of September 2024, the total Government and Government-guaranteed debt amounts to SR 18.5bn, around 59.5 per cent of GDP, as shown in the table below. The domestic and external debt are split almost equally, each amounting to about SR 9.2bn. These figures represent approximately 29.8 per cent of GDP for domestic debt and 29.7 per cent of GDP for external debt.

Table 25. Provisional Total Debt Stock as at end September 2024

DESCRIPTION	Domestic SR' m	External		Total SR' m
		SR' m	USD' m	
Total Debt Stock (Sept 2024)	9,244	9,225	630	18,469
DEBT TO GDP RATIO (%)	29.8	29.7		59.5

Source: MoFNPT, Debt Management Division

Table 267 below presents a breakdown of the total debt stock categorized by the residency of the creditors. The debt stock portfolio is showing a balance between domestic and external sources of financing.

Table 26. Total debt by residency of creditors.

DESCRIPTION	Sept 2024 (SR' m)	% Share
Domestic	9,244	50.0
<i>o.w. Government</i>	8,672	47.0
<i>o.w. Guarantees</i>	572	3.1
External	9,225	50.0
<i>o.w. Government</i>	9,025	48.9
<i>o.w. Guarantees</i>	201	1.1
TOTAL DEBT:	18,469	

Source: MoFNPT, Debt Management Division

Table 28 below outlines the debt stock by guarantee status. The stock is significantly dominated by Government debt, representing 95.9 per cent, while Government-guaranteed debt constitutes of only 4.2 per cent of the total stock.

Table 27. Total debt by Guarantee Status

DESCRIPTION	Sept 2024 (SR' m)	% Share
Government	17,696	95.9
Guarantees	773	4.2
TOTAL DEBT:	18,469	100

Source: MoFNPT, Debt Management Division

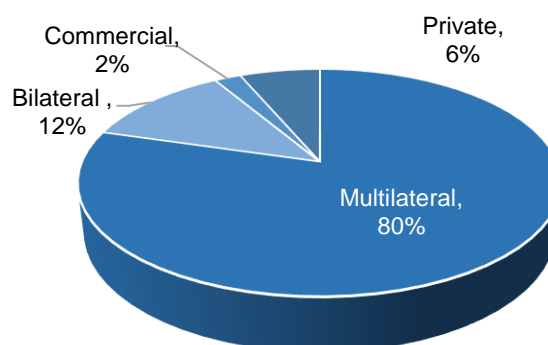
2024 External Debt Stock

This section looks at the external debt stock in more details. At the end of September 2024, the total stock of external debt amounted to SR 9.2bn or 29.7 per cent of GDP, as previously stated. As illustrated in the figure below, the largest component is associated with debt owed to multilateral creditors which constitutes of 80 per cent of the total external debt stock. Private and Bilateral debt each account for 6 per cent and 12 per cent respectively, while debt owed to Commercial banks accounts for the smallest share at 2 per cent only.

Table 28. External Debt Stock Composition

Creditor Category	External Debt Stock (SR' m)
Multilateral	7,337
Bilateral, (of which);	1,102
- Paris Club	543
- Others	558
Commercial	196
Private	591
TOTAL:	9,225

Figure 21. Percentage distribution by Creditor Category



Source: MoFNPT, Debt Management Division

The breakdown of external debt by instrument type is illustrated in the table below. The external debt portfolio comprises of only loans and securities. Loans make up for 93 per cent of the external debt stock, while securities account for the remaining 7 per cent, which are principally the Euro Bond and the Blue Bond.

Table 29. External debt by instrument type, SR' m

DESCRIPTION	Sep-2024	% Share
Loans	8,567	92.9
Securities	658	7.1
TOTAL DEBT:	9,225	100.0

Source: MoFNPT, Debt Management Division

The table below shows the comparison of external debt stock between September 2023 and September 2024. There has been a significant increase of about SR 1.0bn, or 12.7 per cent, from SR 5.9bn to SR 7.3bn in the external debt stock. The growth stems from multilateral debt. This is closely linked to the disbursement of Budget support loans from key multilateral creditors, including the African Development Bank (AfDB), the International Bank for Reconstruction and Development (IBRD), the OPEC Fund for International Development (OFID), and the International Monetary Fund (IMF) under the EA EFF and RSF program. Collectively, the AfDB, OFID, and IBRD disbursed a total of USD 78m, while the IMF contributed to a total of USD 24.5m over the aforementioned period. Additionally, there has been continuous disbursements under

the ongoing project loans. The decline in Bilateral, Commercial, and Private debt can be attributed to ongoing repayments on these respective creditor categories.

Table 30. Comparison in External Debt stock-Sept 2023 vs Sept 2024, SR' m

DESCRIPTION	Sep-23	Sep-24	Diff (%)
Multilateral	5,932	7,337	23.7
Bilateral of which;	1,135	1,102	-2.9
- Paris Club	548	543	-0.9
- Non Paris Club	587	558	-4.9
Commercial Banks	307	196	-36.3
Private	811	591	-27.1
TOTAL EXTERNAL DEBT:	8,185	9,225	12.7

Source: MoFNPT, Debt Management Division

External debt repayments

Table 30 below shows the forecasted external debt repayments for 2024-2030. Total repayment, including principal and interest, over the period averages to around SR 1.2bn yearly.

Table 31. External Debt Service Forecast, SR' m

DEBT SERVICING	2024	2025	2026	2027	2028	2029	2030
Principal	988	741	833	757	732	782	768
Interest	491	473	436	386	366	306	239
TOTAL EXTERNAL DEBT:	1,478	1,214	1,269	1,143	1,097	1,088	1,007

Source: MoFNPT, Debt Management Division

2024 Domestic Debt Stock

As per Table 31 below, the total domestic debt stock stood at SR 9.2bn, or 29.8 per cent of GDP. Similarly, to the previous year, securities represent the largest share of the total domestic debt stock at 87 per cent, consisting of T-Bills and T-Bonds at SR 2.3bn and SR 5.7bn respectively. Deposits, Notes and Other Debt Liabilities continuously represents the smallest share of the total domestic debt stock averaging to 0.5 per cent of the stock.

Table 32. Composition of Domestic Debt, SR' m

DESCRIPTION	2024 (SR' m)	%
Loans	782	8.5
Securities of which;	8,046	87.0
Treasury Bills	2,337	25.3
Treasury Bonds	5,709	61.8
DBS Bonds	267	2.9
Deposits	45	0.5
Notes	58	0.6
Other Debt Liabilities	46	0.5
TOTAL DOMESTIC DEBT:	9,244	

Source: MoFNPT, Debt Management Division

As at the end of September 2024, the total domestic debt stock fell by SR 97.2m in comparison to the same period last year. This was mainly attributed to the reduction in domestic loans and Other Debt Liabilities as a result of ongoing repayments. The SR 48.9m increase in Government securities was mainly attributed to the issuance of new T-bills and T-Bonds over the period, totalling to SR 2,080m. This was partly offset by the repayments of maturing securities, including a 7 per cent 3-year and 5.75 per cent 3-year T-bonds, worth a total of SR 762m and T-bills maturing worth SR 1,269m.

Table 33. Comparison in Domestic Debt Stock- Sept 2023 vs Sept 2024, SR' m

DOMESTIC DEBT	Sept-23	Sept-24	% Diff
Government Securities	8,042	8,091	0.6
Other Securities	300	325	8.4
Loans	908	782	-13.8
Other Debt Liabilities	92	46	-50.5
TOTAL DOMESTIC DEBT:	9,341	9,244	-1.0

Source: MoFNPT, Debt Management Division

Interest Rates

The interest rates at the end of September 2024 were higher in comparison to the same period last year. As illustrated below, the overall interest rates increased by an average of 1.4 percentage points. Throughout the year 2024, competitive bidders persistently bided at a lower tender price, which resulted in the increase in interest rates.

Table 34. Interest Rates on T-bills

T-bills	Interest Rates (%)		% Change
	Sept-23	Sept-22	
91 Days	1.33	2.74	1.41
182 Days	1.45	3.02	1.57
365 Days	1.99	3.28	1.29

Source: MoFNPT, Debt Management Division

As part of the Government's strategy to lengthen the maturity of the domestic portfolio, five T-bonds in total were successfully issued between January and September 2024, worth SR 534m. The T-bonds issued in the first and second quarter were fully subscribed, while the ones in the third quarter were under-subscribed by about SR 80m given the low yield on the bond.

Table 35. Summary of T-bonds Issuance as at the end of September 2024

DESCRIPTION		Targeted Amount	Allotted Amount	% of GDP
		(SR' m)		
Treasury Bond Q1	5-yr 5.0% Bond	85	150.1	0.5
	Sub-total	85	150.1	0.5
Treasury Bond Q2	3-yr 3.50% Bond	100	128.4	0.4
	5-yr 4.70% Bond	100	134.5	0.4
	Sub-total	200	262.9	0.8
Treasury Bond Q3	7-yr 5.50% Bond	100	69.5	0.2
	5-yr 4.50% Bond	100	51.2	0.2
	Sub-total	200	120.7	0.4
TOTAL:		485	533.6	1.7

Source: MoFNPT, Debt Management Division

Selected Economic Indicators

	2023	2024	2025	2026	2027
National income and prices					
Nominal GDP (millions of Seychelles rupees)	30,016	31,044	33,033	35,028	37,213
Real GDP growth	3.15	3.02	4.28	3.48	3.52
GDP deflator growth	-0.93	0.39	2.05	2.47	2.62
CPI (annual average)	-1.0	0.5	2.3	3.0	3.0
Government Budget (% of GDP)					
Total revenue, including grants	32.4	35.1	36.8	33.9	33.3
Total revenue, excluding grants	31.6	34.0	35.5	33.5	33.1
Grants	0.8	1.1	1.4	0.4	0.2
Expenditure and net lending	33.6	37.0	38.4	34.6	32.7
Current expenditure	29.8	31.9	31.6	29.1	27.4
<i>Of which: interest payments</i>	2.9	3.1	2.7	2.2	1.7
Capital expenditure	3.3	4.5	5.6	4.7	4.9
Net Lending	-0.1	0.1	0.6	0.2	-0.2
Primary balance, including grants	1.7	1.1	1.1	1.5	2.3
Primary balance, excluding grants	0.9	0.0	-0.2	1.1	2.1
Overall balance (cash basis), including grants	-1.2	-1.9	-1.5	-0.7	0.6
Overall balance (accrual basis), including grants	0.5	-1.9	-1.5	-0.7	0.6
Domestic bank financing (net)	-1.4	-1.9	-1.6	-0.4	-0.3
External sector					
Current account balance including official transfers (% of GDP)	-7.2	-10.7	-9.8	-9.2	-9.5
Current account balance including official transfers (in USD' m, unless otherwise indicated)	-155	-229	-219	-216	-233
<i>Imports of goods</i>	1,427	1,481	1,553	1,598	1,675
<i>Imports of services</i>	1,010	1,011	1,061	1,112	1,171
<i>Exports of goods</i>	542	600	621	639	654
<i>Exports of services</i>	1,833	1,757	1,868	1,979	2,084
Primary Income, net	-74	-72	-73	-102	-103
Secondary Income, net	-19	-22	-22	-22	-22
Foreign Direct Investment	240	344	264	273	302
Gross official reserves (USD' m)	682	806	851	852	889
In months of imports, c.i.f.	3.3	3.7	3.8	3.6	3.6
Total debt outstanding (% of GDP)					
Total Government and Government-guaranteed debt	58.2	61.5	60.8	59.1	55.9
Domestic	27.6	28.8	25.8	24.6	23.7
External	30.6	32.6	35.1	34.5	32.2

Source. Macroeconomic Forecasting Working Group

SECTION 3

Tax Expenditure Statement



Tax Expenditure Statement 2025

October 2024

Preface

This report is the first to be published by the Ministry of Finance, National Planning and Trade (MoFNPT) and is mostly based on a report by the International Monetary Fund (IMF)'s Fiscal Affairs Department (FAD). FAD conducted a capacity development mission in Victoria, Seychelles, from May 28 to June 6, 2024, at the request of the MoFNPT. The mission focused on enhancing Seychelles' ability to quantify TEs related to Value Added Tax (VAT) and Business Tax (BT). As a result of this mission, a Technical Assistance Report titled "Seychelles VAT and BIT: Tax Expenditures Assessment" was produced. This report utilized data from the year 2023 for VAT and from 2022 for BT and is intended to support the Seychelles' Government in evaluating the fiscal impact of TEs, and in making informed policy decisions to improve tax efficiency and revenue generation. Note that for BT, the analysis relies on 2022 data because complete 2023 data was not yet available.

For the purpose of this report, emphasis was placed on VAT and BT as these are relatively large tax lines with the largest share of tax expenditures. Future reports will include analyses of other tax lines.

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Acronyms and Abbreviations

BT	Business Tax
GDP	Gross Domestic Product
GTED	Global Tax Expenditure Database
HBS	Household Budget Survey
IMF	International Monetary Fund
MoFNPT	Ministry of Finance, National Planning & Trade
SOE	State-Owned Enterprise
TE	Tax Expenditure
VAT	Value Added Tax

Introduction

Within the tax legislations, regulations, and practices, there are certain exemptions, deductions, and credits that are given to promote socioeconomic objectives. These are called tax expenditures (TEs), and they can be used instead of direct spending to achieve desired outcomes per Government's policy. However, TEs often receive less scrutiny from Governments compared to direct expenditure programs. This makes it crucial to identify and quantify them to ensure transparency and accountability in public finances. Once TEs are quantified, Governments can evaluate their effectiveness in achieving the intended objectives and adjust accordingly. This evaluation allows Government to consider whether other approaches, such as direct expenditure, may yield better results.

The documentation of TEs in Government publications has evolved significantly over the past several decades, driven by increasing demands for transparency and accountability. A practice that originated in developed countries, quantifying TEs has increasingly become part of fiscal analyses in developing countries, given the importance of domestic revenue mobilisation for economic development. In 2022, 105 countries produced reports on TEs according to the latest Global Tax Expenditures Database (GTED) Flagship Report,¹ with four of the five latest additions being from developing countries. As countries worldwide face pressure to protect their fiscal space, more are expected to report in the future.

While Seychelles' total tax revenue exceeds that of most comparable countries, with a tax-to-GDP ratio of 27 per cent as of 2023, there is an opportunity to develop a more comprehensive understanding of potential inefficiencies within the tax system. Seychelles has therefore made it a priority to analyse and report its TEs under the guidance of the IMF and the Southern African Development Community (SADC). This report is largely based on the analysis from a recent mission by the IMF'S FAD team, which has significantly contributed to its findings.

Due to the data requirements and the complexity of the task, this initial report will concentrate solely on VAT and BT TEs. Subsequent reports will build on this foundation and encompass all major tax lines.

Methodology

The value of a TE in this report is measured by estimating revenues forgone relative to an established benchmark system. That is, the TE estimates represent the additional tax revenues that would be collected in the absence of the measure, assuming the elimination of the measure does not affect taxpayer behaviour. The below sections briefly detail the methodology (more in-depth explanations are provided in the Annex).

VAT TE Methodology

Value Added Tax (VAT) TEs are revenues foregone from deviations of policy from a benchmark VAT system. These deviations generally include exemptions, zero rated products, and products subject to lower rates than the benchmark.

In this report, the VAT benchmark was established to be the value-added of all goods and services consumed domestically at a single positive rate of 15 per cent. However, some zero-ratings and exemptions were included in the benchmark per established best practice due to the nature of VAT and practicality of collecting these revenues. For example, the zero-rating of exports, residential accommodation, margin-based financial services, and consumption of goods and services from unregistered businesses due to the registration threshold are included in the baseline.

¹ Global Tax Expenditures Database (GTED) Flagship Report 2023

Once the benchmark was established, data were gathered. A static VAT microsimulation model was developed and TE was estimated. Since most VAT exemptions are created to alleviate the burden of the tax on poor households, the appropriateness of TEs towards this aim was also evaluated.

BT TE Methodology

Business Tax (BT) TEs are revenues foregone from deviations of policy from a benchmark BT system. They include preferential BT rates, non-standard exemptions/deductions, and investment tax credit, amongst others.

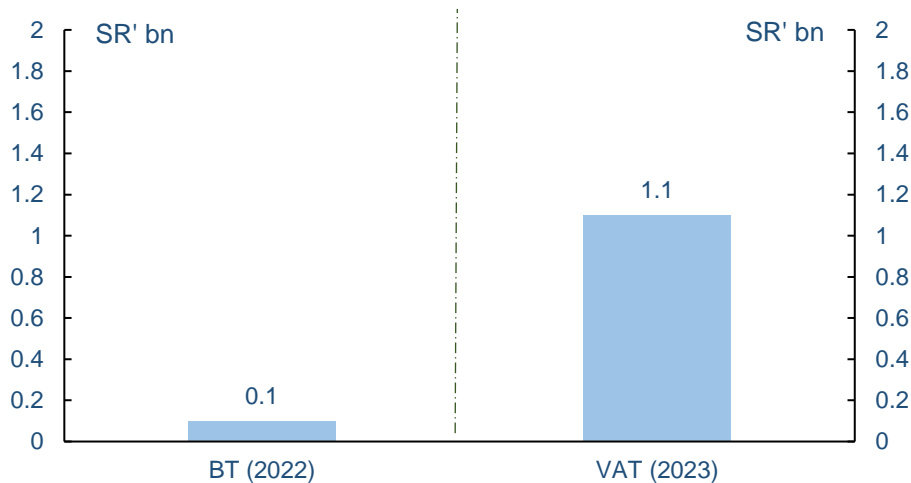
In this analysis, the benchmark unit of taxation is a single business operating as a separate legal entity, and the benchmark rate is a progressive tax, whereby the tax rate is 15 per cent on the first SR 1m and 25 per cent on any taxable income above SR 1m. However, the benchmark does also include higher BT rates on sectors with above-normal profits e.g., telecommunications service providers, banks, insurance providers, and alcohol and tobacco manufacturers (these are taxed at 25 per cent on the first SR 1m and 33 per cent for income above SR 1m). The presumptive tax rate of 1.5 per cent on annual turnover on small businesses is also considered part of the benchmark.

After data gathering, the BT TEs are estimated using a micro-simulation model that uses business-level income tax declarations to estimate the revenue lost due to TEs.

Results and Findings

The results of the analysis show that VAT TEs are significantly higher than BT TEs, with the former totalling SR 1.1bn in 2023, while the latter amounted to SR 0.1bn in 2022.² Figure 1 below illustrates the total size of the TEs for the two key tax lines analysed in this year’s report.

Figure 1: Total BT and VAT TEs (SR' bn)

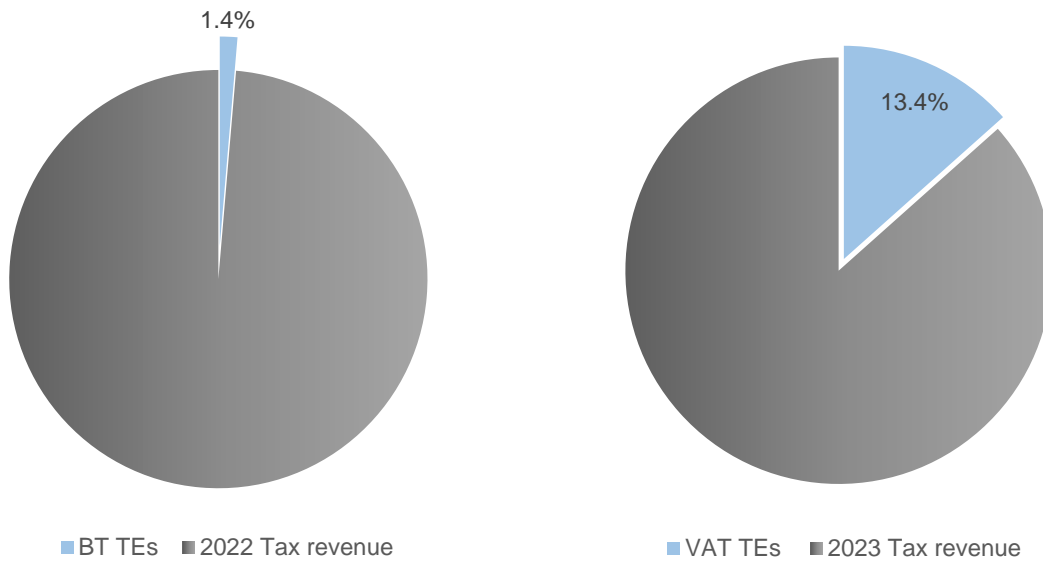


Source: IMF Tax Expenditure Report 2024

In 2023, VAT TEs accounted for one-third of total VAT collections, representing 13.4 per cent of total 2023 tax revenue receipts. In comparison, BT TEs constituted 11 per cent of BT collection in 2022, which amounts to 1.4 per cent of the total 2022 tax revenue, as illustrated in Figure 2.

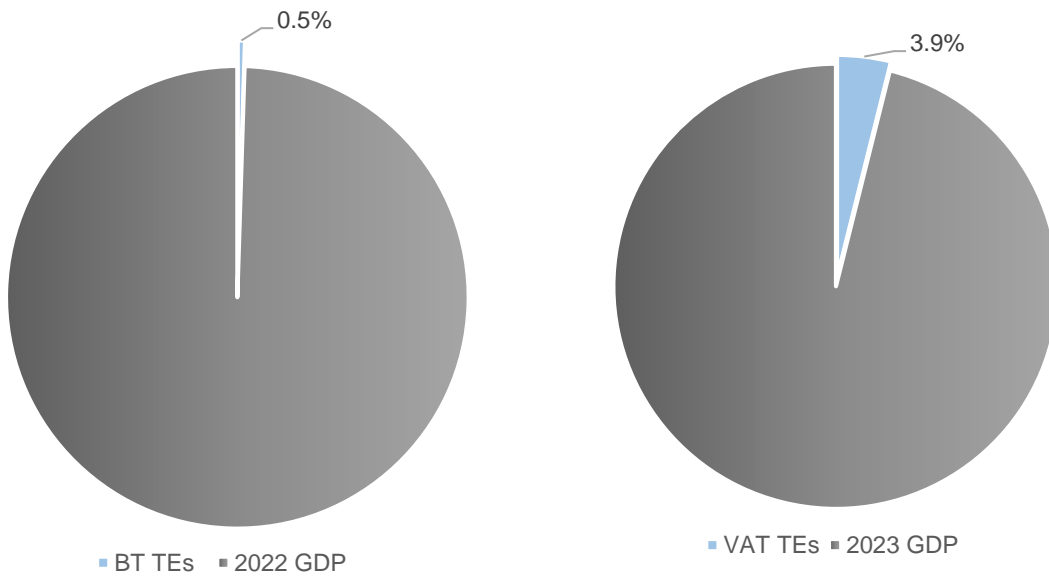
² Note that for BT, the analysis relies on 2022 data because complete 2023 data was not yet available.

Figure 2: BT and VAT TEs as a percentage of total tax revenue



Source: IMF Tax Expenditure Report 2024

Figure 3: BT and VAT TEs as a percentage of GDP



Source: IMF Tax Expenditure Report 2024

In terms of GDP, BT TEs were 0.5 per cent of 2022 GDP, while VAT TEs were 3.9 per cent of 2023 GDP, as shown in Figure 3. The latest GTED data shows that, on average, revenue forgone from TEs amounts to 3.8 per cent of GDP globally, and 4.7 per cent in high-income countries. In Seychelles, VAT TEs alone account for 3.9 per cent of GDP, suggesting that a comprehensive analysis of all tax lines could result in an overall TE estimate that exceeds the global and income peer averages.

Value Added Tax (VAT)

Value Added Tax (VAT), introduced in 2013, is the largest single source of tax revenue in Seychelles. As of 2023, VAT contributes 37 per cent of the total tax revenue, equivalent to 10.2 per cent of the country's GDP. The standard rate is 15 per cent, with some zero-rated items, no reduced rate, and a relatively broad base.

4.1 VAT TEs

Despite the broad base, the VAT legislation provides for numerous exemptions to the statutory rate. In 2023, it is estimated that 40.1 per cent of the VAT base was exempt, and that total VAT TEs amounted to SR 1.1bn. For context, total VAT collected in 2023 was SR 3.0bn; hence, VAT TEs make up one third of VAT revenue, also representing 13 per cent of total tax revenue and 3.9 per cent of GDP.

Table 1. Summary of VAT TEs, 2023

Legislation	Category	Revenue forgone	
		SR' m	% of GDP
Schedule I – Part I	Exempt imports by final consumers	7	0.02
Schedule I – Part II	Exempt supplies (services)	368	1.3
	Exempt supplies (goods)	357	1.3
Schedule I – Part III	Exempt goods (both domestically produced and imported)	333	1.2
Schedule IV	Registration threshold	37	0.1
Total		1,102	3.9

Source: IMF Tax Expenditure Report 2024 (based on 2023 data)

Globally, VAT and other consumption taxes constitute the majority of TEs. According to the GTED, 60 per cent of revenue loss is due to provisions related to taxes on goods and services. Similarly, VAT TEs account for the bulk of Seychelles TEs. Below is a summary of VAT TEs for 2023. The largest portion of VAT TEs is attributable to exemption, namely the exemption of supplies and goods under Schedule I (Part II and Part III).

4.2 Exempt imports by final consumers (Schedule I - Part I)

Table 2. Exempt import sub-categories

Legal reference	Description	TE as a % of GDP	Distributional impact if removed
Section 3	Imports valued below SRC3,000	0.02	Strongly progressive
Section 4	Imports by foreign dignitary	-	Strongly progressive
Section 14	Imports by the President	-	Strongly progressive

Source: IMF Tax Expenditure Report 2024 (based on 2023 data)

This part of the legislation covers a minor group of imports, such as small quantities of goods carried by travellers, low-value consignments (below SR 3,000), and imports by foreign dignitaries and certain organisations. The total VAT exemption for this category is relatively small, at SR 7m (0.02 per cent of GDP). Table 2 above summarises the main exemption in this category and the possible distributional effects of removing them.

4.3 Exempt supplies (Schedule I - Part II & Part III)

Exempt supplies account for the largest share of VAT TEs at SR 725m (2.6 per cent of GDP). This includes:

- Exempt supplies of services:** This sub-category accounts for TEs worth SR 368m (1.3 per cent of GDP). Table 3 lists the most significant TEs in the sub-category. The largest item is the exemption for travel agent services, specifically Destination Management Companies (pubs), which account for SR 113m (0.4 per cent of GDP). While this provision, in theory, increases the affordability of the destination and is therefore an incentive for higher tourist arrivals, the exemption is not considered equitable, as it disproportionately benefits tourists visiting Seychelles.

The second largest source of TE in this sub-category is electricity services by the sole utilities company, the Public Utilities Company (PUC), wherein both residential and commercial consumption are VAT exempt. However, this exemption is considered to be generally equitable.

Table 3. Most significant TEs under exempt supplies of services

Legal reference	Description	TE as a % of GDP	Distributional impact if removed
Section 2	Travel agent services	0.4	Strongly progressive
Section 1(j)	Electricity	0.2	Strongly regressive
Section 1(l)	Residential construction services	0.2	Strongly progressive

Source: IMF Tax Expenditure Report 2024 (based on 2023 data)

- Exempt supplies of goods:** This sub-category accounts for TEs worth SR 357m (1.3 per cent of GDP), most of which is due to the exemption of a single activity. The most significant TEs in this sub-category are listed in Table 4.

Table 4. Most significant TEs under exempt supplies of goods

Legal reference	Description	TE as a % of GDP	Distributional impact if removed
Not legislated	First sale of residential property	1.2	Progressive
Section 1(i)	Bread	0.03	Strongly regressive

Source: IMF Tax Expenditure Report 2024 (based on 2023 data)

The 'first sale of residential property' is the largest exempt transaction, amounting to SR 338m (1.2 per cent of GDP). Though this particular provision is not legislated, it is implemented in practice. The large size of this TE is explained by the substantial share of residential accommodation and construction services in the latest Household Budget Survey (HBS).³ Distributional analysis also indicates that wealthy households benefit five times more from this provision than poor households.

4.4 Exempt goods (both domestically produced and imported)

Schedule I (Part III) of the legislation covers a range of exempt goods, most of which are imported. The TE for this category accounts for SR 333m or 1.2 per cent of GDP. Table 5 summarises the most significant TEs in this category.

Table 5. Most significant TEs under exempt goods

Legal reference	Description	TE as a % of GDP	Distributional impact if removed
Part 3	Fuels	0.2	Strongly progressive
Part 3	Medical appliances	0.1	Strongly progressive
Part 3	Pork	0.1	Strongly regressive

Source: IMF Tax Expenditure Report 2024 (based on 2023 data)

Goods in this part of the legislation are commonly exempted with the objective of supporting poorer households. The distributional analysis reveals, however, that 30 per cent of the exemptions benefit wealthier households the most, and that removing these would lead to more equitable outcomes. Additionally, fuel is an important business input and its exemption may have a cascading effect on input VAT, which could potentially lower the incentive for businesses to voluntarily register for VAT, and instead raise the price of exported goods and services. See Annex for additional exempt goods and their distributional implications.

4.5 Registration threshold

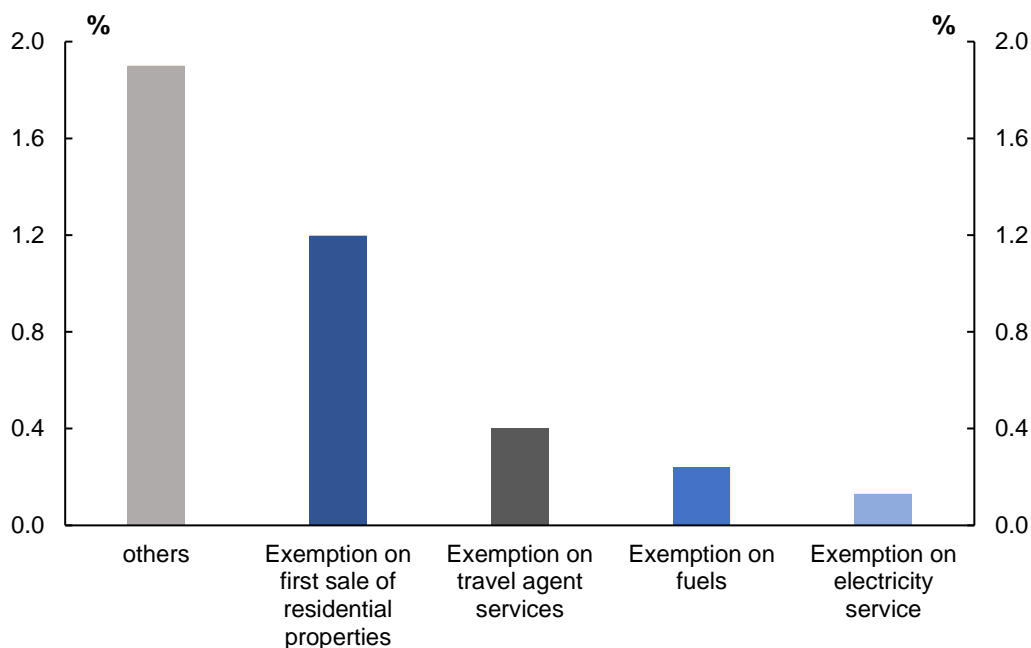
The current registration threshold is set at SR 2m turnover. Any businesses above this threshold are required to register for VAT, while businesses below the threshold can register voluntarily. The size of this TE is relatively minor, SR 37m or 0.1 per cent of GDP.

4.6 Largest VAT TEs

Figure 4 highlights the largest individual source of VAT TEs. Exemption on the 'first sale of residential properties' is the single largest TE component, making up 31 per cent of all VAT TEs at 1.2 per cent of GDP. This is followed by exemption on travel agent services and exemption on fuel.

³ The model relies on the 2018 HBS for consumption data, which is currently being updated.

Figure 4: Largest sub-categories of VAT TEs (% of GDP)



Source: IMF Tax Expenditure Report 2024

Business Tax (BT)

In 2023, the total BT collected in Seychelles was SR 1.6bn, representing 20 per cent of tax revenue or 5.3 per cent of the country's GDP. The standard tax rate is 15 per cent on the first SR 1m and 25 per cent on the remainder. However, some sectors, namely the financial sector, telecommunication service providers, and alcohol and tobacco manufacturers, are subject to higher rates, specifically 25 per cent on the first SR 1m and 33 per cent on the remainder. Some individuals and partnerships with annual turnover not exceeding SR 1m may elect to pay presumptive tax, which is 1.5 per cent of turnover, but their contribution is small.

Tax payment is highly concentrated. The top 1 per cent of taxpayers in terms of turnover account for 58 per cent of total business income tax, whereas the top 5 per cent account for 81 per cent. The financial, wholesale and retail trade, and accommodation sectors contribute the most to business tax.

5.1 BT TEs

The total BT TEs was estimated at SR 133m for 2022, representing 1.6 per cent of total tax revenue or 0.5 per cent of GDP. The analysis identified fourteen TEs, which include three reduced rate regimes based on ownership structure and sector, five tax exemptions, and six deductions for expenses. However, given data limitations, the analysis estimated revenue loss for only seven of these items.

Recent policy reforms have significantly reduced the number of tax incentives. Notably, the 2021 amendment to the Business Tax Act (S.I. 108 of 2021) repealed reduced tax rates for certain sectors and limited the super deduction for expenses related to certain activities. Table 6 provides a breakdown of the BT TEs estimated for 2022.

Similar to VAT TEs, the majority of BT TEs take the form of exemptions. This is followed by reduced rates, and deductions. The section below provides details for each TE type.

Table 6. Summary of BT TEs, 2022

Description	TE (SR' m)	TE (% of GDP)
Reduced Rates		
Individual entrepreneurs, partnerships and trusts	11.3	0.04
Licensees under the Securities act	15.5	0.1
	26.8	0.1
Exemptions		
Tax exemption of Seychelles Credit Union	4.1	0.01
Tax exemption of Air Seychelles	91.9	0.3
Tax exemption of the Development Bank of Seychelles	4.8	0.02
	100.8	0.3
Deductions		
Deduction of donations and gifts to public fund, body, institutions, charities, or Non-Governmental Organizations	1.5	0.01
The additional deduction allowable to businesses that incur training costs for their employees	3.5	0.01
	5.1	0.01
Total	132.7	0.5

Source: IMF Tax Expenditure Report 2024 (based on 2022 data)

5.2 Reduced Rates

TEs due to reduced rates account for SR 26.8m of BT TEs, with licensees under the Securities Act benefiting the most in this category at around SR 15.5m or 0.04 per cent of GDP for the 2022 tax year. Table 7 below breaks down the TE estimates per beneficiary.

Table 7. Summary of TEs due to reduced rates

Beneficiary	Revenue Forgone (SR' m)	% of GDP	Tax Rate Applied	Purpose of Reduced Rate
Individual entrepreneurs & partnerships	11.3	0.04	Tiered tax (0%/15%/25%)	Promote entrepreneurship and employment
Licensees under the Securities Act	15.5	0.1	1.5% on taxable income	Support the securities industry

Source: IMF Tax Expenditure Report 2024 (based on 2022 data)

Licensees under the Securities Act include securities exchange, clearing agency, securities facility, securities dealer, and investment advisor; and are subject to a 1.5 per cent tax on their assessable income. Individual entrepreneurs, partnerships, and trusts are subject to a tiered tax system, whereby nothing is paid on the first SR 102,666 of taxable income; 15 per cent is applied for taxable incomes

between SR 102,666 and SR 1,000,000; and 25 per cent is applied on the remainder. The TE benefitted a total of 830 taxpayers that declared positive profit in the fiscal year.

Due to insufficient data, TE associated with reduced rates for fish processor and persons engaged in aquaculture activities were not calculated for this report. The rate payable by this category is 15 per cent of taxable income, and has the objective of improving equity by lowering the tax rate on small scale operators within the sector.

5.3 Exemptions

Table 8. Summary of TEs due to exemptions

Beneficiary	Revenue Forgone (SR' m)	% of GDP	Government ownership (%)	Purpose of Exemption
Seychelles Credit Union (SCU)	4.1	0.01	N/A	Promote wider financial access
Air Seychelles	91.1	0.3	100	Promote development of the airline industry
Development Bank of Seychelles (DBS)	4.1	0.02	60.5	Increase access to cheaper credit for businesses

Source: IMF Tax Expenditure Report 2024 (based on 2022 data)

Exemptions account for the majority of BT TEs at SR 100.8m or 0.3 per cent of GDP. By far the largest beneficiary of exemptions is Air Seychelles, with SR 91.1m foregone or 0.3 per cent of GDP. Table 8 breaks down the TE estimates for beneficiaries of exemptions.

Air Seychelles is the national carrier and a state-owned enterprise (SOE), and is the largest beneficiary of BT exemption for the year under review at SR 91.1m. However, it is important to note that Air Seychelles recorded extraordinary profits in 2022 in relation to the extinguishment of debt, thus increasing the size of its TE for the year. Air Seychelles TE during normal years is not expected to be as high. The Development Bank of Seychelles (DBS) is also an SOE and is subject to a higher rate, therefore increasing the size of this TE. Seychelles Credit Union is owned by its depositors, and being a bank, SCU is also subject to a higher rate, therefore increasing its TE.

5.4 Allowable Deductions

Table 9. Summary of TEs due to exemptions

Beneficiary	Revenue Forgone (SR' m)	% of GDP	Purpose of Exemption
Training cost deductions	3.5	0.01	Incentivize businesses to invest in employee training (up to 200% deduction)
Donations & gifts deductions	1.5	0.01	Encourage giving to public institutions and NGOs (150% deduction from 2024)

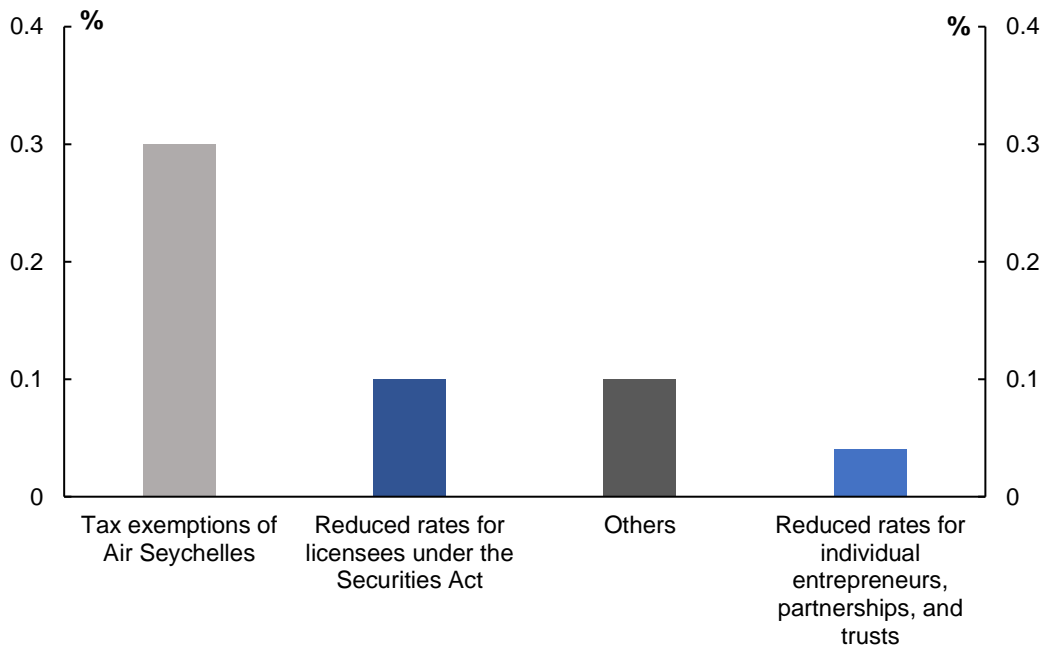
Source: IMF Tax Expenditure Report 2024 (based on 2022 data)

TEs from allowable deductions is the smallest category of BT TEs at SR 5.1m or 0.01 per cent of GDP. Table 9 summarises TEs related to allowable deductions. Additional deductions allowable to businesses that incur training costs for their employees is the largest TE in this category, with 112 businesses benefiting. While the deduction of donations and gifts account for SR 1.5m of TE in 2022, with 147 businesses claiming this deduction. Prior to 2024, all qualifying gifts were 100 per cent deductible, but a recent amendment to the legislation has increased this to 150 per cent.

5.5 Largest BT TEs

The figure below highlights the largest individual source of BT TEs. Exemption for Air Seychelles represents the single largest TE under the BT regime at 0.3 per cent of GDP, followed by reduced rates for licensees under the Securities Act, and reduced rates for individual entrepreneurs, partnerships and trusts.

Figure 5: Largest sub-categories of BT TEs (% of GDP)



Source: IMF Tax Expenditure Report (based on 2022 data)

Conclusion

While tax expenditure reporting has increased globally, there is still a lack of transparency around the world. With this report, MoFNPT aims to contribute to greater understanding of TEs and its role in fiscal policy. TEs can be positive tools when they are carefully designed and achieve policy goals that support sustainable growth and align with broader development strategies. However, they can have negative impacts when they encourage harmful behaviours. In this latter case, Government sacrifices revenue and lose fiscal flexibility without making a meaningful contribution to the public good.

While TE evaluations depend on various data sources and are complex and resource intensive, their utility for evidence-based policymaking cannot be under-stated. In future reports, MoFNPT envisions including all major tax lines in order to provide a comprehensive understanding of TEs in the country, and to ascertain whether existing TEs should be amended, continued, extended, or ended. Going forward, evaluating each TE annually may not be practical, but it will be beneficial to establish a schedule for periodic evaluations over a multi-year cycle, with ex-ante assessments included. Additionally, MoFNPT plans to improve the depth of its evaluation while also incorporating analysis on fossil fuel related TEs and Green TEs.

Annex

Annex 1: TE Methodology

VAT Methodology

In this analysis, both the conceptual and reference tax law approaches were adopted to establish the benchmark. The former approach defines a normative benchmark tax system based on an 'external' or theoretical concept of comprehensive income or consumption, while the latter considers an 'internal' approach whereby the existing tax system forms the starting point for defining the benchmark.

The zero-rating of exports is part of the benchmark because VAT applies on domestic consumption only (destination principle). Residential accommodation and margin-based financial services are included under best practice because of difficulty in properly determining the tax base. Untaxed consumption because of a benchmark registration threshold is also included because the establishment of a threshold is important to reduce administrative costs.

Data collected included detailed VAT return information per taxpayer, business tax return data showing turnover, customs data, supply-use/input-output tables from national account data, and household expenditure surveys. The use of household expenditure data allowed for analyses of the distributional implications of various TEs. Since most VAT exemptions are created to alleviate the burden of the tax on poor households, the appropriateness of expenditures towards this aim can be evaluated. Note however that the model relies on the 2018 HBS for consumption data for nearly all commodities in the economy by households based on COICOP codes. Another HBS is scheduled to be completed this year, therefore the analysis relied on the outdated 2018 data. Updating the consumption dataset with the new HBS would therefore directly influence the size of the VAT expenditures.

Additionally, it is important to note that for VAT specifically, not all deviations from the benchmark reduce revenues and are TEs. For example, if the supply of exempt and zero-rated imports is to a VAT registered business that only makes taxable supplies, the exempt or zero-rated import will not be a TE since any VAT paid otherwise would have been deducted as input VAT, meaning no revenues are foregone. Additionally, tax cascading is likely to happen, which may lead to higher VAT revenue collection, rather than less.

BT TE Methodology

In this analysis, the benchmark unit of taxation is a single business operating as a separate legal entity. This definition entails that all resident entities, partnerships, and persons and non-resident legal entities operating through a permanent establishment in Seychelles are subject to BT on realised profits from a business activity in Seychelles. The benchmark tax base includes income from profits, investment income and government transfers. Current expenses incurred to earn taxable business or property income are deductible in the year incurred. The cost of a capital asset is deductible once the asset is first used for the purpose of earning business income. Additionally, both resident and non-resident businesses are taxed on the income generated from Seychelles sources.

After data gathering, the BT expenditures are estimated using a micro-simulation model. This approach also assumes that the elimination of preferential tax treatment does not affect taxpayer behaviour i.e., the model is static, which may not always be the case. However, this is in line with international best practice given the difficulty in incorporating behavioural responses.

It is also important to note that the estimates are in nominal terms and was calculated on an accrual basis using administrative data from the Seychelles Revenue Commission (SRC).

Annex 2: VAT and BT progressivity and efficiency

In terms of progressivity, VAT revenue is generally collected in a progressive manner when measured against consumption. The effective VAT rate for the poorest households is 6.9 per cent, compared to 8.9 per cent for the wealthiest households. In terms of efficiency, the data suggests that the tax is generally efficient. However, as seen in many small island economies, this efficiency is inflated by tourism consumption. Additionally, issues related to unpaid VAT refunds indicate that the reported efficiency may be overstated.

BT is relatively efficient compared to peers due to the revenue collected being higher than that of similar tourism-dependent middle- and high-income island nations, despite having a standard rate similar to its peers. This efficiency is likely due to fewer tax expenditures.

Annex 3: VAT TEs – details

Reference	Description	Tax expenditure (% of GDP)	Wealthy-to-poor expenditure ratio	Distributional impact if removed
First Schedule - Part 1				
Imports by final consumers (not valued elsewhere)				
Section 3	Imports valued below SRC3,000	0.023	-	Strongly progressive
Section 4	Imports by foreign dignitary	-	-	Strongly progressive
Section 14	Imports by the President	-	-	Strongly progressive
Total		0.023	-	
First Schedule - Part 2				
Exempt services				
Section 1(a)	Financial services (fee-based)	0.053	260	Strongly progressive
Section 1(b)	Pre-primary, primary education	0.036	22	Strongly progressive
	Secondary education	0.018	55	Strongly progressive
	Post-secondary education	0.003	60	Strongly progressive
	Tertiary education	0.019	119	Strongly progressive
	Other education	0.002	6	Strongly progressive
Section 1(d)	Health insurance	0.004	127	Strongly progressive
Section 1(e)	General practice	0.030	4	Strongly regressive
	Basic medical services	0.003	2	Strongly regressive
	Medical treatment fees	0.049	254	Strongly progressive
	Dental services	0.009	45	Strongly progressive
	Optician services	0.007	13	Strongly progressive
	Other medical services	0.007	109	Strongly progressive
Section 1(j)	Electricity	0.224	2	Strongly regressive
	Water	0.117	2	Strongly regressive

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Reference	Description	Tax expenditure (% of GDP)	Wealthy-to-poor expenditure ratio	Distributional impact if removed
	Sewage collection	0.001	-1	Strongly regressive
Section 1(l)	Construction services	0.145	17	Strongly progressive
Section 1(n)	Broadcasting services	0.130	5	Progressive
Section 1(q)	Funeral services	0.001	230	Strongly progressive
Section 1(s)	Software	-	-	-
Section 2	Travel agent services	0.402	-	Strongly progressive
Not legislated	Gambling services	0.003	23	Strongly progressive
Not legislated	Religious services	0.001	11	Strongly progressive
Total		1.26	65	
Exempt goods				
Section 1(i)	Bread	0.030	2	Strongly regressive
Section 1(p)	Rethreaded tyres	-	-	-
Not legislated	First sale of residential property	1.198	5	Progressive
Total		1.23	4	
First Schedule - Part 3				
Exempt meat				
Part 3	Beef	0.011	5	Progressive
Part 3	Fresh fish	0.052	2	Strongly regressive
Part 3	Frozen fish	0.002	7	Progressive
Part 3	Goat	0.045	12	Strongly progressive
Part 3	Other meat	0.045	16	Strongly progressive
Part 3	Pork	0.062	12	Strongly regressive
Part 3	Poultry	0.002	25	Strongly regressive
Part 3	Processed fish	0.020	12	Strongly progressive
Total		0.24	11	
Exempt diary and eggs				
Part 3	Baby milk	0.003	3	Strongly regressive
Part 3	Cheese, curd	0.022	4	Strongly regressive
Part 3	Eggs	0.025	0	Strongly regressive
Part 3	Milk (liquid)	0.012	4	Strongly regressive
Part 3	Milk (powder)	0.050	2	Strongly regressive
Total		0.11	2	

Reference	Description	Tax expenditure (% of GDP)	Wealthy-to-poor expenditure ratio	Distributional impact if removed
Exempt vegetables, pulses, and tubers				
Part 3	Cabbage	0.004	3	Strongly regressive
Part 3	Carrots	0.005	2	Strongly regressive
Part 3	Cassava, sweet potatoes	0.004	3	Strongly regressive
Part 3	Chillies	0.002	2	Strongly regressive
Part 3	Cucumber, chouchoute	0.004	3	Strongly regressive
Part 3	Frozen vegetables	0.005	5	Regressive
Part 3	Garlic	0.003	1	Strongly regressive
Part 3	Ginger	0.003	1	Strongly regressive
Part 3	Lentils, pulses	0.004	1	Strongly regressive
Part 3	Lettuce	0.003	4	Strongly regressive
Part 3	Onions/spring onions	0.007	1	Strongly regressive
Part 3	Other tubers	0.000	16	Strongly progressive
Part 3	Other vegetables	0.007	6	Progressive
Part 3	Patole	0.000	2	Strongly regressive
Part 3	Potatoes	0.005	2	Strongly regressive
Part 3	Processed vegetables	0.001	6	Progressive
Part 3	Spinach	0.003	2	Strongly regressive
Part 3	Tomatoes	0.008	3	Strongly regressive
Part 3	Water cress	0.001	4	Strongly regressive
Total		0.07	3	
Exempt fruits				
Part 3	Apples	0.007	2	Strongly regressive
Part 3	Aubergine, beans, capsicum	0.007	4	Strongly regressive
Part 3	Bananas	0.004	5	Strongly regressive
Part 3	Citrus	0.015	4	Strongly regressive
Part 3	Golden apple	0.001	5	Strongly regressive
Part 3	Mangoes	0.001	5	Strongly regressive
Part 3	Other fruit	0.020	7	Progressive
Part 3	Passion fruit	0.000	17	Strongly progressive
Part 3	Pawpaw	0.002	5	Strongly regressive

Reference	Description	Tax expenditure (% of GDP)	Wealthy-to-poor expenditure ratio	Distributional impact if removed
Part 3	Preserved fruit	0.001	6	Progressive
Total		0.06	6	
Exempt starch				
Part 3	Flours	0.002	4	Strongly regressive
Part 3	Other starch	0.001	22	Strongly progressive
Part 3	Rice basmati	0.051	1	Strongly regressive
Part 3	Rice ordinary	0.005	5	Strongly regressive
Total		0.06	8	
Other exempt foodstuffs				
Part 3	Baby food	0.001	1	Strongly regressive
Part 3	Coconut oil, similar	0.001	1	Strongly regressive
Part 3	Coffee	0.005	5	Strongly regressive
Part 3	Cooking oil	0.035	2	Strongly regressive
Part 3	Margarine	0.008	1	Strongly regressive
Part 3	Salt, pepper, spices	0.013	3	Strongly regressive
Part 3	Sauces, condiments	0.039	2	Strongly regressive
Part 3	Sugar	0.011	1	Strongly regressive
Part 3	Tea	0.013	1	Strongly regressive
Part 3	Juice for infants	-	-	-
Total		0.13	2	
Exempt fuels				
Part 3	Fuels	0.239	6	Strongly progressive
Total		0.24	6	
Exempt educational and medical goods				
Part 3	Books	0.108	8	Strongly progressive
Part 3	Educational goods	0.009	11	Strongly progressive
Part 3	Medical appliances	0.065	9	Strongly progressive
Part 3	Medicine	0.040	4	Strongly regressive
Part 3	Other medical products	0.003	9	Progressive
Part 3	Other printed matter	0.013	3	Strongly regressive
Total		0.24	7	
Other exempt goods				
Part 3	Cleaning products	0.041	2	Strongly regressive

Reference	Description	Tax expenditure (% of GDP)	Wealthy-to-poor expenditure ratio	Distributional impact if removed
Part 3	Infant clothes	0.059	4	Strongly regressive
Part 3	Musical instruments	0.020	42	Strongly progressive
Part 3	Other baby products	0.005	15	Strongly progressive
Part 3	Table cloths	0.002	100	Strongly progressive
Total		0.13	33	
Fourth Schedule				
Registration threshold				
	Threshold exceeds benchmark	0.129	-	-

SECTION 4

Debt Management Strategy 2025-2027 & Annual Borrowing Plan



GOVERNMENT OF SEYCHELLES

Debt Management Strategy

2025 – 2027



Ministry of Finance, National Planning and Trade
Republic of Seychelles
October 2024

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List of Acronyms and Abbreviations

ABP	Annual Borrowing Plan
AfDB	African Development Bank
ATM	Average time to Maturity
ATR	Average Time to Re-fixing
BADEA	Arab Bank for Economic Development in Africa
CBS	Central Bank Seychelles
CNY	Chinese Renminbi
DAA	Deposit Auction Arrangement
DMS	Debt Management Strategy
EFF	Extended Fund Facility
EOY	End of Year
ERGRSP	Economic Resilience and Green Recovery Support Program
EUR	EURO
EURIBOR	Euro Interbank Offered Rate
FEA	Foreign Exchange Auctions
FED	Federal Reserves
GBP	Great British Pounds
GDP	Gross Domestic Product
GERSP	Governance Economic Reforms Support Program
GFN	Gross Financing Needs
GIR	Gross International Reserves
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
JPY	Japanese Yen
MoFNPT	Ministry of Finance, National Planning & Trade
MTDS	Medium Term Debt Management Strategy
OFID	OPEC Fund for International Development
RSF	Resilience and Sustainability Facility
SAR	Saudi Riyals
Saudi Riyals	SAR
SCF	Standing Credit Facility
SCR	Seychelles Rupees
SDF	Standing Deposit Facility
SDR	Special Drawings Rights
SOFR	Secured Overnight Financing Rate
T-bills	Treasury Bills
T-bonds	Treasury Bonds
UAE Dirham	AED
USD	United States Dollar

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 such as domestic revenues, expenditures, and Gross Domestic Product (GDP), amongst others. This strategy document is broken down into 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 2025-2027 period.

Part II gives an overview of the performance of debt management in 2024 and the resultant debt profile at the end of the mentioned year. 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 insights into 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 2025 to 2027, 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 2008-2023 are as at calendar year end.

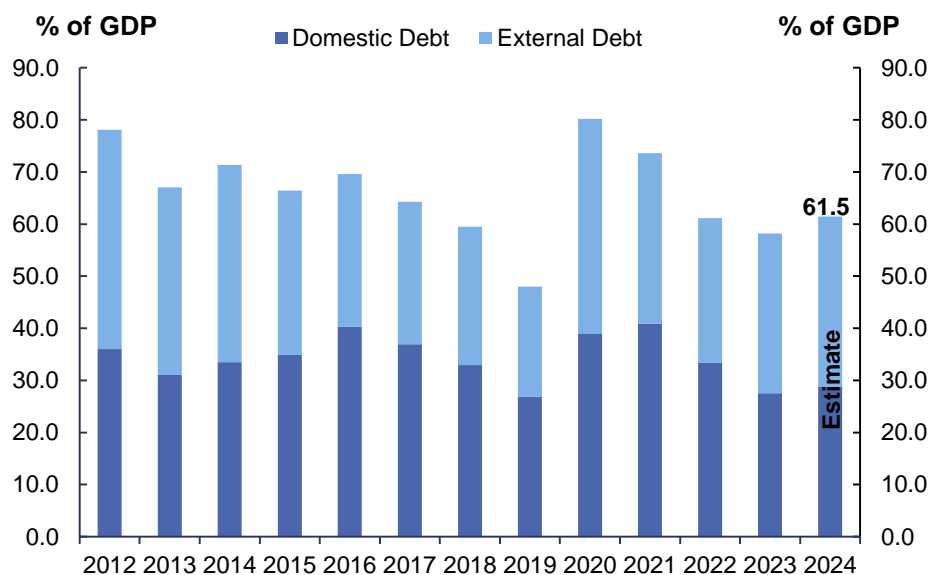
1.4. Legal and Institutional Framework

The primary responsibility of debt management lies with the Debt Management Division of the Ministry of Finance, National Planning & Trade (MoFNPT). 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

Following the 2008 global financial crisis, Seychelles faced a debt crisis. 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 Division

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. Debt continued on a downward trajectory until 2019. 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 loans to finance the budget deficit. This resulted in a sharp rise in the debt-to-GDP ratio, reaching above 80% by the end of 2020 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. The debt stock decreased further in 2022 and 2023 as Government maintained a strong fiscal consolidation. For 2024, as Government continues to rely on additional budget supports, debt to GDP is forecasted to increase slightly to 61.5%. However, debt remains sustainable and the Government is committed to achieve its pre-COVID objective of reducing debt to around 50% of GDP by 2030. Despite the fact that much of the risks to keep debt sustainable have been moderated, risks continues to exist especially with the uncertainty around the geopolitical issues prevailing in certain parts of the world.

Part II

2024 Developments

For the year 2024, Seychelles' real GDP growth has been revised downwards to 3.0%, compared to the Budget forecast of 3.7%. The downward adjustment is primarily due to a more cautious outlook for tourism-related sectors. There has been a drop in tourist arrivals following a recent reduction in direct flights, and tourist spending has also decreased as spending habits become more restrained compared to the exceptionally high levels observed in the two years after the pandemic.

Fiscal performance in the first half of 2024 was tighter than budgeted, driven by robust tax collection. Government spending has been largely consistent with budget projections, with a minor under-execution across wages and salaries, goods and services, and capital expenditures. Given the tight fiscal consolidation, the Government is expected to achieve a primary fiscal surplus of 1.1% in 2024— at par with 2023.

Although tourism is slowing, the external balance of payments is anticipated to improve in 2024. The decline in tourism revenue is projected to widen the current account deficit to 10.7% of GDP in 2024, compared to 7.2% in 2023. However, financial inflows from foreign direct investment will cushion this temporary downturn and facilitate an increase in central bank foreign exchange reserves to USD 806m, equivalent of 3.7 months of import cover by the end of the year.

The Central Bank of Seychelles (CBS) has maintained an accommodative monetary policy, which has helped to facilitate an increase in the growth of private sector credit. While inflation remains low -and is expected to remain so for the remainder of 2024- the CBS stands ready to act if inflationary pressures materialize. The CBS will continue its efforts to strengthen Seychelles' monetary policy framework and closely monitor financial sector soundness.

Based on the fiscal consolidation, it is anticipated that the debt-to-GDP ratio will reach around 61% by the end of 2024. This is a slight increase from the 58.2% recorded in 2023 as more funds are expected to be disbursed under existing Budget support programs with the IMF, World Bank and AfDB.

Table 1 overleaf provides a summary of all disbursements made from January to September 2024 under Budget support programs. During the year, the Government secured three new budget supports and two additional disbursements under existing programs, totalling to USD 90.2m or 4% of GDP, in order to address the country's projected Gross Financing Need of SCR 2.5bn that was initially projected for the year 2024. These budget support includes the Seychelles Third Fiscal Sustainability and Climate Resilience Development Policy Financing from IBRD, for a sum of USD 25m or 1.2% of GDP.

Ministry of Finance, National Planning and Trade

Furthermore, USD 33m was disbursed at the beginning of February 2024 from the AfDB under the Third Governance and Economic Reforms Support Program (GERSP III). The Government also secured a facility with the OFID for the Seychelles Fiscal Sustainability and Climate Resilience Program amounting to USD 20m, which was disbursed towards the end of third quarter of 2024. In addition, further disbursements were made under the IMF EFF and RSF facilities.

Table 1: New external borrowings under Budget supports during Jan–Sept 2024

Description	Loan	2024	% of GDP
	Amount	Disbursement	
	(USD' M)		
IMF-Resilience and Sustainability Facility (RSF)	46	4.1	0.0
IMF-Extended Fund Facility II (EFF)	56	8.1	0.4
IBRD-Seychelles Third Fiscal Sustainability and Climate Resilience Development Policy Financing	25	25	1.2
AfDB-GERSP III	33	33	1.5
OFID-Seychelles Fiscal Sustainability and Climate Resilience Program	20	20	0.9
Total:	180	90.2	4.0

Source: MoFNPT, Debt Management Division

Table 2 below illustrates the funds that were further disbursed under previously contracted projects throughout the year. The total disbursement as at the end of the third quarter of 2024 stands at USD 2.9m. As illustrated, the largest disbursement was under the EXIM bank of India line of credit for USD 1.3m.

Table 2: Disbursement under existing project loans during Jan–Sept 2024

Description	Loan	2024	% of GDP
	Amount	Disbursement	
	(USD' M)		
IBRD SWIOFish 3	5	0.7	0.000
BADEA-Improvement of Electricity Network in South Mahe	11	0.5	0.000
Exim Bank of India -Line of Credit (Tranche 1 USD 10m)	10	1.3	0.001
AfDB-Mahe Sustainable Water Augmentation	20.6	0.4	0.000
Total:	46.6	2.9	0.001

Source: MoFNPT, Debt Management Division

Table 3 captures the major development that happened on the **domestic debt side** so far in 2024. As part of the Government's strategy to lengthen the maturity of the domestic portfolio and reducing refinancing risks associated with short-term borrowings, five T-bonds in total were successfully issued between January and September 2024, worth SR 534m or 1.7% of GDP. The T-bonds issued in the first and second quarter were fully subscribed, while the ones in the third quarter were under-subscribed by about SR 80m given the low yield on the bond.

Table 3: New Domestic Borrowings during Jan-Sept 2024

Description		Targeted Amount	Allotted Amount	% of GDP
		(SR' m)		
Treasury Bond Q1	5-yr 5.0% Bond	85	150.1	0.5
	Sub-total	85	150.1	0.5
Treasury Bond Q2	3-yr 3.50% Bond	100	128.4	0.4
	5-yr 4.70% Bond	100	134.5	0.4
	Sub-total	200	262.9	0.8
Treasury Bond Q3	7-yr 5.50% Bond	100	69.5	0.2
	5-yr 4.50% Bond	100	51.2	0.2
	Sub-total	200	120.7	0.4
TOTAL:		485	533.6	1.7

Source: MoFNPT, Debt Management Division

As per the Annual Borrowing Plan (ABP) for 2024, the total amount of bond issuance was projected at SCR 342m for the year, of which SCR 762m was retired with a remaining net issuance of SCR 420m. However, following the March revision, there was a significant downward revision in Tax revenue forecast of SCR 315m, or 3.4% and the overall gross domestic financing increased from SCR 977m to SCR 1.36bn, or 39%. This is reflective in the volume of issuance of T-bonds during the first two quarters of the year thus explaining the deviation from the Borrowing Plan. There was also an observed increase in the issuance of T-bills over the period. However, as per adopted strategy the Government ensured that the overall ratio in terms of securities was roughly maintained at 35:65 between T-bills to T-bonds during the year so that the debt management strategy of lengthening the debt profile of domestic debt securities is not adversely affected.

Overview of Existing Debt

As at the end of September 2024, the total debt stock amounted to SCR 18.5bn, or 59.5% of GDP. There is an almost equal split between the Domestic and External debt stock, with the former being higher by only SCR 19m. In volume terms, the total debt has increased by almost SCR 1.0bn, or 5.8% compared to the end of December 2023. This stems mainly from external debt which increased by SCR 955m, or 11.5% associated with disbursements from multilateral creditors under budget support facilities and ongoing projects as highlighted in the previous section. On the domestic side, the debt stock increased by SCR 51.2m, or 0.6% as a result of issuances of Government securities throughout the year, that was partially offset by the ones maturing.

Table 4: Total debt by residency of creditors as at the end of Sept-2024

Description	Sept-2024 (SCR' M)	% of GDP	% Share
Domestic	9,244	29.8	50.1
o.w. Government	8,672	27.9	46.9
o.w. Guarantees	572	1.9	3.2
External	9,225	29.7	49.9
o.w. Government	9,025	29.1	48.9
o.w. Guarantees	201	0.6	1.0
Total:	18,469	59.5	100.0

Source: MoFNPT, Debt Management Division

The table below provides a breakdown of the total debt stock in terms of central Government and Government Guaranteed debt as at the end of the third quarter of 2024. As illustrated, Central Government debt accounts for 95.8% whereas Government Guaranteed debt accounts for only 4.2% of the total debt stock.

Table 5: Total debt by Guarantee Status as at the end of Sept-2024

Description	Sept-2024 (SCR' M)	% Share
Government	17,696	95.8
Guarantees	773	4.2
Total:	18,469	100.0

Source: MoFNPT, Debt Management Division

2.1. External Debt Profile

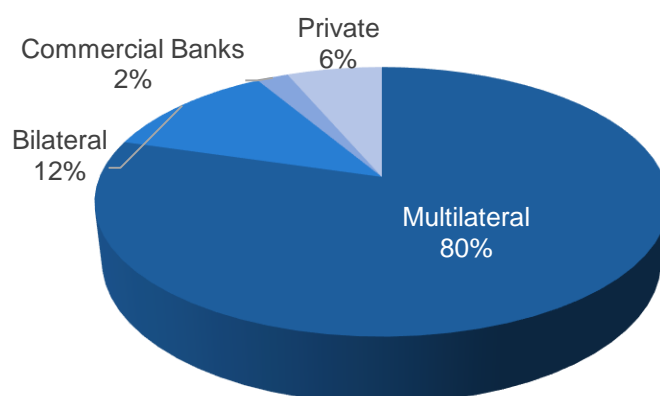
The table below gives a more detailed breakdown of the external debt profile as at the end of September 2024. The total external debt amounted to SCR 9.2bn in comparison to the same period last year, which stood at SCR 8.2bn. This increase is mainly attributed to the disbursements from multilateral creditors previously stated and also a weakening of the local currency. By the end of September 2024, the Seychelles rupees was trading at SCR 14.65 to a dollar compared to the same period last year whereby the SCR/ USD rate stood at SCR 14.18- a depreciation of 3.3%.

Figure 2 below shows the distribution of creditor categories across the total external debt stock. Multilateral creditors remains as the main component at 80% followed by bilateral creditors at 12%. The remaining 6% and 2% of the overall external debt stock are represented by private creditors and Commercial Banks respectively.

Table 6: Total External debt by Creditor Category

Description	Sept-2024 (SCR' M)
Multilateral	7,337
Bilateral of which;	1,102
<i>Paris Club</i>	543
<i>Non-Paris Club</i>	558
Commercial Banks	196
Private	591
Total:	9,225

Figure 2: Percentage distribution by Creditor Category



Source: MoFNPT, Debt Management Division

There are two main types of instruments under the external debt portfolio; loans and securities. External loans makes up the majority of the portfolio at 92.9% whereas securities accounts for the remaining 7.1%.

Table 7: External Debt by Instrument Type

Description	Sept-2024 (SCR' M)	% Share
Loans	8,567	92.9
Securities	658	7.1
Total:	9,225	100

Source: MoFNPT, Debt Management Division

2.2. Domestic Debt Profile

The domestic debt stock comprises of all the debt liabilities owed to residents of the Seychelles economy. At the end of the third quarter of 2024, the domestic debt stock amounted to SCR 9.2bn in contrast to September 2023, which was SCR 9.3bn. The SCR 97m, or 1.0% decrease within the domestic debt stock was mainly due to the repayment of a 7% 3-year fiscal bond worth SCR 300m as well as a 5.75% 3-year T-bond worth SCR 475m. This was partially offset by the issuance new domestic securities over the period.

Table 8: Domestic Debt by Instrument Type

Description	Sept-2024 (SCR' M)	% Share
Loans	782	8.5
Securities of which;	8,416	91.0
<i>T-bills</i>	2,337	25.3
<i>T-bonds</i>	5,709	61.8
<i>Deposits</i>	45	0.5
<i>Notes</i>	325	3.5
Other Debt Liabilities	46	0.5
Total:	9,244	100

Source: MoFNPT, Debt Management Division

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) quantifies the weighted average duration until the debt within a portfolio matures. For 2024, the estimated average life of the total portfolio is approximately 5.7 years, an increase from 4.8 years or 18.7% from what it was in 2023. This trend suggests an extension in the average period until the maturity of the portfolio.

The rise in ATM for the external portfolio can be attributed to ongoing disbursements from multilateral creditors through budget supports and longer-term project loans from bilateral sources. As a result, the external portfolio is now more favorable, providing the Government with some additional fiscal space for the medium term. Conversely, the domestic portfolio has seen a reduction in its ATM from 2.8 years in 2023 to 2.2 years in 2024. This can be explained by the previously issued bonds that is gradually approaching maturity.

Table 9: Average Time to Maturity (2023 vs 2024)

ATM (Years)	2023	2024	Diff. (%)
External Debt	6.7	7.8	16.4
Domestic Debt	2.8	2.2	-21.4
Total Debt	4.8	5.7	18.7

Source: MoFNPT, Debt Management Division

3.1.2. Share of Debt Maturing within one year

As indicated in the table below, approximately 19.7% of the total debt is set to mature within one year, representing a decrease of 2.9 percentage points from 2023, when 22.6% of the debt was due within

the same timeframe. This decline can be primarily attributed to the external debt side as a result of Government securing external funds which bears longer maturity period. Domestically, the ratio shows an increase in the proportion of debt maturing within one year. This is reflective of the fact that some previously issued bonds, such as the solidarity T-bonds, are approaching maturity as previously stated.

Table 10: Debt maturing within 1year (2023 vs 2024)

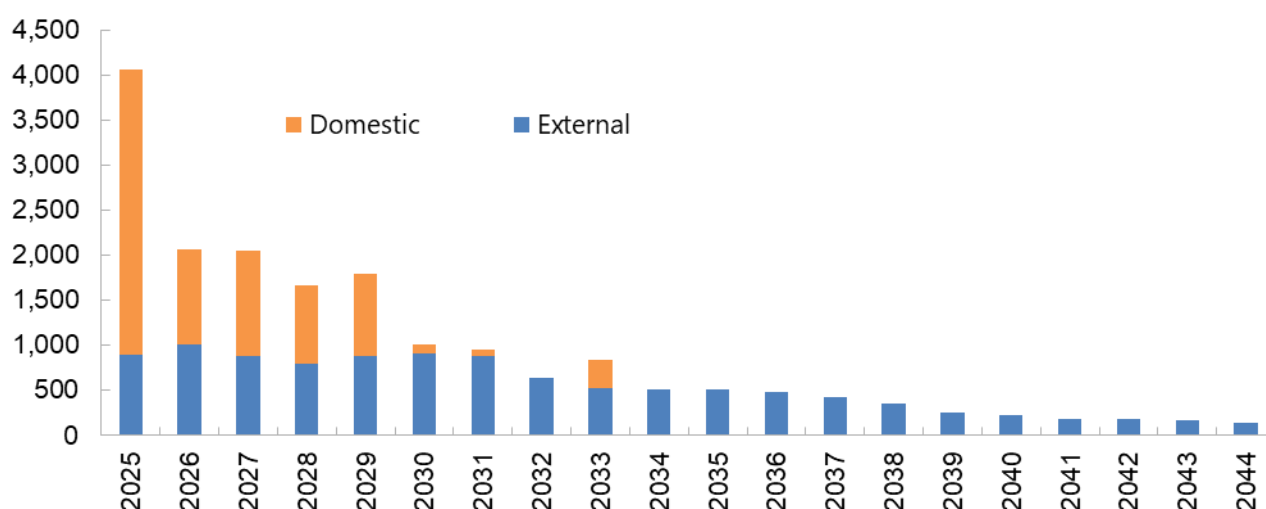
Debt maturing in 1yr (% of total)	2023	2024	Diff. (%)
External Debt	11.2	7.0	-37.5
Domestic Debt	34.3	41.5	21.0
Total Debt	22.6	19.7	-12.8

Source: MoFNPT, Debt Management Division

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 Division

As illustrated in the figure above, approximately SCR 4.1bn of debt is projected to mature in 2025. Notably, around 77% of the current domestic debt stock is set to mature in the same year, highlighting a concentrated redemption profile between 2025 and 2027. This concentration is largely due to a significant portion of short-term instruments, particularly T-bills- which include marketable securities. Within the domestic debt portfolio, T-bills account for about SCR 2.0bn of the total debt due in 2025, including an annual rollover of SCR 1.2m in marketable securities bills. As part of its debt

management strategy, the Government remains committed to extending the maturity of the domestic debt portfolio to limit refinancing risks but at the same time maintain the right balance of short-term securities. Furthermore, the redemption profile from 2030 to 2044 mirrors that of the external debt, which predominantly consists of longer-term instruments. The current external debt profile suggests a low exposure to refinancing risks; however, this strategy introduces a notable exchange rate risk, particularly as about 23% of the total external debt is expected to mature by the end of 2025. The total external principal repayments are anticipated to peak in 2026, coinciding with the amortization of restructured Paris Club debt and the maturity of the Blue Bond. This necessitates careful monitoring and strategic planning to balance refinancing needs and manage exposure to potential currency fluctuations.

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.

Table 11: Fixed Rate Debt as a Share of the Total Debt (2023 vs 2024)

Fixed Rate Debt (% of total)	2023	2024	Diff. (%)
External Debt	28.9	43.9	35.0
Domestic Debt	94.1	99.8	6.0
Total Debt	60.9	64.5	6.0

Source: MoFNPT, Debt Management Division

The domestic debt portfolio comprises 99.8% fixed-rate debt, whereas the external debt portfolio includes only 43.9% fixed-rate debt. The proportion of fixed-rate external debt has increased by nearly 35% compared to the previous year, driven mainly by the inclusion of the outstanding debt to Russia, which the Government this year managed to agree on a settlement agreement for the facility. Additionally, loan facilities have been signed for some projects that bears fixed interest rate component,

which is being taken into consideration in the forecast. The increase on the domestic side is primarily due to the volume of securities in the portfolio. To note, a tranche of SCR 30m of a *variable* domestic commercial loan in the portfolio partially matured this year hence explaining the increase in fixed rate debt. The overall risk in the debt portfolio remains moderate. This upward trend in total fixed-rate debt will contribute to better risk management and financial stability.

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.

Table 12: Average Time to Re-Fixing (2023 vs 2024)

Average Time to Re-fixing (ATR) (years)	2022	2023	Diff. (%)
External Debt	1.4	2.6	85.7
Domestic Debt	2.4	2.2	-8.3
Total Debt	1.9	2.4	27.0

Source: MoFNPT, Debt Management Division

At the end of 2024, the ATR on the external and domestic portfolio stood at 2.2 and 2.6 years respectively. As can be seen in the table below, the ATR on the total debt portfolio increased from 1.9 years in 2023 to 2.4 years in 2024, equivalent to a 27% increase. The increase is observed mainly on the external side, which increased by 1.2 years or 86%, linked to the new loans disbursed that has longer maturity with an average grace period of 5 years. On the other hand, the decline in the domestic portfolio is indicative of some fixed-interest rate bonds approaching their maturity dates. The risk on the debt portfolio remains moderately high.

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 2023 compared to last year.

About 61% of the external debt and 42% of the domestic debt will be subject to a new interest rate within one year. There has been a 5% increase on the percentage of domestic debt that needs re-fixing in a year. This is associated with the increase in issuance of more government securities and also

capturing the fact that some loans are slowly approaching their maturities. On the external side, debt that needs re-fixing has decreased by 22% reflecting the increase in the new external borrowings with fixed rate and a longer maturity profile. The overall risk remains moderate for this indicator.

Table 13: Percentage of Debt Re-Fixing within one year (2023 vs 2024)

Debt re-fixing in 1yr (% of total)	2023	2024	Diff. (%)
External Debt	77.7	61.1	-21.4
Domestic Debt	39.6	41.5	4.8
Total Debt	59.0	53.9	-8.6

Source: MoFNPT, Debt Management Division

3.3. Exchange Rate Risks

Exchange rate risks relate 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 (2023 vs 2024)

Risk Indicators	2023	2024	Diff. (%)
FX debt (% of total debt)	50.9	56.9	11.8
ST FX debt (% of reserves)	9.4	7.5	-20.2

Source: MoFNPT, Debt Management Division

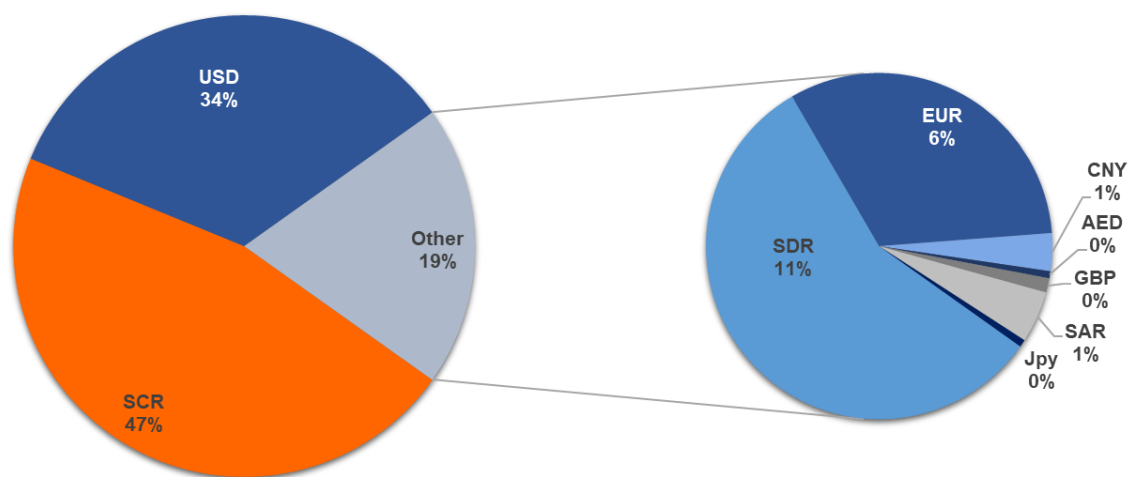
As of September 2024, foreign exchange debt constitutes approximately 56.9% of the total debt, reflecting an 11.8% increase compared to 2023. This rise indicates a growing reliance on foreign-currency-denominated loans, primarily from multilateral creditors. However, despite this increase in FX debt, the composition still suggests a moderate exchange rate risk within the debt portfolio. Moreover, the share of external debt as a percentage of reserves stands at 7.5%, marking an improvement of 20.2% from the previous year. This reduction indicates improved foreign exchange liquidity and a lower risk of liquidity crises, suggesting that the Government is better positioned to manage its foreign obligations without straining the reserves.

3.3.1. The Currency Composition

The currency composition of the debt portfolio provides valuable insights into the exposure to exchange rate risks. As illustrated in Figure 4, the total debt stock is predominantly composed of four main currencies: the Seychelles Rupee (SCR) at 47%, the United States Dollar (USD) at 34%, Special Drawing Rights (SDR) at 11%, and the Euro (EUR) at 6%. This distribution suggests a moderate level of exchange rate risk. Notably, there has been a 4% increase in the proportion of USD-denominated debt, primarily driven by new loans from multilateral creditors such as the International Bank for Reconstruction and Development (IBRD), the African Development Bank (AfDB), and the OPEC Fund for International Development (OFID). Additionally, SDR allocation has risen by 1%, reflecting further disbursements under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) programs.

Conversely, SCR-denominated debt has decreased by 3% compared to the previous year, largely due to a reduction in the stock of T-bills, which has subsequently diminished exposure to SCR-denominated instruments. Furthermore, five other currencies forms part of the total debt portfolio composition. These includes the Saudi Riyals (SAR), British Pound (GBP), Chinese Renminbi (CNY), UAE Dirham (AED) and Japanese Yen (JPY) and which together accounts for about 2% of the total debt stock. This minor representation underscores a focused reliance on the main currencies while indicating a diversification strategy that may help mitigate exchange rate risks. Overall, the current composition reflects both the opportunities and vulnerabilities inherent in the portfolio's currency mix.

Figure 4: Currency Composition as at end of Sept-2024



Source: MoFNPT, Debt Management Division

3.4. 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 increased to 5.8% in 2024 compared to 5.0% in 2023. This stems from the external side, whereby the average interest rate on the external debt increased by about 200 basis points, from 4.7% in 2022 to 6.7%. This is directly linked to the increase in new borrowings undertaken over the period that bears a variable interest rate component and aligns to the global interest rate. Compared to last year, the weighted average IR on the domestic debt is lower than on the external side. The weighted average decreased to 4.6% and this is reflective of the observed lower interest rates prevailing on the domestic market and also due to a change in the debt stock composition, whereby the external stock has increased from 46.7% to approximately 50%- at par with the domestic stock.

Table 15: Cost of debt (2023 vs 2024)

Weighted Average IR (%)	2023	2024	Diff. (%)
External Debt	4.7	6.7	43.0
Domestic Debt	5.3	4.6	-12.3
Total Debt	5.0	5.8	16.2

Source: MoFNPT, Debt Management Division

3.5. 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

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 backup is ensured on their end. The Debt Management Division migrated to a new, more user-friendly database in 2023, Meridian Commonwealth. The software will still be managed by the Commonwealth Secretariat and relevant training is being given to both IT and debt management staff. It is critical that additional IT personnel are given the necessary training to provide the required support. This will be needed to 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. There is also the risk of cyberattacks that prevails with the use of technology that the Division. This is being mitigated by the supplier of the system through effective security measures in place.

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. The risk of this has been mitigated substantially as the Ministry has adopted longer-term solutions with its push for digitalization. This will be further enhanced as part of the Ministry's medium term plan of setting up a proper archive system. Furthermore, the new debt management software makes provision to upload documents such as invoices, loan agreements, and official gazette amongst others. This will help to minimise the amount of paper based documents needed. In addition, the Ministry will need to ensure proper back-up systems of all digital form by investing in back-up servers and looking at alternative solutions.

3.4.3. Risk of Fraud

The Debt Management Division ensures it settles all debt repayment with the creditors in a timely manner. The creditors always provide their invoices for the Division 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 Government 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. Additionally, the Ministry has started discussion on whether there is the need to create a buffer account for debt repayments. This will ensure that in the event of a force majeure, debt repayment is not jeopardized.

Part III

The Environment for Debt Management

Seychelles economy remain resilient post pandemic. Real GDP growth is projected to grow by 3% in 2024. Fiscal performance in the first half of 2024 was tighter than budgeted, driven by robust tax collection. However, Government spending was largely consistent with budget projections, with a minor under-execution across wages and salaries, goods and services, and capital expenditures. Based on the aforementioned, for 2024, it is expected that Government will achieve a primary balance of 1.1%. The strong fiscal consolidation will ensure that debt remains on a sustainable path. Given the country's high vulnerability to external shocks and climate change, the outlook remains subject to considerable risks. The ongoing geo-political issues in the middle-east poses significant external risks associated with increase in commodity prices, shocks in the tourism markets or war related disruptions.

4.1. The Real Sector

Economic growth in Seychelles appears to have slowed relative to earlier forecasts. Tourist arrivals have declined in the wake of a recent decrease in direct flights, and spending per tourist has also weakened as spending patterns tighten relative to very high levels seen in the two years following the pandemic. Real GDP is projected to grow by 3% in 2024.

For 2025, GDP growth is projected at 4.3%, which is mainly attributed to growth in tourism related activities such as 'Accommodation and food service', and 'Administrative and support service'. This is attributed to a 3.5% growth in visitor arrivals anticipated for 2025. The combination of increased visitors and major public events will help to boost growth in the manufacturing of beverages industry as well as the wholesale and retail sector. Growth will also be supported by activities in the ICT sector, which is also supported by growing tourism in addition to the country's goal of increased digitalisation. Furthermore, the concrete and rock material production sector is expected to begin recovery and further support an estimated 6% growth of the construction sector.

Over the *medium term*, real GDP growth is projected to average 3.5 per cent supported by the steady visitor arrivals growth trajectory and the continuous development of various sectors, particularly tourism and ICT.

4.2. The Fiscal Sector

The Government is expected to achieve a primary fiscal surplus of 1.1% in 2024. This follows tighter fiscal performance in the first half of 2024, driven by robust tax collection and higher tax revenues and dividend income than anticipated. Additionally, Government spending remained largely consistent with budget projections.

Despite a lower GDP growth forecast for 2024, the Government remains committed to maintaining the primary fiscal balance of 1.1% per the initial Budget. Budgetary performance for the first six months shows a primary surplus of 2.2% of GDP. Revenue performed better than expected during the same period. For 2024, revenue excluding grants is expected to reach 33.9% of GDP, up from 31.5% in 2023. Expenditures for 2024 are now expected to stand at SR 11.5bn. As a share of GDP, total expenditure and net lending stands at 37%.

The ongoing program with IMF as well as other Budget support program will help fill the financing gap in the short to medium term. Furthermore, the RSF will ease fiscal pressure and open more avenues for financing and investing in climate related projects. The positive economic growth back up with robust Government revenues and fiscal consolidation, has reduced debt vulnerability. The Government remains committed in maintaining a resilient fiscal consolidation over the medium term, with an average primary surplus of 1.6%. This will enable debt to continue on its downward trajectory and achieve a debt to GDP ratio of 50% before 2030.

4.3. The Monetary Sector

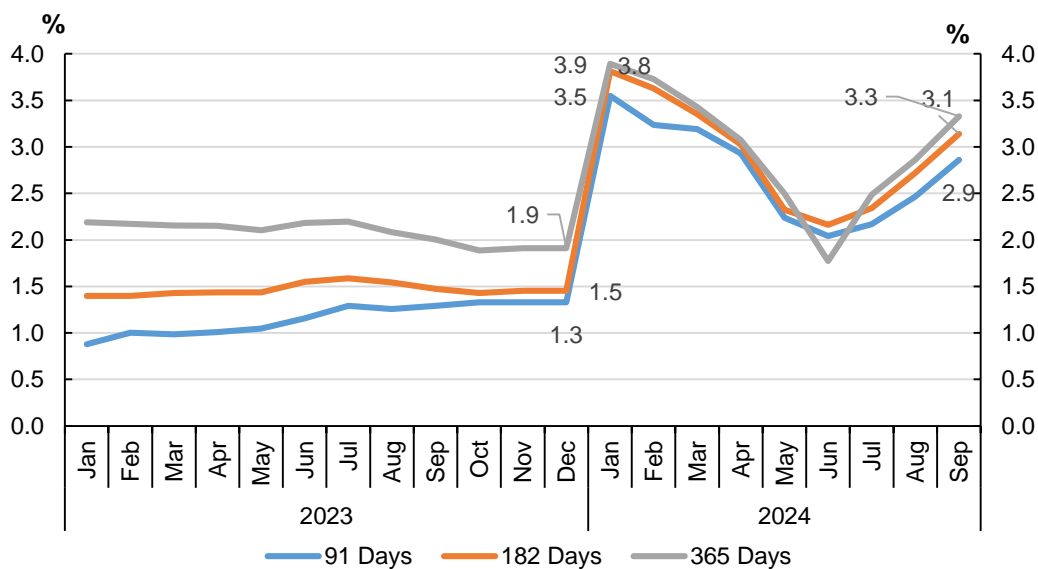
As at the end of September 2024, the year-on-year rate of inflation stood at 0.6% whilst the 12-month average was negative 0.7%, reflecting stable utility rates and the impact of stable or declining prices for fuel and other commodities. The year-on-year and 12-month average rate of inflation are forecast at 2.5% and 0.5%, respectively, by December 2024 due to expected increases in electricity tariff and weaker currency.

The Central Bank of Seychelles (CBS) has maintained an accommodative monetary policy, which has helped to facilitate an increase in the growth of private sector credit. The Monetary Policy Rate (MPR) was lowered by 25 basis points, from 2.0% to 1.75% for the second quarter of 2024, and maintained at that level thereafter. Consequently, the interest rate on the Standing Deposit Facility (SDF) and Standing Credit Facility (SCF) was reduced to 0.25% and 3.25%, respectively. The accommodative monetary policy stance led to a decline in short-term interest rates, with the yield on the 7-day Deposit Auction Arrangement (DAA) standing at 1.75% at end-August 2024 relative to 2.45% at end-March 2024. While inflation remains low, the CBS stands ready to act if inflationary pressures materialize. The CBS will continue its efforts to strengthen Seychelles' monetary policy framework and closely monitor financial sector soundness.

There was a decline of 3.6 basis points in the average interest rate on rupee-denominated savings deposits in August 2024 relative to March 2024, whilst the interest rate on local currency loans remained relatively unchanged. Conversely, there was an increase of 28 basis points in the rate of interest on foreign currency-denominated loans. With regard to government securities, there was an increase in the yield on all three maturities of T-bills, mainly on account of higher issuance. As at September 2024, the 91-day, 182-day and 365-day T-bills stood at 2.86%, 3.14% and 3.33%, respectively.

Figure 5 below demonstrates the trend of T-bills average yield from the year 2023 to the end of September 2024. The T-bills fluctuated between averages of 0.7% on the 91-day bills to 2.0% on the 365-day bills over the year 2023. Given that the rate was not attractive, the market responded, and there was a sudden spike at the beginning of 2024 in the interest rate across all bills following the competitive auction process.

Figure 5: Interest Rate on T-bills



Source: Central Bank of Seychelles

Moving forward, the increase in economic activity is anticipated to be accompanied by a rise in the import of goods and services. Considering the anticipated rise in global food and oil prices, demand for foreign exchange is likely to rise, which may result in a year-on-year depreciation of the rupee in 2025. As such, domestic prices of goods and services are anticipated to increase in 2025 and remains subject to several risks such as the geopolitical risks, geo-economic fragmentation and trade disruptions.

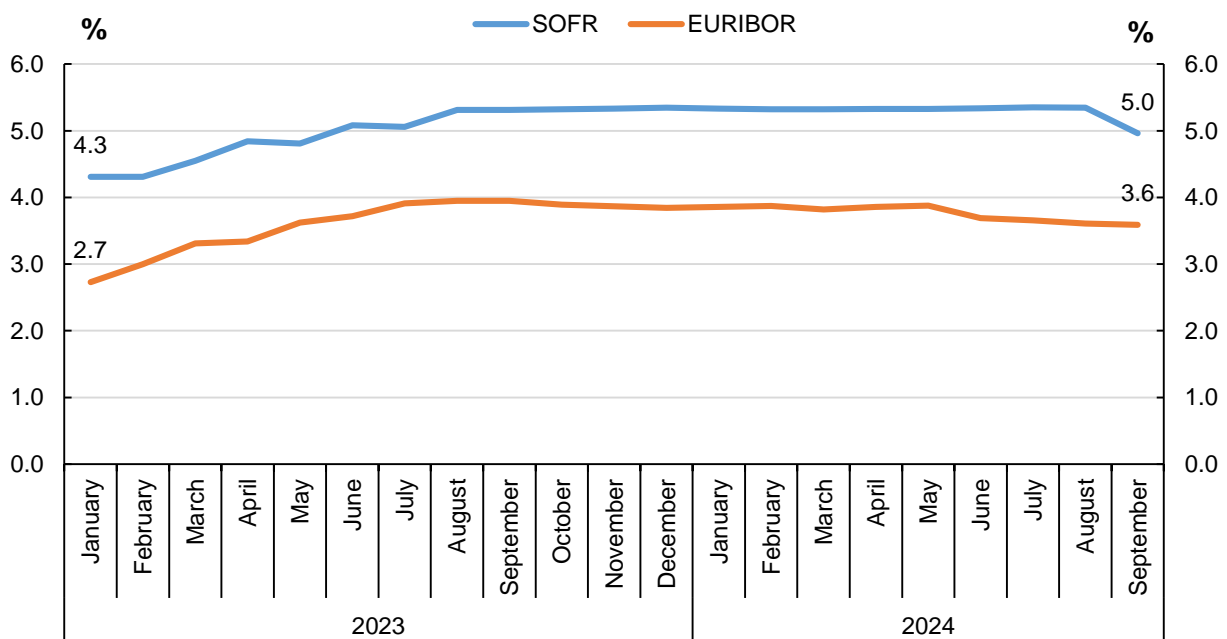
4.4. The External Sector

Despite the slowdown in tourism, the external balance of payments is expected to strengthen in 2024. Weaker income from tourism is expected to expand the current account deficit to USD 229m or 10.7% of GDP in 2024 compared to at USD 155m or 7.2% in 2023, even with higher tuna and other exports. However, financial inflows—in the form of foreign direct investment—will cushion this temporary downturn and facilitate an increase in central bank foreign exchange reserves to the equivalent of 3.7 months of import cover by end-year.

Gross International Reserves (GIR) amounted to USD 753m as at end-August 2024, which was an increase of 2.2% from USD 737m recorded at end-March 2024. The rise in GIR was primarily attributed to inflows for budget support, as well as purchases from the market, whereby CBS accumulated approximately USD 47m during the first half of the year, through its Foreign Exchange Auctions (FEA).

Reference Interest Rate

Figure 6: EURIBOR SOFR Interest Rate- Jan-Sept 2024



Source: Global Rates

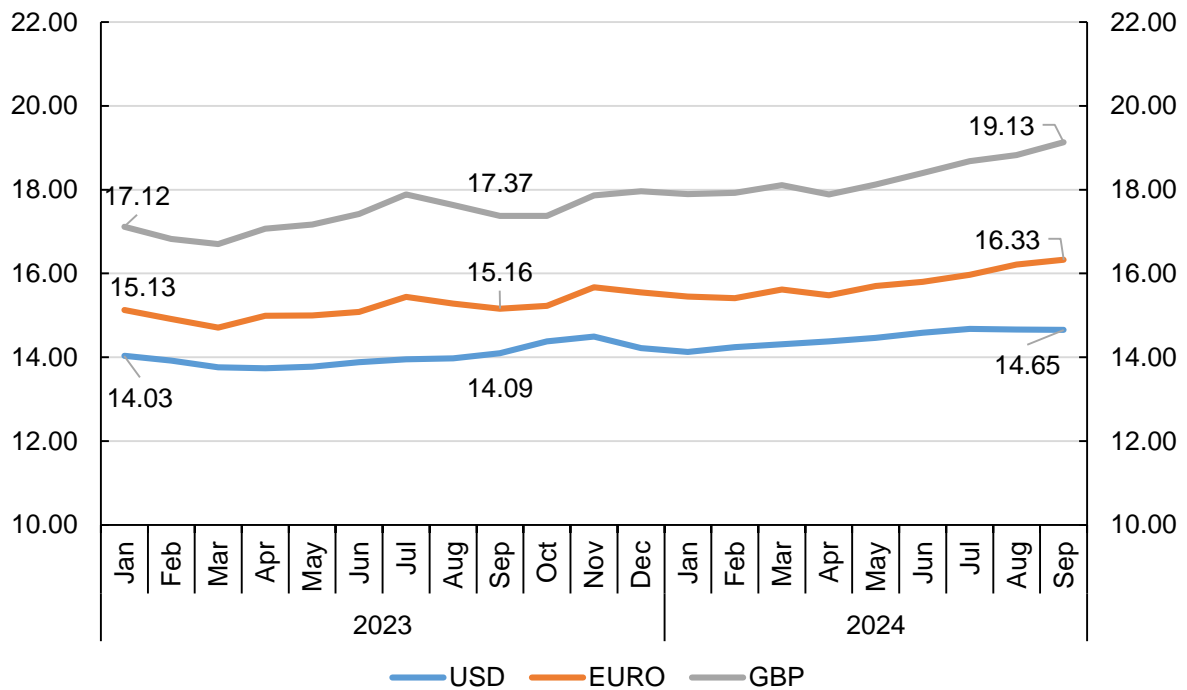
As of January 2022, the USD LIBOR had been replaced by a new reference rate, SOFR. There was a significant increase in the interest rates since 2022. From January 2023 to August 2023, the rate has increased by about 100 basis point, from 4.3% to 5.3%. The rate has fluctuated around the same level since then up until September 2024, where there was a sudden decline of 30 basis points to reach 5.0%. This follows the Federal Reserve's announcement to lower interest rate by 50 basis points, easing monetary policy for the first time in four years. On the other hand, the rate on the 6-Months EURIBOR is relatively lower. However, the EURIBOR follows the same pattern as the SOFR, with an upward

trajectory over the past year but more or less stable. By the end of September 2024, the rate stood at 3.6%, or 90 basis point higher than at the beginning of the year 2023. The high reference rates over the past year has significantly increase the cost of borrowings. Following FED’s announcement, it is anticipated that the rates will start moving on a downward trajectory to eventually reach a new equilibrium.

Foreign Exchange

The Seychelles rupee depreciated against the major traded currencies from January to September 2024 relative to the same period in 2023. In annual average terms, the domestic currency weakened by 4.0% against the USD. This reflected developments in the domestic foreign exchange market, whereby there was an increase of 3.1% in demand, whilst supply grew by 0.5% over that period. As at the end of September the Seychelles rupee was trading at SCR 19.31, SCR 16.33 and SCR 14.65 to the GBP, EURO and USD respectively.

Figure 7: Foreign Exchange Rate- Jan-Sept 2024



Source: Central Bank of Seychelles

The Debt Management Strategy Framework

5.1. Debt Management Strategy 2025-2027

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 2025-2027 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 2025-2027 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 2025-27. 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-2024 and end-2027.

Government guarantees are not taken into consideration in this analysis.

Strategy 1- Great 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 over the past three years. The strategy envisages meeting an average of almost 60% of GFN through concessional external financing over 2025-2027, 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 60:40 respectively, with 20% of the latter being allocated for 10-year Bonds and the remainder 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 2.6% of GDP while net domestic financing would be negative.

Strategy 2 - Balanced Domestic and External Financing

Strategy 2 (S2) reflects a balance borrowing strategy between domestic and external. Compared to S1, this scenario assumes a reduction in multilateral budgetary financing which may be limited in the medium term. This is substituted by a 10% in commercial financing. Net external financing under this scenario will reduce by around 9% compared to S1. On the domestic market, issuances will be split between T-bills and T-bonds in the ratio of 50:50. This strategy will lower the rollover risk of T-bills by slightly over 20% given more focus on bond issuance, especially for 10 and 7 year bonds. This strategy is considered under the assumption of a continuous appetite for Government securities on the domestic

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 almost USD 100m, offsetting the decline in external concessional financing that is expected in 2026 and beyond as access to budget support diminishes. 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 a heavy reliance on T-bills- 80% of domestic financing will be through bills. 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. 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 presents the risk indicators associated with the different proposed strategies. The MTDS exercise points to a reduction in 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-2024 level by an average of 3 percentage points of GDP to a level of around 56.2% – 56.5% of GDP at the end of 2027 across all strategies¹. It is worth emphasizing that this analysis does not take into consideration any guarantees in the baseline analysis.

The continuous debt reduction over the period is mainly due to favorable macroeconomic conditions such as buoyant economic growth and gradual reduction in global interest rate being anticipated. Additionally, the strong fiscal discipline over the medium term will enable debt to decrease over the medium term.

Assessing the cost and risk indicators, the presented strategies provide an implied portfolio interest rate lower than the current implied rate. S4 shows the lowest implied rate given the heavy reliance on domestic securities, which currently is at a slightly more favorable rate than the prevailing global interest rate. All strategies analyzed shows a decline in the interest payment over the medium term given the forecasted decline in interest rate.

The refinancing risks is projected to be more favorable under S1 given the heavy reliance on concessional and semi-concessional loans under external debt with long maturities of between 25 and 40 years. S1 shows that only 20.8% of debt will mature within a year- lower than the current scenario. S4 provides the shortest ATM of only 1.8 years on the domestic portfolio and this is attributed to the larger proportions of T-bills which is a very short-term debt instrument. The ATM of the complete portfolios averages to 4.7 years under S1-S3 in comparison to S4 which is 3.7 years only. The percentage of debt maturing within one year is only significantly higher in S4 compared to the other strategies given the high concentration of T-bills previously mentioned.

Looking at the interest rate risk, the ATR increases across all strategies with the exception of S4 under which the ATR falls from 2.4 years to 1.8 years. Similar, the 62.5% of the Debt under S4 will need re-fixing within a year in comparison to only 43.4% under S1. Only S4 is showing a higher percentage of debt re-fixing within a year by the end of 2027 in comparison to the current year.

¹ It is important to note that this take into consideration the interest rate and exchange rate shocks considered in the exercise. This is explain further in the next section.

Under all strategies there is the risks associated with foreign exchange rate risk is minimized significantly. This is attributed to gradual reduction in the stock of external debt as a substantial portion will mature over the medium term. The share of FX debt will average to 39.0% by the end of 2027 under all strategies with slightly lower exposure under S3.

Table 16: Cost Risk Analysis of Strategies as at end of 2027

Risk Indicators		2024	As at end FY 2027			
		Current	S1	S2	S3	S4
Nominal debt as percent of GDP		59.3 ²	56.4	56.5	56.4	56.2
Present value debt as percent of GDP		65.2	60.1	60.2	60.1	59.9
Interest payment as percent of GDP		3.8	3.5	3.5	3.5	3.3
Implied interest rate (%)		6.4	6.2	6.2	6.2	5.7
Refinancing risk	Debt maturing in 1yr (percent of total)	21.6	20.8	22.3	27.1	39.9
	Debt maturing in 1yr (% of GDP)	13.1	11.7	12.6	15.3	22.4
	ATM External Portfolio (years)	7.5	6.6	6.6	6.5	6.5
	ATM Domestic Portfolio (years)	2.2	3.4	3.6	3.4	1.8
	ATM Total Portfolio (years)	5.4	4.7	4.8	4.7	3.7
Interest rate risk	ATR (years)	2.4	2.8	2.9	2.8	1.8
	Debt refixing in 1yr (% of total)	52.9	43.4	45.0	49.6	62.5
	Fixed rate debt incl T-bills (% of total)	67.3	76.1	76.0	76.1	76.0
	T-bills (percent of total)	10.5	10.2	14.0	18.7	31.5
FX risk	FX debt as % of total	56.9	39.1	39.0	38.9	39.0
	ST FX debt as % of reserves	7.5	5.7	5.7	5.7	5.7
		56.9	39.1	39.0	38.9	39.0

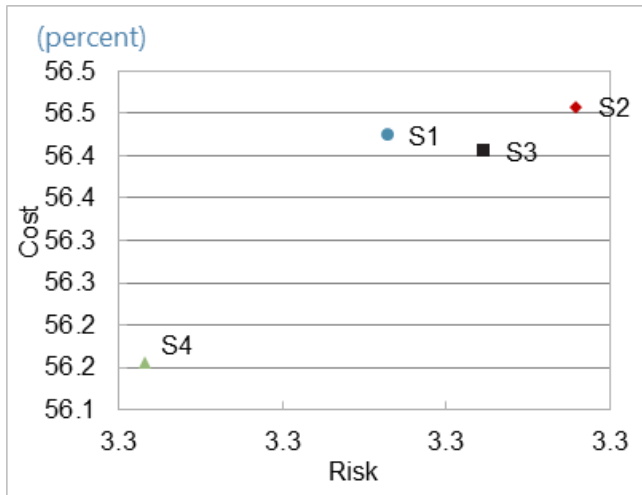
Source: MTDS Tool, Debt Management Division assumptions

Figure 8 overleaf shows the cost-risk indicators associated to the different strategies. As can be observed, S4 is superior to all strategies when it comes to debt to GDP ratio, present value of debt and also interest to revenue. This is followed by S1 when it comes to the cost in reference to the depicted indicators. S2 involves slightly higher risks than other strategies given the mix of exposure to exchange rate risks and also refinancing risks. Under S1, the interest rate risk is lower than the other strategies given the nature of the financing strategy. The debt to GDP ratio will reduce moderately by 2027 under all strategies. It is expected that over the long term as financial consolidation improves further, Government will attain its debt objective of 50% debt to GDP ratio before 2030.

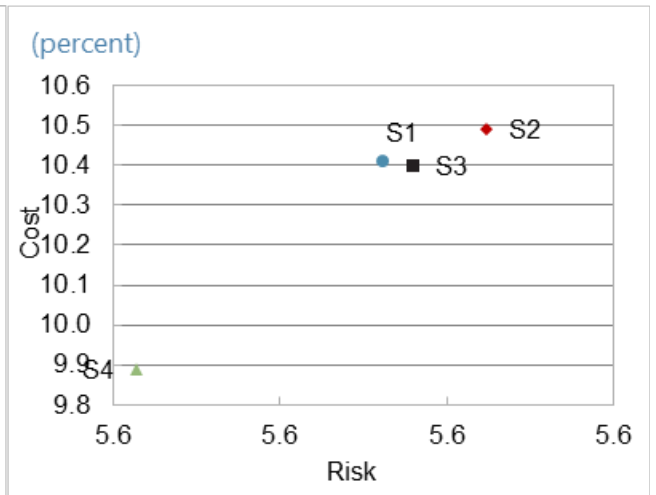
² This excludes Guarantees and the SDR allocation.

Figure 8: Cost-Risk Indicators as at the end of 2027

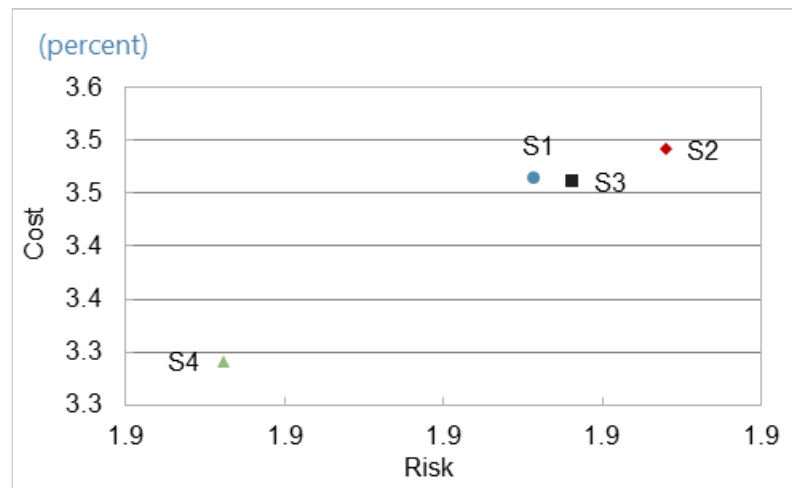
Debt to GDP



Interest to Revenue



Interest to GDP



Source: MTDS Tool, Debt Management Division 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 2025, which is applied in combination with the interest rate shock;
- extreme shock: a depreciation of 30% in 2026.

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 250 bps over the period 2025-26. This shock will affect external and commercial (variable rate) as well as domestic debt.
- extreme shock (stand-alone): in this shock, the interest rate increase is 500 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. Furthermore, given the recent increase in global interest rate, the cost of variable interest rate bearing loans has increase, even for that of multilateral creditors. Additionally, absence of firm commitments from bilateral credits is another cause of concern.

The strategies analyzed do not consider any change in the end-2024 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 1.0% 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 injection in supply of T-bonds could have implications for market absorption capacity due to maturity mismatches in banks' balance sheet. Increase 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. With the aim of developing a secondary market of Government securities, the Government in collaboration with the CBS will develop a draft operational framework and launch a 6-month pilot retail investor-oriented purchase window as a prelude to a full-scale buyback facility for the trading of Government securities through commercial banks by the end of 2025.

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 S3 & 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 S3 and S4 are preferred. However, should lower refinancing risk be the priority, then strategies S1 and S2 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 in the medium term and the debt portfolio tends to be more resilient to the macro-fiscal shock. However, S3 has higher budgetary risk and entails risk on the redemption profile with high probability of roll over risks. S4 is an ideal strategy but there is a great element of uncertainty associated with it given the concern of the absorption capacity of the domestic market and also the high level of associated refinancing risk.

Looking at it globally, S1 will be adopted for debt management by the Government for 2025-2027. The Government will benefit from concessional loans and also from increase credit worthiness given the support of multilateral creditors. The global interest rate has recently move on a downward trajectory compared to the past year after the sharp spike. The Debt Management Division will be monitoring closely the movement and will be liaising with some of the creditors and assess the feasibility of fixing

some of those loans when the interest rates becomes even more favorable hence moderating the fluctuations in cost under the proposed strategy. This will be done with the aim of reducing public debt sustainability risk. The foreign exchange risk is fairly moderate under this strategy and the foreign exchange reserves is healthy to accommodate the foreign exchange demand.

On the domestic side, the aim is to initiate a regular bond issuance plan through the auction mechanism and at the same time maintain T-bills issuances to around 4%-6% of GDP hence reducing the refinancing risks and ensuring that there is a right balance in the stock of T-bills for banks' liquidity management needs. Bonds issuance will be supported by initiating trading reforms in Government securities previously mentioned.

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, interagency coordination will continue 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 2025-2027

The table below summarizes the estimated forecast for the debt to GDP ratio for 2025-2027. 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 2025 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 allocations.

As can be seen, the debt to GDP ratio is anticipated to decrease slightly by 0.6 percentage point in 2025 reflecting Government's strategic approach to finance infrastructure projects through sustained borrowings and also through the use of additional Budget supports from multilateral and bilateral creditors. Provision has also been made to cater for Government guaranteed loans especially to accommodate for the Port expansion project. The ratio will decline faster over the medium term to reach about 55.9% of GDP by 2027. This will be achieved through maintaining a resilient fiscal consolidation to achieve sustainable primary surpluses over the medium-term and steady economic growth previously highlighted. 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 2025-2027³

Indicator	2024 Est.	2025	2026	2027
Debt to GDP (%)	61.5	60.8	59.1	55.9

Source: MoFNPT, and IMF Tables

Albeit external risks still prevails, based on the latest macro-economic indicators and forecasted fiscal position, Government remains committed in keeping the debt on a sustainable path. The latest analysis on the debt dynamic indicates a gradual reduction of debt to GDP ratio over the medium-term to reach about 50% before 2030; aligned with the pre-COVID target as per Government's commitment. This reduction will be primarily driven by robust real GDP growth and favorable primary balances, underpinned by prudent fiscal discipline and targeted policy measures over the medium term.

³ The numbers are based on the baseline scenario and do not take into considerations the shocks considered under the Debt Management Strategy section

Conclusion

The MTDS will be implemented through annual borrowing plans that meets the funding requirements of the Government for each fiscal year. The borrowing plan takes into account the desired composition assumed in the MTDS analysis. The information of the Government's domestic borrowing plan will be disseminated to the market on a quarterly basis through the publication of auction calendar. Additionally, Government will announce auction calendar of T-bills every month. The auction calendar contains tenor wise and target amounts which the government intends to borrow from domestic securities for financing its cashflow requirements during any particular quarter. This will ensure that investors and market participants are aware of Government's plan for them to better plan their investments.

Government will continue working with development partners to deepen the domestic debt market. To create a secondary market for Government securities, the Government, in partnership with the CBS, will draft an operational framework and introduce a 6-month pilot program focused on retail investors. This initiative will pave the way for a comprehensive buyback facility for trading Government securities through commercial banks by the end of 2025.

Government will ensure transparency on debt management in accordance with international best practices through provision of accurate and timely information on public debt through publication of its quarterly debt bulletin, as part of the Government audited Annual Financial Statements and other publications needed.



Annual Borrowing Plan

MINISTRY OF FINANCE, NATIONAL PLANNING AND TRADE

DEBT MANAGEMENT DIVISION

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Introduction

The 2025 Annual Borrowing Plan (ABP) is prepared in accordance to the Public Debt Management Act section 29, which requires the Debt Management Division of the Ministry of Finance to prepare and publish an ABP. The ABP describes how the annual financing needs will be met during the 2025 budget year. It has been developed in accordance with the targets and benchmark indicators of the 2025-27 Medium-Term Debt Management Strategy (MTDS) and is based on the macroeconomic and fiscal frameworks presented in the 2025 Budget. The MTDS determines the proportions of different instruments to be used during the implementation of the strategy and the ABP turns these, in line with the annual financing needs, into nominal values, keeping into account the short-term macroeconomic outlook and market dynamics.

As the Government entered with the IMF on a supported reform program, it was important to revisit its Annual Borrowing Plan and update it with the aim of being more informative and to promote transparency and predictability of debt management operations. This facilitates sharing of information with other stakeholders (monetary policy, budget execution, cash management) for macroeconomic management, and enables investors to better plan their investments.

By publishing the ABP, the Debt Management Division ensures that the Government's financing needs are met on a timely basis, borrowing is done at the lowest possible cost with prudent degree of risk and additionally, enhance predictability of Government borrowing and helps promote the development of the domestic market.

The plan will be complemented by the quarterly issuance calendar for Government securities, which provides indication of the domestic borrowing operations of the Government over the fiscal year, the instruments to be issued and indicative timing of such borrowings.

It is crucial to note that the ABP has been prepared in consideration of the forecasted financing needs of the Government using the best information available at the time of publication. The estimates are based on a range of economic and other parameters hence there may be the need to revise the ABP.

Economic Outlook

In 2025, GDP growth is anticipated to reach 4.3%, primarily driven by increases in tourism-related sectors such as 'Accommodation and food service' and 'Administrative and support service,' which are expected to grow by 5.0% and 3.0% respectively. This boost in the tourism sector is linked to a projected 3.5% increase in visitor arrivals. The increase in visitors and significant public events will also enhance growth in the beverages manufacturing industry and the wholesale and retail sectors. Additionally, a robust 10% growth in ICT activity is being forecasted, driven by the rising tourism and the country's push for greater digitalization. The concrete and rock materials sector is also expected to start recovering, contributing to an estimated 6% growth in the construction sector. In the medium term, real GDP growth is projected to average around 3.5%, supported by a steady increase in visitor arrivals and ongoing advancements in various sectors, particularly tourism and ICT.

Current account deficit for 2025 is projected at minus 9.8% of GDP based on the forecasted earnings from tourism activities. The foreign exchange reserves are projected to increase to about USD 851m, equivalent to 3.8 months of import cover. This represents a 5.6% growth compared to the forecasted 2024 position. The expected growth in economic activity is likely to lead to a rise in imports of goods and services. Given the forecasted increase in global food and oil prices, demand for foreign exchange is expected to grow, which could result in a year-on-year depreciation of the rupee in 2025. This may result in an increase in the domestic prices of goods and services and remains subject to several external risks prevailing. Recent development has shown a decrease in the global market interest rates. This may influence the yield on the domestic market moving forward.

For 2025, total revenue including grants, is expected to grow by 11.1% to reach SR 12.1bn. Current expenditure is forecasted to increase by SR 1.19bn or 5.6% compared to 2024. With a robust GDP growth aforementioned, the Government remains committed to maintaining a resilient fiscal consolidation and is targeting to achieve a primary surplus of SR 380m or 1.1% of GDP, similarly with the 2024 target. This will help to ensure that debt remain on a downward trajectory and reach 50% of GDP before 2030. Despite the favorable outlook, uncertainties in the external environment such as the rising geopolitical tensions in the Middle East still pose a risk to the Seychelles' economy.

The table below provides a snap shot of the economic outlook for 2025.

Table 1: Selected Economic Indicators

Description	2023	2024 Est.	2025 Est.
National income and prices			
Nominal GDP (millions of Seychelles rupees)	30,016	31,044	33,033
Real GDP growth	14.02	14.57	15.07
CPI (annual average)	-1.04	0.54	2.32
Government Budget (% GDP)			
Total revenue, including grants	32.4	35.1	36.8
Expenditure and net lending	33.6	37.0	38.4
Overall balance	-2.8	-1.9	-1.5
Primary balance (accrual basis), including grants	0.0	1.1	1.1
External sector (USD'm, unless otherwise indicated)			
Current account balance including official transfers	-155	-229	-219
Gross official reserves (USD'm)	682	806	851
In months of imports, c.i.f.	3.3	3.7	3.8
Total debt outstanding (% of GDP)¹			
Total debt outstanding (SR'm)	17,469	19,092	20,084
<i>Domestic debt (% of GDP)</i>	27.6	28.8	25.8
<i>External debt (% of GDP)</i>	30.6	32.6	35.1

Source: MoFNPT, Macroeconomic Working Group.

¹ The numbers include the SDR allocation provided by IMF
Ministry of Finance, National Planning and Trade

Borrowing Requirements

Gross and net financing needs are the basis of the ABP: Net Financing Needs (NFN) contain only the primary balance (deficit) and the interest payments; Gross Financing Needs (GFN) also take account of the maturing public debt, which needs refinancing in the given year.²

According to the latest projections, the Gross Financing Needs (GFN) for 2025 are anticipated to be SCR 3,173m, equivalent to 9.6% of GDP. This represents a decrease of SCR 538m, or 14.5% compared to the GFN projected for the end of 2024. The decline in GFN for 2025 is primarily attributed to a lower forecasted amortization schedule. The amortization is expected to be SCR 451m lower in total compared to 2024, both on the domestic side and external side. The former is lower mainly on account of lower T-bills stock maturing in 2025, while on the external side lower repayment is expected given that some loans were fully repaid in 2024. Additionally, the decline in GFN is attributed to an improvement in the Net Financing Needs (NFN) as Government continues to enforce fiscal discipline and revenue collections remain buoyant. With strict fiscal consolidation, the primary surplus remains consistent at 1.1% of GDP for both years, reinforcing fiscal stability. **Table 2** below summarizes the financing requirements for 2025 in comparison with 2024. To address its financing needs, the government plans to explore funding options from both foreign and domestic sources.

Table 2: Financing requirements (2024 vs 2025)

Description	SCR' M		% of GDP	
	2024 EOY	2025 Est.	2024 EOY	2025 Est.
Primary balance	357	380	1.1	1.1
Interest payments	-955	-892	-3.1	-2.7
o/w Domestic	-464	-418	-1.5	-1.3
External	-491	-473	-1.6	-1.4
Net Financing Needs	-599	-512	-1.9	-1.5
Amortization	-3,112	-2,661	-10.0	-8.1
o/w Domestic	-2,125	-1,921	-6.8	-5.8
External	-988	-741	-3.2	-2.2
Gross Financing Needs	-3,711	-3,173	-12.0	-9.6

Source: MoFNPT, Debt Management Division

² Changes in the TSA cash buffer or other “below the items” like privatization receipts may impact the size of the net financing and GFN.

The Government's financing plan for 2025 reflects a strategic approach to debt management, emphasizing the use of concessional multilateral financing to minimize borrowing costs as stipulated in the Debt Management Strategy 2025-2027. This strategy also aims to balance the issuance of domestic securities, specifically Treasury bonds (T-bonds) and Treasury bills (T-bills), with T-bonds focused on fostering domestic market development.

As detailed in **Table 2**, gross redemptions for 2025 are projected to total SCR 2.7 bn, primarily driven by the redemption of T-bills and T-bonds. An optimal stock of T-bills in circulation is crucial for the overall effectiveness of the Government's financing strategy. This approach not only aims to reduce rollover risks but also seeks to sustain a vibrant market for short-term securities.

Financing Plan

The borrowing plan for 2025 outlines various sources of financing and instruments aligned with the adopted Medium-Term Debt Strategy, which prioritizes concessional financing. In net terms, the total financing requirement for 2025 is projected at SCR 512m, equivalent to 1.5% of GDP. To address these needs, external financing will play a pivotal role, amounting to SCR 1,033m, or 3.1% of GDP. This will stem primarily through concessional budget support loans from multilateral creditors as previously stated. The figure represents a reduction of SCR 142m, or 12.1%, compared to the 2024 end of year given more favorable forecasted fiscal position. On the domestic front, net domestic financing is expected to be negative, at SCR 522m, or 1.6% of GDP. This indicates that the government plans to repay more domestic debt than it issues, thereby reducing the overall domestic debt stock.

Table 3 below illustrates the composition of Overall Net Financing for 2025 compared to the end-of-year figures for 2024, providing insights into the government's strategic adjustments in financing sources and the anticipated impact on its debt profile, which is further analyzed under the Debt composition section.

Table 3: Overall Net financing (2024 vs 2025)

Description	SCR' M		% of GDP	
	2024 EOY	2025 Est.	2024 EOY	2025 Est.
Total Financing (overall budget deficit)	599	512	1.9	1.5
Foreign financing, net	1,175	1,033	3.8	3.1
Domestic financing, net	-577	-522	-1.9	-1.6

Source: MoFNPT, Debt Management Division

External

The Government is expected to increase its foreign debt by SCR 1,033m- equivalent to USD 67.7m or 3.1% of GDP, for the year 2025. Gross external borrowing will amount to SCR 1,774m, or 5.4% of GDP whilst amortization amounts to SCR 741m, or 2.2% of GDP. The new debt that will be incurred in fulfilling the borrowing requirements will be used to finance existing projects and budget support facilities. **Table 4** below provides a detailed breakdown of external financing. The majority of borrowings will come from further disbursements under existing and new Budget support loans from multilateral creditors.

Table 4: Foreign Financing in 2025

Description	SCR' M	USD' M	% of GDP
Net Foreign Financing	1,033	67.7	3.1
Total Borrowings	1,774	118.5	5.4
Multilateral	1,432	95	4.3
IMF- EFF ³	247	16.4	0.7
IMF-RSF ⁴	363	24.1	1.1
IBRD- Budget Support	226	15.0	0.7
IBRD- P4R ⁵	219	14.5	0.7
AfDB	377	25	1.1
Bilateral	0	0.0	0.0
Project Loans	342	23	1.0
Total Amortization	-741	-50.8	-2.2

Source: MoFNPT, Debt Management Division

Loans

For the 2025 Budget, the Government is not foreseeing any new external loans. All disbursements will be done under **existing loans or existing budget support facilities**.⁶ As illustrated in the table above, approximately 80% of the total borrowing will be from multilateral creditors under existing facilities and new budget support programs. The main disbursements are expected from the IMF under the EFF and RSF facilities, amounting to SCR 610m or 1.8% of GDP. Approximately SCR 445m is expected to be disbursed by the World Bank- IBRD and the African Development Bank (AfDB) is expected to disburse SCR 377m, equivalent to 26% of the multilateral financing.

³ Extended Fund Facility

⁴ Resilience and Sustainability Facility

⁵ Program for Strengthening Quality of the Social Protection System

⁶ Note that the two new loans from Saudi Fund for Housing project and reconstruction of La Digue School were already contracted in 2023. However, first disbursement will only materialized in 2025.

Project Loans

The below table provides a breakdown of the forecasted disbursement on existing project loans for 2025 compared to 2024. The major disbursement is expected under the PUC Neptune project with EIB and AFD at SCR 98m followed by the social housing project by MLUH amounting to SCR 78.7m. Additionally, a significant allocation of SCR 77.2m is earmarked for the new hospital project. This strategic focus on healthcare not only addresses immediate needs but also lays the groundwork for long-term health improvements.

Table 5: Forecasted Project Loans (2024 vs 2025) – (SCR' M)

Description	2024	2025
Indian Line of Credit		25.4
*Blue Bond – Swiofish	6.9	
PUC:33KV South Mahe	18.7	7.3
PUC La Gogue raising of Dam	8.6	
PUC: EIB/AFD- Neptune	103.9	98
Reconstruction of La Digue School- Saudi Arabia		37.7
Social Housing Project- MLUH	25.5	78.7
Seychelles Solid Waste Management Project	3.6	17.9
New Hospital		77.2
Total Project Loans	167	342

Source: MoFNPT, Debt Management Division

New Guarantees

In regards to external guarantees, USD 17.5m is being anticipated to be disbursed for the Land reclamation project to MLUH from the Government. Additionally, provision has been made for a total of EUR 28.5m to be disbursed to SPA as part of the Port Victoria Rehabilitation & Extension project.⁷ Note that both facilities were already guaranteed by the Government.

Table 6: External Debt Stock Guarantee forecast (2024 vs 2025) – (SCR' M)

Instrument	2024	2025
Opening Stock	117	190
Disbursements	77	732
Amortization	-4	-7
Stock of Guarantees	190	915

Source: MoFNPT, Debt Management Division

⁷ Note that this is a prudent disbursement forecast and depends on progression of the project thus may not fully materialize in 2025.

Domestic

As illustrated in the table below, the total retirement of outstanding domestic debt in 2025 is anticipated to amount to SCR 1.9bn, equivalent to 5.8% of GDP, while gross issuance is estimated at SCR 1.4bn, or 4.2% of GDP. This will lead to a net domestic issuance of minus SCR 522m, minus 1.6% of GDP. This suggests that the Government will be repaying its domestic debt more than it will be issuing, thus lowering the domestic debt stock.⁸

Table 7: Domestic Net financing (2024 vs 2025)

Description	SCR' M		% of GDP	
	2024 EOY	2025 Est.	2024 EOY	2025 Est.
Gross Issuance	1,548	1,399	5.0	4.2
Gross Retirements	-2,125	-1,921	-6.8	-5.8
*T-Bills	-1,260	-653	-4.1	-2.0
T-Bonds	-775	-1,178	-2.5	-3.6
Loans from Commercial Banks	-89	-91	-0.3	-0.3
Net Domestic Issuance	-577	-522	-1.9	-1.6

Source: MoFNPT, Debt Management Division

* Based on the methodology recommended by the OECD for short-term debt, Gross issuance and redemption data on T-bills during a financial year takes redemptions of T-bills only once into account (based on the stock of opening balance) to avoid multiple counting.

Financing within the domestic market will be carried out via two primary instruments, namely T-bills and T-bonds, which will be allocated in a roughly 60:40 ratio in line with the debt management strategy. As banks represent a significant portion of the investor base, the capacity to absorb may lean towards the shorter end of the yield curve. The distribution of financing between T-bills and T-bonds will be dependent upon the market's demand for each instrument.

Table 8: Domestic Financing Instruments – (SCR' M)

Instrument	Amortization	Issuance	Net Issuance
T-bonds	-1,178	560	-618
T-bills	-653	840	187
Loans	-91	0	-91
Total:	-1,921	1,400	-522

Source: MoFNPT, Debt Management Division

⁸ Note that for the purpose of the ABP, the amortization and issuance of T-bills issued to the CBS is not considered as part of the amortization and new issuance as this will be rolled over.

Treasury Bills

T-bills tenders will continue to remain an essential element of the ABP in the year 2025. The Government will pay off a total amount of SCR 653m worth of T-bills compared to the total amount to be issued at SCR 840m, resulting in a net issuance valued at SCR 187m. T-bills will be issued according to the need to maintain an adequate supply, and will be allocated accordingly amongst the 91, 182 and 365 days tenors.

Treasury Bonds

As part of its continuous effort to lengthen the maturity of the domestic debt profile in the medium-term, the Government will continue to issue bonds on a quarterly basis, through the auction mechanism similar to the T-bills and supported by a quarterly issuance plan for bonds. Similarly to 2024, the tenors on offer in 2025 will be mixed between 3-, 5-, 7-, 10-years.

T-bonds issuance will be supported by improving their liquidity by initiating trading reforms in Government securities. With the aim of developing a secondary market of Government securities, the Government in collaboration with the CBS will develop a draft operational framework and launch a 6-month pilot retail investor-oriented purchase window as a prelude to a full-scale buyback facility for the trading of government securities through commercial banks by the end of 2025.

Continuous effort is being undertaken by the Government and the Central Bank to develop the domestic market. These measures will promote efficiency and transparency and will also deepen the market, facilitate development of appropriate market infrastructure and evolve the domestic market with recent international market developments. In keeping with transparency obligations, the Government will pursue the following communication strategy.

- Issuance calendars for T-bills and T-bonds will be published quarterly on the Ministry of Finance and Central Bank's website announcing the tenor and auction and settlement dates.
- Instructions for participation in T-bonds tenders will be released by the Central Bank one week prior to each tender, and will be made available on the Central Bank's website.

Loans

For 2025, the Government does not anticipate undertaking new domestic loans to meet its financing needs. It is committed to fulfilling its debt obligations throughout the year, with a total payment of SCR 91m as scheduled.

New Guarantees

Table 9 below provides a summary of the stock of domestic guaranteed debt. A disbursement worth SCR 200m has been provisioned for a guarantee to DBS which will be used to fund its ongoing operations in terms of its lending activities. Furthermore, it is anticipated that SCR 30m will be allocated to HFC based on a previously issued guarantee.

Table 9: Domestic Debt Stock Guarantee forecast (2024 vs 2025) – (SCR' M)

Instrument	2024	2025
Opening Stock	624	669
Disbursements	230	230
Amortization	-185	-119
Stock of Guarantees	669	780

Source: MoFNPT, Debt Management Division

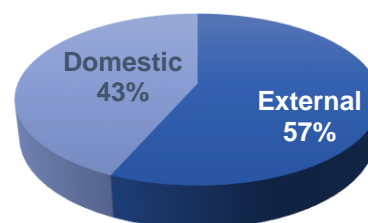
Debt stock composition

Table 10 and **Figure 1** below presents the projected composition of the debt stock for the years 2024 and 2025. As shown, the total debt stock relative to GDP is expected to increase by SCR 1,017m in nominal terms. This is reflecting the net financing needs and new guarantee previously stated.⁹ Provision has also been made for the T-bills that will be issued in the fourth quarter of 2024 and will mature in 2025. The decline in the debt-to-GDP ratio is reflective of the buoyant economic performance and strong fiscal consolidation. According to the proposed borrowing strategy, the external stock of debt is projected to account for 57% of the total debt portfolio by the end of 2025. This is due to additional disbursements from existing and new budget supports, as well as loans from ongoing projects and the new guaranteed loans forecasted.

Table 10: Debt stock Breakdown

Description	SCR' M		% GDP	
	2024 EOY	2025 Est.	2024 EOY	2025 Est.
External	9,770	11,528	31.5	34.9
Domestic	9,263	8,523	29.8	25.8
Total Debt	19,034	20,051	61.3	60.7

Figure 1: Debt stock composition-2025



Source: MoFNPT, Debt Management Division

The total debt stock primarily consists of four key currencies: Seychelles Rupees (SCR), United States Dollars (USD), Special Drawing Rights (SDR), and Euros (EUR). In 2024, there is an approximately equal share of local and foreign currency debt, indicating moderate exposure to exchange rate risks. However, for 2025 the foreign exchange components of the stock will increase in line with the new external borrowing plan resulting in a slight increase in the foreign currency risks. However, the overall risks remains moderate.

A more detailed breakdown of the debt stock composition is given in **Table 11** and **Table 12** for external and domestic debt respectively. On the external side, debt with multilateral creditors will remain as the main component of the stock- accounting for almost 86.8% of the stock. These loans are from three main sources- IMF, World Bank and AfDB. The Bilateral loans and Private loans¹⁰ will account for 9.4% and 2.9% respectively of the external portfolio. For 2025, debt from Private creditors and commercial banks are

⁹ The numbers exclude funds the SDR allocation from the IMF

¹⁰ Private loans comprises of Euro Bond

anticipated to decline significantly by 43.1% and 35.7% respectively. In absolute value, this represents a decrease of SCR 255m and SCR 56m respectively and the decrease in stock reflects ongoing repayments.

Table 11: External Debt stock Breakdown – (SCR' M)

Description	2024 EOY	2025 Est.	% Diff
Multilateral	8,146	10,010	22.9
Bilateral	878	1,081	23.1
Commercial Banks	156	100	-35.7
Private	591	336	-43.1
Total	9,770	11,528	18.0

Source: MoFNPT, Debt Management Division

On the domestic side, Government securities remains the main component of the stock, accounting for about 90%, similarly to 2024. Securities stock will be dominated by T-bonds at 64% whilst T-bills will account for around one quarter of the total stock. Loans with commercial banks, including guarantees, will account for 6% and other debt liabilities will account for only 0.5% of the stock. As at the end of 2025, the stock of domestic debt in nominal value is forecasted to decrease by SCR 741m, or 8.0% compared to the end of 2024.¹¹

Table 12: Domestic Debt stock Breakdown – (SCR' M)

Description	2024 EOY	2025 Est.	% Diff
Loans	820	841	2.5
Securities of which;	8,397	7,636	-9.1
<i>Treasury Bills</i>	2,263	2,120	-6.3
<i>Treasury Bonds</i>	6,089	5,471	-10.1
<i>Deposits</i>	45	45	0.0
Other Debt Liabilities	46	46	-1.0
Total Debt	9,263	8,523	-8.0

Source: MoFNPT, Debt Management Division

Based on the debt composition, the Average Time to Maturity (ATM) of the debt portfolio is estimated at 7.8 years and 2.2 years in 2024 for the external and domestic debt portfolio respectively. The ATM for the total portfolio is estimated at 5.7 years. It is important to note also that about 41.5% of domestic debt in the portfolio will mature within a year, attributed to the stock of T-bills in the portfolio.

¹¹ This include new guarantees and also new securities that will be issued between September and December 2024 and will mature in 2025.

Conclusion

It must be emphasized that while sources of external financing for budgetary purposes (except for certain bilateral loans) can be drawn with high certainty, the domestic market may offer several variations for the issuance of T-bills and T-bonds based on appetite for the respective instruments. The issuance of T-bills may be more aligned with the cash flow forecast also taking into consideration the needs of the banking sector for liquid short-term instruments, and the benefits of reducing somewhat the volatility of cash flows over the Treasury account.

The effectiveness of the proposed bond issuance program largely hinges on the demand for medium- and long-term Government securities. Given the limited domestic investor base and the current low-interest rate environment—which may change—it is challenging to determine the depth and sustainability of demand for longer-term securities. Additionally, a rise in demand for private sector credit could lessen banks' interest in Government bonds. As a result, the issuance of domestic securities will be closely monitored and adjusted as necessary.

The sustainability of the borrowing program in the medium run will require the development of other segments of the domestic capital market. With the aim of developing a secondary market of Government securities, the Government in collaboration with the CBS will develop a draft operational framework and launch a 6-month pilot retail investor-oriented purchase window as a prelude to a full-scale buyback facility for the trading of government securities through commercial banks by the end of 2025.

Given the uncertainty prevailing in the economic environment, for internal monitoring, the ABP will be broken down into quarterly borrowing plans that will be presented and approved by the Debt committees to ensure transparency and accountability. This will enable the Government to monitor the implementation and, if needed, to make the necessary adjustment in the issuance plan.

SECTION 5

Medium- Term Financial Strategy of Public Enterprises 2025-2027



MEDIUM TERM FINANCIAL STRATEGY (MTFS)

**PUBLIC ENTERPRISES OF THE
REPUBLIC OF SEYCHELLES**

2025-2027

Compiled by Public Enterprise Monitoring Commission



MEDIUM TERM FINANCIAL STRATEGY (MTFS)

PUBLIC ENTERPRISES OF THE
REPUBLIC OF SEYCHELLES

(2025-2027)

Compiled by Public Enterprise Monitoring Commission

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A. Medium-Term Financial Strategy (MTFS) as a tool of Compliance with Statutory Requirements.

The Medium-Term Financial Strategy (MTFS) is an essential tool for Strategic financial planning and management, providing a structured framework for organizations to strategically manage their financial resources over a medium-term horizon, typically spanning three to five years. In Seychelles, the MTFS is particularly important for the Public Enterprises (PEs) to demonstrate their strategy towards sustainable financial practices while ensuring their operational alignment with the government's objectives, national priorities, and broader long-term social and economic goals.

The MTFS 2025-2027 is compiled and presented pursuant to the provisions made in the Section 51, 54, 55, 81, and 91 of the Public Enterprises act 2023.

B. The Role of the MTFS in Strategic Financial Planning and National Alignment of Public Enterprises

MTFS 2025-2027 marks the second year of the MTFS becoming a cornerstone of financial governance for PEs. This strategy enables stakeholders, including government, PE management, investors, the public and any other Stakeholders to review past financial performance, assess current financial health, and forecast future financial outcomes. This futuristic comprehensive view supports better-informed decision-making by providing insights into trends, risks, and opportunities. Understanding how PEs have evolved financially allows stakeholders to evaluate the effectiveness of past strategies, assess current conditions, and anticipate challenges or opportunities in the years ahead.

The core purpose of the MTFS is to serve as a forward-looking strategic roadmap that enables PEs to forecast revenue streams, manage expenditures, and plan investments to maintain financial stability. It not only focuses on the financial health of individual PEs but also examines how their activities contribute to national objectives, including economic growth, social welfare, and environmental sustainability. By evaluating performance over several years, stakeholders are compelled to assess how well PEs are progressing toward these key objectives, make adjustments as needed, and ensure continuous alignment with government priorities and evolving economic conditions.

The MTFS also plays a crucial role in managing financial risks and uncertainties. By incorporating risk management into their financial planning, PEs can identify potential shocks and develop contingency plans to protect financial stability during volatile periods. This proactive risk management culture helps PEs remain resilient in the face of economic challenges. Moreover, the MTFS enhances transparency and accountability by requiring PEs to regularly update stakeholders on their financial performance and demonstrate how their financial decisions support national development goals.

Updating the MTFS annually is critical to ensure that PEs remain aligned with evolving economic conditions, strategic priorities, and regulatory requirements. A

regularly revised MTFS allows PEs to manage financial risks effectively, adapt to changes in market dynamics or policy shifts, and ensure sustainability over the medium term. This proactive approach helps PEs achieve both their immediate and long-term objectives, contributing to improved performance and progress toward broader national development goals.

C. *Role of the Board of Directors (BOD) in shaping the strategies of PEs through the MTFS*

Active involvement of the BODs is essential in shaping the MTFS, ensuring that the forecasted budget aligns with the enterprise's strategic plans and national development objectives. This ensures that financial forecasts support the long-term vision of the enterprise and that this vision aligns with key national priorities, and National Development Goals (NDGs) including economic growth, sustainability, and social equity. BODs participation also helps to align PEs objectives with United Nations Development Programme (UNDP) Sustainable Development Goals (SDGs), ensuring PEs contribute to both national and global development efforts. Seeking approval from the responsible minister reinforces accountability and compliance with government policies, fostering financial discipline and strengthening the enterprise's contribution to sustainable national progress.

In conclusion, the MTFS is not only a tool for managing financial resources efficiently but also the strategic blueprint and critical tool for building trust among stakeholders by offering a clear, meticulously articulated framework for evaluating the strategic direction of PEs. As the MTFS evolves, it will continue to play an increasingly vital role in shaping the sustainable growth and development of Seychelles' public sector.

D. *Key Elements of the Medium-Term Financial Strategy (MTFS) for Public Enterprises*

The Medium-Term Financial Strategy (MTFS) for Public Enterprises (PEs) focuses on key elements essential for their sustainability, growth, and alignment with national objectives:

i. *Financial Sustainability*

Public Enterprises play a vital role in delivering essential services and promoting economic growth. The MTFS acts as the blueprint, ensuring PEs have the necessary resources to fulfill their mandates while maintaining financial sustainability. The government's overarching goal is for all PEs to achieve self-sufficiency and minimize fiscal risks associated with their operations. Boards of Directors are expected to develop forward-looking strategies aligned with government policies and within their mandates.

ii. Capital Investment Planning

PEs often require substantial investments in infrastructure, technology, and equipment. The MTFS outlines a clear plan for these investments, ensuring the availability of funds through a combination of internal and external sources. This approach supports the timely and effective execution of capital projects crucial for operational and service delivery improvements.

iii. Operational Performance, Efficiency, and Cost Control

The government is committed to fostering a public service culture that is efficient, sustainable, and customer-focused. The MTFS supports this goal by promoting Results-Based Management (RBM), which aims to enhance PEs' operational efficiency through strategies for cost control, process improvements, and achievement of performance targets measured by Key Performance Indicators (KPIs).

iv. Risk Management

In today's complex environment, PEs face diverse risks, including financial, operational, strategic, and legal. The MTFS helps identify and incorporate risk mitigation measures, addressing factors such as currency fluctuations, interest rate changes, and market volatility. These measures protect the financial and operational stability of the enterprises.

v. Debt Management and Contingent Liabilities

Many PEs rely on borrowing to fund operations and investments, sourcing loans from local banks, international institutions such as the European Union (EU) and the African Development Bank (ADB), among others. The MTFS provides a comprehensive debt management strategy, detailing optimal debt composition, repayment schedules, and funding sources to ensure financial health and sustainability.

vi. Future-Focused Strategies for Revenue Diversification and increased Quasi Fiscal Activities (QFA)

The MTFS encourages PEs to diversify revenue streams within their mandates and government policy frameworks. Strategies include entering new markets, expanding service offerings, introducing new products, cross-selling, embracing digital transformation, exploring international opportunities, and pursuing sustainability initiatives. Additionally, the MTFS emphasizes the importance of managing quasi-fiscal activities—operations that have fiscal implications but are not reflected in the government budget. By increasing transparency and accountability in these quasi-fiscal activities, PEs can mitigate hidden costs and fiscal risks. This comprehensive approach reduces dependency on traditional revenue sources and non-transparent fiscal operations, thereby strengthening PEs' financial base and resilience.

vii. Grants and Subsidies

Grants and subsidies are integral to fiscal policy, providing financial support to PEs for fulfilling their mandates, promoting industries, or fostering economic growth. The MTFS defines a framework for managing these funds from 2025 to 2027, specifying amounts, sources, and purposes to aid in national public budget planning. This approach enhances transparency, accountability, and resource allocation for both PEs and the government.

viii. Dividends

The MTFS outlines expected dividend payments from PEs to the government and shareholders over a specified period. This information provides critical insights for fiscal planning and aligns with government revenue expectations.

ix. Regulatory Compliance

The MTFS enables Public Enterprises (PEs) to satisfy the provisions of the Public Enterprises Act 2023, including Sections 51, 54, 55, 81, and 91. By aligning with Section 51 on Strategic Priorities, Section 54 on Annual Business Plan, Section 55 on Performance Indicators, Section 81 on Annual Budget, and Section 91 on Distribution of Dividends, the MTFS ensures that PEs maintain legal and regulatory standards in strategic planning, financial operations, performance measurement, budgeting, and dividend distribution.

x. Transparency and Accountability

The government emphasizes the importance and prioritization of transparency and accountability in the financial management of PEs. The MTFS promotes these principles by establishing robust reporting and monitoring mechanisms, providing essential information to the public on the strategic direction, economic impact, and value-added contributions of PEs to the national economy.

xi. Stakeholder Engagement

The MTFS integrates stakeholder inputs and engagement, going beyond traditional budgeting methods. This collaborative approach enables PEs to make well-informed decisions, leading to more balanced and comprehensive financial strategies that align with organizational needs and stakeholder interests, while also promoting better governance.

xii. Alignment with National Goals

The MTFS serves as a blueprint for aligning PEs' strategies with the six priority sectors in the national development plan. It outlines how PEs' activities contribute to the government's strategic objectives, ensuring that their efforts support overall national development.

In Summary, the MTFS of PEs is essential for ensuring financial stability, aligning operations with national objectives, and effectively managing resources. It serves as a roadmap for sustainability, risk management, and responsible governance, supporting the success of PEs and their contribution to the economy.

2 SCOPE AND SOURCE OF INFORMATION

A. *Scope*

As per Schedule 1 of the Public Enterprises Act 2023, there are currently 27 listed Public Enterprises in Seychelles. This Act establishes a comprehensive legal framework for the governance and management of these entities, ensuring they are operated efficiently and align with NDGs. Among the PEs;

- The Societe Seychelloise d'Investisement Ltd (SSIL) is in the process of dissolution.
- The 2020 Development Company Ltd. is in the process of concluding its operations and hence MTFS was not prepared.
- Paradis Des Enfants Ltd has not prepared its MTFS for the 2025–2027 period, due to internal challenges.
- Bois De Rose Investment Ltd. has now become a subsidiary of the Seychelles Trading Company Ltd. (STCL). This strategic restructuring aims to enhance operational efficiency, consolidate resources, and strengthen the overall performance of these enterprises within the public sector.
- The Seychelles Airports Authority (SAA) will become effective on 1st January 2025, following a structural reorganization of the aviation sector to better meet the demands of modern air transportation, infrastructure management and regulatory compliance. Since this Medium-Term Financial Strategy (MTFS) pertains to PE, we have included the MTFS for both the Seychelles Civil Aviation Authority (SCAA) and the forthcoming Seychelles Airports Authority (SAA). However, the financial projections and strategic plans for SAA are provisional and may not be fully accurate until the next reporting cycle due to the ongoing establishment processes and adjustments inherent in setting up a new authority.

As a result, the Medium-Term Financial Strategies (MTFS) for the remaining 24 Public Enterprises are presented in this Consolidated Medium-Term Financial Strategy. It is important to note that, for the entities which are subsidiaries, their respective projections are integrated within the MTFS of their parent organisations. This comprehensive document aims to provide stakeholders with a clear understanding of the financial outlook and strategic direction of the majority of PEs within the country.

B. *Source of Information and Methodology*

The information in the Seychelles Public Enterprises' Consolidated MTFS is meticulously compiled from the individual MTFS documents prepared by each PE and approved by their respective BoDs. The BoDs are responsible for developing the MTFS in collaboration with the responsible Ministers to incorporate ministerial input and ensure alignment with national policies. This collaborative process results in a finalized strategy that serves as a joint statement by the BoD and the central government, reinforcing accountability, transparency, and cohesion in public sector planning.

However, given that the MTFS process is still relatively new for Public Enterprises—this being only the second year since its introduction—some PEs have not yet obtained ministerial approval for their MTFS or completed the necessary consultations to ensure full alignment with government policies and national development priorities. Recognizing these challenges, efforts are ongoing to fully integrate the NDS into each PE's objectives and to secure timely approval from all responsible Ministers. Elements

not yet covered in the individual MTFS documents will be addressed and incorporated into forthcoming year's Consolidated Medium-Term Financial Strategy, moving toward a more comprehensive and integrated approach in future cycles.

The main sources of information for this document are as follows:

1. **Projected Medium-Term Financial Strategies received from the BoDs of Public Enterprises:** These include financial forecasts, strategic initiatives, and operational plans for the years 2025-2027, providing a roadmap for each PE's financial management.
2. **National Priorities and National Development Objectives from the National Planning Department of the Ministry of Finance, National Planning, and Trade (MFNPT):** These priorities ensure that the PEs' strategies are aligned with the broader socio-economic goals of the country, such as sustainable development, economic diversification, and social welfare improvements.
3. **Gross Domestic Product (GDP) forecasts from the Economic Forecasting Department of MFNPT:** GDP forecasts offer essential macroeconomic context for financial planning, helping PEs align their strategies with expected economic conditions and benchmark their performance.
4. **Actual and Past exchange rates from the Central Bank of Seychelles (CBS):** Accurate exchange rate data is critical for financial calculations, especially for PEs engaged in international trade or with foreign currency exposures.
5. **Forecasted exchange rates and Inflation rates from the Economic Forecasting Department of MFNPT:** These forecasts aid in future financial planning and risk management associated with currency fluctuations, enabling PEs to develop strategies to mitigate potential adverse effects on their financial positions.







This comprehensive approach to data collection ensures that the MTFS is based upon reliable and up-to-date information, facilitating informed decision-making and strategic alignment with national economic forecasts and development objectives. By utilizing these diverse and authoritative sources, we aim to enhance the reliability of financial projections, foster greater transparency and accountability in public sector financial management, and ultimately contribute to the sustainable growth and development of Seychelles' economy.

3 OVERVIEW OF 2025-2027 MTFS OF PES

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Key Aspect	Actual			Provisional		Forecasted	
	2021	2022	2023	2024	2025	2026	2027
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
Total Revenue	12,354,455	16,407,688	14,707,624	14,546,738	15,894,441	15,628,136	15,678,574
Revenue Growth Rate	-	33%	-10%	-1%	9%	-2%	0%
Revenue to GDP %	49%	58%	51%	47%	48%	45%	42%
Total Expenditure	11,912,707	13,048,127	13,334,537	13,288,372	14,612,989	14,376,472	14,700,906
Expenditure Growth Rate	-	10%	2%	0%	10%	-2%	2%
Total Finance Cost	247,687	171,703	127,807	139,238	152,003	162,122	152,101
Total Business Tax	(79,117)	464,332	576,028	641,611	858,649	704,465	701,450
Tax to Net Profit %	-247%	14%	42%	51%	67%	56%	72%
Total Net Profit	32,092	3,270,956	1,367,784	1,252,187	1,288,789	1,246,898	972,324
Total Assets	23,067,474	21,515,124	22,236,497	24,121,575	26,666,173	28,834,029	30,665,602
Total Assets Growth Rate %	-	-7%	3%	8%	11%	8%	6%
Total Assets to GDP %	91%	76%	76%	78%	81%	82%	82%
Net Assets	12,982,071	13,522,575	14,451,907	16,097,234	17,660,793	19,131,481	20,183,401
Net Assets to Growth Rate %	-	4%	7%	11%	10%	8%	5%
Net Assets to GDP %	51%	48%	50%	52%	53%	55%	54%
Total Cash and Cash Equivalent	2,600,007	3,437,100	3,720,587	3,823,373	4,173,521	4,696,347	4,790,633
Total Cash Growth Rate %	-	32%	8%	3%	9%	13%	2%
Total Cash to GDP %	10%	12%	13%	12%	13%	13%	13%
Total Liabilities	10,085,304	7,992,549	7,784,630	8,024,436	8,953,394	9,699,539	10,482,359
Liabilities Growth Rate %	-	-21%	-3%	3%	12%	8%	8%
Liabilities to GDP %	40%	28%	27%	26%	27%	28%	28%
Liabilities to Total Assets %	44%	37%	35%	33%	34%	34%	34%
Total Borrowings	3,819,600	1,768,431	1,846,063	1,697,153	1,800,615	2,085,666	2,099,240
Borrowings Growth Rate %	-	-54%	4%	-8%	6%	16%	1%
Borrowings to GDP %	15%	6%	6%	5%	5%	6%	6%
Borrowings to Total Assets %	17%	8%	8%	7%	7%	7%	7%
Total Operating Activities	175,711	2,154,694	1,561,953	1,996,613	2,152,348	2,191,358	1,931,942
Total Investing Activities	(401,969)	(755,291)	(1,204,948)	(1,635,567)	(1,871,406)	(1,998,249)	(2,728,393)
Investing Activities to GDP %	-2%	-3%	-4%	-5%	-6%	-6%	-7%
Total Financing Activities	(475,649)	(342,589)	(361,121)	(313,564)	72,887	465,094	(329,970)
Total Subsidies	98,486	34,000	14,138	48,000	36,000	35,100	32,100
Subsidies to Growth Rate %	-	-65%	-58%	240%	-25%	-3%	-9%
Total Grants	218,057	107,601	132,214	206,118	136,780	141,109	193,190
Grants to Growth Rate %	-	-51%	23%	56%	-34%	3%	37%
Total Dividend Declared	372,566	410,960	438,262	369,702	357,088	379,111	310,066
Dividends Growth Rate %	-	10%	7%	-16%	-3%	6%	-18%
Dividends to Net Assets %	3%	3%	3%	2%	2%	2%	2%
Total Capital Expenditure	834,422	875,804	945,019	3,902,751	4,551,527	8,625,900	15,571,933
Capital Expenditure to GDP %	3%	3%	3%	13%	14%	25%	42%

4 MAPPING OF PES WITH NATIONAL DEVELOPMENT STRATEGY

National Priority Areas	A Modern Public Service	The Transformative Economy Agenda	A Healthy Nation	Promotion of Law and Order	A Modern Education System aligned with future needs	Environment Sustainability and Climate Change Resilience
Sustainable Development Strategies of Seychelles and - Expected Outcome	Strategy I: Promote a Performance-Based, accountable and transparent public service <i>Ensure successful implementation of the results-based management.</i>	Strategy I: The Tourism Sector: “A more resilient sector which is better integrated in the economy.” <i>Increasing the tourism sector’s contribution to the economy.</i> <i>Building a sustainable, resilient and better integrated tourism sector through product enhancement, diversification and differentiation</i>	Strategy I: Promote Healthy Populations <i>Promote healthy living for all age-groups and address risk factors for priority diseases</i> <i>Revitalise Health-in-All Policies</i>	Strategy I: Reinforce Community Policing to improve community trust and confidence	Strategy I: Reform the Education System for the realities of Seychelles today and for the future <i>Modernise the school curriculum.</i> <i>Anchor digital skills in the education system.</i> <i>Strengthen the Technical and Vocational education and training</i>	Strategy I: Undertake preliminary measures in attaining long run NDC targets <i>Mitigate Impact of Flooding in Coastal Plains and effects of sea level rise in most vulnerable areas</i>
	Strategy II: Address Human Resource gaps and instill a culture of lifelong learning within the public sector <i>Establish a dynamic public sector college to enhance public service delivery</i>	Strategy II: The Agricultural Sector: “Improved Food Security and Economically Sustainable Import Substitution, and the Creation of Avenues to Encourage more Consumption of Local Products in our Economy.” <i>Increased in Local Broiler meat consumption</i> <i>Increased in locally produced crop consumption</i>	Strategy II: Provide Quality Health Services Nationwide <i>Improve health services through implementation and monitoring of PHC Package</i> <i>Improve secondary and tertiary care through implementation of a quality improvement initiative</i>	Strategy II: Reduce repeat offences and re-admissions to the correctional facility	Strategy II: Promote inclusion in educational institutions <i>Align Inclusive Education Policy with national and international standards</i>	Strategy II: Ensuring legal protection and sustained protection of maritime and terrestrial spaces <i>% coverage of terrestrial and marine protected areas</i>
	Strategy III: Digitalize government services to increase access and public engagement <i>Embed digitalization to improve efficiency of the public service</i>	Strategy III: The Fisheries and Blue Economy Sector: “The Promotion of Value Addition and the Modernization of Infrastructure.” <i>Increase in value-addition & diversification</i> <i>Invest in key infrastructure for the Fishing Industry</i> <i>Promote and develop diversified marine species</i> <i>Develop sustainable emerging sectors in Blue Economy</i>	Strategy III: Strengthen Health System Performance <i>Implement eHIS.</i> <i>Develop and implement a Human Resources for Health Strategy</i>	Strategy III: Strengthen border security	Strategy III: Foster life-long learning for employability and productivity <i>Provide increased opportunities for continuing professional development</i>	Strategy III: Ensure proper planning and implementation of energy policies and strategies <i>Ensure alignment of RE mix of 15% and reduction in energy intensity as per the NDC</i>
		Strategy IV: Enhancing the enablers: The Digital Economy, The Financial Sectors, STI <i>Promote the Digital Economy Agenda</i> <i>Prioritizing IT projects and External Assistance</i> <i>Overarching elements (modernizing public service systems, digital banking, International compliance etc.)</i> <i>Improving access to Key Stakeholders</i>				Strategy IV: An effective and sustainable waste management system <i>Effective management in biodegradable waste</i>
Link With United Nation’s Sustainable Development Goals 						
Strategic priorities of PEs Linked with the National Priorities	In 2024, the Public Enterprise Monitoring Commission (PEMC), in partnership with the United States Treasury Department Office of Technical Assistance (US-OTA), the National Planning Department of the Ministry of Finance, National Planning, and Trade (MOFNPT), and the United Nations Development Programme (UNDP) Seychelles, initiated a mapping process to align the strategic priorities of Public Enterprises (PEs) with the 2024–2028 National Development Strategy (NDS) and the Sustainable Development Goals (SDGs). The successful completion of a dedicated workshop with the MOFNPT portfolio marked a significant milestone in this endeavour. During this workshop, PEs were equipped with practical tools, methodologies, and insights to align their individual strategies with the NDS and SDGs, fostering a deeper understanding of their roles in the broader development context.					

Building on this momentum, PEMC has scheduled similar workshops with the remaining ministry portfolios in November 2024. These upcoming sessions aim to create a cohesive and unified approach across all sectors, ensuring that every PE is well-prepared to integrate national priorities into their strategic planning. This series of workshops not only facilitates knowledge sharing and capacity building but also strengthens collaboration between PEs and government ministries, enhancing coherence in policy implementation.

In addition to the workshops, PEMC is in the process of developing comprehensive guidelines and support materials to assist PEs throughout the mapping process. These resources provide ongoing assistance, enabling PEs to continuously refine their strategies in alignment with evolving national goals and international commitments. Our collaborative efforts include feedback mechanisms, allowing PEs to share their experiences and challenges, which in turn inform the continuous improvement of our support initiatives.

Furthermore, the Government aims to strengthen monitoring and evaluation frameworks to track the effectiveness of the alignment process. By setting measurable indicators and performance metrics, the government aims to assess the impact of PEs on achieving the NDS and SDGs. This approach promotes accountability and transparency, ensuring that PEs remain committed to contributing positively to the country's socio-economic development.

The Government through the PEMC is also exploring opportunities for technical assistance and capacity-building partnerships with international organizations and development agencies. These collaborations aim to bring global best practices to our PEs, enhancing their operational efficiency and strategic impact. By fostering such partnerships, the Government intends to position Seychelles' public enterprises as leaders in sustainable development and innovation within the region.

Overall, our concerted efforts in 2024 signify a proactive and forward-thinking approach to national development. By engaging PEs in the mapping process and providing them with the necessary tools and support, we are laying a strong foundation for sustainable growth, enhanced public service delivery, and the successful realization of both national and global development objectives.

5 SECTION I - CONSOLIDATED MTFs AND FINANCIAL PROJECTIONS OF PES

5.1 Aggregate Projected Income Statements of PEs

5.1.1 Aggregate Total Revenue Projections of PEs

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Summary of Total Revenue Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	303,303	619,006	243,798	218,406	200,769	211,812	234,186
Financial Service Authority	224,314	200,614	191,130	191,181	209,761	219,346	221,747
Transport Sector							
Air Seychelles Ltd	791,275	2,696,570	1,129,996	1,148,602	1,280,483	1,322,002	1,374,269
Seychelles Airport Authority	293,343	474,248	511,932	530,181	525,798	531,436	540,566
Seychelles Civil Aviation Authority	297,196	476,718	514,451	533,565	77,975	35,807	36,454
Seychelles Ports Authority	165,600	205,260	218,864	316,235	336,343	360,927	377,807
Seychelles Public Transport Corporation	178,466	207,903	240,683	185,710	183,475	185,467	187,544
Energy Sector							
Seychelles Petroleum Company Ltd	5,717,913	7,137,716	6,711,276	6,518,932	6,626,824	6,818,842	6,838,846
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	2,227,204	2,107,502	1,964,917	2,328,000	2,655,230	2,749,934	2,847,157
Petro Seychelles Ltd	8,885	3,808	3,648	6,304	10,250	10,250	10,250
Service, Development and Other Sector							
Seychelles Trading Company Ltd	1,021,912	1,107,714	1,053,167	1,028,736	1,066,628	1,119,364	1,174,739
Island Development Company	616,980	634,984	1,261,297	1,039,898	2,161,392	1,477,814	1,240,880
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	81,800	92,279	99,766	92,063	95,479	92,098	90,408
Seychelles Fishing Authority	354,918	314,812	431,771	279,408	304,180	308,774	313,191
L'Union Estate Company Ltd	34,122	37,827	38,443	38,380	63,201	70,102	68,406
Seychelles Parks and Gardens Authority		41,515	43,358	40,117	45,562	47,656	48,243
Seychelles Postal Services Ltd	16,301	25,780	25,268	26,522	25,550	40,625	47,497
National Information Service Agency	20,925	23,434	23,862	24,533	25,585	25,808	26,393
2020 Development Company Ltd	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
TOTAL	12,354,455	16,407,688	14,707,624	14,546,773	15,894,484	15,628,063	15,678,581
Growth Rate%	-	33%	-10%	-1%	9%	-2%	0%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	49%	58%	51%	47%	48%	45%	42%

5.1.2 Aggregate Total Expenditure Projections of PEs

SCR ('000)

Summary of Total Expenditure Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	284,600	140,554	135,639	147,581	160,290	163,784	167,455
Financial Service Authority	113,880	95,232	122,010	137,703	149,646	139,700	138,921
Transport Sector							
Air Seychelles Ltd	1,175,006	991,753	1,031,898	1,061,298	1,157,117	1,195,226	1,252,004
Seychelles Airport Authority	340,037	340,404	398,353	445,948	482,176	479,343	487,305
Seychelles Civil Aviation Authority	332,848	379,398	427,139	469,821	46,527	46,821	47,124
Seychelles Ports Authority	199,000	160,471	179,835	217,540	227,699	233,630	245,642
Seychelles Public Transport Corporation	195,166	201,197	216,441	230,491	215,645	220,661	221,659
Energy Sector							
Seychelles Petroleum Company Ltd	5,917,207	6,818,056	6,287,025	5,986,049	6,235,886	6,393,652	6,682,369
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	1,335,486	1,853,825	1,869,098	2,107,399	2,305,883	2,479,917	2,604,861
Petro Seychelles Ltd	16,115	5,663	5,102	12,830	12,982	13,187	13,187
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	994,469	1,026,203	979,366	995,703	1,033,587	1,079,396	1,124,294
Island Development Company Ltd	634,851	598,900	1,200,476	1,048,044	2,117,386	1,455,173	1,235,479
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	76,232	86,285	94,682	96,550	88,516	83,274	83,604
Seychelles Fishing Authority	233,168	229,647	258,242	197,957	221,077	225,529	230,712
L'Union Estate	22,764	30,120	34,270	34,533	54,325	59,643	57,220
Seychelles Parks and Gardens Authority		40,683	43,900	44,420	45,557	45,349	45,872
Seychelles Postal Services Ltd	16,134	26,982	29,236	30,235	34,194	37,514	37,702
National Information Service Agency	25,745	22,755	22,949	24,270	24,496	24,672	25,496
2020 Development Company Ltd	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
TOTAL	11,912,707	13,048,127	13,334,537	13,288,372	14,612,989	14,376,472	14,700,906
Growth Rate%	-	10%	2%	0%	10%	-2%	2%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	47%	46%	46%	43%	44%	41%	40%

5.1.2.1 Aggregate Total Finance Cost Projections of PEs

SCR ('000)

Summary of Total Finance Cost Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	-	-	-	63	114	113	112
Transport Sector							
Air Seychelles Ltd	191,207	108,687	79,268	66,444	62,491	56,920	50,831
Seychelles Airport Authority	1,478	2,740	4,868	4,339	3,020	1,547	60
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	100	-	600	3,800	3,300	2,900	2,500
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd	3,872	3,166	2,906	3,965	3,163	3,291	3,461
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	10,030	16,666	14,579	28,585	59,091	62,854	62,190
Petro Seychelles Ltd	-	-	-	-	-	-	-
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd	38,248	36,775	20,080	27,196	20,335	33,997	32,438
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	-	-	-	-	-	-	-
L'Union Estate Company Ltd	-	-	-	-	-	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	135	-	-	-	-	-	-
National Information Service Agency	1,140	930	638	544	534	523	511
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	247,687	171,703	127,807	139,275	152,047	162,145	152,103
Growth Rate%	-	-31%	-26%	9%	9%	7%	-6%

5.1.3 Aggregate Net Profit/Loss Projections of PEs

SCR ('000)

Summary of Net Profit and Loss Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	18,703	478,451	108,159	70,825	40,479	48,029	66,732
Financial Service Authority	110,434	105,381	69,119	53,541	60,115	79,646	82,327
Transport Sector							
Air Seychelles Ltd	(383,731)	1,706,373	98,098	87,304	123,367	126,775	122,265
Seychelles Airport Authority	(42,193)	102,254	87,339	65,813	35,266	41,748	42,757
Seychelles Civil Aviation Authority	(42,193)	102,254	87,339	65,813	31,448	(11,015)	(10,671)
Seychelles Ports Authority	(33,400)	44,789	52,107	98,695	108,644	127,297	132,164
Seychelles Public Transport Corporation	(16,700)	11,513	24,256	(44,781)	(32,170)	(35,194)	(34,115)
Energy Sector							
Seychelles Petroleum Company Ltd	(199,294)	319,661	424,251	532,883	390,938	425,189	156,477
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	489,558	202,066	95,819	220,601	349,347	270,017	242,296
Petro Seychelles Ltd	(7,231)	(1,855)	(328)	(6,525)	(2,732)	(2,937)	(2,937)
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	2,449	66,064	59,685	28,644	28,690	35,620	46,098
Island Development Company Ltd	2,129	36,084	82,212	6,317	64,006	42,641	25,401
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	5,568	5,993	5,084	(4,487)	6,964	8,824	6,804
Seychelles Fishing Authority	121,750	85,165	173,528	81,451	83,103	83,245	82,479
L'Union Estate Company Ltd	11,357	7,707	4,172	3,847	8,875	10,459	11,185
Seychelles Parks and Gardens Authority	-	-	-	(4,304)	5	2,307	2,371
Seychelles Postal Services Ltd	(296)	(1,624)	(3,969)	(3,713)	(8,644)	(6,890)	(205)
National Information Service Agency	(4,820)	679	913	263	1,089	1,136	897
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	32,092	3,270,956	1,367,784	1,252,187	1,288,789	1,246,898	972,324
Growth Rate%	-	10093%	-58%	-8%	3%	-3%	-22%

5.2 Projected Financial Position of PEs

5.2.1 Projected Value of Total Assets of PEs

SCR ('000)

Summary of Total Assets Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	3,512,800	4,081,651	4,334,905	4,654,748	4,900,657	5,166,185	5,474,741
Financial Service Authority	435,014	476,093	418,445	444,697	468,871	504,417	511,342
Transport Sector							
Air Seychelles Ltd	2,164,011	1,719,461	1,818,558	1,797,642	1,882,876	1,903,867	1,786,348
Seychelles Airport Authority	696,521	815,290	885,540	903,295	911,926	913,756	924,963
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	514,600	568,342	657,260	809,086	1,159,689	2,017,715	2,272,992
Seychelles Public Transport Corporation	132,648	142,106	170,561	204,836	221,026	219,687	219,780
Energy Sector							
Seychelles Petroleum Company Ltd	7,094,271	4,718,392	4,341,991	4,994,295	5,565,487	6,083,353	7,061,355
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	5,405,415	5,591,290	5,834,979	6,259,431	6,660,853	7,163,031	7,546,156
Petro Seychelles Ltd	9,017	30,555	29,250	46,542	66,261	65,591	65,591
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	452,213	538,603	599,429	630,178	650,793	691,576	691,204
Island Development Company Ltd	654,619	689,598	871,964	1,001,651	1,654,454	1,519,323	1,414,217
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	1,283,071	1,280,882	1,321,867	1,368,133	1,431,022	1,416,496	1,434,873
Seychelles Fishing Authority	607,687	622,387	707,467	758,320	825,765	873,804	939,893
L'Union Estate Company Ltd	33,168	170,541	177,933	182,023	202,501	225,776	242,126
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	40,135	39,548	38,479	37,657	34,550	38,461	49,521
National Information Service Agency	32,284	30,382	27,871	29,042	29,442	30,993	30,501
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	23,067,474	21,515,124	22,236,497	24,121,575	26,666,173	28,834,029	30,665,602
Growth Rate%	-	-7%	3%	8%	11%	8%	6%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	91%	76%	76%	78%	81%	82%	82%

5.2.1.1 Projected Values of Net Assets

SCR ('000)

Summary of Net Assets Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	3,477,205	4,040,461	4,292,142	4,613,282	4,857,434	5,121,946	5,429,443
Financial Service Authority	382,480	404,978	336,884	380,607	409,273	432,001	434,009
Transport Sector							
Air Seychelles Ltd	(1,700,005)	270,653	363,580	450,870	596,443	732,542	866,606
Seychelles Airport Authority	598,836	686,090	756,429	788,242	803,508	825,256	848,013
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	483,500	527,349	583,540	682,300	790,900	918,200	1,050,400
Seychelles Public Transport Corporation	89,557	101,071	125,327	155,434	171,864	172,671	173,157
Energy Sector							
Seychelles Petroleum Company Ltd	6,132,749	3,509,773	3,619,730	4,355,109	4,857,364	5,331,055	5,450,894
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	2,658,474	2,860,540	2,956,359	3,176,960	3,526,307	3,796,324	4,038,620
Petro Seychelles Ltd	(8,952)	9,152	8,824	15,559	27,420	26,692	26,692
Services, Development and Other Services							
Seychelles Trading Company Ltd	343,462	404,917	490,170	518,940	546,977	582,598	575,623
Island Development Company Ltd	199,170	232,398	291,796	276,829	317,954	337,715	340,236
Green Island Construction Company Ltd	77,553	83,546	88,629	84,142	91,176	100,000	106,804
Green Tree Investment Company Ltd							
Property Management Corporation							
Seychelles Fishing Authority	174,359	184,524	323,052	379,503	437,607	495,852	553,332
L'Union estate Company Ltd	27,941	162,173	169,933	174,140	179,965	208,983	227,969
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	31,189	29,565	29,215	28,757	28,950	30,861	41,921
National Information Service Agency	14,552	15,385	16,298	16,561	17,650	18,786	19,683
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	12,982,071	13,522,575	14,451,907	16,097,234	17,660,793	19,131,481	20,183,401
Growth Rate%	-	4%	7%	11%	10%	8%	5%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	51%	48%	50%	52%	53%	55%	54%

5.2.1.2 Projected Values of Cash and Cash Equivalents

SCR ('000)

Summary of Cash and Cash Equivalents for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	143,933	198,103	173,566	116,103	163,940	138,529	142,127
Financial Service Authority	114,567	153,240	159,520	178,611	195,821	217,518	221,560
Transport Sector							
Air Seychelles Ltd	203,662	177,895	269,122	371,826	501,252	643,097	663,265
Seychelles Airport Authority	149,454	223,672	266,846	238,406	130,285	27,566	(190,618)
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	190,100	196,199	228,287	232,576	160,826	90,481	298,001
Seychelles Public Transport Corporation	7,135	22,076	14,686	(11,219)	(23,067)	(40,812)	(56,316)
Energy Sector							
Seychelles Petroleum Company Ltd	598,004	1,168,942	1,250,960	1,557,448	2,033,650	2,635,990	2,675,553
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	692,950	761,560	728,464	496,252	336,733	299,154	268,246
Petro Seychelles Ltd	8,583	4,776	2,374	5,039	18,813	18,813	18,813
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	49,597	81,095	76,413	84,461	43,699	81,940	126,159
Island Development Company Ltd	61,541	42,333	49,550	86,238	146,399	134,008	135,077
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	110,361	123,403	134,950	86,544	72,165	22,590	24,301
Seychelles Fishing Authority	240,324	250,861	332,038	353,339	380,136	400,058	412,048
L'Union Estate Company Ltd	6,025	7,328	10,447	6,000	(2,800)	5,260	17,482
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	19,010	20,612	20,061	18,248	11,003	15,379	26,439
National Information Service Agency	4,761	5,156	3,304	3,500	4,665	6,776	8,497
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	2,600,007	3,437,100	3,720,587	3,823,373	4,173,521	4,696,347	4,790,633
Growth Rate%	-	32%	8%	3%	9%	13%	2%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	10%	12%	13%	12%	13%	13%	13%

5.2.2 Projected Values of Total Liabilities

SCR ('000)

Summary of Total Liabilities Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	35,595	41,190	42,763	41,466	43,223	44,239	45,297
Financial Service Authority	52,534	71,115	81,561	64,091	59,598	72,416	77,332
Transport Sector							
Air Seychelles Ltd	3,864,016	1,448,808	1,454,978	1,346,800	1,286,447	1,171,324	919,757
Seychelles Airport Authority	97,685	129,200	129,111	115,054	108,418	88,500	76,950
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	31,000	40,994	73,720	126,853	368,810	1,099,539	1,222,653
Seychelles Public Transport Corporation	43,091	41,035	45,234	49,402	49,163	47,017	46,625
Energy Sector							
Seychelles Petroleum Company Ltd	961,522	1,208,620	722,261	639,186	708,135	752,295	1,610,461
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	2,746,941	2,730,750	2,878,620	3,082,470	3,134,546	3,366,707	3,507,536
Petro Seychelles Ltd	17,968	21,403	20,466	30,983	38,842	38,899	38,899
Services, Development and Other Services							
Seychelles Trading Company Ltd	108,751	133,686	109,259	111,238	103,816	108,978	115,581
Island Development Company Ltd	455,450	457,200	580,167	724,822	1,336,500	1,181,608	1,073,981
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	1,205,518	1,197,336	1,233,238	1,283,991	1,287,811	1,313,464	1,328,149
Seychelles Fishing Authority	433,329	437,863	384,415	378,817	388,158	377,952	386,561
L'Union Estate Company Ltd	5,228	8,368	8,000	7,883	22,535	16,792	14,158
Seychelles Parks and Gardens Authority							
Seychelles Postal Services Ltd	8,945	9,983	9,264	8,900	5,600	7,600	7,600
National Information Service Agency	17,732	14,997	11,573	12,481	11,792	12,207	10,818
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	10,085,304	7,992,549	7,784,630	8,024,436	8,953,394	9,699,539	10,482,359
Growth Rate%	-	-21%	-3%	3%	12%	8%	8%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
GDP %	40%	28%	27%	26%	27%	28%	28%
Total Assets of PEs	23,067,474	21,515,124	22,236,497	24,121,575	26,666,173	28,834,029	30,665,602
Total Assets %	44%	37%	35%	33%	34%	34%	34%

5.3 Projected Cash Flow of PEs

5.3.1 Projected Total Operating Activities

SCR (000)

Summary of Total Operating Activities Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	(93,362)	82,158	151,516	145,769	117,509	126,002	145,753
Financial Service Authority	112,710	102,156	74,741	68,373	55,446	95,924	87,797
Transport Sector							
Air Seychelles Ltd	230,786	160,696	344,834	357,420	347,947	356,394	346,785
Seychelles Airport Authority	20,389	153,569	118,624	89,728	72,618	69,227	69,807
Seychelles Civil Aviation Authority	20,389	153,389	118,624	90,360	(527)	(14,847)	(11,318)
Seychelles Ports Authority	53,300	83,657	56,676	133,331	138,767	134,498	158,279
Seychelles Public Transport Corporation	(2,554)	18,360	(812)	(20,740)	(11,848)	(17,744)	(15,506)
Energy Sector							
Seychelles Petroleum Company Ltd	(463,229)	806,171	415,546	515,494	607,292	637,761	416,103
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	131,985	350,783	(30,304)	223,724	541,399	480,479	448,845
Petro Seychelles Ltd	(8,107)	(3,826)	(2,334)	(6,830)	(8,277)	(3,275)	(3,275)
Services, Development and Other Services							
Seychelles Trading Company Ltd	(6,450)	96,223	95,640	62,769	42,570	59,925	69,394
Island Development Company Ltd	12,315	17,043	68,665	230,892	138,940	149,648	93,940
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	153,691	117,091	141,436	100,194	106,468	97,638	97,633
L'union Estate Company Ltd	2,973	10,150	7,211	10,077	8,875	10,459	12,063
Seychelles Parks and Gardens Authority		230	(477)	(4,274)	37	2,342	2,408
Seychelles Postal Services Ltd	8,353	2,847	217	(1,563)	(7,345)	4,275	10,960
National Information Service Agency	2,522	3,996	2,151	1,888	2,476	2,652	2,274
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	175,711	2,154,694	1,561,953	1,996,613	2,152,348	2,191,358	1,931,942

5.3.2 Projected Total Investing Activities

SCR (000)

Summary of Total Investing Activities Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	78,307	(27,988)	(176,052)	(203,232)	(69,672)	(151,413)	(142,156)
Financial Service Authority	(8,376)	2,476	(7,112)	(16,905)	(6,787)	(17,309)	(3,437)
Transport Sector							
Air Seychelles Ltd	(3,650)	(5,709)	(134,582)	(47,488)	(57,673)	(40,418)	(30,775)
Seychelles Airport Authority	(44,151)	(78,910)	(56,949)	(77,521)	(147,581)	(135,075)	(271,548)
Seychelles Civil Aviation Authority	(19,151)	(78,910)	(62,949)	(76,215)	-	-	-
Seychelles Ports Authority	(166,700)	(65,090)	(74,927)	(157,909)	(424,284)	(748,608)	(475,644)
Seychelles Public Transport Corporation	3,822	(2,900)	(6,582)	(82,490)	(48,600)	(36,000)	(34,600)
Energy Sector							
Seychelles Petroleum Company Ltd							
Seychelles Progress Ltd							
Seychelles Patriot Ltd	100,586	43,889	(43,011)	27,961	40,797	182,738	(1,112,585)
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	(283,821)	(351,160)	(375,147)	(626,341)	(728,472)	(699,031)	(564,845)
Petro Seychelles Ltd	(31)	(26)	(78)	(400)	-	-	-
Services, Development and Other Services							
Seychelles Trading Company Ltd	(8,960)	(54,609)	(68,412)	(40,984)	(66,955)	(3,002)	(3,002)
Island Development Company Ltd	(6,268)	(29,802)	(171,492)	(256,794)	(257,220)	(268,282)	(3,007)
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	(38,543)	(36,650)	(19,992)	(65,504)	(76,575)	(75,167)	(83,646)
L'Union Estate Company Ltd	(4,294)	(67,360)	(3,892)	(9,299)	(23,000)	(2,500)	(500)
Seychelles Parks and Gardens Authority		(1,860)	(3,052)	(1,733)	(3,703)	(3,682)	(2,150)
Seychelles Postal Services Ltd	(421)	(389)	(320)	(250)	(100)	(100)	(100)
National Information Service Agency	(316)	(291)	(401)	(863)	(1,181)	(400)	(400)
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	(401,969)	(755,291)	(1,204,948)	(1,635,567)	(1,871,406)	(1,998,249)	(2,728,393)

5.3.3 Projected Total Financing Activities

SCR (000)

Summary of Total Financing Activities Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	(115,938)	(66,110)	(61,198)	(32,377)	(31,449)	(56,918)	(80,318)
Transport Sector							
Air Seychelles Ltd	(218,483)	(151,276)	(197,568)	(202,412)	(175,648)	(178,398)	(302,533)
Seychelles Airport Authority	30,576	1,560	(18,060)	(31,471)	(33,179)	(34,599)	(26,498)
Seychelles Civil Aviation Authority	30,576	1,560	(18,060)	(45,471)	46,000	-	-
Seychelles Ports Authority	-	218	37,260	23,800	209,600	641,700	180,134
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd	(278,784)	(245,134)	(240,100)	(236,967)	(246,146)	(250,000)	(125,000)
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	151,401	96,912	158,103	173,308	28,043	180,402	84,501
Petro Seychelles Ltd	-	21,403	20,466	30,983	38,842	38,899	38,899
Services, Development and Other Services							
Seychelles Trading Company Ltd	(7,619)	1,200	(6,480)	-	-	-	-
Island Development Company Ltd	5,069	11,777	8,585	21,238	240,014	126,697	(97,006)
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	(70,156)	(69,904)	(40,268)	(13,389)	(3,096)	(2,549)	(1,997)
L'Union Estate Company Ltd	-	58,513	(200)	-	-	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	(716)	-	-	-	-	-	-
National Information Service Agency	(1,576)	(3,309)	(3,601)	(828)	(130)	(141)	(153)
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	(475,649)	(342,589)	(361,121)	(313,585)	72,850	465,093	(329,970)

5.4 Capital Expenditure Projections by PEs

SCR ('000)

Summary of Capital Expenditure Projections for 2021-2027													
Name of Public Enterprise	Actual			Provisional	Forecast								
	2021	2022	2023	2024	2025	2026	2027						
Financial Sector													
Seychelles Pension Fund	36,779	15,925	8,651	100,965	287,679	195,488	30,277						
Financial Service Authority	-	-	-	10,040	25,130	21,590	810						
Transport Sector													
Air Seychelles Ltd	2,366	-	32,956	49,280	99,907	58,486	190,410						
Seychelles Airport Authority	46,082	95,054	53,438	77,584	152,764	141,614	267,677						
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-						
Seychelles Ports Authority	-	-	-	165,070	332,290	801,220	137,100						
Seychelles Public Transport Corporation	1,955	3,227	39,990	98,435	48,600	36,000	34,600						
Energy Sector													
Seychelles Petroleum Company Ltd	464,526	338,528	376,195	2,526,251	2,256,560	6,391,430	13,905,010						
Seychelles Progress Ltd													
Seychelles Patriot Ltd													
Seychelles Pioneer Ltd													
Seychelles Prelude Ltd													
Public Utilities Corporation	231,506	308,004	280,216	547,910	826,103	873,653	924,525						
Petro Seychelles Ltd	-	-	-	-	400	-	-						
Services, Development and Other Sectors													
Seychelles Trading Company Ltd	15,065	56,814	68,069	41,249	66,951	-	-						
Island Development Company Ltd	25,000	20,000	40,000	30,000	30,000	30,000	30,000						
Green Island Construction Company Ltd								18,237	27,264	201,861	335,450	20,637	41,999
Green Tree Investment Company Ltd													
Property Management Corporation	25,000	20,000	40,000	30,000	30,000	30,000	30,000						
Seychelles Fishing Authority	10,827	19,609	17,714	43,572	54,309	51,705	5,450						
L'Union Estate Company Ltd	-	116	125	9,672	34,204	3,677	3,677						
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-						
Seychelles Postal Services Ltd	-	-	-	-	-	-	-						
National Information Service Agency	316	291	401	863	1,181	400	400						
Bois De Rose Investment Ltd	-	-	-	-	-	-	-						
Paradis Des Enfants Ltd	-	-	-	-	-	-	-						
2020 Development Company Ltd	-	-	-	-	-	-	-						
TOTAL	834,422	875,804	945,019	3,902,751	4,551,527	8,625,900	15,571,933						
Growth Rate%	-	5%	8%	313%	17%	90%	81%						
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000						
GDP %	3%	3%	3%	13%	14%	25%	42%						

5.5 Elements of Fiscal Risks by PEs

5.5.1 Elements of Explicit Fiscal Risks

5.5.1.1 Projected Dividend Declaration By PEs

SCR('000)

Summary of Dividend Declaration Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	92,566	85,960	66,450	32,377	31,449	56,918	80,318
Transport Sector							
Air Seychelles Ltd	-	-	-	-	-	-	-
Seychelles Airport Authority	-	-	26,812	32,325	30,639	27,193	27,248
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	-	-	-	-	-	-	-
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd	260,000	250,000	250,000	250,000	250,000	250,000	150,000
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	-	-	-	-	-	-	-
Petro Seychelles Ltd	-	-	-	-	-	-	-
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd	20,000	-	20,000	20,000	20,000	20,000	20,000
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	7,500
Seychelles Fishing Authority	-	75,000	75,000	35,000	25,000	25,000	25,000
L'Union Estate Company Ltd	-	-	-	-	-	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	-	-	-	-	-	-	-
National Information Service Agency	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	372,566	410,960	438,262	369,702	357,088	379,111	310,066
Growth Rate%	-	10%	7%	-16%	-3%	6%	-18%
Dividends to Net Assets %	4%	5%	5%	4%	3%	3%	3%

5.5.1.2 Projection for Potential Requests for Government Grants by PEs

SCR ('000)

Summary of Grants Payment Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	-	-	-	-	-	-	-
Transport Sector							
Air Seychelles Ltd	104,053	-	-	-	-	-	-
Seychelles Airport Authority	-	-	-	-	-	-	-
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	-	-	-	-	-	460	15,400
Seychelles Public Transport Corporation	1,955	3,228	25,470	98,435	48,600	36,000	34,600
Energy Sector							
Seychelles Petroleum Company Ltd	-	-	-	-	-	-	-
Seychelles Progress Ltd	-	-	-	-	-	-	-
Seychelles Patriot Ltd	-	-	-	-	-	-	-
Seychelles Pioneer Ltd	-	-	-	-	-	-	-
Seychelles Prelude Ltd	-	-	-	-	-	-	-
Public Utilities Corporation	64,000	60,000	63,000	63,000	40,000	60,000	100,000
Petro Seychelles Ltd	-	-	-	-	-	-	-
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd	-	-	-	-	-	-	-
Green Island Construction Company Ltd	-	-	-	-	-	-	-
Green Tree Investment Company Ltd	-	-	-	-	-	-	-
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	46,078	42,236	41,978	42,063	43,809	43,190	43,190
L'Union Estate Company Ltd	-	-	-	-	-	-	-
Seychelles Parks and Gardens Authority	1,971	2,137	1,766	2,620	4,371	1,459	-
Seychelles Postal Services Ltd	-	-	-	-	-	-	-
National Information Service Agency	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	218,057	107,601	132,214	206,118	136,780	141,109	193,190
Growth Rate%	-	-51%	23%	56%	-34%	3%	37%

5.5.1.3 Projected Tax Payments By PEs

SCR ('000)

Summary of Tax Payments Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	13,300	12,053	16,866	13,609	18,122	18,756	19,413
Financial Service Authority	-	-	-	-	-	-	-
Transport Sector							
Air Seychelles Ltd	-	-	-	-	-	-	-
Seychelles Airport Authority	61,309	150,532	154,766	150,682	136,374	142,332	144,188
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	-	20,930	22,710	38,310	42,210	50,010	52,510
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd	(373,880)	36,723	62,480	95,582	121,577	117,687	111,944
Seychelles Progress Ltd							
Seychelles Patriot Ltd							
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	67,597	51,100	70,406	81,682	106,342	102,839	103,193
Petro Seychelles Ltd	419	418	613	615	647	679	713
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	66,346	70,759	65,596	63,009	65,490	70,190	76,194
Island Development Company Ltd	71,997	103,009	161,706	174,607	345,431	177,899	156,996
Green Island Construction Company Ltd							
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	8,055	7,814	8,817	8,335	8,544	8,757	8,976
L'Union Estate Company Ltd	2,152	5,345	5,129	4,283	6,460	7,437	19,248
Seychelles Parks and Gardens Authority	-	1,404	1,690	1,656	1,656	1,656	1,656
Seychelles Postal Services Ltd	512	509	687	495	495	495	495
National Information Service Agency	3,078	3,735	4,562	4,604	5,012	5,432	5,545
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	(79,117)	464,332	576,028	641,611	858,649	704,465	701,450
Growth Rate%	-	-687%	24%	11%	34%	-18%	0%
TAX to Net Profit %	-247%	14%	42%	51%	67%	56%	72%

5.5.2 Projection for Potential Requests for Government Subventions by PEs

SCR('000)

Summary of Government Subventions Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	-	-	-	-	-	-	-
Transport Sector							
Air Seychelles Ltd	-	-	-	-	-	-	-
Seychelles Airport Authority	-	-	-	-	-	-	-
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	-	-	-	-	-	-	-
Seychelles Public Transport Corporation	70,000	26,000	8,138	44,000	32,000	35,100	32,100
Energy Sector							
Seychelles Petroleum Company Ltd							
Seychelles Progress Ltd							
Seychelles Patriot Ltd	-	-	-	-	-	-	-
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	-	-	-	-	-	-	-
Petro Seychelles Ltd	-	-	-	-	-	-	-
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd							
Green Island Construction Company Ltd	-	-	-	-	-	-	-
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	-
Seychelles Fishing Authority	-	-	-	-	-	-	-
L'Union Estate Company Ltd	13,486	-	-	-	-	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	15,000	8,000	6,000	4,000	4,000	-	-
National Information Service Agency	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	98,486	34,000	14,138	48,000	36,000	35,100	32,100
Growth Rate%	-	-65%	-58%	240%	-25%	-3%	-9%

5.5.3 Elements of Implicit Fiscal Risks

5.5.3.1 Projected Outstanding Borrowings Balances of PEs

SCR('000)

Summary of Outstanding Borrowings Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	-	-	-	-	-	-	-
Transport Sector							
Air Seychelles Ltd	2,395,947	410,055	368,466	332,514	308,710	270,067	227,339
Seychelles Airport Authority	35,186	47,828	45,626	35,056	23,196	8,206	1,228
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	-	-	-	-	-	-	-
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd							
Seychelles Progress Ltd							
Seychelles Patriot Ltd	-	-	-	-	-	-	-
Seychelles Pioneer Ltd							
Seychelles Prelude Ltd							
Public Utilities Corporation	1,361,010	1,286,325	1,412,677	1,309,583	1,425,543	1,785,937	1,809,294
Petro Seychelles Ltd	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd							
Green Island Construction Company Ltd	-	-	-	-	591	568	491
Green Tree Investment Company Ltd							
Property Management Corporation	-	-	-	-	-	-	40,000
Seychelles Fishing Authority	-	-	-	-	-	-	-
L'Union Estate Company Ltd	-	-	-	-	22,575	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	-	-	-	-	-	888	888
National Information Service Agency	7,457	4,224	(706)	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	3,819,600	1,768,431	1,846,063	1,697,153	1,800,615	2,085,666	2,099,240
Growth Rate%	-	-54%	4%	-8%	6%	16%	1%
Nominal GDP	25,346,915	28,220,808	29,094,146	31,044,000	33,033,000	35,028,000	37,213,000
Borrowings to Total Assets %	17%	8%	8%	7%	7%	7%	7%
Borrowings to GDP %	15%	6%	6%	5%	5%	6%	6%

5.5.3.2 Projected Outstanding Values of Guarantees of PEs

SCR('000)

Summary of Outstanding Values of Guarantees Projections for 2021-2027							
Name of Public Enterprise	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Financial Sector							
Seychelles Pension Fund	-	-	-	-	-	-	-
Financial Service Authority	-	-	-	-	-	-	-
Transport Sector							
Air Seychelles Ltd	-	-	-	-	-	-	-
Seychelles Airport Authority	-	-	1,300	-	-	-	-
Seychelles Civil Aviation Authority	-	-	-	-	-	-	-
Seychelles Ports Authority	614	614	614	614	18,900	70,000	70,000
Seychelles Public Transport Corporation	-	-	-	-	-	-	-
Energy Sector							
Seychelles Petroleum Company Ltd	-	-	-	-	-	-	-
Seychelles Progress Ltd	-	-	-	-	-	-	-
Seychelles Patriot Ltd	-	-	-	-	-	-	-
Seychelles Pioneer Ltd	-	-	-	-	-	-	-
Seychelles Prelude Ltd	-	-	-	-	-	-	-
Public Utilities Corporation	1,112,417	1,057,337	1,031,720	957,441	942,935	865,323	784,860
Petro Seychelles Ltd	-	-	-	-	-	-	-
Services, Development and Other Sectors							
Seychelles Trading Company Ltd	-	-	-	-	-	-	-
Island Development Company Ltd	-	-	6,818	31,900	-	-	-
Green Island Construction Company Ltd	-	-	-	-	-	-	-
Green Tree Investment Company Ltd	-	-	-	-	-	-	-
Property Management Corporation	-	-	-	-	-	3,000	-
Seychelles Fishing Authority	-	-	-	-	-	-	-
L'union	-	-	-	-	-	-	-
Seychelles Parks and Gardens Authority	-	-	-	-	-	-	-
Seychelles Postal Services Ltd	-	-	-	-	-	-	-
National Information Service Agency	-	-	-	-	-	-	-
Bois De Rose Investment Ltd	-	-	-	-	-	-	-
Paradis Des Enfants Ltd	-	-	-	-	-	-	-
2020 Development Company Ltd	-	-	-	-	-	-	-
TOTAL	1,113,031	1,057,951	1,039,170	989,955	961,835	935,326	854,860

6 SECTION II - MTFIS AND FINANCIAL PROJECTIONS OF INDIVIDUAL PUBLIC ENTERPRISES

6.1 Seychelles Pension Funds (SPF)



6.1.1 Strategic Overview

6.1.1.1 Mandate

- *To provide the financial security of members by the payment of a monthly pension*
- *To provide benefits in accordance with financial security of the surviving spouse and children of members who die before retirement by the payment of a surviving spouse's pension or children's pension*
- *To provide in accordance for the financial security of those who are incapacitated due to injuries or illness while being employed*
- *To provide death benefit where a member dies before retirement and has no surviving spouse living with him or has no children at the time of death.*

6.1.1.2 Vision

"Be a trusted and sustainable partner for our members"

6.1.1.3 Mission

"To deliver benefits to our members and beneficiaries"

6.1.1.4 Strategic Priorities for 2025-2027

- *Rebranding of SPF*
To adopt a proactive approach to enhance its brand image, customer satisfaction and engagement to align with evolving market trends.
- *Enhance the Risk Management & Internal Audit Framework*
To improve the standards in risk management and internal audit of SPF, in line with international norms.
- *Strengthen Human Resource engagement and productivity*
To improve the working environment, develop, retain and attract talents to boost product and efficiency.
- *Improved Investment Management Practices*
Strengthening the SPF's investments through careful planning, smart decisions, diversification, performance measurement, risk management and staff development.
- *Enhance Pension plans offerings to members*
Expand, diversify and boost SPF's pension plan offerings and products to improve sustainability and provide members with diverse retirement solutions.
- *Digitalisation of SPF's services and development in Information Technology'*
Adapt to the advances in new digital technologies to allow members to access SPF's service at their convenience and for continuous improvement in the quality of services. Optimise information technology infrastructure and cybersecurity to ensure the efficient management of members data, enhancing trust and reliability.
- *Development of an Actuarial Unit*
To assist SPF in mitigating risks through the prediction of the impact of strategic decisions, demographics and macroeconomic trends, and future events.
- *Enhance Property Management framework*

Improve the property management program to upgrade the services provided and the overall experience of SPF's tenants and enhance the value of SPF's properties.

6.1.1.5 Key Challenges

1. *Political Risks*
2. *Economic factors (such as COVID-19, increase in tax, unemployment rate and other related costs)*
3. *Members lack or have Ltd understanding of the SPF Pension system – potential backlash (negative publicity)*
4. *Influencers/opinion leaders encouraging negative perceptions of SPF*
5. *Increased competition in Real Estate/Properties*
6. *Adverse impact of Government policies (e.g. PEMC monitoring/control, Proposal of government house-reduction in rent, review in taxes)*
7. *Movements in the Country's Demographics affecting SPF (Increase Life Expectancy, increase in child mortality rate, reduced birth rate, increase in foreign workers)*
8. *Social Factors (affecting labour force, Increase in informal sectors etc)*
9. *High reliance on data from other stakeholders (timeliness & reliability)*
10. *Financial Market challenges - domestic capital market not fully develop*
11. *New emerging technologies that SPF has to be in line with*
12. *Legal Threats*

6.1.2 Outlook of Financial Strategy

6.1.2.1 Projected Financial Position of Seychelles Pension Fund

	Actual figures			Provisional		Forecast		SCR (000)
	2021	2022	2023	2024	2025	2026	2027	
ASSETS								
Non-Current Assets								
Plant and equipment	17,810	18,912	16,377	17,506	19,600	20,751	22,114	
Investment properties	1,408,297	1,462,974	1,453,434	1,743,496	1,799,751	1,890,669	1,920,946	
Deposit on Leasehold Land	41,624	41,072	40,557	40,557	38,529	36,602	34,772	
Investment in subsidiary-OICL	40,563	34,768	38,631	38,631	38,631	38,631	38,631	
Investment in associates-Seybrew	264,340	275,112	275,112	275,112	275,112	275,112	275,112	
Investment in associates-Al Salam Bank	25,334	25,831	25,888	25,888	25,888	25,888	25,888	
Investment in associates- C&W	294,436	660,000	660,000	660,000	660,000	660,000	660,000	
Investment in financial assets	564,242	603,945	591,713	809,754	878,975	989,747	1,129,466	
Loan to Government-(PMC)	71,947	53,257	30,361	9,720	8,873	0	0	
Total Non Current Assets	2,728,592	3,175,871	3,132,073	3,620,665	3,745,359	3,937,400	4,106,930	
Current Assets								
Investment in financial assets	336,280	413,548	740,205	809,754	878,975	989,747	1,129,466	
Receivables and prepayments	78,598	98,049	79,159	83,117	87,273	91,637	96,218	
Asset held for sale	206,566	177,248	188,413					
Loan to Government- (PMC)	18,832	18,832	21,488	25,109	25,109	8,873	0	
Cash and Bank Balances	143,933	198,103	173,566	116,103	163,940	138,529	142,127	
Total Current Assets	784,208	905,780	1,202,832	1,034,084	1,155,298	1,228,785	1,367,811	
Total Assets	3,512,800	4,081,651	4,334,905	4,654,748	4,900,657	5,166,185	5,474,741	
Current liability								
Payables and accruals	20,951	22,994	24,885	23,726	24,200	24,684	25,178	
Non Current liabilities								
Retirement benefit obligations	6,418	11,886	11,678	11,540	12,822	13,463	14,136	
Deferred property lease	8,226	6,309	6,201	6,201	6,201	6,092	5,983	
Total Non-Current Liabilities	14,644	18,195	17,878	17,741	19,023	19,555	20,120	
Net assets	3,477,205	4,040,461	4,292,142	4,613,282	4,857,434	5,121,946	5,429,443	
Made up as follows:								
Member's fund	1,744,100	1,828,904	1,972,426	2,222,741	2,426,415	2,642,897	2,883,663	
Other Fund	533,280	533,280	533,280	533,280	533,280	533,280	533,280	
Reserve funds	14,569	14,569	14,569	14,569	14,569	14,569	14,569	
Other reserves	153,926	153,926	153,926	153,926	153,926	153,926	153,926	
Retained earnings	1,031,331	1,509,783	1,617,941	1,688,766	1,729,245	1,777,274	1,844,005	
MEMBERS' FUNDS, RESRVES & RETAINED EARNINGS	3,477,205	4,040,461	4,292,142	4,613,282	4,857,434	5,121,946	5,429,443	

6.1.2.2 Projected Statement of Comprehensive Income of Seychelles Pension Fund

SCR (000)

	Actual		Provisional		Forecast		
	2021	2022	2023	2024	2025	2026	2027
Income							
Interest income	47,391	38,906	46,011	54,938	34,563	36,291	38,106
Dividend income	21,351	54,738	61,405	52,298	53,262	55,925	58,722
Rental income	94,098	98,301	103,335	110,891	112,663	119,226	136,976
Other income-surcharges	566	1,304	2,153	280	280	261	274
Profit on disposal of property and equipment	287	153	-	-	-	-	-
Profit on sale of investments	-	-	-	-	-	-	-
Insurance claim proceeds received	-	30,020	-	-	-	-	-
Amortisation of deferred Government Grant	109	109	109			109	109
Total Income	163,802	223,531	213,014	218,406	200,769	211,812	234,186
Expenditure							
Interest credited to members	37,307	37,523	34,805	41,436	41,436	40,607	39,795
Administrative expenses	44,448	51,153	60,278	66,043	70,056	72,508	75,046
Investment fees	1,123	1,103	810	1,409	1,748	1,836	1,928
Events and marketing	1,602	1,558	1,703	1,292	1,856	1,921	1,988
Property management expenses	21,965	23,035	18,463	23,040	26,020	26,930	27,873
Covid-19 related expenses	271	120	104	3,000	5,000	5,250	5,513
Depreciation of Property and equipment	5,557	5,363	4,393	4,134	4,385	4,604	4,834
Amortisation of right-to-use on assets	515	551	515	551	551	551	551
Loss on disposal of property and equipment		886	63				
Provision for credit impairment	1,142	2,251	(1,106)	1,000	1,000	1,050	1,103
Auditor's remuneration	385	385	385	385	385	398	412
Other professional fees	3,196	4,789	3,085	5,291	7,852	8,127	8,411
Total Expenditure	117,511	128,716	123,498	147,581	160,290	163,784	167,455
Surplus before fair value changes and exchange differences	46,291	94,815	89,516	70,825	40,479	48,029	66,732
Gain/(Loss) on exchange	(44,831)	(5,645)	461	-	-	-	-
Surplus for the year before fair value changes	1,460	89,170	89,977	70,825	40,479	48,029	66,732
Fair value changes:							
(Decrease) in fair value of quoted equities	(2,534)	(399)	266	-	-	-	-
(Decrease) in fair value -OICL	-	(5,795)	3,863	-	-	-	-
(Decrease)/Increase in fair value of investment properties	(15,678)	13,054	(12,141)	-	-	-	-
Increase in fair value of property and equipment	-	-	450	-	-	-	-
(Decrease)/increase in fair value of associate - SBL	(796)	10,772	-	-	-	-	-
(Decrease)/increase in fair value of associate - ASBS	(10,778)	497	57	-	-	-	-
increase in fair value of associate (C&W)	139,501	365,564	-	-	-	-	-
Total fair value changes	109,716	383,694	(7,505)	-	-	-	-
Other Comprehensive income							
Increase/(Decrease) in fair value of unquoted equities	(92,472)	5,587	25,687	-	-	-	-
Total other Comprehensive income	(92,472)	5,587	25,687	-	-	-	-
Net changes in fair values of investment	17,243	389,281	18,182	-	-	-	-
Surplus for the year	18,703	478,451	108,159	70,825	40,479	48,029	66,732
Retained surplus brought forward	1,012,629	1,031,331	1,509,783	1,617,941	1,688,766	1,729,245	1,777,274
Retained surplus carried forward	1,031,331	1,509,783	1,617,941	1,688,766	1,729,245	1,777,274	1,844,005

6.1.2.3 Projected Cash flow Statement of Seychelles Pension Fund

SCR (000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
OPERATING ACTIVITIES							
Net increase in assets available for benefits	41,236	563,256	251,680	250,315	203,674	216,483	240,766
Adjustment for :							
Depreciation of property and equipment	5,557	5,363	4,393	4,134	4,385	4,604	4,834
Amortisation of right-to-use on assets	515	551	515	551	551	551	551
Amortisation of deferred government grant	(109)	(109)	(109)	(109)	(109)	(109)	(109)
Write off of property plant and equipment	-	-	63	-	-	-	-
Profit on disposal of property and equipment	-	(153)	-	-	-	-	-
Loss/(profit)on sale of investments	(287)	886	-	-	-	-	-
Retirement benefit obligation	(407)	4,570	4,937	911	1,463	1,537	1,613
Employee benefits paid during the year	-	(909)	(5,145)	-	-	-	-
Provision for credit impairment	1,142	2,251	(1,106)	-	-	-	-
Bad and doubtful debts written off against provision	-	-	-	-	-	-	-
Fair value (gain)/loss on investment properties(net)	19,224	(4,017)	12,141	-	-	-	-
Fair value gain on property and equipment	-	-	(450)	-	-	-	-
Fair value (gain)/loss on quoted and unquoted equities	95,006	(5,188)	(25,952)	-	-	-	-
Fair value gain on associates	(127,927)	(376,834)	(57)	-	-	-	-
Fair value loss on subsidiary	-	5,795	(3,863)	-	-	-	-
Interest receivable	(47,391)	(38,906)	(46,011)	(54,938)	(34,563)	(36,291)	(38,106)
Dividend income	(21,351)	(54,738)	(61,405)	(52,298)	(53,262)	(55,925)	(58,722)
	(34,790)	101,817	129,630	148,567	122,139	130,849	150,829
Changes in working capital:							
Receivables and prepayments	1,825	(21,702)	19,996	(3,958)	(4,156)	(4,364)	(4,582)
Payables and accruals	(60,398)	2,043	1,890	1,159	(475)	(484)	(494)
Net cash inflow/(outflow)from operating activities	(93,362)	82,158	151,516	145,769	117,509	126,002	145,753
Cash flows from investing activities							
Purchase of property and equipment	(2,577)	(3,522)	(1,470)	(5,814)	(7,030)	(6,087)	(6,300)
Proceeds from disposal of property and equipment	-	387	-	-	-	-	-
Proceeds from disposal of investment of properties	5,261	-	-	-	41,806	105,547	-
Purchase of assets held for sale	(2,642)	-	-	-	-	-	-
Purchase of investment properties	(36,797)	(24,518)	(13,766)	(100,965)	(287,679)	(195,488)	(30,277)
Loan repayment received from PMC	25,109	25,109	25,109	25,109	25,109	6,229	-
Purchase of financial assets	(344,320)	(738,136)	(1,226,773)	(1,293,250)	(1,453,014)	(1,380,413)	(1,735,034)
Proceeds from redemption of financial assets	373,383	625,468	938,300	1,069,946	1,526,766	1,230,212	1,536,439
Interest received (net interests on PMC loan)	39,539	32,486	41,143	49,444	31,107	32,662	34,295
Dividend received	21,351	54,738	61,405	52,298	53,262	55,925	58,722
Net cash (outflow)/inflow from investing activities	80,949	(27,988)	(176,052)	(203,232)	(69,672)	(151,413)	(142,156)
Net change in cash and cash equivalents	(15,055)	54,170	(24,536)	(57,463)	47,837	(25,412)	3,598
Cash and Cash equivalents at January 1,	158,988	143,933	198,103	173,566	116,103	163,940	138,529
Cash and Cash equivalents at December 31,	143,933	198,103	173,566	116,103	163,940	138,529	142,127

6.1.2.4 Projected Capital Investment Plan of Seychelles Pension Fund

SCR (000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		Anticipated Risks
							2021	2022	2023	2024	2025	2026	
Major Capital Investment													
1. Pirates Arms Re-Development	To support sustainability of Seychelles Pension Fund Investment – (New construction)	Rental income	480,000	Seychelles Pension Fund	Oct-24	Oct-26	8,918	1,347	4,594	59,220	86,400	72,800	10,327
2. Dreamgate Complex	Reduce Seychelles Pension Fund expenses – (Installation of Photovoltaic)	Reduced electricity costs	900	Seychelles Pension Fund	Jun-19	Sep-24	26,513	10,371	-	2,586	900	-	-
3. Pointe au Sel project	Site clearance			Seychelles Pension Fund	Nov-24	Dec-24	974	112	-	241	-	-	-
4. Oceangate House renovation (Minor capital work)	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	More conducive work environment	8,000	Seychelles Pension Fund	Dec-24	Jun-25	-	1,069	54	1,899	9,250	550	-
5. Le Chantier Mall	To support sustainability of Seychelles Pension Fund Investment – (New construction)	Rental income	247,000	Seychelles Pension Fund	Jan-24	Mar-27	-	2,582	1,735	3,447	111,900	82,000	10,250
6. 5th June Car park project	To support sustainability of Seychelles Pension Fund Investment and staff welfare – (Parking spaces)	Rental income and staff car park	700	Seychelles Pension Fund	Nov-24	Nov-24	-	-	-	700	-	-	-
7. Continental Building	To support sustainability of Seychelles Pension Fund Investment – (New construction)	Rental income	60,000	Seychelles Pension Fund	Dec-24	Mar-27	-	-	-	4,160	31,040	33,600	9,700
8. Huteau Lane (Renovation)	To support sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income	6,900	Seychelles Pension Fund		May-25	-	-	83	2,749	4,410	-	-
9. Unity House blocks A, B, C	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Refurbishment of air-condition system/ Refurbishment of floor tiles in staircases)	More conducive and safer work environment.	18,360	Seychelles Pension Fund	Dec-24	May-25	-	854	258	7,343	11,925	2,325	-
10. Corail D'or	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income	15,370	Seychelles Pension Fund	Oct-24	May-25	-	-	-	8,094	5,829	678	-
11. Praslin Holiday Home (28 self catering apartments)	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income	4,103	Seychelles Pension Fund	Oct-22	Dec-25	-	-	1,835	2,373	3,000	-	-
12. La Clementine	To support sustainability of Seychelles Pension Fund Investment					Dec-24	-	-	92	11	-	-	-
13. Maison Collet	Improve building security and safety,	• Reduced electricity costs	3,644	Seychelles Pension	Dec-24	Dec-24	106	86	-	3,694	17,100	900	-

	and reduce fund expenses – (Installation of Photovoltaic/ Refurbishment of fire alarm system/ Installation of CCTV)	• Safer work environment		Fund										
14. Providence Industrial Estate	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income and more conducive work environment	15,000	Seychelles Pension Fund	Dec-24	Feb-25	-	-	-	1,246	510	85	-	
15.Eve Island	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income and more conducive environment	3,000	Seychelles Pension Fund	Dec-24	Jan-25	-	-	-	444	255	-	-	
16. Caravelle House	Office alterations	Staff accommodation	1,000	Seychelles Pension Fund		Oct-25	100	304	-	959	1,000	-	-	
17.La Passe Pension House	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income and more conducive environment	815	Seychelles Pension Fund	Oct-23	Nov-24	-	-	-	221	-	-	-	
18.Praslin Pension Complex 1	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	Rental income and more conducive environment	1,450	Seychelles Pension Fund	Dec-24	Nov-24	-	-	-	730	910	2,500	-	
19.Providence Warehouse	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	More conducive and safer environment	2,100	Seychelles Pension Fund	Jan-25	Apr-25	168	-	-	150	1,950	50	-	
20. Praslin Complex 2	Improve building condition to keep supporting sustainability of Seychelles Pension Fund Investment – (Building renovation)	More conducive and safer environment	2,000	Seychelles Pension Fund	Jan-25	Apr-25	-	-	-	700	1,300	-	-	
Total Capital Expenditure			870,342				36,779	15,925	8,651	100,965	287,679	195,488	30,277	

SCR (000)

	Provisional		Forecast	
	2024	2025	2026	2027
Purchase of Fixed Assets	3,537	475	491,625	508,832
Digitalisation development	500	4,500	4,657,500	4,820,513
Purchase of Fixed Assets (HRA)	899	782	200	207
Tools & Equipment (property)	676	713	737,955	763,783
Purchase of SAGE (accounting software)	200	500	-	-
E-Platform Website Software (Seyonline)	-	60	-	-
Total tangible & Intangible Assets Expenditure	5,811	7,030	5,887,280	6,093,335

6.1.3 Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

6.1.3.1 Projected Tax Implications

Type of Tax	Actual Figures			Provisional	Forecast			(SCR 000)
	2021	2022	2023	2024	2025	2026	2027	Anticipated Risks
Business Tax	<i>SPF is exempted from Business Tax</i>							
PIT	3,214	3,259	3,821	3,900	4,037	4,178	4,324	
VAT	10,086	8,794	13,045	13,609	14,086	14,579	15,089	
WHT								

6.1.3.2 Projected Dividend Distribution

The Seychelles Pension Fund (SPF) does not distribute dividends

6.1.3.3 Projected Debt Payments

The Seychelles Pension Fund (SPF) currently operates without any debt or borrowing obligations.

6.1.3.4 Projected Grants and Subsidies

The Seychelles Pension Fund (SPF) does not receive any grants or subventions from the government or other external sources

6.1.3.5 Contingencies of Seychelles Pension Fund

The Seychelles Pension Fund (SPF) has no contingencies recorded in its financial statements.

6.1.3.6 Assumptions used for the Financial Projections

MAIN ASSUMPTIONS					
		Budgeted	Forecast	Forecast	
		2025	2026	2027	
Inflation Rate		2%	3.50%	3.50%	as guided by PEMC
Exchange Rate	SCR:US \$	14.69	14.92	15.16	as guided by PEMC
Exchange Rate	SCR:EUR	16.51	16.82	17.13	as guided by PEMC
% Movements Year on Year					
Contribution	Mandatory	3%	5%	5%	Increase from previous year 2024 based on historical trends, demographic movements, expected salary increase in the public sector, expected labour market movements, increase in new businesses
Contribution	Voluntary	3%	5%	5%	Increase from previous year based on historical trends and incremental outcome of marketing campaigns and sensitisation of the specific target groups
Benefit Payments	Includes retirement & all other benefits paid	6%	5%	5%	Increase from previous year based on historical trends, members attaining 65 years (qualifying for pension) and moving to pensioners, labour market projections, indexation, positive impact of the Functional Capacity Assessment Board (FCAB) on the permanent incapacity benefit payments
Administrative Expenses	Includes staff, IT,	6%	4%	3%	In line with SPF's operational and strategic objectives/future growth expectations/expected inflation/positive impact of the ongoing digitisation process on staff costs and improved efficiency
Events and marketing (Corporate Communication)		43%	3%	3%	Improved customer service and member sensitisation programs, the collection of more personalized details to enable better information exchange between SPF and members, customer information dissemination, improve members' education and specific marketing campaigns like property advertising, voluntary contribution, communication of products/services to members in line with SPF's Marketing Plan
Property Management Expenses		13%	3.5%	3.5%	Ensure consistent maintenance and upkeep of all the investment related properties in line with SPF's Maintenance Plan
Contingency Expenses		67%	5.0%	5.0%	Generally capped at 5% of the admin and operating expenses
Interest credited to members		0%	-2%	-2%	Forecast based on member contributions in line with expected trends of savings and treasury bills interest rate movements
Other Professional fees		48%	3.5%	3.5%	Actuarial valuation & parametric changes fees for 2025 is SCR1.9m
Fair Value (FV) changes : Quoted & unquoted securities					Cannot be reliably projected at this point in time therefore the FV has not been considered in the projections/market is not dynamic enough
Fair Value (FV) changes : Investment properties					Cannot be reliably projected at this point in time therefore the FV has not been considered in the projections
CAPEX					This is as per the current approved and work in progress projects approved by the board which are in line with SPF's Strategic Objectives 2024-28
Minor Capital					This is as per the current approved asset expenditure as approved by the board which are in line with SPF's Strategic Objectives 2024-28

6.1.4 KPIs, Risk Management Strategy and Reporting Obligations

6.1.4.1 Key Performance Indicators

Key Performance Indicators (KPIs) were not provided in the document

6.1.4.2 Risks and Resilience Plan of Seychelles Pension Fund

Risk Category	Potential Risks Identified	Risk Mitigation Strategies ¹
Strategic Risks ²	Financial (Incl. Investment related risks, Inflation, Solvency, liquidity, Credit, Systemic, Asset & Liability mismatch)	<ul style="list-style-type: none"> • SPF Act & Regulations; • Policies & SoPs (e.g. Investment policy, Funding policy); • Close monitoring of market conditions & asset performance; • Close monitoring of debtors (tenants, employers) - Debtors Recovery Committee & Debtor management plan; • Cashflow Management/analysis - Management maintains levels of cash and deposits which are sufficient to meet reasonable expectations of its short-term obligations; • Adequate level of liquid financial instruments within the Investment portfolio; • Triennial actuarial valuations & ad-hoc actuarial investigations • Actuarial Financing ratios; • Capped indexation; • Strategic ratios & stability indicators; • Real returns are calculated.
	Legal & Regulatory	<ul style="list-style-type: none"> • SPF Act & Regulations; • Legal & Compliance section; • Legal retainers; • Adherence to all relevant binding laws & regulations; • Communication and/or consultation between SPF, Government and Regulators specifically in regards to decisions that may impact the Fund; • Comprehensive review of SPF Act & Regulations.
	Governance	<ul style="list-style-type: none"> • SPF Act & Regulations; • Transparency and accuracy in reporting; • Adherence to relevant external reporting requirements and compliance obligations; • Communication with members and stakeholders; • Board charter; • Independent Board of Trustees; • Training - Ensuring that trustees and senior Management possess a shared understanding of pensions & kept abreast about the risks that may hinder the achievement of strategic objectives and affect reputation and long-term sustainability; • Board approved policies which promotes good governance i.e conflict of Interest, whistle blowing etc.; • Independent committees assisting the Board; • Conflict of interest disclosure at Board and independent committee meetings; • Board standing committees; • Risk Management section, Risk Management policy, Risk Register, Risk reporting; • Independent internal audit function;

¹ Main risk mitigation strategies only (list is not exhaustive or in any specific order of priority).

² Based on the nature of our business and as per the risk management framework and policy in place, SPF Strategic risk events have been categorised through seven main event types.

		<ul style="list-style-type: none"> • Statement of Intent; • Strategic planning (5-year Strategic Plan).
	Market (Incl. Price, Interest rate, Foreign currency)	<ul style="list-style-type: none"> • SPF Act & Regulations; • Policy & SOPs (e.g. Investment policy); • The Fund holds a diversified portfolio of investments and by the selection of securities and other financial instruments within specified limits in accordance with its investment policy some markets risks can be partly mitigated; • Market analysis, the Fund monitors the performance of its assets and the fluctuation in foreign exchange rates on a periodic basis; • Financial planning / budgeting.
	Environmental and Climate (Incl. Social & Health)	<ul style="list-style-type: none"> • Policy & SOPs (ESG has been incorporated in SPF investments); • Business Continuity Plans and systems in place to minimize the effects of a broad range of external disruptions (fires, floods, Covid-19, Tsunamis etc.) and to ensure that business operations are maintained to an acceptable level; • Decentralisation of SPF offices.
	Funding (Incl. Actuarial related risks, Longevity)	<ul style="list-style-type: none"> • SPF Act & Regulations; • Triennial Actuarial valuation; • Actuarial investigations prior to parametric changes; • Independent consulting Actuary; • Periodic consultations / meetings with Actuary; • Internal capacity building in actuarial science & actuarial works for social security; • Funding policy.
	Stakeholder & Employer Related (Incl. third party risks)	<ul style="list-style-type: none"> • SPF Act & Regulations; • Policy & SOPs; • Awareness and sensibilisation programmes (Private, Public & Informal sectors); • Pension education initiatives; • Stakeholder consultations; • Site visits and employer education; • On-site investigations; • Insurance covers, contracts, back up service providers, leases etc.
○		
Operational Risks³	Internal Fraud	<ul style="list-style-type: none"> • Policies & SOPs (e.g. Human Resource, Code of conduct & Ethics, No Gift, Conflict of Interest, IT, etc.); • Disciplinary Committee; • Risk Management Executive Committee; • Risk reporting; • Internal audit plan & checks; • Access controls; • Segregation of duties; • Different level of checks; • Risk event investigations & reports; • Annual external Audits.
	External Fraud	<ul style="list-style-type: none"> • Policies & SOPs (Whistle blowing, AML, IT etc.); • IT system undergoes frequent testing; • Internal audit plan & checks; • Annual external Audits.
	Employment practices & work place safety	<ul style="list-style-type: none"> • Policies & SOPs (Human Resource, Health & Safety etc.) • Adherence to employment laws & regulations which governs SPF; • Remuneration Committee (Board); • Insurance covers for staff; • Health & Safety unit (officer); • Health & Safety trainings & awareness programs; • Health & Safety champions;
	Clients, products, & business practice	<ul style="list-style-type: none"> • Policies & SOPs; • Adherence to any relevant laws & regulations;

³ Based on the nature our business, SPF Operational risk events have been defined through seven official Basel event types.

		<ul style="list-style-type: none"> • Contracts & leases with clients / tenants; • Contracts with third party service providers;
	Damage to physical assets	<ul style="list-style-type: none"> • Policies & SOPs; • Insurance covers for SPF properties & offices being occupied by SPF staff; • Property checks / site visits; • CCTV cameras; • Maintenance plan; • Internal maintenance team; • Property officers - reports; • Scheduled preventive maintenance; • Timely corrective maintenance;
	Business disruption and systems failures	<ul style="list-style-type: none"> • Policies & SOPs (e.g. IT policies); • BCPs; • Backup systems; • Scheduled system / security software updates; • Firewalls upgrades; • New technologies, Software's & Hardware's); • Access rights; • Ongoing security awareness trainings for staff; • Disaster recovery site; • Alternate service providers;
	Execution, delivery, & process management	<ul style="list-style-type: none"> • SPF Act & Regulations; • Adherence to any external relevant laws & regulations; • Policies & SOPs (Majority); • Adherence to statutory reporting obligations; • Legally binding documents (contracts, leases etc.) • Sustaining adequate operational resources (people, system & financial) to ensure that there are adequate operational processes, systems and controls in place to support the provision of services to our members, stakeholders and the general public; • Due diligence & KYC activities; • Recruitment of high calibre candidates to maximise the personal and collective contributions of staff towards the achievement of our strategic vision and goals; • Conducive working environment with career development, rewards and recognition; • Staff awareness & training programmes; • Staff Performance Improvement plan; • Risk reporting; • Ongoing Digitisation & Digitalisation - Use of new technology to improve efficiency; • Periodic access controls review exercise; • Ongoing modernising & enhancement of processes (e.g. common payroll); • MoUs with key partners & stakeholders; • Compliance section.
Reputational⁴		<ul style="list-style-type: none"> • SPF Act & Regulations; • Effective and innovative delivery of services; • Communication strategy; • Press releases; • Meeting statutory commitments; • Due diligence activities; • Partnerships; • Managing member expectations; • Timely communication with members, regulators and stakeholders;

⁴ Both strategic and operational risk events can result in reputational risk, thus it is considered as an impact type

		<ul style="list-style-type: none"> Awareness and education programs for members;
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6.1.4.3 List of External Reporting's by the Seychelles Pension Fund

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Report & Audited Financial Statements	Minister of Finance to be tabled before the National Assembly	The performance, activities of the Fund and the audited financial position	Annually, within 5 months following every financial year
Half Yearly Report	Minister of Finance	An overview of the Fund's performance and key activities	Once a year after the half year end
Actuarial Report	Minister of Finance	An investigation of the assets and liabilities of the Fund	At intervals of not more than three (3) years
Strategic Plan	Minister of Finance	The Strategic Objectives of the Fund	Every three (3) or five (5) years depending on the expiry date
Statement of Corporate Intent	Minister of Finance	The approach, course of action target and performance relating to the Strategic objectives of the Fund	Every three (3) years or depending on the expiry
Financial Statements	PEMC	Statement of Financial Position, Statement of Surplus and Other Comprehensive Income, Statement of Cash Flow	Quarterly for period ending 31 st March, 30 th June, 30 th Sept & 31 st Dec

6.1.5 Stakeholder Engagement

6.1.5.1 Statement by CEO

As CEO, I remain committed to ensuring the effective and efficient allocation and management of all resources to provide secured and sustainable benefit payments.

The continuous strengthening of our corporate governance structures coupled with an active risk management framework and enhanced compliance monitoring mechanisms remains at the centre of our investment management and procurement practices.

Digitalization and development in information technology remains one of my ongoing our priorities as this will not only streamline our internal processes but also facilitate other stakeholder engagements.

Ensuring human resource engagement and productivity remains one of my top priorities as invest in staff wellbeing, training and professional development. This will contribute to equip our team with the necessary skills to meet the demands of our dynamic workforce.

Looking ahead, I remain confident that as a team, we will continue to navigate risks and seize all opportunities to optimize resource allocation to improve efficiency.

Mrs. Nisreen Abdul Majid
CEO SPF

6.1.5.2 Foreword by Chairperson

As a key player in Seychelles' social protection system, the Seychelles Pension Fund (SPF) operates under a Pay-As-You-Go (PAYG) model, sustained through contributions from employers, employees, and the self-employed, as well as strategic investments. This model allows us to provide pensions upon retirement, disability benefits, and financial support for surviving spouses and children.

Current Status & Strategic Outlook

SPF remains in a strong financial position, thanks to prudent asset management. However, with demographic shifts and evolving economic conditions, we must adapt to ensure the Fund's long-term sustainability. By 2025, 2026, and 2027, our goal is for SPF to be recognized as a financially stable institution that consistently delivers pension benefits. We call on the Government to support necessary reforms to safeguard the future of the Fund.

Strategic Priorities

Our strategy focuses on three core areas:

1. Strengthening the Fund through diversified investments and sound financial planning.
2. Enhancing operations through digitization and improved member services.
3. Empowering members by providing clear and accessible information on their benefits.

Through these priorities, SPF will continue to contribute to national economic stability, making impactful investments while providing crucial social safety nets.

Economic Contributions

SPF has played a pivotal role in the country's development through strategic investments and prudent management. Moving forward, we are committed to contributing to economic growth while ensuring long-term financial security for our members. Our ability to balance social needs with sustainability distinguishes us as a leading public institution.

Performance Targets & Commitment to MTFS

Aligned with the performance targets set by the Responsible Minister, SPF's objectives focus on fiscal sustainability, service delivery, and governance. The Medium-Term Financial Strategy (MTFS) guides our decisions, ensuring alignment with national policies and instilling confidence in both the public and private sectors, as well as the Seychellois people.

Upcoming projects, such as the School Children Savings App, aim to promote a culture of saving from a young age, fostering financial responsibility and literacy among future generations. By engaging with youth early on, SPF is contributing to a financially aware society, reinforcing the importance of savings for long-term security. SPF remains steadfast in its commitment to securing the future of our members through sustainable growth and effective governance.

Mrs. Shella Mohideen
Chairperson SPF

6.1.5.3 Statement by the Responsible Minister

The Seychelles Pension Fund's (SPF) comprehensive MTFS 2025-27 aims at ensuring financial sustainability while addressing key contemporary challenges and opportunities in line with the institution's strategic objectives, which are built on 6 main pillars. These are; financial health and sustainability, enhanced stakeholder relations and communications, efficiency and productivity of the workforce, digital transformation, operational resilience through effective risk management and continuous improvement of investment management practices.

In an era of rapid technological advancement, it is important to note that investments in digitalisation systems and infrastructures continue to be one of SPF's top priorities. As a result, streamlined internal processes, improvement in data analytics and enhanced customer services through frictionless digital experiences would personalise the experience of each member, allowing them to engage easily and take positive actions to build up their retirement pension.

It is known that Seychelles is increasingly faced by workforce challenges in meeting the demand for appropriately skilled workers as the economy grows. More visibly is also the demographic shift, all of which would gradually render greater reliance on the employment of foreign workers. This is of concern for SPF as it would have a direct impact on future contributions collected by the Fund. However, SPF through its pension reforms are adapting the pension schemes to navigate the complexities of the modern world, while safeguarding its future sustainability.

Responsible investment practices and a good investment governance framework are also critical to deliver value to all members and beneficiaries alike. As we move into the future, the role of SPF in mobilising climate finance, in line with the National Development Strategies (NDS) is becoming increasingly relevant and SPF's contribution to the national economic growth cannot be understated. The government shall continue to be an important facilitator and provide the support SPF needs to successfully implement its 2024-28 strategic objectives.

*Minister Naadir Hassan
Minister for Finance, National Planning and Trade*

6.2 Financial Services Authority (FSA)

6.2.1 Strategic Overview

6.2.1.1 Mandate

The Seychelles Financial Services Authority (FSA) is mandated under the Financial Services Act, 2013, to inter alia:

- Supervise, monitor and regulate licensees in accordance with this Act and the financial services legislation; and other financial services business carried on in or from within Seychelles;
- Administer the registry legislation;
- Develop appropriate legal, regulatory and supervisory mechanisms for the efficient and effective administration of the Authority and the financial services legislation;
- Adopt such measures as may be necessary to appropriately inform and educate the general public on its functions and on matters relating to or affecting any financial services business;
- Take action against persons carrying on unauthorized financial services business in Seychelles.

6.2.1.2 Vision

An effective regulator focused on safeguarding a credible and innovative non-bank financial services jurisdiction.

6.2.1.3 Mission

Transform and grow the Seychelles' non-bank financial services industry, through the application of a sound regulatory and supervisory framework that protects the jurisdiction's reputation and the consumers and stakeholders' investments.

6.2.1.4 Strategic Priorities for 2025-2027

- 1) Revise and modernise our laws, regulations, policies and operating standards to international norms and best practices.
- 2) Effective implementation of our sectoral responsibility for AML/CFT supervision, monitoring and enforcement for all reporting entities under our regulatory purview.
- 3) Research into and introduce new products to diversify our products portfolio.
- 4) Investment in new user friendly and secure technologies and other infrastructure.
- 5) Ensure our staff have the skills and expertise to efficiently and effectively execute and deliver their responsibilities.
- 6) Promote the development of the non-bank financial sector through training programme placements and support incentives to industry practitioners and graduates to specialise in this sector.
- 7) Efficiently monitor the activities of the industry and constantly educate our customers and consumers on new products, legislations and of their roles and responsibilities.
- 8) Ensure that our jurisdiction, services and products on offer are adequately visible.

6.2.1.5 Key Challenges

- Ever-changing international regulations or requirements by international regulatory bodies, which lead to tight implementation deadlines and create pressure due to resource constraints.
- Delays in amendment and enactment of laws relating to the FSA's operations and industry pressure towards policy decisions that aim to increase compliance.
- Shortage of specialists' skills/experience and inappropriate infrastructure of the non-bank financial sector to efficiently provide the desired services.
- Ltd growth in the industry due to low level of public/stakeholders' education on the non-bank financial sector operations, products and services, resulting in low uptake of the financial products.

6.2.2 Outlook of Financial Strategy

6.2.2.1 Projected Financial Position of FSA

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Non-Current Assets	303,905	310,376	244,036	252,880	259,580	273,260	275,818
Property Plant and Equipment	55,576	59,546	50,910	60,899	62,831	77,849	78,919
Investment Property	240,314	242,266	180,585	182,553	184,506	185,982	187,470
Intangible Asset	-	-	-	-	-	-	-
Long term Receivable	8,015	8,563	12,541	9,428	12,243	9,428	9,428
Current Assets	131,109	165,718	174,409	191,817	209,290	231,157	235,524
Trade and Other Receivables	11,338	12,478	14,589	13,206	13,469	13,639	13,964
Cash and Cash Equivalents	114,567	153,0900	159,520	178,611	195,821	217,518	221,560
Investment in Treasury bills	5,203	150	300	-	-	-	-
Total Assets	435,014	476,093	418,445	444,697	468,871	504,417	511,342
Equity and Liabilities							
Equity							
Stated Capital	8,716	8,716	8,716	8,716	8,716	8,716	8,716
Capital grant	1,708	854	-	-	-	-	-
Retained Earnings	350,365	368,734	314,626	358,348	385,061	406,313	406,833
Revaluation Reserve	21,691	26,674	13,542	13,542	15,496	16,972	18,460
Total Equity	382,480	404,978	336,884	380,607	409,273	432,001	434,009
Liabilities							
Non-Current Liabilities	13,267	16,846	21,572	27,369	33,592	37,691	42,148
Retirement benefit obligations	13,267	16,846	21,572	27,369	33,592	37,691	42,148
Accrued interest on borrowings	-	-	-	-	-	-	-
Current Liabilities	39,267	54,269	59,989	36,722	26,006	34,725	35,184
Borrowings	-						
Other Payables	39,267	54,269	59,989	36,722	26,006	34,725	35,184
Total Liabilities	52,534	71,115	81,561	64,091	59,598	72,416	77,332
Total Equity and Liabilities	435,014	476,093	418,445	444,697	468,871	504,417	511,342

6.2.2.2 Projected Statement of Comprehensive Income of FSA

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Revenue	223,646	197,494	187,661	180,246	203,673	216,850	218,740
Staff Costs	(45,100)	(60,024)	(73,106)	(81,573)	(87,798)	(89,052)	(89,052)
Administrative expenses	(31,580)	(31,510)	(39,036)	(47,895)	(50,351)	(42,164)	(42,065)
Educational Dissemination	(713)	(232)	(751)	(759)	(3,525)	(825)	(825)
Other Operating Costs	(1,619)	(1,757)	(1,763)	(2,476)	(2,697)	(2,437)	(2,366)
Finance income -interest on Sftaff loans	663	1,037	3,362	700	750	750	750
Finance cost - Borrowing costs	-			63	(114)	(113)	(112)
Makerting Grant to SIB	(546)	(545)	(4,715)	(5,000)	(5,000)	(5,000)	(5,000)
CISNA Seminar	-						
Other Income	4	131	107	3,500	3,384	270	270
Foreign exchange (losses)/Gains	(34,323)	(1,163)	(2,640)	4,766	(161)	(109)	500
Profit for the year	110,434	103,429	69,119	51,573	58,161	78,170	80,839
Surplus on revaluation of investment property	-	1,952		1,968	1,954	1,476	1,488
Profit for the year and total comprehensive income for the year	110,434	105,381	69,119	53,541	60,115	79,646	82,327

6.2.2.3 Projected Cash Flow Statement of FSA

SCR ('000)

	Actual figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
Operating Activities							
Profit for the year	110,434	105,381	69,119	53,541	60,115	79,646	82,327
Adjustment for:							
Depreciation of property, plant and equipment	2,473	2,596	2,614	2,476	743	2,437	2,366
Transfers/Adjustment from WIP	-	84	-	-	-	-	-
Adjustment for Fixed asset accrued	-	2					
(Profit)/Loss on disposal of asset		6	3				
Amortisation of capital grant	(854)	(854)	(854)				
Impairment of trade receivables	(41)	(96)	(164)				
Retirement benefits obligation charge	4,993	5,895	9,982	7,472	9,298	9,348	9,348
Interest receivable	(663)	(1,037)	(3,362)	(4,200)	(4,134)	(1,020)	(1,020)
Gain on revaluation of investment property		(1,952)	(1)	(1,968)	-	(1,476)	(1,488)
Adjustment on accrued interest upon completion of full repayment of loan	(252)						
Net cash Provided/(used) by operating activities	116,091	110,025	77,338	57,321	66,022	88,935	91,533
Changes in working capital							
Increase in trade and other receivables	7,213	(1,592)	(5,774)	258	(2,913)	2,645	(325)
(Decrease)/increase In trade and other payables	(7,621)	(4,998)	5,072	9,386	(8,722)	8,573	459
Cash generated from operations	115,683	103,435	76,635	66,964	54,386	100,153	91,668
Retirement obligation paid	(3,636)	(2,316)	(5,256)	(2,791)	(3,074)	(5,249)	(4,891)
Interest received	663	1,037	3,362	4,200	4,134	1,020	1,020
Net cash inflow from operating activities	112,710	102,156	74,741	68,373	55,446	95,924	87,797
Cash flow from investing activities							
Purchase of property, plant and equipment	(3,178)	(2,736)	(7,112)	(16,905)	(6,787)	(17,309)	(3,437)
Investment in Treasury bills	(5,199)	5,203	-	-	-	-	-
Proceeds from sale of asset		10					
Net cash outflow from investing activities	(8,376)	2,476	(7,112)	(16,905)	(6,787)	(17,309)	(3,437)
Cashflow from financing activities							
Restricted cash		(150)	(300)				
Loan Repayment	(10,612)						
Interest paid	(92)						
Amount transferred to the Government of Seychelles	(105,235)	(65,960)	(60,898)	(32,377)	(31,449)	(56,918)	(80,318)
Net cash inflow from financing activities	(115,938)	(66,110)	(61,198)	(32,377)	(31,449)	(56,918)	(80,318)
Net change in cash and cash equivalents	(11,605)	38,522	6,430	19,091	17,210	21,697	4,042
Movement in cash and cash equivalents							
At Jan 1	126,172	114,567	153,090	159,520	178,611	195,821	217,517
Increase/(decrease) during the year	(11,605)	38,522	6,430	19,091	17,210	21,697	4,042
AT Dec 31	114,567	153,090	159,520	178,611	195,821	217,517	221,560

6.2.2.4 Projected Capital Investment Plan of FSA

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2021	2022	2023	2024	2025	2026	2027	
Consultancy for Construction of New warehouse	<i>Details Not provided</i>								840	600	240	120		
Construction of New FSA Warehouse								9,000	10,350	1,150	-			
Construction of New FSA Building											15,000			
Consultancy for centralization of sewage system									200	200				
Construction of sewage										1,350	150			
Conversion cost of warehouse A16, A17, A18 & A2										4,050	450			
Re-roofing of finance office										300				
Consultation Construction of New FSA Building										8,280	4,600	690	-	

*Details not Provided on the **Project Purpose and Description, Expected Outcome of the Project, Total Estimated Project Cost, Source of Funds,** and the **Year the Project Commenced.** Additionally, **Actual Figures** for the years **2021, 2022,** and **2023,** as well as the **Anticipated Risks.**

6.2.3 Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

6.2.3.1 Projected Tax Implications

Details not provided on **Business Tax, Personal Income Tax (PIT), Value Added Tax (VAT)**, and others. Additionally, they did not provide an assessment of **Anticipated Risks** associated with tax

6.2.3.2 Projected Dividend Distribution

Nature of Dividend	SCR ('000)						
	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Dividends in Cash	92,566	85,960	66,450	32,377	31,449	56,918	80,318
Dividends in lieu of Cash	-	-	-	-	-	-	-
TOTAL	92,566	85,960	66,450	32,377	31,449	56,918	80,318

Details not provided on **Anticipated Risks** associated with Dividend distributions

6.2.3.3 Projected Debt Payments

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
				7.5 Million UDS	Borrowings	Construction of warehouse	60,334	-	-	-
	Interest for the Year	-	-	92	-	-	-	-	-	-
	Repayment of Capital	-	-	10,612	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-

Details not provided in the table concerning borrowings and debt servicing, including **Actual Figures** for **2021, 2022, and 2023**, as well as **Provisional** data for **2024** and **Forecasts** for **2025 to 2027**.

6.2.3.4 Projected Grants and Subsidies

The FSA has not received or is not anticipating any government grants and subsidies or funding from other agencies such as IMF, world bank, African development bank, European union, etc.

6.2.3.5 Contingencies of FSA

The FSA does not anticipate any contingent liabilities due to guarantees or any legal proceedings in the medium term.

6.2.3.6 Assumptions used for the Financial Projections

The main assumptions used in addition to the normal inflation and exchange variations provided are as follows;

Revenue

Assumptions used for the forecasted revenues are based on historical statistics and trends analysis.

Based on historical trend and statistics, there is a slight in IBC renewals. It is being projected that the number of IBC companies that will be both incorporated and renewed will marginally increase in 2025 to 2027.

As for Capital Market Fund and Securities, proposed and ongoing legislative amendments within the next year shall affect the rate of receipt of securities dealer applications and subsequently license issuance. This will lead to a steadier increase of fees as well.

In 2024 the virtual asset supervision section was created hence projections of SR3.15 million for the virtual assets as a new product are based on feedback and engagements with potential applicants.

The Authority also invested in a USD Fixed Deposits in 2024 hence expected interest income has been forecasted in the coming 3 years.

Expenditure

➤ Personal Emoluments

There is a proposed increase in the forecasted Personal Emoluments due to increase in staff salaries, from either new recruitment, increments and promotions has been catered for in 2024 as and when the departments plan to recruit their new staff members increments and adjustments of salaries. The FSA board fees have also increased in line with the proposal made by the PEMC in 2024.

➤ Rental Expense

There is a need to procure additional space to accommodate the additional staff therefore there is an increase in the rental expense in 2025. However, the authority is currently working on building a warehouse, which will be used for accommodating some of the staff members currently located at providence. Hence, the forecasted rent has shown a decline from the year 2026 upon completion of the warehouse.

Other expenses have generally increased due to the increase in the number of staff and creation of the new VASS section.

6.2.4 KPIs, Risk Management Strategy and Reporting Obligations

6.2.4.1 Key Performance Indicators of FSA

Title of KPIs	Description	Licensees	Achievements of KPIs						
			Actual Figures			Provisional	Forecasted Figures		
			2021	2022	2023	2024	2025	2026	2027
Growth and development of the Non-Banking Financial Services (NBFS) sector	Tracks the expansion of the capital markets sector.	Securities Dealers (SDs)	89	133	178	185	225	257	290
		SDs' Representatives	100	139	195	212	256	294	333
	Tracks the stability of the insurance sector.	Domestic Insurer	6	6	7	6	6	6	6
		Non-Domestic Insurer	8	9	9	9	9	10	10
		Domestic brokers	24	24	24	25	25	25	26
	Measures the market growth and provides an overview of the potential economic contribution of the NBFS sector.	International Business Companies (IBCs) New Incorporations	6,811	3,987	4,066	2,474	3800	4326	4450
		IBCs Cumulative (Total growth)	231,357	235,346	239,413	242,134	247,613	251,939	256,389
		Foundations	976	1054	1121	1159	1226	1287	1348
Trusts		881	926	955	978	1012	1044	1075	
Number of inspections for Anti-Money Laundering/Countering Finance Terrorism (AML/CFT) supervision (includes thematic inspection on Customer Due Diligence carried out at the reporting entities as part of Beneficial Ownership inspections) And Number of inspections under the Beneficial Ownership (BO) Act	Tracks the number of reporting entities that undergo inspection for AML/CFT supervision	-	34	39	32	42	50	55	55
	Tracks the number of resident agents that undergo BO inspections	-	17	35	28	39	45	45	50
Financial Literacy Outreach	Tracks the financial literacy	-	1. Publication of 6 monthly articles in	1. Publication of 12 monthly	1. Publication of 12 monthly	1. Publication of 7 monthly	1. Publication of 12 monthly	1. Publication of 12 monthly	1. Publication

	and education programmes conducted		the local newspaper 2. Launch of The FSA's Professional Scholarship Program 3. Launch of The FSA's Scholars Award for the NBFS Industry Scholarship Program 4. Award of scholarships for ICA and CISI	articles in the local newspaper 2. Participation in the Central Bank of Seychelles (CBS) Symposium 3. Participation in the awareness of the financial services program organised by the Seychelles International Financial Services Association (SIFSA) 4. Award of scholarships for Bachelor and Masters Degree under the FSA's Scholars Award for the NBFS Industry 5. Award of scholarships for ICA Certificates	articles in the local newspaper 2. Financial Education Fair on the Insurance Sector 3. Award of scholarships for Bachelor and Masters Degree under the FSA's Scholars Award for the NBFS Industry 4. Award of scholarships for ICA Certificates	articles in the local newspaper (Up to July) 2. Award of scholarships for Masters Degree under the FSA's Scholars Award for the NBFS Industry 3. Award of scholarships for ICA Certificates 4. Donation of books to the National Library 5. Financial Education Fair (Insurance or CM)	articles in the local newspaper 2. Award of scholarships for Bachelor and Masters Degree under the FSA's Scholars Award for the NBFS Industry 3. Award of scholarships for ICA Certificates 4. Financial education events and activities to commemorate 30 years anniversary	articles in the local newspaper 2. Award of scholarships for Bachelor and Masters Degree under the FSA's Scholars Award for the NBFS Industry 3. Award of scholarships for ICA Certificates	of 12 monthly articles in the local newspaper 2. Award of scholarships for Bachelor and Masters Degree under the FSA's Scholars Award for the NBFS Industry 3. Award of scholarships for ICA Certificates
Supervision coverage (onsite inspections)	Measures the percentage of licensed entities that undergo onsite inspection	Gambling	82%	90%	81%	73%	76%	81%	86%
		Insurance	23%	61%	41%	44%	48%	53%	59%
		International Trade Zone: Thematic inspections	10%	53%	32%	38%	50%	50%	50%
		International Trade Zone: Employment inspections	5%	21%	26%	31%	38%	38%	38%
		Capital Markets	0.87%	3.11%	1.95%	1.77%	3.85%	3.57%	3.33%

		Fiduciary: TCSP License	6.67%	2.88%	11.65%	30.09%	9.90%	10%	10%
	Measures the percentage of IBCs, Trusts, Foundations and Ltd Partnerships (LP) under the administration of TCSPs that undergo onsite inspection	IBCs	0.11%	0.15%	1%	0.15%	0.28%	0.28%	0.28%
		Trusts	4.62%	0%	7.64%	0%	4.96%	0%	4.69%
		Foundations	2.56%	6.74%	0%	0%	0%	19.41%	0%
		LPs	0%	62.86%	0%	0%	0%	57.89%	0%

6.2.4.2 Risks and Resilience Plan of FSA

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Failure to achieve strategic objectives	Monitoring and evaluation process for the achievement of strategic objectives, including implementing corrective measures as required.
	Specialists' skills shortage or unavailability	Effective human resource management including for staff recruitment, training and retention.
Financial Risks	Credit risk	Effective debtor management/credit control
	Liquidity risk	Ensuring sufficient cash is available for daily operations and financial commitments that may arise.
	Budget deficit due to increase of unplanned expenditures	Control of other expenditures to gain savings as a result to cater for unexpected expenditures and increases.
	Revenue risk	Product diversification and ensuring visibility of jurisdiction, products and services on offer.
Operational Risks	Information Technology and Cybersecurity risks	Strengthening the technological infrastructure and cybersecurity measures.
	Non-conductive or inefficient resources to efficiently carry out operations	Effective resource management. Undertaking the required investments.
Compliance and Regulatory Risks	Failure to meet international standards and requirements	Annual review process used to capture new compliance requirements and review/update existing requirements. Getting the consent of international standard setting bodies on draft legislations before enactment.
	Detrimental business conduct by licensees	Onsite and offsite inspections Review of licensees procedures and processes
	Exposure to unregulated products and activities	Issuing scam alerts and monitoring of scam schemes. Introducing regulatory frameworks.
Environmental and Social Risks	Workplace environmental hazards	Adherence to health and safety protocols
	Natural disasters and other catastrophes	Preparedness actions Business continuity planning
	Adverse effects on mental health	Fringe benefits Teambuilding activities Reward and recognition measures

6.2.4.3 List of External Reporting by the Financial Services Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Statistics on AML/CFT	National AML/CFT Committee (“NAC”)	This provides comprehensive statistics on matters relevant to the effectiveness and efficiency of the AML/CFT systems in line with the requirements of Recommendation 33 of the FATF Standards.	By 14 th of the month following each quarter
Follow Up Report (“FUR”)	Assessors of Seychelles (Review Group A) of the Eastern and Southern African Anti-Money Laundering Group (“ESAAMLG”)	Further to the deficiencies in the Technical Compliance of the FATF standards noted in the Mutual Evaluation Report in 2018, Seychelles was placed under enhanced follow up in terms of Paragraph 90 of the procedures for the ESAAMLG 2nd Round of AML/CFT Mutual Evaluations and Follow Up Process.	Annually, in August, before the second bi-annual ESAAMLG meetings in September.
Technical Assistance and Training	ESAAMLG Secretariat	To report on the financial and technical support received and list down the priority AML/CFT training requirements to enhance the capacity of AML/CFT regime of Seychelles	Annually
Surveys on AML/CFT typologies	ESAAMLG Secretariat	To complete surveys undertaken by the ESAAMLG secretariat on different AML/CFT typologies	As and when requested
Rerating requests	ESAAMLG Secretariat & Assessors of Seychelles	To report on the technical compliances achieved for FATF recommendations that were rated as Non-compliant or Partially compliant in the 2 nd round of Mutual Evaluation of Seychelles	By March 2025, as the technical deficiency for REC15 must be addressed by Sept 2025
CISNA country report	CISNA secretariat	<ul style="list-style-type: none"> Legislation administered by the FSA and legislative changes. Statistics pertaining to the capital markets and Insurance and medical aid schemes sub-committee (number of licensees by categories, listings (market capitalisation, number of listings, volume, liquidity percentage) The AML/CFT, capital markets and insurance landscapes (updates) Consumer financial education	Bi-Annually
Financial Access Survey	IMF (FSA’s inputs are submitted to the CBS)	This provides data on access to and use of financial services e.g. insurance, which monitors the level of financial inclusion	Annually
Financial Stability Report	President & National Assembly (FSA’s inputs are included as part of the Financial Stability Committee’s work)	This analyses the overall health and resilience of the financial system, highlighting potential risks, vulnerabilities, and developments that could impact the economy.	Annually
COMESA Financial Stability Report	COMESA (FSA’s inputs are submitted to the CBS)	This provides statistics on the Non-Bank Financial Services Sector.	Annually
Investment Regulation of Pension Funds and Other Pension Providers Industry Report	IOPS /OECD	This is an assessment of Pension Funds and Other Pension Providers.	Annually
Observance of ICPs	Insurance industry/ general public	This provides data on the overall health and resilience of the insurance industry, highlighting potential risks, vulnerabilities, and developments.	
Report on learnings from the design, implementation, use and review of risk based supervision by pension supervisory authorities	IAIS	This is an assessment of the FSA’s regulatory purview vis-à-vis ICP standards.	Annually
	IOPS/OECD	The RBS Learnings project report brings together experiences of pension supervisors and identifies learnings and good practices to support Members when designing, implementing, using or reviewing a risk based supervisory approach. Its content is drawn from a survey of 45 member jurisdictions and is supported by Member case studies, workshop discussions and a literature review.	Annually
Operational Statistics	National Bureau of Statistics	This provides monthly operational statistics of Indian Ocean Tuna Ltd and Chelle medical.	Quarterly

ITZ Employment statistics	International Labour Organization (submitted to Ministry of Employment)	This provides employment statistics for the ITZ sector	Bi-Annually
Annual Report	In accordance with the FSA Act, the report is submitted to the Minister of Finance, National Planning and Trade who then submits it to the National Assembly. Other recipients include the President's Office, PEMC, FSA Board, Licensees and staff	The report gives an overview of the Authority's operations and activities for that financial year including the audited financial statements.	Annually (within three months of completion of the audit of its account in respect of any financial year)
5-year Strategic Plan	PEMC	The FSA Strategic Plan outlines the strategic direction for action over a five-year period, identifying priority focus areas that guide the Authority in achieving its strategic objectives.	Every 5 years
Statement of Corporate Intent	Minister of Finance PEMC		
Annual Business Plan	Minister of Finance PEMC		Annually
Minutes of the meetings of the Board	PEMC	The minutes of the meetings of the Board provide an official, written record of the discussions, decisions and actions taken during meetings.	
Annual Budget (part of business plan)	Minister of Finance PEMC	The Annual Budget outlines the Authority's financial plan for the year, detailing projected revenues and expenditures, guiding resource allocation and ensuring financial accountability and strategic alignment.	Annually
Financial statements	Minister of Finance PEMC	These provide a comprehensive overview of the Authority's financial performance and position, ensuring transparency, accountability, and informed decision-making.	Annually
Audit Plan	PEMC		Annually
Annual audit report	PEMC OAG		Annually
Disposal of assets report	PEMC		
Quarterly reporting	PEMC		Quarterly
Group of International Finance Centre Supervisors Summary Statement	Chairman and Vice Chair of GIFCS	The report aims to establish the happenings, progress be it internal and structural or legislative, regulatory or in terms of supervision of the relevant products with the emphasis being on TCSPs. Information is further requested in terms of AML/CFT, emerging market products such as VASP and VAs, as well as growing areas of concern such as ESG. Once compiled from member countries, the chair and vice chair disseminate to certain stakeholders, including the FATF with the aim of imparting commonalities suffered or experienced by small island states/smaller jurisdictions. Responses are further used to drive discussions and headline topics for the Plenary sessions held in April and November.	Annually
Quarterly FSA Questionnaire	National Bureau of Statistics	This provides the relevant economic statistics.	Quarterly

6.2.5 Stakeholder Engagement

6.2.5.1 Statement by CEO

As the Chief Executive Officer of the Financial Services Authority, I am deeply committed to establishing clear objectives and executing the strategic directives set forth by our Board of Directors. In this final year of our Strategic Plan (2021-2025), our focus will be on further enhancing our regulatory framework to ensure a resilient and sustainable non-bank financial services sector. We recognise the significant challenges that exist, including evolving international requirements, delays in legislative development, and an urgent need for a skilled workforce. Moreover, enhancing public awareness of non-bank financial services is essential for driving the uptake of financial services, which in turn is crucial for fostering financial inclusion and empowering consumers to make informed financial decisions.

In light of these challenges, we view several strategic priorities as key opportunities to strengthen our position and drive progress. Modernising our laws and regulations to align with best practices will enhance operational effectiveness and regulatory credibility. We will also continue to promote the growth of the non-bank financial services sector through targeted training programmes and support for industry practitioners, cultivating a more skilled workforce. Continuous monitoring of industry activities and proactive consumer education will enhance engagement and trust, while ensuring our jurisdiction, services and products remain highly visible.

To maximise our effectiveness, I am dedicated to optimising resource allocation across the Authority, strategically deploying our expertise and financial resources to achieve our Key Performance Indicators. By identifying areas where efficiency can be improved and reallocating resources as necessary, we can enhance our operational capacity and responsiveness to emerging challenges. With our dedicated team in place, I am confident that we can navigate the complexities of our environment and fulfil our strategic objectives while upholding the highest standards of accountability and performance for the benefit of the industry and the consumers we serve.

Mr. Randolph Samson
Chief Executive Officer
Date:

6.2.5.2 Foreword by Chairperson

In my role as the Chairperson of the Financial Services Authority (FSA), I am pleased to present this foreword, reflecting on the Authority's journey, current status and future aspirations. The FSA's predecessor, the Seychelles International Business Authority (SIBA) was established in 1994 to regulate and promote international business activities and develop Seychelles as an international financial centre. In response to evolving international regulatory standards and the need for greater oversight, the SIBA Act was replaced by the FSA Act in 2013, effective from March 1, 2014. This transition expanded our mandate to supervise a broader range of non-bank financial services, including insurance and capital markets. Since then, the FSA has strengthened its regulatory framework, aligning with international best practices and standards.

Over the next three years, we expect both the Government and the public to increasingly view the FSA as a transparent and proactive regulator, one that not only works to proactively maintain high standards but also adapts swiftly to global developments. Our goal is to be recognised as a key driver of economic growth, fostering the expansion of the non-bank financial services sector while contributing to the stability and resilience of the financial system. This trajectory reflects our dedication to improving regulatory effectiveness, promoting financial inclusion, and ensuring investor and consumer protection.

The FSA's vision - to be an effective regulator focused on safeguarding a credible and innovative non-bank financial services jurisdiction - guides our strategic priorities. Our key areas of focus include modernising our legal and regulatory framework, enhancing our oversight capabilities, and promoting the development of the sector. These priorities are not only critical to our operational success but are aligned with the broader goals of the Seychelles' National Development Strategy 2024-2028, which emphasises economic diversification and growth, technological innovation, and strengthened governance. Our contributions to national priorities will be driven through the targeted initiatives of our Strategic Plan.

Historically, the FSA has been a significant economic contributor, generating substantial revenue for the national economy and creating opportunities for employment and professional development within the non-bank financial services sector. As we advance, the achievement of our strategic priorities will further amplify our impact, positioning the FSA as an important contributor to Seychelles' economic development. As Chairperson, I am steadfast in my commitment to making this achievement a reality, with the Medium-Term Financial Strategy serving as a vital framework for aligning the budget with the FSA's strategy.

Mr. Patrick Payet
Chairperson FSA

6.2.5.3 *Statement by the Responsible Minister*

As the accountable Minister of the Financial Services Authority (FSA), I reaffirm my unwavering commitment to the strategic and policy orientations that guide the Authority. The FSA plays a pivotal role in the regulation and oversight of our non-bank financial services sector, making it essential that its strategic objectives are closely aligned with our national priorities. The Medium-Term Financial Strategy (MTFS) serves as an essential framework for this alignment, providing a clear roadmap that integrates the government's fiscal policies with the FSA's strategic initiatives. This framework not only enables us to respond effectively to the evolving economic landscape, but also enhances our capacity to foster financial stability and resilience within our economy. The FSA's role as a significant economic contributor, be it directly or indirectly through the sectors it supervises, thus strengthens our overall economic health, allowing us to better shield the country from vulnerabilities to economic shocks. In doing so, we can maintain resilience and ensure continued growth. Our government also recognises the importance of a robust financial sector in driving sustainable economic growth and development, thereby leading to the creation of wealth for our country. The FSA's efforts thus contribute to Seychelles being recognised as a global economic success.

Ultimately, the FSA's MTFS outlines specific directives aimed at strengthening regulatory frameworks, promoting innovation, and ensuring consumer protection within the non-bank financial services landscape. These directives are not only essential for maintaining the integrity of our financial system but also serve to build public trust and confidence in the FSA. Moreover, by fostering an environment that encourages innovation, we can attract new investments and facilitate the growth of the sector, thereby diversifying our economy. Additionally, the MTFS emphasises the importance of embracing technological advancements, ensuring that our non-bank financial services sector remains competitive in a rapidly changing global market. Also, strengthening the FSA's governance will further enhance transparency and accountability, key elements that underpin an effective regulator. This alignment, through the MTFS, ensures that the FSA's strategic initiatives effectively address the needs of our citizens while supporting the broader goals of economic diversification and growth, technological innovation and strengthened governance.

Furthermore, I want to emphasise my accountability to the National Assembly and the government in this endeavour. The commitments laid out in the MTFS are not merely aspirational; they represent a clear set of expectations for the FSA over the next three years as it navigates its critical role in the financial ecosystem. We will continuously evaluate our progress against these objectives, making necessary adjustments to our approach as circumstances evolve. In conclusion, the integration of national priorities within the MTFS stands as a testament to my dedication as Minister of Finance to enhancing the FSA's effectiveness. Together, we will build a more resilient financial sector that serves the best interests of our nation and its people, ensuring that Seychelles remains a beacon of economic success on the global stage.

Minister Naadir Hassan

Minister for Finance, National Planning and Trade

18.10.24

6.3 Air Seychelles Ltd (HM)



6.3.1 Strategic Overview

6.3.1.1 Mandate

To provide and sell scheduled and non-scheduled transportation by air of passengers, mail and goods anywhere in the world. To provide ground handling, technical handling and cargo handling to all airlines landing in Seychelles (including Air Seychelles). Provide airport lounge services and courier services.

6.3.1.2 Vision

Keeping Seychelles connected.

6.3.1.3 Mission

Welcoming the world and growing the business sustainably and profitably.

6.3.1.4 Strategic Priorities for 2025-2027

The most important strategic priority is to ensure that Air Seychelles sustains itself without the requirement of funding from the Government of Seychelles. While doing so, the company aims to steadily repay its remaining debt and is scheduled to fully repay the USD 16.5m Nouvobanq loan by 2028. Ultimately it's gearing must reduce such that the company approaches a state of being debt free and the liquidity ratio must be high enough to ensure that the company is able to sustain a shock.

We have developed cash surpluses and our focus will be to carry on putting these in fixed deposits to increase them further and save up for the USD 22m of future maintenance work expected to be done on the A320s along the lease. Saving for this is crucial to ensure we have the cashflow to continue operations. We also need to save about USD 25m to refresh the domestic fleet without having to seek another long term loan.

Air Seychelles also continues to review its domestic and international fleet. In the long run the A321 XLR is also being analyzed for better range thereby accessing the country's source tourism markets in Europe. Access to Agalega as an alternate airport to reduce fuel carried will be important for this, ensuring we can reach Europe with the aircraft. On the domestic fleet the ATR42-600 is also being analyzed to improve passenger experience and reduce the cost per seat, however, this is more likely to be feasible in a joint venture form with IDC.

Sustainability of the flying units is also key. To ensure this, the yield, load factor and CASK needs to be optimized for the scheduled flying and profitability of the ACMI/Charter operations needs to be maximized.

For the regional flying we need to ascertain the impact on Indigo coming on the route and if we have to pull out our once weekly flight, where else can we deploy the aircraft. For the ACMI work, we are currently building a relationship with Etihad. We expect to continue the pure ACMI until May 2025. Thereafter, to hopefully operate the SEZ-AUH flights 4 times a week on behalf of Etihad (either as an ACMI or operate the flight ourselves with blocks sold to Etihad) and operate some flights for Etihad between Abu Dhabi and Dammam (Saudi Arabia) as they have exhausted their flying rights while we have the ability to operate 5th freedoms there. Effectively, this means the aircraft will be doing a mix of ACMI and scheduled flying. We would still have three days free per week on the aircraft and must find alternative use on the regional network.

In terms of ground handling, we're aiming for ISAGO enrollment to further enhance our credentials and safety standards. We aim to upgrade the quality of our FBO (Private jet) services with our new partnership with Execujet along with offering new services.

For cargo, we're also aiming to potentially grow our courier business with Celero which will add on to our FEDEX business.

6.3.1.5 Key Challenges

The following are the key challenges faced by Air Seychelles:

- Availability of spare engines and Maintenance Repair Organisations (MROs) to perform engine overhauls for the A320 NEO CFM engines: Currently, due to issues with the new engine types on the NEOs, there is a lack of availability of spare engines and slots available at MROs. This means that if we have an unplanned engine removal, the aircraft may be grounded for a significant period.
- Escalations in pricing and issues faced by the new A320 NEOs means that planned engine overhauls are more expensive than expected by the market. HM pays the lessors a reserve, for every hour the engine is flown, for use when the overhaul occurs. However, we may need to make an internal provision as well because pricing quotes we have received from Lufthansa indicate that the lessor may be under-provisioning significantly. This is the main reason for the cash provisions we need to make (USD 16m of the USD 22m estimated to be required).
- Shortage of pilots on the international market has led to poaching and an increase in salary levels. This is a threat on HM's pool of pilots as well as a financial risk.
- Potential competitors on our routes: Profitability of the international business unit can be severely affected by entrants as the routes are very thin. This includes Air Link and Saffair from South Africa, Arkia and El Al from Israel, Air Mauritius from Mauritius, Air India/Spice Jet/Indigo from India, Sir Lankan Airline from Sri Lanka. Indigo entry risk from India already seems to have materialized.
- Risk of other airlines using 5th Freedoms to compete on our routes. The biggest risk is Edelweiss as they requested to use this in the recent past. Edelweiss could sell tickets between Seychelles and Mauritius at very low rates (because they can fill most of their aircraft with Swiss passenger going to Mauritius). Certain gulf carriers also have this right.
- Escalation of SCAA fees can have a very large impact on HM's profitability and sustainability. Overfly fees, landing charges, rents and concession fees.
- Flight rights in India continues to be a challenge. Indian carriers can fly from all points in India to Seychelles but Air Seychelles only has the right to fly to Bombay. We are missing out on potential flights to Ahmedabad in particular, which prevents us increasing the airline's profitability.
- Air Seychelles is very isolated and hence needs to carry a lot of reserve fuel into Seychelles as the nearest diversion airport is Nosy Be. This limits our range of flying (potential markets), reduces the payload we can carry and increases our fuel burn (as the aircraft is heavier). Agalega is a nearer potential diversion airport if we can get rights to land but requires diplomatic efforts at a country-to-country level with Mauritius.
- A very Ltd number of markets regionally, with thin traffic flows. Our aircraft cannot reach main source markets in Europe.
- HM's profitability and revenues from Ground handling is largely out of our control, as it depends on external factors and the frequency with which other carriers decide to land in Seychelles.
- The main domestic market for Air Seychelles is Praslin which is very close to Mahe. This gives the ferry a strong advantage as the time gain for the airline is Ltd and the ferry cost structure is much lower. The short flights make the cycle costs of the aircraft very high, in particular for the engine.
- Without access to the outer islands, economies of scale on the domestic operations are very Ltd and this negatively impacts the profitability of the operations. It limits the potential for larger aircraft with more economies of scale and limits our ability to have longer flights (reducing engine stress and costs).

- Air Seychelles has a lot of specialized airline roles making it very difficult to find local replacements and presents a high business continuity risk.

6.3.2 Outlook of Financial Strategy

6.3.2.1 Projected Financial Position of Air Seychelles Ltd

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Property and equipment	35,354	33,781	34,830	34,846	34,980	33,357	30,864
Right-of-use assets	48,184	41,802	47,239	39,140	31,227	23,313	15,399
Intangibles assets	397	337	564	451	338	225	112
Deposits	2,050	2,050	2,050	2,050	2,050	2,050	2,050
Receivables from related parties	1,265	-	-	-	-	-	-
Total non-current assets	87,250	77,970	84,683	76,488	68,595	58,945	48,425
Inventories	13,031	12,561	13,392	13,244	13,444	13,644	13,844
Trade and other receivables	12,115	13,644	10,093	9,707	9,707	9,707	9,707
Receivables from related parties	2,675	1,688	1,802	1,802	1,802	1,802	1,802
Cash and cash equivalents	12,051	12,464	19,223	26,559	34,122	43,103	43,751
Assets classified as held for sale	926	2,145	704	604	504	404	304
Total current assets	40,798	42,502	45,214	51,917	59,580	68,661	69,409
Total Assets	128,048	120,472	129,897	128,404	128,175	127,606	117,834
Share capital	72,617	72,617	72,617	72,617	72,617	72,617	72,617
Accumulated losses	(173,209)	(53,654)	(46,647)	(40,412)	(32,015)	(23,519)	(15,453)
Total equity/(deficit)	(100,592)	18,963	25,970	32,205	40,602	49,098	57,164
Lease liabilities	47,031	40,113	37,028	30,408	23,952	17,110	9,858
Provisions	2,888	2,823	14,645	15,806	17,071	18,462	11,982
Borrowings	7,808	13,390	10,699	8,131	5,395	2,480	-
Amount due to related parties	62,217	13,000	13,000	13,000	13,000	13,000	13,000
Total non-current liabilities	119,944	69,326	75,372	67,345	59,418	51,053	34,841
Lease liabilities	5,162	7,695	6,230	6,230	6,230	6,230	6,230
Borrowings	71,539	2,340	2,580	2,580	2,580	2,580	1,955
Amounts due to related parties	1,333	4,303	2,181	181	181	181	181
Trade and other payables	23,601	11,260	11,716	11,716	10,716	9,716	8,716
Contract liabilities	7,061	6,585	5,848	8,148	8,448	8,748	8,748
Total current liabilities	108,696	32,183	28,555	28,855	28,155	27,455	25,830
Total Liabilities	228,640	101,509	103,927	96,200	87,573	78,508	60,671
Total Equity and Liabilities	128,048	120,472	129,897	128,404	128,175	127,606	117,834

6.3.2.2 Projected Statement of Comprehensive Income of Air Seychelles Ltd

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Revenue from contracts with customers	37,413	76,166	78,860	79,079	84,499	86,181	88,288
Other Income	7,454	1,657	1,728	2,879	2,251	2,288	2,334
Direct operating costs	(38,682)	(53,319)	(60,753)	(51,099)	(53,858)	(55,230)	(57,962)
Administrative and marketing expenses	(19,531)	(7,341)	(6,726)	(18,929)	(20,357)	(20,764)	(20,971)
Reversal of allowance for credit losses	1,787	(1,211)	(566)	(1,033)	(300)	(300)	(300)
Operating profit/(loss)	(11,559)	15,952	12,543	10,896	12,235	12,175	11,390
Finance income	167	109	126	85	417	137	29
Finance costs	(11,314)	(7,615)	(5,662)	(4,746)	(4,254)	(3,815)	(3,353)
Net Finance Cost	(22,706)	8,446	(5,536)	(4,661)	(3,838)	(3,679)	(3,325)
Gain on extinguishment of debt		111,109					
Loss/Profit for the year	(22,706)	119,555	7,007	6,235	8,397	8,497	8,065

6.3.2.3 Projected Cash flow Statement of Air Seychelles Ltd

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Net profit/(loss) for the year	(22,706)	119,555	7,007	6,235	8,397	8,497	8,065
Depreciation – Property and equipment	2,725	2,594	3,760	3,561	4,309	4,569	4,652
Amortisation-Right of use of assets	6,675	6,382	7,765	8,099	7,914	7,914	7,914
Amortisation-Intangibles assets	71	86	113	113	113	113	113
Gain on disposal of property and equipment	(94)	(254)	28				
Impairment-property and equipment	0	(1,503)					
Impairment-Intangibles assets	0						
Impairment of non-current assets held for sale	34		3				
Staff terminal benefits during the year	1,120	483	719	327	336	346	357
Finance costs	11,205	7,459	5,293	4,746	4,254	3,815	3,353
Finance income	(167)	(109)	(126)	(85)	(417)	(137)	(29)
(Decrease)/Increase in inventory provision	(764)	323	511				
Reversal of allowance for credit losses	(1,787)	1,211	566	386	0	0	
Extinguishment of debt	5,874	(111,109)	0				
Currency translation differences	(196)	(153)	147				
Writeoff of inventory				648	300	300	300
Changes in:							
Amounts due from related parties	1,669	2,252	(114)				
Inventories	(367)	147	(1,342)	(500)	(500)	(500)	(500)
Trade and other receivables	415	(2,740)	2,985				
Trade and other payables	9,323	(12,341)	(1,771)		(1,000)	(1,000)	(1,000)
Contract liability	968	(476)	(737)	2,300	300	300	0
Cash generated from operating activities	13,998	11,807	24,807	25,828	24,007	24,217	23,226
Staff terminal benefits paid	(342)	(548)	(176)	(300)	(320)	(330)	(350)
Net cash generated from operating activities	13,656	11,259	24,631	25,528	23,687	23,887	22,876
Cash flows from investing activities							

Acquisition of property and equipment	(364)	(1,063)	(4,793)	(3,577)	(4,443)	(2,946)	(2,159)
Acquisition of software (net of transfers)	(151)	(11)	(340)				
Additions in term deposits			(6,000)				
Reclassifications to Right-of-use asset (pre-delivery costs)	0	38					
Proceeds from disposal of property and equipment	132	527	1,379	100	100	100	100
Non-current assets reclassified to assets held for sale	0	0	15				
Deposits	0	0					
Interest received	167	109	126	85	417	137	29
Net cash used in investing activities	(216)	(400)	(9,613)	(3,392)	(3,926)	(2,709)	(2,031)
Proceeds from loans and borrowings	0	16,500	0				
Payment of borrowings		(24,406)	(2,451)	(2,568)	(2,736)	(2,915)	(3,105)
Amounts due to related parties	(286)	9,151	105	(2,000)			
Finance costs paid (excluding modification)	(11,314)	(7,451)	(4,259)	(4,404)	(4,014)	(3,575)	(3,113)
Repayment of principal portion of lease liabilities	(1,328)	(4,393)	(7,507)	(5,486)	(5,207)	(5,467)	(13,738)
Net cash used in financing activities	(12,928)	(10,599)	(14,112)	(14,457)	(11,957)	(11,957)	(19,957)
Net increase in cash and cash equivalents	512	260	906	7,678	7,804	9,221	888
Movement in cash and cash equivalents							
At 1 January	11,343	12,051	12,464	13,370	20,706	28,269	37,250
Net increase	512	260	906	7,678	7,804	9,221	888
Currency translation differences	196	153		(342)	(240)	(240)	(240)
At 31 December	12,051	12,464	13,370	20,706	28,269	37,250	37,898

NB: does not match balance sheet because of USD 6m fixed deposit investment placed in 2023.

6.3.2.4 Projected Capital Investment Plan of Air Seychelles Ltd

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			USD Anticipated Risks
							2021	2022	2023	2024	2025	2026	2027	
Major Capital Investments														
Ground Service Equipment Building	Refurbishment of GSE building	Refurbished building	USD 1m	Cash in Bank	Jan 2025	Dec 2025	-	-	-	-	USD 1m	-	-	-
PV system	Roof Photovoltaic installation	PVs	USD 231k	Cash in Bank	Jan 2025	Dec 2025	-	-	-	-	USD 231k	-	-	-
Lounge	Refurbishment	Refurbished lounge		Cash in Bank	Jan 2025	Dec 2025	-	-	-	-	USD500k	-	-	-
ERP	Implementation of SAPB1	New accounting software	USD 0.31m				USD 0.14m			-		-	-	-
RESA Implementation	Changing ground handling system	New system	USD 0.34m	Cash in Bank	Jan 2023	Oct 2023	-	-	USD 0.34m	-		-	-	-
Buses	Staff buses	Insourcing staff transportation	USD 0.219m	Cash in Bank			-	-	USD 0.219m	-		-	-	-
Head Office re-roofing	Head Office re-roofing	New roof, no leaks	USD 0.6m	Cash in Bank			-	-	-	-	USD 0.6m	-	-	-
Replacements and upkeep of Assets (PPE)														
Spares purchase	Aircraft spares upkeep			Cash in Bank	-	-	-	-	USD 0.42	USD 0.42	USD 0.42	USD 0.42	USD 0.42	
Engine Overhaul	Twin Otter Engine Overhaul	Engine refurbishment	Continuous	Cash in Bank	Continuous	Continuous	-	-	USD 1.335m	USD 1.35m	USD1m	USD 1.5m	USD1.2m	Engine damage (FODs)
Ground handling Equipment	Upkeep of ground equipment	New ground equipment	Continuous paid through a lease	Cash in Bank	Continuous	Continuous	-	-	USD 0.04m	USD 1.3m	USD 1m	USD 1.3m	USD 0.24m	
Fuel Nozzles SB	Replace fuel nozzles with new version to prevent coking and regular costly replacement	New nozzles	USD 1.8m	Cash in Bank	-	-	-	-	-	USD 0.45m	USD 1.35m	-	-	-
A320 NEO Engine overhaul	Paying for shortfall in reserves and leasing of spare engines	2 Refurbished engines	USD 8m	Cash in Bank	-	-	-	-	-	-			USD 10.7m	Overhaul happen earlier than expected, more engine damage than expected
C Checks on A320s	Heavy maintenance check for several weeks plus rent of spare aircraft	Refurbished aircraft	Every three years for each aircraft	Cash in Bank	-	-	-	-	-	-	USD 0.7m	USD 0.7m		

Note that we also need to provision for domestic aircraft fleet replacement. Approximealy USD 25m will be need. But the decision as to what fleet to select and when to replace the fleet has not yet been decided so it has not been placed above.

Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.3.2.5 Tax Implications by the Operations of Air Seychelles Ltd

SCR ('000)

Type of Tax	Actual Figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
Business Tax	-	-	-	-	-	-	-
PIT	18,793	17,602	20,545,	21,161,	21,796	22,450,	23,124
VAT	12,024	10,383	12,857	13,243,	13,640	14,050	14,471

NB: Exempt from Business tax

6.3.2.6 Anticipated Dividend Declarations By Air Seychelles Ltd

Air Seychelles does not anticipate any dividend declarations in the medium term

6.3.2.7 Debt Payments Forecasts By Air Seychelles Ltd

USD ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional		Forecast	
				2021	2022	2023	2024	2025	2026	2027
Loan 01 From Nouvobanq	Borrowings	To repay the Bondholders settlement of USD 28m	16,500	-	16,500	-	-	-	-	-
	Interest for the Year	-	-	-	343	929	772	604	425	235
	Repayment of Capital	-	-	-	770	2,410	2,568	2,736	2,915	3,105
	Balance carried forward	-	-	-	15,730	13,319	10,751	8,015	5,101	1,996
Loan 02 EAP Partners Bonds	Borrowings	To repay debts to Etihad and purchase 2 Twin Otters	71,539	-	-	-	-	-	-	-
	Interest for the Year	-	-	5,050	0	0	-	-	-	-
	Repayment of Capital	-	-	0	28,200	0	-	-	-	-
	Balance carried forward	-	-	71,539	0	0	-	-	-	-
Debt for Other PEs (Government of Seychelles)	Borrowings	-	-	70,233	13,000	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	70,233	13,000	13,000	13,000	13,000	13,000	13,000
TOTAL										

6.3.2.8 Anticipated Subventions and Grants By Air Seychelles Ltd

USD ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants							
				Actual Figures			Provisional	Forecast			
				2021	2022	2023	2024	2025	2026	2027	
Subventions	Government	-	-	-	-	-	-	-	Air Seychelles does not anticipate any subventions in the medium term		
	IMF	-	-	-	-	-	-	-			
	ADB	-	-	-	-	-	-	-			
	EU, etc.	-	-	-	-	-	-	-			
Grants	Government	FA4JR to cover salaries	14,883	6,157	-	-	-	-	Air Seychelles does not anticipate any grants in the medium term		
	IMF	-	-	-	-	-	-	-			
	ADB	-	-	-	-	-	-	-			
	EU, etc.	-	-	-	-	-	-	-			
TOTAL			14,883	6,157	-	-	-	-	-	-	-

6.3.2.9 Contingencies of Air Seychelles Ltd

Air Seychelles does not anticipate any contingent liabilities in the medium term including government guarantees or legal proceedings.

6.3.2.10 Assumptions used for the Financial Projections of Air Seychelles Ltd

	2025	2026	2027
Inflation Rate	2%	3.5%	3.5%
Real GDP Growth	4.14%	3.35%	3.39%
Exchange Rate:			
SR/US\$	14.69	14.92	15.16
SR/EURO	16.51	16.82	17.13

Route	Weekly Frequency (rotations, scheduled flights)		
	2025	2026	2027
Colombo	2	2	2
Bombay	0	0	0
Mauritius	2.8	2.8	2.8
Tel Aviv	1.8	1.8	1.8
Johannesburg	2.8	2.8	2.8

Route	Daily Frequency (rotations, scheduled flights)		
	2025	2026	2027
Praslin	16.1	16.2	16.4

No increase in SCAA overfly fees or other fees incorporated in the assumptions.

ACMI operations with Etihad continuing for 2025-2027 as is currently

No change in domestic and international fleet or routes.

No competitor airlines entering our international routes (except Indigo) including Edelweiss not applying 5th freedom rights between Seychelles and Mauritius.

No port for ferries built at the Seychelles International Airport (otherwise profitability of domestic operations would reduce significantly)

No pandemics or other international crisis

Brent Crude oil at USD 90 per barrel and current Jet A1 crack spread applicable.

No capping of domestic resident fares. Fares remain as is.

No unplanned maintenance event/engine removal during period up to 2026.

No major aircraft AOG/disruption that lasts more than a few days.

6.3.3 KPIs, Risk Management Strategy and Reporting Obligations

6.3.3.1 Key Performance Indicators of the Air Seychelles Ltd

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
International								
Scheduled Departures		499	768	969	1,016	993	993	993
Block Hours		2,500	3,947	4,520	4,432	4,496	4,496	4,496
Aircraft Utilization (hrs/day)		6.8	10.8	12.4	12.1	12.3	12.3	12.3
ASK'000s		292,903	449,968	537,355	523,055	509,767	509,767	509,767
Load Factor (%)		46%	58%	62%	60%	61%	62%	62%
Yield (USC)		6.2	8.4	7.9	8.8	9.0	9.1	9.2
RPK'000s		134,892	260,597	334,118	313,513	312,133	314,749	318,402
RASK (USC)		2.9	4.9	4.9	4.7	6.0	6.1	6.2
CASK		6.9	6.1	5.8	7.1	6.3	6.4	6.6
Belly Cargo Revenue USD'000s		653	1,372	785	814	1,091	1,102	1,113
Cargo carried kg'000s		208	481	349	359	482	486	491
OTP								
<15mins		68%	66%	71%	75%	76%	76%	77%
<30mins		79%	79%	81%	80%	81%	81%	82%
ACMI L5 Profit USD'000s		0	135	(565)	100	(60)	106	(462)
Domestic								
PRI								
Departures		8,299	12,178	11,986	11,019	11,717	11,829	11,941
Block Hours		2,871	4,184	4,038	3,747	4,139	4,177	4,215
Aircraft Utilization (hrs/day)		1.6	2.3	2.2	2.1	2.3	2.3	2.3
ASK'000s		5,842	9,645	9,493	9,212	9,304	9,397	9,491
Load Factor (%)		74%	65%	65%	65%	67%	68%	69%
Yield (USC)		155	199	188	188	189	191	193
RPK'000s		4,312	6,247	6,141	5,993	6,262	6,388	6,516
RASK (USC)		114.0	129.0	121.8	122.6	127.2	129.7	132.3
CASK (USC)		186.0	98.9	121.0	121.0	124.3	129.0	131.5
OTP								
<15mins		95%	92%	92%	92%	92%	92%	92%
<30mins		97%	96%	97%	97%	97%	97%	97%
Charters								
Departures		330	518	548	586	588	588	588
L3 Profit USD		(153,426)	144,153	(188,743)	50,000	255,676	229,000	220,370
Ground Handling								
Aircraft Handled								
HM		307	467	526	508	481	481	481
Scheduled		1,335	2,163	2,137	2,072	2,164	2,188	2,236
Ad Hoc		373	373	398	431	435	439	444
Total		2015	3,003	3,061	3,011	3,011	3,011	3,011
Cargo								
Tonnage handled kg'm		6.0	10.6	11.6	12.6	12.3	12.8	13.4
Revenue per ton USD		0.47	0.35	0.37	0.37	0.37	0.37	0.38
Lounge guests								
VIP		5,718	7,021	7,662	8,013	8,253	8,501	8,756
CIP		34,819	47,854	49,225	52,997	54,587	56,224	57,911
Technical Handling								
No. Technical Handling		972	1,871	1,652	1,702	1,653	1,677	1,725
HR								

Staff count		592	610	631	752	760	767	775
Attrition rate		23%	21.8%	10.0%	12.0%	10.0%	9.0%	9.0%
Total salaries (USD'm)		11.8	13.1	15.1	17.4	17.9	18.1	18.2
Average salary (USD)		19,876	21,481	23,853	23,083	23,595	23,548	23,508
Finance								
Total Debt (USD'm)		79.3	15.7	13.3	10.7	8.0	5.1	2.0
Total Equity (USD'm)		(100.6)	19.0	25.5	32.0	40.6	49.1	57.2
Gearing		(79%)	83%	52%	33%	20%	10%	3%
Quick ratio (excl Inv) (USD'm)		(143.1)	(2.2)	3.4	9.8	18.0	27.6	29.7
Liquidity(USD'm)		12.1	12.5	19.2	26.6	34.1	43.1	43.8
Receivables days		120.3	71.9	53.9	51.3	48.4	47.5	46.4

6.3.3.2 Risks and Resilience Plan of the Air Seychelles Ltd

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Competitor airlines coming onto our routes. Impact can be as much as USD 5-10m pa. Edelweiss 5th freedom alone carries a USD 3m risk	Keeping cost structure as minimal as possible. Signing partnerships, codeshare and interline agreements with potential competitors.
	Risk of losing specialized staff	Ensuring competitive salary package, succession planning and potential insourcing of consultants/expats to develop capacity
	Zil Air or another new carrier commencing scheduled operations to PRI. They could target tourist traffic with a lower fare than our non-resident fares. This could severely impact the profitability of domestic operations. Another related risk is another ferry operator entering the ferry market. This may force Cat Cocos to reduce its fares and cause us to further lose market share to the ferry business.	Keeping the operating costs as low as possible is critical. Ensuring the product is of a good quality and the optimal aircraft is being used for the route. Adding more codeshares with international carriers coming to Seychelles also helps protect the non-resident market share as our EASA compliance advantage only allows us to do this.
Financial Risks	SCAA fee increases. Risk factor USD 1.2-1.5m	Lobbying and trying to explain the negative financial and economic impacts
	More costly than expected engine overhaul costs. Potentially USD 4m per engine needs to be provision (in addition to reserves to lessors). Engine overhauls most likely due between 2026-2027 but cannot be precisely predicted. An unplanned removal can happen anytime.	Keeping an internal cash reserve. Seeking more quotes as MROs come online. Engine wash rig bought to clean and better maintain engine. Cycling which aircraft is operating in the desert for the Afghan operations (as this is a harsh environment).
	Fuel price is a major risk for any airline. A 10% increase in fuel cost compared to what was projected, would increase the fuel bill by USD 1.7m	Main mitigations would be ACMI and charter flying which does not expose us to fuel risk if structured well. Fuel hedging is another possibility, but this also comes with risk and premiums.
	Other airlines pulling out of Seychelles is a risk for our ground handling and domestic operations. This can be for any number of reasons including high local fees, pandemics, aircraft shortages and runway obstruction.	HM has little control over this risk and mitigation remains ensuring our costs are as variable and low as possible and that we keep high cash reserves to weather potential storms.
Operational Risks	Shortage of pilots and poaching by international carriers	Adjustment of salary package and intense training programme to upgrade pilots to cope with attrition.

	MRO availability	Seeking multiple quotes. Seeking contracts for engine transport beforehand
	Spare engine availability	Try to get a spare engine guaranteed access contract at an affordable rate, when this is available on the market again (probably will be available next year). Engine wash rig bought to clean and better maintain engine. Cycling which aircraft is operating in the desert for the Afghan operations (as this is a harsh environment).
	An accident that leads to total loss of the aircraft and loss of lives onboard is a relatively low risk but catastrophic if it happens. Reputational damage to the airline is massive as well as financial losses.	Our current mitigation is maintaining our reputable aviation insurance, having an emergency response programme and ensuring compliance with EASA safety standards. Maintaining sufficient cash reserves mitigates the risk of immediate insolvency.
Compliance and Regulatory Risks	Compliance to new PEMC act, companies act, employment act etc.	Recruiting head of legal
	Regular IOSA audits are critical to pass	Trainings
Environmental and Social Risks	Pilot and engineer unions.	Always seeking legal advice ensuring we are also compliant with employment act
PESTEL	Political: Pressure to reduce local resident fares and localize key posts	Communication to shareholder on negative impact
	Economic: SCR strengthening leads to higher payroll cost in terms of USD (HM earns mostly in USD) Economic weaknesses in source country can reduce air travel	Out of HM control. Ultimately we have to try to be as efficient as possible
	Technology: new advancement in aircraft can make current aircraft uncompetitive.	Continues review of aircraft choice
	Environmental: New carbon emission rules can result in HM needing to pay for carbon or offsets	Continue to find ways to reduce fuel burn (lighten aircraft, change aircraft type, wash engines regularly)
	Legal: New laws on consumer protection can increase disruption costs for HM. New regulation from EASA/SCAA can increase operational costs	Largely out of HM control.
	If the Government were to allow another party perform ground handling operations in Seychelles this could impact HM by USD 12m pa in worse case scenario and even bankrupt the company. If SCAA and Government continues to allow a second FBO operator, this could at worse case impact HM negatively by USD 2.5m pa. If GoS and SCAA adds another airside lounge operator for VIP or CIP, this could impact HM negatively by USD 2.3m pa. If another cargo handler is added, this could impact HM negatively by USD 3.2m pa.	Main mitigation strategy would be to ensure that service levels are high, even at the cost of some profitability. Secondly, lobbying the Government is important, explaining them the risks and the fact that the loss of HM profits would directly impact the Government as a shareholder and taxpayers. The revenue would not increase, but having two operators in such a small market replicating fixed costs would reduce overall profitability. Especially, if the business is given to a foreign entity, profits will be moved away from Seychelles and into other countries. Thirdly, ensuring our operating costs are as low as possible, to fend off potential competitors.

6.3.3.3 List of External Reporting's by the Air Seychelles Ltd

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Statements	Suppliers (lessors, Airbus, IATA etc), SRC, Ministry of Transport, PEMC, Nouvobanq	Financial Statements	Annual
Annual Report	Suppliers, SRC, Ministry of Transport, PEMC, Nouvobanq	Financial Statements, mission, vision, values, Chairman/CEO report, business summaries and statistics	Annual
Draft Financial Statements	PEMC	Financial Statements	Quarterly
Management Reports	Nouvobanq	Detailed P&L	Quarterly
Annual Return	Registrar	Shareholding pattern, charges, directors etc.	Annual
Request for Information	Organized Crime Unit (Seychelles Police)	Evidence for prosecution and judicial proceedings	Occasional
Request for Information	ACCS	Evidence for prosecution and judicial proceedings	Occasional
Flight Handling Report	All scheduled airlines	Providing a full overview of the flight.	An hour after flight departure. Daily
Flight Handling Statistics for international and domestic	SCAA, Internally to HM	Details of passengers in and out for all flights, including cargo and mail details.	Monthly
Investigation of complaints by airlines related to their flight	Respective airline	Summary of the investigation from the nature of the complaint	When required
Specific airline reports pertaining to flight handling such as TRC checklists	Respective airline	Flight monitoring information	Daily
Perishable tonnage	SCAA	All carrier-import	Monthly
Statistics summary	SCAA	For all carrier	Monthly
Summary mail	SCAA	For all carrier	Monthly
Statistic for HM	SCAA	per sector	Monthly
Praslin statistics summary	SCAA	Praslin statistics summary	Monthly

6.3.4 Stakeholder Engagement

6.3.4.1 Statement by CEO

As the CEO of Air Seychelles, I would like to reaffirm my unwavering dedication to establishing clear objectives and executing strategic directives and performance benchmarks as stipulated by our esteemed Board of Directors. My commitment to achieving excellence in all aspects of our organisation remains steadfast.

In order to drive Air Seychelles to new heights, all stakeholders must be aligned with the vision and mission of the company working in harmony. The pride associated with the success of national airline airlines is fueled by passion. Dedication, where a good working relationship with the board is essential to the effective running of the business. We must continuously innovate and collectively identify new opportunities with an adaptive and flexible mindset while being vigilant through a robust risk management approach, mitigating risks and prominent challenges. By doing so, we will position ourselves to ensure success in an ever-changing business landscape.

Air Seychelles is fully committed to optimising resource allocation for maximal gains and will continue to ensure effective resource management, which is crucial for maximizing our potential and achieving our key performance indicators (KPIs). By carefully evaluating and allocating our resources, we will ensure that we are utilizing them efficiently and effectively to support our strategic objectives. Having been previously subjected to complex financial challenges, Air Seychelles has adopted a robust Business Review programme and weekly reports to its directors, stakeholders and PEMC. We are committed to overcoming challenges through innovative solutions and a culture of continuous improvement. By fostering an environment where creativity and collaboration thrive, we will be better equipped to seize opportunities and overcome obstacles.

Our focus remains on delivering exceptional results and exceeding expectations, positioning ourselves as the employee of choice where people are motivated to contribute to the success of the company. With the support of our dedicated team, we will work diligently to establish and achieve our objectives while surpassing the performance benchmarks set by the Board of Directors.

I want to express my gratitude to all our shareholders for your continued trust and support. Together, we will navigate the complexities of the ever-changing business landscape, optimize our resource allocation, and drive our organization towards sustained success. It is, therefore our collective responsibility to ensure the success of our national airline, and we must ensure we keep the wind under its wing and continue to be one of the most valuable entities to the people of Seychelles.

Mr. Sandy Benoiton
Chief Executive Officer

6.3.4.2 Foreword by Chairperson

Historically Air Seychelles has been directed by the Government to fulfill the economic needs of the country which included opening direct routes to Europe and Asia with expensive wide body aircraft, capping domestic resident fares and avoiding non-tourism related charter/ACMI work. This, in combination with the certain financial and operational decisions by Etihad to that end, led Air Seychelles to an unsustainable debt of over USD 140m and a heavily loss making operation.

A strategic shift began in 2017, where sustainability of the company was placed in the forefront. The company exited the heavily loss making wide body aircraft, loss making European/Asian routes, switched to more economic A320 NEO narrowbody aircraft, exited overly expensive contracts, restructured salaries, increased resident domestic fares to sustainable levels and through the Company reorganization process reduced its debt by over 66%. This has allowed the company to generate a USD 8.4m profit in 2023.

It is important to continue focusing primarily on profitability and the economic benefits will then follow from that through sustainable routes and employment. Even if profitability is the primary objective, Air Seychelles will endeavor to provide economic benefits to Seychelles as a secondary objective. This includes connecting Seychelles to thinner tourism, labour and medical markets such as South Africa, Colombo, Bombay, Tel Aviv and Mauritius which are not connected by other airlines. If profitable and feasible Air Seychelles will endeavor to connect Seychelles with stronger source markets further afield such as Italy, Austria, Russia and Germany through the A321 XLR aircraft. Unlike the previous strategy of using a large expensive wide body aircraft to Europe, the A321 XLR is much smaller, lower risk and more economic with technology advancement allowing this to be the longest ranged narrowbody aircraft.

Air Seychelles aims to continue providing over 620 jobs to the local economy including many high value jobs to improve the standard of living for Seychellois with over 99% of the employees currently being Seychellois.

Air Seychelles will also continue to ensure ground, cargo, technical and lounge services to other airlines are provided at a high level while maintaining the profit levels. Simultaneously, Air Seychelles will continue to provide domestic services as an alternative to the ferry and continue to find ways to maintain affordability of the service and improve the quality. Air Seychelles is reexamining its domestic fleet to this end.

Mr, Francois Jackson
Chairperson of Air Seychelles

6.3.4.3 *Statement by the Responsible Minister*

Air Seychelles assumes a pivotal role in the advancement of our aviation sector. The Seychellois government places the utmost importance on fostering consistent consultation and collaboration among government agencies, airlines, local communities, and all relevant stakeholders. This collaborative endeavor aims to facilitate proactive decision-making concerning route development, market opportunities, and overarching societal objectives. By engaging multiple stakeholders, our overarching goal is to optimize connectivity and fortify the competitiveness of Seychelles' aviation sector.

Our unwavering commitment lies in nurturing the sustainability and resilience of Air Seychelles and all airlines operating within our nation. Our initiatives are multifaceted, addressing environmental impact, economic viability, and operational resilience. To this end, we actively champion fuel efficiency, explore sustainable aviation technologies, and provide essential financial and regulatory support.

Central to our aviation industry's growth is the steadfast dedication to fostering fair competition and ensuring equitable market access. We are resolute in our mission to create a level playing field within the aviation industry, thereby acting as a catalyst for innovation and enhanced service delivery. Our approach is thoughtfully calibrated to distinguish between international scheduled airlines and local operators to accommodate their unique needs.

Air Seychelles stands as a linchpin, seamlessly providing both international and domestic air services. We wholeheartedly acknowledge the significant social responsibilities vested in Air Seychelles, particularly its mandate to offer affordable travel to our residents on domestic flights. Our government's unwavering commitment is to uphold the airline's competitiveness and sustainability while harmonizing these objectives with its essential role in international connectivity.

National airlines, epitomized by Air Seychelles, possess a unique set of advantages deeply rooted in their local expertise, regional knowledge, and tailored services. Our profound understanding of the intricacies of our local market, including the diverse demands of serving our archipelago, sets us apart. We remain cognizant of the dynamic nature of the aviation industry, as underscored by the recent global pandemic. Consequently, we have adeptly tailored our strategy, with a renewed focus on charter services to underserved markets. In this niche, we have discovered an arena where our expertise and agility can truly shine.

Sustaining a robust presence in the domestic aviation market, Air Seychelles ensures convenient travel for both tourists and our local residents. Our role in facilitating travel to various islands, including the second-largest, Praslin, remains of paramount importance.

In Seychelles, our aviation landscape thrives on diversity, boasting three domestic airlines, each offering specialized services tailored to distinct segments of our tourism and connectivity needs. Air Seychelles, Zil Air, and the Island Development Company (IDC) synergize with one another, collectively enriching Seychelles' aviation ecosystem.

We strongly advocate for a robust collaboration between Air Seychelles and the Island Development Company (IDC). By fostering such collaboration, we aim to enhance operational efficiencies, thereby propelling the comprehensive development of Seychelles' aviation sector. Collaborative endeavors, including the sharing of maintenance facilities, pooling engineering expertise, and optimizing fleet management, hold substantial potential for cost savings and environmental sustainability.

In conclusion, I reiterate our unwavering commitment to Air Seychelles and the broader aviation sector. Our dedication remains steadfast as we persistently endeavor to ensure that our policies and strategies promote sustainability, fairness, and excellence within our aviation industry. Together, we shall continue to elevate Seychelles as a beacon of excellence in the global aviation arena.

Mr. Antony Derjacques
Minister for Transport

6.4 Seychelles Civil Aviation Authority (SCAA)



Disclaimer

The Medium-Term Financial Strategy (MTFS) for the Seychelles Civil Aviation Authority (SCAA) reflects the organization's current structure and operations. Please note that, effective January 1st, 2025, SCAA will be restructured into two separate entities: the Seychelles Airports Authority (SAA) and a reconstituted SCAA. This organizational split will impact the financial and operational projections outlined in this MTFS

6.4.1 Strategic Overview

6.4.1.1 Mandate

The Seychelles Civil Aviation Authority (SCAA) was established under the Seychelles Civil Aviation Authority Act, 2005 and the Civil Aviation Act, 2005 as an administrative and financial body corporate to provide for the services, facilities and regulation of civil aviation activities in Seychelles with the power to do anything for the purpose of discharging or facilitating the discharge of its functions.

Following an executive decision to separate the functions of the Authority between the regulator and service providers into two separate entities, the new Seychelles Civil Aviation Authority Act, 2024 enacted on ...of August 2024, establishes a new entity with regulatory functions in safety and security oversight, whilst the service provision and commercial aspects of the organization have been established under a new Act called the Seychelles Airports Authority Act, 2024. In consequence, the Seychelles Civil Aviation Authority Act 2005 has been repealed.

Since the opening of the Seychelles International Airport in 1972, the local aviation industry has seen significant development in terms of infrastructure and human development and expertise, commensurate with international requirements. Seychelles became a signatory to the International Civil Aviation Organisation (ICAO) on the 25th of 1977 and as a Contracting State of ICAO, Seychelles operates within the established privileges and obligations of the Articles of the Chicago Convention, the Standards and Recommended Practices (SARPs) of its nineteen Annexes and other guidance documents as published.

Article 44 of the of the Convention on International Civil Aviation states that *'The aims and objectives of ICAO are to develop the principles and techniques of international air navigation and to foster the planning and development of international air transport so as to:*

- a. insure the safe and orderly growth of international civil aviation throughout the world,*
- b. encourage the arts of aircraft design and operation for peaceful purposes,*
- c. encourage the development of airways, airports and air navigation facilities for international civil aviation,*
- d. meet the needs of the peoples of the world for safe, regular, efficient and economical air transport,*
- e. prevent economic waste caused by unreasonable competition,*
- f. insure that the rights of contracting States are fully respected and that every contracting State has a fair opportunity to operate international airlines,*
- g. avoid discrimination between contracting States,*
- h. promote safety of flight in international air navigation,*
- i. promote generally the development of all aspects of international civil aeronautics.*

The air transport industry is a significant contributor to national and global economic growth and social development. It creates employment, facilitates trade and supports sustainable development of the tourism industry across the world.

Global and regional aviation connectivity is a vital enabler of the Seychelles international tourism market and many other critical drivers impacting national economic well-being, sustainable and prosperous development as a small island nation.

Under the SCAA Act 2024, the Authority has been mandated with the following functions:

- advise the Government on all matters relating to civil aviation;
- license, certify, and oversee individuals and organizations involved in aviation activities, including pilots, air traffic controllers, aircraft maintenance organizations, aerodromes and aviation training institutions, air navigation and air navigation facilities and equipment;
- establish and enforce regulations to ensure adequate levels of safety, security, and environmental sustainability in the civil aviation industry;
- regulate the operation of aerodromes and the provision of aerodrome services and facilities;
- regulate the operation of civil aviation activities including air navigation services and facilities;
- conduct risk-based inspections, audits, and investigations to monitor compliance with civil aviation regulations, standards, and recommended practices;
- to promote understanding of civil aviation policies and programmes;
- cooperate closely with the authority responsible for aircraft accident and incident investigation in Seychelles including, facilitating the sharing of information, expertise, and resources to ensure comprehensive and effective accident investigations, promoting safety and security improvement and lessons learned across the aviation industry;
- establish and maintain effective safety and security oversight mechanisms, including safety management systems, state safety programme, proactive safety culture promotion, incident and accident investigation capabilities, and comprehensive reporting mechanisms;
- regulate and enforce safety and security standards for ground service providers operating within the civil aviation sector in Seychelles;
- develop and review national standards for security equipment and systems used in aerodromes in accordance with the National Civil Aviation Security Programme;
- establish and implement a National Civil Aviation Security Programme and related matters;
- promote research and development initiatives on matters relating to civil aviation;
- charge fees for services provided by the Authority;
- issue directives to relevant entities for the implementation of the National Civil Aviation Security Programme and policies;
- approve security programs of aircraft operators, aerodrome operators, and other entities related to civil aviation;
- collaborate and enter into agreements and arrangements with organisations or authorities in respect of any matter relating to civil aviation and any other matter as the Authority thinks expedient;
- promote cooperation and exchange of information with other countries or international organisations;
- establish, co-ordinate and maintain state aviation safety and security programmes;
- license or certify aerodromes, regulated agents and air navigation service providers;
- conduct safety oversight activities in the following areas: airworthiness (air), aircraft operations (ops), air navigation services (ans), personnel licensing (pel) and aerodrome and ground aids (aga).
- conduct security and facilitation oversight activities;
- to exercise safety oversight in and regulate civil aviation activities relating to the Convention and annexes thereto as amended from time to time;
- act internationally as the national body representing Seychelles in respect of matters relating to civil aviation;
- perform such other functions as may be delegated to the Authority by the Minister under the Civil Aviation Act.

6.4.1.2 *Vision*

A leading civil aviation organization, connecting the world with Seychelles.

6.4.1.3 *Mission*

To manage, promote and develop a sustainable, safe and secure civil aviation system in Seychelles through effective oversight and economic regulation of air transport.

6.4.1.4 *Strategic Priorities for 2025-2027*

The financial strategy for the next three years will be guided by the new organization's vision and mission statements which set the strategic priorities for the new SCAA as follows:

- Improved SCAA's safety oversight effectiveness to meet ICAO's Global Aviation Safety Targets by 2030.
- Improved SCAA's security oversight effectiveness to meet ICAO's Aspirational Global Targets in aviation security by 2030.
- Continuous staff development and quality training to meet industry needs, whilst making use of emerging technologies.
- Improved stakeholder collaboration so as to address non-compliance issues.
- Recognition as a reliable, reputable and resilient civil aviation organization by ICAO and the industry.
- Application of effective economic regulation of the local air transport sector.

The goals and strategic objectives for the next (3) years are derived from these five (5) priority areas. Note that all objectives and activities to be outlined within this document will be executed on the principle that the Authority will contribute towards minimizing the adverse environmental effects of civil aviation activities, through adoption of smart technology, improved infrastructure, quality training and regional cooperation schemes as recommended by ICAO, IATA, AFCAC, SADC and COMESA.

The priority areas as established will essentially ensure availability of resources for efficient, safe and sustainable operations have led to the following strategic objectives and goals:

1. Financial Sustainability

- Financial stability of the Authority is crucial and the core enabler to an effective safety and security oversight operation that enhances the level of compliance as prescribed under the ICAO USOAP and USAP Continuous Monitoring Approach mechanisms as applicable. Most importantly, under safety compliance, this will contribute towards the planned establishment and implementation of the State safety programme (SSP) which is an ICAO requirement.

2. Development of Air Transport and Environmental Protection.

- Foster the development of a sound and economically-viable civil aviation system and air transport with focus on economic policies, regulation and supporting oversight activities.
- Minimize the adverse environmental effects of civil aviation activities within the national territory.

3. Goals

- Achieve a continuous reduction of operational safety and security risks.
- Strengthen the safety and security oversight capabilities of Seychelles aviation industry.

- Implement an effective State safety programme.
- Increase collaboration at the regional level to enhance safety and security.
- Expand the use of industry programmes and safety information sharing networks.
- Ensure and promote appropriate infrastructure needed to support safe and secure operations.

6.4.1.5 *Key Challenges*

- A persisting challenge is the ability to attract, recruit and retain qualified and experienced technical staff through an attractive remuneration package, which supports career progression.
- Lack of an effective mechanism to conduct amendments to international standards and recommended practices as published by ICAO in timely manner.
- Stakeholder engagement and commitment to address in a timely manner, non-compliance identified from inspections and audits.
- Ineffective enforcement policies and actions that could stop operation of critical infrastructure where serious safety and security concerns have been identified by the Authority.

6.4.2 Outlook of Financial Strategy

6.4.2.1 Projected Financial Position of Seychelles Civil Aviation Authority

Disclaimer: In view of the ongoing transition process, being the separation of the current SCAA into two separate entities, SAA and new SCAA which comes into effect officially on the 1st of January 2025, a Projected Statement of Financial Position shall not be prepared. This is due to the process of Transfer of Assets and Liabilities from current SCAA to the two entities still being in discussion and therefore an accurate Financial Position for 2025 cannot be presented. Only the Projected Statement of Comprehensive Income and Statement of Cash Flow shall be prepared.

6.4.2.2 Projected Statement of Comprehensive Income of Seychelles Civil Aviation Authority

Description	Actual Figures		Provisional		Forecast			SCR ('000)
	2021	2022	2023	2024	2025	2026	2027	
Aeronautical Revenue	256,425	425,188	457,379	472,844	31,975	35,807	36,454	
Non-Aeronautical Revenue	35,659	48,214	54,029	56,966	-	-	-	
Other Income	1,259	846	523	371	46,000	-	-	
	293,343	474,248	511,932	530,181	77,975	35,807	36,454	
Less: IATA Charges	(2,521)	(5,107)	(5,456)	(6,566)	-	-	-	
Total Operating Income	290,822	469,141	506,476	523,616	77,975	35,807	36,454	
Employment Benefit Costs	(195,336)	(215,557)	(252,966)	(266,578)	(34,210)	(34,210)	(34,210)	
Other Operating Overheads	(62,209)	(78,210)	(101,058)	(131,093)	(12,317)	(12,611)	(12,914)	
	33,278	175,374	152,452	125,944	31,448	(11,015)	(10,671)	
Exchange Movements	(33,946)	(3,213)	1,737					
Earnings Before Depreciation, Interest, ECL & Tax	(668)	172,160	154,189	125,944	31,448	(11,015)	(10,671)	
Depreciation	(40,630)	(38,044)	(36,746)	(38,406)	-	-	-	
Expected Credit Loss (ECL)	(3,918)	2,467	1,004	1,034	-	-	-	
Finance Income	3,853	2,470	2,519	3,383	-	-	-	
Finance Costs	(1,478)	(2,740)	(4,868)	(4,339)	-	-	-	
Profit/(Loss) Before Taxation	(42,841)	136,314	116,098	87,617	31,448	(11,015)	(10,671)	
Business Tax	648	(34,059)	(28,759)	(21,804)	-	-	-	
Profit/(Loss) For The Year and Total Comprehensive Income/(Expense)	(42,193)	102,254	87,339	65,813	31,448	(11,015)	(10,671)	
Dividend Payment	-	(15,000)	(17,000)	(34,000)	-	-	-	
Retained Profit	(42,193)	87,254	70,339	31,813	31,448	(11,015)	(10,671)	

6.4.2.3 Projected Cash flow Statement of Seychelles Civil Aviation Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash Flows from Operating Activities							
Profit/Loss Before Taxation	(42,841)	136,314	116,098	87,617	31,448	(11,015)	(10,671)
Adjustments							
Depreciation of PPE	40,630	38,044	36,746	38,406			
Loss/(Profit) from Disposal of PPE	(171)	(388)	(26)	(27)			
Transfer to Expenditure (WIP)	-	-	388	-			
Provision for Expected Credit Losses	3,918	(2,467)	(1,004)	(1,034)			
Leave Accrued	329	1,128	2,495	2,053			
Gratuity and Compensation Charged	13,795	9,221	15,364	14,596			
Interest Receivable/Payable	-	(2,470)	(2,519)	(3,400)			
Exchange Difference on Cash and Bank Balances	29,101	4,653	1,596	1,436			
	44,762	184,035	169,138	139,647	31,448	(11,015)	(10,671)
Movements in Working Capital							
(Increase)/Decrease in Inventories	(1)	(1,302)	(3,506)	(223)	-	-	-
(Increase)/Decrease in Trade & Other Receivables	(26,700)	(24,085)	(7,672)	(6,110)	(31,975)	(3,832)	(647)
Increase/(Decrease) In Accounts Payable	1,573	15,127	(10,414)	904	-	-	-
Net Cash Generated from Operations	19,634	173,774	147,546	134,217	(527)	(14,847)	(11,318)
Net Tax Received/(Paid)	13,382	(8,341)	(18,376)	(29,801)	-	-	-
Gratuity and Compensation Paid	(12,627)	(11,864)	(10,547)	(14,056)	-	-	-
Net Cash Outflow from Operating Activities	20,389	153,569	118,624	90,360	(527)	(14,847)	(11,318)
Cash Flows from Investing Activities							
Addition to PPE	(4,019)	(12,108)	(6,699)	(16,250)	-	-	-
Addition to WIP	(36,571)	(67,300)	(51,711)	(62,018)	-	-	-
Proceeds from Disposal	755	433	433	300	-	-	-
Interest Received	-	2,718	2,182	2,618	-	-	-
Additions to Short Term Investments	(4,317)	(2,652)	(1,153)	(865)	-	-	-
Receipt of Long-Term Deposit		-	-	-	-	-	-
	(44,151)	(78,910)	(56,949)	(76,215)	-	-	-
Cash Flows from Financing Activities							
Loan Receipts/(repayment)	33,349	18,810	(1,288)	(11,704)	-	-	-
Exchange Movements on Borrowings	(2,773)	(2,250)	228	233	-	-	-

Dividend Paid	-	(15,000)	(17,000)	(34,000)	-	-	-
Seed Capital	-	-	-	-	46,000	-	-
	30,576	1,560	(18,060)	(45,471)	46,000	-	-
Net Increase/Decrease in Cash & Equivalents	6,814	76,219	43,616	(31,326)	45,473	(14,847)	(11,318)
Movement in Cash and Cash Equivalents							
01-Jan	98,497	76,210	147,777	189,797	-	45,473	30,626
Increase/Decrease	6,814	76,219	43,616	(31,326)	45,473	(14,847)	(11,318)
Exchange Difference on Cash and Bank Balances	(29,101)	(4,653)	(1,596)	(1,436)	-	-	-
Cash as at 31st December	76,210	147,777	189,797	157,035	45,473	30,626	19,309
Fixed Deposits	73,243	75,896	77,049	81,371	-	-	-
Net Cash & Equivalents	149,454	223,672	266,846	238,406	45,473	30,626	19,309

6.4.2.4 *Projected Capital Investment Plan of Seychelles Civil Aviation Authority*

The Seychelles Civil Aviation Authority (SCAA) could not provide a detailed capital investment plan due to the ongoing reorganization associated with the split of the authority into two entities, SCAA and the Seychelles Airports Authority (SAA). This split, formalized by the enactment of the SAA Act, which comes into effect on 1st January 2024,

6.4.3 **Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies**

6.4.3.1 *Tax Implications by the Operations of Seychelles Civil Aviation Authority*

6.4.3.2 *Anticipated Dividend Declarations By Seychelles Civil Aviation Authority*

6.4.3.3 *Debt Payments Forecasts By Seychelles Civil Aviation Authority*

6.4.3.4 *Anticipated Subventions and Grants By Seychelles Civil Aviation Authority*

6.4.3.5 *Contingencies of Seychelles Civil Aviation Authority*

Details have not been provided for; **Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies**, This is exclusion is due to the ongoing split of SCAA into SCAA and SAA, with the **SAA Act being enacted effective 1st January 2024**. As a result, the financial information is currently under reorganization, making it difficult to furnish accurate projections at this time.

6.4.3.6 *Assumptions used for the Financial Projections of Seychelles Civil Aviation Authority*

The SCAA revenue upon the separation will start off with two main streams of revenue.

- Disembarkation Fees: The fee at US\$5 is levied on all arriving passengers upon arrival of international flights. For the year 2025, SCAA foresees approximately 431,269 billable passengers amounting to US\$2.2 million, which equivalents to SR31.4 million.
- The safety regulatory fee is budgeted at SR3.97 million, comprising of the revised charges.
- Additionally, a SEED capital of SR46 million will be poured into the authority's inflow as a start-up fund to support the first-year operation ensure their sustainability during the transitioning period.

This sums up to a total revenue of SR81.4 million.

Operating Expenditure

Since the authority will now be operating independently, their operating costs is expected to rise significantly to establish their support services functions such as Human Resource, Finance, ICT etc... SCAA will now require additional support service staff to ensure their books, day-to-day operations and staff welfare are well maintained. Hence, additional recruitment will be required and other human resource cost namely learning and development, staff benefits, and human resource support cots will be included.

This budget also caters for other recurring costs such as rental, legal and auditing fees, insurance, ICT support & maintenance costs and maintenance of the authority's assets. A sum of SR46.4 million is estimated to meet the operating costs in the first year of separation.

6.4.4 KPIs, Risk Management Strategy and Reporting Obligations

6.4.4.1 Key Performance Indicators of the Seychelles Civil Aviation Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
Seychelles Civil Aviation Authority	ICAO USOAP overall safety oversight compliance rating.	41.04%	42.14%	42.14%	42.14%	65%	70%	80%
	ICAO USAP overall security oversight compliance rating.	58%	58%	58%	62.97%	above 75%	Above 80%	Above 85%
	No. of audited areas below 60%.	7	6	6	6	5	4	2

6.4.4.2 Risks and Resilience Plan of the Seychelles Civil Aviation Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	<ul style="list-style-type: none"> Constraints on revenue could lead to a weaker financial position and impact on SCAA's financial sustainability (considering that SCAA will be operating as a standalone and independent civil aviation authority, with the separation) Potential Revenue streams are unable to support internal capacity building impacting on implementation of safety and security oversight programmes. Poor Stakeholder Relations 	<ul style="list-style-type: none"> Implementation of revised Safety and Security Scheme of Charges. Explore new revenue generation strategies e.g. exportation of expertise in airworthiness to other states and introduction of new charges. Regular reporting to the Management and Board on the SCAA's financial position. Maintain proactive engagement with industry stakeholders. Develop a stakeholder management plan for SCAA.
Financial Risks	<ul style="list-style-type: none"> Fluctuating interest rates, exchange rates, credit risks and liquidity risks. Failure to deliver the planned sources of funding would have a significant negative financial impact on the delivery of SCAA plans. 	<ul style="list-style-type: none"> Strong focus on cost containment. Reserves Management Strategy. Strong financial control systems with regular operational cash flow and cash balance position reporting.
Operational Risks	<ul style="list-style-type: none"> Disruptions to operational activities could result in a significant financial/reputational impact on SCAA. Unavailability and Vulnerability of ICT Services. Cyber Security 	<ul style="list-style-type: none"> Put in place well-developed business continuity plans and ensure resilience in our key systems and processes to ensure optimal response to any business continuity events and minimise the impact of the disruption. Development of ICT Business Continuity Plan to manage significant disruption from a failure of ICT systems and preventive ICT security management. Investment in ICT infrastructure, network, and ICT professionals. ICT Governance (Policies & Procedures). Building internal capacity and upskilling of ICT professionals.

		<ul style="list-style-type: none"> • Introduction of Robust anti-virus and anti-spam mail solutions against cyber threats.
	<ul style="list-style-type: none"> • Failure to attract, recruit and/or retain qualified and experienced technical staff. 	<ul style="list-style-type: none"> • Development of the Staff Retention Policy and review of the Remuneration Framework. • Implementation of new Scheme of Service
Compliance and Regulatory Risks	<ul style="list-style-type: none"> • Ineffective aviation safety and security oversight, and administration, resulting in non-compliance with ICAO SARPS. • Non-compliance/conformance to relevant legislation and regulations. 	<p>Closure of the ICVM CAP and Universal Security Audit Programme (USAP) Continuous Monitoring Approach (CMA) Corrective Actions.</p> <ul style="list-style-type: none"> • Technical Cooperation with other states. • Inspections, Audits & Operational assessments. • Develop a framework/mechanism to process and publish updated ICAO SARPs in a timely manner. • Continuous technical training.
	<ul style="list-style-type: none"> • Non-compliance with regulations and standards related to climate change and environmental sustainability. 	<ul style="list-style-type: none"> • Implement mitigation measures under CORSIA for period 2023-2025. • Ensure aviation-related environmental activities are consistent with the ICAO and UN system environmental protection policies and practices.
Environmental and Social Risks		
	<ul style="list-style-type: none"> • Global economic uncertainty, resulting in a reduction in passengers, rising fuel and energy costs, supply chain issues and significant currency fluctuations. These could have potential adverse impact on our business and operations. 	<ul style="list-style-type: none"> • Close monitoring of the economic environment to ensure macroeconomic risk factors are well understood and mitigated where possible.
PESTEL	<ul style="list-style-type: none"> • Global economic crisis, resulting in a reduction in passengers, rising fuel and energy cost, disruption in supply chain and significant currency fluctuations. • Environmental concerns including climate change and sustainability are becoming increasingly important in aviation. • Potential Change in Government may introduce various uncertainties including regulatory changes and socio-economic policy shifts. 	<ul style="list-style-type: none"> • Close Monitoring of the economic environment to ensure macroeconomic risk factors are well understood and mitigated where possible. • Development of SCAA Business Continuity Management System. • Implementation of programmes to protect and preserve the environment. • Maintain engagement with policy makers and decision makers at Government Level

6.4.4.3 List of External Reporting's by the Seychelles Civil Aviation Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
1. Annual Budget	Details Not provided		4 months prior to the commencement of the preceding financial year.
2. Annual Report			Within 5 months from the end of every financial year.
3. Audited Financial Statements			Within 5 months from the end of the financial year.
4. Quarterly Reporting (Statement of the financial position, showing changes in cash position and operational performance of the public enterprise during that Quarter, including details of debt performance)			Within 20 days after the end of every quarter of the financial year.
5. Statement of Corporate Intent (Note that this has been merged with the MTFS)			One month after the start of the financial year. End of January.
6. Statement of Financial and Operational Performance			20 days after the end of every month.
7. Estimates of the Profit & Loss, Capital Expenditure, Cash flow and Balance sheet projections.			As may be determined by the commission.

6.4.5 Stakeholder Engagement

6.4.5.1 Statement by CEO

It gives me great pleasure to present the SCAA's Medium-Term Financial Strategy (MTFS) for the next triennium (2025-2027). This MTFS sets out SCAA's financial plan for achieving its strategic objectives and priorities, taking into consideration its funding, its revenue sources and spending ambitions over the next three years.

- It focuses on linking its expenditure to the Authority's strategic priorities, in a cost-effective manner.
- It highlights the underlying financial strategy, financial assumptions, and financial risks.
- It summarises the financial projections for income and expenditure.

As part of the new SCAA's financial planning process, this MTFS incorporates a three-year plan annual budget and sets parameters which will guide deployment of resources and management of finances to ensure that a balanced budget and sustainable financial position is maintained in order to support its regulatory functions and obligations under the new SCAA Act 2024. This financial plan also considers the rate of inflation which may impact on the exchange rates and operational costs.

The key focus for SCAA for the next triennium will be to improve its effective implementation scores in aviation safety and security, through effective capacity building at technical level, participating in regional cooperation programmes from Regional Safety Oversight Organizations (RSOOs), and other regional bodies as may be recommended by ICAO. It's important that we remain positive and continue striving towards achieving our objectives.

'Connecting the world with Seychelles' through effective oversight and compliance will remain our core priority, thereby emphasizing the new SCAA's commitment to ensuring industry recognition as a reputable organization, having adequate financial and human resources that are highly trained to detect non-compliance to civil aviation standards and recommended practices, and take enforcement actions where necessary to protect the travelling public, prevent unlawful interference or other related activities that may endanger an aircraft and its passengers, whilst providing a safe and secure aviation environment.

Taking appropriate enforcement actions in preventing serious incidents or accidents and strengthening of the Authority's capabilities remain in the forefront. We understand that this is a challenging time, but together we will get through as a team. One of the Authority's priorities for 2025-2027 is to certify Seychelles International Airport.

It is worth noting that the Authority has declared the year 2025 theme as 'Attaining a higher level of compliance'. This theme is in line with one of our strategic priorities and a program for this theme will be deployed throughout 2025-2027, targeting specifically non-compliance to standards and ineffective resolution of safety and security issues at the level of the service providers and operators. It is through their unwavering commitment to address and resolve deficiencies identified through inspections and audits conducted by the Authority that the overall effective implementation score for Seychelles will improve to a higher level.

Over the next three years, the Authority expects to fully implement its revised scheme of charges that will complement our revenue, leading to our long-term goal to reduce reliance on traditional revenue sources, mitigate global risks and enable business continuity, as part of our commercial strategy.

I am confident that under the stewardship of our new Board, the new SCAA will remain committed to delivering on set performance targets, whilst maintaining strict financial discipline of its resource allocation to ensure a sustainable operation as the State Aviation Regulator.

Mr. Garry Albert
Chief Executive Officer

6.4.5.2 *Foreword by Chairperson*

Building upon the achievements of 2023, the financial strategy set out in this MFTS ensures that SCAA's finances are aligned to the delivery of its strategic objectives through the coming years and presents a clear route which – if followed carefully – will secure a much-improved financial position in future years. It also enhances the process of deepening the transparency and inclusivity of our strategic financial planning.

With its renewed financial strength, the SCAA is now in a better position to re-energise its business, and to deliver on its strategic objectives which are Financial Sustainability, Service and Operations excellence and Safety and Security compliance. The investments planned for the next three years will ensure that key risks such as the airport's ageing infrastructure are addressed and will support the increased capacity demand for the air transport industry.

The aviation industry will always face challenges, which if not addressed in good time, impedes our ability to deliver quality products and services and achieve set targets. A persisting challenge is the recruitment and retention of qualified staff, and implementation of major projects required and critical for continued smooth and safe operation of the airports. We will be putting forward a staff retention strategy, inclusive of a review of our remuneration framework to tackle our human capital challenges. We will also endeavor to modernize our operations and venture into alternative forms of investments as will be further detailed in our updated investment plan.

Despite unforeseen delays for the separation of the SCAA, the process is expected to be completed in 2024. This separation will allow the new Civil Aviation Authority and the Airport Authority to renew their vision, further strengthen their mandate and pave ahead with plans to modernise the civil aviation industry and continued success for the future. Government is also expected to pronounce on a concrete way forward for implementation of the Airport development project as per the Master Plan Review.

Whilst we acknowledge that there are several risks associated with the medium-term financial forecast as clearly future events cannot be accurately predicted, and the economic outlook can change quickly, the Authority remains aware of these risks and will actively be managing them.

The Board remains committed to ensuring that SCAA continues to improve its financial sustainability, remain a high performance by the organization, improve its service delivery & enhance passenger experience through more efficient, smooth, and safe operations.

Mr. Wilfred Fock Tave
Chairperson SCAA

6.4.5.3 *Statement by the Minister Responsible for Transport*

The Seychelles Civil Aviation Authority (SCAA) remains steadfast as the cornerstone of our aviation industry, committed to safeguarding safety, ensuring security, and enhancing the overall passenger experience in our skies. As the Minister responsible for Civil Aviation, I emphasize the critical importance of a comprehensive approach that encompasses safety, security, infrastructure investment, and a seamless passenger journey in our nation's air transport network.

Our commitment to the SCAA extends beyond the mere advancement of our aviation sector. It is about fostering a culture of safety, where proactive measures are taken to continually improve safety standards and uphold stringent security protocols. We are dedicated to further investing in cutting-edge technologies and infrastructure that ensure the highest level of safety and security for all air travellers.

The SCAA's role is not solely about optimizing connectivity and fortifying competitiveness. It equally involves substantial investment in infrastructure to support the growing demands of our aviation sector. We're committed to substantial investment in modernizing our airports, air traffic control systems, and other vital infrastructure, ensuring a seamless and efficient experience for passengers while upholding the highest safety standards.

Moreover, our vision for the SCAA embraces a holistic passenger-centric approach. We aim to enhance the overall travel experience by advocating for measures that prioritize passenger convenience, comfort, and satisfaction. This includes initiatives to streamline airport procedures, improve waiting areas, and invest in passenger-friendly technologies, ensuring a hassle-free and enjoyable journey for all travellers.

The sustainability and resilience of the SCAA and its stakeholders are fundamental pillars of our strategy. While we champion environmental impact, economic viability, and operational resilience, we equally recognize the pivotal role safety and security play in sustaining and growing our aviation sector. Our commitment encompasses actively advocating for fuel efficiency, exploring sustainable aviation technologies, while ensuring safety and security standards are uncompromised.

Central to our aviation industry's growth is our dedication to fostering fair competition and ensuring equitable market access. We remain resolute in our mission to create a level playing field, while ensuring safety and security measures are at the forefront of our operations, thereby acting as a catalyst for innovation and enhanced service delivery.

In addition to our core objectives, the SCAA is dedicated to cultivating and retaining local talent, while creating high-paying job opportunities for our Seychellois community. We recognize the significance of nurturing our local workforce, empowering individuals with the skills and knowledge vital to the aviation sector. Our aim is to provide comprehensive training and career pathways that allow our citizens to excel within the SCAA and the broader aviation industry. By investing in education and skill development programs, we seek to empower our citizens with the expertise necessary for a successful career in aviation. Our commitment is to offer opportunities for career advancement, competitive compensation, and a supportive environment that recognizes and values the contributions of our local professionals.

In conclusion, our dedication to the SCAA and the broader aviation sector remains unwavering. We persistently strive to ensure that our policies and strategies promote safety, security, sustainability, fairness, and excellence within our aviation industry, and also the cultivation of local talent and the creation of high-paying job opportunities for our archipelago. Together, we will continue to elevate Seychelles as a beacon of excellence in the global aviation arena, ensuring safety, security; a skilled local workforce that forms the foundation of our industry, and for our valued citizens and tourists, a superior passenger experience.”

Mr. Antony Derjacques
Minister for Transport

6.5 Seychelles Airports Authority (SAA)

6.5.1 Strategic Overview

6.5.1.1 Mandate

The Seychelles Airports Authority (SAA) will be established and come into effect 1st January 2025 under the Seychelles Airports Authority Act 2025, as a body corporate responsible for the operation and management of airports, of air traffic management services and associated aviation services and to provide for matters connected therewith or incidental thereto. The SAA and its affairs are administered by a CEO reporting to a Board of Directors appointed by the President, in consultation with the responsible for Civil Aviation.

The Authority has the following functions:

1. to acquire, develop, manage, maintain, control and operate airports in Seychelles;
2. to ensure efficient air traffic management, including the optimisation of air traffic control services and airspace management;
3. to coordinate air navigation services within the Seychelles Flight Information Region, including the management of air traffic flow, to ensure safe, reliable, and efficient air traffic operations throughout the region;
4. to operate or cause an airport to be operated as a commercially viable entity;
5. to provide associated aviation services; and
6. to develop and implement a master airport development plan;
7. to impose charges and fees for use of the airport and its facilities;
8. to provide any service or facility for the purposes of —
 - (i) the landing, parking and take-off of aircraft; and
 - (ii) the handling or clearing of aircraft;
 - (iii) the supply of provisions to aircraft, including, but not Ltd to, food, oils and fuels, and the emergency servicing of aircraft on an apron;
 - (iv) the handling of aircraft passengers and their baggage and of cargo at all stages while they are on the premises of an airport, including the transfer of such passengers and their baggage, and of cargo, to and from an aircraft; and
 - (v) to undertake any other lawful activity at any airport;
9. to provide safety and security measures for the handling of passengers, baggage, cargo and aircraft together with the personnel requisite thereto, in accordance with local and international standards and recommended best practices and procedures.

6.5.1.1 Vision

A leading organisation bringing excellence to your airport experience.

6.5.1.2 Mission

To deliver the highest standards in safety, security, and quality of service.

6.5.1.3 *Strategic Priorities for 2025-2027*

This SAA Medium-Term Financial Strategy is guided by the renewed Organization's vision 'A leading organization bringing excellence to your airport experience' which sets the strategic priorities for SAA, being:

- Safety and Security First
- Innovation and Modernisation
- Business Acumen and Financial Sustainability
- People at the Centre of our Development
- Five (5) Star Level Service

The goals and strategic objectives for the next (3) years are derived from these five (5) priorities areas. Note that all objectives and activities to be outlined within this document will be executed on the principle that we minimize the adverse environmental effects of civil aviation activities, through adoption of smart infrastructure, operations, and services in line with sustainable environment development.

The priority areas as established will essentially ensure availability of resources for efficient, safe and sustainable operations have led to the following strategic goals and objectives:

1. Financial Sustainability

To have a more commercially oriented, as well as efficient and cost-effective SAA operation that creates more returns and value for its shareholder.

2. Operations and service excellence.

- To improve services provided to our customers, and in particular, airlines and passengers.
- To improve the operating environment, capacity and efficiency of airport operations through modern infrastructure and specialized facilities.
- To create a more cohesive work environment, develop our talents, lead exceptionally, and engage our employees.

3. Safety and Security Compliance

- To be compliant with regulatory guidelines and meet all aviation and airport operating standards, ensuring the continued safety, security, and efficiency of civil aviation

6.5.1.4 *Key Challenges*

- A persisting challenge is the ability to attract, recruit and retain qualified staff.
- Delays in implementation of major projects critical for continued smooth and safe operation of the airports.
- Delays in the implementation of revised charges e.g. ANS, impacting on revenue forecasts.
- Capacity constraints
- Ageing Infrastructure, Aviation Equipment and Airport Systems
- Global economic uncertainty, resulting in rising fuel and energy costs could have potential adverse impact on our business and operations.
- Global political instability could have an impact on air travel and hence impact on SAA revenue.

6.5.2 Outlook of Financial Strategy

6.5.2.1 Projected Financial Position of Seychelles Airports Authority

SCR (000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Assets							
Non-Current Assets							
Property, Plant & Equipment	326,155	323,107	340,276	442,781	521,587	612,136	777,625
Investment Property	52,683	49,135	45,587	42,039	38,491	34,943	31,395
Capital Work in Progress	44,303	92,219	99,466	40,371	77,728	90,361	152,197
Deferred Tax Asset	25,092	-	-	-	-	-	-
Long Term Deposit	-	-	-	-	-	-	-
	448,233	464,461	485,329	525,191	637,806	737,441	961,217
Current Assets							
Inventory	6,359	7,662	11,167	11,390	9,112	7,290	5,832
Trade and Other Receivables	86,881	113,184	122,198	128,308	134,723	141,459	148,532
Current Tax Receivables	5,594	6,311	-	-	-	-	-
Cash and Bank Balances	149,454	223,672	266,846	238,406	130,285	27,566	(190,618)
	248,288	350,829	400,211	378,104	274,121	176,315	(36,254)
Total Assets	696,521	815,290	885,540	903,295	911,926	913,756	924,963
Reserves							
Capital Reserve	184,908	184,908	184,908	184,908	184,908	184,908	184,908
Retained Earnings	413,928	501,182	571,521	603,334	618,600	640,348	663,105
	598,836	686,090	756,429	788,242	803,508	825,256	848,013
Liabilities							
Non-Current Liabilities							
Borrowings	17,302	33,992	34,728	20,650	6,982	-	-
Gratuity and Compensation	4,703	3,377	5,005	4,311	5,587	5,726	5,841
Deferred Tax Liabilities	-	1,344	1,617	1,740	2,184	2,058	2,400
Current Tax Payables	-	-	3,799	4,197	-	-	-
	22,004	38,714	45,149	30,899	14,752	7,784	8,241
Current Liabilities							
Borrowings	13,275	13,144	11,349	13,493	14,919	6,846	55
Gratuity and Compensation	11,864	10,547	13,737	12,934	16,760	17,179	17,522
Accrued Leave	10,066	11,194	13,689	11,635	11,286	11,060	10,065
Trade & Other Payables	40,475	55,602	45,188	46,092	50,700	45,631	41,068
	75,680	90,486	83,962	84,154	93,665	80,716	68,710
Total Equity & Liabilities	696,521	815,290	885,540	903,295	911,926	913,756	924,963

6.5.2.2 Projected Statement of Comprehensive Income of Seychelles Airports Authority

SCR (000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Aeronautical Revenue	256,425	425,188	457,379	472,844	465,641	470,293	477,933
Non-Aeronautical Revenue	35,659	48,214	54,029	56,966	59,805	60,774	62,245
Other Income	1,259	846	523	371	352	369	388
	293,343	474,248	511,932	530,181	525,798	531,436	540,566
Less: IATA Charges	(2,521)	(5,107)	(5,456)	(6,566)	(6,960)	(7,021)	(7,130)
Total Operating Income	290,822	469,141	506,476	523,616	518,838	524,415	533,436
Employment Benefit Costs	(195,336)	(215,557)	(252,966)	(266,578)	(288,998)	(289,036)	(295,582)
Other Operating Overheads	(62,209)	(78,210)	(101,058)	(131,093)	(145,038)	(141,875)	(141,762)
	(257,544)	(293,767)	(354,024)	(397,671)	(434,037)	(430,912)	(437,345)
Exchange Movements	(33,946)	(3,213)	1,737		924	1,019	
Earnings Before Depreciation, Interest, ECL & Tax	(668)	172,160	154,189	125,944	85,725	94,523	96,091
Depreciation	(40,630)	(38,044)	(36,746)	(38,406)	(40,149)	(41,979)	(43,901)
Expected Credit Loss (ECL)	(3,918)	2,467	1,004	1,034	1,065	1,097	1,130
Finance Income	3,853	2,470	2,519	3,383	3,400	3,570	3,749
Finance Costs	(1,478)	(2,740)	(4,868)	(4,339)	(3,020)	(1,547)	(60)
Profit/(Loss) Before Taxation	(42,841)	136,314	116,098	87,617	47,022	55,663	57,009
Business Tax	648	(34,059)	(28,759)	(21,804)	(11,755)	(13,916)	(14,252)
Profit/(Loss) For The Year and Total Comprehensive Income/(Expense)	(42,193)	102,254	87,339	65,813	35,266	41,748	42,757
Dividend Payment	-	(15,000)	(17,000)	(34,000)	(20,000)	(20,000)	(20,000)
Retained Profit	(42,193)	87,254	70,339	31,813	15,266	21,748	22,757

6.5.2.3 Projected Cash flow Statement of Seychelles Airports Authority

SCR (000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash Flows from Operating Activities							
Profit/Loss Before Taxation	(42,841)	136,314	116,098	87,617	47,022	55,663	57,009
Adjustments							
Depreciation of PPE	40,630	38,044	36,746	38,406	40,149	41,979	43,901
Loss/(Profit) from Disposal of PPE	(171)	(388)	(26)	(27)	(48)	(132)	(251)
Transfer to Expenditure (WIP)	-	-	388	-	-	-	-
Provision for Expected Credit Losses	3,918	(2,467)	(1,004)	(1,034)	(1,065)	(1,097)	(1,130)
Leave Accrued	329	1,128	2,495	2,053	349	226	995
Gratuity and Compensation Charged	13,795	9,221	15,364	14,596	16,539	18,436	18,782
Interest Receivable/Payable	-	(2,470)	(2,519)	(3,400)	(3,570)	(3,749)	(3,936)
Exchange Difference on Cash and Bank Balances	29,101	4,653	1,596	1,436	1,564	1,611	1,643
	44,762	184,035	169,138	139,647	100,939	112,937	117,013
Movements in Working Capital							
(Increase)/Decrease in Inventories	(1)	(1,302)	(3,506)	(223)	2,278	1,822	1,458
(Increase)/Decrease in Trade & Other Receivables	(26,700)	(24,085)	(7,672)	(6,110)	(6,415)	(6,736)	(7,073)
Increase/(Decrease) In Accounts Payable	1,573	15,127	(10,414)	904	4,609	(5,070)	(4,563)
Net Cash Generated from Operations	19,634	173,774	147,546	134,217	101,411	102,953	106,835
Net Tax Received/(Paid)	13,382	(8,341)	(18,376)	(29,801)	(12,807)	(12,955)	(13,916)
Gratuity and Compensation Paid	(12,627)	(11,864)	(10,547)	(14,056)	(12,934)	(17,877)	(18,324)
Net Cash Outflow from Operating Activities	20,389	153,569	118,624	90,360	75,670	72,120	74,595
Cash Flows from Investing Activities							
Addition to PPE	(4,019)	(12,108)	(6,699)	(16,250)	(20,407)	(18,539)	(19,823)
Addition to WIP	(36,571)	(67,300)	(51,711)	(62,018)	(132,357)	(123,076)	(247,854)
Proceeds from Disposal	755	433	433	300	300	300	300
Interest Received	-	2,718	2,182	2,618	2,671	2,724	2,778
Additions to Short Term Investments	(4,317)	(2,652)	(1,153)	(865)	(882)	(1,700)	(1,734)
Receipt of Long-Term Deposit		-	-	-	-	-	-
	(44,151)	(78,910)	(56,949)	(76,215)	(150,675)	(140,290)	(266,332)
Cash Flows from Financing Activities							
Loan Receipts/(repayment)	33,349	18,810	(1,288)	(11,704)	(13,493)	(14,919)	(6,802)
Exchange Movements on Borrowings	(2,773)	(2,250)	228	233	314	321	305
Dividend Paid	-	(15,000)	(17,000)	(34,000)	(20,000)	(20,000)	(20,000)
Seed Capital	-	-	-	-	-	-	-

	30,576	1,560	(18,060)	(45,471)	(33,179)	(34,599)	(26,498)
Net Increase/Decrease in Cash & Equivalents	6,814	76,219	43,616	(31,326)	(108,185)	(102,768)	(218,235)
Movement in Cash and Cash Equivalents							
01-Jan	98,497	76,210	147,777	189,797	157,035	47,287	(57,092)
Increase/Decrease	6,814	76,219	43,616	(31,326)	(108,185)	(102,768)	(218,235)
Exchange Difference on Cash and Bank Balances	(29,101)	(4,653)	(1,596)	(1,436)	(1,564)	(1,611)	(1,643)
Cash as at 31st December	76,210	147,777	189,797	157,035	47,287	(57,092)	(276,969)
Fixed Deposits	73,243	75,896	77,049	81,371	82,998	84,658	86,352
Net Cash & Equivalents	149,454	223,672	266,846	238,406	130,285	27,566	(190,618)

6.5.2.4 Projected Capital Investment Plan of Seychelles Airports Authority

Project Name	Project Purpose and Description	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional		Forecast	
						2021	2022	2023	2024	2025	2026	2027
Modernisation of ANS Facilities & Telecom Equipment	Implementation of SAAB ADS-B Surveillance / Virtual Tower (Praslin) / Installation of new Instrument Landing System / New ANS Building / AIMS/AMHS	81,218,091	Capital Reserves	2022	-	-	2,265,324	165,800	55,000	5,250,000	24,763,989	48,717,978
Communications Projects (HF & VHF Equipment)	Installation of Masts and Cabin at gate 7 / VHF Masts + Shipping / Bonne Espoir & St. Louis HF Stations	27,640,931	Capital Reserves	2021	-	2,828,448	2,828,450	830,678	6,352,892	736,462	2,324,000	11,740,000
Terminal Expansion & Refurbishment	Extension of International Passenger Terminal (Arrival/Dep) / Refurbishment of Domestic Praslin Terminal	50,189,468	Capital Reserves	2021	-	1,113,244	5,579,628	1,762,780	2,355,862	18,990,214	9,666,907	10,720,833
Water Reticulation	Containerized Sewage Treatment Plant	4,900,000	Capital Reserves	2026	2027	-	-	-	-	-	2,022,222	2,877,778
Airport & Technical Buildings	New Headquarters / Caiman Office Project / D'offay Building Offices / New Staff Parking	147,600,621	Capital Reserves	2021	-	112,577	-	-	5,760,000	18,108,593	30,229,451	93,390,000
International Apron, Pavements & Perimeter Works / Airfield Signages & Other Barriers	Pavement Surface Repairs / Resurfacing of Extended Apron / ULD Stillages (Storage & Works) / Taxiway Mandatory Signage Equipment / AVGDS Installation	28,003,264	Capital Reserves	2022	-	-	916,012	4,034,095	3,151,761	11,691,396	5,605,000	2,605,000
Praslin Airside & Related Infrastructure Works	Extension of Airport Apron & Pavement Surfacing / Resurfacing of Hardshoulder Edges	20,000,000	Capital Reserves	2024	-	-	-	-	2,000,000	6,200,000	5,800,000	6,000,000
Other Airport Management Projects	Refurbishment of APMC Office / Designated Smoking Area / Jet Blast Deflector Installation / Reorganisation of Parking	7,404,000	Capital Reserves	2024	2025	-	-	-	219,000	7,185,000	-	-
Drainage	Airside Drainages & Fencing of NPA/REPA (Northern End of Airport)	3,102,400	Capital Reserves	2024	2025	-	-	-	620,480	2,481,920	-	-

AVSEC Security Facility	Civil Works at Security Gates / Cargo Terminal – Building Modification	8,566,228	Capital Reserves	2024	2026	-	-	-	2,813,925	5,624,397	127,906	-
Intrusion Detection & Access Control	Fencing & Seaside Barriers / Rehabilitation of landside/airside airport fencing (clearing, repairs, replacement & new)	12,734,410	Capital Reserves	2024	-	-	-	-	684,410	4,050,000	4,000,000	4,000,000
NPA, Runway, Flood & Approach Lighting	SIA Flood Lights / Runway Lights Replacement / Threshold/Approach Lights Replacement / AGL	9,985,000	Capital Reserves	2025	2026	-	-	-	-	5,706,250	4,278,750	-
Electrical Network Distribution Upgrade	Consultancy& Containerized Generator	7,143,750	Capital Reserves	2025	2026	-	-	-	-	2,093,750	5,050,000	-
Praslin Electrical & Technical Services Projects	AGL Upgrade / Generator Room System / Baggage Handling System	21,847,338	Capital Reserves	2022	-	-	929,041	-	-	2,607,660	9,792,979	8,517,660
ANS & HF Equipment	Voice Recorders / HF Equipment / Aerodrome Simulator	38,080,376	Capital Reserves	2021	-	11,055,471	15,967,892	1,141,077	818,436	2,097,500	-	7,000,000
ATM Modernization	New ATM System (Adacel/Aireon) / RESA Airport Systems Integration	79,103,159	Capital Reserves	2021	2025	20,382,313	27,207,452	15,181,747	13,046,527	3,285,120	-	-
Fire Tenders for Mahe/Praslin	Scania 4x4 / Falcon 6x6	40,992,343	Capital Reserves	2022	2026	-	3,294,936	16,980,191	6,797,216	9,280,000	4,640,000	-
Fire Rescue Boat	Rescue Boat / Shallow Water Rescue Craft	12,375,000	Capital Reserves	2024		-	-	-	328,750	986,250	-	11,060,000
Specialised Airport Vehicles	Specialised Fire Service Command Vehicle / Sweeper Truck / Ambulance for Praslin	12,850,000	Capital Reserves	2024	2026	-	-	-	1,481,155	8,993,845	2,375,000	-
Other Airport Management Assets	Sweeper mat / Water Pumps / Heavy Duty Dryer	2,170,000	Capital Reserves	2024	2025	-	-	-	470,000	1,700,000	-	-
Chiller & Air Conditioning System	SIA Chiller System Replacement / Power Distribution Unit	4,889,462	Capital Reserves	2023	2026	-	-	64,462	-	2,412,500	2,412,500	-
New PA System - SIA/Praslin	New PA System	2,006,462	Capital Reserves	2023	2025	-	-	765,538	340,924	900,000	-	-
Ground Lighting & Other Assets	Mobile Flood Lights / UPS / Flood Masts	9,064,170	Capital Reserves	2021	2025	1,530,617	4,207,332	1,733,822	1,336,619	255,780	-	-
Baggage Handling System Software	Upgrade of software and Programmable Logic Controller for BHS in Intl Departure at SIA	2,586,174	Capital Reserves	2024	2024	-	-	-	2,586,174	-	-	-
Specialised Airport Vehicles	Holland Tractors / Articulated Boom Truck / Mower / ETS Workboat	6,042,601	Capital Reserves	2021	2025	1,298,240,	74,081	97,900	3,838,680	733,700	-	-

FIDS & Accessories	Flight Information Display Screens & Associated Accessories	850,000	Capital Reserves	2024	2024	-	-	-	850,000	-	-	-
ICT Infrastructure Upgrade	ICT Network & Server Upgrade	10,972,146	Capital Reserves	2022	2023	-	10,991,958	(19,812)	-	-	-	-
IT Equipment & Other Assets/Systems	1. Printers 2. Datacard Replacement 3. Network Topology Redesign	1,485,675	Capital Reserves	2024	2024	-	-	-	1,485,675	-	-	-
Sage Software & Server (Finance)	New Accounting Software + Integration with Departments (Sage 300 Licenses & Training)	2,300,000	Capital Reserves	2023	2024	-	-	1,208,046	1,091,954	-	-	-
X-ray Screening Machine Replacement	X-ray Screening Machine (Int'l Hold Baggage Screening + Gate2/Departure Terminal) / Explosive Body Scanner / Walk Through Screening Machine / Explosive Trace Detector	59,662,010	Capital Reserves	2023	-	-	-	2,274,959	2,412,051	6,075,000	7,675,000	41,225,000
Video Security Surveillance & Access Control	Video Security Surveillance - CCTV cameras & other equipment - Phase 3 Praslin	17,223,380	Capital Reserves	2021	2026	3,742,881	8,663,136	517,363	500,000	1,900,000	1,900,000	-
Customer Feedback Solution	Hardware & Software for Customer Feedback System for Airport Users	1,235,520	Capital Reserves	2024	2026	-	-	-	411,840	411,840	411,840	-
Airport Signages	Signages for Terminal	800,000	Capital Reserves	2025	2025	-	-	-	-	800,000	-	-
Parking Management System Upgrade		2,028,946	Capital Reserves	2022	2025	-	20,101	-	208,846	1,800,000	-	-
	Land and Building					-	1,435,037	350,200	-	-	-	-
	Plant, Machinery & Equipment					2,951,711	4,378,090	2,831,141	2,750,000	4,845,000	4,861,000	5,452,250
	Telecom, IT Equipment & Sec. Surveillance					477,175	4,522,190	708,389	4,600,000	5,161,500	5,677,650	6,245,415
	Utility Vehicles					-	487,826	1,193,043	5,000,000	5,000,000	5,000,000	5,000,000
	Other Assets					589,707	1,285,051	1,616,195	3,900,000	5,400,000	3,000,000	3,125,000
Total Capital Costs						46,082,384	95,053,537	53,437,615	78,268,178	152,763,675	141,614,193	267,676,914

6.5.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.5.3.1 Tax Implications by the Operations of Seychelles Airports Authority

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Business Tax	648	(34,059)	(28,759)	(21,646)	(10,953)	(12,905)	(12,746)
PIT	17,407	18,052	20,281	23,233	25,875	26,528	27,052
VAT	4,235	6,518	7,623	8,127	8,509	8,647	8,860
PSF Levy	8,589	14,673	18,600	20,889	20,694	20,901	21,214
Net Tax in SCR	29,580	73,303	75,263	72,759	66,030	68,974	69,873
Disembarkation Fee	2,146	3,927	4,240	4,028	4,313	4,377	4,443
Total	62,605	82,414	97,248	107,390	114,468	116,522	118,696

Business Tax: The Business Tax computation is after adjusting capital allowance (assets under value of SR 100,000 completely amortised as per Business Tax and deferred tax on non-cash provision). Prevailing rate is used, 25% from 2023 onwards.

PIT: The average PIT rate on actual total salary as at 2022 is 10%. Thus the forecasted rate is set at 11% to take into account recruitment of employees above senior positions where their marginal rate could be above 15%.

VAT: VAT is forecasted at 15% on total non-aeronautical revenue. Aeronautical revenue is Zero rated as per the VAT Act.

PSF Levy: This is forecasted based off resident departing passengers at a rate of SR400 as per the PSF Regulation.

Disembarkation Levy: This is forecasted based off arriving passengers including children at a rate of USD10. The fee is yet to be enacted.

6.5.3.2 Anticipated Dividend Declarations By Seychelles Airports Authority

SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast			
	2021	2022	2023	2024	2025	2026	2027	
Dividends in Cash	-	15,000	17,000	20,000	20,000	20,000	20,000	
Dividends in lieu of Cash	Details not provided		26,812	32,325	30,639	27,193	27,248	
Customs								
<i>Rental</i>			600	615	630	646	662	
<i>X-ray Screening Machine (Replacement)</i>			2,275	1,737				
Met Office								
<i>Land Lease</i>			1,334	1,367	1,402	1,437	1,473	
<i>Cost Recovery Contribution</i>			5,500	8,500	8,500	5,000	5,000	
Government of Seychelles								
<i>INAD Facility</i>	103	105	108	110	113			

Dividends in Cash: Dividend is forecasted on net profit after tax and taking the amount of capital investment program over the years. Net retained profit should not be lower than SR50m after paying all contributions to Government.

Dividends in Lieu of Cash:

- **Customs' Rental of Cargo Building:** Supposed to charge SR50,000 per month, the provisional amount for the year 2024-2027 includes an inflation increase of 2.5% pa.
- **X-ray Screening Machine (Replacement):** The X-ray machine at the Cargo Area has been replaced, at an estimated cost of SR4 million.
- **Met Office land Lease:** Area of 295m² @SR350/- per m², SR 103,250 per month. A Provisional sum increase at a rate of 2.5% pa to cater for Inflation.
- **Cost Recovery Contribution:** To cater for the provision of Meteorological Services to ANS, airlines and operators, SR8.5 million for 2024 and 2025. Estimated at SR5 million if proposed new ANS charges are approved.
- **GOS: INAD Facility:** In providing the service to the Government of Seychelles, which is estimated at SR103k in 2023, forecasted to increase by 2.5% pa (inflation).

6.5.3.3 Debt Payments Forecasts By Seychelles Airports Authority

('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Loan 01 From Nouvobanq	Borrowings	<i>Financing Infrastructure Projects and Purchase of Other Assets</i>	\$ 5,000	2,082	2,131	710	77	-	-	-
	Interest for the Year			R1,478	R2,700	R4,815	R4,339	R3,019	R1,547	SR60
	Repayment of Capital			R30,577	R47,136	R46,077	R34,144	R21,901	SR6,846	SR55
	Balance carried forward			\$2,082	\$3,351	\$3,259	\$2,504	\$1,579	\$550	\$81

6.5.3.4 Anticipated Subventions and Grants By Seychelles Airports Authority

The SAA does not anticipate to receive any government or external subventions and grants within the medium term.

6.5.3.5 Contingencies of Seychelles Airports Authority

(‘000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Guarantees	Government	SCAA Separation: SSR Seed Fund	-	-	-	-	-	-	-	-
		SAHC: Seed Fund (USD)	-	-	\$1,300	-	-	-	-	
		ADAC: Airport Development Costs	-	-	-	-	-	-	-	
Potential Payments Due to Legal Actions by 3 rd Parties	Government	Kankan: Litigation following damage of shop in Terminal during repairs.	SR1,084	-	-	542	-	-	-	-
		Other Litigations	-	-	-	-	100	100	100	100

Other Litigations: The amount is only a provision in case we have an incident or accident to passengers or meeters/greeters at the terminal. While such is mitigated under insurance, there may be cases whereby SAA would pay to alleviate insurance costs.

6.5.3.6 Assumptions used for the Financial Projections of Seychelles Airports Authority

Aeronautical Revenue:

Aeronautical revenue is generated from Air Transport services provided in the Seychelles Flight Information Region (FIR). Sources of revenue are from Landing fees, Passenger Service Fees (PSF) and Air Navigation Fees.

Landing Fees

Landing fees are applicable to all aircrafts (except those that have been granted exemptions) that lands and uses parking space at the Seychelles International Airport and Praslin Domestic Airport. The fees are collected in Seychelles Rupees for International Scheduled and Domestic Landings and in USD for Adhoc landing from Adhoc, private and chartered flights. For International landings, SAA foresees a monthly average of 60 commercial flights per week according to the airline’s flight schedule. Growth from Adhoc flights is assumed based on current and past performances. Domestic frequencies remain with the current average of 32 daily flights. All landings are charged according to the take-off weight, parking duration and night surcharges (if any)

Passenger Service Fees (PSF)

PSF is levied on all departing passengers. The fee for is charged in USD for international non-residents and Seychelles Rupees for residents and exempts children below 12 years of age. For domestic, charges are in Euro for non-residents, and in Seychelles Rupees for the locals. For International departures, we foresee a total of 404,857 billable pax of which 87% are visitors and the remaining being residents. This is estimated from statistical data and trending, global airlines developments and new operations in the budgeted period.

Air Navigation Fees

Air navigation charges are fees that airlines pay (except those that have been granted exemptions) to use the airspace and services of the Flight Information Region (FIR). Fees are calculated using a pre-determined formula influenced by distance flown in the FIR, and the Maximum Take-Off Weight (MTOW) of the aircraft. The fees are classified into scheduled and non-scheduled flights for international flights operating at Seychelles International Airport (SIA), and scheduled and non-scheduled overflights. Scheduled commercial flights are approved flights on a schedule whilst non-schedule is on request flights operating at SIA. Overflights are scheduled or non-scheduled flights transiting the FIR which routes can at any time be affected by regional factors (adjacent airspace closure, war etc.) which may decrease or increase revenue. The fee is in USD.

Non-Aeronautical Revenue

Non-Aeronautical revenue generates income on the commercial operations and services provided within the airport boundaries. Sources of revenue are from Retail, F&B and Cargo concessions, rental & leases, Advertising & pay parking, Fuel throughput, Aviation security fees and other airport fees. A significant increase is from rental & lease due to the revision in fees the year prior and the upgrade of the pay parking system.

Operating Expenditure

Key bases for growth in spendings are mainly from Human Resource Cost from salary increment because of staff assessment following consultancy exercise. Consequently, SAA is reviewing its structure with the upcoming separation where there are additional costs to be incurred.

With a high labor-intensive workforce, the authority remains accountable in ensuring there are qualified personnels to ensure all international and local obligations and requirements are attained. The increase therefore considers recruitments, promotions, creation of new positions and the review of salary to remain competitive and retain the highly invested trained manpower. Learning & Development is critical as the authority requires highly trained professionals with specialized technical skills, hence an increase in training costs. Additionally, with the separation currently ongoing, there may be further costs to ensuring the smooth transition which includes promotional and marketing costs, uniforms and other related costs.

The additional expenses focus on the maintenance of airport infrastructures, rentals of offices and recurring costs to ICT and ANS services and support cost as well as finance cost. Contribution to Meteorological Services is also catered in this budget pending the review of Air Navigation Fees approval with the new Terminal fees being implemented. Following the separation, SAA will be funding SCAA with a start-up fund to support the first-year operation.

6.5.4 KPIs, Risk Management Strategy and Reporting Obligations

6.5.4.1 Key Performance Indicators of the Seychelles Airports Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
Air Transport Planning	Average No. of Weekly Flights operating into SEZ.	31	54	50	60	62	64	
	International Passenger Throughput.	300,000	795,634	847,032	923,478	917,157	935,500	
	New Routes.	1	1	1	1	1	1	
	Growth in Aeronautical Revenue.	25%	66%	8%	11%	2% over 2024 forecast	2% over 2024 forecast	
Business Development	New Airport Business Ventures.	1	2	1	1	1	1	
	Average Spending per passenger.	USD 12	USD 29	USD 30	USD 27.5	USD 33	USD 35	

Marketing & Customer Experience	% increase in non-aeronautical Revenue.	40% increase	26%	10%	11%	10%	10%
	Way Finding.		25	0		NIA	NIA
	Recorded Complaints.	51	30	86		30	30
	Website Traffic.	-	1,000	NIA		3000	5000
	Stakeholder Engagement Meetings.	0	2	2		10	10
	Passenger Satisfaction.		75%	NA		80%	80%
	Social Media followers.	4,423	5,500	7,335		10,000	13,000
	Social Media reach.	6600	8000	26,577		42,000	50,000
Corporate Communication	Number of media communications.	36 (3 per month)			52 + consistent annual adverts and monthly pages.		
	Social Media followers (facebook).	7,000	44	60	15,000	16,000	17,500
Airport Management	First Bag on Belt.	15.5 mins	16 mins	<14mins	≤12		
	Luggage Delivery Efficiency.	5.8	6.8	6.2	>7.0		
	Average clearance time of all passengers.	49	41	36	≤ 40	≤39 minutes	≤ 39 minutes
	Deviation from SOBT (Standard off Block Time).	Mean: 0.2 minutes Median: -6 minutes	-100%	Median: -7	Mean: ≤ 0	≤+1	≤+1
Airport Infrastructure & Contract	Feedback to airport stakeholders for airport works application within 14 days of receiving application.	75% of the time	57% of the time	75% of the time	86% of the time	86% of the time	86% of the time
	Electrical Power.	99.9%	100%	100%	100%	100%	100%
Electrical & Technical Services	Availability of airfield Lighting.	99.9%	100%	100%	99.90%	99.90%	99.90%
	Availability of water supply.	99.9%	100%	100%	100%	100%	100%
	Availability of Fire Tender for CAT 9 operations.	99.9%	99.90%	99.90%	99.90%	99.90%	99.90%
Fire & Rescue Services	Category 9 Fire Cover at SIA.	100%	99.90%	99.90%	99.90%	98%	98%
	Category 3 Fire at PRA.	100%	99.90%	99.90%	99.90%	98%	98%
Air Navigation Services	No. of ATS incidents /accidents (Occurrence reports).	0	0	3	0	10	10
	Reliability of Communications (Loss of Contact).	99.9%	99.90%	99.691%	99.90%	99.90%	99.90%

	Reliability of Navigational Facilities.	99.9%	100%	99.779%	100%	100%	100%	
	Reliability of Data Link.	99.9%	99.90%	99.364%	99.90%	99.90%	99.90%	
	Number of data errors identified and fixed.	99.9%	99.90%	91.8%	99.90%	99.90%	99.90%	
	Accuracy and data rates in data sets.	99.9%		100%	99.90%	99.90%	99.90%	99.90%
	Quantitative measure of data completeness, consistency, integrity and timeliness.	99.9%		100%	100%	100%	100%	100%
Safety Management	Number of Aircraft Accident.	0	0	0	0	0	0	0
	Number of Near misses/10,000 movements where avoiding actions are required.	0	0%	0 (50% improvement over previous year)	(50% improvement over previous year)	(50% improvement over previous year)	(50% improvement over previous year)	(50% improvement over previous year)
	Number of RWY incursions where avoiding actions are required.	0	0	0	0	0	0	0
	Number of RWY incursions where no avoiding actions were required.	0.273	1.35	0.675 (50% improvement over previous year)	50% improvement over previous year	50% improvement over previous year	50% improvement over previous year	50% improvement over previous year
	Number of Failures of ATS NAVAID function.	0.546	0.27	0	0	0	0	0
	Number FODs (including animal carcasses) resulting in a hazardous or potentially hazardous situation.	20.763	24	17.64 (25% improvement over previous year)	25% improvement over previous year	25% improvement over previous year	25% improvement over previous year	25% improvement over previous year
	Number Animal activities resulting in a hazardous or potentially hazardous situation.	22.129	17.03	12.77 (25% improvement over previous year)	25% improvement over previous year	25% improvement over previous year	25% improvement over previous year.	25% improvement over previous year.
	% of corrective actions related to safety cases completed	51.5%	78.8%	83.85%	10% over previous year.	10% over previous year	10% over previous year	10% over previous year
Finance	Annual Revenue Growth Rate.	8%	61%	6%	4%		5%	
	Profit Margin.	19%	22%	16%	17%	18%	20%	
	Annual Return on Investment.	0	0	0	0	0	0	
	Liquidity Ratio.	4.83:1	3.9:1	4.7:1	4.5:1	3.9:1	4.52:1	
	Debt Ratio.	5%	6%	5% (Below 30%)	4% (Below 30%)	2% (Below 30%)	1% (Below 30%)	
	Minimum Cash Reserve.	198 million (excl.	100 million	100 million	100 million	100 million	100 million	

		Fixed deposit)						
Corporate Strategy	Preparation of Performance Reports as per the SCAA Planning & Reporting Framework.	75%	50%	100%	100%	100%	100%	100%
Internal Audit	Ensure completion of audits as per the annual audit plan.	91%	93%	95%	95%	95%	95%	95%
Human Resources & Administration	Injuries.	15	12	<3	<3	<3	<3	<3
	Labour Turnover.	8.8%	8.48%	<10%	<10%	<10%	<10%	<10%
	Number of staff disciplined due to absenteeism and lateness.	14	11	<10	<10	<10	<10	<10
	Key positions filled internally as per Succession Plan.	3	11	100%	100%	100%	100%	100%
ICT	Availability of ICT Core infrastructure services.	99.97%	-	97%	97%	97%	97%	97%
	Customer Satisfaction Survey.	-	-	70%	70%	70%	72%	72%
Infrastructure Projects	Ratio of Earned Value (EV) to Planned Value (PV).	1.11	1.29	1.21	0.70 (as of 06/24)	0.85	0.85	0.85
	Ratio of Earned Value (EV) to Actual Cost (AC)	1.11	1.29	1.23	1.08 (as of 06/24)	0.80	0.80	0.80

6.5.4.2 Risks and Resilience Plan of the Seychelles Airports Authority.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Delays in completion of infrastructure projects leading to capacity constraints, could negatively impact the passenger experience, impact operational efficiency and cause financial and reputational damage.	<ul style="list-style-type: none"> Project Management improvements with well-defined procedures in place to manage infrastructure projects, ensuring that they are closely monitored and delivered within budget and specific time frame.
	Decline in service levels leading to loss of customer.	<ul style="list-style-type: none"> Maintain focus on improving service offerings. Participation in the ACI Accreditation Program. Promoting a Service Excellence Culture in SAA and the Airport Community. Customer Service Trainings for staff and airport stakeholders. Airport Surveys and complaint handling system. Customer Relationship Management Strategy /System. Implementation of SLAs and minimum operating standards.
	<ul style="list-style-type: none"> Constraints on revenue, that could lead to weaker financial position and impact on SAA's financial sustainability. 	<ul style="list-style-type: none"> Cost Containment Strategies Commercial strategy for diversification of revenue. Review of fees.

	<ul style="list-style-type: none"> • Our current and future operating decisions and/or capital investment plans are not supported by key stakeholders, leading to an inability to deliver on our strategy and/or capital investment program. • Funding of unplanned projects beyond SCAA's mandate. 	<ul style="list-style-type: none"> • Reserves Management Strategy. • Improve financial control effectiveness with regular operational cash flow and cash balance position reporting. • Close monitoring of the economic environment to ensure macroeconomic risk factors are well understood and mitigated where possible. • Stakeholder engagement on key plans and developments as per our mandate.
Financial Risks	<ul style="list-style-type: none"> • Fluctuating interest rates, exchange rates, credit risks and liquidity risks • Failure to deliver on planned sources of funding would have significant negative financial impact on the delivery of SAA's capital investment plans. 	<ul style="list-style-type: none"> • Strong focus on cost containment. • Reserves management Strategy • Strong Financial control systems with regular operational cash flow and cash balance position reporting. • Upgrading of Financial Systems and policies. • Review of the SAA Investment Plan,
Operational Risks	<ul style="list-style-type: none"> • Disruption in operation as a result of IT Failure and Cyber Security breach • Ageing Airport Infrastructure & airport /Aviation equipment /systems becoming obsolete • Failure to attract, recruit and/or retain qualified and experienced technical staff. 	<ul style="list-style-type: none"> • Development of ICT Business Continuity Plan to manage significant disruption from a failure of ICT systems and preventive ICT security management • Investment in ICT infrastructure, network and IT professionals. • Develop an Information System Security Strategy. • Establishment of a Security Operations Center. • Introduction of Robust anti-virus and anti-spam mail solutions against cyber threats. • Prioritization of funding of business-critical investment areas e.g. Departure lounge, ATM modernization, Passenger and cargo facility and security screening machine and airside projects. • Finalization of Airport Master Plan. • Development of a Comprehensive Equipment/Asset replacement plan. • Development of the Staff Retention Policy and review of the remuneration Framework. • Implementation of new Scheme of Service.
Compliance and Regulatory Risks	<ul style="list-style-type: none"> • Non-compliance/conformance to relevant legislation, regulations, policies and procedures could compromise safety and security, threaten the operation of the airport and damage our reputation. 	<ul style="list-style-type: none"> • Internal and external audits. • Training and awareness sessions on regulations, policies and procedures. • Policy and Procedure Management Framework. • Policies, frameworks, manuals and procedures monitored. • Development of a Compliance risk management plan.
Environmental and Social Risks	<ul style="list-style-type: none"> • Non-compliance with regulations and standards related to climate change and environment sustainability 	<ul style="list-style-type: none"> • Implement mitigation measures under CORSIA for period 2023-2025. • Implement New Environment Policy for the Airport Authority. • Ensure aviation-related environmental activities are consistent with the ICAO and UN system environmental protection policies and practices.

	<ul style="list-style-type: none"> • Extreme weather events as a result of climate change that causes flight schedules disruption, impact on air traffic safety and airport infrastructure 	<ul style="list-style-type: none"> • Development of SCAA Business Continuity Management System • Review of contingency and emergency plans.
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6.5.4.3 List of External Reporting's by the Seychelles Airports Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Budget	Details not provided		4 months prior to commencements of the preceding financial year.
Annual Report			Within 5 months from the end of every financial year.
Audited Financial Statements			Within 5 months from the end of every financial year.
Quarterly Reporting (Statement of the financial position, showing changes in cash position and operational performance of the public enterprise during that Quarter, including details of debt performance)			Within 20 days after the end of every quarter of the financial year.
Statement of Corporate Intent (Note this has been merged with MTFS)			One month after the start of the financial year. End of January.
Statement of Financial and Operational Performance			20 days after the end of every month.
Estimates of the Profit & Loss, Capital Expenditure, Cash Flow and Balance Sheet projections.			As may be determined by the Commission.

6.5.5 Stakeholder Engagement

6.5.5.1 Statement by CEO

I am pleased to present the Seychelles Airports Authority's (SAA) Medium Term Financial Strategy (MTFS) for the years 2025-2027. The MTFS sets out in financial terms SAA's plan for achieving its objectives and priorities, balancing available funding and spending ambitions over the next three years. It also highlights the underlying financial strategy, financial assumptions, and financial risks.

The Financial strategy of SAA is to:

- Provide stable and sustainable budgets.
- Link spending to the Authority's strategic priorities.
- Pursues cost effectiveness.
- It ensures financial sustainability.

As part of the SAA's Financial Planning process, the MTFS sets parameters to guide the organization's deployment of resources and management of finances to ensure that a balanced budget and sustainable financial position is maintained to effectively deliver on its mandate, which is to operate and manage the Seychelles International and Praslin airports, to provide air traffic management services and associated aviation services. The MTFS also considers the rate of inflation which may impact of the exchange rates and operational costs.

Amongst the highest priorities for SAA is to address the Seychelles International Airport's capacity constraints and ageing infrastructure, and to increase its revenue through more commercial offerings, as

well as continued review of airport fees. The plan is to construct a new passenger terminal, to meet forecast traffic and passenger growth, equipped with the latest technologies, and all the required landside and airside facilities. This project is being planned for implementation following the completion of the Master Plan review, which is expected to be completed in 2024, following which, the Government is expected to pronounce on the way forward.

SAA's focus in the immediate short-term will be to maintain the continuity of operations, through targeted investment in key business critical areas and replacement of ageing equipment and systems. A key element of the Authority's growth strategy will be to ensure there is considerable investment in airport infrastructure and timely provision of facilities to overcome capacity constraints and accommodate increased activity levels. This will also create more opportunities for the business community to partake in new commercial opportunities at the airport.

Excellence in customer service will remain as a core priority further emphasizing SAA's commitment to ensuring a positive and pleasant customer experience. There will be continued emphasis on safety and security to ensure our readiness to protect public safety, prevent unlawful interference and provide a safe environment at our airports.

Being a highly regulated industry, compliance with regulations remains critical for SAA to effectively execute its mandate. Enforcement and strengthening of the Authority's capabilities and efforts towards achieving this objective will remain in the forefront. The required budgetary support will be allocated towards activities aimed at achieving the SIA Aerodrome certification.

Over the next three years, several fee reviews are being planned for implementation namely for Air Navigation, Passenger Service Fee, landing and parking. Revenue diversification is also an important element of the Authority's commercial strategy, to reduce reliance on traditional revenue sources, mitigate risks and enable business continuity through diversification.

Under the stewardship of its Board, the SAA remains committed to delivering on the plans laid out whilst ensuring that we maintain a financially sustainable financial position and continue reaping maximum returns for its shareholders

Mr. Garry Albert
Chief Executive Officer SCAA

6.5.5.2 Foreword by Chairperson

Following two years of active work and submissions, by the legal team, the Seychelles Airports Authority (SAA) and the Seychelles Civil Aviation Authority (SCAA) Bills have been enacted. The Board welcomes the new legislation that is expected to create more succinct legal provisions for the SAA and SCAA, focused on their respective mandates.

Building upon the achievements of 2024, the financial strategy set out in this MFTS ensures that SAA's finances are aligned to the delivery of its strategic objectives through the coming years and presents a clear route which – if followed carefully – will secure a much-improved financial position in future years. It also enhances the process of deepening the transparency and inclusivity of our strategic financial planning.

With its renewed financial strength, the SAA is now in a better position to re-energize its business, and to deliver on its strategic objectives which are Financial Sustainability, Service and Operations excellence and Safety and Security compliance. The investments planned for the next three years will ensure that key risks such as the airport's ageing infrastructure are addressed and will support the increased capacity demand for the air transport industry.

The aviation industry will always face challenges, which if not addressed in good time, impedes our ability to deliver quality products and services and achieve set targets. A persisting challenge is the recruitment and retention of qualified staff, and implementation of major projects required and critical for continued smooth and safe operation of the airports. We will be putting forward a staff retention strategy, inclusive of a review of our remuneration framework to tackle our human capital challenges. We will also endeavor to modernize our operations and venture into alternative forms of investments as will be further detailed in our updated investment plan. Government is also expected to pronounce on a concrete way forward for implementation of the Airport development project as per the Master Plan Review.

Whilst we acknowledge that there are several risks associated with the medium-term financial forecast as clearly future events cannot be accurately predicted, and the economic outlook can change quickly, the Authority remains aware of these risks and will actively be managing them.

The Board remains committed to ensuring that SAA continues to improve its financial sustainability, remain a high performance by the organization, improve its service delivery & enhance passenger experience through more efficient, smooth, and safe operations.

Mr Wilfred Fock Tave
Chairperson SCAA

6.5.5.3 Statement by the Responsible Minister

The Seychelles Airports Authority (SAA) remains steadfast as the cornerstone of our aviation industry, committed to safeguarding safety, ensuring security, and enhancing the overall passenger experience in our skies. As the Minister responsible for Civil Aviation, I emphasize the critical importance of a comprehensive approach that encompasses safety, security, infrastructure investment, and a seamless passenger journey in our nation's air transport network.

Our commitment to the SCAA extends beyond the mere advancement of our aviation sector. We are dedicated to further investing in cutting-edge technologies and infrastructure that ensure the highest level of safety and security for all air travellers and enhances service delivery.

The SAA's role is not solely about optimizing connectivity and fortifying competitiveness. It equally involves substantial investment in infrastructure to support the growing demands of our aviation sector. We're committed to substantial investment in modernizing our airports, air traffic control systems, and other vital infrastructure, ensuring a seamless and efficient experience for passengers while upholding the highest safety standards.

Moreover, our vision for the SAA embraces a holistic passenger-centric approach. We aim to enhance the overall travel experience by advocating for measures that prioritize passenger convenience, comfort, and satisfaction. This includes initiatives to streamline airport procedures, improve waiting areas, and invest in passenger-friendly technologies, ensuring a hassle-free and enjoyable journey for all travelers.

The sustainability and resilience of the SAA and its stakeholders are fundamental pillars of our strategy. While we champion environmental impact, economic viability, and operational resilience, we equally recognize the pivotal role safety and security play in sustaining and growing our aviation sector. Our commitment encompasses actively advocating for fuel efficiency, exploring sustainable aviation technologies, while ensuring safety and security standards are uncompromised.

Central to our aviation industry's growth is our dedication to fostering fair competition and ensuring equitable market access. We remain resolute in our mission to create a level playing field, while ensuring safety and security measures are at the forefront of our operations, thereby acting as a catalyst for innovation and enhanced service delivery.

In addition to our core objectives, the SAA is dedicated to cultivating and retaining local talent, while creating high-paying job opportunities for our Seychellois community. We recognize the significance of nurturing our local workforce, empowering individuals with the skills and knowledge vital to the aviation sector. Our aim is to provide comprehensive training and career pathways that allow our citizens to excel within the SAA and the broader aviation industry. By investing in education and skill development programs, we seek to empower our citizens with the expertise necessary for a successful career in aviation. Our commitment is to offer opportunities for career advancement, competitive compensation, and a supportive environment that recognizes and values the contributions of our local professionals.

In conclusion, our dedication to the SAA and the broader aviation sector remains unwavering. We persistently strive to ensure that our policies and strategies promote safety, security, sustainability, fairness, and excellence within our aviation industry, and the cultivation of local talent and the creation of high-paying job opportunities for our archipelago. Together, we will continue to elevate Seychelles as a beacon of excellence in the global aviation arena, ensuring safety, security; a skilled local workforce that forms the foundation of our industry, and for our valued citizens and tourists, a superior passenger experience.”

Mr. Antony Derjacques
Minister For Transport



6.6 Seychelles Port Authority (SPA)

6.6.1 Strategic Overview

6.6.1.1 Mandate

The Seychelles Ports Authority Act amended in 2024 mandates the SPA:

- (a) to regulate, control and administer all matters relating to the safety and security of the port and its facilities;
- (b) to promote the development of the infrastructure relating to the port;
- (c) to maintain port installations and to promote the use, improvement and development of the port;
- (d) to encourage the use of reliable and sufficient equipment in the provision of port services;
- (e) to participate in matters pertaining to search and rescue;
- (f) to collect all harbor dues, rental fees and other moneys payable to the Authority under this Act or any other law;
- (g) to plan, execute, monitor and evaluate training programmes of employees designed to ensure conformity with the standards of the services provided by them;
- (h) to act in collaboration with other public authorities and entities for the prevention of marine source pollution, protection of marine environment and to respond to marine environment incidents;
- (i) to advise the government or any public authority on any matter relating to merchant shipping and the prevention and control of marine pollution;
- (j) to represent Seychelles on maritime matters at both the national and international level;
- (k) to do all such other things as will contribute to the attainment of the objectives of the Authority.

6.6.1.2 Vision

SPA's vision is *"To continuously transform and sustain Port Victoria as a viable maritime hub."*

6.6.1.3 Mission

SPA's mission is *"To safeguard the maritime gateway to the Seychelles socio-economy by providing adequate and reliable port infrastructure and efficient services."*

6.6.1.4 Strategic Priorities for 2025-2027

1. Port Victoria Rehabilitation & Extension Project

During the years spanning this MTF5, SPA will be focusing on delivering the Port Victoria Rehabilitation & Extension Project, which includes:

- Construction of 310m of new quay southwards of the existing quay with a deeper berth to accommodate vessels of drafts up to 14m. The project is expected to cost around EUR 82m as per latest cost estimate and construction is expected to start from around October 2025 and the new quay is expected to be operational from April 2027; and
- Selection of a new concessionaire to finance and develop all terminal/back of quay infrastructure and facilities such as paving, warehouses and terminal offices, and equipment such as ship to shore mobile harbour cranes, yard cranes, reach stackers, empty handlers, trucks and trailers, then to operate and transfer back to SPA all facilities and equipment at the end of the concession period. The selection process is expected to start by December 2024 and the new Concessionaire appointed by September 2025.

2. Re-organisation of Mahe Quay

To free up terminal space for container operations during the construction period, SPA will be relocating its administrative functions from the Commercial Port to nearby Ex-IDC complex, demolishing the building and paving the yard. This will permit the existing operator Land Marine Ltd (LML) to shift containers currently being stored at the unpaved Ex-Coast Guard area to the north side of the Commercial Port.

The Port and Marine Operations functions will continue to reside on the northern end of the port (Mahe Quay North), until they are relocated to Ile du Port, to make way for the future cruise passenger terminal, which will complement the Victoria Waterfront Project, and refurbishment or reconstruction of the existing quay once the new berth is operational in Mahe Quay South.

SPA and LML, are also in discussion to start constructing some much needed terminal facilities such as staff accommodation and new warehouses.

3. Replacement of Marine Assets

SPA will maintain course on its strategy to improve its marine fleet to be ready to serve the bigger vessels expected to call in Port Victoria once the new berth in Mahe Quay South is operational. This includes the disposal of Tug Boat Alouette, which is the oldest vessel in the fleet, and replacement of Tug Boat Mamelles by a new Azimuth Stern Drive (ASD) 50-60 Ton Bollard Pull (TBP) tug boat to form part of the fleet of vessels capable of handling larger vessels.

With the arrival of the new Pilot Boat Zironde in the 4th quarter of 2024, replacing Pilot Boat Riga that was disposed by sinking early in 2024, Pilot Boat Marianne and Pilot Boat Merle (both very old and constantly out of operation, under repair, will eventually be disposed to make way for procurement of a second new pilot boat.

4. Port Victoria Access Channel

Also part of making Port Victoria accessible to larger vessels, a feasibility study will be commissioned for the enlargement, deepening and realignment of the Port Victoria entrance channel, to render the channel safer and deeper these bigger vessels. This will require the repositioning of the Light House closer to Ile de Romainville, planned to form part of a larger development to turn the Light House in a maritime museum and tourist attraction to keep alive this very important part of the country's national heritage, while opening Port Victoria for more traffic.

5. Increasing International Vessel Calls

To drive up traffic, which will in turn drive up revenues, SPA undertakes to attract more shipping lines to lead to more fishing, container and cruise vessel calls. This will be done through networking at relevant events, where these shipping lines gather, and collaboration with the relevant ministries such as Fisheries, Industries and Tourism, to obtain commitments on vessel calls, cargo and passenger throughputs and to build strategic alliances with relevant partners.

6. New Southbound Road

To reduce congestion caused by port traffic over the long term and to reduce safety risks of southbound container carrying vehicles using the current route through the Docklands/SEYPEC/STC Hypermarket area, SPA will also be seeking grant financing to undertake a feasibility study to introduce a new southbound road on the outskirts of the Queenie Bay area leading to Roche Caiman Sports Complex.

7. Inter-Island Quay Domestic Passenger and Cargo Facility

While the major focus will be on delivering this much needed modern Commercial Port, SPA will also be ensuring that domestic port facilities and fish landing facilities are maintained and modernized.

A new passenger terminal at Inter Island Quay is currently in design phase, being done through a Public Private Partnership (PPP) format was tendered in September 2023 and awarded Inter Island Boats. To complement this, SPA has already started implementing a new pay parking facility on V18476 and V18468, which are located opposite the Inter Island Quay port facility. The Ministry of Lands and Housing has granted SPA permission to build and operate the car park for 5 years out of which 2 years has already been used up. SPA has made a request to the MLH to extend the duration of this permit for it to recoup the investment.

8. La Digue Passenger Terminal

A new passenger terminal on La Digue Island to replace the small existing passenger shelter is currently in design phase to be implemented in 2025. The financing format is under consideration with dependency on the total cost of the project. SPA has budgeted SCR 15m for the project.

9. Praslin Passenger Terminal

A new, larger passenger terminal on Praslin on Kato Nwanr Island is also in concept phase. It is expected that the existing terminal will reach capacity in the short to medium term and land has already been allocated for the construction of a larger terminal following the same standards that are now being implemented in the new La Digue Passenger Terminal. A feasibility study will be undertaken to determine when this project can be implemented. The land allocated for it will currently be used as a pay parking facility.

10. Communication with Vessels

The SPA is currently establishing a more effective communication system between Mahe, Praslin, and La Digue, which will enable all vessels to communicate via VHF radio (currently lacking on Praslin and La Digue). Additionally, SPA will be procuring advanced technologies such as radar, AIS, GPS, VHF radios, vessel tracking software, and microwave connectivity to efficiently monitor vessels within the port limits. Such visibility will also significantly enhance navigational safety and improve data collection for invoicing, thereby reducing revenue leakage.

11. Inter-Island Cargo

In line with the strategy to segregate cargo from passenger traffic at Inter Island Quay, as has been implemented on Praslin and now La Digue, a new Inter Island Cargo terminal at Roche Caiman is in concept phase to be implemented in the medium to long term. This new facility will play an important role in reducing congestion on the Victoria by-pass road and improving the safety of passengers at the existing facility, as well as providing more berths for passenger vessels.

12. Industrial Fishing Port

The heavily utilized Industrial Fishing Port is currently in a very dilapidated state and also need refurbishment to meet the needs of the fisheries sector. The re-development of the Industrial Fishing Port facilities currently in concept phase.

SPA will also be initiating consultations to put in place a new masterplan for the development of Port Victoria as a thriving maritime hub for the next 30 years. This will require synergies with and involvement of port stakeholders and relevant Ministries, agencies and authorities. SPA aims to create more hinterland facilities for development of the fishing industry as well as other upcoming export oriented industries. This requires for SPA to take stock of all land leased to it for port development and to start preparing concepts for development, either by SPA, private parties or SPA and private parties as a PPP.

13. Developments on SPA land

SPA as a landlord port authority has been allocated many parcels of land for development of port facilities as well as creating opportunities for the development of back of quay facilities as well as blue economies by private parties.

On Kato Nwanr Island on Praslin, land has been allocated based on a sublease agreement to investors for commercial developments such as retail outlets, offices and services to complement Ero Passenger Terminal. Not far from it, on Eve Island at the cargo terminal, land has been and continues to be subleased to investors for storage of frozen and dry goods in transit to complement the cargo activities. On Mahe, around the fishing ports, land continues to be allocated to interested parties undertaking developments to complement and service the fishing industry.

14. Sustainable (Green) Port

All new developments will be undertaken under an umbrella of sustainability, in line with the newly adopted Sustainable (Green) Port approach, aligned with the Green Port Policy being developed at national level. The sustainability agenda will drive initiatives such as:

- Improving governance by giving sustainability due importance in all relevant and applicable policies and SOPs;
- Driving financial sustainability by improving revenue generation and cost efficiency, leading to a healthier bottom line for the SPA. This will permit SPA to accumulate the necessary reserves to finance the maintenance and redevelopment of its port facilities and premises, and managing its operational risks;
- Digitalization of operations to reduce paper consumption while improving efficiency and transparency. Such digitalization includes the Port Victoria Management Information System (PVMIS), which is a platform for declaration of vessels and clearing of international cargo, and the Domestic Voyages Management Information System (DVMIS), which is a platform for declaration of domestic voyages bound for SPA terminals on other islands. The implementation of these systems will lead to more control and speedier invoicing and collection of revenues [already embarked and 60% completed, talk about HRIS as well];
- Emphasizing on the continuous improvement of SPA's employees' performance through their on-going training and development, and catering for their welfare and well-being;
- Energy efficiency in operations ultimately to reduce SPA's carbon footprint and cost of operating its assets such as premises and vessels. Under this theme, SPA will be over the long term replacing assets with those that are more energy efficient and installing Photo Voltaic (PV) panels on its buildings, wherever possible and permitted;
- Reduction of waste from SPA activities, which eventually end up at the landfill. Initiatives such as segregation of waste, reuse and recycling of those wastes that can be reused and recycled and reduction of largely paper waste by the formerly described digitalization;
- Creating more green spaces in and around port facilities and reducing/preventing pollution from port activities; and
- More engagement with Victoria as a port city and with the local community that is impacted by the ports that SPA operates.

15. Support for Developments

Given the pivotal role of ports in the socio-economic development of the country and the extensive social benefits derived from their existence, SPA undertakes to continue investing in the development of Port Victoria and all port facilities under the management of the Authority. While SPA will continue to identify new avenues to generate revenues, while controlling its costs and maintaining its tariffs at a competitive level, it is necessary that the Government considers how to support SPA in this endeavor through concessions and tax exemptions. The latter would make a significant effect on the Authority's cash flow during the extension of Mahe Quay.

6.6.1.5 *Key Challenges*

1. Finance vs the Need to Develop

SPA's extensive mandate requires it to provide adequate port facilities to serve many industries, primarily the fishing and tourism sectors of the economy, while also meeting the needs of the general economy and a population that are highly dependent on imports to continually enjoy the high standard of living that we aspire for all Seychellois.

On the opposite side of the same coin, SPA competes with other ports existing and new in the region, which are luring the fishing vessels that drive the very engine of port business, requiring SPA to charge competitive tariffs while providing a better service than its competitors. It is important to note that SPA's tariffs are regulated by law and subject to the approval of the Cabinet of the Minister.

The specific challenge faced by SPA now is how to finance the capital intensive development of international port facilities (access channel, berths, tug and pilot boats) in light of the numerous risks that it faces, to improve maritime connectivity while keeping its tariffs at a competitive level.

2. Constraints of Existing Facilities

Port facilities play a key role in connecting a country to others to facilitate trade and plays a key role in determining the cost of freighting goods, whether by containers or in bulk. The existing port facilities for international cargo vessels restrict the size of vessels that can call in Port Victoria. The depth and width of the access channel, basin and berths permit vessels of maximum draft of 11.5m to call into port. Furthermore, a lack of ship to shore cranes further restrict container freighting to older geared vessels carrying a maximum of 2,000 TEU of containers. This results in a cost of freight that is higher than other countries that can accommodate bigger, new, more cost efficient, ungeared vessels.

2. Economic Reliance on Tourism and Fisheries

The high dependency of the SPA and the country on the fisheries sector is an on-going concern for SPA amid decreasing fish stock and increase in quotas, which SPA has very little control over. It is imperative that the Government identifies and grows other industries in a bid to diversify the economy, to ensure a steady stream of exports over the long term. In the interim, fishing vessels are abandoning Seychelles for more lucrative opportunities in neighboring countries such as Madagascar, Oman, Tanzania, Mombasa in Kenya, and the Maldives.

3. Working in Partnership with Government

There is a very real need for entities such as the Seychelles Fishing Authority (SFA), Ministry of Fisheries, Ministry of Industries, Ministry of Finance, Ministry of Lands, Seychelles Maritime Safety Administration (SMSA), and the Ministry of Tourism to work in synergy with the SPA, where all parties can leverage their collective expertise and resources for better coordination when planning for port developments and negotiating agreements that have an impact on the economics of the port. In the past, PVREP has encountered many roadblocks, when other Ministries, agencies and departments have misjudged the importance of this project and not given due priority to SPA's requests. One such example is the delay in the relocation of the Police and Prison related activities at the Ex-Coast Guard Area, which is the area that will be first to develop in this project.

4. Legislation Related Challenges

The slow speed at which legislations are drafted and approved has proven to be a hindrance to both SPA and its regulator, Seychelles Maritime Safety Authority. International conventions such as the MARPOL Convention and IMDG Code have both been ratified by Seychelles but not yet domesticated through regulation.

SPA has now amended the SPA Act to give it greater flexibility in its commercial undertaking, however, the Port Regulations have yet to be updated to give SPA enforcement for many issues concerning pollution, safety and security. SPA still heavily relies on the Police and other entities with enforcement powers e.g. Department of Environment. However, their presence is very Ltd at ports.

Being a public enterprise, SPA is required by law to follow the Public Procurement Act. While SPA recognizes the rationale behind this, the waiting periods during the process of making requests and review of evaluations, can sometime create delays in the implementation of projects and procurement of much needed parts or services for marine assets, which leads to downtime (tugs and pilot boats) and loss of revenues and projects not meeting their deadlines.

5. Land and Development Planning

As mentioned in the previous section, SPA makes available land leased to it to private developers to invest in facilities that are complementary to port facilities and the port business. However, it oftentimes encounters delays in obtaining the head leases for these properties or registration of sub-leases, delaying entry into concession agreements. The most recent and pertinent example is the registration of the sub-lease and commercial agreement of Land Marine Ltd for it to undertake the role of container and general cargo terminal operator at Mahe Quay. These two agreements were signed in 2022 and have yet to be registered due to delay in the subdivision of the quay to remove it from the demised premises.

The SPA Act makes provision for SPA to give approval for development of marinas, slipways and landing places throughout the Harbour, which is 10 nautical miles from any coast of any island in the archipelago. Yet SPA is not consulted when such developments are submitted to the Planning Authority. SPA thus finds it difficult to control the standard of such developments.

6. Stakeholder Perceptions and Cooperation

SPA has a large number of stakeholders, which includes port operators and the general public. There is an omnipresent perception by many stakeholder groups that SPA generates excessive revenue and can thus achieve much more than its cash flow would otherwise allow. SPA spends significant energy to manage the challenges that comes with this, such as but not Ltd to high bids in procurements, customers not taking their responsibility to settle their debts, and obtaining information from operators even when such information submission is regulated by law.

7. Human Resource Challenges

Port Operations being a very specialized domain requires a specific skillset to be developed through training and experience. Oftentimes SPA finds it challenging to attract people with these skills from the local market. As much as SPA would like to maintain a 100% Seychellois workforce, it may sometimes have to resort to expatriate staff to fulfil certain key roles.

8. Technological Challenges

As SPA forges ahead on its digitalization journey, it faces the same problem currently affecting individuals and businesses alike – internet connectivity. SPA's systems will all be cloud-based on servers overseas, necessitating for users to have a reliable internet connection. Should the country lose international connectivity, systems such as PVMIS and DVMIS will not be accessible to users, which may lead to slowdown in the operations as users revert to the old manual process.

Introduction of technology also brings about data protection and cybersecurity challenges that must be met with regulations, policies and systems.

9. Reporting Challenges

As a reporting entity, SPA must always meet the deadlines set by PEMC. With records having been manual for more than a decade now, ad-hoc requests cannot always be met within the specified deadlines. Oftentimes the information being requested requires accessing records for many reporting periods kept manually, compilation and analysis of such records prior to submission. Tight deadlines are therefore a significant challenge for the SPA Finance Department, who, thanks to the manual system, spend a large amount of time on invoicing for port services. SPA would like to request flexibility to provide the required information when it comes to ad-hoc requests.

6.6.2 Outlook of Financial Strategy

6.6.2.1 Projected Financial Position of Seychelles Port Authority

SCR ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
ASSETS							
Non-Current Assets							
Property and equipment	266,200	283,657	311,576	452,263	864,606	1,624,873	1,885,383
Investment property	17,200	16,071	32,536	31,634	31,181	31,181	31,181
Intangible assets	400	246	144	-	4,197	4,766	4,766
Deferred Tax Assets	6,000	4,340	-	-	-	-	-
Total Non-Current Assets	289,800	304,315	344,256	483,898	899,984	1,660,819	1,921,330
Current Assets							
Inventories	3,300	2,985	4,387	7,167	8,076	8,076	8,076
Investment in financial asset at amortised cost	-	25,043	30,727	53,681	53,681	53,681	53,681
Trade and other receivables	31,400	39,801	49,603	31,765	37,122	53,599	55,891
Cash and cash equivalents	190,100	196,199	228,287	232,576	156,696	184,287	47,057
Total Current assets	224,800	264,028	313,004	325,189	255,575	299,643	164,704
TOTAL ASSETS	514,600	568,342	657,260	809,087	1,155,559	1,960,462	2,086,034
EQUITY AND LIABILITIES							
Equity and reserves							
Capital reserve	8,400	7,486	6,662	6,662	6,662	6,662	6,662
Retained earnings	475,100	519,863	576,878	675,572	784,216	911,513	1,043,678
Total Equity	483,500	527,349	583,540	682,234	790,878	918,176	1,050,340
LIABILITIES							
Non-Current Liabilities							
Borrowings	8,200	7,470	44,338	75,662	297,211	977,126	970,942
Deffered Tax Liabilities	-	-	11,045	11,045	11,045	11,045	11,045
Retirement benefit obligations	4,600	8,960	8,516	6,929	4,577	825	(172)
Total Non-Current Liabilities	12,800	16,430	63,899	93,635	312,833	988,997	981,816
Current Liabilities							
Retirement benefit obligations-Current	4,700	1,312	1,799	472	-	-	-
Tax liability	5,100	12,956	(5,976)	17,788	37,827	38,326	38,461
Trade and other payables	8,400	10,296	13,997	14,957	14,020	14,964	15,418
Total Current Liabilities	18,200	24,564	9,820	33,217	51,847	53,290	53,878
Total liabilities	31,000	40,994	73,720	126,852	364,680	1,042,286	1,035,694
TOTAL EQUITY & LIABILITIES	514,500	568,342	657,260	809,087	1,155,559	1,960,462	2,086,034

6.6.2.2 Projected Statement of Comprehensive Income of Seychelles Port Authority

SCR ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
INCOME							
Port related services	150,300	168,703	179,399	252,045	299,537	322,293	335,741
Hire of boats	800	1,002	757	527	743	767	790
Rental income	14,300	35,025	36,361	38,550	35,062	36,815	40,172
Other income	200	531	2,347	25,113	1,002	1,052	1,104
Gross income	165,600	205,260	218,864	316,235	336,343	360,927	377,807
Cost of services	(18,600)	(19,368)	(21,817)	(20,860)	(26,780)	(27,545)	(28,384)
Net Income	147,000	185,891	197,047	295,375	309,563	333,382	349,423
EXPENSE							
Employee costs	(70,000)	(73,471)	(84,228)	(108,063)	(109,680)	(111,337)	(117,400)
Premises costs	(3,000)	(2,753)	(3,873)	(1,767)	(1,309)	(1,374)	(1,443)
Operating overheads	(9,600)	(9,967)	(16,711)	(20,688)	(23,994)	(21,981)	(22,519)
Depreciation	(21,600)	(22,930)	(24,137)	(29,452)	(25,399)	(24,216)	(27,477)
Expected Credit Loss		463	2,435	-	-	-	-
Operating Expenses	(104,200)	(108,657)	(126,515)	(159,970)	(160,381)	(158,908)	(168,839)
Operating Profit	42,800	77,234	70,532	135,405	149,181	174,473	180,584
Foreign exchange gain/(Loss)	(74,000)	(13,373)	13,077	(311)	(1,500)	(1,500)	(1,500)
Finance Cost	(100)	-	-	(3,763)	(3,256)	(2,877)	(2,498)
Profit/(Loss) before tax	(31,300)	63,862	83,610	131,331	144,425	170,096	176,586
Taxation charge	(2,100)	(19,073)	(30,903)	(32,636)	(35,781)	(42,799)	(44,421)
Profit/(Loss) for the year and other comprehensive income	(33,400)	44,789	52,707	98,695	108,644	127,297	132,164

6.6.2.3 Projected Cash flow Statement of Seychelles Port Authority

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash flows from operating activities							
Profit before taxation	131,200	63,862	83,610	131,458	144,425	170,096	176,586
<i>Adjustments for:</i>							
Depreciation of property and equipment	14,700	22,930	24,137	29,452	25,399	24,216	27,477
Expected Credit Loss	13,600	(463)	(2,435)	-	-	-	-
Retirement benefit obligation charge	7,500	7,263	6,710	6,728	8,139	6,946	10,150
Loss on disposal	-	20	-	-	-	-	-
Bad Debts written off	200	-	-	-	-	-	-
Prior year adjustment	4,500	-	4,308	-	-	-	-
Interest accrued	(900)	(218)	(989)	3,070	2,203	1,772	1,338
VAT Credit Refund	(8,500)	-	-	-	-	-	-
Prior year adjustment - Others	(300)	-	-	(22,789)	-	-	-
Currency translation differences on borrowings	5,200	(771)	-	-	-	-	-
Currency translation differences	(90,900)	12,685	(12,229)	-	-	-	-
	76,300	105,306	103,113	147,919	180,167	203,030	215,551
<i>Changes in working capital:</i>							
- (Increase)/Decrease in inventories	100	363	(1,402)	(2,780)	(909)	-	-
- Decrease/(Increase) in trade and other receivables	1,700	(7,973)	(7,616)	14,142	(5,357)	(16,477)	(2,292)
- Increase/(Decrease) in trade and other payables	2,400	1,863	3,700	1,783	(464)	891	517
	4,200	99,559	97,795	161,064	173,436	187,444	213,776
Tax paid	(22,100)	(9,556)	(34,453)	(18,597)	(23,707)	(42,300)	(44,286)
Gratuity and compensation paid	(5,100)	(6,346)	(6,666)	(9,136)	(10,963)	(10,645)	(11,211)
Net cash inflow/(outflow) from operating activities	53,300	83,657	56,676	133,331	138,767	134,498	158,279
Cash flows from investing activities							
Purchase of property and equipment	(143,300)	(40,048)	(51,216)	(153,006)	(424,284)	(748,608)	(475,644)
Sale of property & Equipment		-	-	23,097	-	-	-
Purchase of investment property		-	(18,026)	-	-	-	-
Purchase of intangible assets	100	-	-	-	-	-	-
Purchase of investment in financial assets	(23,500)	(25,043)	(25,774)	(28,000)	-	-	-
Proceeds from redemption of investment in financial asset		-	20,090	-	-	-	-
Net cash inflow/(outflow) from investing activities	(166,700)	(65,090)	(74,927)	(157,909)	(424,284)	(748,608)	(475,644)
Cash flows from financing activity							
Interest Received		218	989	28	1,002	1,052	1,104
Borrowings received		-	38,163	38,108	227,733	693,000	231,000
Borrowings Repaid		-	(1,892)	(6,604)	(6,184)	(6,184)	(6,184)
Interest Payment		-	-	(7,711)	(12,914)	(46,167)	(45,786)
Net Cashflow from financing activities		218	37,260	23,821	209,637	641,700	180,134
Increase/(Decrease) in cash and cash equivalents		18,785	19,010	(756)	(75,881)	27,591	(137,230)
1 January,	227,000	190,099	196,199	228,287	232,576	156,696	184,287
Increase/(Decrease)	(113,600)	18,785	19,010	(756)	(75,881)	27,591	(137,230)
Currency translation differences	90,900	(12,685)	13,077	5,046	-	-	-
31 December,	204,300	196,199	228,287	232,576	156,696	184,287	47,057

6.6.2.4 Projected Capital Investment Plan of Seychelles Port Authority

SCR ('Mn)

Project Name/Location	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Forecast				Anticipated Risks
							2024	2025	2026	2027	
Major Capital Investments											
Dry Docking of Tug Ste Anne	Dry Docking for classification requirements	Uninterrupted service with regulatory compliance	20.1	Equity	2025	Sep-25	-	20.1	-	-	
Dry Docking of Tug Mamelles	Dry Docking for classification requirements	Uninterrupted service with regulatory compliance	14	Equity	2026	Dec-26	-	-	14	-	
Dry Docking of Tug Alouette	Dry Docking for classification requirements	Uninterrupted service with regulatory compliance	22	Equity	2026	Dec-26	6.5	-	22	-	
Acquisition of New Pilot Boat	Faciliate efficiency of the Port by replacing aged fleet	Faster reliable response to ship calls, securing interruptions, minimizing risks to human life	18.2	Equity	2025	Dec-25	4.8	18.2	-	-	
Tug Boat	Dredging works for New Finger Jetty		2	Equity	2024	Dec-24	2	-	-	-	
Acquisition of New Tug Boat			85.24	Equity	2024	Dec-24	85.24	-	-	-	
PVREP	Extension of Quay Length by 300 Mtrs and renovation of Existing Quay with limited dredging	Extra Space for Container Handling, Facilitation of modern vessels with bigger draught.	1,173	EIB/AFD	2025	Dec-27	12.65	250.2	750.7	125.1	
Mahe Quay	Sanitary Facilities for Stevedores	Improved facility for Stevedores	0.5	Equity	2025	Dec-25	-	0.5	-	-	
Mahe Quay	Fencing & Surfacing		1.5	Equity	2025	Dec-25	-	1.5	-	-	
Mahe Quay	Development of Inter Island Cargo Terminal		75.0	Equity	2026	Dec-28	-	-	5	10	
Fishing Port	Installation of Seypec Pipe Duct		1.0	Equity	2024	Dec-24	1	-	-	-	
Mahe Quay	Surfacing Work at Mahe & Fishing Port		0.8	Equity	2024	Dec-24	0.8	-	-	-	
Mahe Quay	Relocation to IDC		3.5	Equity	2024	Dec-24	3.5	-	-	-	
Bel Ombre	Bel Ombre Development		1.5	Equity	2025	Dec-25	-	1.5	-	-	
La Digue	Passenger Terminal Building		40.0	Equity	2025	Dec-26	-	32	8	-	

La Digue	Phase 1 - Sea Wall Alignment/Dredging		4.4	Equity	2024	Dec-24	4.4	-	-	-	
La Digue	Phase 2 - Final Settlement		2.6	Equity	2024	Dec-24	2.6	-	-	-	
La Digue	Phase 1 & 2 Consultancy Fee		0.5	Equity	2024	Dec-24	0.5	-	-	-	
La Digue			0.65	Equity	2024	Dec-26	0.65	-	-	-	
Praslin	New Passenger Terminal at Ero (Retention Fee)			Equity		Dec-24	1.4	-	-	-	
Praslin	Yard Lighting, Road Surfacing & Pay Parking System		3.0	Equity	2024	Dec-24	3	-	-	-	
Praslin	Ero Terminal (Improvement to existing sewage system)		0.1	Equity	2024	Dec-24	0.1	-	-	-	
Praslin	Ero Terminal (Installation of PVC Curtains)	To prevent water splashing under seating area	0.3	Equity	2024	Dec-24	0.3	-	-	-	
Praslin	Ero Passenger (Supply & Fixing of Tabular Piles)	To secure New Pontoons	0.5	Equity	2024	Dec-24	0.5	-	-	-	
Praslin	Improvement at Eve Island Cargo Yard		1.0	Equity	2024	Dec-24	1	-	-	-	
Inter Island Quay	Car Park Project		5.0	Equity	2024	Dec-24	5	-	-	-	
Acquisition of New Pilot Boat incl. of mobilisation	Faciliate efficiency of the Port by replacing aged fleet	Faster reliable response to ship calls, securing interruptions, minimizing risks to human life	14.8	Equity	2024	Dec-24	16.4	-	-	-	
Total							152.34	324	799.7	135.1	
Replacements and upkeep of Assets (PPE)											
Nav Aids & Equipment	-	-	-	-	-	-	3.18	1.86	-	-	
Software	-	-	-	-	-	-	0.59	2.78	0.75	-	
Office Equip & Computer Accessories	-	-	-	-	-	-	2.29	0.64	-	-	
Furnitures & Fittings	-	-	-	-	-	-	0.08	0.06	0.03	-	
Building Improvements	-	-	-	-	-	-	0.14			-	
Plant & Machinery	-	-	-	-	-	-	-	0.07	0.15	-	
Other Assets	-	-	-	-	-	-	4.46	2.08	0.59	2	
Vehicles	-	-	-	-	-	-	1.99	0.80	-	-	
Total	-	-	-	-	-	-	12.73	8.29	1.52	2	
Grand Total							165.07	332.29	801.22	137.10	

6.6.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.6.3.1 Tax Implications by the Operations of Seychelles Port Authority

SCR ('000)

TAX IMPLICATION						
Type of Tax	Actual Figures		Provisional	Forecast		
	2022	2023		2024	2025	2026
Business Tax	16,700	17,700	32,600	35,800	42,800	44,400
PIT	5,100	6,500	7,200	7,900	8,700	9,600
VAT	(870)	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)
Total	20,930	22,710	38,310	42,210	50,010	52,510

6.6.3.2 Anticipated Dividend Declarations By of Seychelles Port Authority

With the large capital outflow during the years 2025-2027 as SPA reinvests in aged infrastructure and forges forward with its transformation SPA does not anticipate to be declaring any dividend in cash. To show Government how SPA contributes to the socio-economic development of the country, a methodology is being developed for Dividend in Lieu of Cash to recognize the Social Responsibility incurred by SPA.

6.6.3.3 Debt Payments Forecasts By Seychelles Port Authority

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023		2024	2025	2026
Loan 01 From European Investment Bank	Borrowings	Port Victoria Rehabilitation & Extension Project	EUR 40.5m	-	-	-	-	-	EUR 40.5m	EUR 40.5m
	Interest for the Year		-	-	-	-	-	-	EUR 2m	EUR 2m
	Repayment of Capital		-	-	-	-	-	-	-	-
	Balance carried forward		-	-	-	-	-	-	-	-
Loan 02 From Agence Française de Développement	Borrowings	Port Victoria Rehabilitation & Extension Project	EUR 16.5m	EUR 500k	EUR 500k	EUR 500k	EUR 500k	EUR 15.9m	EUR 16.5m	EUR 16.5m
	Interest for the Year		EUR 2.6k	EUR 2.7k	EUR 21k	EUR 25k	EUR 642k	EUR 836k	EUR 836k	
	Repayment of Capital		-	-	-	-	-	-	-	
	Balance carried forward		-	-	-	-	-	-	-	
TOTAL			EUR 57m	-	-	-	-	-	-	-

6.6.3.4 Anticipated Subventions and Grants By Seychelles Port Authority

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants							
				Actual Figures			Provisional	Forecast			
				2021	2022	2023	2024	2025	2026	2027	
Subventions	Government	-	-	-	-	-	-	-	SPA does not anticipate any subventions within the medium term		
	IMF	-	-	-	-	-	-	-			
	ADB	-	-	-	-	-	-	-			
	EU, etc.	-	-	-	-	-	-	-			
Grants	Government	-	-	-	-	-	-	-	-	-	
	IMF	-	-	-	-	-	-	-	-	-	
	ADB	-	-	-	-	-	-	-	-	-	
	EU, etc.	Port Victoria Rehabilitation & Extension Project	Not Provided	-	-	-	-	-	EUR 4.6m	EUR 15.4m	
TOTAL			-	-	-	-	-	-	EUR 4.6m	EUR 15.4m	

6.6.3.5 Contingencies of Seychelles Port Authority

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Guarantees	Government	Port Victoria Rehabilitation & Extension Project	EUR 70m*	EUR 614k	EUR 614k	EUR 614k	EUR 614k	EUR 18.9m	EUR 70m	EUR 70m
	Guaranteed for other PEs	-	-	-	-	-	-	-	-	-
Potential Payments Due to Legal Actions by 3 rd Parties	Government	-	-	-	-	-	-	-	-	-
	Case 01	-	-	-	-	-	-	-	-	-
	Case 01	-	-	-	-	-	-	-	-	-
	etc.	-	-	-	-	-	-	-	-	-
TOTAL			EUR 70m*	EUR 614k	EUR 614k	EUR 614k	EUR 614k	EUR 18.9m	EUR 70m	EUR 70m

*Please note that the guarantees for the loans are higher than the loan amount: EIB Loan EUR 12.5m, Guarantee EUR 15m, EIB Loan EUR 28m, Guarantee EUR 35m, AFD Loan EUR 16.5m, Guarantee EUR 20m. The loan to guarantee ratio is on average 1:1.228

6.6.3.6 Assumptions used for the Financial Projections of Seychelles Port Authority

- a. Inflation and Exchange rate is as per information prescribed by PEMC below:

	2025	2026	2027
Inflation Rate	2%	3.5%	3.5%
Exchange Rate:			
SCR/US\$	14.69	14.92	15.16
SCR/EURO	16.51	16.82	17.13

- b. All Revenues were projected using the actuals of current year (Jan-Jul) and actuals of previous years (Aug-Dec), except for container forecast. However, change in the maritime industry is highly dependent on the global economy, cost of freight, domestic consumption of goods, development in fishing industry, actions of nearby competitor ports and internal socio-political climate.
- c. The above assumption basis will impact all Harbour Dues Income except Rental Income and Concessionaire.
- d. The full implementation of the Tariff Review has been factored in the Financial Projection, which is the 2nd phase of the 75% increase in the tariffs as approved in the Harbour Dues Regulation 2023.
- e. The Loan Facility of EUR 4.86m from Nouvobanq is repayable over a period of 10 years. This loan was taken to partly finance the acquisition of Tug Boat Mamelles (delivered), Tug Boat Silwet (delivery date September 2024) and Pilot Boat Zirondel (delivery date October 2024) at the variable interest rate of EURIBOR 3 Months + a margin of 4% (currently 6.17%). Any variation in EURIBOR will have an effect on this facility and projected cash flows and interest costs. However, loan agreement includes a clause to convert the facility to SCR during the tenor of the loan to mitigate foreign exchange risks. Any conversion utilizing such option will have an impact on cash flows projected.
- f. Direct operational costs were projected based on maintenance and fuel requirements needed to operate the tugboats and pilot boats. Furthermore, the quays and jetty maintenance is estimated based on the technical requirements assessed by the project team.
- g. Gratuity and retirement benefits payments for budgetary purposes is based on the manpower requirement of the authority for the next 3 years as they fall due.

6.6.4 KPIs, Risk Management Strategy and Reporting Obligations

6.6.4.1 Key Performance Indicators of the Seychelles Port Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Prov.	Forecast		
		2021	2022	2023	2024	2025	2026	2027
Financial								
Gearing ratio	Total debt divided by equity				10%	27.3%	51.6%	48%
Debt to Capital ratio	Debt divided by Debt + Equity				0.11	0.38	1.06	0.92
Liquidity ratio	Current assets divided by current liabilities				9.5	5.3	5.7	2.9
Business Growth								
Container throughput	TEUs of containers discharged and loaded				88,622	90,815	93,267	95,533
Container vessel calls	Port calls by container vessels	120	128	146	148	141	142	142
General cargo	Tons of general cargo discharged and loaded							
General cargo vessel calls	Port calls by general cargo vessels	15	7	8	10	13	13	13
Bulk Fish	Tons of fish landed, transhipped (in reefer vessels and containers)				431,638	546,333	482,338	491,292
Fishing vessel calls	Port calls by fishing vessels	742	678	669	658	678	710	745
Bulk Petroleum	Tons of petroleum products discharged and loaded				566,055	559,780	587,769	617,157
Petroleum vessel calls	Port calls by petroleum vessels (all products)	34	24	33	44	47	47	47
Bulk Cement	Tons of cement discharged	21,500			18,076	28,896	30,341	31,858
Cement tanker calls	Port calls by cement tankers	6	10	5	5	6	6	6
Cruise passengers	Number of cruise passengers disembarked				66,832	60,788	63,827	67,019
Cruise vessel calls	Port calls cruise vessels	4	12	35	48	48	48	48
Business Efficiency								
Gross margin	Gross profit divided by turnover				90%	91%	91%	92%

6.6.4.2 Risks and Resilience Plan of the Seychelles Port Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	SPA's 5-year strategic plan expired in 2024 and SPA although is aware of its vision, it lacks the necessary strategic objectives that will guide its decision making for the short and medium term. It also lacks a development masterplan that will illustrate the vision for the development of port facilities for the next 50 years. SPA therefore stands the risk of making decisions that are not necessarily aligned to the long term goal or undertake developments that were never envisaged based on political and/or public pressure.	SPA will be engaging a consultancy firm to prepare a 5-year strategic plan as well as a 50-year development plan that will guide SPA over the medium and long term. Strategy Department being custodian of these plans will ensure that they remain relevant and where revisions are required, these are addressed to keep the documents current.
	As has been the case in the past, even if there was a strategy and masterplan in place, the strategic objectives contained therein are oftentimes not considered when decisions were made. A repetition of this may lead the SPA towards making misaligned decisions, which may derail it from achieving its strategic outcomes and vision.	SPA's board and management are committed to making decisions based on SPA's strategic intent. Key Performance Indicators emanating from these documents will be incorporated in departmental and individual performance objectives to ensure complete alignment from strategic to operational level.
	The strategic decision of port operators, users, relevant Ministries and agencies may not always be congruent with SPA's vision. For example, SPA wishes to improve efficiency in the cargo import and export processes to reduce cargo dwelling time and thus need for storage space on terminals. This involves many stakeholders. If these stakeholders decide to not cooperate by changing the way they operate the vision may never material or at best take much longer than planned.	SPA engages its stakeholders through the Port Stakeholders Committee and maintains conversations about port facilities and service delivery. Where necessary to bring strategic changes, SPA engages with relevant Ministries, agencies and departments to gain buy-in and solicit their support.
	Operating within a globalized economy and the country's heavy reliance on tourism and the fisheries sector brings about important economic risks. When there are downturns in the country's main source of foreign visitor and destination for fish export port business suffer from the slowdown in economic activity.	SPA closely monitors economic indicators to detect potential threats to its operations and performance.
Financial Risks	SPA's revenues are currently largely in SCR but has borrowed in EUR for PVREP. Each time SPA converts SCR into foreign currency it stands a chance of doing so at unfavourable rates.	SPA will be structuring the concession agreement to collect revenues in EUR to mitigate these risks. SPA also attempts to match its currency of revenue with the currency in which it makes its expenditures in addition to seeking options to convert its foreign currency loans into SCR if necessary.
	SPA has had to borrow heavily for PVREP and purchase of new marine assets. These loans give rise to interest rate risks. The EUR loans are tied to EURIBOR, which is impacted by the economic environment in the EU. With the recent high EURIBOR rates employed to combat high inflation	To keep the cost of capital low it is important that SPA finances its investments from low cost sources and manages any variability in the rates. The PVREP loans have options to convert the floating rate to fixed, which may provide some comfort when it comes to variability. Finance Department also continually monitors domestic and

	<p>rates, SPA's cost of capital has gone up quite significantly.</p>	<p>international interest rates to advise management and the board if these rates are becoming alarming and actions may need to be taken to curb the increase in WACC.</p>
	<p>Liquidity Risk: SPA will start paying back the capital borrowed for PVREP from 2023. Such large payments have to be met by the project revenues, which is the concession revenues.</p>	<p>The concession revenues will have to exceed the maximum repayment amount and be sufficient to repay the loans as well as provide to the operational expenses for running Mahe Quay. SPA will ensure in its selection of the new concessionaire, get the best deal to avoid having to fall back on other revenue streams to repay the loans.</p>
Operational Risks	<p>Port facilities, particularly the Commercial and Industrial ports, are inherently subject to many safety risks due to dangerous cargoes (e.g. petroleum in bulk, containers containing explosives and other flammable and explosive products), dangerous activities (movement of heavy plant and equipment). Most facilities, particularly Mahe Quay, serve different types of vessels and cargoes in a single location, multiplying many risks of something going wrong, having catastrophic on human life and the port facilities.</p>	<p>SPA has improved its stance on safety by creating a Section whose role is to ensure that SPA and all port operators and users comply to internationally accepted safety norms and the law. Safety officers conduct regular inspections of all SPA premises and port facilities, and will be undertaking regular safety risk assessments at each location. New digitalized systems (PVMIS and DVMIS) are being introduced to ensure that cargos are declared and dealt with according to their type.</p>
	<p>Port facilities are restricted areas that should not be accessed by unauthorized persons. However, there is always the risk of port facilities being accessed by an unauthorized party. SPA does not have law enforcement powers and have to rely on the Police, who has very Ltd presence in ports.</p>	<p>SPA employs a large number of security officers to enforce the Port Facility Security Plan. Officers are stationed at the port facilities where they control entry and undertake patrols to detect any unauthorized access and/or activities.</p>
	<p>The risk of maritime accidents around port facilities is quite significant, particularly in narrow entrance channels into Port Victoria, Baie Ste Anne and La Passe. In Port Victoria, should a vessel be grounded in the entrance channel, international trade would stop entirely until the vessel(s) is (are) dealt with. This will have extensive negative impact on the economy of the country. This risk will increase significantly as the size of vessels calling into Port Victoria increases. [Risk of the light house and one way traffic system, refloating of sunk vessels]</p>	<p>SPA is very cognizant of the risk of paralyzing the economy of the country and is putting in place a vessel traffic management system to monitor vessels within the Port Victoria Limit. International vessels are also required by law to make use of a port pilot to navigate the channel, thereby reducing the risk of grounding. SPA employs and trains pilots to safely guide these vessels into port and makes use of aids to navigation and tugs. To further reduce the risk of grounding by the larger vessels that are expected in future, SPA will be widening, deepening and realigning the entrance channel.</p>
	<p>SPA have specialised human resource needs, particularly in the operations department. This, coupled with SPA's inability to offer the high remunerations offered for such individuals on the private sector may impede its ability to hire high caliber candidates.</p>	<p>SPA continues to enhance the skills and expertise of its employees through its training programs to ensure they attain the required level of performance. SPA collaborates with the Seychelles Maritime Academy and engages employees in internationally recognized training programs. SPA also considers non-monetary benefits in its welfare policy such as rewards and recognitions for good performance. The salary structure is currently under review and may lead to changes that could increase the attractiveness of the salaries offered by SPA. Any increases will be done in consideration of SPA's revenues being able to</p>

		absorb the impact without putting its strategic objectives at risk.
	SPA loses many opportunities for international vessels to call at Port Victoria because of the limitations of its channel, depth of berths, and lack of shore cranes at Mahe Quay, the only quay designated for larger vessels. Furthermore, different classes of such vessels have to compete for berthing space, which is assigned based on a priority system. Importer of cargo that are delayed outside port incur demurrage charges that they normally pass on to their customers, resulting in unnecessary price increases in the economy.	To improve SPA's attractiveness to larger vessels, it is undertaking the Port Victoria Rehabilitation & Extension Project (PVREP) and improving its fleet of tugs and pilot boats. The new concessionaire is also expected to redevelop the port and provide shore cranes to cater for ungeared container and general cargo vessels.
	Materialisation of operational risks often lead to financial losses, oftentimes that could have been avoided if the risks had been correctly managed. SPA does not currently have a formalized system for the management of its risks, operational or otherwise.	SPA will be implementing an enterprise risk management system, which will identify and analyse risks, propose the appropriate risk management strategies and controls. This will quantify requirements for insurance and reserves for risk management.
Compliance and Regulatory Risks	Risk of non-compliance with Seychelles Laws: SPA's role as a landlord port authority is extensive in scope and at times complex. It has to remain compliant to many laws. E.g. as a commercial entity it has to comply to all tax laws, as an employer it has to remain compliant to the Employment Act and as a State Owned Entity it has to comply to the Public Entities Monitoring Commission Act and Public Procurement Act. Non-compliance may lead to prosecution in court, sanctions and penalties, and loss of reputation.	The SPA employs an in-house Legal Team and maintains a Legal Counsel on retainer. The Legal Team keeps track of all the laws that the SPA is required to comply to and provide their input in matters where there may be legal risks. Legal is also represented on the Audit & Risk Committee to alert the Committee of any Legal Risks that may materialize.
	As a result of Seychelles' membership in the International Maritime Organisation (IMO), the SPA is required to comply to IMO conventions such as the International Ship and Port Security (ISPS) Code, FAL and MARPOL Conventions. Failure to keep itself informed may result in inadvertent non-compliance, which may impact Seychelles' membership with the IMO.	The SPA Legal Team also maintains a good relationship with the Seychelles Maritime Safety Authority to keep updated on the conventions and also contributes to the domestication of these international regulations.
	SPA's marine assets are also at risk of non-compliance with the requirements of classification society, which is an international norm. Where such non-compliance occurs, the reputation of SPA as a responsible port authority and provider of marine services may be questioned and the resale value of these assets such as tugs and pilot boats may drop significantly, impacting SPA financially.	The marine operations department ensures that all marine assets are maintained as per the standards of the classification society under which the vessels are built. Vessels are dry-docked as per these requirements to ensure that they are always in their best shape. SPA will be investing in a vessel management system that will keep track of the health of the vessels and maintenance work done on them.
Environmental and Social Risks	As the climate of the earth changes sea level continues to rise and extreme weather conditions become more prevalent, increasing inherent risks such	SPA is cognizant of these risks and their impacts and ensures that in the design of its new quays and port facilities sea level rise and extreme weather conditions is taken into

	<p>as maritime accidents and flooding at high tides. The latter has been recently noted at the Industrial Fishing Port at equinox tides. Such impacts impede operations, reducing revenues and increases cost of repairs and damages to third parties.</p>	<p>consideration. Mitigants include sufficient height of the quay deck above the mean sea level, and adequate and effective drainage at the back of quay to quickly move water. Operationally, during extreme weather events, additional precautions are taken such as additional mooring lines for larger vessels at berth and tugs on standby to deal with any incidents.</p>
	<p>Port activities may result in pollution of the nearby bodies of water if care is not taken. As a landlord, SPA may be liable for pollution caused by its own operations and those of port operators and sublessees of SPA land. The impact of such pollution may be far reaching as dangerous substances may impact nearby protected marine areas such as the Sainte Anne Marine Park. This in turn may have an impact on the marine ecosystem, destroy sea life, fishing grounds and the local economy that relies on these areas.</p>	<p>SPA has in place an Environment Section that regularly inspects port facilities and premises to identify environment risks and provide recommendations to the respective entities (whether SPA, port operator, port user, Sublessee or Lessee) and monitors the implementation of the recommendations. The Environment Team also serve as the first response team for environment related incidents, who coordinate with the Department of Environment at national level to deal with such incidents.</p>
	<p>Ports are places of business, where may different organisations operate and employ staff to deliver port related services. The Commercial Port and Industrial Fishing Port are places of work for a large number of dock workers, SPA and border control staff. Ports are not normally isolated but rather exist in a community. The activities of the Commercial Port for example impact the central districts of Mont Fleuri, English River, Saint Louis, Bel Air and Mont Buxton and the capital city of Victoria. Congestion is a particularly big concern in Victoria because of port traffic [contribution of], particularly vehicles carrying containers to and from the fishing ports from and to the Commercial Port.</p>	<p>While social impacts are more nuanced and more difficult to quantify, SPA, through its Sustainability agenda aims to reduce its impact on these communities through various initiatives that reduces road congestion (new southbound road), involves the community (permitting port visits), creating more green spaces, SPA involving in community engagement activities with local schools and elderly homes. Additionally, when undertaking new projects, SPA ensures that an Environment Impact Assessment (EIA) mandated by the Environment Act is undertaken. The EIA process ensures that communities impacted are consulted in the process and where they are impacted, these impacts are managed to the satisfaction of the Department of Environment.</p>
<p>PESTEL</p>	<p>Political Risks: Being a Government owned entity, SPA regulated tariffs are subject to the approval of the Cabinet of Ministers, which may be challenged by the National Assembly. SPA was only able to raise increase the tariffs contained in the Harbour Dues Regulations 13 years after the last increase. This deprived SPA many years of revenues, which could have gone into essential developments of port facilities and built reserves for PVREP.</p>	<p>To avoid forfeiting future revenues arising out of lack of political will to change the status quo, SPA will be pushing for an automatic increase in its tariffs based on the Consumer Price Index to align the increase with inflation through its Harbour Dues Regulation.</p>
	<p>Economic Risks</p>	<p>The Seychelles is highly reliant on tourism and fisheries, which are vulnerable to global economic downturns. A slowdown in these sectors directly affects port business, leading to reduced economic activity. We have seen during the COVID 19 epidemic how the reduced tourist arrivals impacted the overall economy and resulted in a drop in container throughput and revenues overall. SPA monitors economic indicators to anticipate potential threats to its operations and performance.</p>

	Social Risks	Covered above
	Technology Risks: SPA and most other port stakeholders use technology to operate. SPA recently launched the Port Victoria Management Information System (PVMIS) which will eventually facilitate most port processes. With all activities relying on this system, any failure or unavailability could potentially paralyse all port operations, creating delays and disruption in the general economy.	The PVMIS is a cloud based system with redundancy built in. The system is built on international best practices and standards with the aim of reducing the risk of failure and unavailability.
	Environment Risks	Covered above
	Legal Risks: To conduct its business SPA enters into many contracts whether with employees, consultants, suppliers, contractors, concessionaires, sublessees and lessees, etc. Such contracts if not correctly drafted, present or renewed when expired may not protect SPA from legal risks that may arise from disputes.	The Legal Team is engaged in reviewing and vetting of all contracts into which SPA enters, while the respective departments that manage the contracts ensures that such contracts are present and/or renewed when expired.

6.6.4.3 List of External Reporting's by the Seychelles Port Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Statements	Ministry of Finance Ministry of Transport PEMC European Investment Bank Agence Française de Développement	Financial Results, Financial Position and Cash flow for the year	Annually, within 3 months of year end
Annual Report	Ministry of Finance Ministry of Transport PEMC European Investment Bank Agence Française de Développement	Operational performance	Annually, within 3 months of year end
Annual Budget	Ministry of Finance Ministry of Transport PEMC European Investment Bank Agence Française de Développement	Annual budget	Annually
Mid-Term Financial Strategy	Ministry of Finance Ministry of Transport PEMC		
Procurement Plan	Procurement Oversight Unit	Annual procurement plan	Annually
Quarterly Financial Statements	PEMC		

6.6.5 Stakeholder Engagement

6.6.5.1 *Statement by CEO*

As the CEO of the Seychelles Ports Authority, I am proud to present our Medium-Term Financial Strategy (MTFS) for the period 2025 to 2027. This document outlines our strategic vision, financial outlook, and operational plans to ensure the continued success and growth of our ports.

Our strategic vision is to position Port Victoria as the premier port in the region for fishing vessels and cruise ships, known for its efficiency, sustainability, and customer service excellence. We aim to achieve this by focusing on several key areas. Firstly, we will enhance our digital infrastructure through the implementation of the Port Victoria Management Information System (PVMIS) and the Domestic Voyages Management Information System (DVMIS), which will streamline operations and reduce paper consumption.

Secondly, we are committed to the continuous professional development of our employees, as we believe that our people are our greatest asset. We will invest in their training and well-being to ensure they have the skills and motivation to deliver exceptional service.

Thirdly, we are dedicated to reducing our environmental impact by improving energy efficiency and reducing waste. We will replace assets with more energy-efficient alternatives and install Photo Voltaic (PV) panels on our buildings to harness solar energy, starting with our new passenger terminal on La Digue island.

To drive revenue growth, we aim to attract more shipping lines and increase vessel calls through strategic partnerships and by showcasing our port's capabilities at industry events. We are also committed to sustainability, ensuring that all new developments align with the Green Port approach and contribute to the preservation of our environment.

Financially, we project a comprehensive income statement that reflects our commitment to generating revenue, managing costs effectively, and achieving a healthy bottom line. Our financial strategy will ensure we have the reserves necessary for the maintenance and redevelopment of our port facilities.

This MTFS is a roadmap for the SPA's future, guiding us towards a sustainable, efficient, and profitable operation. We are confident that with the support of our stakeholders and the dedication of our team, we will achieve our strategic objectives and continue to serve as a vital economic hub for the Seychelles and the wider region.

Mr. Sony Payet
Chief Executive Officer

6.6.5.2 Foreword by chairperson

As we embark on the journey to realize the ambitions set forth in this Medium-Term Financial Strategy (MTFS) from 2025 to 2027, it is with a profound sense of purpose and optimism that I present this foreword. The MTFS is not merely a financial document; it is a roadmap for the future of our maritime gateway, a testament to our commitment to excellence, and a beacon of hope for the socio-economic prosperity of the Seychelles.

The strategic priorities outlined in this MTFS are ambitious yet attainable. They reflect our dedication to modernizing our port infrastructure, enhancing our operational efficiency, and embracing sustainable practices that will ensure the longevity of our natural resources and the vitality of our economy. The Port Victoria Rehabilitation & Extension Project, with its new quay and deeper berths, is a cornerstone of our vision, enabling us to accommodate larger, more cost-efficient vessels and reducing the cost of freight for our nation.

We recognize the challenges ahead, including the capital-intensive nature of our developments, the limits of our port facilities and the risks the Authority has to contend with. However, we are confident that through strategic planning, stakeholder engagement, and a relentless pursuit of financial sustainability, we will overcome these obstacles. Our focus on attracting more shipping lines and diversifying our economic base will not only drive up traffic and revenues but also ensure a steady stream of exports and a vibrant maritime sector.

The MTFS is also a call to action for collaboration across government entities and industries. The success of our ports is intrinsically linked to the success of the Seychelles as a whole, and it is imperative that we work together to make our ports a success. By doing so, we will create a resilient and diversified economy that can withstand the challenges of the future.

In closing, I invite all stakeholders to join us in this transformative journey. The MTFS is a living document, a work in progress that will evolve as we implement its strategies and learn from our experiences. Together, we can make the Seychelles Ports Authority a leader in the region, a model of efficiency, sustainability, and customer service excellence.

I am proud to present this MTFS and look forward to the achievements that lie ahead.

Mr. Brain Loveday
Acting Chairperson SPA

6.6.5.3 Statement by the Responsible Minister – Minister for Transport

As the Minister for Transport, I am honored to present the Medium-Term Financial Strategy for the Seychelles Ports Authority. This strategic document is a testament to our commitment to enhancing the maritime infrastructure and services that are vital to the economic prosperity of our nation.

The SPA plays a crucial role in connecting Seychelles to the global economy, facilitating trade, and supporting key sectors such as fisheries and tourism. Our ports are the lifeline of our economy, and it is imperative that we invest in their modernization and expansion to meet the growing demands of international trade and ensure the sustainability of our maritime gateway.

The Port Victoria Rehabilitation & Extension Project is the foundation of our strategy, aimed at attracting and accommodating larger vessels and reducing freight costs. This project, along with the development of new passenger terminals and the introduction of sustainable practices, will position Seychelles as a competitive and environmentally responsible maritime hub.

We recognize the challenges posed by the capital-intensive nature of these developments and the competitive landscape of regional ports. However, through strategic partnerships, stakeholder engagement, and a focus on financial sustainability, we are confident in our ability to overcome these obstacles.

The MTFS also emphasizes the importance of diversifying our economic base to reduce dependency on the fisheries sector. By working collaboratively with various ministries and stakeholders, we aim to create a resilient and diversified economy that can withstand future challenges.

In conclusion, the MTFS is a roadmap for the future of our ports, guiding us towards a sustainable, efficient, and profitable operation. I extend my gratitude to all stakeholders for their support and dedication, and I look forward to the successful implementation of this strategy.

Mr. Antony Derjacques,

Minister for Transport

6.7 Seychelles Public Transport Corporation (SPTC)



6.7.1 Strategic Overview

6.7.1.1 Mandate

Established in December 1977 as a body corporate under the Seychelles Public Transport Corporation Decree, CAP 221, the primary function of the Seychelles Public Transport Corporation (SPTC) is: “the corporation shall exercise its powers so as to provide, or secure or promote the provision of an efficient, adequate, and economical system of public transport within Seychelles for the general public, consistent with a reasonable and adequate level of fares being charged” Section 15 (1).

SPTC is fully owned by the Seychelles’ Government. The SPTC’s public bus service operates everyday: 7 days a week 5:10 AM with last bus leaving the terminal at 7:00 PM from Monday to Saturday and at 6.30pm on Sunday on Mahe. On Praslin bus services is from 5.50am to 7.30pm.

In the pursuit of financial independence from government subvention, SPTC has diversified into additional services: Marketing: Advertise on travel cards, billboards and pillars of the Terminals, buses, PA system, website, mobile App and branded products as SPTC taps into most of the country’s commuters. Mechanical: Full maintenance and breakdown services to the general public.

6.7.1.2 Vision

“To operate a modern and sustainable public transport system that furthers the development and aspirations of our country.”

6.7.1.3 Mission

To be a proud public transport operator that embraces innovation in the industry supported by modern and robust infrastructure. Enhance customers travel experience through the provision of a safe, reliable and effective service. Capacity building, development and empowerment of our most valuable asset; our people. To operate a sustainable business, availing of adequate resources so as to ensure self-sufficiency. Develop an organizational culture of engagement, professionalism and commitment. Engage all partners and stakeholders through meaningful and effective communication. Socially responsible and environmentally friendly public transport operator.

6.7.1.4 Strategic Priorities for 2025-2027

SPTC is operating in line with its Sector Strategic Plan 2021-2025 which is now being updated up until 2028. Focus of this plan revolves around 4 main Strategic Choice as follows;

Strategic Choice 1: Infrastructure rehabilitation and modernization of facilities for effective and safe operation.

Strategic Choice 2: Unsatisfactory service delivery and customer travel experiences.

Strategic Choice 3: Identify and take measures to address issues affecting operations and people performance in SPTC.

Strategic Choice 4: Fiscal Risk management and performance of the corporation to create sustainable financial growth and independence.

For the period 2024-2026 focus will be on the following;

Strategic Choice 1: Infrastructure rehabilitation and modernization of facilities for effective and safe operation.

- 1) Construction of new bus depot on ILE Eve, Praslin;
- 2) Construction of added facilities on our depot at Barbaron;
- 3) Construction of Expatriate staff House;
- 4) Construction of driver's rest room at Port Launay;
- 5) Expansion of Baie Lazare Bus Depot;
- 6) Maintain and Upgrade bus fleet;
- 7) Install CCTV on Buses; and
- 8) Update the Accident and Emergency Response including disaster plan
- 9) Transport House

Strategic Choice 2: Unsatisfactory service delivery and customer travel experiences.

- 1) Customer Service Re-Branding;
- 2) Adopt Customer Centric Approach of service delivery;
- 3) Develop/Adopt/implement Digitalisation work flow process & Paperless programme;
- 4) Setting standard by KPI and implementing result base management; and
- 5) Implement modern passenger Information System (Onboard, Terminal and or Main Bus Stops).

Strategic Choice 3: Identify and take measures to address issues affecting operations and people performance in SPTC.

Improve the internal management, control and people performance at all levels of SPTC.

- 1) Undertake review and streamlining of the organization structure to remove bureaucracy, inefficiency and redundant posts and functions;
- 2) Provide technical training and leadership training and programmes to SPTC's staff to address identified development gaps, needs and skills shortages;
- 3) Develop a succession plan; and
- 4) Train and strengthen the role of the Inspector Team or opt for the privatization of this function for more effective inspection and control.

Strategic Choice 4: Fiscal Risk management and performance of the corporation to create sustainable financial growth and independence.

- 1) Prepare a Commercialization Plan per department so as to focus on generating additional revenue;
- 2) Develop a Business Plan for the corporation focusing on both medium term as well as long term plans;
- 3) Develop a Funding Plan with clear funding strategies including other potential sources of revenue from its operations;
- 4) Assess the effectiveness of the procurement plan and project management framework established to ensure more effective capital expenditure and implementation of capital projects;
- 5) Invest in renewable energy systems like solar panels across SPTC through Public Private Partnership;
- 6) Review bus fares to align with market value or seek compensation for the difference in bus fare set by the government and the true economic tariff calculated; and
- 7) Seek to expand space for business within the existing SPTC Depots, terminal and infrastructure to boost income.

6.7.1.5 Key Challenges

Challenges	Description
Ageing workforce especially driver groups.	Large percentage of our drivers are in the upper age group and the Corporation had to resolve in employing expatriate drivers.
Inadequate Talents & Skills.	
Appealing salary packages.	Inability to pay competitive salaries
Financing	Unable to implement projects as per actual requirement so as to improve and maintain infrastructures, fleet as well as required technologies.
Organization culture	General tendency is not geared towards efficiency and cost savings.
Accelerated depreciation to fleet due to saline.	The aesthetics of our fleet as well as other mechanical components gets affected more than factory standards.
Ticket Fair price control by GoS and the inability of SPTC to adjust to real price according to changes in market conditions.	Rising cost and same revenue level which could result in cash flow issues
Road conditions including lack of safe turning points.	Unable to deliver good services to our commuters
Increased Traffic congestions.	Enhanced delays in our service delivery
Customer increased expectations.	Unable to maintain with the global trend which also impact our customers' expectations
Geographical locations of infrastructures/set-ups	Bus depots are spread across Mahe and Praslin making it difficult for effective management
Topography hence limiting type of buses and or buses to cater for special needs.	Unable to meet certain specific needs such as for the elders as well as people with disabilities

6.7.2 Outlook of Financial Strategy

6.7.2.1 Projected Financial Position of Seychelles Public Transport Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023		2024	2025	2026
ASSETS							
Non-current asset							
Property and equipment	81,373	71,203	97,554	190,853	218,999	234,545	248,691
Current assets							
Inventories	21,590	24,368	26,152	14,768	15,985	17,473	19,224
Investment in financial assets	16,088	16,023	16,167	-	-	-	-
Trade and Other receivables	6,462	8,437	16,001	10,434	9,109	8,481	8,181
Cash and Cash equivalents	7,135	22,076	14,686	(11,219)	(23,067)	(40,812)	(56,316)
	51,275	70,903	73,007	13,983	2,027	(14,857)	(28,911)
Total assets	132,648	142,106	170,561	204,836	221,026	219,688	219,781
RESERVES AND LIABILITIES							
Reserves							
Capital grants	71,970	60,347	80,968	206,777	255,377	291,377	325,977
Retained earnings	17,587	40,724	44,359	(51,343)	(83,513)	(118,706)	(152,820)
	89,557	101,071	125,327	155,434	171,864	172,671	173,156
LIABILITIES							
Non-current liability							
Retirement Benefit Obligations	29,858	27,462	30,323	28,041	28,623	28,623	28,623
CURRENT LIABILITIES							
Bank Overdraft	-	-	-	-	-	-	-
Trade and Other Payables	13,233	13,574	14,911	21,361	20,540	18,394	18,002
	13,233	13,574	14,911	21,361	20,540	18,394	18,002
Total Liabilities	43,091	41,035	45,234	49,402	49,162	47,017	46,624
Total Reserves and Liabilities	132,648	142,106	170,561	204,836	221,026	219,688	219,781

6.7.2.2 Projected Statement of Comprehensive Income of Seychelles Public Transport Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Revenue	103,447	175,454	189,793	183,202	180,927	182,728	184,548
Operating expenses	(50,287)	(57,847)	(54,368)	(53,857)	(53,615)	(55,510)	(56,218)
Operating profit	53,161	117,607	135,424	129,345	127,312	127,219	128,330
Administrative expenses	(127,043)	(128,550)	(138,636)	(176,634)	(162,030)	(165,151)	(165,441)
Charge for allowance for credit losses	(1,676)	1,120	(4,068)	-	-	-	-
Interest income – banks	412	126	186	-	-	-	-
Other income	72,652	29,147	10,713	2,508	2,548	2,739	2,996
Profit / (Loss) before foreign exchange movement	(2,494)	19,449	3,620	(44,781)	(32,170)	(35,193)	(34,115)
Foreign exchange movements	(1,201)	3,688	15	-	-	-	-
Profit / (Loss) for the year	(3,694)	23,136	3,635	(44,781)	(32,170)	(35,193)	(34,115)
Other comprehensive income:							
Grant received during the year	1,955	3,176	39,990	-	-	-	-
Release to statement of profit or loss				-	-	-	-
- Depreciation charge and assets scrapped	(14,959)	(14,799)	(19,369)	-	-	-	-
Total other comprehensive expense for the year	(13,004)	(11,623)	20,621	-	-	-	-
Total comprehensive (income) / expense for the year	(16,698)	11,513	24,256	(44,781)	(32,170)	(35,193)	(34,115)

6.7.2.3 Projected Cash flow Statement of Seychelles Public Transport Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash flows from operating activities							
(Profit / (Loss) for the year	(3,694)	23,136	3,635	(44,781)	(32,170)	(35,193)	(34,115)
Adjustments for:							
Depreciation on property and equipment	17,459	16,561	20,281	18,300	20,454	20,454	20,454
Purchase of property and equipment through capital grant	(1,955)	(3,228)	(39,990)	(98,435)	(48,600)	(36,000)	(34,600)
Exchange movement on financial assets	903	78	(10)	-	-	-	-
Accrued interest	(54)	(35)	(131)	-	-	-	-
Charge of provision for credit impairment	1,676	(1,120)	4,068	-	-	-	-
Write off	-	61	-	-	-	-	-
Release of depreciation charge	(14,959)	(14,799)	(19,369)	-	-	-	-
Grants related to assets received	1,955	3,228	39,990	98,435	48,600	36,000	34,600
Charge for retirement benefit obligations	4,506	3,022	5,733	4,823	582	-	-
(Gain) / loss on sale of motor vehicle	-	(302)	(63)	-	-	-	-
	5,837	26,551	14,144	(21,658)	(11,134)	(14,739)	(13,661)
Changes in working capital							
- Decrease / (Increase) in inventories	1,626	(2,778)	(1,785)	3,857	(1,217)	(1,488)	(1,752)
- Decrease / (Increase) in trade and other receivables	(1,866)	(855)	(11,632)	(1,300)	1,325	628	300
- Increase / (Decrease) in trade and other payables	(3,438)	341	1,337	5,000	(822)	(2,145)	(393)
	2,159	23,258	2,064	(14,101)	(11,848)	(17,745)	(15,505)
Retirement benefit obligation paid	(4,713)	(5,418)	(2,872)	(6,639)			
Net cash inflow / (outflow) from operating activities	(2,554)	17,840	(807)	(20,740)	(11,848)	(17,745)	(15,505)
Cash flow from investing activities							
Purchase of property and equipment	(2,326)	(3,275)	(6,859)	(98,435)	(48,600)	(36,000)	(34,600)
Proceeds from sale of motor vehicle	-	353	281	-	-	-	-
Refund on Work in Progress	216	-	-	-	-	-	-
Purchase of investment in financial assets	(217)	(32)	(23,639)	-	-	-	-
Proceeds from redemption of investment in financial assets	6,149	54	23,636	15,945	-	-	-
Net cash inflow / (outflow) from investing activities	3,822	(2,900)	(6,582)	(82,490)	(48,600)	(36,000)	(34,600)
Cash flow from investing activities							
Capital grant received	-	-	-	98,435	48,600	36,000	34,600
Net cash inflow / (outflow) from operating activities	-	-	-	98,435	48,600	36,000	34,600
Net increase / (Decrease) in cash and cash equivalents	1,268	14,940	(7,389)	(4,795)	(11,848)	(17,745)	(15,505)
Movement in cash and cash equivalents							
At January 1,	5,867	7,135	22,076	(6,424)	(11,219)	(23,067)	(40,812)
Increase / (Decrease) during the year	1,268	14,940	(7,389)	(4,795)	(11,848)	(17,745)	(15,505)
At December 31	7,135	22,076	14,686	(11,219)	(23,067)	(40,812)	(56,316)

6.7.2.4 Projected Capital Investment Plan of Seychelles Public Transport Corporation

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2021	2022	2023	2024	2025	2026	2027	
Major Capital Investments														
Vehicles/Buses	Govt						-	-	33,263	25,500	34,800	26,100	26,100	Details not provided
Workshop Infrastructure Upgrade	Govt						332	-	-	3,650	-	-	-	
Special Tools & Equipments	Govt						-	110	-	1,500	-	-	-	
Integrated Operational Software	Govt						-	-	-	-	-	-	-	
IT infrastructures	Govt						-	122	440	-	-	-	-	
Computer / Accessories	Govt						-	-	-	275	-	-	-	
IT equipments	Govt								1,617	1,850	-	-	-	
ITS development	Govt						-	-	-	2,190	-	-	-	
Building infrastructure / Expansion	Govt						-	-	-	40,000	10,600	9,500	8,500	
Building infrastructure/ Renovation	Govt						1,623	48	181	9,800	-	-	-	
Install CCTV on SPTC premises	Govt						-	-	1,206	-	-	-	-	
TMU Machines for new buses	Govt						-	2,804	3,283	-	-	-	-	
TMU Machines for new buses	Govt						-	-	-	-	-	-	-	
TMU Machines for new buses	Govt						-	-	-	2,000	-	-	-	
POS Machines	Govt						-	-	-	200	-	-	-	
Destination Boards / Tools	Govt						-	-	-	970	1,000	-	-	
ERP System	Govt						-	-	-	1,500	-	-	-	
Development of Praslin depot (Ile Eve)	Govt						-	-	-	2,000	-	-	-	
Barbarons	Govt						-	-	-	2,000	-	-	-	
Baie Lazare depot	Govt						-	-	-	2,500	-	-	-	
Ile Du Port Depot infrastructure	Govt						-	-	-	2,000	-	-	-	
Other depots	Govt						-	-	-	500	-	-	-	
Changing (Victoria/Anse aux Pins)	Govt						-	-	-	-	-	-	-	
Buses	Indian Grant						-	-	-	-	-	-	-	
Admin vehicles	Govt						-	-	-	-	1,200	400	-	
Admin Infrastructure upgrade	Govt						-	-	-	-	1,000	-	-	
TOTAL							1,955	3,228	39,990	98,435	48,600	36,000	34,600	

6.7.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.7.3.1 Tax Implications by the Operations of Seychelles Public Transport Corporation

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2021	2022	2023	2024	2025	2026	2027	Details Not provided
Business Tax	STC does not anticipate any Business tax in the medium term							
PIT	5,614	6,072	4,318	7,158	7,342	7,545	7,545	
VAT	STC does not anticipate any VAT in the medium term							
Etc..								

6.7.3.2 Anticipated Dividend Declarations By Seychelles Public Transport Corporation

SPTC does not anticipate in declaring any dividend

6.7.3.3 Debt Payments Forecasts By Seychelles Public Transport Corporation

SPTC does not anticipate any debt obligations.

6.7.3.4 Anticipated Subventions and Grants By Seychelles Public Transport Corporation

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Subventions	Government	Details not Provided		70,000	26,000	8,138	44,000	32,000	35,100	32,100
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc	-	-	-	-	-	-	-	-	-
Grants	Government	Details not provided		1,955	3,228	25,470	98,435	48,600	36,000	34,600
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc	-	-	-	-	-	-	-	-	-
TOTAL				71,955	29,228	33,608	142,435	80,600	71,100	66,700

6.7.3.5 Contingencies of Seychelles Public Transport Corporation

SPTC does not anticipate any contingent liabilities

6.7.3.6 Assumptions used for the Financial Projections of Seychelles Public Transport Corporation

Financial Statement Assumptions

Revenue Assumptions

1. Pax ranged between 53,000 to 55,000 pax per day, is forecasted using historical data incorporating seasonal trends and including cashless projections. This range is expected to be constant for the budgeting period.
2. Since SPTC went 100% cashless, leakage recovery 3% to 5% expected.
3. cashless ticket fare SR 10/- is used in revenue predictions and different rates are applied for special categories.
4. Special Hires / Rental income / Advertisements are predicted based on contracts and renewal expectancies.

Cost Assumptions

1. Operating expenses mainly includes direct running costs of bus schedules, such as Fuel, Tyre, Lubricants, spare parts and consumables, predicted based on scheduled running KMs and consumption averages.
2. Administrative expenses mainly include Salaries & wages, predicted based on staff budget, scheme of services, average salaries, costs of increment plans.
3. The operational maintenance related expenses are predicted based on forecasted operational levels mainly derived from divisional budgets.
4. The operational requirements of existing service levels such as adequacy of insurance cover, security services etc. are considered for the predictions of incremental costs and add-ons of service contracts.
5. General price inflations are predicted to be 2.5% per year. This assumption affects cost projections of fuel, Tyres, Lubricants, spare parts, Salaries & wages, raw materials, stores, service charges and utilities etc.
6. Provision of Retirement Benefit Obligations are derived from Compensation scheme formulated by Human Resource according to the Government circulars.

CAPEX

1. CAPEX includes Technical, IT, Corporate and operational requirements such as infrastructure upgrades, fleet replacement, Depot expansion programs, Property renovations and special tool requirements etc. Derived from divisional budgets, assessed and approved by the Management and Board.
2. The 95% of capex finances are expected to flow from Government Grants

WORKING CAPITAL ASSUMPTIONS

1. Average Inventories holdings are expected to be increased between 7% to 9%. This is due to increase in spare parts for new fleets and existing fleets.
2. Average Trade receivables are expected to reduce between 13% - 22% due to shortened credit periods.
3. Average Trade payables are expected to decline between 4% to 16%.
4. The accumulating Cash & Equivalent shortfall of 2025 to 2027 are expected to be funded through subvention.

6.7.4 KPIs, Risk Management Strategy and Reporting Obligations

6.7.4.1 Key Performance Indicators of the SPTC

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
Operated KM	-	5,479,926	5,982,602	5,400,000	5,868,000	5,928,000	5,988,000	5,988,000
Operated Trips	-	-	-	462,300	462,300	462,300	462,300	462,300
PAX per KM	-	2	2	2	3	3	3	3
Cost Per KM	-	35	35	31	34	34	35	35
Fuel Consumption	-	2,512,228	2,701,649	2,347,826	2,819,852	2,848,684	2,877,517	2,877,517

6.7.4.2 Risks and Resilience Plan of the Seychelles Public Transport Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Infrastructure developments delayed or not undertaken, altogether	Legal contracts and Insurance policies for the construction
Financial Risks	Unanticipated financial losses and major fiscal risk to SPTC	Financial and fiscal risks assessment framework
		Periodic revisions in Management meetings
		Enhanced Risk reporting and monitoring strategies
Operational Risks	Proposed revenue generating activities are not carried out as planned	Define financial targets
		Devise and assess alternative plans
		Promote a diversified market research
Environmental and Social Risks	Traditional organization culture and change aversive workforce	Training on value creating activities
		Enhance employee performance metrics
		Promote team works

6.7.4.3 List of External Reporting's by the Seychelles Public Transport Corporation

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Report	Board of Directors/Parent Ministry/M.O.F/PEMC	This report provides an opinion on the accuracy, completeness, and fairness of the FS. As well as the adequacy of internal controls and compliance with accounting standards and regulations	Per annum – (beginning of 2 nd quarter)
Annual Report	Board of Directors/Parent Ministry/M.O.F/PEMC	This report provides an overview of the main activities of the Corporation during the year as well as its achievements	Per annum – (beginning of 2 nd quarter)
Access To Information Annual Report	Information Commission	Summary of Information Request received during the respective year	Per annum – (beginning of 2 nd quarter)

6.7.5 Stakeholder Engagement

6.7.5.1 Statement by CEO

SPTC is driven by its strategic plan that is established by the Board of Directors. The plan is adopted over a five-year period and at the beginning of each year an operational plan is prepared in line with the 5-year strategic plan. It lists all objectives to be achieved for the respective year and each department is given specific objectives under the responsibility of its Head of Department.

This set up ensures that the Corporation's strategic plan is translated across each and every single person in the organization and even more so now, with the successful implementation of the Result Based Management system which we have adopted in 2023.

We have well aligned our work efforts towards achieving both short and long term objectives of the Corporation. While we make headways in improving our service delivery, we face numerous challenges both financial as well as non-financials. With the spectrum of skills sets across our Executive team we address these challenges head-on and implement mitigation strategies as well as engage key stakeholders to partake in achieving common goals. Given the nature of our service achieving such common goals are indeed of national interest.

We made a bold move in 2023 to go 'cashless' on our buses and this is paving the way for more exciting modernization as well as digitalization across the Corporation's work processes. While this move is having a positive impact on our cash takings we also have an array of opportunities which we remain committed to exploit for the benefit of the Corporation.

We are putting together our business plan that is meant to put into perspective all opportunities we are to capitalize upon as well as highlight key areas for improvement especially in terms of cost reduction and or enhanced productivity.

Despite the COVID pandemic our milestone achievements of our strategic plan is remarkable all thanks to the hard work and devotion of our team. We remain engaged to achieve fully all the plans of the Corporation.

Mr. Geffy Zialor
Chief executive Officer

6.7.5.2 Foreword by Chairperson

“Touzour La” is the motto we had adopted to celebrate 45 years of operations of service in December 2022. This motto is a reminder to all our staff as well as our stakeholders on the role SPTC has been playing in the economy since its creation in 1977. With a clear mandate of providing or secure or promote the provision of an efficient, adequate and economical system of public transportation within Seychelles, this very same motto “Touzour La” is also a commitment we make to the nation at large of our service delivery.

It is therefore not a coincidence that our 5-year sector strategic plan of 2021-2025 has placed massive emphasis on the general enhancement of service delivery as the ultimate goal. This will remain a focus in our revised plan of 2024-2028.

While our economy experience continued growth, our commuters increasingly requires that our transport infrastructure and facilities are expanded and modernized so that we can continue not only to fulfill our mandate but also to address their evolving needs. We are vital in the socio-economic development of our country and we are not only proud of the prospect we have to our country but we remain unbending in fulfilling our role.

For this very reason, key strategies to be reiterated in our updated sector strategic plan 2024-2028, will cover the following areas;

- To improve the business environment and operation through modern infrastructure and facilities
- To improve customer service delivery in SPTC
- To improve travel experiences of people using the SPTC services and facilities
- To improve the internal management, control and people performance at all levels of SPTC
- To strengthen financial and fiscal risk management and reporting
- To have a more commercially oriented, as well as efficient and cost-effective operation that creates more returns and values for its shareholder.

The CEO of the Corporation with the support of its Executive team will be tasked to implement specific and target projects that will be geared towards the attainment of these key strategies, to ensure that SPTC achieve its vision which is **“To operate a modern and sustainable public transport system that furthers the development and aspirations of our country”**

This Medium Term plan will be an extract from our 5-year strategic plan and will inherently therefore have the Board of Directors Oversight.

Mr. Andy Moncherry
Chairperson SPTC

6.7.5.3 *Statement by the Responsible Minister*

Public transport is a vital component of our nation's infrastructure, providing essential connectivity for our citizens and visitors alike. The SPTC plays a crucial role in ensuring that our transport system is efficient, reliable, and accessible to all.

As the Minister responsible for transport, one of my main goals is to ensure the sustainability of public transportation as sustainability is the heart of our vision for public transport in Seychelles. We are always looking at implementing practices that will ensure the long-term continuation of the operation of SPTC. Furthermore, we are embracing renewable energy solutions and efficient operational practices, to create a transport system that not only serves our community today but also preserves our islands for future generations. One of our goals is to look at how we can introduce electric public buses.

In recent years, we have witnessed significant advancements in our public transport services, reflecting our commitment to enhancing the quality of life for Seychellois by continuous modernization of our public transport system. The SPTC has undertaken numerous initiatives aimed at modernizing our fleet, improving service delivery, and embracing innovative technologies. This year, SPTC went fully cashless. These efforts not only enhance passenger experience but also contribute to our broader goals of reducing environmental impact.

We are looking at improving the infrastructure for SPTC so that they can further improve the services they provide. Along with the help of the Ministry of Lands, we have secured land at Ile Du Port on Mahe and land at Eve Island on Praslin, these areas will be utilised by SPTC to improve their infrastructures, which ties in with our goals of sustainability and modernization.

As we look to the future, the SPTC is poised to play an even more significant role in shaping the transportation landscape of Seychelles. Together, we will continue to invest in our public transport system, ensuring it meets the evolving needs of our society while preserving the unique beauty of our islands.

Mr. Antony Derjacques
Minister For Transport



6.8 Seychelles Petroleum Company Group Ltd. (SEYPEC)

6.8.1 Strategic Overview

6.8.1.1 Mandate

Fulfilling the country's energy requirements through the supply of fuel.

6.8.1.2 Vision

SEYPEC's vision is to become the leading oil company in the Western Indian Ocean, making Seychelles a regional and strategic hub for petroleum-related activities.

6.8.1.3 Mission

SEYPEC's mission is to ensure the security of supply of petroleum for Seychelles energy needs and in doing so, provide its customers with fast, responsive and reliable services and quality products. SEYPEC engages directly or indirectly in all petroleum-related activities that adds value to its business.

6.8.1.4 Strategic Priorities for 2025-2027

Expand SEYPEC's customer base in the regional markets:

- 1) Map out regional requirements for petroleum products
- 2) Assess market opportunities for high sea bunkering and onshore supply
- 3) Develop a joint venture with a shipping company for charter
- 4) Promote offshore bunkering services
- 5) Promote onshore supply in the region
- 6) Reassess the bulk product supply chain to optimise the company's market competitiveness

Promote health, safety, security and environmental awareness to stakeholders:

- 1) Raise awareness of health and safety policies inclusive of ISO 45001, Emergency Evacuation Plan and Fire Policy at all levels within the company
- 2) Develop and implement education programmes and forums to ensure employees understand their individual roles and responsibilities within the health and safety strategy
- 3) Develop a health and safety communication plan for its stakeholders
- 4) Systematically review all incidents to determine root causes and apply corrective actions
- 5) Develop the competencies of employees to identify hazards and ensure that risks are effectively controlled within their area of work
- 6) Raise awareness of best practices in personal health to promote an optimal work life balance
- 7) Ensure that industry approved tools are available for use in all department

Mitigate negative impacts of the company's operations on the environment:

- 1) Ensure the supply of products that promote cleaner emissions into the environment
- 2) Ensure that all waste are disposed in an environmentally safe manner
- 3) Improve control measures across the company's operations to minimise the risks of spillages
- 4) Purchase environmentally friendly goods and service

Develop an effective public relations and communication policy to enhance our corporate image:

- 1) Ensure that staff are well informed about developments within the company
- 2) Expand the remit of the BP meetings to include the dissemination of information regarding company services and activities
- 3) Promote forums of communication between line managers, supervisors and subordinates
- 4) Enhance the public relations of the company to maximize engagement of stakeholders
- 5) Develop a greater presence across social media platforms
- 6) Showcase the successes of SEYPEC as a reputable business and employer
- 7) Enhance the company's presence in the community through donations
- 8) Enhance SEYPEC's image through Modernisation of its brand
- 9) Introduce appropriate attire across all service stations to ensure a standardized company image
- 10) Engage regularly with customers to ascertain customer satisfaction for continuous improvement

Consolidate talent management to build synergies and improve business performance

- 1) Determine present and future requirements of the organization to ensure efficient staff establishment
- 2) Ensure continuous implementation of the training and development plan to improve capacity building in the workplace
- 3) Institutionalize performance management of employees to achieve company objectives
- 4) Continue to develop an equitable staff recognition Programme

Enhance the company's asset management philosophy:

- 1) Implement a defined vehicle management plan
- 2) Assess and implement options for feasible tanker fleet replacement
- 3) Upgrade operational equipment to align the company to modern industry standards and practices
- 4) Reinforce the management of LPG cylinder stock through the use of RFID
- 5) Maintain an efficient and secure IT support for the organisation
- 6) Enforce a robust preventive maintenance schedule for all operational assets
- 7) Integrate energy efficient methodologies across the company's operations to reduce negative impact on the environment

Manage the Company's Finances to Optimize Shareholder's Wealth:

- 1) Enhance credit control procedures to minimise risk of financial losses
- 2) Improve the control and management of budget at operational level
- 3) Explore investment opportunities available in the market to maximize financial returns
- 4) Modernize financial transactions to maximize the use of digital platforms and promote efficiency
- 5) Establish and execute an internal audit Programme

6.8.1.5 Key Challenges

Health and Safety:

- 1) Adapting to ISO 45001 standards for health and safety.
- 2) Need to shift from safety being a stand-alone function to involving all employees.
- 3) Engaging the workforce at all levels in health and safety matters.

Viability of Tanker Fleet:

- 1) Aging tanker fleet requires replacement strategy.
- 2) Competing with newer, more fuel-efficient tankers.

Depot Assets/Operational Equipment:

- 1) Need for investment in technology for bunkering.
- 3) Marketing strategy for the Indian Ocean region requires improvement.
- 4) Equipment upgrades for safety and operational efficiency.

LPG Management:

- 1) Transition from steel to composite cylinders causes shortages.
- 2) Proper disposal strategy needed for scrapped steel cylinders.

Petrol Stations:

- 1) Non-compliant practices by station operators affect SEYPEC's standards.
- 2) Need to reinforce operator education for compliance.

Communication:

- 1) Need for more extensive communication through mainstream and social media.
- 2) Proactive public relations approach for timely engagement.

Human Resources:

- 1) Moderate attrition rate necessitates more spending on training and development.
- 2) Focus on improving retention strategies and recognition.
- 3) Address attendance issues and abuse of sick leave.

Cybersecurity:

- 1) Vulnerabilities identified in IT system require timely updates, upgrades, and monitoring.
- 2) Installation of a robust firewall system.

Payment and Credit Control:

- 1) Need for a more robust collection process and synchronization with ERP.
- 2) Encourage digital payment methods to boost efficiency.

Government Control:

- 1) Government-imposed social policies affecting financial sustainability.
- 2) Subsidies, price controls, and salary increases may strain company finances.

Cost of Fuel - World Market Movements:

- 1) Fluctuations in global fuel prices impacting foreign currency requirements and competitiveness.
- 2) Challenges for smaller entities in Seychelles due to economies of scale.

Multiple Currency Trading:

- 1) Trading in two base currencies (SCR and US\$) with currency fluctuation risks.
- 2) Potential impact on financial performance if currency values deviate significantly from the optimal point.
- 3) Unavailability of foreign exchange that could have an adverse effect in the company trading potential.

6.8.2 Outlook of Financial Strategy

6.8.2.1 Projected Financial Position of SEYPEC

USD ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD	USD	USD
ASSETS							
Non-Current Assets							
Property, plant and equipment	321,522	176,187	167,413	183,542	178,520	169,195	227,483
Right-of-use assets	2,316	2,217	2,174	2,119	2,076	2,033	1,989
Intangible assets	1,372	1,526	1,272	-	-	-	-
Investment in subsidiaries	-	-	-	5	5	5	5
Investment in financial assets	4	-	-	-	-	-	-
Total Non-Current Assets	325,213	179,930	170,859	185,665	180,601	171,233	229,477
Current assets							
Inventories	19,371	34,413	15,273	23,241	23,241	23,241	23,241
Tax recoverable		55	378				
Trade and other receivables	35,200	34,290	34,278	36,582	36,582	36,582	36,582
Cash and cash equivalents	35,385	81,901	89,354	111,246	138,438	176,680	176,488
Non-current assets held for sale	4,610	-	-				
Total Current assets	94,566	150,659	139,283	171,070	198,261	236,504	236,311
Total Assets	419,779	330,589	310,142	356,735	378,862	407,736	465,789
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	8,595	3,299	3,299	3,299	3,299	3,299	3,299
Other reserves	254,529	223,312	223,396	220,824	220,824	220,824	220,824
Retained earnings	99,760	19,297	31,856	86,956	106,534	133,183	135,434
	362,885	245,908	258,552	311,079	330,658	357,306	359,558
LIABILITIES							
Non-current liabilities							
Long term Loan							54,000
Lease liabilities	2,372	2,371	2,370	2,192	2,016	1,841	1,666
Deferred tax liabilities	7,669	5,182	3,471	2,685	2,685	2,685	2,685
Length of service provision	1,691	2,140	2,400	-	-	-	-
Total Non-current Liabilities	11,732	9,693	8,241	4,877	4,701	4,526	4,351
Current liabilities							
Lease liabilities	3	3	1	1	1	1	1
Trade and other payables	45,160	74,984	43,348	40,778	43,504	45,904	47,880
Total Current liabilities	45,163	74,987	43,349	40,779	43,505	45,905	47,880
Total Liabilities	56,895	84,681	51,590	45,656	48,205	50,430	52,231
Total equity and liabilities	419,779	330,589	310,142	356,735	378,863	407,736	465,789

6.8.2.2 Projected Statement of Comprehensive Income of SEYPEC

USD ('000)

STATEMENT OF COMPREHENSIVE INCOME	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD	USD	USD
Revenue	308,000	485,282	469,010	445,250	436,994	437,893	446,018
Cost of sales	(299,743)	(461,865)	(430,757)	(403,389)	(397,677)	(402,017)	(414,394)
Gross profit	8,257	23,417	38,253	41,861	39,317	35,875	31,623
Selling & marketing expenses	(32)	(31)	(34)	(52)	(313)	(113)	(117)
Administrative expenses	(10,890)	(13,009)	(13,435)	(17,024)	(18,017)	(18,290)	(18,666)
Other income	7,925	11,753	6,967	15,895	14,118	19,134	5,094
Reversal/(charge)of credit impairment	(629)	318	(176)	-	-	-	-
Other gains/(losses)-Net	(38,607)	2,733	3,390	4,493	-	-	-
	(33,976)	25,182	34,965	45,174	35,104	36,606	17,934
Finance cost	(229)	(222)	(208)	(283)	(215)	(221)	(228)
Fiance income	290	9	9	-	-	-	-
Profit/(loss)before taxation	(33,916)	24,970	34,766	44,890	34,889	36,386	17,706
Taxation(charge)/credit	22,123	(2,573)	(4,463)	(6,827)	(8,276)	(7,888)	(7,384)
Profit/(loss)for the year	(11,793)	22,397	30,304	38,063	26,613	28,498	10,322

6.8.2.3 Projected Cash flow Statement of Seychelles Petroleum Company Ltd.

USD ('000)

Description	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash flows generated from operations							
Cash generated from /(used in)							
Operations	(17,094)	61,489	36,698	37,365	47,172	48,521	33,136
Finance income	290	9	9	-	-	-	-
Tax refund	(16,805)	61,499	36,708	37,365	47,172	48,521	33,136
			468				
Tax Paid	(10,450)	(4,472)	(6,964)	(264)	(5,551)	(5,495)	(5,408)
Retirement benefit obligations	(155)	(544)	(529)	(280)	(280)	(280)	(280)
Net cash generated /(used in)from operating activities	(27,410)	56,483	29,682	36,821	41,340	42,746	27,447
Cash flows from investing activities							
Purchase of property and equipment	(3,949)	(2,596)	(2,861)	(14,957)	(14,177)	(33,028)	(73,390)
Proceeds from sale of equipment	27	5,894		16,954	16,954	45,276	
Repayment of lease liability	(3)	(1)	(3)	-	-	-	-
Addition to financial assets	-	-	-	-	-	-	-
Redemption of financial assets	10,106	-	-	-	-	-	-
Finance costs	(229)	(222)	(208)	-	-	-	-
Net cash generated from investing activities	5,952	3,075	(3,072)	1,997	2,777	12,248	(73,390)
Cash flows from financing activities							
	-	-	-	-	-	-	60,000
Loans	-	-	-	-	-	-	(6,000)
Principal Payback	(16,496)	(17,175)	(17,150)	(16,926)	(16,926)	(16,756)	(8,245)
Dividends and Net cash used in financing activities	(16,496)	(17,175)	(17,150)	(16,926)	(16,926)	(16,756)	45,755
	-						
Net increase /(decrease)in cash and cash	(37,954)	42,383	9,460	21,892	27,191	38,237	(187)
Movement in cash and cash equivalents							
At January 1,	21,757	35,385	81,901	89,354	111,246	138,438	176,675
Increase /(Decrease)	(37,954)	42,383	9,460	21,892	27,191	38,237	(187)
Foreign exchange differences	51,582	4,132	(2,006)	-	-	-	-
At December 31	35,385	81,901	89,354	111,246	138,438	176,675	176,488

6.8.2.4 Projected Capital Investment Plan of Seychelles Petroleum Company Ltd.

SCR (000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual			Provisional	Forecast		
							2021	2022	2023	2024	2025	2026	2027
							SCR	SCR	SCR	SCR	SCR	SCR	SCR
<i>Major Capital Investments</i>													
3 HMT UNIDECK INTERNAL FLOATING ROOFS TANKS	-	-	-	Internal	-	31/03/2020	-	-	-	-	-	-	-
99KW PV SYSTEM INSTALLATION FOR VICTORIA	-	-	-	Internal	-	31/03/2020	-	-	-	-	-	-	-
PIPELINE FISHING PORT BUNKER PIPELINE	-	-	-	Internal	-	30/06/2020	-	-	-	-	-	-	-
CONCRETING OF INTERIOR OF TANK 22, 23 & 24 BUNDWALL	-	-	-	Internal	-	30/06/2020	-	-	-	-	-	-	-
BOUNDARY WALL PROJECT AT SOUTH TANK FARM	-	-	-	Internal	-	30/09/2020	-	-	-	-	-	-	-
AUTOMATIC TANK GUAGING SYSTEM INSTALLATION FOR AIRPORT DEPOT	-	-	-	Internal	-	31/12/2020	-	-	-	-	-	-	-
Coriolis meters on bunker pipeline network	-	-	-	Internal	-	31/03/2021	2,483	-	-	-	-	-	-
BELOMBRE RE-fuelling STATION	-	-	-	Internal	-	30/09/2021	6,683	-	-	-	-	-	-
Renewal of bund wall and concreting of interior at north Tank Farm (Tanks 1-15)	-	-	-	Internal	-	30/09/2021	16,335	-	-	-	-	-	-
Parking shed for tanker trucks at Victoria depot	-	-	-	Internal	-	30/09/2021	1,986	-	-	-	-	-	-
TANKS GAUGES AND ALARMS UPGRADE FOR PORT VICTORIA	-	-	-	Internal	-	31/01/2022	-	4,605	-	-	-	-	-
Filing Carousel LPG DEPOT NEW PORT	-	-	-	Internal	-	31/01/2022	-	3,409	-	-	-	-	-
LPG FILLING PLANT MODIFICATIONS - NEWPORT - LPGPLT-MOD	-	-	-	Internal	-	31/03/2022	-	1,734	-	-	-	-	-
BEAUVALON PETROL STATION & Tank Replacement at BVSS	-	-	-	Internal	-	30/09/2022	-	9,795	-	-	-	-	-
INSTALLATION 85KW PHOTO-VOLTAIC SYSTEM AT VICTORIA DEPOT	-	-	-	Internal	-	30/09/2022	-	1,776	-	-	-	-	-
Replacement of firefighting pipeline (red colour) and vertical pipes for fuel tanks 26, 27 & 28	-	-	-	Internal	-	30/09/2022	-	1,300	-	-	-	-	-
Renovation of Beau Vallon Petrol Station	-	-	-	Internal	-	2023	-	-	207	-	-	-	-
INTERIOR INSPECTION OF JETA1 TRANSFER PIPELINE AND AIRPORT DEPOT HYDRANT NETWORK	-	-	-	Internal	-	2023	-	-	3,664	-	-	-	-
INSTALATION OF SOLAR PANEL BELOMBRE RE-fuelling STATION	-	-	-	Internal	-	2023	-	-	219	-	-	-	-

Renewal of bund wall and concreting of interior at north Tank Farm	-	-	-	Internal	-	2023	-	-	37	-	-	-	-
Filtering Unit for Jet A1 Tanker Discharge Pipeline	-	-	-	Internal	-	2023	-	900	1,288	-	-	-	-
Interior surface concreting at tanks 16, 17 & 25 on Victoria depot	-	-	-	Internal	-	2023	-	-	2,556	-	-	-	-
Extension to store warehouse - Phase 2	-	-	-	Internal	-	2023	-	-	14	-	-	-	-
CIVIL WORKS FOR INSTALLATION OF ONE NEW FUEL TANK AT COAST GUARD, PERSEVERANCE	-	-	-	Internal	-	2023	-	-	106	-	-	-	-
Internal Floating Roofs for Unleaded Mogas Tanks – Phase 2	-	-	-	Internal	-	2023	-	-	4,646	-	-	-	-
Renew Fire Water Deluge pipes on four tanks on Praslin Depot.	-	-	-	Internal	-	2023	-	-	323	-	-	-	-
Replacement of 110m of 20” firefighting pipeline in front of LPG bullet tanks.	-	-	-	Internal	-	2024	-	-	757	900	-	-	-
Replacement of submerged pipeline from Commercial Port North to Fishing Port.	-	-	-	Internal	-	2023	-	-	1,001	-	-	-	-
Fixing of a pump to the Jet A1 sampling pipeline network at the Port Victoria Depot	-	-	-	Internal	-	2023	-	-	3,165	-	-	-	-
RFID PROJECT	-	-	-	Internal	-	2023	-	-	467	-	-	-	-
Replacement of 1 light mast near the Bulk loading gantry	-	-	-	Internal	-	2023	-	-	412	-	-	-	-
Construction of walkway in North tank farm	-	-	-	Internal	-	2023	-	-	145	-	-	-	-
SPDF PROJ - FUEL STORAGE & DELIVERY FACILITY - ASSUMPTION	-	-	-	Internal	-	2023	-	-	2,638	-	-	-	-
Sand blasting & epicoating of tanks 22, 23 & 24 on Victoria depot.	-	-	-	Internal	-	2023	-	-	997	-	-	-	-
INSTALL JET A1 DOPING PUMP FOR STADIS ON TRANSFER LINE AT PVD	-	-	-	Internal	-	2023	-	-	40	-	-	-	-
INSTALATION OF DEADMANS SWITCH PROJECT AIRPORT DEPOT	-	-	-	Internal	-	2023	-	-	37	-	-	-	-
BELOMBRE Dredging	-	-	-	Internal	-	2025	-	-	402	378	3,000	-	-
Repair of rock armouring and backfill at La Digue Petrol Station	-	-	-	Internal	-	2023	-	-	2,295	-	-	-	-
Installation of an additional Avgas tank and pumping facility at the Airport Depot	-	-	-	Internal	-	2023	-	-	555	-	-	-	-
RPLACE TWO SETS OF STAIRS AND RAILS AND MANUFACTURE TWO NEW SETS FOR THE FOUR LPG TANSK ON PRASLIN	-	-	-	Internal	-	2023	-	-	193	-	-	-	-
Cleaning and Epicoating of tank 2 and 8 shells to 1.4m height	-	-	-	Internal	-	2023	-	-	230	-	-	-	-
REPLACEMENT OF TANK NO BOTTOM PLATE	-	-	-	Internal	-	2024	-	-	307	1,200	-	-	-

Drain at pump house number 5	-	-	-	Internal	-	2023	-	-	83	-	-	-	-
RELOCATION OF SEA WATER PUMPING SATION AT THE COMMERCIAL PORT	-	-	-	Internal	-	2026	-	-		300	6,000	5,000	
INSTALL ELECTRICAL PUMP AND ALTER PIPELINES FOR JET A1 SAMPLING SYSTEM AT PVD (CONT 2022)	-	-	-	Internal	-	2024		200	50	50	-	-	-
NEW LUBRICANT SHED FOR PORT VICTORIA DEPOT	-	-	-	Internal	-	2024	-	-	-	1,750	-	-	-
MARINE FUEL STATION FOR BAIE STE. ANNE PRASLIN JETTIES	-	-	-	Internal	-	2025	-	-	39	1,125	3,375	-	-
Repair works to rock armouring on Praslin Depot	-	-	-	Internal	-	2024	-	-	-	4,300	-	-	-
Construct shed for spray booth on Victoria depot	-	-	-	Internal	-	2024	-	-	-	1,500	-	-	-
DIVERT TANKER LOADING AND DISCHARGE POINTS AND PIPELINES AT COMMERCIAL PORT	-	-	-	Internal	-	2025	-	-	-	-	3,000	3,000	
WORKSHOP, OFFICE, MEETING ROOM AND TOILETS PRASLIN DEPOT	-	-	-	Internal	-	2024	-	-	-	2,500	2,100		
ADDITIONAL OFFICE IN WAREHOUSE	-	-	-	Internal	-	2024	-	-	-	391	-	-	-
PARKING FACILITIES FOR LPG TANK TRAILERS PORT VICTORIA DEPOT	-	-	-	Internal	-	2024	-	-	-	161	-	-	-
REFUEL PONTOON FOR LA DIGUE PETROL STATION	-	-	-	Internal	-	2025	-	-	-	1,300	1,400	-	-
TYRE STORE FOR AIRPORT PETROL STATION	-	-	-	Internal	-	2024	-	-	-	750	-	-	-
RENOVATION OF STAFF QUARTERS PORT VICTORIA DEPOT	-	-	-	Internal	-	2024	-	-	-	500	-	-	-
ROAD AND KERB REPAIRS AND NEW WALKWAY PORT VICTORIA DEPOT	-	-	-	Internal	-	2024	-	-	-	1,000	-	-	-
RE-ROOFING OF LPG TANKER TRUCK PARKING SHED PORT VICTORIA DEPOT	-	-	-	Internal	-	2024	-	-	-	350	-	-	-
INSTALL SEWERAGE HOLDING TANK AT AIRPORT PETROL STATION	-	-	-	Internal	-	2024	-	-	-	150	-	-	-
REPAIR BOUNDARY AND BUNDWALL LA DIGUE PETROL STATION	-	-	-	Internal	-	2024	-	-	-	500	-	-	-
RE-SURFACE FORECOURT LA DIGUE PETROL STATION	-	-	-	Internal	-	2024	-	-	-	1,500	-	-	-
REPLACE ROOF AT VICTORIA SOUTH PETROL STATION	-	-	-	Internal	-	2024	-	-	-	325	-	-	-

XSI501ENN - tanker ETD Jan 27	-	-	-	Internal/External	-	2027	-	-	-	79,758	119,637	199,395	398,790
XSI501FNN - tanker ETD Apr 27	-	-	-	Internal/External	-	2027	-	-	-	79,758	-	-	-
REPLACE FIRE WATER TANK FOR PRASLIN DEPOT (NEW)	-	-	-	Internal	-	2025	-	-	-	-	1,900	-	-
REPLACE TANK 28 DELUGE PIPELINE	-	-	-	Internal	-	2025	-	-	-	-	900	-	-
RE-ROOF OPERATIONS AND TECHNICAL BUILDING NEW PORT	-	-	-	Internal	-	2025	-	-	-	-	850	-	-
RE-LOCATE BAIE LAZARE PETROL STATION *	-	-	-	Internal	-	2026	-	-	-	-	2,000	5,000	-
RE-LOCATE ANSE ROYALE PETROL STATION *	-	-	-	Internal	-	2026	-	-	-	-	2,000	8,000	-
CONCRETE AIRPORT DEPOT TANK FARM *	-	-	-	Internal	-	2025	-	-	-	-	3,500	-	-
SURFACE LPG DEPOT BUND WALL - PHASE 2 (NEW)	-	-	-	Internal	-	2025	-	-	-	-	2,000	-	-
INTERNAL FLOATING ROOF FOR ULM TANK ON PRASLIN DEPOT (NEW)	-	-	-	Internal	-	2025	-	-	-	-	850	-	-
CLAD FENCE AREA AT THE WAREHOUSE PVD	-	-	-	Internal	-	2025	-	-	-	-	400	-	-
PARTITION LPG MAINTENANCE SHED	-	-	-	Internal	-	2025	-	-	-	-	400	-	-
ALTER WELDING AND FABRICATION WORKSHOP	-	-	-	Internal	-	2025	-	-	-	-	300	-	-
REPLACE SUBMERSIBLE PIPELINE FISHING PORT TO IPHS	-	-	-	Internal	-	2026	-	-	-	-	-	1,500	-
REPLACE TEST RIG AIRPORT DEPOT	-	-	-	Internal	-	2026	-	-	-	-	-	600	-
REPLACE CHAIN LINK FENCE WITH SOLID WALL AT PORT VICTORIA (STC BOUNDARY)	-	-	-	Internal	-	2026	-	-	-	-	-	2,200	-
REPLACE CHAIN LINK FENCE WITH SOLID WALL AT PRASLIN DEPOT (FACING THE ROAD)	-	-	-	Internal	-	2026	-	-	-	-	-	2,200	-
UPGRADE TO FIRE-FIGHTING SYSTEM AT THE PORT VICTORIA DEPOT TO SUIT NFPA REVISED NORM	-	-	-	Internal	-	2026	-	-	-	-	-	2,000	-
REPLACE POTABLE WATER TANK FOR PORT VICTORIA DEPOT (NEW)	-	-	-	Internal	-	2026	-	-	-	-	-	90	-
Total	-	-	-	-	-	-	-	27,487	23,719	26,871	180,447	428,380	917,217

- SEYPEC did not provide the project purpose and description, expected outcomes, total estimated costs, or anticipated risks in their Capital Investment table.

6.8.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.8.3.1 Tax Implications by the Operations of Seychelles Petroleum Company Ltd.

USD ('000)

TAX IMPLICATION							
Type of Tax	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
Business Tax	22,123	(2,573)	(4,463)	(6,827)	(8,276)	(7,888)	(7,384)
PIT	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-
Total	22,123	(2,573)	(4,463)	(6,827)	(8,276)	(7,888)	(7,384)

- Details not provided on PIT

6.8.3.2 Anticipated Dividend Declarations By Seychelles Petroleum Company Ltd.

SCR ('000)

DIVIDEND							
Nature of Dividend	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	(SCR)	(SCR)	(SCR)	(SCR)	(SCR)	(SCR)	(SCR)
Dividends in Cash	260,000	250,000	250,000	250,000	250,000	250,000	150,000

6.8.3.3 Debt Payments Forecasts By Seychelles Petroleum Company Ltd.

SEYPEC does not have any anticipated debt obligations.

6.8.3.4 Anticipated Subventions and Grants By Seychelles Petroleum Company Ltd.

SEYPEC does not anticipate in obtaining any subventions or grants.

6.8.3.5 Contingencies of Seychelles Petroleum Company Ltd.

SEYPEC does not anticipate any contingent liabilities.

6.8.3.6 Assumptions used for the Financial Projections of Seychelles Petroleum Company Ltd.

Forex

- USD Rate: 14.77 for 2024 – 2025; 14.92 for 2026; 15.16 for 2027

Sales:

- Past trends of sales and demand forecasts for the fuel products by the large companies have been used to create the revised 2024 & 2025 budgets. In general, based on past trends it is expected that there will be a yearly increase per product per segment on volumes for 2026 & 2027.

Prices:

- Prices as of end of June 2024, which is the premium charged by the supplier have been used to forecast the prices for the budget, at a constant current level since prices is very dependent on market conditions (backwardation/contango) which we cannot forecast. We have considered the expected margin which is based on the average margins received in 2024.

Tanker

- Sale of Pioneer for USD 17.3m in late 2024 and sell Progress for USD 17.3m in Jan 25

- Earnings for 2025/2026 are based on the current time charter rates for the tankers not being sold.
- Sale of Prelude and Patriot in Dec 26 for USD 22.4m and USD 23.8m respectively
- Earnings for 2027 is on a time charter rate provided by American Bureau of Shipping Expenses
- Expenses for the provisional 2024 and 2025 budget are based on requirements of the company. For 2026, a 3.5% inflationary increase was applied on certain expenses from 2025 and for 2027 a 3.5% inflationary increase was applied on certain expenses from 2026.

6.8.4 KPIs, Risk Management Strategy and Reporting Obligations

6.8.4.1 Key Performance Indicators of the Seychelles Petroleum Company Ltd.

KPIs are to yet be designed and approved by the BoDs of SEYPEC.

6.8.4.2 Risks and Resilience Plan of the Seychelles Petroleum Company Ltd.

Details Not Provided

6.8.4.3 List of External Reporting's by the Seychelles Petroleum Company Ltd.

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Balance of Payments Data	Staff from the Central Bank of Seychelles	A summary in terms of data tables of key inflows and outflows from the company as well as key movements in terms Debtors and Payables	Quarterly
Quarterly indicator	National Bureau of Statistics	Domestic and re-export data (both volumes & values)	Quarterly
SEYPEC Stats	Staff from the Central Bank of Seychelles	Domestic data, re-export data, Summary of fuel imports, Summary of FX purchases	Quarterly
Management accounts	PEMC	Profit and loss account, Balance sheet, cash flow position, Domestic and re-export data	Quarterly
Petroleum Supply & sales	Energy Commission	A summary of all imports and sales by sector and major consumers	Annual

6.8.5 Stakeholder Engagement

6.8.5.1 Statement by CEO

As the CEO of the Seychelles Petroleum Company, I am honored to reaffirm my commitment to fulfilling the strategic objectives and performance benchmarks set by SEYPEC, as we continue to lead the company towards excellence in the energy sector. Next year will mark a significant milestone as SEYPEC celebrates its 40th anniversary of existence.

In line with our renewed strategy for the tanker business, we are taking steps to replace two of our older vessels, ensuring that our fleet remains efficient and capable of meeting market demands. Furthermore, we are also in the process of planning two new fuel stations in the south of Mahé, which will replace the existing Anse Royale and Baie Lazare stations, enhancing our service reach in the Southern region.

As part of our continued commitment to fostering a strong and dynamic workforce, we are reviewing our HR and remuneration policies to ensure they reflect best practices and meet the evolving needs of our employees. Staff training will remain a priority, as we recognize the importance of continuous development in maintaining operational excellence. Looking ahead, we are also preparing to implement a comprehensive business continuity plan for 2025. This plan will ensure that SEYPEC remains resilient and prepared for any unforeseen disruptions, safeguarding both our operations and our ability to serve the nation.

The industry in which SEYPEC operates is dynamic and constantly evolving. As such, we remain fully committed to staying ahead of the curve, whether through the adoption of innovative technologies or exploring new market opportunities. Our company's growth strategy hinges on adapting to changing market dynamics and remaining relevant to the expectations of our customers.

While challenges such as market volatility, environmental concerns, and regulatory changes are inherent in our industry, we view these as opportunities for growth and improvement. SEYPEC is committed to developing proactive strategies to mitigate risks and embrace adversity as a path toward excellence.

We aim to optimize our resources, ensuring that every investment aligns with our strategic objectives. Through a disciplined approach to cost management, we will continue to enhance our operational efficiency and profitability. Our success will be measured by our ability to meet our goals, aligning our entire organization with a culture of accountability, innovation, and continuous improvement.

Together, the SEYPEC team will navigate challenges, seize opportunities, and maximize resources to fulfill the vision we have set for the company and ensure its continued success in the years to come.

Mrs. Sarah Romain
Chief Executive Officer

6.8.5.2 Foreword by Chairperson

It is with great pleasure that I reflect on the journey of the Seychelles Petroleum Company as its Chairperson and share its vision for the future. As SEYPEC prepares to celebrate its 40th anniversary in 2025, we take pride in the company's legacy of resilience, growth, and unwavering commitment to national energy security. Nationalized in 1985 to safeguard Seychelles' energy needs, SEYPEC has become a cornerstone of our nation's development.

Over the years, SEYPEC has made significant investments in infrastructure, technology, and human capital to meet the evolving needs of the population. These investments have included building new petrol stations, expanding our storage depots, acquiring a specialized vehicle fleet for fuel distribution, and developing a robust shipping arm. At the heart of these efforts is a dedicated pool of skilled workers who have continuously ensured that SEYPEC remains a beacon of reliability in the energy sector.

Today, SEYPEC's operations, both domestically and internationally, are robust and well-positioned to meet the future's challenges. Our commitment to sustainability is firm as we continue to play a pivotal role in securing Seychelles' energy future. Looking ahead, SEYPEC aims to strengthen its visibility and solidify its position as a key player in the energy landscape. By the culmination of 2025 and beyond, we envision SEYPEC being recognized as a critical partner in advancing energy sustainability and security for the nation.

SEYPEC has a long-standing track record of contributing significantly to Seychelles' economy, and this will continue as the company generates revenue and contributes to the national budget. Our strategic priorities align with the broader national goals of Seychelles, focusing on technology innovation, environmental responsibility, and community engagement. We aim to be seen not only as a reliable provider of energy but as a responsible corporate entity that positively contributes to the nation's well-being.

The Medium-Term Financial Strategy (MTFS) continues to provide a guiding framework for our financial planning, ensuring that SEYPEC achieves sustainable growth and financial stability. This strategy will act as our compass as we navigate the coming years and work toward realizing our long-term vision.

SEYPEC is dedicated to supporting the nation's prosperity and is ready to embrace the future with resolve, innovation, and responsibility. Together with our valued partners, stakeholders, and talented team, we will continue to illuminate the path towards a brighter, more sustainable future for Seychelles.

Mrs. Jennifer Morel
Chief Executive Officer

6.8.5.3 Statement by the Responsible Minister

As SEYPEC approaches its 40th anniversary, we recognize the company's pivotal role in securing Seychelles' energy needs and driving economic development. Since its nationalization in 1985, SEYPEC has been a cornerstone of our economy, significantly contributing to the national budget while maintaining a reliable energy supply.

The investments SEYPEC has made in its infrastructure, technology, and workforce have positioned the company to meet both domestic and international demands. With plans to modernize its tanker fleet and expand its fuel stations, SEYPEC is well-prepared to continue meeting the needs of our people and economy.

However, as we navigate global energy challenges, it is clear that the path forward requires a transition to more sustainable practices. SEYPEC is tasked with playing a greater role in accelerating our shift toward renewable energy, integrating green solutions, and supporting our broader goals of energy sustainability. This includes exploring new technologies, developing alternative energy sources, and actively participating in initiatives that will reduce our carbon footprint and ensuring long-term economic stability.

SEYPEC's strategic importance extends beyond energy supply; it is a key contributor to our fiscal framework, supporting government revenues through its operations. The company's robust financial management, guided by the Medium-Term Financial Strategy, will ensure it remains a strong pillar in Seychelles' development.

As Minister responsible for SEYPEC, I am confident in the company's leadership and commitment to this vision. Together, we will build a more sustainable, secure, and prosperous energy sector that benefits our economy and ensures a brighter future for all Seychellois.

Mr. Naadir Hassan

Minister for Finance, National Planning and Trade



6.9 Public Utilities Corporation (PUC)

6.9.1 Strategic Overview

6.9.1.1 Mandate

Our mission is to ensure safe, reliable, and cost-effective delivery of electricity, water, and wastewater services.

6.9.1.2 Vision

We envisaged to be a model organization supporting socio-economic development in Seychelles.

6.9.1.3 Mission

- We envision a Seychelles where we provide an efficient, safe, and reliable supply of electricity and treated water, along with responsible wastewater management, all while prioritizing the well-being of the environment and our customers.
- Our goal is to cultivate a trust-based workplace culture where employees feel a strong sense of belonging and loyalty, fostering their growth and development.
- We actively promote the sustainable development of renewable energy to reduce our dependence on imported fossil fuels, contributing to our envisioned future for Seychelles.
- We aspire to continuously adapt to technological advancements, striving to enhance our services in line with our vision for Seychelles.

6.9.1.4 Strategic Priorities for 2025-2027

PUC's strategic objectives for 2025-2027 encompass five key perspectives, each with its own set of goals:

1. People and Workplace Perspective:

- **Cultivate a Trust-Based Workplace:** Foster a workplace culture built on trust, where employees feel a strong sense of belonging and loyalty.
- **Prioritize Employee Well-Being:** Ensure the well-being and safety of employees through effective risk management.
- **Attract, Develop, and Retain a Diverse and Skilled Workforce:** Attract, nurture, and retain a diverse and talented workforce.

2. Innovation and Growth Perspective:

- **Drive Continuous Business Process Improvement:** Continuously improve internal processes to enhance efficiency and effectiveness.
- **Adopt Technological Advances for Future Needs:** Embrace and implement technological advancements to meet future industry requirements.

3. Internal Processes Perspective:

- **Plan, Build, and Maintain Infrastructure:** Strategically plan, construct, and maintain infrastructure while acquiring necessary resources.
- **Responsible Resource Management:** Utilize resources responsibly and cost-effectively.

- **Demonstrate Commitment to Environmental Sustainability:** Show dedication to environmental sustainability in all operations.
4. **Customer Focus Perspective:**
 - **Provide Safe, Reliable Utility Services:** Ensure the delivery of safe and reliable utility services.
 - **Enhance Customer Experience:** Improve the overall customer experience.
 - **Promote Conservation and Efficient Use of Services:** Raise awareness about the importance of conserving and efficiently using utility services.
 5. **Financial Perspective:**
 - **Facilitate Economic Growth:** Foster an environment conducive to economic growth.
 - **Maintain Financial Strength:** Ensure a robust financial foundation.
 - **Sustain Affordable Rates:** Keep utility service rates affordable for customers.

6.9.1.5 Key Challenges

PUC, a multi-utility company in a small island state, confronts unique challenges that impact its operations. Unlike larger utilities with the advantage of regional network integration, PUC must achieve self-sufficiency across all operational areas. Ltd financial resources, infrastructure constraints, and a shortage of skilled personnel further exacerbate these challenges. With rising customer expectations, PUC must prioritize continuous improvement in service delivery, strengthen stakeholder relationships, focus on customer needs, and enhance its corporate image.

Key Focus Areas and Challenges

1. **Performance-Oriented Culture:** Cultivate a culture that values performance, fosters employee engagement, and respects external stakeholders, including regulators.
Develop a more efficient and skilled workforce to meet the demands of a self-sufficient multi-utility company.
2. **Customer Service Enhancement:** Improve customer service and care to meet rising expectations, focusing on customer satisfaction and relationship-building.
3. **Business Process Improvement:** Enhance operational efficiency through streamlined processes that support continuous improvement and better service delivery.
4. **Cost Management and Tariff Enforcement:** Ensure cost-effective operations and enforce tariffs that recover economic costs while maintaining affordability for customers.
5. **Asset Replacement and Refurbishment:** Sustain security, reliability, and service levels through ongoing maintenance and upgrades in all utility sectors.
6. **Capacity Expansion:** Meet the growing demand for utilities by expanding capacity and ensuring infrastructure readiness.
7. **Controlling our Environmental Impact:** Continuously enhance our wastewater infrastructure to ensure that treated effluent meets safety standards for environmental discharge. Additionally, we aim to reduce greenhouse gas emissions associated with our operations, contributing to a more sustainable environment.
8. **Renewable Energy Transition:** Adapt to the changing landscape of energy production with a focus on transitioning to renewable sources.
Take an exemplary role in deploying medium-sized renewable energy plants to support sustainability goals.
9. **Infrastructure Challenges:** Address issues related to wayleave access, easement agreements, and development in water catchment areas to maintain infrastructure integrity.
10. **Ltd Service Corridors:** Overcome limitations in accessing service corridors along main and secondary roads to ensure uninterrupted service delivery.

11. **Supply Chain Vulnerability:** Manage exposure to disruptions and challenges in the global supply chain to secure necessary resources for operations.
12. **Energy and Water Efficiency:** Implement demand management, conservation, and sustainability initiatives to enhance energy and water efficiency.

Challenges Linked with Key Performance Drivers:

1. **Health and Safety:** Prioritizing the safety and well-being of employees and the public, ensuring a secure working environment.
2. **Climate Change Commitments:** Fulfilling commitments related to climate change, focusing on sustainability and reducing environmental impact.
3. **Network Performance:** Optimizing the efficiency and reliability of utility networks to ensure consistent and high-quality service delivery.
4. **Technological Advancements:** Embracing and integrating new technologies to enhance operational efficiency, innovation, and service quality.
5. **Economic Conditions:** Adapting strategies to align with macroeconomic conditions and economic growth forecasts, particularly in the context of Seychelles.
6. **Stakeholder Engagement:** Building and maintaining strong, effective relationships with diverse stakeholders to foster collaboration and support.
7. **Regulatory Relationships:** Managing and nurturing relationships with regulatory bodies to achieve favourable outcomes and compliance.
8. **Legislative and Environmental Compliance:** Adhering to all legislative requirements and environmental regulations to maintain compliance and promote sustainability.

In summary, PUC operates in a challenging environment with multiple performance drivers. By addressing these key areas and focusing on continuous improvement, the corporation can enhance utility services and meet the evolving needs of its stakeholders.

6.9.2 Outlook of Financial Strategy

6.9.2.1 Projected Financial Position of Public Utilities Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	SCR	SCR	SCR	SCR	SCR	SCR	SCR
ASSETS							
Non-Current Assets	3,701,634	3,837,998	3,952,644	4,393,576	4,939,504	5,412,696	5,726,874
Property, plants and equipment	1,903,950	2,239,101	3,222,251	3,218,930	3,226,321	3,716,749	3,737,451
Intangible assets	4,809	2,436	169	-	-	3,048	39,076
Capital work in progress	1,791,658	1,595,354	730,022	1,174,363	1,712,901	1,692,599	1,950,037
Right-of-use assets	341	-	-	-	-	-	-
Trade and other receivables	875	1,107	202	283	282	300	311
Current Assets	1,703,781	1,753,292	1,882,335	1,865,855	1,721,349	1,750,335	1,819,282
Inventories	765,994	722,609	790,253	875,927	891,253	926,770	1,007,624
Trade and other receivables	244,837	269,123	363,618	493,676	493,362	524,411	543,411
Cash and cash equivalents	692,950	761,560	728,464	496,252	336,733	299,154	268,246
Total Assets	5,405,415	5,591,290	5,834,979	6,259,431	6,660,853	7,163,031	7,546,156
EQUITY AND LIABILITIES							
Equity							
Assigned capital	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744
Retained earnings / (revenue deficit)	1,218,731	1,420,797	1,516,615	1,737,217	2,086,563	2,356,581	2,598,877
Total Equity	2,658,474	2,860,540	2,956,359	3,176,960	3,526,307	3,796,324	4,038,620
Non-Current Liabilities	2,351,262	2,270,206	2,408,561	2,542,301	2,579,114	2,776,046	2,880,234
Borrowings	1,266,952	1,175,814	1,293,820	1,444,661	1,476,795	1,630,051	1,666,742
Lease liability	-	-	-	-	-	-	-
Trade and other payables	43,719	48,437	58,866	59,371	61,152	62,987	64,877
Employee benefit liabilities	109,718	91,654	106,130	115,512	136,102	157,001	178,214
Deferred grants	930,873	954,300	949,745	922,757	905,065	926,007	970,402
Current Liabilities	395,678	460,545	470,059	540,169	555,432	590,660	627,301
Borrowings	94,058	110,510	118,917	155,855	156,372	172,400	191,638
Lease liability	491	-	-	-	-	-	-
Trade and other payables	187,936	243,056	250,334	276,282	291,027	310,229	327,632
Employee benefit liabilities	7,444	23,356	24,324	30,891	30,891	30,891	30,891
Deferred grants	105,749	83,622	76,484	77,141	77,141	77,141	77,141
Total Liabilities	2,746,941	2,730,750	2,878,620	3,082,470	3,134,546	3,366,707	3,507,536
Total Equity and Liabilities	5,405,415	5,591,290	5,834,979	6,259,431	6,660,853	7,163,031	7,546,156

6.9.2.2 Projected Statement of Comprehensive Income of Public Utilities Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Revenue:	1,811,621	2,044,322	1,952,049	2,314,018	2,637,893	2,732,628	2,829,843
Revenue from operations	1,687,614	1,937,351	1,868,382	2,237,500	2,565,201	2,663,570	2,764,238
Other income	124,007	106,971	83,667	76,518	72,693	69,058	65,605
Expenditure	1,325,456	1,837,159	1,854,519	2,078,814	2,246,792	2,417,063	2,542,671
Direct operating expenses	1,016,533	1,197,953	1,092,635	1,180,317	1,267,740	1,377,709	1,450,604
Staff cost	250,403	273,256	324,383	339,128	400,975	406,990	413,095
Other operating overheads	264,162	225,482	269,617	333,581	390,090	386,586	405,153
Exchange difference	(402160)	(51612)	3,205	38,977	1,007	15,456	18,647
Depreciation of property, plant & equipment	186,956	186,749	161,814	185,928	186,218	228,770	245,346
Amortisation of intangible assets	3,865	2,373	2,268	169	-	762	9,007
Amortisation of right-of-use	3,035	341	-	-	-	-	-
Provision for/(reversal of) credit impairment	2,663	2,618	597	715	761	790	819
Profit / (Loss) from operations before financing activities	486,165	207,163	97,530	235,204	391,101	315,565	287,172
Finance income	13,423	11,568	12,868	13,982	17,337	17,306	17,314
Finance expense	(10030)	(16666)	(14579)	(28585)	(59091)	(62854)	(62190)
Profit for the year and total comprehensive income	489,558	202,066	95,819	220,601	349,347	270,017	242,296

6.9.2.3 Projected Cash flow Statement of Public Utilities Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023		2024	2025	2026
	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Operating Activities							
Operating profit before working capital changes	237,533	273,806	220,455	409,890	533,535	522,388	533,458
Profit for the year	489,558	202,066	95,819	220,601	349,347	270,017	242,296
Adjustment for:							
Net gain on termination of leases	(139)	-	-	-	-	-	-
Amortization of deferred grants	(123640)	(106867)	(83642)	(76518)	(72693)	(69058)	(65605)
Fixed Asset written off	9,982	34	36				
Profit on disposal	(228)	(104)	(25)				
Finance income received	(13423)	(11568)	(12868)	(14589)	(21012)	(20981)	(20990)
Finance expense	10,030	16,666	14,579	28,585	59,091	62,854	62,190
Strategic parts expense	24,540	15,739	13,601				
Depreciation of property plant and equipment	186,956	186,749	161,814	185,928	186,218	228,770	245,346
Amortization of Intangible asset	3,865	2,373	2,268	169	-	762	9,007
Amortization of right-of-use	3,035	341	-	-	-	-	-
Provision of obsolete inventory	6,319	299	-			2,500	10,000
Provision of credit impairment	2,663	2,618	597	715	761	790	819
Foreign currency differences on borrowing	(595531)	(80587)	25,680	36,074	517	16,027	19,238
Employee benefit obligation charge	14,037	16,610	25,370	26,023	30,816	31,278	31,747
Exchange (losses)/gains on cash and cash equivalent	219,510	29,439	(22773)	2,903	490	(571)	(591)
Movement in working capital:							
Trade and other receivables	(13864)	(27135)	(94187)	(130853)	(447)	(31856)	(19830)
Inventories	(18335)	43,085	(67644)	(85674)	(15326)	(38017)	(90854)
Movement in bank balances retained for letter of credit	948	9,163	(106566)				
Trade and other payables	(68856)	59,837	17,706	26,453	16,527	21,036	19,292
Cash generated from operations	137,428	358,757	(30235)	219,817	534,288	473,552	442,066
Interest received on overdue trade debtors	12,265	10,788	9,857	13,982	17,337	17,306	17,314
Employee benefit paid	(17707)	(18761)	(9926)	(10075)	(10226)	(10379)	(10535)
Net cash inflow from operating activities	131,985	350,783	(30304)	223,724	541,399	480,479	448,845
Investing activities							
Additions to property, plant and equipment	(27743)	(33364)	(13054)	(6778)	(8000)	(10000)	(10070)
Proceeds from disposal of property, plant and equipment		104	25				7,580
Additions in capital work in progress	(231506)	(308004)	(280216)	(620169)	(724147)	(692707)	(566031)
Movement in term deposits	(25730)	(10549)	(83387)				
Interest on term deposit	1,124	643	1,468	578	3,617	3,617	3,617
Interest on loan to employees	34	9	16	28	59	59	59
Net cash outflow from investing activities	(283821)	(351160)	(375147)	(626341)	(728472)	(699031)	(564845)
Financing activities							
Proceeds from borrowings	183,252	83,995	202,533	213,850	182,377	324,558	202,700
Repayment of borrowings	(99868)	(78094)	(101800)	(62144)	(150243)	(171302)	(166009)
Government and other grants received	81,204	108,168	71,949	50,187	55,000	90,000	110,000
Principal paid on lease liabilities	(3157)	(491)	-	-	-	-	-
Interest paid	(10030)	(16666)	(14579)	(28585)	(59091)	(62854)	(62190)
Net cash inflow from financing activities	151,401	96,912	158,103	173,308	28,043	180,402	84,501
Net change in cash and cash equivalents	(435)	96,535	(247348)	(229309)	(159029)	(38150)	(31499)
Movement in cash and cash equivalents							
At Jan 1	867,458	647,741	714,837	728,464	496,252	336,733	299,154
Increase during the year	(207)	96,535	(247348)	(229309)	(159029)	(38150)	(31499)
Exchange gain/(losses) on cash and cash equivalent	(219510)	(29439)	22,773	(2903)	(490)	571	591
Cash and cash equivalent At Dec 31	647,741	714,837	490,262	-	-	-	-
Cash and bank balances as per SOFP	692,950	761,560	728,464	496,252	336,733	299,154	268,246

6.9.2.4 Projected Capital Investment Plan of Public Utilities Corporation

SCR ('000)

Project Name	Project purpose and Description	Expected Outcome of the Project	Total estimated Project cost	Source of Funds	Year Project commenced	Expected Completion date	Actual Figures			Provisional	Forecast		
							2021	2022	2023		2024	2025	2026
Electricity projects	-	-	-	Loan Financing Institutions, GoS and PUC	-	-	231,506	308,004	280,216	547,910	427,698	433,463	179,802
Water & Sewerage projects	-	-	-	Loan Financing Institutions, GoS and PUC	-	-					328,799	359,894	693,293
Corporate projects	-	-	-	Loan Financing Institutions, GoS and PUC	-	-					69,606	80,296	51,430
GRAND TOTAL	-	-	-		-	-	231,506	308,004	280,216	547,910	826,103	873,653	924,525

- Details were not provided

6.9.3 Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

6.9.3.1 Tax Implications by the Operations of Public Utilities Corporation

Type of Tax	SCR (000)							Anticipated Risks
	Actual Figures			Provisional	Forecast			
	2021	2022	2023	2024	2025	2026	2027	
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	
Business Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
PIT	16,119	14,853	18,807	20,696	26,269	26,663	27,063	
VAT	40,308	28,980	49,099	58,886	72,573	70,676	67,630	Impacts/worsen the cashflow position
Withholding Tax	11,170	7,267	2,500	2,100	7,500	5,500	8,500	Overpayment or underpayment due to wrong interpretation of DTAs.

6.9.3.2 Anticipated Dividend Declarations By Public Utilities Corporation

PUC's strategy towards surplus equity is to re-invest into infrastructure renovation and expansion.

6.9.3.3 Debt Payments Forecasts By Public Utilities Corporation

EUR / SCR ('000)

Lending Organization	Purpose of Borrowings	Description	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
			SCR	SCR	SCR	SCR	SCR	SCR	SCR	
European Investment Bank	Project Neptune – Water & Sanitation	Borrowings	€ 26,737,000	-	-	-	-	-	-	-
		Interest for the Year		-1,586,700	3,404,904	3,353,257	3,226,346	3,019,750	2,818,307	3,274,039
		Repayment of Capital		9,699,584	9,408,268	14,428,478	27,947,065	28,479,219	29,013,959	29,548,699
		Balance carried forward		421,649,934	372,620,430	374,968,415	348,592,443	326,750,929	303,872,209	279,924,009
Agence De Francaise Development	Project Neptune – Water & Sanitation	Borrowings	€10,000,000	-	-	-	-	-	-	-
		Interest for the Year		-640,724	1,296,521	1,104,284	1,104,543	990,238	874,271	753,345
		Repayment of Capital		13,107,692	11,876,000	12,410,692	12,462,693	12,700,001	12,938,463	13,176,924
		Balance carried forward		144,184,614	118,759,999	111,696,230	99,701,537	88,899,998	77,630,766	65,884,610
Arab Bank for Economic Development in Africa (BADEA)	33 kV South Mahe	Borrowings	\$ 11,000,000	17,141,445	13,206,804	5,922,616	-	-	-	-
		Interest for the Year		3,009,982	3,279,706	2,824,696	3,618,795	3,465,584	3,274,266	3,077,407
		Repayment of Capital				7,683,660	8,934,015	9,671,706	9,823,135	9,981,148
		Balance carried forward		130,111,495	138,307,366	137,501,483	132,151,182	135,403,887	127,700,758	119,773,777
Saudi Fund	33 kV South Mahe	Borrowings	\$ 20,000,000	23,009,116	21,176,096	8,336,605	-	22,331,846	-	-
		Interest for the Year		2,035,074	3,935,083	3,654,371	3,910,121	3,628,701	3,646,203	3,300,588
		Repayment of Capital		30,120,002	19,306,668	19,440,000	19,946,667	19,586,667	19,893,333	20,213,333

		Balance carried forward		200,677,771	194,818,573	185,060,602	169,937,187	186,073,332	169,093,332	151,599,999
African Development Bank	Mahe Sustainable Water Augmentation	Borrowings	\$ 20,600,000	52,978,011	41,921,211	7,212,570	-	-	-	-
		Interest for the Year		746,632	7,722,588	4,932,443	14,037,385	13,835,089	12,669,258	11,468,370
		Repayment of Capital		12,986,513	16,572,812	19,157,632	21,233,621	21,663,864	22,003,053	22,356,989
		Balance carried forward		215,792,702	232,830,359	222,493,243	207,058,484	205,806,701	187,025,945	167,677,416
Abu Dhabi Fund for Development	Ile de Romainville Solar Park	Borrowings	\$ 8,500,000	3,774,836	4,953,003	2,084,940	-	-	-	-
		Interest for the Year		2,383,309	2,272,424	2,291,814	2,233,841	2,066,866	1,930,121	1,789,343
		Repayment of Capital				8,256,575	8,474,860	8,324,941	8,455,283	8,591,293
		Balance carried forward		117,178,669	117,618,815	112,259,465	106,710,435	99,899,288	93,008,118	85,912,934
Nouvobanq	Desalination extension II - Providence	Borrowings	SCR 159,351,000	84,351,000	-	-	-	-	-	-
		Interest for the Year		8,089,457	9,668,235	7,998,080	6,453,076	4,805,287	2,730,394	583,076
		Repayment of Capital		21,772,099	20,046,087	21,677,783	23,265,910	24,998,859	27,073,752	14,352,820
		Balance carried forward		131,415,212	111,369,125	89,691,341	66,425,431	41,426,572	14,352,820	-
Nouvobanq	2 x 8 MW Generator sets	Borrowings	SCR 329,700,000	-	-	179,066,176	-	-	-	-
		Interest for the Year		-	-	4,897,004	15,245,492	19,106,900	17,576,226	15,951,144
		Repayment of Capital		-	-	-	-	24,817,251	26,347,925	27,973,007
		Balance carried forward		-	-	179,006,176	179,006,176	304,882,749	278,534,824	250,561,817

Nouvobanq	Praslin 4x2 MW Generator Sets	Borrowings	€ 14,600,000	-	-	-	-	120,544,706	58,857,693	-
		Interest for the Year		-	-	-	-	8,172,398	13,642,803	13,504,267
		Repayment of Capital		-	-	-	-	-	15,752,847	19,814,940
		Balance carried forward		-	-	-	-	183,273,080	229,819,153	214,239,881
World Bank	HV and LV Network Upgrade to allow increase of Distributed Renewable Generation	Borrowings	\$ 12,500,000	-	-	-	-	-	186,500,000	-
		Interest for the Year		-	-	-	-	-	3,691,678	4,737,500
		Repayment of Capital		-	-	-	-	-	-	-
		Balance carried forward		-	-	-	-	-	186,500,000	189,500,000
Arab Bank for Economic Development in Africa (BADEA)	La Plaine Hollandaise Dam	Borrowings	\$ 12,500,000	-	-	-	-	-	-	189,500,000
		Interest for the Year		-	-	-	-	-	-	3,751,062
		Repayment of Capital		-	-	-	-	-	-	-
		Balance carried forward		-	-	-	-	-	-	189,500,000
Government of Seychelles	GoS Advance - Utilities for IEA developments	Borrowings	SCR 118,400,000	-	-	-	-	39,200,000	79,200,000	
		Interest for the Year		-	-	-	-	-	-	-
		Repayment of Capital		-	-	-	-	-	-	23,680,000
		Balance carried forward		-	-	-	-	39,200,000	118,400,000	94,720,000

6.9.3.4 Anticipated Subventions and Grants By Public Utilities Corporation

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount	Total Receipts of Subventions and Grants							
				(Forex)	Actual Figures			Provisional	Forecast		
					2021	2022	2023	2024	2025	2026	2027
				SCR	SCR	SCR	SCR	SCR	SCR	SCR	
Subventions	Government	-	-	-	-	-	-	-	-	-	
	EIB	-	-	-	-	-	-	-	-	-	
	AfDB	-	-	-	-	-	-	-	-	-	
Grants	Government	Capital Projects	SCR	60,000	60,000	60,000	40,000	45,000	80,000	100,000	
	EIB	-	-	-	-	-	-	-	-	-	
	AfDB (AWF)	-	-	4,000	-	3,000	-	-	-	-	
TOTAL				64,000	60,000	63,000	40,000	45,000	80,000	100,000	

6.9.3.5 Contingencies of Public Utilities Corporation

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
				SCR	SCR	SCR	SCR	SCR	SCR	SCR
Guarantees	Government	-	-	-	-	-	-	-	-	-
	Guaranteed for other Pes	-	-	-	-	-	-	-	-	-
Potential Payments Due to Legal Actions by 3rd Parties	Government									
	PUC	Litigation by third parties	SCR	2,299	15,000	-	-	2,500	4,000	4,000
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
TOTAL			SCR	2,299	15,000	-	-	2,500	4,000	4,000

6.9.3.6 Assumptions used for the Financial Projections of Public Utilities Corporation

Financial Projections Assumptions for Public Utilities Corporation:

1. Consistent Implementation of Fuel-Related Tariff Changes:
 - Assumption: Fuel-related tariff changes will be consistently implemented as prescribed under the PUC Act.
2. Tariff Increase:
 - Assumption: A tariff increase of 8 cents per kWh in the year 2025 has been factored for electricity, being the balance on 8.4% tariff increase approved by Cabinet.
 - Assumption: Increase associated with appreciation of the USD vs SCR of 1.57% has been factored in the average tariff for the electricity services only in 2026 and 2027.
3. Fuel Price Projections:
 - Assumption: Fuel prices have been projected at 9.83 SCR/litre for HFO and 13.00 SCR/litre for LFO in 2025, based on current fuel prices.
 - Assumption: The fuel prices have been increased by 1.57% for 2026 and 2027 to cater for appreciation of the USD vs SCR.
 - Assumption: Fuel cost savings of SCR 51,274,797 have been assumed in 2026 and 2027 when IPPs are expected to contribute 20.2 MWH of energy production from renewable energy sources.
4. Modest Growth Rates:
 - Assumption: Growth rates of 3% per annum have been assumed for the demand of electricity and water.
 - Assumption: For wastewater, a growth rate of 5% is assumed for 2026, based on new La Digue customers coming on board. For 2027, the growth rate is assumed at 2%.
5. Inflation Rate:
 - Assumption: An inflation rate of 3.5% has been assumed and has been applied on the base case of 2025 for the years 2026 and 2027 only on local costs.
6. Exchange Rate Assumptions for 2025 and Beyond:
 - Assumption: Exchange rates for 2025 to 2027 are as follows:

Currency	2025	2026	2027
USD	14.69	14.92	15.16
Euro	16.51	16.82	17.13

7. Capital Investment and Borrowings:
 - Assumption: Capital investment and borrowings are constrained by national debt ceiling limits.
8. Access to Development Grants:
 - Assumption: PUC will continue to have access to development grants from the Government for capital projects, as follows:

2025	2026	2027
45,000,000	80,000,000	100,000,000

9. Advances from Government:
 - Assumption: PUC will be granted advance of funds from Government to finance utilities in respect of Industrial Estates Authority (IEA) developments. Such advances

will be interest-free and will be repayable over such terms as will be determined by Ministry of Finance.

2025	2026	2027
39,200,000	79,200,000	13,200,000

- The above has not been considered in the MTFS as IEA has not yet communicated its list of developments.

10. Exclusion of Extraordinary Events:

- Assumption: The potential impact of unforeseen extraordinary events, such as natural disasters, pandemics, or other Force Majeure events, on the Corporation's financial and operational performance has not been factored into the projections.

11. Monopoly Ownership of Regulated Transmission Networks:

- Assumption: PUC will continue to be the sole owner of regulated transmission networks.

12. Consideration of Changes in International Financial Reporting Standards (IFRS):

- Assumption: Any known changes in international financial reporting standards (IFRS) that may impact the Corporation's financial reporting and disclosures have not been considered.

These assumptions provide the foundation for the financial projections of the Public Utilities Corporation.

6.9.4 KPIs, Risk Management Strategy and Reporting Obligations

6.9.4.1 Key Performance Indicators of the Public Utilities Corporation

Title of Key Performance Indicators	Description	Targets	Achievements of KPIs						
			Actual Figures			Provisional	Forecast		
			2021	2022	2023	2024	2025	2026	2027
FINANCIAL PERFORMANCE TARGETS			SCR	SCR	SCR	SCR	SCR	SCR	SCR
Financial Metrics	Revenue from Operations	-	1,687,613,847	1,937,351,306	1,868,381,897	2,237,499,667	2,565,200,538	2,663,570,293	2,764,237,989
Financial Metrics	Net Profit	-	489,557,976	202,065,814	95,818,838	220,601,252	349,346,654	270,017,231	242,296,106
Financial Metrics	Earnings before Interest (EBIT)	-	486,164,970	207,163,410	97,529,671	235,203,682	391,100,573	315,564,890	287,172,158
Financial Metrics	Total Assets	-	5,405,414,980	5,591,290,481	5,834,979,091	6,259,430,535	6,660,852,871	7,163,030,741	7,546,155,831
Financial Metrics	Shareholders' Equity	-	2,658,474,405	2,860,540,219	2,956,359,057	3,176,960,309	3,526,306,963	3,796,324,193	4,038,620,299
Financial Metrics	Total Debt	-	1,361,010,397	1,286,324,667	1,412,736,965	1,600,516,269	1,633,167,409	1,802,450,651	1,858,379,683

3.1 Key Performance Indicators of the Public Utilities Corporation (continued)

Title of Key Performance Indicators	Description	Targets	Achievements of KPIs						
			Actual Figures			Provisional	Forecast		
			2021	2022	2023	2024	2025	2026	2027
FINANCIAL RATIOS									
Financial Ratios	Current Ratio	> 1 time	4.31	3.81	4.00	3.45	3.10	2.96	2.90
Financial Ratios	Quick Ratio	> 1.5 times	2.37	2.24	2.32	1.83	1.49	1.39	1.29
Financial Ratios	Debt-to-Equity	< 82%	51%	45%	48%	50%	46%	47%	46%
Financial Ratios	Total Debt to Capital	< 45%	34%	31%	32%	34%	32%	32%	32%
Financial Ratios	Gross Profit	>=22%	40%	38%	42%	47%	51%	48%	48%
Financial Ratios	Operating Cost Coverage ratio (times)	>1 time	1.41	1.12	1.05	1.11	1.16	1.11	1.10
Financial Ratios	Net Profit	>= 5%	29%	10%	5%	10%	14%	10%	9%
Financial Ratios	Return on Capital Employed	>= 1%	10%	4%	2%	4%	6%	5%	4%
Financial Ratios	Return on Equity	>= 4%	18%	7%	3%	7%	10%	7%	6%
Financial Ratios	Return on Assets	>= 3%	9%	4%	2%	4%	5%	4%	3%

6.9.4.2 Risks and Resilience Plan of the Public Utilities Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	<ul style="list-style-type: none"> Failure to deliver the plans and targets. 	Develop a comprehensive strategic plan with clear objectives, milestones, and KPIs. Regularly review and update the plan as needed.
	<ul style="list-style-type: none"> Failure to properly manage PUC's interaction with stakeholders. 	Strengthen stakeholder engagement efforts, including regular communication, feedback mechanisms, and relationship-building activities.
Financial Risks	<ul style="list-style-type: none"> Price volatility of fuel and materials and exchange rate fluctuations. 	<p>Implement quarterly adjustments of electricity tariffs based on previous quarter fuel prices.</p> <p>Implement competitive procurement and financial hedging strategies to mitigate the impact of price volatility.</p>
	<ul style="list-style-type: none"> Inability to implement appropriate tariffs. 	Conduct thorough tariff analysis and cost recovery assessments. Seek regulatory approvals for necessary tariff adjustments.
	<ul style="list-style-type: none"> Accessibility to capital, or lack thereof, to undertake critical capital projects. 	Diversify funding sources, explore partnerships, and ensure efficient use of existing resources.
Operational Risks	<ul style="list-style-type: none"> Managing Ltd water storage capacity to cope with unpredictable climate change. 	Invest in infrastructure upgrades to increase water storage capacity and improve resilience to climate change impacts.
	<ul style="list-style-type: none"> Failure to achieve productivity gains. 	Continuously optimize operational processes, invest in technology, and provide training to improve workforce efficiency.
	<ul style="list-style-type: none"> Failure to provide continuity of service due to high rate of failures associated with aging assets. 	Prioritize asset management and maintenance, allocate resources for asset renewal, and continue with preventive maintenance programs.
	<ul style="list-style-type: none"> Disruptions in the continuity of service associated with low probability but high impact incidents such as fire and floods. 	Develop robust disaster preparedness and recovery plans, including backup systems and emergency response protocols.
	<ul style="list-style-type: none"> Threat to business continuity in the event of IT systems failure, data and communications systems. 	Upgrade and migrate existing 'on-premise' ERP system to cloud-based system.
	<ul style="list-style-type: none"> Equipment nearing obsolescence due to rapid advancements in technology 	Assess equipment obsolescence risks, prioritize replacements, and communicate technology refresh strategy transparently to stakeholders. Proactively monitor the technology landscape, develop a clear equipment lifecycle plan, allocate budget for technology upgrades, build strategic supplier partnerships, consider future-proofing when procuring new equipment, and invest in workforce training.
Compliance and Regulatory Risks	<ul style="list-style-type: none"> Failure to comply with relevant laws and legislation, such as Environment Act, Employment 	Continue to train and inform managers about regulatory laws, risks and compliance.

	Act, and Occupational Health and Safety legislation.	Establish a compliance checklist to facilitate monitoring and ensure adherence to all applicable laws and regulations. Conduct regular compliance audits.
	<ul style="list-style-type: none"> Changes in legislation and/or regulations with significant implications for the business model. 	Stay informed about regulatory changes, engage with regulatory authorities, and adapt operations and strategies accordingly.
Environmental and Social Risks	<ul style="list-style-type: none"> Environmental damage caused by PUC's assets or activities. 	Implement environmental impact assessments, adopt sustainable practices, and invest in eco-friendly technologies.
	<ul style="list-style-type: none"> Loss of expertise and skills upon retirement or departure of key staff. 	Develop a robust talent retention and succession plan. Invest in training and development programs.
	<ul style="list-style-type: none"> Impact on service delivery and productivity due to issues associated with health and safety, absenteeism and degradation in culture and work ethics. 	Promote a culture of health and safety, implement wellness programs, and address workplace issues promptly.
PESTEL	PUC operates in an environment where political stability, regulatory compliance, and economic conditions are critical factors. Meeting the expectations of customers, addressing workforce challenges, and adapting to technological advancements are also important considerations. Environmental sustainability and compliance with laws and regulations play a vital role in shaping the corporation's strategic objectives and risk management strategies.	

Please note that the specific strategies may vary depending on the circumstances and evolving risks.

6.9.4.3 List of External Reporting's by the Public Utilities Corporation

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Financial Statements	All stakeholders and members of the public	Audited Financial Statements signed by the Board of Directors, including the Report of the Auditor General	Annually
Annual Report	All stakeholders and members of the public	The Annual Report highlights the operational and financial performance of the Public Utilities Corporation for the reporting year. It also contains the Audited Financial Statements, together with the Report of the Auditor General.	Annually
Quarterly Progress Report	Shareholder, Responsible Ministry, PEMC, Board of Directors, PUC management team	The Quarterly Progress Report states and defines the goals and targets of the Corporation, and provides a status update of these goals as well as actions taken during each reporting quarter.	Quarterly

All reporting requirements as mandated by PEMC	PEMC	These include: <ul style="list-style-type: none"> - Signed minutes of board and committee meetings; - Quarterly progress reports - Governance checklist and supporting documentation - Any other information requested. 	Upon approval by the Chairperson. Quarterly Annually As and when required
Mandatory information for outsourcing / procurement	Procurement Oversight Unit, National Tender Board, Procurement Committee of PUC.	These may include: <ul style="list-style-type: none"> - Evaluation reports - Justifications for using certain procurement methods - Application for approval to deviate from the normal procurement method in case of emergency projects, etc. 	As and when required
Cabinet Memorandums and Information Notes to Cabinet	Cabinet, Responsible Minister, Board of Directors.	These include: <ul style="list-style-type: none"> - Request for permission to initiate major projects - Request for permission to enter into loan agreements - Presentation of information or disclosure which may be highly significant or be of national importance. 	As and when required
Information sought through the Access to Information Act	The solicitor of information, subject to the provisions of the Information Act.	These may include: <ul style="list-style-type: none"> - Customer related queries or complaints - Information about the Corporation's activities 	As and when required
Any other periodic or ad hoc reports	The solicitor of the required report, competent authorities.		As and when required

6.9.5 Stakeholder Engagement

6.9.5.1 Statement by CEO

"As the CEO of the Public Utilities Corporation (PUC), I am committed to steering our organization towards a future of sound performance, marked by continuous improvements, innovation, sustainability, and a steadfast dedication to meeting the expectations of our customers and stakeholders.

In the unique context of small island states, PUC faces complex challenges that demand a strategic and proactive approach. I am acutely aware of the limitations posed by the absence of regional utility network integration and our complex operations, which often hinder the Corporation from realizing economies of scale. However, these challenges serve as catalysts for innovation and self-sufficiency in every facet of our operations."

Our journey is fraught with hurdles such as Ltd access to critical resources, including finance, infrastructure, and skilled manpower. Nevertheless, these challenges are not insurmountable; they are opportunities for us to demonstrate resilience, creativity, and adaptability in achieving our goals.

The evolving landscape of customer expectations necessitates a fundamental shift in our focus. We must relentlessly pursue continuous improvement in service delivery, strengthen our relationships with stakeholders, and prioritize their concerns. Building a sustainable workforce to meet the demands of our operations is critical, and I am resolutely committed to this endeavor.

Our key focus areas encompass a spectrum of challenges and opportunities:

1. **Workforce Development:** Our top priority is developing a highly skilled, productive, and efficient workforce. We are committed to equipping our employees with the tools, training, and support they need to excel in their roles.
2. **Performance-Oriented Culture:** We will cultivate a performance-oriented culture that values and respects our employees and external stakeholders, including regulators, while continually striving to exceed their expectations.
3. **Climate Actions:** We are committed to taking proactive steps in addressing climate change. This includes leading initiatives in electricity and water demand management, environmental quality, and sustainability. We will also take an active role in the deployment of medium-sized renewable energy plants, positioning PUC at the forefront of the transition to renewable energy.
4. **Customer-Centric Approach:** We are dedicated to enhancing customer service and care, ensuring that our customers' needs are consistently met with excellence, reinforcing our reputation as a trusted utility provider.
5. **Cost Management and Tariff Enforcement:** We will rigorously manage costs and enforce economic cost recovery tariffs to ensure the financial sustainability of PUC.
6. **Asset Maintenance and Expansion:** Ongoing replacement and refurbishment of assets will be prioritized to uphold security, reliability, and service levels.
7. **Capacity Expansion:** We will invest in expanding our capacity to meet growing consumption demands, aligning with Seychelles' economic growth.
8. **Efficiency Improvements:** Enhancing business processes is essential to deliver operating efficiencies and improve our overall performance.

Furthermore, I recognize that the performance of PUC hinges on various external factors, including legislative requirements, environmental obligations, safety, stakeholder engagement, economic conditions, regulatory relationships, technological advancements, and our commitment to addressing climate change.

In line with these goals, we have established measurable performance targets that reflect our commitment to delivering high-quality service. While some targets may take time to fully realize, we will assess our performance annually against these benchmarks.

Resource allocation will be optimized to ensure maximal gains, and I am dedicated to attaining the key performance indicators (KPIs) as defined by the Board of Directors.

In conclusion, the challenges we face are substantial, but they are overshadowed by our determination to succeed. I pledge my full commitment to leading PUC towards a future defined by resilience, continuous improvement, sustainability, and effective service delivery. "

Joel Valmont
Chief Executive Officer

6.9.5.2 Foreword by Chairperson

Dear Stakeholders and Partners,

As we journey towards a brighter future and more sustainable tomorrow, I am honoured to reflect on the remarkable achievements of the Public Utilities Corporation (PUC), its current standing, and the exciting way forward.

A Legacy of Service Commitment

For decades, PUC has proudly served the people of Seychelles, providing essential utilities such as electricity, water, and wastewater services. Our steadfast commitment to quality and reliability has been the cornerstone of our nation's prosperity. We are grateful for the trust and support you have placed in us.

Current Status and Looking Ahead

As we look towards 2025, the projects we have undertaken in recent years are beginning to bear the fruits of progress: our financial health is stabilizing, and operational efficiency is on the rise. Our infrastructure and service delivery have been significantly improved, and we are now actively addressing capacity shortages. Additionally, we are making substantial strides in our climate action initiatives, including the deployment of renewable energy solutions and sustainability measures. This trend of optimization and environmental responsibility looks set to continue in the years to come.

Future Trajectory and Public Perception

In the immediate future (2025 – 2027), our goal is to position PUC as a model example of sustainability and innovation. We aim to be recognized by the Government and the public as a forward-thinking organization that not only delivers essential services but also significantly contributes to advancing national priorities. Our commitment to integrating cutting-edge solutions and fostering environmental stewardship will underscore our role as a key player in shaping a sustainable future for Seychelles.

Strategic Priorities

Our strategic priorities are closely aligned with the evolving needs of Seychelles' society. We have prioritized the following principles:

- **Workforce Development:** Developing a sustainable, skilled workforce is our top priority. We are committed to investing in our employees through training and development programs to ensure they are well-equipped to meet current and future operational demands.

- **Infrastructure Enhancement:** Our commitment to upgrading aging infrastructure and expanding capacity will ensure a dependable supply of electricity and water.
- **Environmental Stewardship:** PUC is dedicated to minimizing our environmental footprint through proactive climate actions. We will invest in sustainable practices and technologies to support our commitment to environmental responsibility.
- **Customer-Centric Approach:** We recognize that our customers are at the heart of our success. We will focus on delivering exceptional customer service and addressing concerns expediently.
- **Financial Sustainability:** We will maintain fiscal responsibility, ensuring that our remuneration policies align with national guidelines while focusing on prudent financial management.

Contribution to National Priorities

PUC's role extends far beyond utility provision. We are dedicated to advancing national priorities by bolstering economic prosperity, protecting our environment, and enhancing societal well-being. Our **initiatives** aim to create employment opportunities, drive investment in renewable energy, and improve the overall quality of life in Seychelles.

Economic Contributions

Historically, PUC has been a significant contributor to Seychelles' economy. Moving forward, we are committed to sustaining and increasing this impact through prudent financial management, strategic infrastructure expansion, and collaborative partnerships.

Performance Targets and the Medium-Term Financial Strategy (MTFS)

We recognize and embrace the performance targets set by the Board of Directors. Our commitment to achieving these goals will be guided by the Medium-Term Financial Strategy (MTFS), which will help us make informed decisions to benefit our stakeholders and uplift our nation.

In Conclusion

The future is full of promise and potential. PUC is not only a provider of essential services but also a key architect of a brighter future for Seychelles. With your continued support and partnership, we are confident in our ability to become a sustainable and customer-centric utility provider.

Thank you for entrusting us with the privilege of serving you and our nation.

Stephen Rousseau
Chairperson
Public Utilities Corporation

6.9.5.3 *Statement by the Responsible Minister*

The provision of electricity, water and sewerage is crucial to the current quality of life of the population and a determinant of all future possibilities for economic and social development in Seychelles. These services have to be deployed to the maximum extent possible, supplied in a reliable manner and be affordable to the consumer. The Public Utilities Corporation, being the body mandated by law to provide these services, has since its incorporation been continuously working towards achieving these objectives for the entire country. So far PUC has been able to match the demands of the country on electricity and water, putting Seychelles at par with developed countries in terms of access, and it continues to work to achieve large-scale sewer coverage. Throughout this time PUC has been able to keep costs to the consumer relatively contained, despite major shifts in conditions in external markets. The company's recent projects such as raising of the La Gogue dam, south Mahe network enhancement and La Digue sewerage project has demonstrated its position as a key asset of the country with the ability to employ resources effectively to help the country achieve its development targets.

To deliver on its mandate the company is working to maintain a sustainable financial position, supported by a solid governance framework that guarantees quality of output under adequate controls. At the same time that it is enhancing its regulatory compliance regime, to align with the updated requirements for all public enterprises, it is also incorporating environmental and sustainability in its operations. Its current financial performance shows that with the appropriate optimization, there is a potential revenue base to support the majority of activities in sewerage, water and electricity, but this would require strong commitment to change by both the company, its beneficiaries and government. The operation of the company nonetheless provides the confidence that PUC, with the full backing of government as its main shareholder should remain a going concern for the foreseeable future.

Going forward the company aims to set itself as a model of sustainability and innovation that other state-owned enterprises could emulate. Its core ambitions include ensuring a good financial position, maintaining a competent pool of highly competent workers, enhancing quality of delivery for its entire client base, expanding and modernising its infrastructure, and incorporating environmental stewardship. With these targets in mind, PUC management has proposed this medium-term financing strategy 2025 to 2027, which provides an oversight of the conditions under which the PUC is forecast to operate and the dynamics of its finances during these coming 3 years as it seeks to continue its investment efforts to meet these multiple goals. Components having significant influence on the company's finances under this strategy, especially major investments in energy, have been discussed in detail with government, and we are confident in the numbers presented by management for that period.

Government is desirous and supportive of these noble aims of PUC as it aligns with our national plans and with our vision for public enterprises. Government shall continue in its active engagement with the company, through the established oversight structure of PEMC and the Board, whilst acknowledging the critical function of PUC in national development and the need to provide close support to the company to guarantee services to the population.

Flavien Joubert
Minister



6.10 Petro Seychelles Ltd. (Petro)

6.10.1 Strategic Overview

6.10.1.1 Mandate

Petro Seychelles is responsible for supervising the Petroleum Operations in the EEZ and ensures that a regulatory and management regime is put in place by each Operator that:

- reflects the highest standards of International Oilfield Practice including a zero- discharge policy while petroleum operations including drilling, development and production are being carried out
- protects the health and human resources of all affected by the Petroleum Operations
- ensures the public safety
- ensures the preservation of the environment, pristine marine habitats and amenities of Seychelles
- ensures that Seychelles fishermen, tourism operators and others who depend on commercial operations within and without Seychelles waters are not disadvantaged

6.10.1.2 Vision

“A highly competent team running a thriving oil and gas industry, operating with due respect for the environment, other ocean users and benefiting every Seychellois for this generation and beyond”

6.10.1.3 Mission

“To facilitate, regulate and ultimately participate in the exploitation of oil and gas resources within the Seychelles EEZ while ensuring the proper management of all tangible and non-tangible resources.”

6.10.1.4 Strategic Priorities for 2024-2026

PetroSeychelles, in its role as an upstream oil and gas regulator, is committed to the pursuit of key strategic priorities that are directed towards the promotions of safe, responsible, and sustainable oil and gas exploration and production activities. This commitment is further reinforced by the need to remain responsive to the involving dynamics of the industry and the growing concerns of environmental sustainability. Looking ahead to the year 2025-2027, some of the key strategic priorities that will be pursued include:

1. To be recognised as a potential economic pillar

As part of PetroSeychelles’ strategy, the company will seek to further influence the National Development Strategy to include hydrocarbon exploration as a topic of national interest and as a potentially important economic activity that could also help achieve energy security by providing a local supply of natural gas for electricity generation and also by helping the economy through the export of hydrocarbon products. This will be achieved by engaging stakeholders through educational campaigns that will help remove the negative narratives currently surrounding the oil and gas industry. Some headway has already been made on this by having oil exploration listed as part of a strategic objective in the National Development Strategy 2024 to 2028.

2. Prospectivity Development

The refinement of existing, and development of new play styles, leads and prospects, is key to improving the perceived prospectivity of the Seychelles EEZ. One of the key strategic priorities will be to continue to undertake inhouse data interpretation projects targeted towards achieving this.

3. Attract Investment:

Oil and gas exploration and exploitation are a very costly as well as specialised activity. PetroSeychelles will therefore need to attract investment from international oil and gas companies to fulfill its mandate. A robust promotion campaign will ensure that Seychelles remains visible to international oil and gas companies. PetroSeychelles will endeavor to get new petroleum agreements and exploration licenses signed during 2025 to 2027.

4. Reduce Regulatory Turnaround Time:

Securing and maintaining investment in the Upstream Sector is highly dependent on fast regulatory turnaround times. Currently the due diligence process on license applicants can take several months since PetroSeychelles relies on its partners the Financial Intelligence Unit and the Attorney General's Office to vet the financial and legal standings of companies applying. PetroSeychelles will seek to find ways to reduce the turnaround times so that investments can be secured in a timely manner.

5. Staff Development

Staff development is a critical strategic priority for PetroSeychelles. Investing in the professional growth and capabilities of employees can have a significant positive impact on the company's effectiveness, adaptability, and long-term success. The human resources department will work closely with staff to continuously identify training needs and professional development opportunities.

6. Environmental Protection:

During 2025 to 2027 PetroSeychelles will seek to bring the draft Environmental Protection (Offshore Exploration and Production) Regulations to enactment. This will help to implement stringent environmental standards and measures to mitigate potential negative impacts of drilling, production, and transportation activities on the environment. This will be done in line with the ongoing Seychelles Marine Spatial Plan.

7. Health and Safety:

PetroSeychelles will seek to bring the draft Seychelles Petroleum Mining (Health and Safety) Regulations to enactment. This will contribute towards the development, enforcement, and continual update of health and safety regulations to prevent accidents, protect workers, and minimize environmental incidents.

8. Data Management:

Development of data management strategies to handle the vast amounts of data and information generated by upstream activities, ensuring integrity and accessibility. Transcribing and transferring data to modern media and standards will continue to ensure compatibility with industry standards. Additionally, during 2025 to 2027, PetroSeychelles will seek to carry out the duplication and offsite storage of its most valuable data sets to ensure additional redundancy and business continuity.

9. Community and Stakeholder Engagement:

PetroSeychelles will foster open and transparent communication with local communities and all stakeholders, addressing concerns related to its activities in the EEZ. A stronger Social Media presence during 2025 to 2027 will also contribute towards this objective.

10. International Cooperation:

PetroSeychelles will continue to collaborate with international counterparts and organisations to share best practices, harmonise standards, and address any cross-border issues.

11. Formalise Geological Survey Role:

PetroSeychelles currently acts as the de-facto Geological Survey of Seychelles by assisting the Government with a wide gamut of geoscience related projects. PetroSeychelles will seek to formalize this arrangement by expanding its mandate to include such activities and securing a budget for the same through retainer fees or similar arrangements. Discussions with a key partner, the Disaster and Risk Management Division (DRMD), has already started to that effect.

6.10.1.5 Key Challenges

The challenges facing PetroSeychelles as an upstream oil and gas regulator from 2025 to 2027 are multifaceted and will include the following:

1. Funding the Company:

The upstream sector in Seychelles is still in its exploration phase and as such the only income is through area rentals, license application fees, training and technical assistance funds from operators and the licensing of data. Currently, there are only two Petroleum Agreements in place and minimal income being generated. A key challenge for PetroSeychelles during 2025 to 2027 will therefore be to secure a reliable source of funding for the company.

2. Energy Transition to Renewables

Anthropogenic climate change, believed to be caused by man-made CO₂ emissions from the burning of fossil fuels is driving the current energy transition from hydrocarbons to renewables. As a result, investment in oil and gas exploration projects has slowed down and some upstream companies are even diversifying into renewable energy production. Securing investment in the upstream sector is a real challenge which will only become more challenging in the coming years.

3. Geopolitical Dynamics:

Geopolitical dynamics have been shown to have a large effect on supply and demand of oil and gas products and thus on the costs. These fluctuations in oil price affect the balance sheet of international oil companies which in turn affect their ability to invest in new exploration projects. While PetroSeychelles does not have control on worldwide geopolitical forces, the company needs to be au fait with all such developments to be in a position to adjust its strategy as and when necessary to help mitigate any negative effects they may have on investment in the Seychelles upstream oil and gas sector.

4. Marine Spatial Plan:

While it is clear that a Marine Spatial Plan (MSP) can help ensure the sustainable usage of the Seychelles EEZ, there is a danger that prioritising environmental preservation over economic development could mean that potential prospective areas become out of bounds

for oil and gas prospecting. This will be a hindrance for the upstream sector which requires surveys over large enough areas to better understand the geology and thus oil and gas potential of the EEZ. Furthermore, all activities will be controlled by Management Plans that are yet to be developed and the contents of which could impose operational limitations on PetroSeychelles.

5. Data Management:

Ensuring the secure and responsible management of the vast amounts of data generated by digital technologies and analytics in the upstream sector is and will remain a challenge for PetroSeychelles especially due to the unavailability of suitable digital media storage facilities locally.

6. Technology Adoption:

Technological development in the upstream sector occurs at a fast pace and keeping up with the latest technology requires adequate funding as well as training. This is a challenge that PetroSeychelles will face during the next three years. The company will thus need to be strategic in deciding which technology to adopt.

7. Community and Stakeholder Engagement:

Managing community concerns related to activities associated with upstream activities is a challenge that PetroSeychelles will need to proactively address to ensure smooth uninterrupted operations. Stakeholder consultations and involvement from project initiation stages and during implementation will help alleviate any concerns.

8. Reporting Obligations

Reporting obligations on State Owned Enterprises (SOEs) has increased recently. PetroSeychelles has a very small workforce and will face a real challenge meeting the reporting obligations. Increasing the workforce may also not be possible due to budgetary constraints.

6.10.2 Outlook of Financial Strategy

6.10.2.1 Projected Financial Position of PetroSeychelles

SCR ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Non-current Assets							
Property and equipment	321	307	293	168	826	426	426
Intangible Assets	-	2	17	17	35	35	35
	321	309	309	184	861	461	461
Current Assets							
Trade and other receivables	49	25,405	26,502	36,485	41,752	41,481	41,481
Cash and Cash equivalents	8,583	4,776	2,374	5,039	18,813	18,813	18,813
Other current financial assets	64	65	65	4,834	4,836	4,836	4,836
	8,696	30,246	28,941	46,358	65,400	65,130	65,130
Total Assets	9,017	30,555	29,250	46,542	66,261	65,591	65,591
Liabilities							
Retirement benefit obligations	531	600	927	1,149	1,149	1,206	1,206
Deferred Income	15,316	14,460	14,460	21,717	23,717	23,717	23,717
Non Current Liabilities	15,847	15,060	15,387	22,866	24,866	24,923	24,923
Trade and other payables	458	562	281	433	764	764	764
Deferred income	1,664	5,781	4,798	7,684	13,212	13,212	13,212
Current Liabilities	2,122	6,343	5,079	8,117	13,976	13,976	13,976
Share Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Retained Earning	(29,952)	(11,848)	(12,176)	(5,441)	6,420	5,692	5,692
Shareholder Loan	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Equity	(8,952)	9,152	8,824	15,559	27,420	26,692	26,692
Total Equity and Liabilities	9,017	30,555	29,290	46,542	66,261	65,591	65,591

6.10.2.2 Projected Statement of Comprehensive Income of PetroSeychelles

SCR ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Revenue	2,945	3,804	3,645	6,054	10,000	10,000	10,000
Cost of sales	(1,387)	(1,551)	(1,690)	(4,409)	(4,416)	(4,502)	(4,502)
Gross profit	1,558	2,252	1,955	1,646	5,584	5,498	5,498
Expense							
Administrative and general	(5,866)	(561)	(452)	(5,324)	(5,327)	(5,445)	(5,445)
Depreciation	-	(37)	(70)	(70)	(70)	(70)	(70)
Amortisation	-	(1)	(8)	(8)	(8)	(8)	(8)
Employee expenses	-	(2,392)	(2,706)	(2,841)	(2,983)	(2,983)	(2,983)
Insurance	-	(10)	(18)	(18)	(18)	(18)	(18)
Marketing and sales promotion	-	-	(28)	(28)	(28)	(28)	(28)
Operating exchange adjustments	(8,862)	(997)	1,126	(2)	(2)	(2)	(2)
Repairs and maintenance	-	(4)	(14)	(14)	(14)	(14)	(14)
Telecommunications & internet	-	(110)	(116)	(116)	(116)	(116)	(116)
Allowance for credit impairment	5,934	-	-	-	-	-	-
Total Expense	(8,795)	(4,112)	(2,286)	(8,421)	(8,566)	(8,685)	(8,685)
Operating profit before fixed charges	(7,236)	(1,860)	(331)	(6,775)	(2,982)	(3,187)	(3,187)
Finance income	5	4	3	250	250	250	250
Finance cost	-	-	-	-	-	-	-
Finance income/(cost)	5	4	3	250	250	250	250
Loss before income tax	(7,231)	(1,855)	(328)	(6,525)	(2,732)	(2,937)	(2,937)
Other comprehensive income							
Total comprehensive profit/(loss) for the year	(7,231)	(1,855)	(328)	(6,525)	(2,732)	(2,937)	(2,937)

6.10.2.3 Projected Cash flow Statement of Petro Seychelles

SCR ('000)

	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Operating Activities							
Loss for the year	(7,231)	(1,855)	(328)	(6,525)	(2,732)	(2,937)	(2,937)
Adjustment for:							
Amounts released for deffered income	4,910	3,261	(983)	(983)	(983)	(983)	(983)
Depreciation charges	39	37	70	70	70	70	70
Amortisation	0	1	8	8	8	8	8
Change in compensation liability	(5,934)	92	304	304	304	304	304
Gratuity paid		(45)	(10)	(10)	(10)	(10)	(10)
Finance income		3	3	3	3	3	3
Changes in working capital	(8,215)	1,495	(936)	(7,134)	(3,341)	(3,545)	(3,545)
Increase in receivables	(17)	(5,397)	(1,097)	329	(5,267)	270	270
(Increase)/decrease in payables	121	126	(288)	(25)	330	-	-
Cash generated from operating Activities	(8,111)	(3,777)	(2,321)	(6,830)	(8,277)	(3,275)	(3,275)
Interest Income	4	(4)	(3)				
Net cash generated from Operating activities	(8,107)	(3,781)	(2,324)	(6,830)	(8,277)	(3,275)	(3,275)
Cashflows from Investing Activities							
Payments to acquire tangible fixed assets	(31)	(26)	(78)		(400)	-	-
Net cash generated from /(used)investing activities	(31)	(26)	(78)	-	(400)	-	-
Decrease in cash and cash equivalents	(8,138)	(3,807)	(2,402)	(6,830)	(8,677)	(3,275)	(3,275)
Exchange gain on bank balances	-	-	-	-	-	-	-
Government Subvention					5,000		
cash & cash equivalent at January 1	7,578	8,583	4,776	2,374	5,039	18,813	18,813
cash & cash equivalent at December 31	8,583	4,776	2,374	5,039	18,813	18,813	18,813

6.10.2.4 Projected Capital Investment Plan of PetroSeychelles

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Actual Figures	Forecast			Anticipated Risks
							2020	2021	2022	2023	2024	2025	2026	2027
Major Capital Investments														
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacements and upkeep of Assets (PPE)														
Purchase of motor vehicle	To replace ageing company car.		400	Company budget	2025	2025							400	
Total													400	

6.10.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.10.3.1 Tax Implications by the Operations of PetroSeychelles

SCR ('000)

Type of Tax	Actual Figures			Actual Figures	Forecast			Anticipated Risks
	2020	2021	2022	2023	2024	2025	2026	2027
Business Tax	-	-	-	-	-	-	-	-
PIT	416	419	418	613	615	647	679	713
VAT								
Total	416	419	418	613	615	647	679	713

6.10.3.2 Anticipated Dividend Declarations By PetroSeychelles

Petro Seychelles does not anticipate paying any dividends for the years 2025 to 2027. Upstream oil and gas projects do not normally generate any profit in the early stages of exploration. Such projects start generating considerable turnover after the production and marketing stages.

Although Petro Seychelles does not pay dividends, the company, in its role as the de-facto geological survey, contributes to the country in several areas including inter alia risk and disaster assessment and management, maritime boundaries delimitation, extended continental shelf claims, as well as the provision of geotechnical data to several departments and agencies.

6.10.3.3 Debt Payments Forecasts By PetroSeychelles

SCR ('000)

Lending Organisation	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing							
				Actual Figures			Actual Figures	Forecast			
				2020	2021	2022	2023	2024	2025	2026	2027
Debt for Other PEs (Please Specify the Name of the PE)	Borrowings	-	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-	-
	Balance carried forward	To fund the running of the company	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

Following the splitting of Seypec into Seypec and PetroSeychelles in 2012, an agreement was reached whereby Seypec would repay SCR 50,000,00 assets it had acquired from taking over PetroSeychelles in SCR 5,000,000 yearly installments over a period of ten years. Seypec decided to pay its dividends directly to Government and leave it to Government to find a mechanism by which to transfer the agreed yearly amount to PetroSeychelles. This came in the form of a loan from SSI offering a loan of SCR 20,000,000 to PetroSeychelles. The agreement for the loan was signed in 2018 but the agreement does not specify the repayment period nor the interest rate. This debt has therefore been included for complete disclosure. PetroSeychelles has nevertheless liaised with the Department of Finance to request for a write off of the loan and for Government subvention from the Seypec dividends.

6.10.3.4 Anticipated Subventions and Grants By Petro Seychelles

SCR (000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
				SCR	SCR	SCR	SCR	SCR	SCR	SCR
Subventions	Government							5,000	5,000	5,000
	EIB		-	-	-	-	-	-	-	-
	AfDB		-	-	-	-	-	-	-	-
Grants	Government	Capital Projects	-	-	-	-	-	-	-	-
	EIB	-	-	-	-	-	-	-	-	-
	AfDB (AWF)	-	-	-	-	-	-	-	-	-
TOTAL								5,000	5,000	5,000

*PetroSeychelles anticipates receiving subvention of SCR 5,000,000 annually from Government.

6.10.3.5 Contingencies of PetroSeychelles

PetroSeychelles does not anticipate any contingent liabilities

6.10.3.6 Assumptions used for the Financial Projections of PetroSeychelles

Assumptions on salaries

- All allowances were merged with Basic Salary as from April 2023
- A 5% increase has been added with the Basic Salary for the year 2024
- A 5% increase has been added with the Basic Salary for the year 2025
- A forecast of 5% PIT has been added each year as from 2024 -2025
- PSC Performance will be increased by 5% in 2026

Assumptions on rent of office spaces and utilities

It has been assumed that PetroSeychelles will continue to benefit from rent free inclusive of utilities at Seypec House for the next three years.

Assumptions on agreements

It has been assumed that the debt owed by SSRL will be recovered and that onwards payment of dues will be timely.

It has also been assumed that the existing Adamantine agreement will continue without any relinquishment of Scheduled lands

It has been assumed that one additional petroleum agreement will be signed in 2025. This impacts on rental fees and education bonus.

6.10.4 KPIs, Risk Management Strategy and Reporting Obligations

6.10.4.1 Key Performance Indicators of PetroSeychelles

Title of Key Performance Indicators	Description	Achievements of KPIs							
		Actual Figures			Provisional	Forecast			
		2020	2021	2022	2023	2024	2025	2026	2027
No. of Applications Received	The number of applications received will be a measure of the effectiveness of the promotional campaign	1	0	1	0	1	1	1	1
No. of agreements and licenses signed	The number of agreements signed will be a measure of the success of the promotion campaign as well as the prospectivity development exercise.	0	0	1	1	0	1	0	0
Regulatory Turnaround Time	The average time it takes to process permits, licenses, and approvals	12 months		6 months	30 days	30 days	30 days	30 days	30 days
Data Availability and Accessibility	The percentage of time data is available and accessible for authorized users.				95%	97%	98%	100%	100%
Training Completion Rate	Percentage of employees who have successfully completed the required training and development programs within a specified timeframe.	100%	100%	50%	100%	100%	100%	100%	100%

6.10.4.2 Risks and Resilience Plan of the PetroSeychelles

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Energy Transition and Decarbonization	
	Cyber Security	Put in place next-generation Sophos firewall
Financial Risks	Budget Constraints	To diversify seeking new revenue streams
Operational Risks	Workforce availability and competency	Ensure timely training and employment of staff based on anticipated developments in the sector
	Regulatory Oversight in Remote or Challenging Environments	Conduct comprehensive risk assessment and ensure regular inspections and audits. Also ensure that a robust incident reporting system is in place.
Compliance and Regulatory Risks	Non-Compliance by Industry Operators	Regular monitoring and enforcement coupled with severe penalties
	Resource constraints	Ensure timely availability of budget and human resource to ensure effective monitoring and enforcement
Environmental and Social Risks	Potential for oil spills, accidents, and breaches of environmental standards.	Stringent environmental legislations and EIA requirements.
	Marine mammal disturbance	EIA plus soft start requirements for seismic surveys
	Public Perception and Trust:	Community and Stakeholder Engagement

A PESTEL analysis is a strategic way to understand the external factors influencing how an organisation operates. For PetroSeychelles, Seychelles' national petroleum exploration company, this tool can help highlight the major elements that could affect its activities.

PESTEL Analysis of PetroSeychelles

1. Political Factors

- **Government Policies:** The government of Seychelles places a strong emphasis on environmental protection, focusing on conservation and sustainable resource use. This has a direct influence on PetroSeychelles' operations. Any shifts in environmental or energy policies could impact how the company conducts exploration and extraction.
- **International Relations:** Seychelles' ties with countries experienced in oil and gas exploration are key. These relationships shape partnerships, investments, and the exchange of technology. Additionally, Seychelles' participation in global agreements like the Paris Accord influences its energy decisions.
- **Political Stability:** Seychelles is known for its stable political environment, which is great for business. However, any changes in government priorities or policy could affect energy strategies or exploration licenses.

2. Economic Factors

- **Global Oil Prices:** The ups and downs of global oil prices directly affect PetroSeychelles' activities. Low prices might slow down exploration, while higher prices could make it more attractive.
- **Investment Climate:** Attracting foreign investment is crucial for Seychelles' oil and gas sector. Policies on taxes and the ease of doing business can either encourage or hinder investments in PetroSeychelles.

- **Economic Diversification:** Seychelles is working to diversify its economy beyond tourism and fishing. Success or setbacks in this strategy, including efforts in the energy sector, will likely shape PetroSeychelles' future.

3. Social Factors

- **Public Opinion:** Local opinions and those of environmental groups hold significant sway. There could be opposition to oil exploration due to environmental concerns, possibly leading to protests or policy shifts.
- **Employment Opportunities:** PetroSeychelles has the potential to create jobs and provide training for locals, contributing to social development. However, managing public expectations will be key.
- **Health and Safety:** Oil exploration poses risks to health and safety. PetroSeychelles must ensure high safety standards to protect workers and local communities.

4. Technological Factors

- **Exploration Technology:** Technological advancements in exploration and drilling could make it easier and more cost-effective for PetroSeychelles to find and extract resources. Staying updated with new technologies is critical.
- **Environmental Technologies:** Investing in technologies that minimize environmental impact can help PetroSeychelles balance its operations with the need for sustainability.
- **Data Management:** Using tools like data analytics and seismic imaging can improve decision-making and reduce exploration risks.

5. Environmental Factors

- **Climate Change:** As an island nation, Seychelles is deemed to be particularly vulnerable to climate change. This place added pressure on companies like PetroSeychelles to operate sustainably, and tighter regulations may affect fossil fuel exploration.
- **Environmental Regulations:** Seychelles has strict environmental laws. PetroSeychelles must follow these rules, which could limit their exploration activities.
- **Natural Disasters:** Offshore exploration carries the risk of disruptions from natural disasters, such as tropical storms, which could impact operations.

6. Legal Factors

- **Regulatory Framework:** PetroSeychelles must comply with laws governing exploration licenses, environmental standards, and safety regulations. Changes in these laws could influence its operations.
- **International Agreements:** Seychelles' commitments to global environmental and maritime laws can impact how PetroSeychelles operates, especially in offshore exploration.
- **Contractual Obligations:** The company must also honour agreements with international partners and investors. Any legal issues or breaches of contract could have serious consequences.

Conclusion

The PESTEL analysis shows that PetroSeychelles operates in a challenging environment, shaped by political, economic, social, technological, environmental, and legal factors. To succeed, the company will need to navigate these forces carefully, balancing opportunities with responsibilities and public expectations.

6.10.4.3 List of External Reporting's by the PetroSeychelles

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
EITI Report	EITI secretariat	To report on all funds collected from oil and gas companies.	yearly
PEMC quarterly financial report	PEMC	Quarterly financial statements	quarterly
PEMC annual operations report	PEMC	Documents the operations of the company for the year.	Yearly, due 6 months after year end.
Statement of corporate intent	PEMC	The Statement of Corporate Intent is a document that outlines the company's intentions, objectives, and strategic priorities.	Every three years.
Audited Financial Statements	PEMC, Dept of Finance	the financial statements of the organization that have been examined by a certified public accountant.	Yearly, due 5 months after year end

6.10.5 Stakeholder Engagement

6.10.5.1 Statement by CEO

As we move forward over the next three years, PetroSeychelles is facing a critical moment. We're dealing with significant financial challenges, especially with no income from our current petroleum agreements. But I believe that if we stay focused on our goals and have the government's support, we can continue to make a real difference in Seychelles' energy sector.

We are fully committed to the priorities outlined in the Medium-Term Financial Strategy (MTFS) for 2025-2027. With the strong guidance of our Board of Directors, our focus will be on monetizing geological surveys and other geotechnical projects, and fine-tuning our involvement in maritime boundaries work. These initiatives are essential, not only for PetroSeychelles but for the country, as we aim to manage our natural resources responsibly while aligning with national goals.

Given our current financial situation, we need to rethink how we operate. But instead of seeing this as a setback, we see it as a chance to innovate and strengthen our regulatory framework and expand the scope of our mandate. We will also actively seek new petroleum agreements to diversify our income and attract investments.

The potential for this industry to benefit Seychelles is huge, but it will take time, effort, and strong government policies to make exploration a reality.

At PetroSeychelles, we are committed to balancing economic growth with environmental responsibility. We will continue to promote hydrocarbon exploration that aligns with the environmental and social priorities of Seychelles. Working together with stakeholders, we will ensure that our projects are sustainable and in line with the country's values.

Over the years, PetroSeychelles has contributed to the national economy through various Corporate Social Responsibility (CSR) initiatives and strategic projects. While we recognize the financial challenges we face, we are determined to continue exploring new opportunities to add value to Seychelles.

Looking ahead, our focus will remain on securing the long-term future of PetroSeychelles. With support from the government and our partners, I'm confident we can overcome these challenges and set ourselves up for future success.

Finally, I want to thank our Board, Management Team, and every employee for their hard work and commitment. Together, we'll keep pushing towards our vision of creating a thriving oil and gas industry that benefits all Seychellois, while staying true to our environmental principles. With a clear direction and the right support, I believe we can come out of these challenging times stronger and more resilient.

Mr. Patrick Joseph

Chief executive Officer

6.10.5.2 Foreword by Chairperson

As we step into the 2025-2027 period, PetroSeychelles continues to play a crucial role in Seychelles' energy sector. However, we face significant financial challenges this year due to the absence of income from existing petroleum agreements, making it imperative to secure government support through subvention to assure the company's stability and continued operations.

PetroSeychelles represents more than just a company; it embodies the dedication of a team striving to balance the exploration of natural resources with environmental preservation. The Board of Directors is committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for 2025-2027. These priorities include formalising our approach to geological surveys, addressing geotechnical concerns, and refining maritime boundary delimitation efforts.

The current financial landscape necessitates an adaptation of our strategies. We recognise the urgent need to enhance our regulatory efficiency and actively pursue new petroleum agreements to diversify revenue streams and secure necessary investments. This industry's potential economic contributions hinge on successful exploration efforts and government policy directives.

The Board is deeply aware of the broader economic, environmental, and socio-political factors. We are committed to navigating these complexities with prudence and foresight, aligned with the national strategy of promoting hydrocarbon exploration while respecting environmental and socio-economic implications.

PetroSeychelles has a history of contributing to the national economy through Corporate Social Responsibility initiatives and strategic projects. Yet, as we face financial constraints, our future trajectory depends heavily on government support and our ability to attract new investments.

I encourage all stakeholders to engage with this report outlining our financial outlook and strategic initiatives. It is crucial that we work together to overcome the challenges ahead and ensure PetroSeychelles' sustainability. Our dedication remains unwavering, and I extend my deepest gratitude to our Board, Management Team, and Staff for their continued commitment to our shared vision.

In closing, I want to reaffirm our vision to establish a thriving oil and gas industry that respects the environment and benefits every Seychellois. The path forward is challenging, but with the right support and a clear focus on our strategic priorities, I am confident that PetroSeychelles will navigate these challenging times.

Mrs. Sheriffa Morel
Chairperson

6.10.5.3 Statement by the Responsible Minister

In my capacity as the Minister responsible for supervising PetroSeychelles, I am firmly committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for the period of 2025-2027.

One of our most remarkable achievements is the incorporation of hydrocarbon exploration into the National Development Strategy, highlighting its pivotal role in driving economic diversification through the exploration of new and emerging sectors. By actively engaging stakeholders and spearheading educational initiatives, we have successfully championed its acceptance and seamless integration into our national interests.

Moving forward, we are unwavering in our commitment to unlocking the full potential of the Seychelles of our ocean space and continental shelf. Through the identification of new prospects, we are dedicated to attracting international investment that will drive sustainable growth in our upstream sector. Petro Seychelles will proactively undertake in-depth data interpretation projects to strengthen our geological insights, thereby creating an enticing landscape for potential investors.

PetroSeychelles is dedicated to enacting robust regulations that will significantly reduce environmental impacts and prioritize the safety and well-being of our workforce. These proactive measures will not only align Petro Seychelles with global industry standards but also bolster seamless collaboration, ultimately enhancing our international reputation as a responsible and forward-thinking organization. In addition, we will implement cutting-edge data management strategies to ensure the integrity and accessibility of information generated by our upstream activities.

It is imperative to emphasize our unwavering commitment to establishing a commanding presence on social media platforms to facilitate open dialogue and instill public confidence. Engaging the entire community is paramount in championing transparent communication and effectively addressing any concerns pertaining to PetroSeychelles' operations.

In addition, we will further enhance our international partnerships by collaborating with counterparts and organizations to share best practices, standardize norms, and tackle cross-border challenges. Moreover, PetroSeychelles will solidify its position as the Official Geological Surveyor of Seychelles, broadening its mandate to assist various geoscience projects crucial for our country's development.

In conclusion, I am emphasizing the importance of collective action for the successful implementation of this strategy. Through collaborative efforts, we can propel sustainable development forward and shape the prosperous Seychelles we want to achieve. Together, let us work towards a more sustainable and resilient future for generations to come as this strategy is simply showing us the way, how and what we do to get there will depend on all of us.

Mr. Jean-Francois Ferrari

Minister for Fisheries and the Blue Economy

6.11 Seychelles Trading Company Ltd. (STCL)



6.11.1 Strategic Overview

6.11.1.1 Mandate

The overarching goal of STC is to ensure the consistent availability of essential commodities defined as Category 1 products – rice, flour, sugar, salt, milk, potatoes, onions, oranges, apples, infant milk, Sunflower Oil, Sunflower Margarine, Toilet Paper and lentils. STC exist to anchor prices to ensure the cost of living in the country always remain at an affordable level based on current economic situation. In addition, STC has also extended its products portfolio to provide the Seychellois people with affordable choices in commodities.

6.11.1.2 Vision

Meeting and Exceeding consumer expectations within our core mandate by trend setting industry standards.

6.11.1.3 Mission

Ensure the constant availability of basic commodities and value for money for all commodities and services.

6.11.1.4 Strategic Priorities for 2024-2026

- Value Chain – Improve Chain management in accordance with international best practices and norms
- Core Infrastructure – Operating with the best core infrastructure
- Organisational Culture – Adopt a result-oriented culture, characterized by high performance and meeting targets
- Food Security – Complement the food security agenda of the country
- Talent Development – Elevate leadership and functional capabilities

6.11.1.5 Key Challenges

- Volatility in Foreign Exchange Rate that impact the cost of commodity
- Volatility in International commodity prices
- Non availability of competent professional work force in procurement, logistic, administration, finance and IT
- Non availability of proper infrastructure to meet current and future challenges
- Logistic issues in relating to supply chain due to conflicts and other political unrest in the world resulted regular diversion/delays occurs to shipments.

6.11.2 Outlook of Financial Strategy

6.11.2.1 Projected Financial Position of Seychelles Trading Company Ltd.

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	Actual figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
ASSETS							
Non-Current Assets							
Property, plant and equipment	76,168	123,228	182,397	215,332	265,447	249,131	234,532
Intangible assets							
Right-of-use assets	10,097	7,586	7,335	7,335	7,335	7,335	7,335
Investment	53,097	48,488	74,056	74,056	74,056	74,056	20,984
Total Non-Current Assets	139,362	179,302	263,788	296,723	346,838	330,521	262,851
Current Assets							
Inventories	215,807	242,033	205,422	227,508	231,180	243,610	256,821
Inventory in Transit	32,031	20,495	36,019	-	-	-	-
Debtors (Net Provision)	11,542	10,341	16,820	19,625	27,216	33,644	43,513
Return Cheque	660	567	705	668	668	668	668
Salary Advance/Loan	810	1,344	(1,564)	(1,656)	(1,656)	(1,656)	(1,656)
Advance & Prepayment	2,405	3,426	1,826	2,849	2,849	2,849	2,849
Cash at Bank	48,763	80,314	75,658	84,461	43,699	81,940	126,159
Cash In Hand	6	12	12	-	-	-	-
Petty Cash/Float	828	769	743	-	-	-	-
Total Current Assets	312,851	359,301	335,641	333,455	303,955	361,055	428,353
TOTAL ASSETS	452,213	538,604	599,429	630,178	650,793	691,576	691,204
EQUITY & LIABILITIES							
Lease liability	10,294	8,337	8,579	8,579	8,579	8,579	8,579
Deferred tax liabilities	5,463	5,561	5,587	5,587	5,587	5,587	5,587
Employee benefit obligations	25,971	29,813	32,597	32,904	32,904	32,904	32,904
Total Non-current liabilities	41,728	43,712	46,762	47,070	47,070	47,070	47,070
Local creditors	40,239	25,800	30,333	31,507	36,342	40,698	46,454
Overseas Creditors	20,632	31,406	32,956	28,373	16,120	16,926	17,773
Net VAT liability	(4,672)	98	(3,174)	(4,360)	(4,360)	(4,360)	(4,360)
Tax Liabilities	(720)	17,140	(2,690)	-	-	-	-
Net wages/salaries	1,026	7,876	1,515	1,560	1,556	1,556	1,556
Borrowings	5,000	5,000	-	-	-	-	-
Accruals	838	418	613	3,225	3,225	3,225	3,225
Other payables	4,680	2,237	2,945	3,863	3,863	3,863	3,863
Total Current liability	67,022	89,974	62,496	64,168	56,746	61,909	68,511
TOTAL LIABILITIES	108,751	133,686	109,259	111,238	103,816	108,978	115,581
Share capital	10	10	10	10	10	10	10
Contributed Capital	145,282	140,672	166,241	166,241	166,241	166,241	113,169
Retained Profit B/F	195,721	198,170	264,234	323,919	352,026	380,726	416,347
Profit for the year	2,449	66,064	59,685	28,770	28,700	35,620	46,098
Total Equity	343,462	404,917	490,170	518,940	546,977	582,598	575,623
Total Equity & Liabilities	452,213	538,603	599,429	630,178	650,793	691,576	691,204

6.11.2.2 Projected Statement of Comprehensive Income of Seychelles Trading Company Ltd.

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	Actual figures			Provisional 2024	Forecast		
	2021	2022	2023		2025	2026	2027
Revenue	990,786	1,087,084	1,030,714	1,016,840	1,054,771	1,107,509	1,162,885
Cost of sale	785,209	771,768	723,876	711,850	730,135	766,641	804,973
Commission.Credit.Card	4,255	5,178	5,115	5,162	5,359	5,627	5,909
Stock take - Shortage/(Excess)	2,598	1,831	6,585	-	-	-	-
Demurrages	2,662	3,935	2,628	2,597	1,640	1,536	1,503
Damages/Destructions	10,997	13,423	9,936	8,101	6,595	6,516	6,464
Damages/Destructions - Claims Received	(4,470)	(1,767)	(1,656)	(1,203)	(809)	(567)	(398)
Depreciation Plant & Machinery	3,337	2,770	2,785	2,136	5,605	5,421	4,903
Total Cost of Sales	804,589	797,139	749,269	728,643	748,525	785,174	823,355
GROSS PROFIT	186,197	289,945	281,445	288,197	306,246	322,335	339,530
Rental Income	2,303	2,248	1,999	2,019	2,019	2,019	2,019
Other income	3,828	2,518	6,235	5,488	5,488	5,488	5,488
Total income	192,329	294,711	289,679	295,704	313,753	329,842	347,037
Selling & Distribution Expenses							
Publicity & Promotion	826	1,859	1,454	1,876	2,001	2,175	2,364
Transport Charges	3,837	5,766	5,719	5,938	6,360	6,911	7,511
Vehicles Fuel	2,174	2,969	2,551	2,498	2,380	2,328	2,277
Vehicles Expenses	3,995	3,787	3,638	3,176	3,047	2,980	2,914
Parking expenses	3,327	4,052	1,904	1,964	2,078	2,258	2,454
Travel & entertainment	463	929	1,595	1,670	1,788	1,943	2,111
Donation, gifts, Disc allowed	16	55	80	56	59	64	69
Depreciation Motor Vehicles	190	1	826	2,318	3,278	2,678	2,080
Total Selling & Distribution Expenses	14,829	19,418	17,768	19,497	20,989	21,336	21,780
Administration Expenses							
Salaries & Wages	98,929	99,825	108,486	116,764	129,099	129,099	129,099
13th Month Salary	-	6,706	6,875	8,324	8,324	8,324	8,324
Pension Fund	2,878	4,252	5,208	5,437	5,437	5,437	5,437
Overtime	204	1,997	1,398	1,540	1,540	1,540	1,540
Gratuity & compensation	5,966	6,291	6,989	6,942	6,942	6,942	6,942
Employee Benefits	1,847	2,637	3,421	3,207	3,271	3,386	3,505
Bonus & Incentives	1,345	1,440	3,160	5,660	5,660	5,660	5,660
Staff Training	170	209	335	424	433	448	463
Director fee	133	284	379	531	531	531	531
Consultancy fee	453	1,366	1,183	600	600	600	600
Licenses & insurance	1,874	1,897	1,629	1,902	1,940	2,008	2,078
Audit fees	560	666	625	8	-	-	-
Rental expenses	11,069	12,775	18,164	18,464	18,957	19,667	20,413
Depreciation - ROU Assets	5,986	848	996	-	-	-	-
Utilities	27,541	30,271	32,819	34,623	35,315	36,551	37,831
Printing and stationery	1,071	1,597	1,949	1,850	1,887	1,953	2,021
Computer expenses	1,412	999	1,972	2,162	2,205	2,282	2,362
Telephone & fax	1,873	1,480	1,741	1,774	1,809	1,873	1,938
Postage	2	5	3	2	2	2	2
Cleaning expenses	2,348	1,756	2,190	2,191	2,234	2,313	2,394
Repairs and maintenance	5,391	5,789	4,135	4,598	4,690	4,854	5,024
Security	1,992	1,973	4,712	4,891	4,989	5,163	5,344
Donation, gifts, Disc allowed	103	1,457	4,045	3,623	3,696	3,825	3,959
Depreciation	5,830	6,003	5,639	3,860	7,953	11,217	10,615
VAT disallowed	4,179	7,482	(1,399)	4,250	3,000	3,105	3,214
Miscellaneous	3,732	1,668	5,139	5,738	5,672	5,870	6,076
Total Administration Expenses	186,887	201,673	221,794	239,364	256,186	262,651	265,372
Financial expenses							

Interest Charge	83	87	28	28	2	0	0
Lease interest - ROU Assets	1,112	(757)	884	-	-	-	-
Bank Charges	2,212	1,769	1,518	1,745	1,628	1,618	1,617
Financial income	(300)	(36)	(185)	(43)	(5)	(2)	(2)
Exchange (Gain) or loss	(24,694)	(15,828)	(14,034)	(4,346)	(4,346)	(4,346)	(4,346)
Total Financial expenses	(21,587)	(14,765)	(11,788)	(2,616)	(2,721)	(2,729)	(2,730)
Total Operating Expenses	180,129	206,325	227,774	256,246	274,454	281,258	284,422
Net profit before tax and provision	12,200	88,385	61,904	39,458	39,298	48,584	62,615
Provision							
Provision for credit impairment	616	511	1,002	-	-	-	-
Provision for unrealized profit	943	(209)	(51)	1,232	1,165	1,223	1,285
Profit before tax	10,641	88,083	60,953	38,226	38,133	47,360	61,330
Corporate Social responsibility tax	533						
Tax expense	7,658	(22,019)	(1,268)	9,457	9,433	11,740	15,233
PROFIT FOR THE YEAR	2,449	66,064	59,685	28,770	28,700	35,620	46,098

6.11.2.3 Projected Cash flows Statement of Seychelles Trading Company Ltd.

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
<i>Cashflows from operating activities</i>							
Profit before income tax	10,641	88,083	60,953	38,226	38,133	47,360	61,330
<i>Adjustments for:</i>							
Depreciation of property,plant and equipment	9,686	8,626	9,250	8,314	16,835	19,317	17,598
Depreciation of right-of-use assets	6,370	848	996	-	-	-	-
Provision for employee benefit obligations	5,966	6,291	6,989	6,942	6,942	6,942	6,942
Interest Receivable	(218)	49	185	43	-	-	-
Interest Payable	83	87	28	28	5	2	2
Lease interest - ROU Assets	1,022	(1,636)	884	-	2	0	0
	33,550	102,348	79,285	53,553	61,918	73,620	85,872
<i>Changes in working capital</i>							
(increase)/Decrease in inventories	(11,158)	(14,691)	21,088	13,933	(3,672)	(12,429)	(13,211)
(increase)/Decrease in trade and other receivables	924	261	4,132	(3,698)	(7,590)	(6,428)	(9,869)
(increase)/Decrease in trade and other payables	(33,506)	9,812	(160)	(3,408)	(7,418)	5,162	6,602
(increase)/Decrease in other payables	3,740	(1,506)	(8,705)	2,389	(666)	0	0
Cash (used in) generated from operations	(6,450)	96,223	95,640	62,769	42,570	59,925	69,394
Interest Paid	(83)	(87)	(28)	(28)	(2)	(0)	(0)
Tax paid	(533)	(8,781)	(21,197)	(6,766)	(9,433)	(11,740)	(15,233)
Employee benefit obligations paid	(3,122)	(2,448)	(4,206)	(6,942)	(6,942)	(6,942)	(6,942)
Net cash(used in)/generated from operating activities	(10,188)	84,907	70,209	49,033	26,193	41,243	47,220
<i>Cashflows from investing activities</i>							
Purchase of property,plant and machinery	(15,065)	(57,408)	(68,227)	(41,005)	(66,951)	(3,000)	(3,000)
Disposal of Property,plant and machinery	5,887	2,848	-	63	-	-	-
Additions to property ,plant and equipment							
Additions to intangible assets							
Payments made for work in progress							
Interest received	218	(49)	(185)	(43)	(5)	(2)	(2)
Net cash(used in)/generated from investing activities	(8,960)	(54,609)	(68,412)	(40,984)	(66,955)	(3,002)	(3,002)
<i>Cashflow from financing activities</i>							
Loan repaid	-	-	(5,093)	-	-	-	-
Lease payments	(7,619)	1,200	(1,387)	-	-	-	-
Inter Divisional Transfer in	199,535	305,981	232,251	70,690	-	-	-
Inter Divisional Transfer out	(199,535)	(305,981)	(232,251)	(70,690)	-	-	-
Interest paid		-	-				
Net cash generated from /(used in) financing activities	(7,619)	1,200	(6,480)	-	-	-	-
Net change in cash and cash equivalents	(26,768)	31,498	(4,682)	8,048	(40,762)	38,241	44,219
<i>Movement in cash and cash equivalents</i>							
As at January 1	76,365	49,597	81,095	76,413	84,461	43,699	81,940
Net change in cash and cash equivalents	(26,768)	31,498	(4,682)	8,048	(40,762)	38,241	44,219
Net foreign exchnage difference							
As at December 31	49,597	81,095	76,413	84,461	43,699	81,940	126,159

6.11.2.4 Projected Capital Investment Plan of Seychelles Trading Company Ltd.

SCR ('000)

Seychelles Trading Company Ltd.														
Projected Capital Investment Plan														
Project Name	Project Purpose	Expected Outcome of the project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures		Provisional	Forecast			Anticipated Risks	
							2021	2022	2023	2024	2025	2026		2027
Eve island warehousing	Own premises to better serve	Reduced rent cost	17,227,413	Own	2020	2021	10,560,000							
Enterprise Resource Planning software	Improve overall monitoring, controls and reporting	Overall improved operational efficiencies	4,468,446	Own	2021	2026	1,490,000	2,978,446			-	-	Cost and Time overrun	
Turn Key Cold Storage	Improved sales of Perishables and reduced opex on handling perishables	Increased sales and reduced opex	115,882,182	Own	2022	2024	43,200,000	52,701,934	19,980,248				Cost and Time overrun	
Acquisition of 5 Ton chiller Truck	Vehicle Fleet Enhancement	Reduced OPEX	1,941,000		2022	2022	1,941,000							
Acquisition of Passenger cars	Vehicle Fleet Enhancement	Reduced OPEX	1,026,528		2022	2022	1,026,528							
Eve island super market	Increase volumes	Increased profitability	2,308,117		2022	2022	2,308,117							
	Renovation of Duty Free Arrival shop	Increased no. of Customers	5,225,826		2023	2023		5,225,826						
Building of Bakery and Floor Stores	Improved efficiencies	Increased sales and reduced opex	2,000,000		2024	2024			2,000,000				Delay in start	
Refurbishment of Dry Goods Stores	Improved efficiencies	Increased sales and reduced opex	35,000,000		2024	2024			7,000,000	28,000,000			Delay in start	
Acquisition of long vehicles	Vehicle Fleet Enhancement	Reduced OPEX	6,300,000		2023	2023		1,300,000	5,000,000					
Acquisition of 04 chillers trucks	Vehicle Fleet Enhancement	Reduced OPEX	3,274,819					3,274,819					Cost variations	
Acquisition of passenger cars and bus	Vehicle Fleet Enhancement	Reduced OPEX	3,000,000		2024	2024		700,000	600,000	1,700,000			Cost variations	
Acquisition of trucks, reffer containers and train truck	Vehicle Fleet Enhancement	Reduced OPEX	3,500,000		2023	2023			1,400,000	2,100,000			Cost variations	
Acquisition of Fork lift-10 tons	Enhance logistics	Improved operational efficiencies	1,200,000		2025	2025				1,200,000			Cost variations	
Updating of Total IT infrastructure	Improved efficiencies	Overall improved operational efficiencies	16,191,179		2023	2023		1,045,679		15,145,500			Delay in start	
CCTV on New Cold Storage	Improved monitoring	Improved operational efficiencies	2,505,000		2025	2025				2,505,000			Delay in start	
Total Renovation of Hyper Market	Improved efficiencies	Overall improved operational efficiencies	10,500,000		2024	2025			2,500,000	8,000,000			Delay in start	
Building of Mini Market for Building Material-Praslin	Improved customer inter face	Increase in sales and profitability	800,000		2025	2025				800,000			Cost and Time overrun	
Renovation of Head Office Premises	Improved efficiencies	Overall improved operational efficiencies	3,500,000		2025	2025				3,500,000			Delay in start	
TOTAL INVESTMENT ON MAJOR PROJECTS			235,850,510				12,050,000	51,454,091	64,248,258	38,480,248	62,950,500	-		
REPLACEMENT AND UP KEEP OF ASSETS (PPE)			19,471,918				3,015,030	5,953,928	3,978,652	2,524,308	4,000,000			

6.11.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.11.3.1 Tax Implications by the Operations of Seychelles Trading Company Ltd.

SCR (‘000)

TAX IMPLICATION							
Type of Tax	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Business Tax (N/A)	8,192	22,019	15,198	9,457	9,433	11,740	15,233
PIT	4,859	5,158	6,900	7,427	8,211	8,211	8,211
VAT	53,295	43,582	43,499	46,125	47,846	50,238	52,750
Total	66,346	70,759	65,596	63,009	65,490	70,190	76,194

6.11.3.2 Anticipated Dividend Declarations by Seychelles Trading Company Ltd.

SCR (‘000)

DIVIDEND							
Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Social Benefits Cost-Dividends in lieu of cash	93,348	49,352	51,352	59,940	64,369	67,851	71,696

6.11.3.3 Debt Payments Forecasts by Seychelles Trading Company Ltd.

The Company does not intend to borrow funds in medium term as well as of date company has zero borrowings

6.11.3.4 Anticipated Subventions and Grants by Seychelles Trading Company Ltd.

The Company does not anticipate and subvention or grants during medium term.

6.11.3.5 Contingencies of Seychelles Trading Company Ltd.

*STC does not anticipate any contingencies from government guarantees or legal proceedings

6.11.3.6 Assumptions used for the Financial Projections of STCL

SEYCHELLES TRADING COMPANY LIMITED
BUDGETARY ASSUMPTIONS
Taken Actual Sales up to April 2024 and adjusted for current trend with Growth rate of Average 2%
Budget is prepared based on the current level of average forex rates of 14.95 in June, 2024.
Increment of salaries envisaged in line with approved salary structure from October 2024, 75% to 85% of market values.
Provision of 1 Month for 13th Month salary for all employees were provided and one month bonus envisaged
Stock write off and demurrage costs to be minimized by better operational control and inventory levels to be reduced
Sales and Distribution expenses to be in proportion to in sales level expected and 0.25% of sales provided in terms of planned Retailer Rebate as well as Sales Team commission
It is assumed a Gross Profit margin to be remained current level of 27.1%
More concentrated effort on reducing inventory holding at wholesale specially at Duty Free/Bonded warehouse and Building Material and obtaining maximum credit period from suppliers without procurement cost being affected
Increase in sales to be supported by better and competitive pricing of products at below market level in congruence with government policy for keeping price level of essential foods at reasonable price level
Enhance productivity of employees through higher training and development with defined milestones
ERP Project and Major Capex approved & Planned and Essential Capex that held up in 2023 were taken as Capex for 2024 along with few new major projects are added to Budget 2024
All the major capex projects to be financed through existing liquidity.
It is assumed that all the elements of Working Capital Cycle to remain as it is at 2024 levels.

6.11.4 KPIs, Risk Management Strategy and Reporting Obligations

6.11.4.1 Key Performance Indicators of the Seychelles Trading Company Ltd.

Seychelles Trading Company Ltd.							
KEY PERFORMANCE INDICATORS							
	Actual	Actual	Actual	Forecast	Budgeted	Budgeted	Budgeted
	2021	2022	2023	2024	2025	2026	2027
MANAGEMENT CONTROL							
Gross Profit Ratio	19%	26%	27%	28%	29%	29%	31%
Inventory Losses/Cost of sales - Cumulative	1.15%	1.67%	2%	1%	1%	0.8%	0.8%
Demurrage/Cost of Sales - Cumulative	0.35%	0.53%	0.36%	0.36%	0.22%	0.2%	0.2%
Payroll Cost/ Sales	10%	9%	11%	11%	15%	14.5%	13.8%
Selling & Distribution cost/Sales	1%	2%	2%	2%	2%	1.9%	2.6%
Admin Cost/Sales	9%	10%	11%	12%	9%	8.8%	8.6%
Donations,Gifts/Sales	0.01%	0.13%	0.39%	0.00%	0.35%	0.3%	0.3%
WORKING CAPITAL MANGEMENT							
Inventory-Mn	247.84	262.53	241.44	227.51	231.18	243.61	256.82
Inventory Holding Period	113.46	121.99	120.07	116.65	113.99	114.39	114.86
Debtors Collection Period	9.89	5.68	6.12	7.28	9.52	11.15	13.68
Supplier Credit Period	32.76	29.48	31.47	30.70	25.87	18.73	19.88
Working Capital Cycle in Days	90.60	98.19	94.72	93.24	97.64	106.82	108.65
Working Capital Cycle in Months	3.02	3.27	3.16	3.11	3.25	3.56	3.62
Working Capital-Mn	245.83	269.33	273.14	268.62	206.60	220.30	236.77
PROFITABILITY							
ROA (Annualized)	2.5%	15%	10%	7%	6%	7%	9%
ROE (Annualized)	0.8%	15%	12%	6%	5%	7%	8%
LIQUIDITY							
Current Ratio	3.98	3.80	5.37	9.81	5.36	5.83	6.25
Quick Assets Ratio	0.12	0.11	0.11	6.26	1.28	1.90	2.50
Accounts Payable/Inventory	25%	22%	26%	26%	0.23	23.7%	25%
FINANCIAL STABILITY							
Debt Ratio	0.29	0.25	0.18	0.00	0.34	3.46	2.93
Financial Gearing	0.00	-	0.00	0.00	0.00	0.00	0.00

6.11.4.2 Risks and Resilience Plan of the Seychelles Trading Company Ltd.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Below the par operational efficiencies bench mark with industry due to outdated and deleted asset base	Strategic investment on PPE
Financial Risks	Volatility in Foreign Exchange Rate that impact the cost of commodity	Source part of foreign currency requirement in house through duty free operation and interaction with banking and economic sources and moderate and maintain short/long term positions accordingly
	Volatility in market interest rate that impact funding of operation	Maximize utilization of internally generated funds
Operational Risks	Volatility in International commodity prices	Regular interaction with suppliers and other sources to gather intelligence and based on the intelligence gained to decide on procurement policy to be maintained at short or long positions.
Compliance and Regulatory Risks	Non availability of competent professional work force in procurement, logistic, administration, finance and IT	Obtain foreign/Local expertise and train in house staff on laddering to take up key positions.

6.11.4.3 List of External Reporting's by the Seychelles Trading Company Ltd.

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Statements	Ministry of Finance	Audited financials as per Statutory requirements	Annually
	Seychelles Revenue Commission		
	Registrar of Companies		
	PEMC		
Quarterly Financials	PEMC	Reporting of results in terms of performance, including Income Statement, Statement of Position and Cash flow Statement	Quarterly

6.11.5 Stakeholder Engagement

6.11.5.1 Statement by DCEO

Every day, I recognize that we are living in an era of uncertainty where the future is increasingly difficult to predict. In these uncertain times, we must actively shape the future by providing the value that society demands. To achieve this, we must strengthen our core capabilities while ensuring a strong return on the opportunities presented. I am fortunate to have a highly dedicated team of professionals supporting me in this process.

Our top priority is establishing clear objectives for the medium term, specifically the period from 2025 to 2027. By thoroughly understanding the expectations of the Board of Directors of Seychelles Trading Company regarding strategic directives and performance benchmarks, we are confident in our ability to meet all the targets set for the coming years.

We have already laid out plans to invest in PPE (say what it means) to meet current and future challenges. These investments have been strategically evaluated by our esteemed professionals under the guidance of the Board of Directors. As a result, we are confident that we will meet all the key performance targets established for the 2025–2027 period.

In line with the Board of Directors' policy of zero borrowing for investments, we are committed to achieving our KPIs with zero financial gearing. While this approach may put some pressure on our working capital management, I am confident that we will maintain optimal levels of working capital while meeting our gearing targets.

It is also worth noting that the trend of unparalleled performance we set in 2022 and 2023 will serve as our benchmark for years to come. We have established plans to increase our Return on Assets (ROA) from -1.9% in 2020 to 9% by the end of 2027, while also increasing asset value by SCR 158 million over the next few years. Additionally, this will enable us to boost our Return on Equity (ROE) from 0.8% to 8.0% during the same period. We have also set a goal to achieve a Profit Before Tax (PBT) margin of at least 3.3% annually, which significantly exceeds the company's historical performance since its incorporation.

Finally, I am confident that through our dedicated efforts, we will continue to demonstrate the value of our existence for the future, striking a balance between social and economic value to realize our vision: "Meeting and exceeding consumer expectations within our core mandate by setting industry standards."

Mr. David Jean-Baptiste
Acting Chief Executive Officer

6.11.5.2 Foreword by Chairperson

Quality, affordability, food security, innovation, consistent service, and convenience remain our guiding principles as we strive to deliver on our promise to "VALUE OUR CUSTOMERS' TRUST." We are dedicated to enhancing our wholesale distribution network to better support our communities by ensuring availability of affordable commodities through local retailers at district level on Mahe, Praslin and La Digue.

Since my appointment as Chairperson of Seychelles Trading Company Ltd in 2021, my fellow Board members and I recognized that the company's asset base had significantly declined was outdated and costly to maintain. To address this, we prioritized upgrading of our asset base to meet current and future challenges. During 2022 and 2023, we invested SCR 116.1 million. We have plans to further invest and maintain a relevant modern asset base which will drive in much needed efficiencies during the coming years. These investments include a modern cold storage facility, a state-of-the-art bakery and flour store, a contemporary dry goods store, a new fleet of modern delivery vehicles, and an advanced enterprise resource planning (ERP) system. We will continue to assess further necessary investments in the medium term and are prepared to act on them as needed. Importantly, we plan to fund these investments entirely from our own resources, thereby minimizing any adverse risks and impact on our operating expenses related to financing costs.

The company's value creation process relies on our dedicated senior management team and our committed staff of around 600 members. Our core values—innovation, integrity, excellence, caring, and trust—are deeply ingrained in our culture, driven by our employees. In recognition of our loyal staff, the Board of Directors provided essential guidance to implement a performance-based benefit scheme starting in late 2022, which will continue to be reviewed in the future.

On behalf of the Board of Directors, I would like to express our gratitude to the hon. minister for his invaluable guidance. I also want to acknowledge our management and employees for their dedication to achieving our KPIs and strategic objectives.

Mr. Imtiaz Umarji
Chairperson

6.11.5.3 Statement by the Responsible Minister

The Seychelles Trading Company (STC) remains a critical vehicle in our efforts to reduce the cost of living for all Seychellois. By ensuring the constant availability of essential commodities; such as rice, flour, milk, and oil. STC plays a central role in stabilizing prices and anchoring the affordability of everyday necessities. This is especially crucial as we navigate global challenges, including volatility in foreign exchange rates, fluctuating international commodity prices, and the ongoing impact of global conflicts on the supply chain.

STC's mandate goes beyond price stabilization; it is about ensuring food security and providing Seychellois with access to affordable choices in commodities. With a clear vision to meet and exceed consumer expectations, STC's 2025-2027 strategic priorities focus on improving value chain management, enhancing core infrastructure, and adopting a results-driven organizational culture. These priorities, along with investments in talent development and leadership, will support STC in overcoming its challenges and solidifying its position as a key player in the national economy.

To further enhance efficiency and reduce wastage, STC is investing in new, modern infrastructure, including state-of-the-art cold storage facilities and an advanced enterprise resource planning (ERP) system. These investments will streamline operations, reduce inefficiencies, and minimize losses, ensuring that the cost savings are passed on to the public. By operating with the best core infrastructure, STC will be better equipped to maintain affordability and improve the availability of essential goods, even in the face of global disruptions.

As part of our national strategy to tackle the rising cost of living, STC's ability to source and distribute essential goods at competitive prices is indispensable. By implementing international best practices in its value chain and continuously investing in infrastructure, STC will ensure that Seychellois households can access quality, affordable products despite global economic uncertainties and supply chain challenges brought about by international conflicts.

I am confident that under its current leadership, STC will continue to support Seychelles' economic stability and food security agenda. As Minister responsible for STC, I reaffirm the government's commitment to ensuring that the company remains an effective tool in delivering essential goods to the population, safeguarding affordability, and contributing to the well-being of all Seychellois.

Mr. Naadir Hassan

Minister for Finance National planning and Trade



6.12 Island Development Company Group Ltd. (IDC)

6.12.1 Strategic Overview

6.12.1.1 Mandate

- To carry on the business of the managers and developers of Islands and estates either as owners or lessees.
- To carry on farming and land settlement activities.
- To carry on the business of manufacturers of copra, coconut oil, soaps and detergents, animal feeds and of any other products.
- To carry on the business of fishing and processing of fish.
- To act as consultants on the management and development of islands and estates.
- To act as importers, exporters and distributors of goods and materials.
- To carry on business as a building and construction contractor generally including but not Ltd to all types of civil engineering works and projects.
- To carry on business as project manager and works supervisor in connection with civil engineering projects and construction projects and works generally.
- To carry on business as a provider of civil engineering and architectural services.
- To carry on business as labour contractor.
- To carry on business as importer, wholesaler, retailer and commission agent.

6.12.1.2 Vision

" To transform the outer islands into a more productive and economically sustainable environment for the betterment of Seychelles"

6.12.1.3 Mission

" To ensure that the islands actively contribute to the socio-economic development of the Seychelles in an environmentally sustainable manner"

6.12.1.4 Strategic Priorities for 2025-2027

Priorities	2025	2026	2027
Increase in agricultural farming	√	√	√
Engage in food securities	√	√	√
Engage in Aquaculture	√	√	√
Green Energy production for all Islands	√	√	√
Increase in Air Fleets to cater the growth of the Outer Islands	√		
To Develop sand pile for the use of the community			
To engage in developing community projects	√	√	√
To works as an arm of the Government for the Development of Infrastructures of the Country	√	√	√
To Develop a strong Maintenance team for maintaining the Government Assets such as Hospital, School and other infrastructures	√	√	√

6.12.1.5 Key Challenges

- Change in Mandate by the Government.
- Change in policies by the Government affecting IDC and it's group of companies

6.12.2 Outlook of Financial Strategy

6.12.2.1 Projected Financial Position of Island Development Company Group Ltd.

SCR ('000)

	ACTUALS			ESTIMATES		
	2022	2023	2024	2025	2026	2027
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
Assets:						
Property, Plant and equipment	291,041	276,918	443,644	717,355	675,252	653,513
Investments	5	1,394	1,838	2,038	2,038	2,038
Landings	19,043	64,100	64,907	55,664	278,189	233,969
Due from related parties/To convert as landings	14,736	-	43,582	170,000	-	-
Capital work in progress	30,853	132,364	84,524	15,000	10,000	12,800
Deferred income tax asset	6,474	14,758	16,889	16,889	16,889	16,889
Non-Current Assets	362,151	489,534	655,385	976,947	982,369	919,210
Landings	18,047	17,670	8,706	9,243	39,364	41,792
Asset held for sale	2,845	2,845	-	-	-	-
Biological assets	-	-	2,798	3,298	3,798	4,048
Inventories	48,392	35,311	32,555	21,259	21,910	17,860
Taxation	-	-	603	- 2,645	- 2,176	- 1,911
Trade and other receivables	215,830	277,053	215,367	499,953	340,050	298,141
Cash and cash equivalent	42,333	49,550	86,238	146,399	134,008	135,077
Current Assets	327,446	382,430	346,266	677,507	536,954	495,007
Total Assets	689,598	871,964	1,001,651	1,654,454	1,519,323	1,414,217
Liabilities:						
Employee benefit obligations	5,775	8,058	8,995	9,894	10,435	10,906
Borrowings	124,614	129,314	181,881	546,470	491,449	410,955
Non- Current Liabilities	130,389	137,372	190,876	556,364	501,884	421,861
Borrowings	68,423	172,961	188,526	153,174	168,941	184,030
Taxation	1,160	21,607	-	-	-	-
Trade and other payables	257,228	248,228	345,421	626,962	510,783	468,090
Current Liabilities	326,811	442,796	533,946	780,136	679,724	652,121
Total Liabilities	457,200	580,167	724,822	1,336,500	1,181,608	1,073,981
Share Capital	21,331	21,331	21,331	21,331	21,331	21,331
Retained earnings	168,922	231,134	217,452	261,457	284,098	289,499
Deferred Grants	42,144	39,331	38,046	35,166	32,286	29,406
Equity	232,398	291,796	276,829	317,954	337,715	340,236
Total Liabilities and equity	689,598	871,964	1,001,651	1,654,454	1,519,323	1,414,217

6.12.2.2 Projected Statement of Comprehensive Income of IDCL

SCR ('000)

	ACTUALS			ESTIMATES		
	2022	2023	2024	2025	2026	2027
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
Revenue	546,331	1,238,261	1,008,767	2,090,937	1,302,807	1,016,721
Direct costs	(341,788)	(900,679)	(735,849)	(1,751,011)	(1,082,303)	(868,238)
Other Income	30,148	15,909	23,060	66,275	155,433	203,814
Administrative Salaries and Benefits	(80,266)	(84,041)	(89,048)	(108,775)	(114,214)	(119,925)
Bad Debts	-	-	(6,780)	-	-	-
Camp running Expenses	(4,189)	(12,160)	(8,660)	(10,600)	(8,400)	(6,720)
Communication	(6,273)	(6,687)	(8,910)	(6,284)	(6,598)	(6,928)
Depreciation (net of deferred grant credit	(37,119)	(38,789)	(41,114)	(61,739)	(62,739)	(63,738)
Exchange (losses/gain (operating)	(7,970)	(10,393)	(2,888)	(3,177)	(4,504)	(4,459)
External transportation	(10,738)	(6,042)	(3,174)	(6,190)	(7,428)	(8,468)
Fuel for electricity generation & island use	(11,898)	(13,466)	(28,389)	(31,377)	(32,319)	(33,288)
Insurance	(2,413)	(3,438)	(4,251)	(4,320)	(4,557)	(4,769)
Impairment of inventory of graduate units	-	-	(5,981)	-	-	-
Other expenses	(15,726)	(20,290)	(26,427)	(21,564)	(21,679)	(19,411)
Rental	(986)	(1,975)	(1,324)	(358)	(358)	(358)
Repairs and maintenance	(13,898)	(15,352)	(11,548)	(15,819)	(13,684)	(12,987)
Subscriptions and donations	(1,343)	(4,539)	(974)	(5,995)	(3,553)	(3,179)
Travelling	(5,673)	(7,031)	(9,005)	(8,444)	(7,544)	(5,686)
Utilities	(4,675)	(5,421)	(6,375)	(9,607)	(10,567)	(11,338)
Operating profit	31,526	123,868	41,130	111,950	77,791	51,044
Finance income	58,504	7,127	8,071	4,180	19,574	20,344
Finance cost	(36,775)	(20,080)	(27,196)	(20,335)	(33,997)	(32,438)
Finance costs-net	21,729	(12,953)	(19,125)	(16,155)	(14,423)	(12,093)
Share of losses in associate	-	1,392	444	-	-	-
Profit before income tax	53,255	112,306	22,450	95,796	63,369	38,951
Income tax expense	(17,171)	(30,094)	(16,132)	(31,790)	(20,728)	(13,550)
Profit for the year	36,084	82,212	6,317	64,006	42,641	25,401
Dividends	-	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Profit for the year after dividends	36,084	62,212	(13,683)	44,006	22,641	5,401
Retained earnings opening balance	132,838	168,922	231,134	217,452	261,457	284,098
Retained earnings closing balance	168,922	231,134	217,452	261,457	284,098	289,499

6.12.2.3 Projected Cash flow Statement of Island Development Company Group Ltd.

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	ACTUALS			ESTIMATES		
	2022 (SR)	2023 (SR)	2024 (SR)	2025 (SR)	2026 (SR)	2027 (SR)
Cash flows from operating activities						
Profit for the year before exceptional item	53,255	112,306	22,450	95,796	63,369	38,951
adjustments for:						
Taxation paid	(15,542)	(17,930)	(40,474)	(28,542)	(21,196)	(13,816)
Depreciation (net of adjustment for deferred grant)	37,119	38,789	41,114	58,859	59,859	60,858
Changes in provision for employee benefits	668	2,282	937	899	540	472
Profit on sale of apartment	-	(4,699)	25,125	-	-	0
Profit on disposal of tangible assets	(21,299)	(56)	(2,225)	-	-	0
Tangible assets decommissioning and scrapped	-	-	(2)	-	-	0
Changes in fair value of biological assets	-	-	(2,798)	(500)	(500)	(250)
Share of profit from associate	-	(1,390)	(444)	-	-	-
Finance costs	(21,729)	12,953	19,125	16,155	14,423	32,438
	32,473	142,256	62,807	142,667	116,494	118,653
Changes in working capital						
Inventories	14,662	2,731	(4,076)	11,296	(651)	4,050
Trade and other receivables	(84,024)	(61,224)	61,687	(284,586)	159,903	41,909
Trade and other payables	64,651	(14,251)	119,936	285,719	(111,675)	(38,234)
Cash generated from/(utilized) in operations	27,762	69,513	240,354	155,095	164,071	126,378
Proceeds from sale of apartment	-	15,049	15,958	-	-	-
Interest received	575	493	595	-	-	-
Interest paid	(11,294)	(16,390)	(26,014)	(16,155)	(14,423)	(32,438)
Net Cash from / (used) in operating activities	17,043	68,665	230,892	138,940	149,648	93,940
Cash flows from investing activities						
Payments to acquire tangible fixed assets	(39,584)	(27,479)	(210,560)	(335,450)	(20,637)	(41,999)
Investment in work in progress	(24,647)	(165,611)	(75,971)	69,524	5,000	(2,800)
Lending repaid	21,542	21,542	24,737	8,706	(252,646)	41,792
Proceeds from disposal of tangible fixed assets	12,887	56	5,000	-	-	-
Net cash used in investing activities	(29,802)	(171,492)	(256,794)	(257,220)	(268,282)	(3,007)
Cashflow from financing activities						
Capital grant received	-	-	1,508	-	-	-
Loans repaid	(47,959)	(85,706)	(92,171)	(57,620)	(102,300)	(109,443)
Loans received	51,599	93,555	117,799	445,253	78,997	32,438
Changes in related party balances	8,137	14,736	13,103	(126,618)	170,000	-
Dividend paid	-	(14,000)	(19,000)	(21,000)	(20,000)	(20,000)
Net cash used in financing activities	11,777	8,585	21,238	240,014	126,697	(97,006)
Increase/(decrease) in cash and cash equivalents	(982)	(94,242)	(4,663)	121,734	8,063	(6,073)
Exchange losses on bank balances	(24,493)	(3,691)	(1,181)	(3,177)	(4,504)	(4,459)
Cash & cash equivalent opening balance	48,345	22,870	(75,063)	(80,907)	37,649	41,208
Cash & cash equivalent closing balance	22,870	(75,063)	(80,907)	37,649	41,208	30,677
Cash in hand and banks	42,333	49,550	86,238	146,399	134,008	135,077
Bank overdrafts	(19,463)	(124,613)	(167,145)	(108,750)	(92,800)	(104,400)
Cash & cash equivalent closing balance	22,870	(75,063)	(80,907)	37,649	41,208	30,677

6.12.2.4 Projected Capital Investment Plan of Island Development Company Group Ltd.

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Project Name	Project Purpose and Description	Expected Outcome of the project	Total Estimated Project cost	Source of funds	Expected Completion Date	Actual			Projected			Anticipated Risks
						2022	2023	2024	2025	2026	2027	
Major Capital Investments												
Buildings and Utilities	01. Creation of infrastructure on Assomption island for utilities to be provided to the new hotel development. 02. IDC new hanger at Pt. Larue 03. New warehouse at Ile-due-port	Increase of revenue potential over utility supplies	Assomption infrastructure at SR185Mn. New Hanger at 50Mn. New warehouse SR.15Mn	IDC has borrowed SR 65m from Alsalam Bank for the new Head office and Warehouse facility at Ile Du Port. IDC has proposed to take a further loan from ABSA for USD 10Mn to create the infrastructure on Assomption.	01.Assomption infrastructure by Dec 2025 02. New Hanger Nov 2025. 03. Weare house Jan 2025	22,721	2,445	119,521	247,450	0	0	No Risk
Purchase of Aircraft	New Aircraft is required to increase the network to outer Islands to meet the passenger transfer demands for new Tourism development in Assomption Island and proposed for Coetivy Island	The New Aircraft will generate more revenues in the coming years.	Tecnam Aircraft for a value of SR 42m	3rd Aircraft was purchased with a bank loan from Alsalam Bank and Tecnam Aircraft will be purchased from IDC own funds	Tecnam Aircraft has been included in IDC fleet	-18,041	0	0	40,000	0	0	No Risk
Machinery and Fittings	Generators, Solar Panels, Declinators and Incinerator is required for the Islands survival for water and electricity and switch to green energy to save substantial electricity generating costs	Without the Electricity and water the Islands can't be developed for aviation and Tourism Development.	Replacing for Generators and utility services equipment on need basis. estimated at SR 12Mn	Own funds	To be included as and when	12,609	22,503	80,030	0	18,500	39,999	No Risk

Vehicles and Boats	New Landing craft to carry construction materials and supplies to outer Islands.	IDC is proposing a New class I landing craft in 2026 that will reduce the charter from 3rd parties to a considerable extent and save money for the company.	SR 65m	Proposed from retained funds	Yet to place the order for the Landing craft	948	2,316	2,310	30,000	637	0	No Risk
Prawns production processing Plants	New business activity for IDC to reduce the reliance on importation of prawns by the country.	This project is an import substitution for the country and at the same time going to increase the revenue for IDC substantially in the coming years. Currently 8 ponds are in production on Coetivy. Also the prawn processing plants are under installation on Ceotivy Island.	SR 40m	Initially by own funds and to be substituted by DBS loan	Partially capitalized and SR 18Mn to be at the year of 2025	0	0	0	18,000	1,500	2,000	No Risk
Replacements and upkeep of Assets (PPE)												
TOTAL						18,237	27,265	201,862	335,450	20,637	41,999	

6.12.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.12.3.1 Tax Implications by the Operations of Island Development Company Group Ltd.

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	ACTUALS			PROJECTED		
	2022	2023	2024	2025	2026	2027
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
BUSINESS TAX EXPENSES	21,186	20,079	32,017	21,335	14,214	8,467
CSR TAX	1,689	0	0	0	0	0
TOURISM AND MARKETING TAX	1,689	8,442	6,913	10,455	6,514	5,084
VAT	78,445	133,185	135,677	313,641	157,171	143,445
Total	103,009	161,707	174,607	345,430	177,899	156,996

6.12.3.2 Anticipated Dividend Declarations By Island Development Company Group Ltd.

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	ACTUALS			PROJECTED		
	2022	2023	2024	2025	2026	2027
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
DIVIDEND-PAID/FORECASTS	0	20,000	20,000	20,000	20,000	20,000
Total	0	20,000	20,000	20,000	20,000	20,000

6.12.3.3 Debt Payments Forecasts By Island Development Company Group Ltd.

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Loan Number	Descriptions	PROJECTED		
		2025	2026	2027
		(SR)	(SR)	
1	Alsalam Bank- WH Loan - IDC			
	Borrowing/Opening Balance	6,240	5,579	4,878
	Interest During the year	359	318	290
	Repayment of Capital	- 1,019	- 1,019	- 1,019
	Added further disbursement	-	-	0
	Balance carried forward	5,579	4,878	4,150
2	Alsalam Bank- Head Office Loan - IDC			
	Borrowing/Opening Balance	11,492	10,273	8,979
	Interest During the year	660	585	504
	Repayment of Capital	- 1,879	- 1,879	- 1,879
	Added further disbursement	-	-	-
	Balance carried forward	10,273	8,979	7,604
3	Alsalam Bank- 3rd Beechcraft Loan in USD - IDC			
	Borrowing/Opening Balance	33,213	29,249	25,043
	Interest During the year	1,691	1,449	1,193
	Repayment of Capital	- 5,655	- 5,655	- 5,655
	Added further disbursement	-	-	-
	Balance carried forward	29,249	25,043	20,581
4	ABSA - Assomption Loan - Proposed for IDC			
	Borrowing/Opening Balance	-	127,814	109,567
	Interest During the year	8,232	7,172	6,047

	Repayment of Capital	- 25,419	- 25,419	- 25,419
	Added further disbursement	145,000	-	-
	Balance carried forward	127,814	109,567	90,195
5	Prawns DBS Loan - IDC			
	Borrowing/Opening Balance	-	39,402	35,137
	Interest During the year	1,665	1,498	1,325
	Repayment of Capital	- 5,763	- 5,763	- 5,763
	Added further disbursement	43,500	-	-
	Balance carried forward	39,402	35,137	30,698
6	Nouvobanq- Independence House old building renovation - Green Tree Investment			
	Borrowing/Opening Balance	-	40,000	81,993
	Interest During the year	-	2,095	4,715
	Repayment of Capital	0	- 5,102	- 12,246
	Added further disbursement	40,000	45,000	-
	Balance carried forward	40,000	81,993	74,461
	Note: Loan repayment guaranteed by GOS			
7	Nouvobanq- SRC Loan - Green Tree Investment			
	Borrowing/Opening Balance	43,582	240,000	219,259
	Interest During the year	-	13,836	12,557
	Repayment of Capital	-	- 34,577	- 34,577
	Added further disbursement	196,418	-	-
	Balance carried forward	240,000	219,259	197,239
	Note: Loan repayment guaranteed by GOS			
8	Nouvobanq- National Library Loan - Green Tree Investment			
	Borrowing/Opening Balance	73,613	64,907	55,664
	Interest During the year	4,180	3,643	3,073
	Repayment of Capital	- 12,886	- 12,886	- 12,886
	Added further disbursement	-	-	-
	Balance carried forward	64,907	55,664	45,852
	Note: Loan repayment guaranteed by GOS			
9	Nouvobanq- CONDO Loan - Green Tree Investment			
	Borrowing/Opening Balance	35,122	33,669	27,070
	Interest During the year	3,547	3,401	2,734
	Repayment of Capital	- 5,000	- 10,000	- 10,000
	Added further disbursement	-	-	-
	Balance carried forward	33,669	27,070	19,804

6.12.3.4 Anticipated Subventions and Grants By Island Development Company Group Ltd.

IDC has no anticipated subventions and Grants

6.12.3.5 Contingencies of Island Development Company Group Ltd.

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		ACTUALS			PROJECTED			Remarks
		2022 (SR)	2023 (SR)	2024 (SR)	2025 (SR)	2026 (SR)	2027	
SL	GOVERNMENT GUARANTEES	-	-	-	-	-		
	POTENTIAL LEGAL ACTIONS:							
1	With Britton Norman for Recovery of Advance paid for the purchase of Islander Aircraft USD 487,000	-	6,818	-	-	-	-	Process initiated to recover the money
	POTENTIAL DEFICIT AS PER THE AUDITED REPORTS OF GREEN TREE INVESTMENT							
2	On completion of 40 Graduate apartments at the IDC Condominium sites, there is a potential loss of SR 31.9m in the books of Green Tree Investment Company Ltd. The loss is supposed to be recouped by the sales of two blocks of Luxury Units consisting of 19 apartments each for which construction has not started.			31,900				The loss can be recovered upon completion of two more Luxury Blocks and on realization of sales.
		-	6,818	31,900	-	-		

6.12.3.6 Assumptions used for the Financial Projections of Island Development Company Group Ltd.

- Hotel/Tourism Development on outer Islands depends on Government approval.
- Hotel/Tourism Development on outer Islands depends on EIA approval.
- Regulatory changes by SCAA impacting Aircraft Operations.
- Availability of unrestricted Air Operating License from SCAA.
- Changes in the Bank interest impacting on loan balances.
- Transitional Exchange rates assumed to be 14.5

6.12.4 KPIs, Risk Management Strategy and Reporting Obligations

6.12.4.1 Key Performance Indicators of the Island Development Company Group Ltd.

SI	Indicators	2022	2023	2025	2026	2027
1	Net Profit Margin	6.60%	6.64%	0.63%	3.06%	2.50%
2	Asset Turnover	81.29%	158.59%	107.68%	157.44%	69.32%
3	Current Ratio	1.00	0.86	0.65	0.87	0.76
4	Return on Asset	5.23%	9.43%	0.63%	3.87%	1.80%
5	Interest cover ratio	0.86	6.17	1.51	5.51	1.57
6	ROCE	8.69%	28.86%	8.79%	12.80%	6.70%
7	Debt Ratio	66.30%	66.54%	72.36%	80.78%	75.94%
8	ROE	15.53%	28.17%	2.28%	20.13%	7.47%
9	Cash Ratio	12.95%	11.19%	16.15%	18.77%	20.71%

6.12.4.2 Risks and Resilience Plan of the Island Development Company Group Ltd.

SL	Risk and Resilience:	Potential Risks Identified	Risk mitigation Strategies
1	Strategic Risk	Change of Management-BoDs	For change of Management- IDC has succession Plan in place for change of management. However, the Board of Directors are appointed by the President of the country. A new BoD always follows each change. Until such time a new BoD is announced, the sitting BoD remain in the office.
		Demand for request beyond the Strategic Plan	Company has a team of professionals to take the right decisions for a strategic change of plan.
		Intense competition within construction industry, including the entry of new players or the emergence of more technologically advanced competition	Company over the years have diversified into activities such as maintenance contract for the hotel, Villas , Hospitals and any type of infrastructures beside producing water, electricity and sell to the hotels in Outer Islands to replace reliance on the commercial projects.
2	Financial Risks	Working Capital deficit	With the increased revenue on opening of Platte hotel, hotel on Assomption Island and existing hotel on Desroches Island, company does not envisage working capital shortages.
		Unexpected inflation of materials	Unexpected inflation is not controllable nor can be predicted beside a certain percentage based on current inflation rates. Construction projects always keep a cushion of 3-5% towards inflation during the pendency of the projects. Maintenance contracts are designed to exclude the cost of replaced materials paid by the principal as extras.
		High Level of Debt	The company has a strategy to reduce the external debts taken for creating IDC assets for future generations/enhance the revenues. However, in Green Tree Investment Company ltd engaged in doing BOT (Build Operate and Transfer) projects on behalf of Government of Seychelles, the debts are guaranteed by the Budget allocation by MOF. Hence the BOT project debts will not pose any burden to IDC.
		Insufficient cash reserves	Insufficient cash reserves will happen in case of too many capital investments. Company have carefully projected the investment plans for 2025, 2026 and 2027
3	Operational Risks	Labour shortages or labour demand	IDC has good proportion of local employees beside the foreign employees engaged in the construction activities. The current labour market will not pose much difficulty in the recent future.
		Supply chain Disruptions	Supply chain disruptions caused by Pandemic is unpredictable.
		Project delays	Since IDC started commercial projects, the completion dates for none of the projects have been overshoot reason being a good team of profession and well planning. The current trend will continue.
4	Compliance Risks	Legal and Liability issue due to projects	All projects come with a late delivery penalty clause. Due implementation process is adopted to avoid any delays. IDC have not experienced any delay penalties on any contract executed and handed over this far.

5	Environmental and Social Risks	Rising water level that affects the capital works	All our commercial projects are fully covered through a Contractors All Risk policy for any natural calamities. On completion of the projects, the building with all plant and machineries in situ are handed over to the Developer for their insurance cover and cancel the Contractors All Risk policy.
		Rising water level that affects the inland infrastructure	IDC have Fire Industrial policies for all assets on all the outer Islands and inner Islands with adequate cover for any loss.
6	PESTEL	Change of Mandate by the Shareholder/Government	This will pose a problem in the event the current Mandate is withdrawn and replaced by another Mandate with limitations/restrictions on the current activities. This will have to be dealt by the Shareholder/Government.
		Technology Disruptions	IDC upgrades the changing technology within the Ltd resources and the trend will be continued. Any unforeseen changes at a later date and not known currently will be analyzed when it occurs.
		Market fluctuations- changes in the demand for construction services due to economic downturns, market saturations, or shifts in customer preferences.	IDC being a fully owned Government Company, will have sufficient Government projects/maintenance contracts to perform without depending on commercial projects Ltd due to economic downturn. Instead of new projects, the maintenance of Government assets such as Hospital, schools and other infrastructure will keep the company with plenty of works.

6.12.4.3 List of External Reporting's by the Island Development Company Group Ltd.

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Year-end Audited Financials	PEMC/MOF	Audited Financials	Yearly

6.12.5 Stakeholder Engagement

6.12.5.1 Statement by CEO

The Islands Development Company (IDC) has long stood as a model of financial stability, consistently achieving profitability and sustainable growth over the years. Our unwavering commitment to delivering value to our shareholder, the Government, is demonstrated through our ongoing payment of dividends, underscoring IDC's role as a vital contributor to the national economy. As we turn our focus to the future, recent regulatory developments, such as the new Public Enterprises (PE) Act and its accompanying regulations, present unique challenges. These changes bring increased administrative and compliance responsibilities that add complexity to our operations, testing our ability to respond swiftly to strategic objectives while maintaining operational resilience.

Furthermore, a delay in the appointment of a new Board of Directors by our shareholder has introduced an element of uncertainty, impacting both governance stability and the morale of our dedicated team. With twenty months having passed since the expiration of the previous Board's mandate, we have yet to receive formal communication from the Government regarding the appointment of new Directors. This prolonged interim period has undeniably brought challenges. However, I would like to express my deepest gratitude to our current Directors, who have exemplified commitment by remaining in their roles, steadfastly upholding regulatory requirements and embodying principles of exemplary governance and accountability.

As we look ahead to the 2025-2027 period, IDC is resolute in its dedication to addressing these challenges with a proactive and collaborative approach. We will continue to engage constructively with our shareholder, regulators and all key stakeholders, fostering an environment where IDC can effectively fulfill its mission.

Mr. Glenn Savy
Chief Executive Officer

6.12.5.2 Foreword by Chairperson

*IDC currently does not have a chairperson.

6.12.5.3 Statement by the Responsible Minister

*Statement has not been provided.

6.13 Property Management Corporation (PMC)



6.13.1 Strategic Overview

6.13.1.1 Mandate

The mandate of PMC (Property Management Corporation) defined under the 2004 Act is to:

- Ensure the equitable provision of living accommodation for the people of Seychelles by sale, lease or rental of flats and houses in accordance with the Policy of the Government
- To manage and maintain buildings and other properties on behalf of the Government Of Seychelles
- To ensure the provision of utility services for the aforesaid rental flats and houses

6.13.1.2 Vision

Envision being a respectable and high-performing government agency fostering the creation of neighborly residential estate

6.13.1.3 Mission

To ensure equitable provision of living accommodation to the people of Seychelles by the sale and lease of flats and houses, and management of established housing estates in accordance with the policy of the government.

6.13.1.4 Strategic Priorities for 2025-2027

1. Introduction of the updated PMC software, which includes enhanced functionalities, particularly in the Debtors Section, scheduled for 2025.
2. Evaluating and overseeing the operations of the two sewage tankers to enhance productivity and reduce costs in 2025.
3. The newly implemented strategic plan for enhanced Corporate Governance from 2025 to 2029 aims to strengthen our strategic priorities while addressing and mitigating our weaknesses in the forthcoming periods.
4. Proposed enhancement in revenue Stream for PMC to the cabinet prior to the conclusion of 2024.

6.13.1.5 Key Challenges

1. PMC Act is about to undergo few changes in order to meet future strategic tasks.
2. Implementation on effective recovery procedures thereby maintains the collection trend.
3. Controlling on sky rocking of maintenance exp on STP, General Maintenance etc...
4. Feasibility spending & fund allocation to meet corporation's objectives

6.13.2 Outlook of Financial Strategy

6.13.2.1 Projected Financial Position of Property Management Corporation

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Description	Actual Figures		Provisional	Forecast			
	2021	2022		2023	2024	2025	2026
Assets							
Non-current assets							
Property and equipment	1,122	1,235	1,358	6,594	7,594	7,794	7,294
Investment properties	325,438	357,983	393,682	443,014	501,477	554,124	550,330
Work in Progress	145,902	160,492	154,454	144,195	113,077	78,990	63,192
Right of use asset	2,016	2,218	2,318	2,268	2,218	2,218	2,218
Finance lease receivables	613,931	552,537	552,537	602,537	622,662	673,988	708,217
Home saving scheme receivables	27,370	24,633	22,169	19,952	17,957	16,162	16,970
Total Non-current assets	1,115,779	1,099,098	1,126,518	1,218,560	1,264,985	1,333,276	1,348,222
Current assets							
Finance lease receivables	35,628	39,191	43,110	47,421	52,163	57,380	60,249
Inventories	173	173	173	173	173	173	173
Trade and other receivables	21,130	19,017	17,116	15,404	13,864	12,477	11,229
cash and cash equivalent	110361	123403	134950	86575	47802	13190	15000
Total Current assets	167,292	181,784	195,349	149,573	114,002	83,220	86,651
TOTAL	1,283,071	1,280,882	1,321,867	1,368,133	1,378,987	1,416,496	1,434,873
EQUITY AND LIABILITIES							
Reserve/(deficit)							
Capital reserve	66,179	72,797	80,077	88,085	96,893	106,582	111,565
Revenue surplus/(deficit)	5,568	5,993	5,083	-4,487	6,361	4,983	5,915
	71,747	78,790	85,160	83,598	103,254	111,565	117,481
LIABILITIES							
Non-current Liabilities							
Lease liabilities	2,016	2,218	2,218	2,218	2,218	2,218	2,218
Deferred revenue	812,755	831,766	891,539	962,007	973,582	1,021,119	1,066,591
Borrowings	250,218	225,196	202,676	182,409	164,168	147,751	118,201
Retirement benefit obligations	624	1,350	1,350	1,350	1,350	1,350	1,350
Total Non-Current Liabilities	1,065,613	1,060,530	1,097,783	1,147,984	1,141,318	1,172,438	1,188,360
Current Liabilities							
Deferred revenue	100,633	100,633	100,633	100,633	100,633	100,633	100,633
Borrowings	29,304	26,374	23,736	21,363	19,227	17,304	13,843
Trade and other payables	15,774	14,555	14,555	14,555	14,555	14,556	14,556
Total Current Liabilities	145,711	141,562	138,924	136,551	134,415	132,493	129,032
Total Liabilities	1,211,324	1,202,092	1,236,707	1,284,535	1,275,733	1,304,931	1,317,392
Total equity and liabilities	1,283,071	1,280,882	1,321,867	1,368,133	1,378,987	1,416,496	1,434,873

6.13.2.2 Projected Statement of Comprehensive Income of Property Management Corporation
SCR ('000)

Description	Actual Figures			Provisional	Forecast	Forecast		
	2020(Actual)	2021	2022	2023	2024	2025	2026	2027
Revenue	69,784,625	81,701,730	90,367,940	97,582,919	87,682,978	88,438,172	85,806,722	85,866,722
Operating expenses	(64,372,937)	(53,479,357)	(62,437,615)	(64,625,027)	(59,216,000)	(53,047,100)	(52,087,500)	(51,257,500)
Operating profit	5,411,688	28,222,373	27,930,325	32,957,892	28,466,978	35,391,072	33,719,222	34,609,222
Other income	25,311,653	98,500	1,910,680	2,183,301	4,380,000	12,349,000	10,461,000	11,313,000
Employee benefits	(9,800,783)	(11,328,465)	(11,379,504)	(18,588,973)	(19,733,985)	(21,588,766)	(20,706,610)	(21,506,610)
Others (Admin)	(9,100,000)	(11,424,148)	(12,468,310)	(11,468,310)	(17,600,283)	(19,790,196)	(18,490,196)	(18,500,196)
Net profit /Comprehensive income	11,822,558	5,568,260	5,993,191	5,083,910	(4,487,290)	6,361,110	4,983,416	5,915,416

6.13.2.3 Projected Cash flow Statement of Property Management Corporation

*Cash flow statement was Not provided by the PMC

6.13.2.4 Projected Capital Investment Plan of Property Management Corporation

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			SCR ('000)
							2021	2022	2023	2024	2025	2026	2027	Anticipated Risks
Major Capital Investments														
	Major renovation housing estates	PPE/ Invt in properties	205,000	Internal/Borrowing	2023-25	2024-26	25,000	20,000	40,000	30,000	30,000	30,000	30,000	CF risk

*PMC is intended to invest on average 30m worth of Capital Investment on housing major renovations in 2024/2025/2026/2027 p.a respectively

6.13.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.13.3.1 Tax Implications by the Operations of Property Management Corporation

*PMC is exempted from Business Tax

PMC is not allowed to register under VAT act & not subject to the claim of Input VAT.

PMC collects WHT at source from the contractors @ 1.5% and remit to SRC.

All the employees' remunerations with Cash benefits are liable for PIT/PAYE on PMC

6.13.3.2 Anticipated Dividend Declarations By Property Management Corporation

Nature of Dividend	Actual Figures							Provisional	Forecast	SCR ('000) Anticipated Risks
	2020	2021	2022	2023/24	2025	2026	2027	2028		
	Dividends in lieu of Cash	-	-	-	-	-	-	7,500	7,500	
TOTAL	-	-	-	-	-	-	7,500	7,500		

*PMC intend to release /re-invest (Housing Projects) to Govt 15m in 2027/2028 on new housing projects.

6.13.3.3 Debt Payments Forecasts By Property Management Corporation

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From SPF	Borrowings	Operational, major renovation on Housing projects	150,000	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
Loan 02 From NVA Bank	Borrowings	-	200,000	-	-	-	New Loan-MOF	-	-	40,000
	Interest for the Year	-	-	-	-	-	(Trotters building)	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-

*PMC has no immediate intention to go for a 3rd borrowing/new Loan in near future /during the year 2025. However, PMC intends to go for a government borrowing from MOF for the acquisition Trotters building as a permanent office to the corporation.

6.13.3.4 Anticipated Subventions and Grants By Property Management Corporation

PMC does not anticipate in receiving any subventions or grants.

6.13.3.5 Contingencies of Property Management Corporation

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Potential Payments Due to Legal Actions by 3 rd Parties	Case 01									3,000

6.13.3.6 Assumptions used for the Financial Projections of Property Management Corporation

All the above projection being carried out with the assumptions in par with past financial data and more realistic future projections under normal circumstances.

6.13.4 KPIs, Risk Management Strategy and Reporting Obligations

6.13.4.1 Key Performance Indicators of the Property Management Corporation

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
GP Ratio	Gross Profit Ratio	35%	31%	34%	32%	48%	50%	49%
NP Ratio	Net profit Ratio	7%	7%	5%	(5%)Loss	8%	10%	8%
Current Ratio	CA/CL (2:1)	1.10	1.18	1.23	0.91	0.81	0.53	0.53

6.13.4.2 Risks and Resilience Plan of the Property Management Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	N/A	
Financial Risks	More Capital projects on major renovation expected 40m p.a	Proper cash flow planning & implementation of an effective recovery plans
	Expected to fund on new housing projects worth 20 m over 3 years' time (Housing projects)	Proper fund allocation on CAPEX & CF planning
Operational Risks	New operational ,administrative hassle can be expected –New Truck Unit	Steps being planned to recruit suitable right technicians/Professional to mitigate the risk
Compliance and Regulatory Risks	N/A	
Environmental and Social Risks	N/A	
PESTEL	N/A	

6.13.4.3 List of External Reporting's by the Property Management Corporation

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Monthly Financials	PEMC	Drafted Financials	Monthly
Annual Budget	PEMC	Projected Budget	Annually
Annual Financials	PEMC	Draft/Audited	Annually
Periodic reports on FS	OAG	As per the request of OAG	Qtr./bi-Annual/Annual

6.13.5 Stakeholder Engagement

6.13.5.1 Statement by CEO

I hereby reaffirm my unwavering commitment to PMC's mission and objectives. As CEO, I understand the pivotal role that clear strategic direction, performance benchmarks, and resource optimization play in our journey towards continued success. I am fully dedicated to aligning our efforts and resources to achieve the goals set by the Board of Directors.

Strategic Execution: We are steadfast in our dedication to executing the strategic directives set forth by the Board. We will prioritize the timely implementation of key initiatives, ensuring that each action plan is aligned with our long-term vision.

Opportunity Identification: We recognize the importance of identifying and seizing opportunities for enhancement. Our team will remain vigilant in scanning the external environment, anticipating industry trends, and proposing innovative solutions to capitalize on emerging opportunities.

Challenges as Catalysts for Growth: Challenges are an inevitable part of our journey. Rather than setbacks, we view them as catalysts for growth and continuous improvement. We commit to addressing prominent challenges head-on, fostering a culture of resilience, and learning from adversity.

Resource Optimization: Optimizing resource allocation is central to our strategy. We will rigorously evaluate our resource utilization, directing investments where they can yield maximal gains and enhance our competitiveness. Efficiency and sustainability will guide our resource management decisions.

Key Performance Indicators (KPIs): The attainment of KPIs is a testament to our effectiveness. We pledge to establish, track, and achieve these performance benchmarks diligently. Regular performance assessments will guide our decision-making and ensure accountability at all levels.

Our commitment extends beyond mere words; it is reflected in our actions and outcomes. Together, we will steer our organization toward greater heights, harnessing the collective talents, dedication, and innovation of our team.

I am deeply honored to lead this organization, and I look forward to working collaboratively with the Board, management team, and all stakeholders in achieving our shared objectives.

Mr. Steve Mussard
Acting Chief Executive Officer

6.13.5.2 Foreword by Chairperson

PMC plays a critical role in the Seychelles upstream housing industry, which is an integral part of our mandate. PMC is more than just a corporation; it is a testament to the determination and ingenuity of a small group of employees who strive to harness. The Board of Directors is committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for 2025-2027. As the Chairperson, I will spearhead the following priorities, including formalizing the arrangement for new strategic plans and related concerns. I also pledge to attract new investment to Seychelles' upstream sector as the industry emerges from its slump, realizing that the company's revenue is not robust because it depends on money from govt or lenders. These are aligned with the Minister's performance target for the Board.

The Board remains committed to diversifying the economy by promoting PMC while being mindful of environmental and socio-economic implications. The future trajectory of PMC is contingent upon the outcome of exploration efforts and directives from the Government. In the event that PMC will expand swiftly to hire specialized skills. This aligns with our mission statement, aiming to have benefiting every Seychellois for this generation and beyond.

I encourage you to delve into the details of this report, which not only presents our financial outlook but also articulates our strategy for mitigating risks and seizing opportunities in the years ahead. By doing so, you will gain a deeper understanding of our dedication to responsible fiscal planning and stewardship as we are taking steps to ensure the sustainability and growth of PMC.

I would like to extend my appreciation to the Board of Directors, the Management Team and Staff, and all stakeholders for their ongoing support, contributions, and unwavering dedication to sound financial management to chart a financially secure and prosperous course for our organization

Mr. Jude Commettant
Chairperson PMC

6.13.5.3 Statement by the Responsible Minister

In my capacity as the Minister responsible for supervising PMC, I am firmly committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for the period of 2025-2027.

Our foremost objective is to actively advocate for the inclusion of PMC in the National Development Strategy, emphasizing its critical role in enhancing economic diversification and energy security. Through extensive stakeholder engagement, educational initiatives, paving the way for its acceptance and integration into our national interests.

Additionally, we are resolute in our pursuit of enhancing the prospects of the corporation by refining existing and developing new leads and prospects, we aim to attract more new housing projects t, ensuring the sustainable growth of our upstream sector.

We are non-negotiable aspects of our strategic vision. We will actively work towards enacting stringent regulations that mitigate environmental impacts and protect the well-being of our workforce. Moreover, efficient data management strategies will be developed, ensuring the integrity and accessibility of information generated by upstream activities. These efforts will align with global industry standards, promoting seamless collaboration and enhancing our reputation.

Community and stakeholder engagement will remain a top priority, fostering transparent communication and addressing concerns related to our activities. A robust social media presence already being established to facilitate open dialogue and build public trust.

In conclusion, this strategic roadmap outlined within the MTFS underscores the seamless integration of government and national priorities within pmc. It reflects my steadfast commitment to the National Assembly and the Government, outlining clear expectations and policy directives. Together, we will drive corporation towards a future defined by sustainable growth, responsible practices, and enduring success for our beloved Seychelles.

Mr. Billy Rangasamy
Minister for Lands and Housing

6.14 Seychelles Fisheries Authority (SFA)



6.14.1 Strategic Overview

6.14.1.1 Mandate

The mandate of the Authority is to provide for the effective management and sustainable development of fisheries in accordance with:

(a) internationally recognised norms, standards and best practices including the United Nations Convention on the Law of the Sea (1982) and the Code of Conduct for Responsible Fisheries, 1995 of the Food and Agriculture Organisation, Indian Ocean Tuna Commission Conservation and Management measures; and

(b) an ecosystem approach to fisheries which ensures that the development and management of fisheries addresses the multiple needs and desires of the society without jeopardising the options for future generations to benefit from the full range of goods and services provided by marine ecosystems.

6.14.1.2 Vision

Excellence in Sustainable Fisheries Management and Sector development.

6.14.1.3 Mission

Ensure optimal utilization of the Fisheries Resources for the benefit of the Seychellois people through sustainable management, ecosystem-based approaches and integrated Sector development.

6.14.1.4 Strategic Priorities for 2025-2027

The SFA is currently implementing its Strategic Plan for 2022-2027 consisting of six strategic priorities:

Strategy 1: Achieving excellence in sustainable fisheries management, in accordance with international standards and obligations.

Strategy 2: Optimise the economic and social benefits of the fisheries sector.

Strategy 3: Transitioning from researched-based aquaculture to commercialization of aquaculture.

Strategy 4: Contributions towards effective sector governance.

Strategy 5: Financial sustainability plan.

Strategy 6: Institutional strengthening and corporate governance.

6.14.1.5 Key Challenges

The construction of the new SFA building will require significant financial resources currently estimated around SCR 150 million. This will deplete our financial reserves. However, this will also ensure all our staff, the Ministry.

The main sources of revenue for SFA are foreign fishing license (EU and Non-EU) and additional catch surcharge under the EU Seychelles Fisheries Partnership Agreement (EU-SFPA) agreement. Whilst increasing fees would have been an ideal way to raise more revenue for the Authority, this comes with its own set of challenges.

Employee remunerations and benefits continue to be a major cost component for the Authority as X% of the total cost and X% revenue. These costs have been rising in the past years. This is primarily due to expansion in the technical departments of SFA such as Fisheries research and MCS. The trend will continue to increase due to the need for expansion within the Fisheries Management department. These expansions are in the context of wider development and implementation of fisheries management plans, and new upcoming ones such as the Tuna management plan.

With the rise in management plans, the enforcement mandate has also expanded, resulting in the need for more human and financial resources to be allocated.

Over the recent years, there have been an increase in the development of fisheries facilities, brought about by expansion in the industry. This has consequently resulted in increase in maintenance cost and staff to manage those facilities.

In order to sustain its operation, the authority needs to explore other potential sources of revenue, being mindful of the need to balance fisheries resource management, competitiveness and survival of the various fisheries sectors and long terms robustness of its financial capabilities.

6.14.2 Outlook of Financial Strategy

6.14.2.1 Projected Financial Position of Seychelles Fishing Authority

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
ASSETS							
Non-current assets							
Property, plant and equipment	268,661	266,012	239,626	236,234	221,385	227,018	246,596
Capital work in progress	13,819	25,983	45,146	86,828	140,253	161,153	195,653
Investments	55	55	55	55	55	55	55
Fisheries Development Fund	57,661	61,250	62,495	64,351	65,960	67,609	67,609
Total Non-Current Assets	340,196	353,300	347,322	387,468	427,653	455,835	509,913
Current assets							
Inventories	1,056	850	787	807	827	847	868
Trade and other receivables	26,111	17,376	27,320	16,706	17,149	17,064	17,064
Cash and cash equivalents	240,324	250,861	332,038	353,339	380,136	400,058	412,048
Total Current Assets	267,491	269,087	360,145	370,852	398,112	417,969	429,980
Total Assets	607,687	622,387	707,467	758,320	825,765	873,804	939,893
EQUITY AND LIABILITIES							
Equity and reserves							
Assigned capital	1,123	1,123	1,123	1,123	1,123	1,123	1,123
Retained surplus	173,236	183,401	321,930	378,380	436,484	494,729	552,209
Total Reserves	174,359	184,524	323,052	379,503	437,607	495,852	553,332
LIABILITIES							
Non-current liabilities							
Deferred grants	240,529	239,733	222,525	218,088	223,790	209,785	220,776
Credits held for future projects	56,816	53,578	54,950	56,324	57,732	59,175	55,655
Funds held under Fisheries Development Fund	57,661	61,250	62,495	64,351	65,960	67,609	67,609
Employee benefit obligations provision	11,628	12,397	19,318	19,801	20,296	20,803	21,324
Total Non-Current Asset	366,634	366,959	359,288	358,564	367,778	357,372	365,364
Current liabilities							
Other payables, accruals and provisions	65,419	70,905	23,546	20,253	20,380	20,580	21,197
Other Liabilities		-	1,580				
Tax Provision	1,276	-	-	-	-	-	-
Total Current Liabilities	66,695	70,905	25,126	20,253	20,380	20,580	21,197
Total Liabilities	433,329	437,863	384,415	378,817	388,158	377,952	386,561
Total Equity and Liabilities	607,688	622,387	707,467	758,320	825,765	873,804	939,893

6.14.2.2 Projected Statement of Comprehensive Income of Seychelles Fishing Authority

SCR ('000)

	Actual		2023	Provisional		Forecast	
	2021	2022		2024	2025	2026	2027
Revenue	267,143	264,209	371,936	214,276	237,970	242,194	246,232
Other income	14,809	115	3,022	4,229	5,189	5,189	5,189
Grant Utilised	38,876	37,056	42,497	46,228	46,228	46,228	46,228
	320,828	301,379	417,454	264,733	289,387	293,611	297,649
Employee costs	(68,929)	(75,602)	(95,515)	(102,424)	(116,819)	(117,818)	(119,452)
Operating and other expenses	(41,537)	(40,207)	(53,078)	(58,545)	(65,837)	(68,141)	(70,526)
Research and development costs	(5,146)	(5,056)	(2,456)	(3,913)	(4,015)	(4,155)	(4,301)
Monitoring control, surveillance and enforcement costs	(9,465)	(4,228)	(10,803)	(1,940)	(2,240)	(2,318)	(2,400)
Fisheies facilities development	(67,649)	(69,601)	(66,885)	(3,921)	(4,167)	(4,313)	(4,464)
Foreign exchange gain/(loss)	(16,876)	(7,817)	(2,291)	-	-	-	-
Surplus before depreciation and amortisation	111,226	98,868	186,425	93,990	96,309	96,866	96,506
Amortisation of deferred grants	11,366	12,485	14,317	14,675	14,793	15,163	15,542
Depreciation	(23,566)	(27,135)	(27,214)	(27,214)	(27,999)	(28,784)	(29,569)
Surplus before taxation	99,026	84,218	173,528	81,451	83,103	83,245	82,479
Tax expense	22,724	947	-	-	-	-	-
Surplus for the year as previously stated	121,750	85,165	173,528	81,451	83,103	83,245	82,479
Prior year Adjustments	-	-	-	-	-	-	-
Surplus for the year (as restated)	121,750	85,165	173,528	81,451	83,103	83,245	82,479

6.14.2.3 Projected Cash flow Statement of Seychelles Fishing Authority

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Operating Activities							
Surplus for the year	99,026	84,218	173,530	81,451	83,103	83,245	82,479
Adjustments for:							
Depreciation of property, plant and equipment	23,566	27,135	27,214	27,214	27,999	28,784	29,569
Amortisation	(11,366)	(12,485)	(14,317)	(14,675)	(14,793)	(15,163)	(15,542)
Movement in employee benefit obligations provisions	2,455	4,124	10,670	483	495	507	531
Movement in credit impairment provision	8,338	669	73				
Operating profit/(loss) before working capital changes	122,019	103,661	197,170	94,473	96,804	97,373	97,037
Changes in working capital							
Inventories	(519)	206	63	(20)	(20)	(20)	(21)
Trade and other receivables	23,849	8,067	(10,017)	10,614	9,557	85	-
Other payables and accruals	8,342	5,486	(45,778)	(4,873)	127	200	617
Taxation paid		(329)	-				
Net cash inflow/(outflow) from operating activities	153,691	117,091	141,438	100,194	106,468	97,638	97,633
Investing Activities							
Additions to property, plant and equipment	(27,339)	(24,486)	(828)	(23,822)	(13,150)	(39,418)	(49,146)
Movements in capital work in progress	(11,204)	(12,164)	(19,163)	(41,682)	(63,425)	(35,749)	(34,500)
Movement in fish development funds with DBS	-	-	-	-	-	-	-
Net cash (outflow)/inflow from investing activities	(38,543)	(36,650)	(19,991)	(65,504)	(76,575)	(75,167)	(83,646)
Financing Activities							
Grants received	19,252	11,689	(2,890)	5,563	5,702	5,845	5,991
Paid to Government of Seychelles	-	-	-	-	-	-	-
Movement in credits held for future projects	(11,693)	(3,237)	1,372	9,892	20,140	20,644	21,150
Transfer to consolidated fund	-	-	-	-	-	-	-
Dividends paid	(75,000)	(75,000)	(35,000)	(25,000)	(25,000)	(25,000)	(25,000)
Movement in Fisheries Development Fund	-	-	-	-	-	-	-
Derecognition of Ile due port from Capital work in progress	-	-	-	-	-	-	-
Employee benefits paid during the year	(2,715)	(3,355)	(3,752)	(3,844)	(3,938)	(4,038)	(4,138)
Net cash outflow from financing activities	(70,156)	(69,903)	(40,270)	(13,389)	(3,096)	(2,549)	(1,997)
Net change in cash and cash equivalents	44,992	10,537	81,177	21,301	26,797	19,922	11,990
Movement in cash and cash equivalents							
At January 1,	195,333	240,325	250,861	332,038	353,339	380,136	400,058
Increase	44,992	10,537	81,177	21,301	26,797	19,922	11,990
At December 31	240,325	250,861	332,038	353,339	380,136	400,058	412,048

6.14.2.4 Projected Capital Investment Plan of Seychelles Fishing Authority

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional		Forecast		Anticipated Risk
							2021	2022	2023	2024	2025	2026	2027	
Cascade Fisheries Facilities	Facility to fishermen	Support fisherman's community	5,363	EU	2021	2023	1,365	3,514	1,153	247	-	-	-	
BSA Praslin Fisheries Facilities	Facility to fishermen	Support fisherman's community	15,148	EU	2021	2023	3,580	4,785	7,505	321	-	-	-	
AAP Fisheries Facilities	Facility to fishermen	Support fisherman's community	18,126	EU	2021	2024	3,844	8,245	2,690	5,980	-	-	-	
Victoria Fuel Depot	Facility to fishermen	Support fisherman's community	3,550	EU	2021	2023	843	1,421	942	146	-	-	-	
GA Praslin Gear Store	Facility to fishermen	Support fisherman's community	2,366	EU	2023	2024	-	-	710	1,656	-	-	-	
Glacis Gear Store	Facility to fishermen	Support fisherman's community	3,101	EU	2024	2025	-	-	-	2,171	775	155	-	
English River Reclamation & Dredging	Facility to fishermen	Support fisherman's community	3,448	EU	2024	2025	-	-	-	2,414	1,034	-	-	
Anse La Mouche Fisheries Facilities	Facility to fishermen	Support fisherman's community	10,000	EU	2025	2026	-	-	-	-	7,000	2,500	500	
Renovation of Headquarters	Offices	For staff of SFA	9,240	SFA Funding	2020	2023	1,195	1,644	4,814	3,137	-	-	-	
SFA Technical Operation Building	Offices	House the staff of SFA, MFTBE & IOTC	127,000	SFA / Ministry Budget	2024	2026	-	-	-	27,500	45,500	49,050	4,950	
Total							10,827	19,609	17,714	43,572	54,309	51,705	5,450	-

*Details Not provided on anticipated Risks

6.14.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.14.3.1 Tax Implications by the Operations of Seychelles Fishing Authority

SCR ('000)

TAX IMPLICATION							
Type of Tax	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
PIT	6,441	7,059	8,132	8,335	8,544	8,757	8,976
VAT	1,189	597	677		-	-	-
PAYE	425	158	8		-	-	-
Total	8,055	7,814	8,817	8,335	8,544	8,757	8,976

6.14.3.2 Anticipated Dividend Declarations By Seychelles Fishing Authority

SCR ('000)

DIVIDEND							
Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Dividends in Cash	50,000	75,000	75,000	35,000	25,000	25,000	25,000

6.14.3.3 Debt Payments Forecasts By Seychelles Fishing Authority

*SFA does not anticipate to obtain any loans

6.14.3.4 Anticipated Subventions and Grants By Seychelles Fishing Authority

SCR ('000)

SUBVENTION AND GRANTS										
Nature of Funding	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Forex				SCR	SCR	SCR	SCR	SCR	SCR	SCR
Grants	Government									
	SEYCAAT	For fisheries research purposes		187	1,178		85	619	-	-
	EU	Sectoral support	€ 2,800	45,891	41,058	41,978	41,978	43,190	43,190	43,190
TOTAL				46,078	42,236	41,978	42,063	43,809	43,190	43,190

6.14.3.5 Contingencies of Seychelles Fishing Authority

*SFA does not anticipate to obtain any guarantees or contingent liabilities due to legal proceedings

6.14.3.6 Assumptions used for the Financial Projections of Seychelles Fishing Authority

Formulation of the budget for revenue and operating cost is based on trends and historical information. Also, in line with our strategic plan 2023-2027 which consist of six programs with different activities. Each department worked on their budget and submitted the proposed budget to finance to compile based on the actual and historical data.

The authority has also made an increase of 2% based on the previous year's figure in line with inflation rate in the country.

REVENUE

LICENCES & ASSOCIATED FEES

The provided assumptions are based on the list of industrial licenses from the previous year. However, it is subject to uncontrollable factors that can affect the forecast including changes in access agreements that are negotiated by the Ministry of Fisheries and Blue Economy. There is a possibility of license fees being prorated upon entry of these access agreements. Moreover, Fisheries vessels can apply for 6-month licenses as opposed to the full annual licenses. Foreign license fees (Industrial long liners) amount to around SCR 150million plus SCR 45million for additional catch surcharges makes SFA vulnerable to outside factors such as stock depletion and or quotas. EU Seychelles Fisheries Partnership Agreement negotiation for the next protocol will start in 2025.

OTHER FISHERIES ACTIVITIES

Based on existing and new facilities such as gear store, sales of ice and net repair and container storage.

LEASE OF PROPERTIES

Based on existing and new lease at Ile du Port and Providence, Building and warehouse leasing.

OTHER FEES:

Additional catch surcharge

- consider average catches for year 2016- 2020, where number of EU vessels remains more or less constant.
- Exclude the two exceptional year 2021 – very low catches, and 2022 very high catches.

Environmental Fee:

Moreover, the SFA expects to collect more environmental fees as the ministry intends to finalise agreements with foreign flagged purse seiners.

GRANTS

The assumption for the EU Grant is based on the sectoral support of EUR 2.8 million received annually as per the 2020-2026 EU-Seychelles Sustainable Fisheries Partnership Agreement (SFPA); this is equivalent to approximately SCR 42.7 million.

6.14.4 KPIs, Risk Management Strategy and Reporting Obligations

6.14.4.1 Key Performance Indicators of the Seychelles Fishing Authority

Title of Key Performance Indicators	Description	Achievements of KPIs							
		Actual Figures				Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026	2024
Return on capital Employed	To measure the success of the authority in generating satisfactory profit on capital employed	53%	49%	48%	55%	29%	30%	28%	27%
Aquaculture statistics features in the National Accounts	The number of species taken up through commercial producers from BAQF activities	N/A	N/A	N/A	N/A	1	3	3	3
Current assets ratio	To evaluate the short-term solvency position of SFA to ensure the authority has the ability to pay its short term obligations.	3.13	4.01	3.80	14.33	18.31	19.53	20.31	20.28
Net Profit Ratio	Tool for measuring the overall profitability and operation performance of an entity	52%	43%	32%	46%	37%	34%	34%	33%

6.14.4.2 Risks and Resilience Plan of the Seychelles Fishing Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	The potential for political change in the country which may result in political instability	Ensure goal congruence within the management team to ensure continuity of the business.
	Lack of proper governance framework	Have a set of approve processes, procedures, and policies that a company has in place to make certain that the company and its employees are conducting business in a legal and ethical manner.
	Lack of Business continuity plan	As part of its efforts towards improving on Governance aspect of the Authority, a business continuity plan will be developed over the course of 2025.
	Unsustainable development in the artisanal fishery sector Continued development and maintenance of facilities (e.g. Construction of market and Installation of Ice plant) that are not generating sufficient income to cover costs	A framework guiding such investments is being contemplated.
Financial Risks	The Authority is exposed to currency risk arising from future commercial transactions and liabilities that are dominated in currencies other than the functional currency. Most of our revenues are paid in foreign currency and converted into Seychelles Rupees.	Find new revenue streams to boost up the income to mitigate loss due to fluctuation of foreign currencies.
	The risk of running out of cash such that you may default on obligations.	Proper cash flow and budget management
	Changes to economic conditions such as a recession. Reduction in Industrial fishing license	
	Assets register created however the evaluation of properties needs to be undertaken. This may affect the accounting statements adjustments to the balance sheet	Evaluation of properties.
Operational Risks	Lack of internal policies, SOPs, clear reporting line within the entire organization structure may create a lack of	Devise clear internal policies and SOPs; SFA Management has attended training on corporate governance and compliance

	preparedness to identify, control and respond to risks.	SFA should have an operational risk manager to take ownership of risks identified
Compliance and Regulatory Risks	Improper storage of documents making it inaccessible due to fungus breaching the Public Finance Management Act 2014, Regulations 7.	The authority is moving toward the digitalization of documents to ensure the information is secured and can be furnished in its original form.
	Breach of employment law creating litigation cases and liability against SFA	Familiarization with the employment laws and ensure decision taken are vetted by the internal legal team and the Attorney general office.
	Ensure regulatory reporting is done within the set deadline to avoid fines and penalty fee	The authority has established a framework to monitor and ensure compliance to the different regulations in force.
	Nonadherence to directives from the Board.	In the event where such lapses are recorded, management will be taking further disciplinary measures.
Environmental and Social Risks	With the changes in climate, due to the location of SFA, potential risk of natural disasters pose significant threats to the authority including building and human resources and continuity of the business.	SFA is working on a disaster management plan to ensure continuity of the business.
	SFA is located on the Fisheries port, risk of ammonia leakage in the environment can damage the health of the SFA staff.	SFA has established an evacuation plan to ensure the safety of the staff and ensure business continuity.
	Potential risk of flooding since there are a number of large capacity water tanks in close vicinity of the premises of SFA.	SFA has established an evacuation plan to ensure the safety of the staff and ensure business continuity.

6.14.4.3 List of External Reporting's by the Seychelles Fishing Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Fisheries Transparency Initiative (FITI)		1 annual report on improving transparency in fisheries governance.	Quarter 4 (yearly)
Southern Indian Ocean Fisheries Agreements (SIOFA)		1 scientific report describing Fisheries activities of Seychelles flagged vessels in SIOFA area of competence. 1 compliance report, summarizing compliance with SIOFA Conservation and Management Measures	First quarter (yearly) SC report. Second quarter (yearly) Compliance report
Indian Ocean Tuna Commission (IOTC)		4 mandatory reports (National report to the Scientific Committee, Compliance questionnaire, Implementation report and letter of feedback) to be submitted according to set deadlines.	National report - November (yearly) Other reports quarter 2 (yearly)
Sectoral Support Implementation Report	European Union (EU)	Reports on the implementation of the sectoral support funded under the EU-Seychelles Sustainable Fisheries Partnership Agreement (SFPA). Reports on the achievement and non-achievement of the agreed KPIs and targets.	Annually. Submitted at the annual EU-Seychelles Joint Committee meeting.
World Bank			
Annual Financial Statement (AFS)	Shareholders		
Annual General Meeting (AGM)			
Register and Annual Report on Aquaculture	Ministry of Fisheries	Overview of number of licenses issued/denied, environmental and health issues, Annual production, exports/imports of aquaculture products and juveniles.	Quarterly for licenses only. Annual for all other items.

6.14.5 Stakeholder Engagement

6.14.5.1 Statement by CEO

SFA has achieved significant improvements in strategic planning and performance monitoring in recent years. The organisation continues to implement the 5-year Strategic Plan (2023-2027) approved by the Board of Directors in 2023, while the Performance Monitoring System is yielding coherence in aligning the activities and outputs of departments and staff with the strategic direction of SFA.

The SFA Strategic Plan constitutes a roadmap to delivery on the core mandate of the organisation and implementation of the Fisheries Policy and Strategy (2019). Furthermore, it responds to other sector-specific policies that have emerged in recent years, including the Seychelles National Aquaculture Policy (2023-2027) and the Harvest Strategy Policy (2023), while also addressing broader national policy agenda such as those concerning the Seychelles Marine Spatial Plan.

While responding to needs of sector, SFA is continuing to strengthen its corporate governance performance in line with the Public Enterprises Act (2023). The current year has marked a period of consolidation for the organisation, guided by the various governance structures and internal policies established by the Board of Directors, whose mandate was renewed for a further term at the beginning of the year.

In 2024, SFA celebrates its 40th Anniversary. This milestone has been marked by a new Establishment Act, a change of name to the Seychelles ‘Fisheries’ Authority, and a period to reflect on our many achievements while setting a course for the future. Importantly, the anniversary also coincides with a period of financial consolidation following our shift to financial autonomy in 2019. SFA will invest a portion of the reserve built in recent years to construct a new headquarters building, which will enable the majority of our staff to be housed at the same location and will improve efficiency in the long-term. As reflected in this document, it is important that the organisation continues to focus on cost recovery and identification of new sources of revenue.

SFA is continuing to modernise and enhance its service delivery to the sector. A program of digitalisation of core services, both in terms of internal services and those provided to our stakeholders, is underway. Investment in facilities serving our fishing communities has been a major part of our work recently and will continue in the coming years. However, there is a need to strengthen the financial sustainability of those investments, while recognising that the important social functions of the organisation will remain.

Seychelles’ fisheries operate in a dynamic, globalized socioecological system and it is vital that our plans are adaptive to change and the emerging opportunities and challenges. A mid-term review of the Fisheries Policy and Strategy (2019) highlighted the progress made in the last 5-years, but also identified areas where SFA needs to adapt or pivot its strategy to respond to the needs of the sector. Importantly, fisheries science and management will need to be strengthened to address increasing fishing pressure, illegal fishing, trade barriers, and the risks posed by climate change. This will require investment in human capacity and the governance structures for fisheries.

Mr. Jan Robinson
Chief Executive Officer

6.14.5.2 Foreword by Chairperson

The President of the Republic of Seychelles appoints members to the Board of Directors of SFA, an independent parastatal body established in January 2019. On February 8, 2024, the present board was reappointed for another three-year term. Following the official gazetting of the new act, the Seychelles Fishing Authority (SFA) formally changed its name to the Seychelles Fisheries Authority (SFA) on July 29, 2024.

The mission of the Seychelles Fisheries Authority is to ensure the responsible stewardship of our marine resources while supporting the livelihoods of our fishing communities and contributing to the economic growth of Seychelles.

The management of the SFA, under the guidance of the board, has worked collaboratively to enhance and promote key governance principles relating to transparency and accountability of the organization.

SFA works in close collaboration with its parent Ministry, the Ministry of Fisheries, and the Blue Economy, to implement the Fisheries Sector Policy and Strategy which is key to the fisheries sector's success. Other partners include Ministry of Agriculture, Climate Change and Environment, Seychelles Coast Guard, Seychelles Ports Authority, Seychelles Maritime Safety Authority, Seychelles Bureau of Standards, Fish Inspection and Quality Control unit and other key Government institutions, various fishermen and boat owners, fishers associations, NGOs as well as overseas partners.

Through unwavering commitment and collaboration, the authority has established itself as a leader in sustainable fisheries management and conservation. The nation's fisheries have become not only a critical part of the economy but also a cornerstone of cultural identity.

As for regulations, the SFA has successfully implemented regulations that protect the vital marine ecosystems, at the same time, has fostered partnerships with local fishing communities, and embraced innovation to enhance fisheries' productivity and sustainability. From promoting responsible fishing practices to protecting vulnerable species, the authority's initiatives have contributed to the resilience of marine resources and the livelihoods of those who depend on them. The financial strategy for the upcoming three years is designed to address the ongoing challenges our sector faces, including environmental sustainability, regulatory compliance, and the impacts of climate change.

The SFA is committed to implementing comprehensive financial planning and resource allocation that prioritize sustainable practices and the resilience of our fisheries.

To achieve our goals, the SFA will focus on a few key areas, including;

- Enhancing revenue streams by exploring alternative revenue sources
- Prioritizing research and development aiming to develop innovative solutions that promote sustainability and improve the efficiency of fisheries management practices.
- Capacity building, empowering the workforce and stakeholders with the necessary skills to adapt to evolving industry standards and practices.
- Strengthening Monitoring and Compliance, ensuring compliance with sustainable fishing practices and regulations, thus further protecting our valuable marine resources.
- Enhancing Community Engagement and Support to promote sustainable practices that benefit both the community and the environment.

Mr. Radley Weber
Chairperson SFA

6.14.5.3 Statement by the Responsible Minister

The Seychelles Fisheries Authority was established over 40 years ago with the noble aim of developing the fisheries industry. Over the years, the SFA has evolved into a distinguished institution for fisheries management and development. The authority has successfully implemented measures to enable highly industrialized fisheries to coexist harmoniously with traditional forms of fishing. My Ministry wholeheartedly acknowledges the invaluable contribution of the Seychelles Fisheries Authority to the development of the fishing industry, which has become a cornerstone of our economy, ensuring food security and creating employment opportunities for our community members.

One of the critical mandates entrusted to the Seychelles Fishing Authority by my Ministry is the imperative transition to sustainable fisheries. This initiative holds the key to preserving our marine resources for future generations and fostering a thriving ecosystem. The SFA has actively encouraged co-management to establish a joint responsibility among stakeholders for ensuring sustainable fisheries. Leading the way in the implementation of harvest strategies, the SFA provides stakeholders with clear guidance and the necessary tools for effective fisheries management.

It is also crucial to note that our country is home to not only fishermen but also esteemed researchers, scientists, and experts in the fishing field, all of whom have been nurtured by the SFA. It is these dedicated professionals who have been instrumental in fulfilling the authority's mandate. As the Minister responsible for fisheries, I take great pride in having supported the SFA in fulfilling its mandate and in seeking continuous improvement for the future.

We are currently at a pivotal moment for our fisheries sector, and the authority's commitment to sustainable management of our marine resources remains unwavering, as does its dedication to the livelihood of all Seychellois who depend on these resources.

We are fully cognizant of the challenges ahead, from climate change to fluctuating global markets; thus, we must be adaptive and proactive. Strengthening our financial resilience while promoting best practices in sustainability, innovation, and economic diversification will be crucial to achieving our goals.

My Ministry will continue to extend its unwavering support to the management and Board of Directors of the SFA, and we trust that the best decisions will be taken to ensure the well-being of our oceans, which is vital to the sustainability of our economy. We remain committed to working tirelessly to ensure that our fisheries thrive in harmony with our beautiful marine environment.

Mr. Jean-Francois Ferrari
Minister for Fisheries and the Blue Economy

6.15 L'Union Estate Company Ltd Estate Company Ltd.



6.15.1 Strategic Overview

6.15.1.1 Mandate

- To carry out agricultural and livestock development. To operate a breeding center in an effort to promote pig production.
- To acquire, establish, construct, improve, manage and operate any facilities for tourism and travelers and any facilities in the field of sports, games, recreations or either pastime.
- To carry out the business of hoteliers, restaurateurs, caterers and guesthouse keepers

6.15.1.2 Vision

- To upgrade and refurbish some of the existing facilities of the Estate in the next three years
- To provide augmented products and services to all its local and foreign customers through improved and new infrastructure and facilities.
- To achieve better returns on investments through extended range of agriculture products, commercial and residential infrastructure and heritage sites, and potential reviews of rents and other fees
- To develop a more sustainable business, surviving off its own cash flow, exceeding set targets
- Maintaining the highest level of customer satisfaction through consistent service, availability of products and services, and efficiency and quality of operations.

6.15.1.3 Mission

L'Union Estate Company Ltd Estate Co. Ltd endeavors to provide a range of entertainment, vegetables, meat, grocery and beverage services and facilities on La Digue and within the Estate in response to needs of visitors and the local community, and in the process, becomes one of the leading tourism, agricultural and hospitality service providers on the Island.

6.15.1.4 Strategic Priorities for 2024-2026

- To upgrade and refurbish some of the existing facilities of the Estate in the next three years
- To provide augmented products and services to all the local and foreign customers through improved and new infrastructure and facilities.
- To achieve better returns on investments through extended range of agriculture products, commercial and residential infrastructure and heritage sites, and potential reviews of rents and other fees
- To develop a more sustainable business, surviving off its own cash flow, exceeding set targets
- Maintaining the highest level of customer satisfaction through consistent service, availability of agricultural products and tourism services, and efficiency and quality of operations.
- Introduce high impact revenue projects i.e. Equestrian activities and the Zip line

6.15.1.5 Key Challenges

External factors

- **Political** – Global price fluctuations affect the cost of production especially of our agricultural products, cost of fuel has a direct impact on the pricing of our fresh agricultural produce.
- **Economic** – Tourism income is dependent on a number of external threats out of the control of the PE. There is an expectation for pessimism to the long-term revenue collection from gate entrance since the new of Mpox pandemic has been rising in the traditional tourism markets of Seychelles.
- **Social** – The need to collaborate closely with the local community and the stakeholders in order to sensitize the market on key areas of revenue and key foreign exchange earner is vital and very instrumental for the sustainability of the PE's business model. Cases of theft within the Estate has necessitated us to increase more security patrols within the facility and invest in long-term preventive measures provision of CCTV stations throughout the Estate and the farm.
- **Technological** – Intermittent weather patterns, global warming etc. are all contributing factors to agricultural production output. we are collaborating closely with other external stakeholders on various ways to adopt available technology in farming, the idea of hydroponics has been floated before and expect a visit from experts in the field in the near future to enable us acquire the skills and assess areas that we may need improvement on. We are also in trail of new farming methods of planting on raised beds to mitigate the effects of the ever-stubborn onion grass and the depleted soil due to over cultivation.
- **Legal** – the pig farm is currently licensed to handle only 500 pigs, there's the plan for the construction of a new pig unit for an approximate value of SR15,000,000. This will ensure the company avoids contravention of Agricultural and Environmental department by-laws.
- **Environment** – the need to improve the soil for farming through fertilizers and pesticides not harmful to the environment. Security threats posed by porous borders within the Estate means that the Estate is prone to theft of its assets and products which in turn results into loss of revenue.

Internal factors

- **Skilled manpower** – Skilled management staff is still a challenge though the Estate encourages continuous professional development (CPD) for its longest serving staff in management positions. The need to retain skilled workforce has made it necessary for the PE to offer skilled workers attractive remuneration packages.
- **Shift to more service-based economy** - existential factors has meant that the Estate needs to adopt and invest in more tourist attraction programs within the Estate in order to remain competitive and attract more visitors. In the next two years, the Estate shall have such huge attractions as the Zipline and the Equestrian activities.

6.15.2 Outlook of Financial Strategy

6.15.2.1 Projected Financial Position of L'Union Estate Company Ltd Estate Company Ltd.

SCR ('000)

	Actual figures		Provisional		Forecast		
	2021	2022	2023	2024	2025	2026	2027
Assets							
Non-current assets							
Intangible asset	36	101	211	420	400	380	320
Property ,plant and equipment	21,382	150,214	152,398	159,184	185,211	198,835	201,214
Biological assets	-	2,944	3,262	4,200	4,950	5,000	7,200
Investments	64	4,089	5,091	5,099	5,100	5,101	660
Total Non-Current Assets	21,483	157,348	160,961	168,903	195,661	209,316	209,394
Current assets							
Trade and other receivables	1,347	1,043	2,001	2,500	1,000	1,800	3,500
Biological assets	2,887	4,425	3,887	3,900	7,800	8,200	8,950
Inventories	1,427	396	637	720	840	1,200	2,800
Bank and cash Balances	6,025	7,328	10,447	6,000	(2,800)	5,260	17,482
Total Current Assets	11,685	13,193	16,972	13,120	6,840	16,460	32,732
Total Assets	33,168	170,541	177,933	182,023	202,501	225,776	242,126
Equity							
Share Capital	7,293	7,293	7,293	7,293	7,293	7,293	7,293
Reserves	-	126,526	158,468	163,000	163,797	191,232	2,086,114
Retained Earnings	20,648	28,355	4,172	3,847	8,875	10,459	12,063
Total Equity	27,941	162,173	169,933	174,140	179,965	208,983	2,105,469
Non-current liabilities							
Trade and other payables	4	-	-	-	14,500	8,500	3,500
Pension Liabilities	4,157	4,569	4,670	4,750	4,200	4,500	4,860
Total Non-current liabilities	4,161	4,569	4,670	4,750	18,700	13,000	8,360
Current Liabilities							
Tax payable	264	1,751	505	733	1,690	1,992	2,298
Trade and other payables	802	2,048	2,825	2,400	2,145	1,800	3,500
Total Current Liabilities	1,066	3,799	3,330	3,133	3,835	3,792	5,798
Total Liabilities	5,228	8,368	8,000	7,883	22,535	16,792	14,158
Total Equity and Liabilities	33,168	170,541	177,933	182,023	202,501	225,776	2,119,626

6.15.2.2 Projected Statement of Comprehensive Income of L'Union Estate Company Ltd Estate Company Ltd.

SCR ('000)

	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Income							
Revenue	20,636	37,636	37,913	38,000	62,928	69,813	68,083
Grant-Ministry of Finance	13,486	-	-	-	-	-	-
Cost of sales	(9,134)	(11,804)	(8,867)	(20,000)	(11,193)	(13,114)	(14,198)
	24,988	25,832	29,046	18,000	51,735	56,699	53,885
Other income	(218)	191	529	380	273	289	323
Administrative expenses	(8,431)	(16,565)	(24,898)	(13,800)	(41,442)	(44,537)	(40,892)
(Loss)/profit from operations	16,339	9,458	4,677	4,580	10,566	12,451	13,316
Finance costs	-	-	-	-	-	-	-
Monetary loss	-	-	-	-	-	-	-
Profit/(loss)before tax	16,339	9,458	4,677	4,580	10,566	12,451	13,316
Income tax (expense)credit	(4,982)	(1,751)	(505)	(733)	(1,690)	(1,992)	(2,130)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive(loss)/profit for the year	11,357	7,707	4,172	3,847	8,875	10,459	11,185

6.15.2.3 Projected Cash flow Statement of L'Union Estate Company Ltd Estate Company Ltd.

SCR ('000)

	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Cash generated from operating activities							
Cash generated from operations	-7,078	10,414	8,962	10,810	10,566	12,451	14,360
Tax paid	-3,435	-264	-1,751	-733	-1,690	-1,992	-2,298
Grant-Ministry of Finance	13,486	-	-	-	-	-	-
Cash generated from operating activities	2,973	10,150	7,211	10,077	8,875	10,459	12,063
Cash from investing activities							
Investments	-	(4,025)	(1,002)	(5,099)	(5,000)	(2,000)	-
Purchase of property, plant and equipment	(4,294)	(63,336)	(3,002)	(4,200)	(18,000)	(500)	(500)
Purchase of intangible assets	-	-	(109)	-	-	-	-
Purchase of biological assets			221				
Cash utilised in investing activities	(4,294)	(67,360)	(3,892)	(9,299)	(23,000)	(2,500)	(500)
Cashflows financing activities							
Repayments of borrowings	-	-	-	-	-	-	-
(Decrease)/increase in reserves	-	58,513	-	-	-	-	-
Net payments on defined benefit obligations	-	-	(200)				
Cash generated from financing activities	-	58,513	(200)	-	-	-	-
(Decrease)/Increase in cash and cash equivalents	(1,321)	1,303	3,118	778	(14,125)	7,959	11,563
Cash and cash equivalents at the beginning of the year	7,346	6,025	7,328	10,447	11,225	(2,900)	5,059
Net Cash from Operations (pulled through)	-	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	6,025	7,328	10,447	11,225	(2,900)	5,059	16,621

6.15.2.4 Projected Capital Investment Plan of L'Union Estate Company Ltd Estate Company Ltd

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2020	2021	2022	2023	2024	2025	2026	
<i>Major Capital Investments</i>														
Paving of road	Between main rd and new entrance	TBD	200,000	Internal	2024	2024	-	-	-	-	200	-	-	None
Ticket Building	Build security room, thatched roof	TBD	1,500,000	Internal	2024	2025	-	-	-	-	750	750	-	None
Equipment for ticket building	QR codes software etc	TBD	750,000	Internal	2024	2025	-	-	-	-	500	250	-	None
Entrance gate re-work	Removal and replacement of current gate	Ongoing	250,000	Internal	2024	2025	-	-	-	-	125	125	-	None
Rendez-vous digouise	Building of kiosks for events	TBD	1,500,000	Internal	2024	2025	-	-	-	-	500	1,000	-	
Pergola	Behing Grann kaz	TBD	200,000	Internal	2024	2025	-	-	-	-	50	150	-	None
Tortoise pen	Extension of pen	TBD	100,000	Internal	2024	2024	-	-	-	-	100	-	-	None
Kalorifer	Conversion of Kalorifer for smoking meat	TBD	500,000	Internal	2025	2025	-	-	-	-	-	500	-	None
Food court	Outlets at L'embouchure	TBD	3,000,000	Internal	2025	2025	-	-	-	-	-	3,000	-	None
Bicycle rack	Target for 400 bikes on Estate	Ongoing	50,000	Internal	2022	2026	-	-	16	-	20	7	7	None
Pti Zil	Stabilization of islet	TBD	300,000	Internal	2024	2025	-	-	-	-	100	200	-	None
Oxcart	Purchase of oxcart	TBD	115,000	Internal	2024	2024	-	-	-	-	-	115	-	None

Langar Pirogue & Pirogue	Construction of pirogue & Repairs to the Langar pirogue	TBD	125,000	Internal	2024	2024	-	-	-	-	125	350	-	None
Petting zoo	Construction of petting zoo	TBD	400,000	Internal	2022	2025	-	-	100	-	200	100	-	None
Senior staff accomodation	Housing construction	TBD	5,000,000	Internal	2025	2025	-	-	-	-	-	2,500	-	None
Other staff accomodation	Farm staff accomodation units	TBD	3,000,000	Internal	2024	2024	-	-	-	-	1,500	1,500	-	None
Pig farm store	Enlargment of feeds stoore	TBD	150,000	Internal	2025	2025	-	-	-	-	-	150	-	None
Pig abattoir	Enlargement of abattoir	TBD	500,000	Internal	2024	2024	-	-	-	-	500	-	-	None
Chicken abattoir	Construction of chicken abattoir	TBD	1,200,000	Internal	2024	2024	-	-	-	-	1,200	-	-	None
Chemical store	New chemical store	TBD	200,000	Internal	2024	2024	-	-	-	-	200	-	-	None
Store	Construction of store	TBD	400,000	Internal	2024	2024	-	-	-	-	400	-	-	None
Club cars	Purchase of club cars	TBD	500,000	Internal	2024	2024	-	-	-	-	500	-	-	None
Water tank	Fibre glass water tank for crop farm	Ongoing	80,000	Internal	2024	2025						80		
New pig farm	Construction of a complete new pig facility	TBD	15,000,000	External	2025	2025	-	-	-	-	-	15,000	-	-
Grann kaz	Roof repair balustrade	TBD	1,500,000	Internal	2024	2024	-	-	-	25	475	1,000	-	None
Moulin	Turn the Moulin into a Souvenir/bar shop for LUE	TBD	500,000		2025	2025						500		
Purchase of Excavator	Purchase of an excavator	TBD	1,500,000		2025	2025						1,500		None

L'Union Estate Company Ltd shop interior design	re-design of the shop interior		400,000		2024	2025						150	250		None
Contingencies	to cater for any increase in construction costs or material costs		1,138,850	Internal	2024	2026	-	-	-	-		3,677	-	-	
Total							116	125	9,672	34,204		3,677	3,677	3,677	

6.15.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.15.3.1 Tax Implications by the Operations of L'Union Estate Company Ltd Estate Company Ltd. SCR (000)

TAX IMPLICATION							
Type of Tax	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Business Tax	264	1,751	505	733	1,690	1,992	2,298
PIT	665	738	1,092	950	1,150	1,245	12,500
VAT	1,223	2,857	3,532	2,600	3,620	4,200	4,450
TOTAL TAX	2,152	5,345	5,129	4,283	6,460	7,437	19,248

6.15.3.2 Anticipated Dividend Declarations by L'Union Estate Company Ltd Estate Company Ltd.

*L'Union Estate Company Ltd does not anticipate any dividend declarations in the medium term

6.15.3.3 Debt Payments Forecasts by L'Union Estate Company Ltd Estate Company Ltd.

BORROWINGS							
Lending Organization	Total Borrowings and Debt Servicing						
	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Loan 01 From DBS	-	-	-	-	5,000	-	-
		-	-	-	250		
		-	-	-			
		-	-	-			
Loan 02 From Nouvobanq					15,000		
			-		2,325		
	-		-				
		-	-				

6.15.3.4 Anticipated Subventions and Grants by L'Union Estate Company Ltd Estate Company Ltd.

GRANTS AND SUBVENTION										
Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
				SCR	SCR	SCR	SCR	SCR	SCR	SCR
Subventions	Government			13,486						
	IMF									
	AfDB									

6.15.3.5 Contingencies of L'Union Estate Company Ltd Estate Company Ltd.

L'Union Estate Company Ltd Estate Company Ltd. has no anticipated contingent liabilities.

6.15.3.6 Assumptions used for the Financial Projections of L'Union Estate Company Ltd Estate Company Ltd.

Projected statement of Comprehensive Income

- Low season for tourism starts in the month of June to July and then again in November and December
- High season for tourism is from March to April and August, September and October
- Weather seasons, supply and demand determine the crop output at the crop farm
- The current pig farm is licensed for 500 pigs, there are plans to construct a new pig farm using external funding
- The intermittent interruptions at the chicken farm means fluctuations in egg productions and thus varied turnover in egg sales
- The recruitment of more staff under the agriculture section is anticipated to translate into more production of vegetables
- Upon completion of the new pig farm, the company anticipates a ramped-up productivity in not only meat, but other meat products as well. This will contribute significantly in revenue growth in the next 2 years
- Plans to implement and commission high revenue impact projects like the Zip line and Equestrian activities is meant to ensure that visitors to the Estate get value for money.
- Most expatriates work permits would expire in March of the following year hence an increase in staff costs
- The company is mulling over new ways of maintaining and sustaining high beef yield by having and segmenting exclusive grazing areas within the Estate.
- The company anticipates and expects turbulence in international travel due to news of the mpox pandemic becoming common in the traditional tourism markets of the country.

Projected Financial Position

- All capital expenditure projects have a higher chance of lapsing into the next financial period
- The rate of corporation tax has been input at an average of 16% due to the fact that Agricultural income is exempted from Business tax.
- The 16% rate has been derived from the average of business tax paid over net income of the successive financial years
- Financing to be allocated for CAPEX projects has been factored in determining the cash and cash equivalent at the bank for the projected period.
- External funding for the construction of the new pig farm infrastructure has a direct contribution to the value of fixed assets at the end of the year.
- The company has plans to build and operate a sort of juice and snacks bar at the start of the zip line to tap into the revenue streams from both local and international visitors
- The company uses accrual accounting method in treatment of accounts receivable and accounts payable
- The company has no plan to declare dividends since retained earnings is saved for CAPEX
- A contingency fund is budgeted for based at the rate of 10% of the total projected CAPEX to cater for unforeseeable price fluctuations, work delays, signages to be erected during the project life cycle and other urgent projects of capital nature.

6.15.4 KPIs, Risk Management Strategy and Reporting Obligations

6.15.4.1 Key Performance Indicators of the L'Union Estate Company Ltd Estate Company Ltd.

	FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)								Comments
	ACTUAL			PROVISIONAL	FORECAST				
	31.12.2023	31.12.2022	31.12.2021	31.12.2024	31.12.2025	31.12.2026	31.12.2027		
SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR		
Net Profit Margin = Net Profit / Total Revenue x 100	11%	20%	55%	10%	14%	15%	16%	The result of the profit margin calculation is a percentage eg. a 10% profit margin means for each SR1 of revenue the company earns SR0.10 in net profit.	
Gross profit ratio = Gross profit/net sales x 100	77%	69%	121%	47%	82%	81%	79%	Gross profit margin ratio of 50 to 70% would be considered healthy, and it would be for many types of businesses, like retailers and other producers of goods	
Asset Turnover Ratio = Net Sales / Average Total Assets	0.21	0.22	0.62	0.21	0.31	0.31	0.28	company uses its assets to produce sales. A higher ratio is favorable, it indicates a more efficient use of assets, and a lower ratio indicates the company is not using its assets	
Current ratio = Current assets/Current liabilities	5.10	4.25	10.96	4.19	1.78	4.34	5.65	to pay short-term obligations or those due within one year. a higher ratio means the company has more assets than liabilities. For eg, a current ratio of 4 means the	

6.15.4.2 Risks and Resilience Plan of the L'Union Estate Company Ltd Estate Company Ltd.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Geo-Politics	Close coordination with parent Ministry, purchase of feeds in bulk to shield from intermittent price shocks
	Tourism	Increased attractions in the Estate
	Pandemics	The rising cases about Mpox could affect world travel, therefore there is need to invest and rely more on agricultural production and enhance more tourism attraction facilities within the Estate
	Global warming	Growing and planting the best high yielding crops based on market demands
Financial Risks	Tourism income	Increased attractions in the Estate
	Market price shocks	Leveraging on economies of scale to buy needed input in bulk so as to save on transport and associated costs. Application for tax exemptions on agricultural assets importations
	Forex gains/losses	Minimising savings in FX
	High operational costs	Taking advantage of govt subsidies on agricultural inputs. Buying inputs in bulk to minimise transport costs
Operational Risks	Skilled workforce	Increased staff retention coupled with attractive salary packages
	Fluctuations on tourism numbers	Increased attractions in the Estate
	Revenue loss from stealing	Increased security patrol within the Estate, employment of more remote CCTV surveillance
	Livestock diseases	Contracting of by-weekly VET visits
	Senior management skills	Encouraged continuous professional development (CPD)
	Increased supply	Bumper harvest means product saturation in the market, we source for more markets in order to have a wider market reach
Compliance and Regulatory Risks	Internal audit department	Recruited an Internal Auditor
	Board composition	Liaison with the parent Ministry to have this fully constituted
	Taxes	Close collaboration with the Seychelles Revenue Commission
Environmental and Social Risks	Porous borders	Introduced additional CCTV around the farm and the Estate
	Lack of cooperation from local operators	Improving dialogue and close collaboration with local operators/stakeholders
	Theft	Increased security patrols in the Estate
	Tsunamis	Working closely with relevant Ministries
PESTEL	Political	Working closely Regulatory Bodies and Parent Ministries
	Economic	New about Mpox ravaging the traditional tourist markets of the country has made us invest more in the productivity at the farm, we have sought to employ high revenue impact projects like the upcoming zipline and Equestrian activities
	Social	Attracting skills within the local community and the country through attractive remuneration packages
	Technological	Improving agricultural output through modern farming methods. There is talk of considering hydroponics in vegetable production
	Legal	Planning to contract and have a Law firm on retainer basis with the company
	Environment	Increased security patrols to mitigate theft within the Estate. Increased CCTV infrastructure and the dedication of one room for CCTV surveillance

6.15.4.3 List of External Reporting's by the L'Union Estate Company Ltd Estate Company Ltd.

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Quartely report	Public Enterprise Monitoring Commission (PEMC)	Profit & Loss, Balance sheet to showcase monthly performance of the PE	Quartely
Statutory taxes	Seychelles Revenue Commission (SRC)	VAT, PIT and other statutory taxes	Monthly
Business tax	Seychelles Revenue Commission (SRC)	Corporate tax	Yearly
Pension deductions	Seychelles Pension Fund (SPF)	Staff pension contributions	Monthly
Annual return	Registrar of Companies (RoC)	Annual returns	Yearly
Annual Financial Reports	PEMC, SRC and RoC	Audited financial reports of the PE	Yearly
Annual Plan	Public Enterprise Monitoring Commission (PEMC)	Annual plan of the PE	Yearly
Strategic plan	Public Enterprise Monitoring Commission (PEMC)	Longterm plan of the PE	Every 5 years

6.15.5 Stakeholder Engagement

6.15.5.1 Statement by CEO

I would like to outline the overarching vision for the company and how the MTFS aligns with the long-term objectives. This includes setting clear financial targets, such as revenue growth, profitability and market expansion.

As per the MTFS resources will be allocated efficiently to support strategic initiatives including technological investments, human capital and product development to enhance productivity. The MTFS also discuss the importance of identifying potential risks that could impact financial performance and how to plan ahead to mitigate these risks whereby strategic initiatives emphasis could be placed in establishing key performance indicators to measure progress against the MTFS.

I would like to highlight the importance of accountability and transparency in tracking financial performance as well as acknowledge the need for flexibility in the strategy to adapt to changing market conditions or unforeseen challenges.

Finally, I would like to emphasize on a commitment to regularly review and adjust the strategy as necessary.

Mr. Loncney Micock
Chief Executive officer

6.15.5.2 Foreword by Chairperson

L'Union Estate Company Ltd Estate has a rich history as a national heritage site and a leading agrotourism destination on La Digue, attracting an average 15,000 paying visitors monthly for 2024. Over the years, while we have expanded our responsibilities, our core mission remains focused on enhancing the visitor experience, preserving our heritage and position ourselves as largest farm on La Digue.

As of now, we have successfully returned to profitability post-pandemic, and on track to record growth of 2% for 2024. Our operations have been revitalized through strategic improvements and a commitment to sustainable practices. With a solid foundation, we are poised to refocus on our core mandate while diversifying our revenue streams.

Looking ahead to 2025, 2026, and 2027, we anticipate that the Government and the public will recognize L'Union Estate Company Ltd Estate as the contributor in tourism and food security on La Digue. In 2025, we project a 4% growth in revenue, followed by steady growth in subsequent years. Our strategic priorities will emphasize sustainable tourism, local agricultural production and community engagement.

Our vision aligns with national priorities, including enhancing food security and promoting sustainable tourism.

We are prioritizing:

1. Sustainable Tourism Development: To attract more visitors while preserving our natural resources.
2. Local Agricultural Production: To support the local economy and reduce dependency on imports.
3. Community Engagement: To foster a sense of ownership and pride among residents.

These focal points are selected based on their potential to drive economic growth and community well-being.

L'Union Estate Company Ltd Estate has consistently contributed to the economy, not just through tourism, but also by promoting local agriculture. Our unique offerings, such as cultural experiences and sustainable farming practices, set us apart from other attractions.

Mr. Nigel Rosette
Chairperson

6.15.5.3 Statement by the Responsible Minister

The MTFs of LUE has not yet been presented and discussed with the responsible Minister.



6.16 Seychelles Parks and Gardens Authority (SPGA)

6.16.1 Strategic Overview

6.16.1.1 Mandate

The Seychelles Parks Authority, (SPGA)'s mandate includes:

- a) promote the participation of Government, the public and businesses in conservation work;
- b) protect and manage effectively the ecosystems and biodiversity in designated Protected Areas which fall under the jurisdiction of the Authority;
- c) implement national conservation policies and obligations under multilateral agreements;
- d) implement forestry practices and management;
- e) protect habitats and ecosystems from anthropogenic threats such as forest fire, pollution and coral destruction
- f) undertake specialist services such as plant identification and offer specialist consultancy services;
- g) facilitate and conduct research related to biodiversity and protected areas;
- h) deliver services of a high standard for the users of the gardens and parks:
- i) engage in commercial activities related to the functions of the Authority;
- j) provide tourism and recreational activities;
- k) provide gardening and landscaping services, guided tours and similar services;
- l) promote education and awareness activities.

6.16.1.2 Vision

“The parks and gardens in Seychelles are secure and thriving, sustained by adequate finances and a network of relevant stakeholders.”

6.16.1.3 Mission

Our mission statement serves as the point of departure for our Strategic Plan, articulating our aspirations to “Ensure that the protected areas and gardens are managed for the benefit of all”.

6.16.1.4 Strategic Priorities for 2025-2027

The Seychelles Parks and Gardens Authority, (SPGA), is a corporate body that intends to achieve its mission by concentrating on the following:

1. Targeted and Strategic Conservation

“Building on strong conservation action to preserve and protect the country’s parks and gardens entrusted to SPGA.”

By 2026, conservation should finance itself for the duration of the Strategic Plan and beyond. This will be achieved by the successful implementation and monitoring of the numerous Management Plans, through synergies between the various departments coupled with the effective adoption of the ideal Public-Private-Partnership model(s).

2. Resourcefulness

“Leveraging existing SPGA resources to produce different and better results.”

By 2026, SPGA’s resources should enable it to generate enough income to cover costs and finally become profitable.

3. Financial Autonomy

“Strengthening SPGA’s financial autonomy by deepening and diversifying our revenue sources.”

By 2026, SPGA should be a profitable entity through income diversification and able to reinvest in conservation and commercial initiatives and projects related to our mandates

4. Financial Soundness

“Maximizing income while minimizing costs.”

By 2026 SPGA should be free of wastage, and leakages and maximize income on all available resources.

6.16.1.5 Key Challenges

- 1) Lack of quality staff in Finance, Research and Park Management in order to allow SPGA to fully achieve its objectives.
- 2) Establishing SPGA into the ideal commercial entity given its recent financial autonomy
- 3) New demands in diversification of tourism activities and experience offerings
- 4) Training and re-training of existing staff in order to meet the the organization’s goals, expectations and standards.
- 5) Setting up a monitoring and evaluation framework as well as legal support for the organisational needs.

6.16.2 Outlook of Financial Strategy

6.16.2.1 Projected Statement of Comprehensive Income of the SPGA

	Provisional			Forecast		
	2022	2023	2024	2025	2026	2027
INCOME						
Total Filming And Photoshooting Fees	40	53	25	37	39	41
Total Beverage and Snacks Sales	-	43	60	66	69	70
Total Cinnamon Trade	1	12	-	-	-	-
Total Products	3,246	4,908	3,500	5,250	5,263	5,369
Total Mooring	586	369	350	484	489	494
Total Garden	10,615	11,713	10,000	11,700	13,916	14,056
Hotel Contribution	895	1,280	490	-	-	-
Total Trails and Reserves	1,904	2,288	3,500	4,550	4,572	4,618
Total Marine Parks	21,479	21,450	21,567	22,214	22,036	22,256
Total Rental / Hire of facilities	1,490	708	500	1,137	1,159	1,171
Total Others	1,258	534	125	125	113	169
TOTAL INCOME	41,515	43,358	40,117	45,562	47,656	48,243
EXPENDITURE						
Office Expenses	3,565	5,657	6,679	4,720	4,479	4,568
Maintenance Cost	2,381	1,387	1,011	848	1,060	1,166
Transportation Cost	2,597	2,096	2,723	3,687	3,834	4,026
Other Use Of goods and services	2,916	2,314	5,000	6,643	6,776	6,911
Other supplies	72	10		452		
TOTAL EXPENDITURE	11,532	11,464	15,414	16,350	16,149	16,672
Total salary for 2025	29,151	32,436	29,007	29,207	29,201	29,201

Total Expenditure	40,683	43,900	44,420	45,557	45,349	45,872
DEFICIT/PROFIT	832	(543)	(4,304)	5	2,307	2,371

In alignment with the Seychelles Parks and Gardens Authority's budget for the upcoming years—over 45,000,000 SCR for 2025, over SCR 47,000,000 for 2026, and SCR 48,000,000 for 2027—we are dedicated to enhancing the visitor experience in our parks. To achieve this, we are actively developing new attractions that not only enrich our offerings but also encourage repeat visits and promote positive word-of-mouth.

Each park and garden has its unique features, prompting us to engage in collaborative brainstorming sessions with our internal teams and private partners to generate innovative ideas for new attractions.

Trails and reserves contribute significantly to our overall revenue. The funds generated from these areas are strategically reinvested in maintaining the trails to the highest standards, ensuring the safety and well-being of our visitors.

Our nursery and national parks are integral to showcasing the cultural and traditional heritage of Seychelles, featuring unique medicinal plants and value-added products derived from the distinctive coco de mer nuts.

For the fiscal year 2024, we anticipate higher expenditures as we undertake the relocation of our office to facilitate our growth as an organization. A primary objective this year is to enhance our workforce by attracting skilled professionals in critical areas, enabling the Seychelles Parks and Gardens Authority to work more effectively towards achieving our strategic goals.

6.16.2.2 Projected Cash Flow Statement of Seychelles Parks and Gardens Authority

SCR ('000)

	Provisional			Forecast		
	2022	2023	2024	2025	2026	2027
Opening Balance	7,793	18,305	15,256	14,583	15,856	16,596
Cashflow from operating Activities						
Receivables	41,515	43,358	40,117	45,562	47,656	48,243
Payables	(12,140)	(11,464)	(15,414)	(16,350)	(16,149)	(16,672)
Salaries	(29,151)	(32,436)	(29,007)	(29,207)	(29,201)	(29,201)
Exchange gain or loss	6	66	30	32	35	37
Net Cashflows from Operating Activities	230	(477)	(4,274)	37	2,342	2,408
Cashflow from Investing Activities						
Purchase of fixed assets	(1,860)	(2,175)	(1,528)	(3,203)	(2,882)	(1,500)
Minor Projects	-	(877)	(205)	(500)	(800)	(650)
Net Cashflows from Investing activities	(1,860)	(3,052)	(1,733)	(3,703)	(3,682)	(2,150)
Net Cashflow from activities	(1,630)	(3,529)	(2,541)	(3,666)	(1,341)	258
Net Increase (Decrease in cash)	10,513	(3,050)	(673)	1,274	740	973
Cash at the beginning of the year	7,793	18,305	15,256	14,583	15,856	16,596
Cash at the end of the year	18,305	15,256	14,583	15,856	16,596	17,569

The Authority has seen a significant improvement in cash flow over the past two years, largely due to our strategic efforts to build reserves and ensure financial stability before pursuing major investments. However, we project a decline in cash flow for 2024, as several substantial investments have been initiated or completed during this timeframe. Key projects include the completion of the Anse Major ticket office, major renovations to the Grand Anse office, resurfacing of the Perseverance marine operations base, renovations of the Doctor's House on Curieuse Island, and the establishment of a greenhouse at Barbarons.

In addition to these initiatives aimed at enhancing visitor experiences, we have further investments planned for various parks and gardens. These include the development of a Thai Pavilion and the construction of a pen for the introduction of ducks and geese to the gardens. Consequently, we anticipate a gradual increase in cash flow over the next three years.

6.16.2.3 Projected Capital Investment Plan of the Seychelles Parks and Gardens Authority

SCR (000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional		Forecast		Anticipated Risks
							2020	2021	2022	2023	2024	2025	2026	
<i>Major Capital Investments</i>														
Tortoise Nursery	Details Not Provided		300,000.00	Project A/C	2026	2026	Details Not allocated to any years							
Vehicles														
Souvenir Boutique (Botanical Garden)		1,000,000.	SPGA A/C	2026	2026									
Reception and Commercial Facility - Curieuse		3,000,000	Project A/C	2025/2026	2026									
Trails & Associated Developments (Ticket Booth & Solar Panels)		600,000	SPGA A/	2026	2026									
New Boats and Engines		1,425,000.00	UNDP GEF/R2R	2025	2025									
Minor Renovations of Doctor's House - Curieuse		100,000	SPGA/AC	2027										
<i>Replacements and upkeep of Assets (PPE)</i>														
Details Not provided														
Total							-	-	-	-	-	-	-	-

		2023	2022
Grants			
	Coastal Ecosystem Adapt SEYCAAT Blue Grant	468,200.00	-
	ETF Greenhouse Material	-	
	PAREO Madagascar	-	
	H Savv Trail Grant	-	100,000.00
	Environmental Trust Fund	-	
	Ridge TO Reef	615,684.02	1,017,703.96
	Pareo Project -Reunion	-	90,808.49
	PA Finance	-	
	Curieuse Infrastructure	-	
	Other small grants	87,113.00	147,020.00
	Veuve Reserve	-	10,000.00
	Strategic Adaptive Mgt-SAM	-	
	Darwin Initiative Project	-	
	Earthwatch expedition	-	
	Coral reef restoration Project	1,068,995.74	1,148,953.19
	Curieuse 40th Anniversary	-	
	Hunt Deltel	-	
TOTAL GRANTS		<u>2,239,992.76</u>	<u>2,514,485.64</u>

In addition to revenue generated from regular operations, the Seychelles Parks and Gardens Authority receives grants from various donors to support the implementation of diverse projects. These grants are designated for specific purposes, and expenditures are strictly Ltd in accordance with the approved budget plan. Projects may extend over a period of two to six years, with the payment modality primarily consisting of quarterly cash advances.

6.16.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.16.3.1 Tax Implications by the Operations of Seychelles Postal Services

SCR (000)

Type of Tax	Provisional				Forecast		Anticipated Risks
	2022	2023	2024	2025	2026	2027	
PIT	1,404,389.26	1,690,237.47	1,656,000.00	1,656,000.00	1,656,000.00	1,740,000.00	
Total	1,404,389.26	1,690,237.47	1,656,000.00	1,656,000.00	1,656,000.00	1,740,000.00	

To date, tax implications have not been realized. SPGA has engaged with the Seychelles Revenue Commission (SRC) to clarify our obligations, as many of our revenue streams fall under the National Parks and Nature Conservancy Act of 1969, which has been amended at various intervals.

6.16.3.2 Debt Payments Forecasts by the Seychelles Parks and Gardens Authority

*SPGA doesn't anticipate any debt within the medium-term

6.16.3.3 Anticipated Subventions and Grants by the Seychelles Parks and Gardens Authority

SCR (‘000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government			-	-	-	-	-	-	-
	IMF			-	-	-	-	-	-	-
	ADB			-	-	-	-	-	-	-
	EU, etc			-	-	-	-	-	-	-
Grants	UNDP GEF Projects							1,931		
	Adaptation Fund Project		7,507	1,862	1,201	1,125	743	849	1,335	828
	Ridge to Reef Project		4,097	201	770	1,012	554	501	607	Project ends
	SEYCAAT-Centralized Multirotational bio-holistic Database		1,998	-	-	-	468	765	765	-
	SEYCAAT-Enhancing knowledge of beach dynamics		473	-	-	-	-	-	473	-
	Erasmus		415	-	-	-	-	-	445	-
	Bio-Bridge		281	-	-	-	-	-	326	-
	CEPF (Critical Ecosystem Partnership Fund)		26,500	-	-	-	-	7	19	-

	RECOS - Building Resilience of Coastal Ecosystem		577	-	-	-	-	-	-	631
	Absa Bank		-	-	-	-	-	200	-	-
	Seychelles Breweries Ltd		-	-	-	-	-	298	-	-
	CEPF (Critical Ecosystem Partnership Fund)		-	-	-	-	-	-	400	-
TOTAL			15,374	2,062	1,971	2,137	1,766	4,551	4,371	1,459

Grants are crucial for the Seychelles Parks and Gardens Authority as they provide essential funding for conservation and maintenance efforts. These funds support biodiversity preservation, habitat restoration, and the management of natural resources. Grants enable the authority to implement various environmental programs, enhance public awareness, and promote sustainable tourism. Additionally, they help in securing the infrastructure needed for parks and gardens, ensuring that these vital ecosystems are protected and enjoyed by both locals and tourists. Overall, grants play a significant role in facilitating the authority's mission to conserve Seychelles' unique natural heritage.

6.16.3.4 Assumptions used for the Financial Projections of Seychelles Parks and Gardens Authority

The Seychelles Parks and Gardens Authority (SPGA), created through a merger of the then Seychelles National Parks Authority and the National Botanical Garden Foundation in 2022 oversees the management of the Marine and Terrestrial National Parks and Gardens of Seychelles, which are well-visited by a large number of visitors.

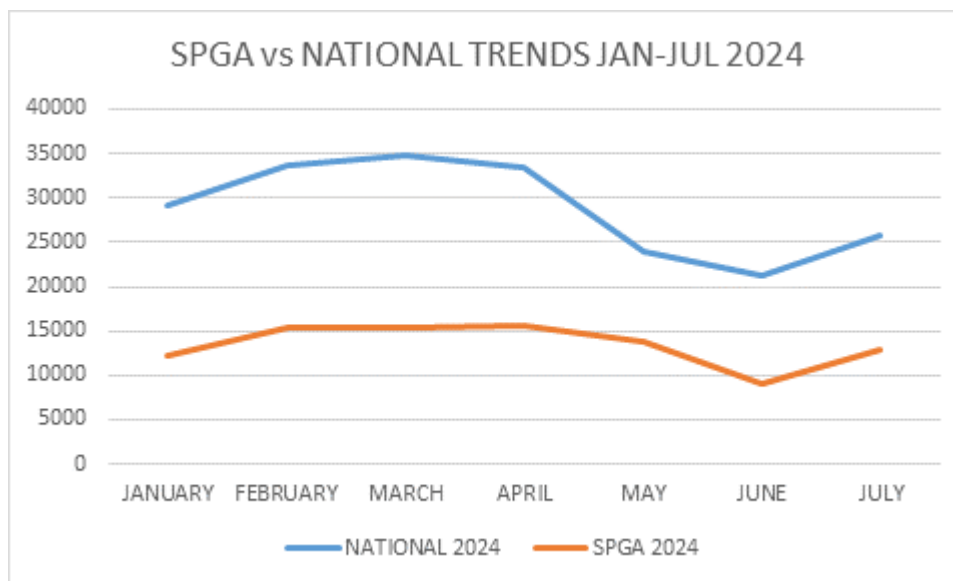
Designation Type/IUCN Category	Official Name	Total Area (ha)
Special Reserve	Veuve Special Reserve	7.88
National Park Cat. II	Morne Seychellois National Park	3129.47
	Praslin National Park	325.37
Protected Area IUCN Cat II	Ile Cocos Marine National Park	85.55
Marine National Park Cat II	Curieuse Marine National Park	1340.74
	Baie Ternay Marine National Park	87.09
	Port Launay Marine National Park	163.29
	Ste. Anne Marine National Park	965.41
Designated Gardens	National Biodiversity Centre	Under Review at MLH (64.0, Pro.)

	National Botanical Garden	Under Review at MLH, (6.0 Pro.)
	Statehouse Garden	3.0
Total ha of SPGA managed sites:		3,048.33

The Seychelles Parks and Gardens Authority operates 12 payment stations, utilizing a digital cash collection system. Among these, the Botanical Garden and Curieuse Island are the most frequented and revenue-generating sites.

The Botanical Garden, recognized as a national monument, employs a distinct marketing strategy that highlights its serene environment, offering a tranquil escape near the bustling city of Victoria. Curieuse Island is renowned for its population of giant Aldabra tortoises that roam freely throughout the area.

In contrast, the least visited stations are the Veuve Reserve on La Digue Island and the Biodiversity Centre at Barbarons. The Authority is continually exploring innovative marketing strategies to attract more visitors to these lesser-known sites.



SPGA has implemented several strategic initiatives aimed at enhancing revenue efficiency and minimizing leakages:

- 1. Establishment of two dedicated units within the finance department: Revenue and Expenditure, to ensure a focused approach.**
- 2. Conducting timely spot checks to ensure compliance and optimize revenue generation.**
- 3. Continuously exploring new revenue streams to ensure sustainability through diverse financing mechanisms, including projects and public-private partnerships (PPP).**
- 4. Reducing expenses by implementing comprehensive and detailed procurement planning for each department and unit.**

6.16.4 KPIs, Risk Management Strategy and Reporting Obligations

6.16.4.1 Key Performance Indicators of the Seychelles Parks and Gardens Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2022	2023	2024	2025	2026	2027	2028
Targeted Revenue Lines				40,116,909.00	45,557,052.95	45,349,371.32	45,872,175.92	
New Business Developments	Souvenir Boutique							
	Opening of New Payable Trails						Morne Blanc Nature Trail	
	Cafeteria						Curieuse Island Cafeteria	
Number of tourists visiting Seychelles			182,849	332,068	400,000	420,000	441,000	463,050
Tourists visiting our Parks		21604	48,877	152,814	169,232	188,179	197,588	207,468
Staff Capacity Building	Marine Operations- WIOCOMPAS Certification			1 staff certified	2 staffs certified	3 staffs certified	2 staffs certified	
	Certification from TGMI			1 staff	2 staffs	1 staff		
	Adaptation Fund Capacity Building (Coral Genomics and GIS)					2 Staff - - SCR107,264.78		
	RAMSAR Wetlands International Week					3 staff		

6.16.4.2 Risks and Resilience Plan of the Seychelles Parks and Gardens Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Lack of human resources to implement the Strategic Plan	Allocate funds and resources to effectively train staff
	Change in government/management might affect the implementation of the Strategic Plan	Set up a robust internal structure for smooth functioning and continuity
Financial Risks	External shocks, (e.g. global health pandemic, wars, low tourism arrivals, etc) might deplete and the company might sustain for 6 months	Build up the reserve & Invest in a long-term deposit
	95% of revenue depends on tourism	Explore alternative sustainable financial mechanisms such as a Trust Fund
	Credit Facility for applying for loans	Explore soft loan application
Operational Risks	Inflation	
	Rigid entry fees (SPGA's fees are regulated under the law)	Diversification and introduction of new commercial activities
Compliance and Regulatory Risks	Introduction of new Government policies and laws that might impose pressure on cash flow	Adaptation to new policies and laws (explore new opportunities)
Environmental and Social Risks	Climate Change	Adaptation and mitigation measures

Additional Insights on Risk, Mitigation, and Adaptation:

Risk Management: A comprehensive risk management framework is crucial for identifying potential risks before they materialize. Regular assessments can help prioritize risks based on their potential impact and likelihood.

Mitigation Strategies: Beyond just addressing immediate financial and operational concerns, long-term sustainability requires fostering partnerships with stakeholders, including local communities, to create a shared responsibility in managing resources.

Adaptation Techniques: Resilience plans should include adaptive management practices that allow the authority to respond flexibly to environmental changes. This includes incorporating climate forecasts into strategic planning and utilizing innovative technologies to monitor and mitigate risks related to climate change.

In summary, the Seychelles Parks and Gardens Authority must adopt a multi-faceted approach to risk management that includes proactive training, financial diversification, operational flexibility, regulatory compliance, and environmental adaptation to ensure sustainable operations and resilience in the face of various risks.

6.16.4.3 List of External Reporting's by the Seychelles Parks and Gardens Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content, and inclusion of the report	Frequency and Timing of the Report
Quarterly Financial Statements	PEMC		QUARTERLY
Financial statements	Board of Directors	Details of all the Financial Implications of the Entity	MONTHLY
Quarterly Report	SPGA Chairperson and Minister's Office	All SPGA Activities Detailed	QUARTERLY
Annual Report	PEMC, Board Chairperson, Minister's Office and Public	All SPGA Activities	ANNUALLY
Periodic scientific report	Board Chairperson and Minister's Office	Research and Monitoring Activities	PERIODIC

6.16.5 Stakeholder Engagement

6.16.5.1 Statement by CEO

The SPGA Strategic Plan 2022-2026 serves as the pivotal guiding document for our organization, charting the course for our initiatives and objectives over the next five years. Through diligent implementation, the Authority is committed to leveraging its State Owned Enterprise (SOE) status to maximize its potential and adopt best practices in the stewardship of protected areas. We acknowledge our critical role and expertise in conserving the Parks and Gardens of Seychelles, and our strategic aims are firmly aligned with our articulated mandates, supported by our vision and mission statements, and reinforced by the core values that define our organization.

At the foundation of our conservation objectives are four core priority strategies: (1) Targeted & Strategic Conservation, (2) Resourcefulness, (3) Financial Autonomy, and (4) Financial Soundness. These strategies are designed to elevate the Authority to new heights of operational excellence. We are resolute in our commitment to achieving our goals, translating them into significant accomplishments that reflect our dedication to sustainable management and protection of Seychelles' protected areas and designated gardens.

We believe that our continued efforts enhance the experiences of both visitors and locals alike, fostering a deep appreciation for the natural beauty of our environment. With an unwavering commitment to sustainability across all dimensions of our operations, the Authority is on a mission to strengthen its position within the business and conservation sectors. We are dedicated to maintaining our competitive edge and delivering exceptional value to all stakeholders, ensuring that our contributions resonate far beyond our immediate goals and benefit the wider community.

Mr. Allen Cedras
Chief Executive Officer

6.16.5.2 Foreword by Chairperson

The Seychelles Parks and Gardens Authority (SPGA) remains steadfast in its commitment to regulatory obligations and corporate responsibility in fulfilling its mandates. Based on a thorough analysis of the current financial statements and overall position, I am optimistic that the organization is well-positioned for medium- and long-term financial sustainability. Continued strategic planning and prudent budgeting are essential for SPGA to maintain its operational effectiveness.

I am confident that the vision and mission of SPGA will be evident through our actions and initiatives in the coming years, as we strive to establish ourselves as a reputable leader in conservation. In response to the uncertainty surrounding visitor arrivals, SPGA has diligently adhered to its Business and Strategic Plans. Our focus has been on adapting to the evolving business landscape while prioritizing the stakeholders, employees, visitors, and the integrity of our sites.

As we move ahead, we're set to embark on exciting new journeys. These journeys will require targeted investments in key areas, the establishment of strategic partnerships, and an unwavering commitment to excellence. By leveraging our existing strengths, we aim to diversify our offerings and create new revenue streams, thereby enhancing our influence and making a lasting impact on the environment we serve.

We recognize the significance of responsible business practices and are committed to fostering a culture of collaboration, transparency, and accountability. Together as an Authority, we will navigate the challenges ahead and continue to make meaningful contributions to conservation and community engagement.

Mr. Lucas d'Offay
Board of Directors Chairperson

6.16.5.3 Statement by the Responsible Minister

As a Ministry, we have diligently formulated and implemented a range of policies, strategies, and action plans aimed at the conservation and sustainable use of our natural resources across all agencies under our aegis. I am confident that my Ministry, along with its affiliated institutions such as the Seychelles Parks and Gardens Authority (SPGA), is committed to ensuring that all developments and projects adhere strictly to conservation principles. Our approach emphasizes strategic financial sustainability, ensuring that the Authority aligns seamlessly with national priorities and international sustainable development strategies through visionary planning and robust management controls.

I firmly believe that the SPGA will prioritize the enhancement of its current services, striving to improve the overall experience for all clients. We must reinforce the financial soundness of the SPGA by adopting a holistic and strategic approach to its management, which will serve as a cornerstone for its ongoing success and reputation.

Our focus will remain on the efficient and effective management of the protected areas entrusted to the Authority. The strategic priorities we set forth are intricately linked to the vision and mission of the SPGA. Through the SPGA Strategic Plan, we provide a comprehensive framework for operational planning and implementation. This framework will be supported by robust monitoring, evaluation, and learning plans that include clear, actionable items and key performance indicators.

Moreover, the development and adoption of the Medium-Term Financial Strategy (MTFS) presents a significant opportunity for the SPGA to refine its strategies and reorient its services. This renewed focus will enhance the Authority's ability to deliver improved and strategic services while fulfilling its conservation and management mandate. Together, we will ensure that our initiatives not only protect our invaluable natural resources but also promote sustainable development for future generations.

(Mr.)Flavien Joubert

Minister of Agriculture, Climate Change and Environment

6.17 Seychelles Postal Services (SPS)



6.17.1 Strategic Overview

6.17.1.1 Mandate

As a member of the Universal Postal Unions, SPS is mandated to develop its business in line with that of the UPU postal strategy which involves, digitalization, streamlining of customs process to facilitate ecommerce, improved services for the customer and sustainability of the post by diversifying its business to encompass digital trends such as crypto stamps, digital marketing and e-services to include e-government.

6.17.1.2 Vision

Our vision is to be amongst the leading operators in the provision of postal services and products in the region.

6.17.1.3 Mission

- Meeting the Needs of the Citizens and Promoting Economic Growth Ensure that the postal sector meets the basic needs of citizens, fostering economic growth and digital citizenship.
- **Providing Accessible and Customer-Centric Postal Services**
Offer customers a reliable, and customer-centric postal system that caters to their e-government, communications and e-commerce needs.
- **Prioritizing Safety, Security, Reliability, and Speed**
Place utmost priority on mail safety, border security, reliability, and speed in the processing of mail items.
- **Enhancing Seychelles' Competitiveness**
Increase the efficiency and effectiveness of the postal system and operations to enhance Seychelles' competitiveness, meeting the diverse needs of both local and global customers by creating an international mail transit hub.
- **Responsible and Strategic Infrastructure Investment:** Invest in operations infrastructure responsibly, considering safety, border control, economic, and strategic factors to minimize negative impacts.

6.17.1.4 Strategic Priorities for 2024-2026

- Digitalization (connectivity of systems, interactive website, online services).
- Employee capacity building in use of technology, Microsoft systems, customer service training.
- Re-evaluate job descriptions and bring in line with modern postal requirements
- Create own scheme of service to align with modern postal requirements.
- Mail Security – Being accredited by the UPU
- E-Commerce growth - enabler of outbound and inbound ecommerce.
- National Addressing System – supporting the development of the project.
- E-services – book collection, deliveries, pay online, upload documents, postage calculators, bill payment etc.
- Crypto stamps - digital stamps with a paper twin, collectors' items.
- Courier service consolidation - government project to consolidate services.
- New IMPC - national warehouse to increase ecommerce volume, operate as a mail transit hub.
- Door to door delivery - improve delivery service, offer customers a seamless service

6.17.1.5 Key Challenges

- Operating space
- Technology
- Employee capacity
- WIFI
- Pace of stakeholders
- Consumer awareness
- Business agility.

6.17.2 Outlook of Financial Strategy

6.17.2.1 Projected Financial Position of Seychelles Postal Services

SCR ('000)

Description	Actual Figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
ASSETS							
NON-CURRENT ASSETS							
PROPERTY AND EQUIPMENT	7,800	7,194	6,559	7,343	8,598	8,598	8,598
INTANGIBLE ASSET	34	132	177	578	600	135	135
RIGHT OF USE ASSETS							
DEFERRED TAX	1,156	1,036	1,030	1,200	2,200	2,200	2,200
TOTAL NON CURRENT ASSET	8,990	8,362	7,766	9,121	11,398	10,933	10,933
CURRENT ASSETS							
INVENTORIES	<u>5,838</u>	<u>5,650</u>	<u>5,339</u>	<u>5,388</u>	<u>5,649</u>	<u>5,649</u>	<u>5,649</u>
TRADE AND OTHER RECEIVABLES	<u>6,297</u>	<u>4,925</u>	<u>5,313</u>	<u>4,900</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>
CASH AND CASH EQUIVALENTS	<u>19,010</u>	<u>20,612</u>	<u>20,061</u>	<u>18,248</u>	<u>11,003</u>	<u>15,379</u>	<u>26,439</u>
TOTAL CURRENT ASSETS	<u>31,145</u>	<u>31,187</u>	<u>30,713</u>	<u>28,536</u>	<u>23,152</u>	<u>27,528</u>	<u>38,588</u>
TOTAL ASSETS	40,135	39,548	38,479	37,657	34,550	38,461	49,521
EQUITY AND LIABILITIES							
EQUITY							
SHARE CAPITAL	100	100	100	100	100	100	100
CAPITAL AND OTHER RESERVES	28,599	28,599	28,599	28,599	28,599	28,599	28,599
RETAINED EARNINGS	2,491	866	516	58	251	2,162	13,222
TOTAL EQUITY	31,189	29,565	29,215	28,757	28,950	30,861	41,921
NON-CURRENT LIABILITIES							
LEASE LIABILITY							
EMPLOYEE BENEFIT OBLIGATIONS	2,629	2,585	2,500	2,500	1,200	1,200	1,200
TOTAL NON CURRENT LIABILITY	2,629	2,585	2,500	2,500	1,200	1,200	1,200
CURRENT LIABILITIES							
LEASE LIABILITIES							
TRADE AND OTHER PAYABLES	6,316	7,399	6,764	6,400	4,400	6,400	6,400
TOTAL CURRENT LIABILITIES	6,316	7,399	6,764	6,400	4,400	6,400	6,400
TOTAL EQUITY AND LIABILITIES	40,135	39,548	38,479	37,657	34,550	38,461	49,521

6.17.2.2 Projected Statement of Comprehensive Income of Seychelles Postal Services

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
REVENUE	15,250	17,037	19,258	22,403	25,199	40,274	47,146
DIRECT OPERATING EXPENSES	(5,390)	(4,463)	(5,018)	(3,289)	(5,727)	(5,727)	(5,727)
GROSS PROFIT	9,860	12,574	14,239	19,114	19,472	34,546	41,419
OTHER INCOME		8,432	6,000	4,000			
EMPLOYEE EXPENSES	(2,474)	(16,731)	(18,619)	(19,287)	(20,547)	(21,119)	(21,119)
GENERAL AND ADMINISTRATIVE EXPENSE	(3,751)	(4,185)	(4,351)	(6,652)	(6,761)	(9,510)	(9,698)
DEPRECIATION OF PROPERTY AND EQUIPMENT	(1,214)	(1,022)	(1,056)	(1,007)	(1,159)	(1,159)	(1,159)
AMORTISATION OF INTAGIBLE ASSET	(7)	(10)	(34)				
AMORTISATION OF RIGHT OF USE ASSET	(724)						
EXPECTED CREDIT LOSSES	(734)	302	-				
FINANCE INCOME	123	9	10	120	351	351	351
FINANCE COSTS	(135)						
EXCHANGE (LOSS)/GAIN	(1,704)	(873)	(158)				
(LOSS) / PROFIT BEFORE TAXATION	(760)	(1,505)	(3,969)	(3,713)	(8,644)	3,110	9,795
TAXATION CREDIT	464	(120)	-			(10,000)	(10,000)
(LOSS) / PROFIT AND OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR	(296)	(1,624)	(3,969)	(3,713)	(8,644)	(6,890)	(205)

6.17.2.3 Projected Cash flow Statement of Seychelles Postal Services

SCR ('000)

Description	Actual Figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
CASH FLOW FROM OPERATING ACTIVITIES							
(LOSS)/ PROFIT FOR THE YEAR	(760)	(1,505)	(3,969)	(3,713)	(8,644)	3,110	9,795
ADJUSTMENTS FOR:							
DEPRECIATION OF PROPERTY AND EQUIPMENT	1,214	1,022	1,056	1,007	1,080	1,200	1,200
PROFIT ON DISPOSAL OF ASSETS		(81)					
AMORTISATION CHARGE OF INTANGIBLE ASSET	7	10	34				
AMORTISATION OF RIGHT-OF-USE ASSETS	724						
DERECOGNITION OF RIGHT –OF-USE ASSETS AND LEASE LIABILITY	74						
EXPECTED CREDIT LOSSES	734	(302)	-				
LENGTH OF SERVICE CHARGE	1,494	635	1,103				
FOREIGN EXCHANGE MOVEMENT	1,256	855	448				
	4,743	635	(1,328)	(2,706)	(7,564)	4,310	10,995
ADD: CHANGING IN WORKING CAPITAL	3,715	2,892	2,232	1,828	1,839	1,585	1,585
INCREASE /DECREASE IN INVENTORIES	(41)	188	311	253	(261)	(515)	(515)
DECREASE/(INCREASE)IN TRADE AND OTHER RECEIVABLES	5,995	1,675	1,286	1,250	1,800	1,800	1,800
DECREASE IN TRADE AND OTHER PAYABLES	(2,238)	1,029	635	325	300	300	300
NET CASH GENERATED FROM OPERATIONS	8,459	3,527	904	(878)	(5,725)	5,895	12,580
EMPLOYEE BENEFIT OBLIGATIONS	(105)	(680)	(688)	(685)	(1,620)	(1,620)	(1,620)
NET CASH INFLOW FROM OPERATING ACTIVITIES	8,353	2,847	217	(1,563)	(7,345)	4,275	10,960
CASH FLOW FROM INVESTING ACTIVITIES							
PURCHASE OF PROPERTY AND EQUIPMENT	(421)	(416)	(241)	(250)	100	100	100
PURCHASE OF INTAGIBLE ASSET		(54)	(79)				
PROCEEDS FROM SALE OF ASSERS		81					
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(421)	(389)	(320)	(250)	100	100	100
FINANCING ACTIVITY							
REPAYMENT OF LEASE LIABILITIES AND NET CASH OUTFLOW FROM FINANCING ACTIVITY	(716)						
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,216	2,457	(103)	(1,813)	(7,245)	4,375	11,060
MOVEMENT IN CASH AND CASH EQUIVALENTS AT JANUARY 1,	13,050	19,010	20,612	20,061	18,248	11,003	15,379
INCREASE	7,216	2,457	(103)	(1,813)	(7,245)	4,375	11,060
FOREIGN EXCHANGE MOVEMENT	(1,256)	(855)	(448)				
AT DECEMBER 31,	19,010	20,612	20,061	18,248	11,003	15,379	26,439

6.17.2.4 Projected Capital Investment Plan of Seychelles Postal Services

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks	
							2020	2021	2022	2023	2024	2025	2026		
<i>Major Capital Investments</i>															
Purchase of 2 electric vans	Fleet extension for Door to door	Better delivery service	USD \$50K	UPU QSF Fund	2024	2025	Details Not allocated to any year								
POS/DPS	Update technology	System Integration/Automation of counter	USD \$30K	Japan Fund?	2025	2025									
National Warehouse	New airside IMPC	Space to increase inbound & ecommerce and operate as a hub + door to door deliveries.	SCR8M	Govt of Seychelles loan, over 9 years at 37k per month	2024?	2025									
<i>Replacements and upkeep of Assets (PPE)</i>															
New server		SCR80K	SPS	2024			Details Not allocated to any year								
New website		SCR210K	SPS	2024											
Total							-	-	-	-	-	-	-		

Please note:

- Fleet extension is funded by the UPU, and the shortfall will be covered by SPS. This is estimated at \$5k.
- Updated technologies are the UPU DPS system, which has been negotiated down from \$77k for the license to \$11k but we still await the other cost, full estimate is \$30k and we have re-applied for Japan Fund to cover. We were not successful with initial application.
- New IMPC is a project that is still in development phase as the location of the asset keeps changing and is dependent on stakeholder and government decisions. Assumption is based on a 375 sqm facility for post only, but there is discussion to include couriers too.
- Website is currently under construction to launch in 2025.

6.17.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.17.3.1 Tax Implications by the Operations of Seychelles Postal Services

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2021	2022	2023	2024	2025	2026	2027	
Business Tax	3							Details not provided
PIT	557	467	645	692	738	745	745	
VAT	(48)	42	42	45	45	45	45	
Etc..								
Total	512	509	687	737	783	790	790	

6.17.3.2 Anticipated Dividend Declarations by Seychelles Postal Services

*SPS does not anticipate in declaring any dividends within the medium term

6.17.3.3 Debt Payments Forecasts by Seychelles Postal Services

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From GoS Bank	Borrowings	WAREHOUSE	8,000,000.00						888	888
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
Loan 02 From Bank	Borrowings	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
Debt for Other PEs	Borrowings	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	888	888

6.17.3.4 Anticipated Subventions and Grants by Seychelles Postal Services

SCR (*000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Subventions	Government	Subsidy	-	15,000	8,000	6,000	4,000	4,000	-	-
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc.	-	-	-	-	-	-	-	-	-
Grants	Government	-	-	-	-	-	-	-	-	-
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc.	-	-	-	-	-	-	-	-	-
TOTAL		-	-	15,000	8,000	6,000	4,000	4,000		

6.17.3.5 Contingencies of Seychelles Postal Services.

*SPS does not anticipate any contingent liabilities within the medium term

6.17.3.6 Assumptions used for the Financial Projections of Seychelles Postal Services.

The financial project assumption in this document are based on the following:

- Revenue growth:
 - key revenue driver will be the IMPC which will provide more space to increase volume and provide a mail/ecommerce transit service to other countries, and be part of the UPU PPZ project.
 - Other revenue drivers are: ecommerce website to sell local good to international market and offer local customer other international brands.
 - The launch of a crypto stamp which is currently being developed and designed.
- Expenditure:
 - There will be increases in salaries, as we align to be more competitive, we need to invest in a higher calibre of employee which will cost more. As we will also be adding extra tasks on our workforce, we need to compensate them accordingly, financially and with training.
 - We will have additional headcount to manage IMPC tasks, such as supervisors, IT and security and
- Economic conditions
 - Ecommerce is reliant on customer spending in international markets and stable foreign exchange rate to encourage online shopping for both inbound and outbound goods.
- Tax rates
 - The high customs de minimise rule is favourable to inbound ecommerce.
- Operations
 - Cost of operation will increase with installation of technologies, which have annual licenses to pay and data centres to maintain databanks and associated cybersecurity.
- Inventory
 - There is possibility that our inventory will increase when we start selling online, although we prefer to work with our vendors on consignment, rather than purchase the stock.

6.17.4 KPIs, Risk Management Strategy and Reporting Obligations

6.17.4.1 Key Performance Indicators of the Seychelles Postal Services.

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Delivery Performance	Meet targets set by UPU/suppliers	-	-	D+10	D+10	D+10	D+7	D+7
		-	-					
Volume Increase	Ecommerce	-	-	157k items	300k items	300k item	350k items	650k items
		-	-	-	-	-	-	-
Consolidated Technologies	POS, DPS	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Revenue regeneration	As per budgets	-	-	-	-	-	-	-
Volume Increase	Transit Mail	-	-	-	-	-	-	1M items
Operations Efficiency	SOPs validated by the UPU and certified	-	-	-	-	Security Validation and SOP certified.	-	-
Capacity building	Training for all employees in systems, customer service.	-	-	-	-	Will be completed	-	-

- Re delivery performance - D means “day of arrival” for tracked items. So, 10 days after arrival.
- Volume increase is the amount of ecommerce we receive and send. Revenue is based on that and on type of mail service used.
- Consolidate technologies - part of UPU KPI to have the latest system, but there is a cost implication which the Post has to bear.
- Transit mail is mail we process that goes via SPS warehouse to another country.
- Operations efficiency - SOP in place, accredited mail flow process physically and digitally, mail security accreditation, these are all UPU KPI for Africa Region.

6.17.4.2 Risks and Resilience Plan of the Seychelles Postal Services.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Economic downturn, late construction of warehouse, FSA delay for crypto stamps issue.	Diversify business into other areas/products
Financial Risks	Global economic downturn, less online shopping, no tourists for postcards	Diversify business into other areas/products
Operational Risks	System failure, employee capacity, delayed deliveries	Move to cloud technology backed by the UPU, training of employees,
Compliance and Regulatory Risks	Mail security, end to end tracking for supplier and customer.	Complete UPU security certification, work with customs closely for monitoring, ensure supplier end to end tracking is timely.
Environmental and Social Risks	Packaging used for ecommerce	Work with suppliers to reduce packaging and use recyclable materials
PESTEL	Trade regulations, change in customs allowances, change in employee contracts for shift work, exchange rate, inflation, consumer spending, upgrading and adopting new technology, supply chain disruptions due to natural disaster in supplier territories, data protection laws, KYC/AML	Keep abreast of regulations such as ICS2 for EU, EAD/STOP ACT for USA. With customs/WCO to ensure ecommerce is seamless process for customer to avoid loss of business. Engage employees early about changes, re-structure where needed to accommodate new HC but no increase. Monitor global ecommerce trends/inflation/consumer spending. Invest in adaptable technology with API functionality that can evolve and not remain static. Comply with KYC/AML and data protection laws.

6.17.4.3 List of External Reporting's by the Seychelles Postal Services

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Compliance Report – covers all international obligations for operations	UPU/USPS	EAD – Electronic Advanced Data/CARDIT Exchange/Tracking events/EMS reporting/Customer queries	Monthly
Performance Report	Ecommerce partner/UPU	MailAmericas/Singapore Post	Weekly
FP&A Reports	Board	Financial reporting/debtors list	Monthly
Quarterly Finance Reports	PEMC	Financial Reporting	Quarterly
Mail Volume Report/Customer Queries based on Customer Service charter.	Board/Regulator	Mail Volume by category	Monthly
CEO Report	Board	Personnel, projects etc.	Monthly
Security Certification	UPU	Security compliance & enhancements to improve mail safety	Monthly
ORE (Operation Readiness for E-Commerce)	UPU	Monitoring by the UPU against their set KPI for African Region	Monthly
AFS	Shareholder	Annual Financial Statement	Yearly
Annual Report	Shareholder	Annual Report	Yearly

6.17.5 Stakeholder Engagement

6.17.5.1 Statement by CEO

Committed to transforming Seychelles Postal Services to ensure it stays relevant, and reinvents itself as a key logistic player in the region, enabling local and international ecommerce by adopting digitalization and streamlining processes to offer customers a seamless service. I believe that the post's long-standing history and network as the original logistics provider is an asset that can be built on and developed to enhance economic development.

Seychelles Post Office is one of the most iconic buildings in Victoria and also possibly one of the oldest businesses in Seychelles. Existing since the 1800s it has kept our islands in communication with the rest of the world. SPS is still a key business and offers a vital service to the country. However, with the developments in communications technology and private courier services, the post office has somewhat been left behind. One of our key priorities is to digitalize SPS to make our processes easier and faster and to serve our customers more efficiently, automating behind-the-scenes processes, using technology supplied by the Universal Postal Union (UPU) and developing our own add-on systems. Adding a point of sale (POS) system for our retail service at the counter and in our shop. Building a new website that will be the gateway to our services and give our customers more information on what we do and offer. That is information on pricing for postage, online customs declaration forms, online payment for shipments, mail redirection service, virtual mailboxes, online payment for post boxes and an e-commerce site allowing direct access to brands using the post office for shipment and also inviting local businesses to use our platform for their selling and shipping needs.

With all these exciting ideas, we need to develop our teams to meet these challenges and put in place new ways of working. Changing mindset on how we approach work is also key to these changes.

We are also reviving philately and will be going digital with some of our old stamps to attract NFT stamp collectors. NFT stamps are digital stamps or artwork collected online and kept in digital portfolios.

We are looking to further develop our courier service to tie in with Express Mail Service (EMS), as well as explore digital addressing, as we have so many issues with delivering letters. We have started delivering EMS door to door and soon for parcels and small packets too, and in future even collect items to be posted.

SPS also has a social mandate which is the Universal Service obligation which it needs to adhere too despite it being a loss-making concept which is currently being challenged by all postal operators globally. Since the pandemic many postal operators have found the market challenging due to the intense competition in ecommerce

and only now is the post shifting its attention to being run as a business, as governments try to recover funds provided as subsidies.

As a member of the UPU and the Designated Postal Operator of Seychelles, SPS' development strategy aligns with that of the UPU for global postal development.

Ms. Mariella Buisson
Chief executive Officer

6.17.5.2 Foreword by Chairperson

Previously a Government Department and a division of the Ministry of Finance for many years, the Seychelles Postal Services (SPS) was incorporated in 2010 as a Ltd liability company under the Companies Act 1971 with the Government of Seychelles as the sole shareholder, after a new Postal Act was enacted. The evolution of a modern customer service-orientated public enterprise from over 200 years of a budget-dependent civil service department of central government was - and remains – the biggest challenge. Not least, a change of public and corporate mindset which considers that access to postal services and communication with the rest of the world to be a basic human right to be provided by a national government regardless of the cost, further compounded by a 'civil service' mentality displayed by staff who having been in a service monopoly for so long, fail to comprehend the challenges of providing a service to a customer. The greatest challenge of all, remains to catch up with a world that has moved on, where electronic media has replaced the written word and the internet has replaced mail bags.

Our aim has been to get aboard the band wagon, rewrite the business model, facilitate e-commerce, diversify our business and invest in technology and retrain our staff, to keep up with customer expectation. Investment in technology is specific and necessary, and expensive. In a recent UPU report, Seychelles scored low on the postal development index. Compared with more advanced postal operators elsewhere, there is much catching up to do. International Scene

The postal sector has been undergoing a paradigm shift over the last 30 years, from a highly regulated paternalistic relic of the industrial era to an efficient and cost-effective facilitator of exchanges of goods and services in an era of global Internet connectivity, driven by exacting demands from customers. The modern postal customer does not subscribe to the postal system; rather, he *demand*s good service, and fully expects it to be supplied at an optimal cost. In this new era, opportunities abound and many remain untapped. Besides adapting to the rapidly changing environment, postal policy makers and operators have also driven these changes, first by separating posts from telecommunications, and then – particularly in industrialized countries – by refocusing on a narrower range of activities and increasing productivity, before diversifying into new (or not so new) activities. Technology substitution, as well as to a lesser extent liberalization and globalization, has dramatically increased competitive pressure.

Domestic Scene

Notwithstanding incorporation as a Ltd company, SPS has remained a member of the Universal Postal Union (UPU) since October 1977. Membership of UPU, requires that we continue to provide a universal postal service, such as acceptance, processing, conveyance and delivery of postal items e.g., parcels, small packets and letter post classified as priority and non-priority and EMS, all of which has changed little over the years.

As is the case globally with many postal service providers, SPS has been having some challenges in this new digital era, as postal services face declining mail volumes and low margins in the highly competitive e-commerce business and the challenges of balancing over- and under-capacity in the postal network while ensuring constant service quality and customer proximity at a sustainable cost.

In spite of this, thousands of items are still being processed daily and an increase in e-commerce volumes is clearly apparent and the post has an opportunity to re-invent itself to provide its customers with a better service and contribute to economic growth and prosperity.

Mr. Norman Weber
Chairperson SPS

6.17.5.3 Statement by the Responsible Minister

As the Seychelles Postal Services (SPS) adapts to a rapidly evolving global landscape, its transformation into a modern, competitive logistics provider is essential for driving economic growth and supporting e-commerce in Seychelles. Since its founding, SPS has played a vital role in connecting our islands to the rest of the world. However, with advancements in communications technology and a rise in private courier services, the post office must now re-strategize on its role to remain relevant, reliable, and responsive to customer demands.

SPS's mandate as a member of the Universal Postal Union guides it to pursue digital transformation, streamline customs processes, and implement services that promote efficiency and enhance the customer experience. Under its leadership, SPS has set ambitious goals for the 2025-2027 period. Key initiatives include creating an interactive, user-friendly website, launching digital addressing solutions, and providing new digital services such as e-government and e-commerce platforms. These advancements will enable SPS to offer a seamless customer experience, connecting Seychellois with local and international markets, while also generating opportunities for local businesses to expand their reach.

In addition, SPS is committed to upgrading its infrastructure with investments in a modernized national warehouse, door-to-door delivery, and a state-of-the-art courier system, enhancing the efficiency and sustainability of its operations. These developments will reduce wastage, optimize processes, and ultimately allow SPS to pass on cost savings to the public, making postal services more accessible and affordable. By building on its legacy and infrastructure, SPS is positioning itself as a critical facilitator of trade and commerce, which is essential in today's economy.

Challenges remain, from managing over- and under-capacity to navigating a competitive e-commerce market and responding to the rising expectations of digital-age customers. SPS is addressing these issues by fostering a shift in mindset within its workforce and through investments in staff training and development. Embracing a culture of innovation, reliability, and customer-centricity will be essential for SPS to thrive in a highly competitive environment.

As Minister responsible for SPS, I am encouraged by the company's progress and ambitious vision. By modernizing its operations and expanding its services, Seychelles Postal Services will not only enhance its operational capacity but also contribute significantly to our economic growth and the well-being of Seychellois citizens. The government remains committed to supporting SPS in this journey, ensuring that our postal service is equipped to meet the demands of a dynamic global landscape and to drive sustainable economic prosperity for Seychelles.

Mr. Naadir Hassan
Minister for Finance, National Planning, and Trade

6.18 National Information Services Agency (NISA)



6.18.1 Strategic Overview

6.18.1.1 Mandate

The National Information Services Agency (NISA) was enacted under the National Information Services Agency Act 4 of 2010.

Our main function is as follows:

- i) To compile, produce, publish and print the national newspaper, *Seychelles NATION*.
- ii) To provide pre-press services
- iii) To provide printing services,
- iv) As well as to engage in any lawful income generating activity to support our core function.

6.18.1.2 Vision

To be the leading local news and information provider across all media platforms with a global reach.

6.18.1.3 Mission

Our mission is to educate, entertain and disseminate factual information in a timely and objective manner through the publication of the *Seychelles NATION* newspaper and other appropriate technological medium, to help people shape their decisions.

6.18.1.4 Strategic Priorities for 2025-2027

Financials

- 1) Increase sales and revenue
- 2) Increase profitability
- 3) Increase return on investment / Return on capital employed
- 4) Reduce operational cost

Customer

- 1) Improve internal Turn-around-time (TAT)
- 2) Diversification of sales & products offerings by segments
- 3) Improve digital offerings and portfolios
- 4) Improve on customer relationships

Brand

- 1) Retain customer values
- 2) Increase social media presence
- 3) Conduct surveys to improve awareness of our clients' needs

Compliance

- 1) Improve on reporting to PEMC
- 2) Compliance to all regulations
- 3) Defining and embedding a Business Continuity Plan
- 4) Maintain complaints register to improve on our services
- 5) Compliance with all internal policies and procedures

6.18.1.5 Key Challenges

Property

The Agency is currently facing challenges relating to both of its properties.

The Victoria property was acquired / Handed over to another Ministry. Inspection by the other party has already been done.

The second property at Bois De Rose, is being leased from a political party.

Newspaper

Trends related to readership of physical newspaper versus technological medium is a key challenge within our industry. Although the impact is not immediate, the management remains mindful and cautious with the change of mindset.

Cost of material vs revenue cost (Advertising revenue)

With the ever increase of raw materials and other cost to serve, finding the right balance to increase revenue is a challenge as digital advertising is cannibalizing revenue streams of newspaper earnings

6.18.2 Outlook of Financial Strategy

6.18.2.1 Projected Financial Position of National Information Services Agency

SCR ('000)

DESCRIPTION	Actual Figures			Provisional		Forecast	
	2021	2022	2023	2024	2025	2026	2027
	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Property, plant and equipment	15,478	14,559	13,731	13,057	12,600	12,345	10,437
Intangible assets	9	-	13	3	-	-	-
Right of use asset	4,863	4,651	4,440	6,100	5,795	5,490	5,185
Deferred tax asset	-	-	-	-	-	-	-
Non-current assets	20,350	19,210	18,184	19,160	18,395	17,835	15,622
Inventories	3,874	2,805	3,942	3,942	3,942	3,942	3,942
Trade and other receivables	3,285	2,211	2,440	2,440	2,440	2,440	2,440
Current tax asset	14	-	-	-	-	-	-
Cash and cash equivalents	4,761	5,156	3,304	3,500	4,665	6,776	8,497
Current assets	11,934	11,172	9,686	9,882	11,047	13,158	14,879
TOTAL ASSETS	32,284	30,382	27,871	29,042	29,442	30,993	30,501
Retained earnings	14,552	15,385	16,298	16,561	17,650	18,786	19,683
Equity	14,552	15,385	16,298	16,561	17,650	18,786	19,683
Borrowings	4,221	708	-	-	-	-	-
Provision for employee benefit	1,487	1,558	1,861	2,005	2,258	2,388	2,504
Lease liability	4,963	4,887	4,804	6,286	6,156	6,015	5,862
Deferred tax	2,845	2,609	2,404	1,998	1,694	1,120	896
Non-current liabilities	13,516	9,762	9,069	10,289	10,108	9,523	9,262
Trade and other payables	950	1,387	1,214	1,807	1,226	2,173	1,095
Borrowings	3,236	3,516	706	-	-	-	-
Current tax liability	-	144	320	45	118	171	121
Deferred income	30	187	265	340	340	340	340
Current liabilities	4,216	5,235	2,505	2,192	1,684	2,684	1,556
TOTAL EQUITY AND LIABILITIES	32,284	30,382	27,871	29,042	29,442	30,993	30,501

6.18.2.2 Projected Statement of Comprehensive Income of National Information Services Agency

SCR ('000)

Description	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
Revenue	20,875	23,393	23,828	24,506	25,560	25,773	26,348
Operating costs	19,150	21,748	22,183	23,679	23,732	23,903	24,823
Operating Profit	1,725	1,645	1,645	827	1,828	1,870	1,525
Finance Income	50	41	33	27	25	35	45
Finance Costs	1,140	930	638	544	534	523	511
	-1,089	-888	-605	-517	-509	-488	-466
Profit for the year before taxation	636	756	1,040	310	1,319	1,382	1,059
Taxation	5,455	77	128	47	230	246	162
Profit for the year after taxation	-4,819	679	912	263	1,089	1,136	897

6.18.2.3 Projected Cash Flow Statement of National Information Services Agency

SCR ('000)

Description	Actual			Provisional	Forecast		
	2021	2022	2023	2024	2025	2026	2027
OPERATING ACTIVITIES							
Profit before taxation	636	756	1040	310	1319	1382	1059
<i>Adjustments</i>							
Depreciation on property, plant and equipment	1,309	1,211	1,211	1,320	1,320	1,320	1,320
Amortization of intangible assets	9	9	5	-	-	-	-
Amortization of Right of Use Asset	211	211	211	305	305	305	305
Provision for employee benefit							
Gain due to decrease / Increase in consideration of rental property	-213	-	-	-525	-	-	
Interest Payable	1,140	930	638	552	534	523	511
	3,092	3,117	3,105	1,962	3,478	3,530	3,195
Movements in working Capital							
(Increase)/Decrease in trade and other receivables	-545	1,074	-229	0	0	0	0
(Increase)/Decrease in inventories	1,588	69	-137	0	0	0	0
Increase/(Decrease) in accounts payable	-20	437	-173	593	-581	-348	-280
Increase/(Decrease) in deferred income	-346	157	78	75	0	0	0
Provision for employee benefit	-107	71	302	144	253	130	116
	570	1808	-159	812	-328	-218	-164
Tax refund / (Paid)	0	0	-158	-334	-140	-137	-246
Interest on borrowing	-1,140	-930	-638	-552	-534	-523	-511
	-1,140	-930	-796	-886	-674	-660	-757
Net cash flow from operating activities	2,522	3,995	2,150	1,888	2,476	2,652	2,274
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of tangible assets	-316	-291	-383	-863	-1,181	-400	-400
Purchase of intangible assets	0	0	-18	0	0	0	0
Net cash flow from investing activities	-316	-291	-401	-863	-1181	-400	-400
CASH FLOW FROM FINANCING ACTIVITIES							
Repayment of loan	-1,465	-3,233	-3,519	-708	0	0	0
Repayment of Lease Liability	-111	-76	-83	-120	-130	-141	-153
Net cash flow from financing activities	-1,576	-3,309	-3,602	-828	-130	-141	-153
Net movement in cash and cash equivalents	630	395	-1,853	197	1,165	2,111	1,721
Cash and Cash equivalent as at January 01	4,131	4,761	5,156	3,303	3,500	4,665	6,776
Cash and Cash equivalent as at December 31	4,761	5,156	3,303	3,500	4,665	6,776	8,497

6.18.2.4 Projected Capital Investment Plan of National Information Services Agency

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2021	2022	2023	2024	2025	2026	2027	
<i>Major Capital Investments</i>														
-	-	-	-	-	-	-	-	-	-	-	-	-	-	Details Not Provided
<i>Replacements and upkeep of Assets (PPE)</i>														
Motor vehicle							-	-	-	-	625	-	-	Details Not Provided
Computers/ Printers / Chairs / etc	To replace faulty ones	Details Not Provided					316	291	401	863	356	200	200	
Finishing equipment	-	-	-	-	-	-	-	-	-	-	200	200	200	
Total							316	291	401	863	1,181	400	400	

6.18.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.18.3.1 Tax Implications by the Operations of National Information Services Agency

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2021	2022	2023	2024	2025	2026	2027	
Business Tax	0	158	334	45	118	185	136	Details Not Provided
PIT	747	815	976	1,119	1,305	1,381	1,457	
VAT	2,331	2,762	3,252	3,440	3,589	3,866	3,952	
Total	3,078	3,735	4,562	4,604	5,012	5,432	5,545	

6.18.3.2 Anticipated Dividend Declarations By National Information Services Agency

NISA does not anticipate declaring any dividend

6.18.3.3 Debt Payments Forecasts By National Information Services Agency

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2021	2022	2023	2024	2025	2026	2027
Loan 01 From Nouvobanq Bank	Borrowings	Financing of printing machine	20,000	-	-	-	-	-	-	-
		+ Renovation of property								
	Interest for the Year	-	-	405	508	222	8	0	0	0
	Repayment of Capital	-	-	-1,465	-3,233	-3,516	-706	0	0	0
	Balance carried forward	-	-	7,457	4,224	-706	0	-	0	0

6.18.3.4 Anticipated Subventions and Grants By National Information Services Agency

NISA does not anticipate in receiving any subventions or grants

6.18.3.5 Contingencies of National Information Services Agency

NISA does not anticipate any contingent liabilities

6.18.3.6 Assumptions used for the Financial Projections of National Information Services Agency

- 1) The approved strategic plan 2024 – 2028 of the Agency has guided the finalization of the medium term financial strategy.
- 2) Assumption is made that all revenue will be collected during the year they are incurred.
- 3) Assumption is made that all expenses will be paid during the year they are incurred.
- 4) Assumption is made that all inventory will be used during the year they are purchase

6.18.4 KPIs, Risk Management Strategy and Reporting Obligations

6.18.4.1 Key Performance Indicators of the National Information Services Agency

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2021	2022	2023	2024	2025	2026	2027
Return on investment / Capital employed	Profit generated from investment made / Total assets – current liabilities	2%	3%	4%	1%	5%	5%	4%
Net Profit margin	Profit generated after all cost from the sales value	3%	3%	4%	1%	5%	5%	4%
Increase in revenue	Operational revenue		12%	2%	3%	4%	1%	2%
Production cost	% change in production cost year on year		20%	0%	-1%	-13%	8%	0%
Staff turnover	Number of staff leaving	18%	22%	22%	Less than 10	Less than 10	Less than 10	Less than 10
Customer complaint	Number of complaints received per year	0	0	0	0	0	0	0
Staff training rate (Long term)	Number of staff entering the training program per year	2	2	2	3	3	3	4
Increase in online presence	% increase in online presence	-	-	-	-	100%	100%	100%
Customer lifetime value	Improvement in brand	-	-	-	-	100%	100%	100%
Process automation	Implementation of digitalization of processes	-	-	-	-	100%	100%	100%
Risk register		-	-	-	25%	100%	100%	100%
Policy register	At least 5 policies per year	-	-	-	5	5	5	5

6.18.4.2 Risks and Resilience Plan of the National Information Services Agency

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	The business model is not successful	The board of NISA with the Management has worked on a strategic plan, with the focus on diversification. Many scenarios have been discussed in order to ensure the success of the plan.
	The core business of the Agency, the newspaper becomes obsolete (Especially the physical newspaper)	The Agency is working on a diversification model to counter such eventuality
Financial Risks	Foreign exchange rate risk - Almost all of the inventory and spare parts for the printing machine of NISA is bought overseas. Any changes in foreign exchange rate poses a risk on the ability of the Agency to pay should the increase be substantial.	Monitor risk. The Agency will have to bear the cost or pass on to customers.
	Interest rate risk – The Agency is currently servicing a loan at the commercial bank. Any upward changes in interest rate will have a negative impact on the Finance of the Agency	The loan balance will clear off in 2024. Any changes will have minimal impact.
Operational Risks	The Agency’s Victoria location has been acquired by another government entity.	Currently the Agency is still trying to find other locations
	The Agency is at risk of not having an office to run its operation	
	Risk in landlords not selling the property at Bois De Rose	As part of our strategy, a Business Continuity Management plan is being developed.
	Printer or related equipment malfunction	
Breakdown in the supply of printing inventory	Having multiple supplier – Both locally and internationally	

Compliance and Regulatory Risks	Non-compliant to procurement Act, PEMC Act, Licensing Authority, Seychelles Revenue Commission and other regulatory bodies	The Agency has to keep abreast of all laws and regulations that may have a direct or indirect impact on its operation.
Environmental and Social Risks	Fire may completely damage the property with all its offices and equipment.	A business continuity plan is being worked on by the Agency
	Potential risk of weather related impact or act of God (eg. Tsunami of 2004)	Along with the Business continuity plan, a digitization plan is also being developed to ensure the business remains in operation through all digital channels, plus using clouds services
PESTEL	Policies of the Government related to media houses Operational policies - Changes in government policy relating to media and information may have an impact on our operation. The government may decide to privatize all media houses	Monitor Risk. Board will have to regroup to review strategy and determine impact and required action.
	Fiscal policy - The government's decision to reduce its budget expenditure may indirectly affect our operation. Most times the items that are reduced are related to printing and stationary as well as newspapers.	Diversification strategy of the Agency.

6.18.4.3 External Reporting's by the National Information Services Agency

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Report	PEMC Responsible Minister Minister of Finance, trade and National Development National Assembly of Seychelles	Reporting on operational, Environment, social and financial activity of the Agency	Annually
Audited Financial Statements	PEMC Responsible Minister Minister of Finance, trade and National Development National Assembly of Seychelles	Reporting on the audited financial statements prepared by the Agency	Annually
Quarterly Reports	PEMC	Reporting on quarterly unaudited financial performance of the Agency	Quarterly
Statement of Corporate Intent	PEMC , Responsible Minister	Provides reason for creation of NISA	annually
Strategic plan	PEMC , Responsible Minister	Provides 5 year strategy the Agency intends to undertake to achieve its objective	5 years
Business plan	PEMC , Responsible Minister	Provides shorter plan of action for the Agency to achieve its objective	3 years
Procurement Plan	Procurement Oversight Unit	Provides procurement plan of the Agency for a year	Annually

6.18.5 Stakeholder Engagement

6.18.5.1 Statement by CEO

I am pleased to present the mid-term budget statement, outlining the National Information Services Agency's (NISA) financial performance, strategic priorities, and objectives for the upcoming fiscal period.

This statement serves as a roadmap to guide NISA towards achieving its goals financially and sustainably.

Over the years, NISA has faced different circumstances, but the organisation has always demonstrated resilience and adaptability. It has also remained committed to financial discipline.

NISA's ambitious growth plan is still on the table and thanks to effective planning in budgeting we are ensuring that the organisation meets its financial goals and operates efficiently.

We are mindful that the budget is aligned with the company's strategic goals and long-term vision. At the same time, we determine how the budget can support overall business objectives – market expansion, product development, and operational efficiency.

Following the approval of its new strategy 2024-2029 with a focus on diversification, NISA now has a new, slimmer structure with five distinct departments – Finance; Editorial; People, Culture and Administration; Production; and Business Development which encompasses sales and marketing. All these departments are headed by competent managers although some still need to follow leadership training. Having slimmed down, it is anticipated that NISA will be more efficient to deliver on its core mandates.

We also need to relook at some of our processes and find ways to continue improving accountability. We will also require a more transparent procurement system.

NISA has invested in new machinery to give it the edge over its competitors and help in the diversification of its products as strives to enter new markets and establish a bigger market share within the next four years

To achieve our strategic objectives, we have set the following objectives for the mid-term budget period:

Financials: We aim to increase sales and revenue; increase return on investment / return on capital employed; and reduce production cost.

Customer: We will improve internal TAT; diversify sales and product offerings by segments; and improve digital offerings and portfolios.

Compliance: We will improve on reporting to PEMC; be compliant to all regulations; and also define and embed a Business Continuity Plan.

To conclude, I would like to thank our dedicated team for their hard work and commitment to NISA's success.

I have full confidence in our team's ability to navigate the challenges and opportunities that lie ahead. Together, we will navigate the opportunities and challenges of the mid-term period to achieve our financial targets and continue to drive NISA towards a prosperous future.

Thank you for your dedication, hard work, and commitment to our shared vision. I look forward to the remainder of the fiscal year with optimism and excitement.

Gerard Govinden

CEO



6.18.5.2 Foreword by Chairperson

As we move into the second year of our five-year mandate, I am pleased to present our Mid-term financial strategy 2025-2028. This update provides an overview of our financial performance, outlines our strategic priorities, and sets forth our objectives for the upcoming period. Our commitment remains to ensure transparency and to align our financial planning with the strategic vision of NISA.

Financial performance

Over the past year, NISA has achieved notable financial performance. Key highlights include:

Revenue: We have experienced an increase in revenue, reflecting strong demand for advertising in the *Seychelles NATION* newspaper and commercial printing specifically stationery products like exercise books, leaflets, and posters. This growth aligns with our expectations and supports our strategic initiatives.

Profitability: Our net profit margin has improved, driven by effective cost management and operational efficiencies. This is a testament to our ability to manage expenses while pursuing growth opportunities.

Cost management: Despite the increase in production costs, we have successfully maintained operating costs to a satisfactory level through cost-saving measures, such as operational improvements. This has to a certain extent enhanced our overall financial health.

Strategic priorities

Our strategic focus remains on key areas that are critical for sustaining growth and enhancing value. These priorities include:

Innovation and development: We are committed to advancing our product and service offerings. Investments in research and development are being prioritised to foster innovation and maintain our competitive edge in commercial printing.

Market expansion: Expanding our presence in new markets is a core objective. We are exploring opportunities to enter specialised printing and online advertising markets to capture new growth potential and diversify our revenue streams.

Customer experience: Enhancing customer satisfaction and loyalty is a priority. We are implementing new strategies and technologies to improve the customer journey and strengthen relationships. We are also fostering good relationships and maintaining a corporate customer retention rate of 80%.

Sustainability and responsibility: We continue to advance our sustainability goals. Our commitment to environmental responsibility and corporate ethics remains a cornerstone of our business strategy. For all these to happen, we have streamlined the structure of NISA to a more effective and modern media company set-up.

Compliance: We continue to enhance compliance to reinforce governance, increase transparency, and adhere to the requirements of the main shareholder. This is by:

- a. establishing and maintaining a robust governance framework that outlines roles, responsibilities, and processes;
- b. implementing transparency mechanisms such as reporting of financial statements, decision-making processes, and key performance indicators;
- c. providing training for employees and board members on compliance, governance, and ethical standards;
- d. and engaging with stakeholders, especially PEMC, to understand their expectations and requirements.

Objectives for the upcoming fiscal period

For the upcoming fiscal years, we have established the following key objectives:

Deliver better final performance: Drive gross revenue by a minimum of 2.75% CAGR (compound annual growth rate) leading to 14% by 2028. This will be driven by the launch of new products.

Cost efficiency: Target a further reduction in production costs through continued focus on efficiency and process optimisation. We aim to reduce production cost by 5%.

Market penetration: Establish market share in new markets and expand our footprint in existing markets.

Sustainability targets: Engagement with the community and portray NISA as an environmentally conscious agency. Also define and embed Business Continuity Management (BCM) Plan into NISA's operation.

Conclusion

In conclusion, our mid-term performance has been quite strong, reflecting our strategic focus and operational discipline. As we move forward, our attention will remain on achieving our financial and strategic objectives, ensuring that we continue to deliver value to our shareholders and stakeholders. I would like to extend my gratitude to the board, management team, and all employees for their dedication and hard work. Together, we will continue to navigate challenges and seize opportunities to drive the success of NISA.

Thank you for your continued support.

Sincerely,



*Kurtis Lespoir (Mr)
Chairman of the Board of Directors*

6.18.5.3 Statement by the Responsible Minister

*Statement from the Responsible Minister was Not Provided

SECTION 6

Fiscal Risk Statement



Fiscal Risk Statement 2025

October 2024

This document provides an overview of the major fiscal risks facing the Budget for 2025. 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

ADFD	Abu Dhabi Fund for Development
AFDB	African Development Bank
AFD	Agence Française de Développement
AFS	Audited Financial Statement
BADEA	Banque Arabe pour le Développement Économique en Afrique
CAPEX	Capital Expenditure Execution Rate
CBS	Central Bank of Seychelles
CPI	Consumer Price Index
DDT	Debt Dynamics Tool
DBS	Development Bank of Seychelles
DRDM	Disaster Risk Management Department
EFF	Extended Fund Facility
EIB	European Investment Bank
FRS	Fiscal Risk Statement
GDP	Gross Domestic Product
IMF	International Monetary Fund
IDC	Island Development Company
MFAD	Macroeconomic Forecasting and Analysis Division
MoFNPT	Ministry of Finance, National Planning & Trade
MTFF	Medium Term Fiscal Framework
NBS	National Bureau of Statistics
NDS	National Development Strategy
NISA	National Information Services Agency
ND	Natural Disaster
OECD	Organisation for Economic Co-operation and Development
PB	Primary Balance
PMC	Property Management Corporation
PE	Public Enterprise
PEMC	Public Enterprise Monitoring Commission
PPP	Public Private Partnership
PUC	Public Utility Company
Q CRAFT	Quantitative Climate Risk Assessment Fiscal Tool
QFA	Quasi-Fiscal Activities
RSF	Resilience and Sustainability Facility
RAM	Risk Assessment Matrix
SFD	Saudi Fund for Development
SCAA	Seychelles Civil Aviation Authority
SPGA	Seychelles Parks and Gardens Authority
SPA	Seychelles Ports Authority
SPTC	Seychelles Public Transport Corporation
SIDS	Small Island Development States
UN	United Nations

1. Introduction

The Government's primary objective is to sustain stability and promote economic growth while ensuring the long-term sustainability of public finances. This document is designed to identify and analyse the main fiscal risks associated with the 2025 Budget and the medium term. Fiscal risks are defined as factors that could lead to deviations from anticipated or forecasted fiscal outcomes. These risks include potential shocks to public finances related to the macroeconomic environment, challenges in Budget execution, and uncertainties arising from Public Enterprises (PEs).¹

Seychelles, being a small island economy, is in a particularly fragile position due to its geographic isolation, limited resources, and heavy dependence on international trade. **The country's vulnerability to external shocks has been identified as the primary source of risk for 2025 and the medium term.** Negative changes in the economic environment could significantly impact Government expenditure, which serves as a critical buffer for stability, and could also affect revenue forecasts. In such scenarios, the Government may face several options: reduce and reschedule planned expenditures, seek additional financing which would increase the national debt, or fail to meet debt obligations, potentially leading to a financial crisis.

This document also incorporates a comprehensive mapping of fiscal risks from demographic challenges, climate change and natural disasters, quantifying these risks through a long-term fiscal sustainability analysis in the context of different climate scenarios.

The risk framework outlined in this document encompasses five broad categories: macroeconomic conditions, Budget execution, PE operations, environmental changes and potential mitigation strategies.

Table 1. Budget Fiscal Risk Framework

Risk Category	Major issues considered
Macroeconomic risks	Analysis of shock scenarios to assess the impact of macroeconomic variables on GDP growth, Budget aggregates, and debt targets
Budget execution risks	Additional and unforeseen spending pressures, capital project under-execution levels
Public Enterprise risks	Identified risk parameters affecting all Public enterprises
Environmental Fiscal risks	Impact of Climate change and Natural disasters on Public finances
Risk Mitigation	Key measures that can be implemented to offset the impact of such fiscal risks

¹ 1 Note that this document does not look at 'Financial Stability' risks. This is covered by the Central Bank Seychelles (CBS) in a specific report.

While these categories are distinctly defined, fiscal risks are inherently interconnected and interdependent, meaning that a single risk potentially influencing multiple areas simultaneously. This is particularly evident with macroeconomic risks and the performance of Public Enterprises (PEs). For instance, an unexpected rise in fuel prices can have a dual impact: it could reduce Government excise tax revenue from petroleum due to a decrease in demand, and also affect non-tax revenue by reducing dividends from PEs that are heavily dependent on fuel. Higher fuel costs can increase operating expenses for these enterprises, leading to lower profitability and, consequently, lower dividend payments to the Government. This combined effect would negatively impact overall revenue and constrain planned public spending, thereby exerting additional pressure on the primary surplus and debt targets.

Managing fiscal risks effectively requires a holistic approach that acknowledges the interconnected nature of such risks. Addressing these risks necessitates careful consideration of their broader implications and the development of strategies that account for their potential to influence multiple aspects of fiscal policy and economic stability.

2. Macroeconomic Risks

Seychelles faces significant external vulnerabilities, including volatile international commodity prices and shifts in the global economic environment, which can directly impact its economic activities. As a small island state with an open economy, Seychelles is particularly susceptible to external shocks. This vulnerability is exacerbated by the country's heavy dependence on tourism exports and the importation of essential goods such as oil, food, and other commodities.

Macroeconomic fluctuations can lead to deviations in fiscal outcomes from the baseline for key macroeconomic variables, making them a major source of fiscal risk. Important variables to consider include real GDP growth, oil prices, interest rates, exchange rates, and commodity prices.

In this section, we address various risks by simulating shock scenarios and conducting sensitivity analysis to estimate potential impacts on the Budget.

- To assess **macroeconomic risks**, shocks are simulated to inflation and exchange rates, and their direct effects on nominal GDP.
- The fiscal risks related to **Government debt** are also analysed through additional stress tests.
- Finally, a combined shock scenario is presented, considering the ongoing conflict in the Middle East and its possible downside risks to tourism arrivals and economic activities. Simulations considered a conservative and an extreme case scenario to illustrate broader macroeconomic impacts and their effects on the Budget and public debt.

Each risk scenario will be compared to the current baseline established as per the 2025 Budget. The baseline scenario follows the medium-term fiscal framework, assumes no further policy changes, and incorporates the latest assumptions based on the best information available at the time of publication.

2.1 Macroeconomic Assumptions

The table below presents the main macroeconomic assumptions underpinning the 2025 Budget estimates, of which all shock scenarios are based upon.

Table 2. Macroeconomic assumptions 2023-2027

	Actuals			Estimates		Projections		
	2020	2021	2022	2023	2024	2025	2026	2027
Nominal GDP (SR' m)	24,356	25,164	29,373	30,016	31,044	33,033	35,028	37,213
Real GDP growth	-11.7	0.6	15.0	3.2	3.0	4.3	3.5	3.5
GDP deflator growth	5.2	2.8	1.5	-0.9	0.4	2.0	2.5	2.6
CPI (annual average)	-3.0	9.8	2.6	-1.0	0.5	2.3	3.0	3.0
SR/€ (average)	20.26	20.04	15.06	15.17
SR/US\$ (average)	17.62	16.90	14.27	14.02

Source: Macroeconomic Framework Working Group

2.2 Sensitivity Analysis to macroeconomic variables

This section provides a series of sensitivity analyses focusing on inflation and exchange rates, aimed at uncovering the effects of macroeconomic risks on economic growth and Budget finances. Table 3 summarizes the impacts of these analyses. Additionally, fan charts illustrating the outcomes of each shock will be included at the end in Box 1, offering a visual representation of the potential scenarios.

Inflation Shocks

Nominal GDP represents the total monetary value of all finished goods and services produced within a country's economy during a specific time frame, assessed at current market prices. In contrast, real GDP adjusts for price changes due to inflation, reflecting a general increase in price levels. Inflation is influenced by various factors, primarily fluctuations in oil and commodity prices, and any change in the inflation rate will likely affect real GDP estimates. When evaluating tax revenue growth, nominal GDP is the primary proxy used.

Sensitivity analysis

Due to our significant reliance on imports, external factors like changes in oil and commodity prices will directly influence inflation. This, in turn, will impact nominal GDP and subsequently affect Budget 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 280m, or 0.9 per cent increase in nominal GDP.

The direct impact on tax revenue is an estimated increment of SR 45.4m, or 0.5 per cent.

The positive effect will also influence non-tax revenue, particularly through dividend receipts from public enterprises, which are difficult to quantify and therefore not included in this simulation. Additionally, increased inflation will inevitably lead to higher expenditures in the Budget.

Exchange rate Shocks

As aforementioned, our economy's significant dependence on imports and revenue inflows makes fluctuations in the exchange rate a notable risk to nominal GDP. This vulnerability is particularly pronounced in the context of the current freely floating exchange rate regime, where the value of the currency is determined by market forces. This exchange rate volatility can have several implications for the economy and may also have inflationary effect.

Sensitivity analysis

Fluctuations in the exchange rate directly influence nominal GDP, which in turn affects the growth of Budget tax revenue. Additionally, exchange rate changes impact revenue from external grants, primarily sourced from international donors and received in foreign currencies. Given the current economic conditions, a depreciation of the Seychelles Rupee against the US dollar and the euro appears to be a plausible scenario to consider.

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 111m, or 0.3 per cent decrease in nominal GDP.

Assuming no other effects, this would translate into a potential SR 17.9m or 0.2 per cent decrease in tax revenue.

In addition, net foreign currency denominated expenditure² would augment by about SR 13.1m 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 57m, or 0.2 per cent.

Assuming no other effects, this would translate into a potential SR 9.3m or 0.1 per cent increment in tax revenue.

For reporting purposes, all expenditures in foreign currencies are expressed in USD or its equivalent, therefore any direct impact from fluctuations in other currencies may not be apparent in this report.

² Expenditures denominated in USD and USD equivalent

It's important to note that the differences in the results stem from the currency in question. Since most of the country's expenses are denominated in USD, a depreciation of the rupee against the dollar would likely lead to a decrease in nominal GDP and revenue, while increasing foreign exchange-denominated expenditures. Conversely, given that a significant portion of the country's earnings is in euros, a depreciation of the SR/EUR exchange rate would typically result in higher revenue. Additionally, fluctuations in the exchange rate will also impact the country's debt dynamics (as discussed in section 2.3) and influence expenditures, particularly regarding foreign exchange receipts and other Budget spending.

Table 3. Summary of Macroeconomic shocks

Variables	Shock	Impact (SR' m)		Impact (% change)	
		Nominal GDP	Revenue	Nominal GDP	Revenue
Inflation	1% Rise	280	45.3	0.9	0.5
SR/USD ex. rate	1% Depreciation	-111	-17.9	-0.3	-0.2
SR/EUR ex. rate	1% Depreciation	57	9.3	0.2	0.1

Source: Macroeconomic Forecasting and 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

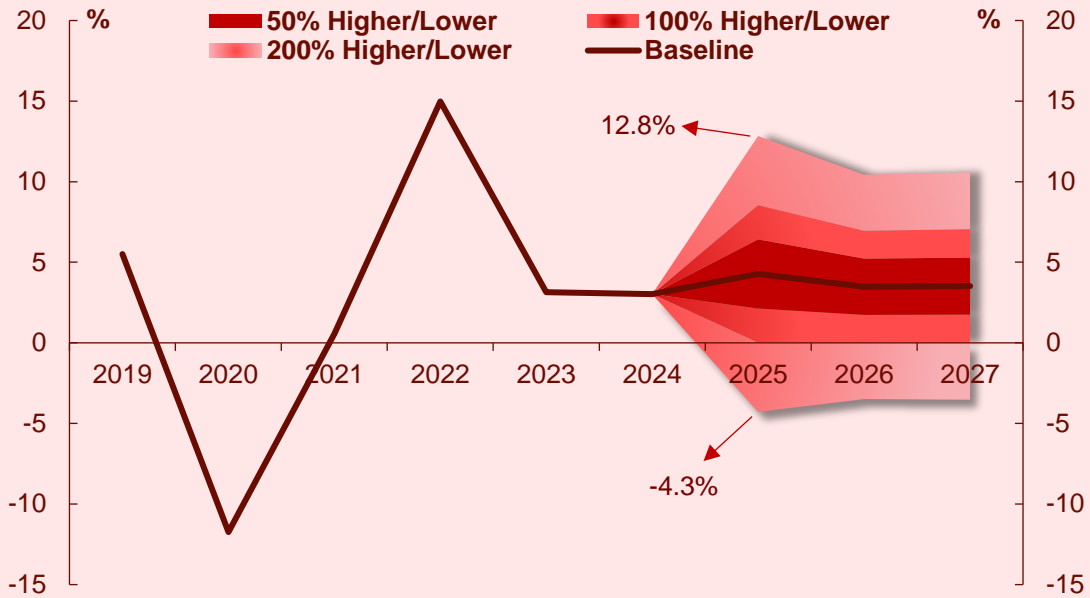
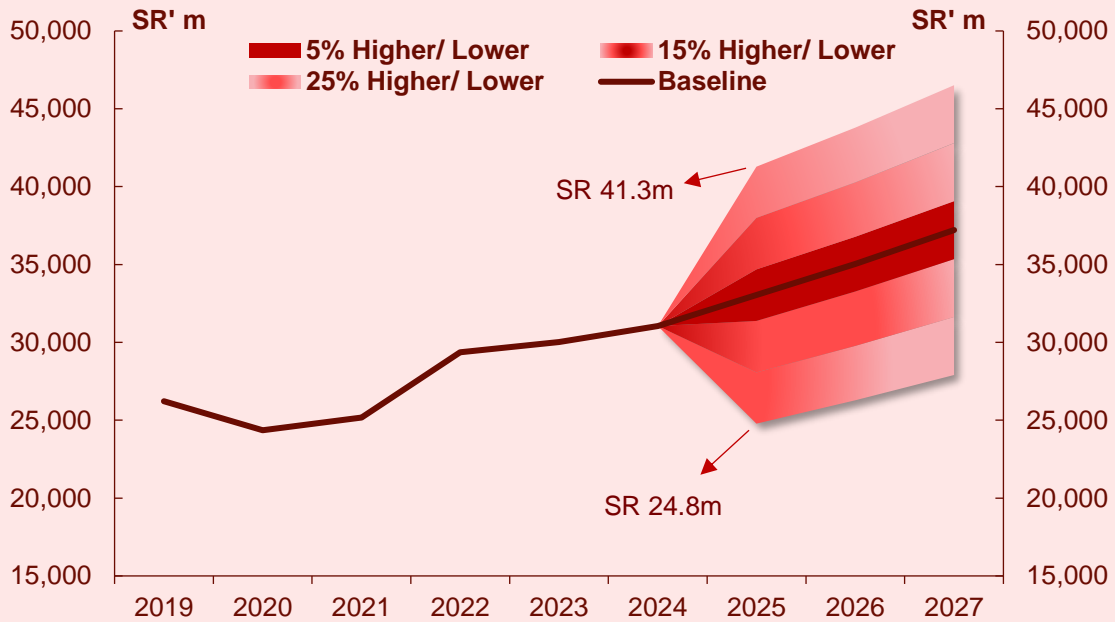


Figure 2. Nominal GDP Level deviations from Baseline



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

Figure 3. Tax Revenue deviations from Baseline

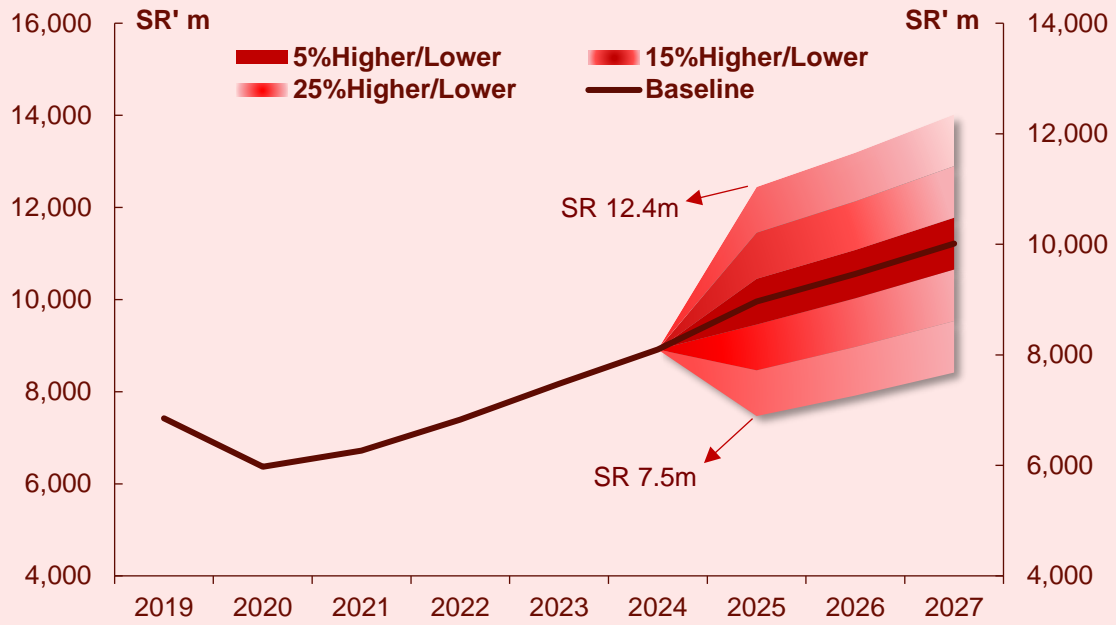
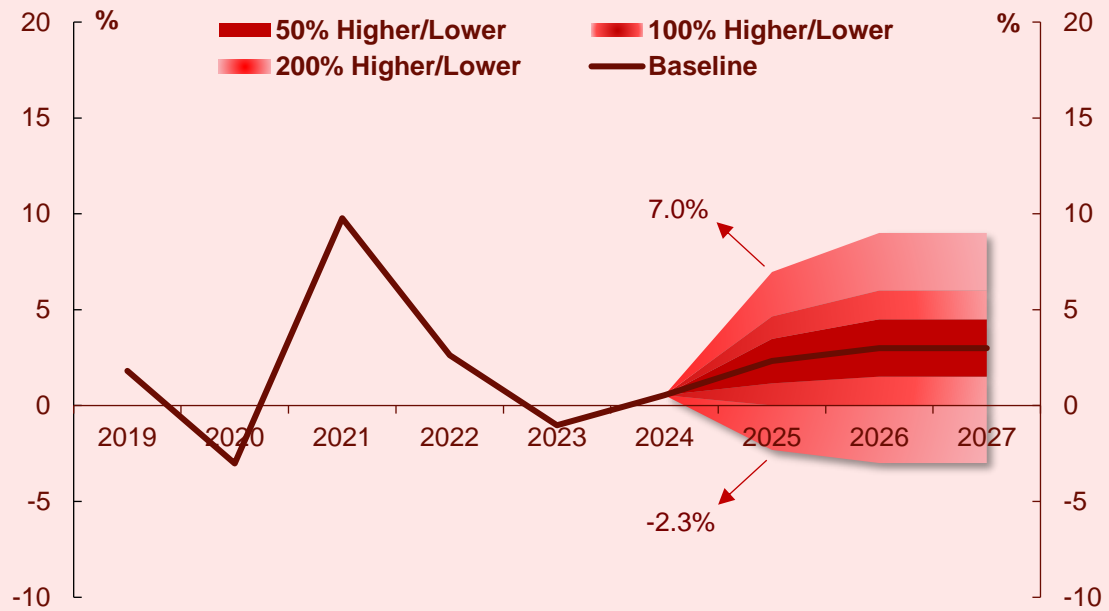


Figure 4. Inflation deviations from Baseline



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 (DDT) to highlight potential impacts on the planned public debt trajectory. The following stress tests were applied separately to the following debt parameters in 2025 (see Table 4 for a summary of the simulations):

- **One negative standard deviation shock:**
 - Primary balance to GDP
 - Real GDP growth rate
 - Exchange rate
- **Five standard deviations shock:**
 - Real effective debt interest rates.

Standard deviations are used to measure the degree of shocks, as they indicate the average amount of variability in a dataset during a period.

Table 4. Summary of Debt simulations

Variables	Size of Shock (Standard Dev. ³)	Impact on Public Debt Path	
		Public Debt Projection as at end of 2029 (% of GDP)	Deviation from Baseline
Baseline		< 50	
Exchange Rate (SR)	1 SD = 21.9	55	+7.2
Primary Balance (% GDP)	1 SD = -5.7	58	+10.5
Real Interest Rate (%)	5 SD = 14.0	52	+3.7
Real GDP growth (%)	1 SD = -7.3	56	+8.0

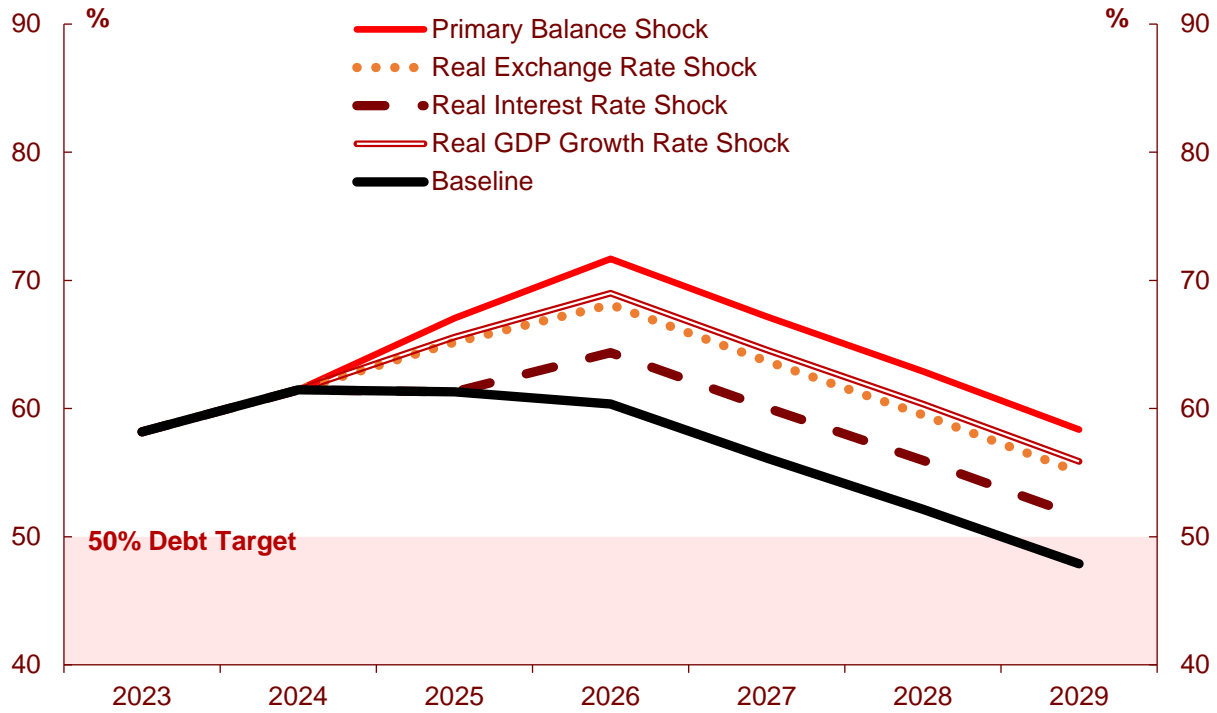
Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

Figure 5 illustrates the public-debt-to-GDP path from 2023 to 2029 under each shock⁴, along with the baseline scenario. The last three years saw an increase in economic activity towards pre-pandemic levels accompanied by lower debt vulnerabilities. The baseline scenario projects that the public debt stock will contract further to reach the 50 per cent target in 2029, one year earlier than projected last year. Figure 6, which decomposes the contribution of each debt parameter to changes in the public debt stock, shows that two factors drive this downward trend in the public debt path: (1) projected improvements in the primary balance (smaller primary deficits) and (2) robust economic growth.

³ Standard deviation using 2015-2022 averages

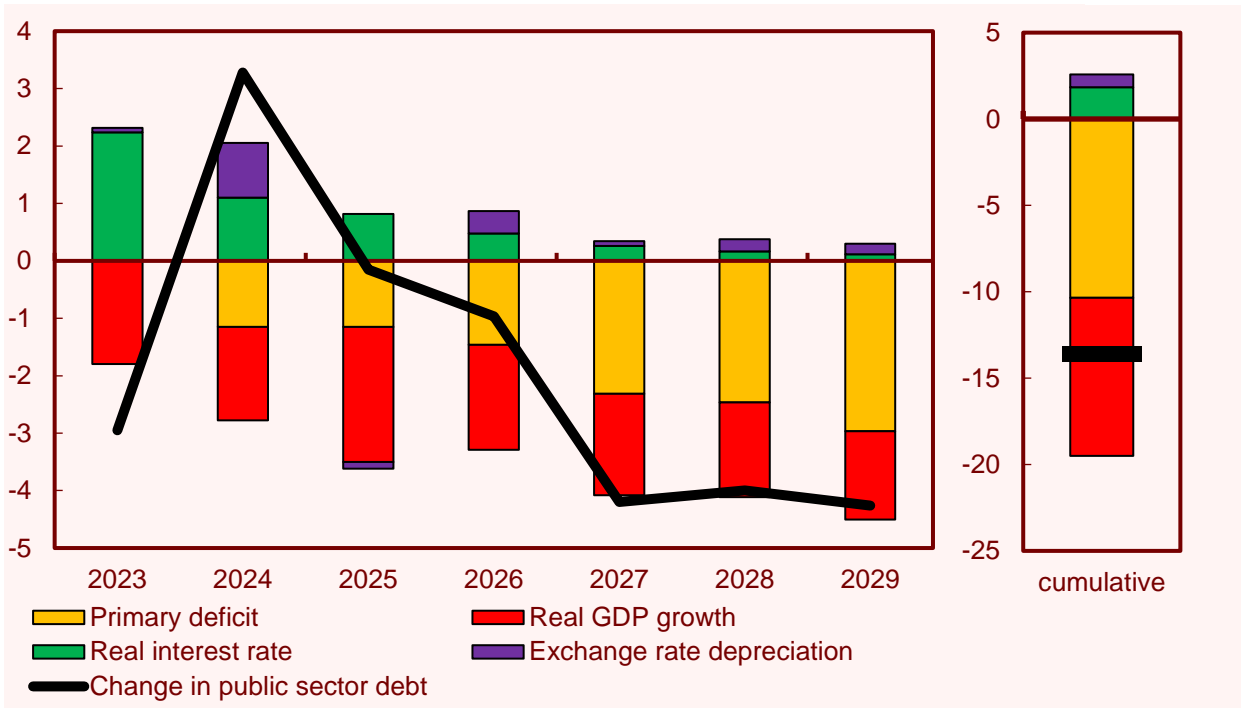
⁴ Each shock is applied for two years starting in 2025.

Figure 5. Gross Nominal Public Debt: Stress Tests (% of GDP)



Source: Macroeconomic Forecasting and Analysis Division Estimates-DDT, MoFNPT

Figure 6. Contribution of debt parameters to changes in public debt



Source: Macroeconomic Forecasting and Analysis Division Estimates-DDT, MoFNPT

The primary-balance shock generates the largest deviation from the baseline, which suggests that public debt is highly sensitive to changes in the Government's fiscal position. To achieve its debt target, the Government should therefore focus on achieving fiscal discipline by avoiding excessive spending. Shocks to the real exchange rate and real GDP growth also produce significant deviations from the baseline, the former reflecting the fact that a significant proportion of the total public debt stock is denominated in foreign currency.

Sensitivity Analysis

Exchange rates

Any fluctuation in exchange rates will affect external debt repayments in local currency terms, and depending 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.

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 a 0.3 per cent increase in the total debt stock for the year 2025.

A 1 rupee depreciation in the 'end-of-period' SR/USD rate would result in a 1.8 per cent increase in the total debt stock for the year 2025.

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 a 1.6 per cent increase in the total debt stock for the year 2025.

Real GDP

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 a 0.9 per cent increase in the total debt stock for the year 2025.

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 a 0.6 per cent increase in the total debt stock for the year 2025.

A 1 percentage point increase in the real effective interest rate on foreign currency denominated debt would result in a 0.3 per cent increase in the total debt stock for the year 2025.

2.4 Macroeconomic shock scenario simulation: Middle East Conflict

For the purpose of this report, two scenarios are explored covering the on-going crisis in the Middle East; a *conservative scenario* whereby the conflict remains contained, and an *extreme case scenario* with escalation into a full-blown war engulfing the region.

Seychelles is highly vulnerable to external shocks and heavily dependent on tourism as the main driver of economic activity (accounting for just under a quarter of published GDP in 2022). Any change in visitor arrivals, a key 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.

Scenario 1: Conservative

- **Complete exclusion of Israeli market from tourism arrivals forecasts for the year 2025**
The baseline forecast for arrivals growth in 2025 is 3.5 per cent (the Israeli market accounts for about 5 per cent of the total⁵).

Scenario 2: Extreme Case

- **Complete exclusion of Israeli market from tourism arrivals forecasts for the year 2025**
(Same as above)
- **15 per cent negative shock to Middle Eastern flights**
Middle Eastern carriers account for about 61 per cent of total passengers to Seychelles⁶
- **33 per cent rise in global fuel prices (to about USD 100/barrel)**

⁵ 2022 and 2023 average

⁶ 2022 and 2023 average

The potential impacts of both scenario across all macroeconomic accounts – Real, Fiscal, Monetary and Balance of Payments, were simulated and are presented in the sections to follow. Box 2 summarises both case scenarios in comparison to the baseline.

Scenario results: Conservative

- Given the above scenario, **projected visitor arrivals growth in 2025 would be -0.15 per cent (3.5 per cent reduction from baseline growth**, amounting to a reduction of 13,046 visitors).
- With lower than expected arrivals, this may translate into lower tourism-related sectoral growth and consequently, **real GDP growth for 2025 may fall by about 0.7 percentage points vis-à-vis the baseline.**
- **Projected tourism earnings denominated in foreign currency is estimated to be lower by 3.5 per cent** relative to baseline.
- The 3.5 per cent decline in tourism earnings implies **a 1.5 per cent or 22 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 Seychelles Rupee, the year-on-year inflation increases by 1.4 percentage point under the shock scenario.**
- Additionally, the complete removal of the Israeli market would likely translate into **an increase in yearly consumer price index (CPI) by about 0.3 percentage point** as a pass through to both imported and domestically produced goods.
- The conservative increase in CPI coupled with the depreciation of the domestic currency against the US dollar would translate into **a decrease in nominal GDP for 2025 by about 0.9 per cent relative to baseline.**
- From a fiscal stance, lower GDP growth will directly **impact total tax revenue by an estimated 0.6 per cent or SR 57.6m in 2025.**
- A lower revenue envelope coupled with a higher FX denominated expenditure will directly **lower the primary balance by 0.2 per cent of GDP equivalent to SR 56m.**
- As a result, additional financing will be required to bridge the gap so as to maintain the agreed debt target of 50 per cent by 2030. Subsequently, **total public debt is likely to increase by about 0.7 per cent of GDP** from a baseline 61.3 per cent to 61.9 per cent in 2025.

Scenario results: Extreme Case

- In the extreme case, **projected visitor arrivals growth in 2025 would be -9.7 per cent (12.7 per cent reduction from baseline growth)** amounting to a reduction of 47,093 visitors.
- With lower than expected arrivals, this may translate into lower tourism-related sectoral growth and consequently, **real GDP growth for 2024 may fall by about 1.7 percentage points vis-à-vis baseline.**
- **Projected tourism earnings denominated in foreign currency is estimated to be lower by 12.7 per cent** relative to baseline.
- The drop in tourism earnings implies **a 33.8 per cent or 5 rupee 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 Seychelles Rupee, the year-on-year inflation increases by 1.4 percentage point under the shock scenario.**
- In addition to the tourism shock, a 33 per cent increase in global oil prices would likely translate into **an increase in yearly consumer price index (CPI) by about 2.4 percentage point** as a pass through to both imported and domestically produced goods.
- The increased CPI coupled with the significant depreciation of the domestic currency against the US dollar would translate into **a negative deflator and consequently, nominal GDP for 2025 would decline significantly by about 11.3 per cent relative to baseline.**
- From a fiscal stance, lower GDP growth will directly **reduce total tax revenue by an estimated 6.7 per cent or SR 667m in 2025.**
- The lower total revenue envelope coupled with the higher FX denominated expenditure will directly **worsen the primary balance for the year by 2 per cent of GDP equivalent to SR 632m** (from a budgeted surplus of 1.1 per cent of GDP to a deficit of 0.9 per cent of GDP).
- As a result, additional financing will be required to bridge the gap so as to maintain the agreed debt target of 50 per cent by 2030. Subsequently, **total public debt is likely to increase by about 9.7 per cent of GDP** from 61.3 per cent to 71 per cent in 2025.

Box 2. Impact of downside shock on macroeconomic indicators

— Baseline Conservative - - - Extreme

Figure 7. Scenario Shock on Tourism Arrivals

Estimated visitor arrivals for 2025 would drop by:
 Conservative: 0.15 per cent
 Extreme: 9.7 per cent

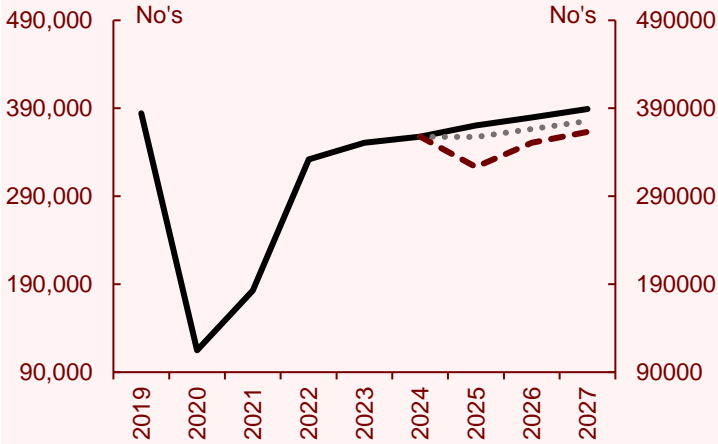


Figure 8. Scenario Impact on Real GDP

Lower tourism output impacts overall GDP growth by:
 Conservative: 0.7 pp.
 Extreme: 1.7pp.

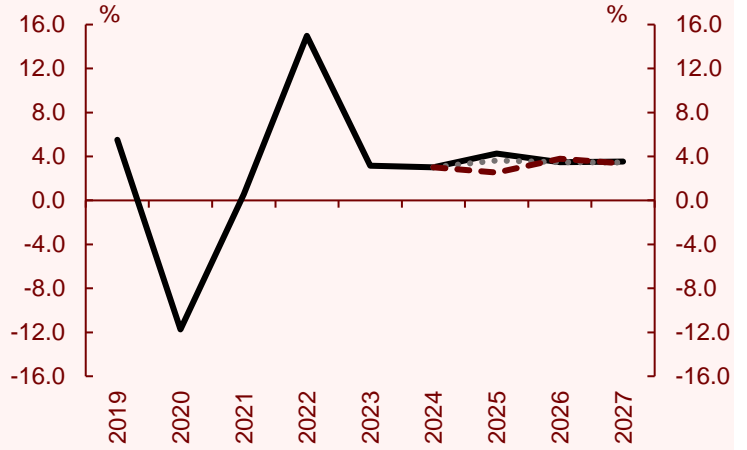


Figure 9. Scenario Impact on Tourism Earnings

Earnings from tourism will be offset by:
 Conservative: 3.5 per cent
 Extreme: 12.7 per cent

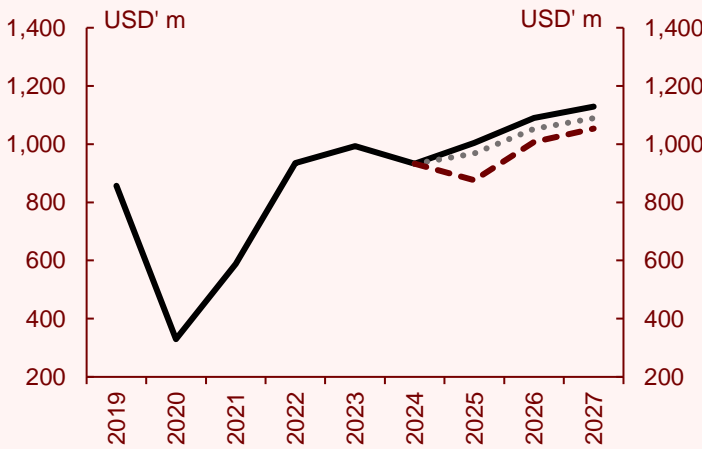


Figure 10. Scenario Impact on Inflation

...which may result in y-o-y inflation increasing by:
 Conservative: 0.3 pp.
 Extreme: 2.4 pp.

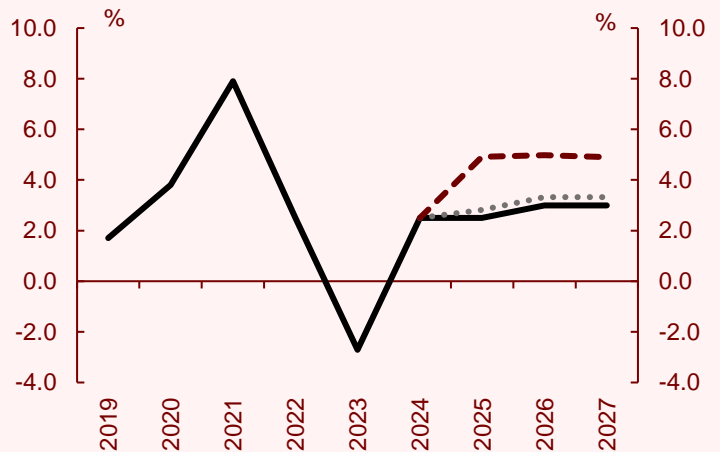


Figure 11. Scenario Impact on Tax Revenue

Lower GDP growth will impact tax receipts by:
 Conservative: 0.6 per cent or SR 57.6m
 Extreme: 6.7 per cent or SR 667m

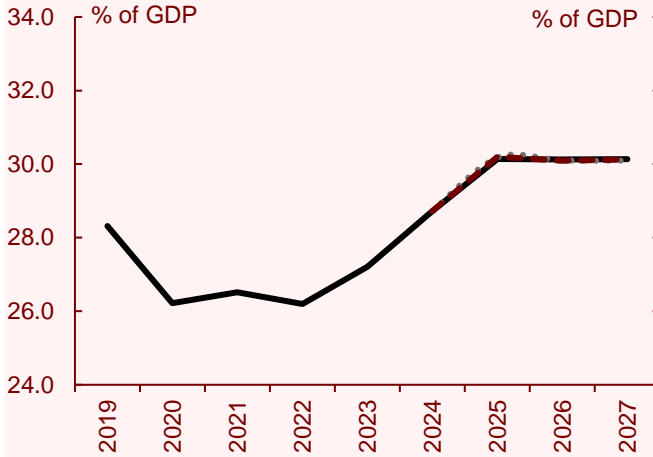


Figure 12. Scenario Impact on Primary Balance

...resulting in a worse PB from 1.1 per cent to:
 Conservative: 1.0 per cent
 Extreme: -0.9 per cent...

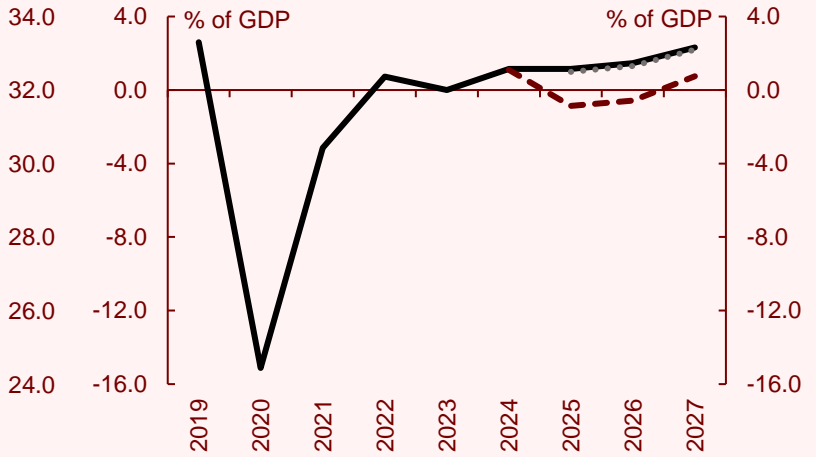
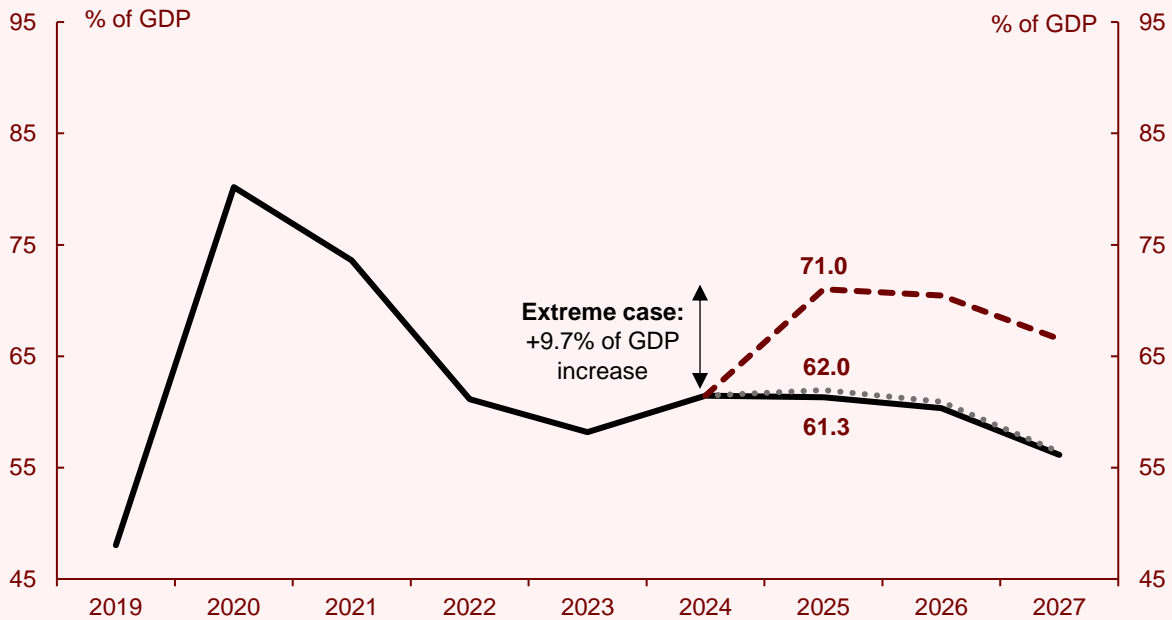


Figure 13. Scenario Impact of Public Debt

...and a direct increase in 2025 debt by:
 Conservative: 0.7 per cent of GDP.
 Extreme: 9.7 per cent of GDP.



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 0.1 percentage points in the real GDP growth estimate.

Ceteris paribus, this would translate into a potential drop in tax receipts by about SR 12m or 0.1 per cent.

3. Budget Execution Risks

Capital projects

Capital project management plays a crucial role in the risks associated with Budget execution. Over the last five years, many projects have deviated from their original plans, leading to Budget opportunity cost, considerable cost overruns, delays in related service delivery, and increased pressure on public finances. When a project exceeds its Budget, the implementing agency must either re-allocate funds from other initiatives or request supplementary appropriations.

Under-execution poses a significant challenge in managing capital projects. Implementation issues often arise from procurement delays, difficulties in project planning, and insufficient human resources and capacity. These factors lead to actual capital spending falling short of budgeted amounts, often affecting other essential spending needs, such as priority projects or programs that could have been funded if more fiscal space were available. As a result, capital under-execution presents a major risk to public finance management, causing inefficient resource allocation and distribution, which can impede economic growth.

Over the period 2018 to 2023, Capital Expenditure (CAPEX) has been below the Budget, with an average under-execution rate of about -0.6 per cent of GDP – Figure 14. Figure 15 depicts the execution rate for the same period and this averages to about 83.2 per cent.⁷ For the year 2023, an under-execution rate of 18.7 per cent was recorded, equating to about 0.8 per cent of GDP (or SR 227m), marking a 10 per cent decrease compared to 2022.

Total CAPEX is comprised of 'Local Financing', 'Foreign Loan Financing' and 'Foreign Grant Financing' as separate components summing to total CAPEX. From Figure 16, it is evident that a key component of under-execution for 2023 occurred with projects funded through foreign grants. This should be a priority for investigation in order to improve the current annual CAPEX shortfalls and improve fiscal efficiency.

For the year 2024, CAPEX is estimated at SR 1.4bn, representing 4.6 per cent of GDP. By the end of the second quarter, only 14.5 per cent of the total vote was materialized, suggestive of possible delays in implementation of projects and under-execution following trend. Consequently, the line has been revised downwards accordingly by about SR 38.7m vis-à-vis the mid-year estimate.

⁷ Includes domestic and foreign financing and grants

Capital expenditure is projected at SR 1.8bn or 5.6 per cent of GDP for the year 2025. This represents an increase of about SR 407m compared to 2024. This is mainly attributed to expected commencement and completion of new projects next year.

Figure 14. Actual vs Budget (% of GDP)

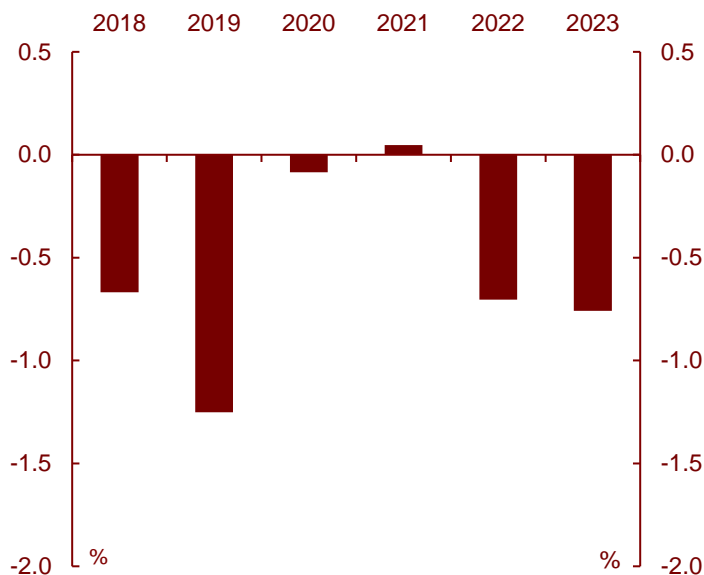


Figure 15. Execution Rate (%)

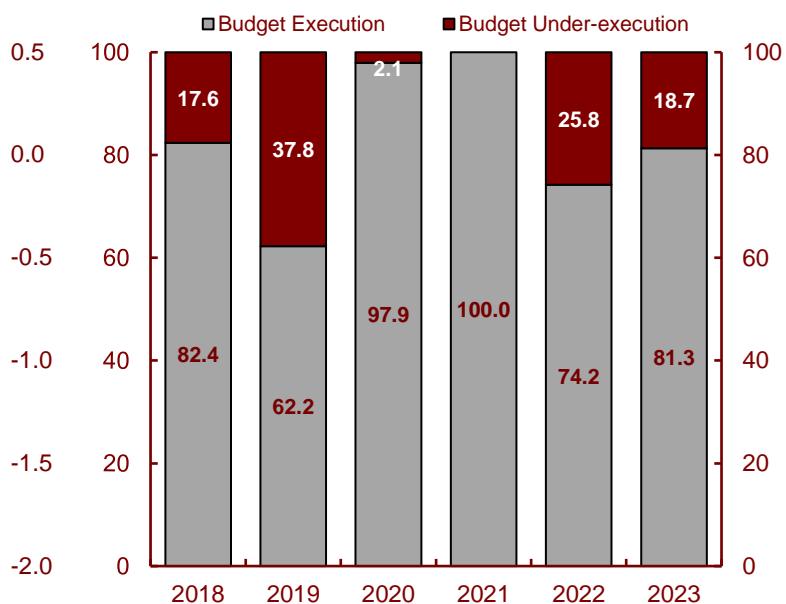
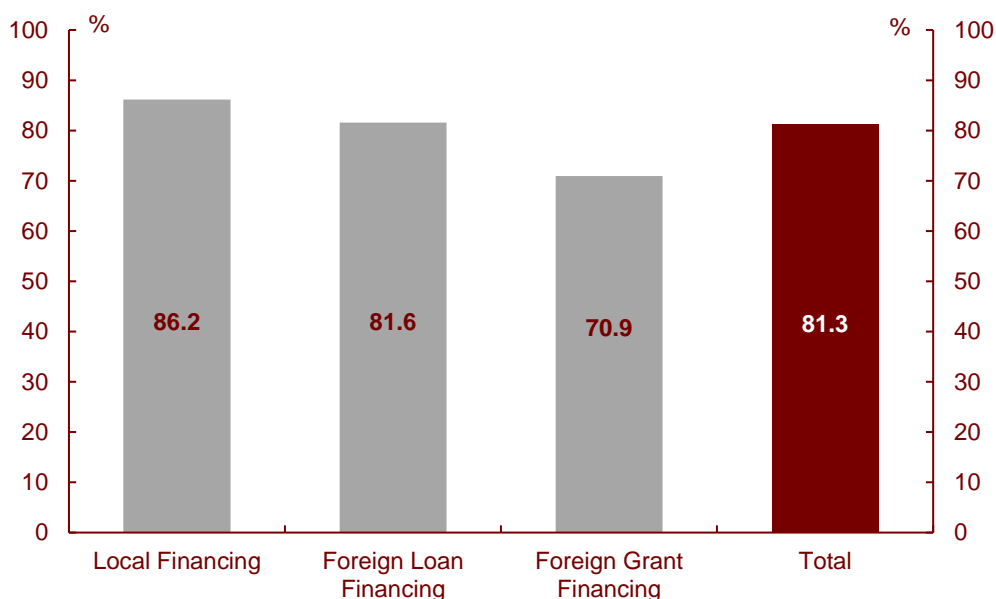


Figure 16. Execution Rate for the year 2023 per category (%)



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

*Note, in Figure 15 the execution rate for 2021 was capped at 100%, given an actual over-execution of 101.1%

4. Public Enterprise Risks

Public Enterprises (PEs) 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 arising from the 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, operational expenses or in Quasi-Fiscal Activities (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 2023' prepared by the Public Enterprise Monitoring Commission (PEMC) which analyses risks faced by PEs for the 2023 fiscal year only. As such, there is no disclosure on risks faced by or resulting from PEs in 2024. 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 2023

Description	Recommendation																					
<p>1. Contingent liabilities</p> <p><i>Contingent liabilities arising from PEs can stem from various sources, including loan guarantees, Budget-issued loans to PEs, and legal disputes involving these entities. If these contingent liabilities materialise, they may significantly increase the public debt burden, placing additional strain on Budget finances. This can lead to higher borrowing costs, reduced fiscal flexibility, and potential downgrades in the country's credit rating. Proper risk assessment and management of these liabilities are essential to safeguard fiscal sustainability and mitigate the potential adverse effects on the economy.</i></p>																						
<p>1.1 Explicit</p> <p>1.1.1 Government guarantees (Grants, Subvention, Loans)</p> <p>Certain PEs receive support from the Government of Seychelles for operational, financial or investment purposes. Between 2022 and 2023, Budget support to PE's through subventions and grants decreased by around SR 20m and increased by around SR 37m, respectively. As the Government continues to provide these financial supports to these PEs, the impact on public debt increases, hence creating a risk.</p>	<p>PEs receiving subventions or grants should be subject to accountability and financial reporting requirements.</p> <p>Subvention needs must be reviewed on an annual basis and clear goals set for reducing reliance on Budget funding in the long-term.</p> <p>Ensure that corporate governance is maintained at the highest level, with a focus on reducing inefficiencies.</p>																					
<p>1.1.2 Government Guarantees/Indemnity Agreements</p> <p>Government loans extended to PEs are regarded as contingent liabilities, as the Government would not be able to recover the outstanding amounts in the event that the PEs are unable to repay their loans. Government guarantees have been extended to two Public Enterprises—PUC and NISA - amounting to SR 112.7m for the year 2023. The amount owed by each PE is outlined below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>PE</th> <th>Creditor</th> <th>Outstanding Balance (SR' m)</th> </tr> </thead> <tbody> <tr> <td>PUC</td> <td>ADFD</td> <td>112</td> </tr> <tr> <td>NISA</td> <td>Nouvobanq</td> <td>0.7</td> </tr> </tbody> </table> <p>Similarly, PEs may enter into indemnity agreements with the Government, where the Government assumes responsibility for certain payment obligations related to lending facilities.</p> <p>Currently, PUC is the only Public Enterprise that has Indemnity Agreements with the Government. The table below outlines the creditors' names and the amount owed to each, as of 2023, with the total outstanding balance accounting for 3.6 per cent of GDP.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Creditor</th> <th>Outstanding Balance (SR' m)</th> </tr> </thead> <tbody> <tr> <td>EIB</td> <td>375</td> </tr> <tr> <td>AFD</td> <td>112</td> </tr> <tr> <td>BADEA</td> <td>138</td> </tr> <tr> <td>SFD</td> <td>185</td> </tr> <tr> <td>AFDB</td> <td>222</td> </tr> </tbody> </table>	PE	Creditor	Outstanding Balance (SR' m)	PUC	ADFD	112	NISA	Nouvobanq	0.7	Creditor	Outstanding Balance (SR' m)	EIB	375	AFD	112	BADEA	138	SFD	185	AFDB	222	<p>Establish a clear and focused set of criteria before extending Budget guarantees to PEs.</p> <p>Use mechanisms such as a ceiling on the total guarantees as a percentage of GDP, to mitigate the fiscal risks associated with potential defaults.</p> <p>Introduce a system where PEs must pay a fee for receiving a Budget guarantee, taking into consideration the risk profile of the enterprise and the project.</p> <p>Regularly monitor the financial health of PEs with Budget guarantees, with an early warning system established to alert of any financial abnormalities.</p>
PE	Creditor	Outstanding Balance (SR' m)																				
PUC	ADFD	112																				
NISA	Nouvobanq	0.7																				
Creditor	Outstanding Balance (SR' m)																					
EIB	375																					
AFD	112																					
BADEA	138																					
SFD	185																					
AFDB	222																					

1.1.3 Government guarantees for Public-Private Partnerships (PPPs) undertaken by PEs

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. To date, there are no PPPs being undertaken by PEs.

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.

1.2 Implicit

1.2.1 Loans between PEs

Public Enterprises faces the inherent risk of providing/accepting loans with their counterparts, as the Budget may have to assist both debtor and creditor PE should a default arise from failing to pay the loans.

In addition, these loans may be considered as related party transactions, as parent PE may provide interest-free funds to their subsidiaries, with undefined repayment terms, and a lack of security/guarantee. As a result, funds are being diverted which may be utilised in more productive financial/investment opportunities.

Establish clear, well-defined loan terms for loans between PEs or from third parties. This includes setting timelines, interest rates, and collateral requirements where necessary. Related party transactions should have clear disclosure requirements to avoid potential conflicts of interest.

A comprehensive risk assessment should be conducted before approving any loans between PEs or from third parties to evaluate the PE's ability to service the loan.

1.2.2 Loans from Third Parties

Public Enterprises may require external funding, i.e. loans from different financial institutions, locally and internationally. There exist the inherent risk of the Government having to step in and financially assist the PEs that fail to meet the obligations set out in these loans. As of 2023, the total borrowings of PEs amounted to SR 3.1bn.

1.2.3 Bailouts

The use of Government fiscal resources to bail out PEs can place a considerable strain on the national Budget, negatively impacting the Budget's overall financial position. This is especially true for loss-making PEs, which can become a financial burden on the Budget and may require bailouts to remain operational.

In addition, the expectation of Budget support may encourage PEs to engage in risky behaviour, such as accruing large amounts of debt, even without an explicit bailout guarantee. This safety net perception can undermine efforts to improve efficiency and reduce incentives for PEs to strengthen their ability to withstand macroeconomic pressures.

Introduce strict conditions and restructuring requirements before any PE receives a Budget bailout. For example, operational restructuring, cost-cutting measures, or leadership changes should be required for continued Budget assistance.

Conditional bailouts should be linked to specific performance targets, and subsequent disbursements should be based on the achievement of these targets.

2 Macroeconomic Risks

Fluctuations in the macroeconomic environment can influence the financial performance of Public Enterprises, affecting their contributions to the National Budget in terms of taxes and dividends, as well as their funding requirements from the Budget.

2.1 Exchange rate risks

Public Enterprises engaged in operations and transactions involving foreign currencies are exposed to the risk of exchange rate fluctuations, which can impact their financial performance due to the volatility of these currencies. As at December 31, 2023, approximately 72 per cent (equivalent to SR 2.2bn) of PEs' debt was denominated in foreign currencies, with 27 per cent (SR 0.8m) in U.S. dollars, 42 per cent (SR 1.3bn) in Euros and 4 per cent in AED (SR 112m).

PEs with significant foreign currency exposure are recommended and/or advised to utilise hedging instruments.

2.2 Geopolitical risks

Geopolitical risks refer to the potential economic, financial, and social disruptions caused by political instability, conflicts, diplomatic tensions, or changes in international relations between countries. These risks can have wide-reaching effects on economies, impacting trade, investment, financial markets, and economic stability, thereby influencing broader macroeconomic conditions. By the end of 2023, two significant conflicts have had an impact on the economy of Seychelles; The on-going conflict between Russia and Ukraine, which can have an impact on the access to commodities and prices, and the growing Israel-Gaza conflict in the Middle East, which can have an effect on tourism, specifically visitors from Israel.

Develop crisis preparedness plans in regards to the procurement of critical imports such as fuel and commodities.

3 Institutional risks

Changes to institutional structures can affect aspects of Public Enterprises' operations, which could create funding requirements from the Budget to assist with incorporating any mandated reforms.

3.1 Oversight framework

The enactment of the Public Enterprise Act, 2023 (PE Act) in May 2023 has resulted in organisational and reporting changes within PEs. In addition, provisions have been made in the PE Act that clearly distinguishing the roles of the Board of Directors of PEs, Management of PEs, PEMC and the Government of Seychelles. However, risks may emerge due to the ongoing transition from the previous PEMC Act to the current PE Act within certain PEs.

The PEMC will assist with the implementation of the PE Act, ensuring continual compliance by PEs to ensure a smooth and successful transition.

4 Other risks

Potential adversities, both domestic and global could create sizeable fiscal demands from Public Enterprises, which could include making recurring payments from the Budget until sufficient emergency funds are built-up. These events could also reduce the Public Enterprises' contributions to the Budget through taxes and dividends.

4.1 Climate change

The adverse effects of climate change may cause a detrimental impact on the operational and financial performances of PEs where they may incur additional expenses to implement mitigating measures to prevent the impact of climate change on their operations, thus diverting resources from other productive opportunities.

The Budget should encourage PEs to invest in climate-resilient infrastructure and have their operations factor in climate change.

4.2 Disasters (natural/man-made)

As an island nation situated near the Equator, Seychelles is exposed to a range of seasonal and environmental risks which carry the potential for widespread destruction and disruption. In addition, the explosion on 7th December 2023 at the Providence Industrial Estate has underscored the vulnerability of industrial areas and critical infrastructure to accidents or industrial mishaps.

The combined risks of natural and man-made disasters pose a serious threat to the regular operations of Public Enterprises (PEs). Disruptions from these events includes operational shutdowns, damage to physical assets, increased maintenance and repair costs, and a decline in productivity. Additionally, these disruptions may adversely affect the financial health of PEs, increasing their reliance on Budget support, and leading to a negative impact on the broader fiscal stability of the Budget. Consequently, these risks must be closely monitored and mitigated through effective disaster preparedness and risk management strategies across all sectors.

Ensure that all PEs have comprehensive insurance coverage against natural disasters.

4.3 Quasi-fiscal Activities (QFAs)

These activities are undertaken by Public Enterprises (PEs), on behalf of the Government of Seychelles, for the purpose of providing a public service to consumers. This may be in the form of pricing policies, regulations or other mechanisms.

Fiscal risks arise from these due to PEs earning less revenue and profits due to the activities, which may negatively impact them financially and inhibit potential growth. Furthermore, PEs may use QFAs as a rationale to explain underperformance, especially if they are operating as a monopoly i.e. no private owned organisations compete with the Public Enterprise in select sectors.

A comprehensive framework should be created to help quantify the Fiscal costs of QFA to include it in the National Budget.

The common QFAs applicable to select Public Enterprises, as of 2023, are as follows;

- Charging prices below market/cost level
- Absorption of transportation cost of commodities to other islands by PEs

Source: PEMC

DISCLAIMER

PEMC wishes to inform all stakeholders that, as of October 7, 2024, not all PEs have provided Audited Financial Statements (AFS) for the year ending December 31, 2023, despite diligent efforts to collect and compile this information. Consequently, the data presented in this report is based on the information available from PEs that have provided their AFS up to this date, along with other sources e.g. PEs' MTFS and provisional Financial Statements. In addition, please be aware that the absence of selected financial data from certain PEs may affect the comprehensiveness of this report.

5. Managing Long-Term Fiscal Challenges

Long-term macro-fiscal planning allows Budget to manage small changes today that can significantly impact the wellbeing of future generations in Seychelles. To effectively navigate the uncertainties of the future, it is vital to extend our perspective beyond the forecast period and identify the challenges that lie ahead. By recognising and addressing the current issues, the Government can proactively mitigate potential risks and foster a resilient economy and public finances.

The sections to follow examine two interconnected challenges that the country faces throughout the 21st century: demographic shifts and climate change. A deterioration in either of these areas could push lead to debt rising well above the fiscal rule limit of 50 per cent of GDP.

Understanding the implications of these challenges is crucial for developing strategic solutions that ensure a sustainable and thriving future for the country.

5.1 The Demographic Challenge

Seychelles is already experiencing an ageing of the population, and this is set to accelerate over the next few decades. This will likely create significant expenditure pressures, particularly in healthcare and pensions.

The working age population

The working age population refers to people who are aged 15 years and above. According to the most recent population census conducted in 2022 by the National Bureau of Statistics, the working age population in Seychelles is about 72 per cent of total population.⁸ Growth in the working age population depends on the fertility rate and the net migration rate in Seychelles. Fertility has been decreasing over the years from 1980 to 2023 and is projected to fall further over the century. The fertility rate as at 2023 stands at 2.1 per cent, representing a decline of 2 per cent from 2022 (Figure 17).

Figure 17. Fertility rate comparison (2005-2023)

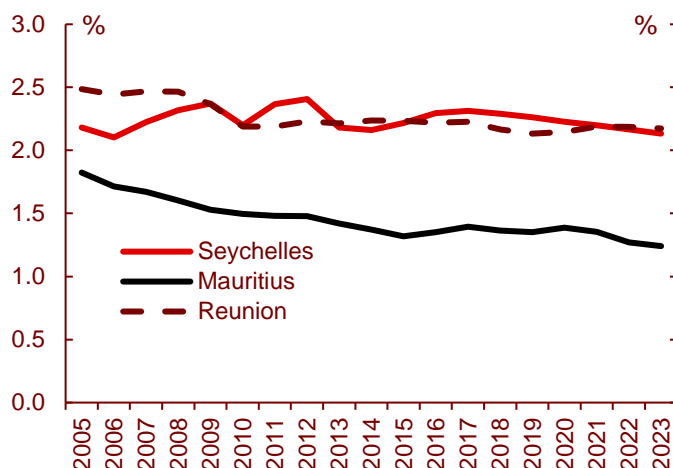
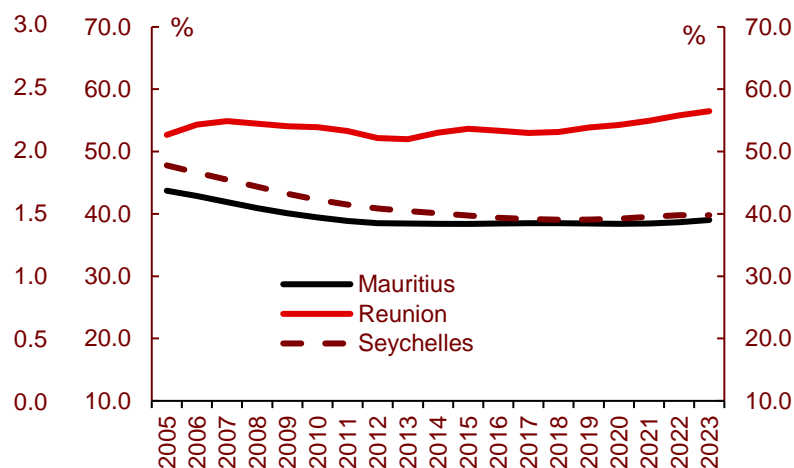


Figure 18. Dependency ratio comparison (2005-2023)



Source: United Nations, Population Division

⁸ Seychelles Population & Housing Census 2022 - National Bureau of Statistics, Seychelles

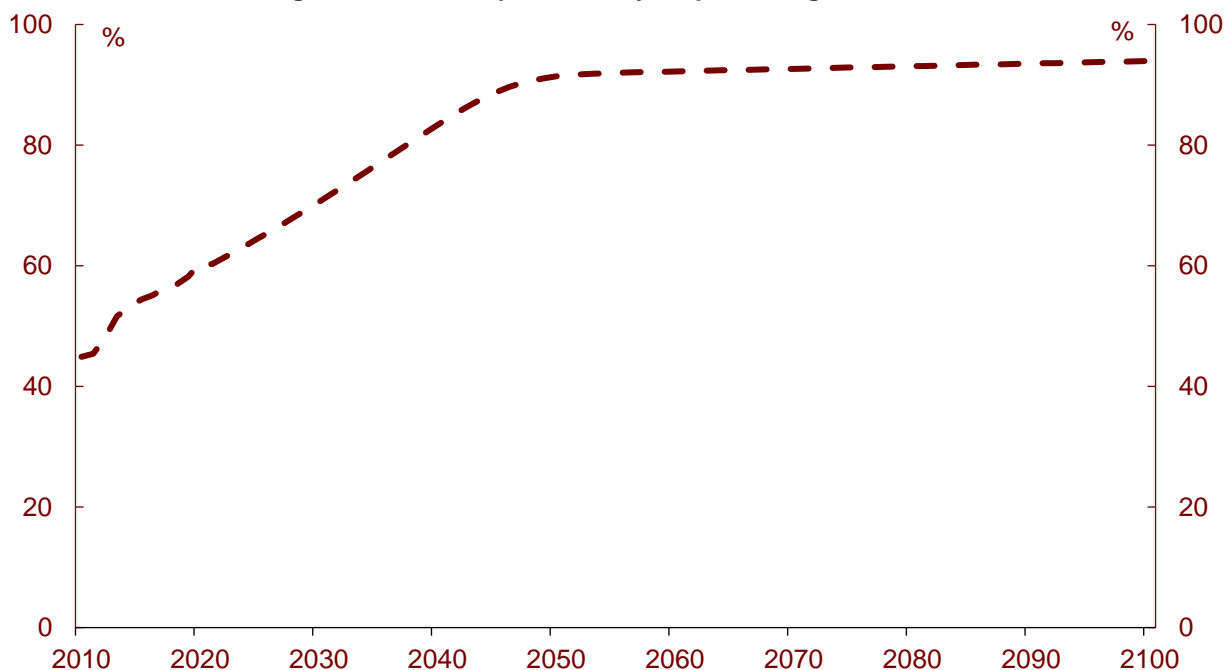
Consequently, as the population ages, the working age population is anticipated to grow more slowly, and even fall as a share of the total population, raising the dependency ratio in the second half of the century in all three UN demography scenarios (the three scenarios reflect low, medium and high fertility assumptions)⁹. As depicted in Figure 18, the dependency ratio for Seychelles in the early 2000's was at its highest at about 47.8 per cent in 2005 and gradually declined to below 40 per cent by 2023. The 2022 census reveals that the median age of the Seychelles population was 35 years in 2022 compared to 31 years in 2010. This shows an ageing population that is comparable to other small island countries such as Mauritius (36 years) and the Maldives (32 years). The country has a high life expectancy with low birth rates but is ageing at an alarming pace, thus influencing the decision to increase retirement age to 65 years.

Productivity

From 2007 to 2019, real labour productivity (measured as PPP-adjusted nominal GDP per worker) in Seychelles grew on average by 2.9 per cent. This growth rate lagged behind the 4.3 per cent average seen in other Upper Middle-Income countries, a classification Seychelles held until it was upgraded to High-Income status in 2015. However, Seychelles outperformed the average productivity growth of High-Income countries, which stood at just 0.7 per cent, as well as the 0.4 per cent average for small states in the Caribbean and Pacific.

Looking ahead, labour productivity growth is forecasted to slow from 3 per cent in 2023, gradually stabilising to a long-term average of 1.3 per cent by 2051, as the nation nears the OECD average productivity level. By 2100, Seychelles is projected to surpass 90 per cent of the OECD average productivity level, as illustrated in Figure 19.

Figure 19. Labour productivity as percentage of OECD



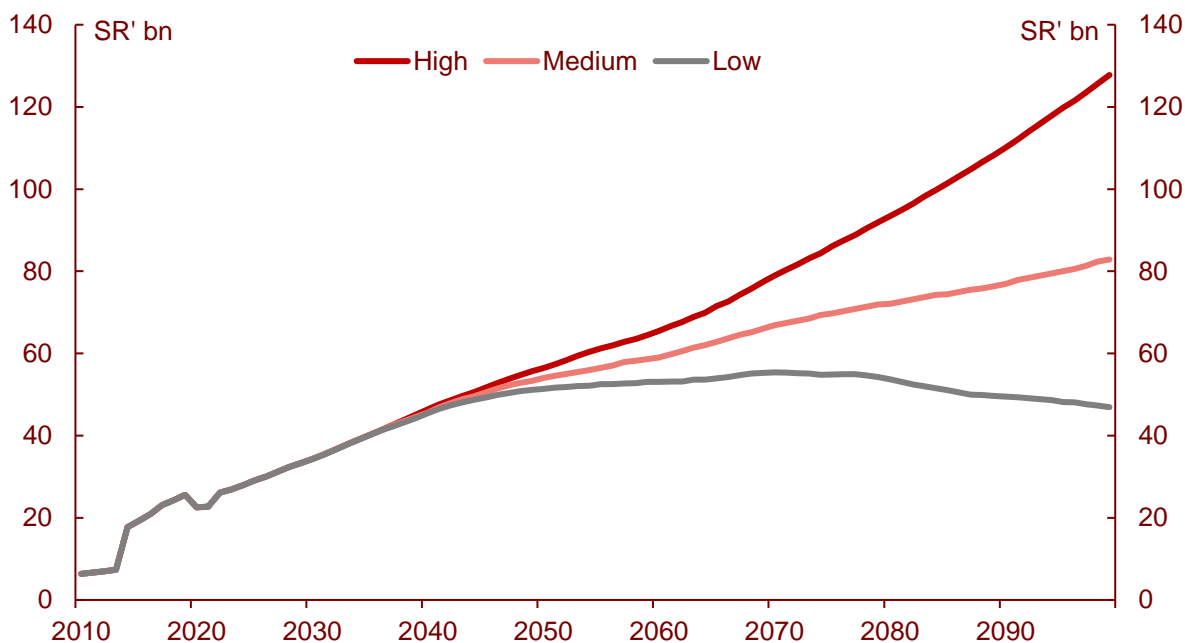
Source: Macroeconomic Forecasting and Analysis Division estimates.

⁹ United Nations Department of Economic and Social Affairs, Population Division (2024). World Population Prospects 2024

GDP

The long-run real GDP is projected based on long-run working population growth trajectory under the three demography scenarios and productivity level assumptions (see Box A for details). For the purpose of this analysis, the medium fertility scenario is chosen for the baseline assumption.

Figure 20. Real GDP Level per Working Population Growth Scenarios



Source: Macroeconomic Forecasting and Analysis Division estimates.

Box A. Baseline assumptions

- Real GDP growth slows from 3.5 per cent in 2028 to 0.6 per cent in 2099, driven by:
 - a decline in the share of working-age population in the UN's medium fertility scenario population projection; and
 - a slowdown in productivity growth from 3 per cent to 1.3 per cent as Seychelles' productivity converges towards the OECD average.
- Inflation declines from 2.4 per cent to 2 per cent a year.
- The real interest rate is assumed to remain constant at 0.5 per cent in the long run.
- Revenue is assumed to remain constant as a share of GDP from 2028.
- Real primary expenditure per capita is projected to rise in line with productivity growth.
- Government is assumed to cut primary expenditure to stabilise debt when the debt-to-GDP ratio rises above the fiscal rule ceiling of 50 per cent.

Fiscal projections

The model utilises a straightforward fiscal projection approach, maintaining revenue as a constant percentage of GDP and growing per capita real expenditures in line with labour productivity. This framework assumes that there is no change to Budget policies in the long run, enabling the identification of potential fiscal stresses over time and across various scenarios. As the dependency ratio rises, expenditure grows faster than GDP, and Budget deficits widen. This is evident in Figure 21.

Long term projections for the debt-to-GDP ratio are derived from the above macroeconomic and fiscal projections, an assumed long run real interest of 0.5 per cent, and the fiscal rule debt ceiling of 50 per cent of GDP. As Figure 22 shows, debt declines as a share of GDP until the mid-century on the back of strong Budget surpluses, but eventually debt starts rising as demographic pressures build on expenditures. The 50 per cent debt ceiling is breached in the late 2070s, when a fiscal consolidation is assumed to stabilise debt.

By illustrating how changes in economic conditions could affect fiscal stability, this analysis provides valuable insights into the potential impacts of economic fluctuations and assist policy makers to develop strategies to mitigate risks effectively.

Figure 21. Budget Balance (%NGDP) (Baseline)

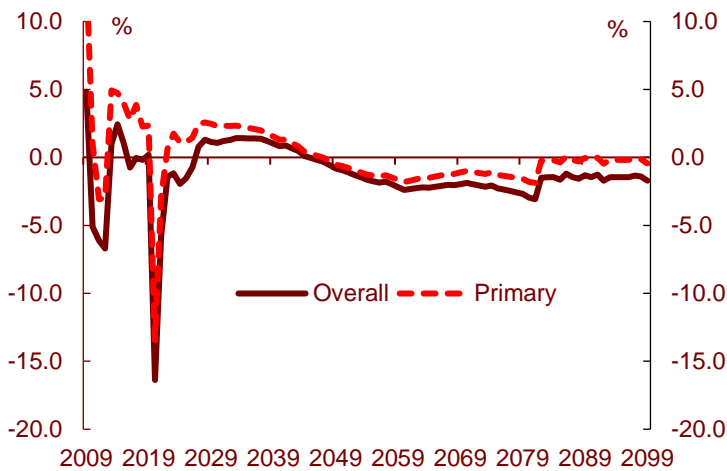
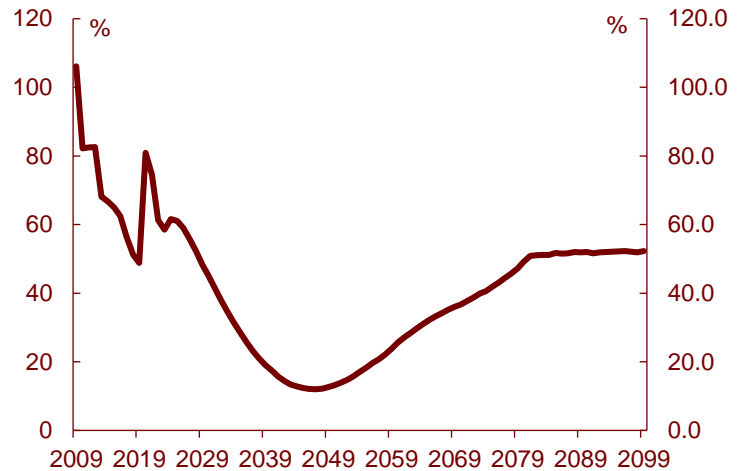


Figure 22. Debt to GDP (Baseline)



Source: Macroeconomic Forecasting and Analysis Division estimates.

5.2 Climate Change Risks

The Seychelles climate is tropical, with daily average temperatures of between 24 and 30°C. The climate is strongly influenced by the ocean, mainly through changes in monsoonal winds and ocean currents. Residing in the equatorial region and in the western Indian Ocean, the country experiences two main seasons, the North-west monsoon and the South-east trade wind. In addition, the topography strongly encourages rainfall patterns, with the months of October to April being the wet period.

Like many other Small Island Developing States (SIDS), Seychelles is economically, culturally and environmentally susceptible to the potential effects of climate change and associated extreme events such as floods, landslides, coastal erosion amongst others.

Extreme climate scenarios can have severe impacts on GDP and overall economic activity. Increasingly extreme temperatures have shown to affect productivity and overall output in key industries such as tourism (a major revenue earners) as well as agriculture and fisheries through adversely impacting crop yields and natural ecosystems. Furthermore, global warming directly affects the health of the population through the rise of heat-related illnesses and reduced labour productivity resulting in lower overall economic activity.

Climate change will impact Budget expenditure and revenues in multiple ways and across different levels of governments. Fiscal risks can have a direct impact, such as when a natural disaster disrupts economic productivity, leading to lost Budget revenue. Alternatively, they can have an indirect impact, like when there is a default on an agricultural guarantee (an explicit liability) or a PE default (an implicit liability). Table 5 provides different examples of how climate change fiscal risks can cause fiscal outcomes to deviate from their forecasts.

Table 5. Fiscal risks from climate change

Type of risk	Description of fiscal impact
Budgetary risks	More frequent and severe natural hazards result in increased public spending to replace damaged infrastructure and social transfers to affected households. Materialisation of explicit contingent liabilities, for example, insurance schemes backed by state guarantees.
PE risks	Negative impact on the balance sheet for main hydro energy companies, with reliance on more costly forms energy (thermal). This could damage assets, increase maintenance costs and require capital injections from the Budget.
Economic risks	Impacts on economic output and productivity. For example, reduction in agricultural potential, scarce land resources and the reallocation of resources from productive capital to adaptation investment.
Transition risks	Switching from brown to green energy, costs of adapting to new technologies, legal and liability risks.

Productivity Growth Slowdown and fiscal effects

There is strong evidence that rising temperatures have a negative impact on productivity. The study "Long-term Macroeconomic Effects of Climate Change: A Cross-Country Analysis" by Kahn et al., 2021¹⁰ investigates the long-term impacts of climate change on per capita economic growth across 174 countries from 1960 to 2014.

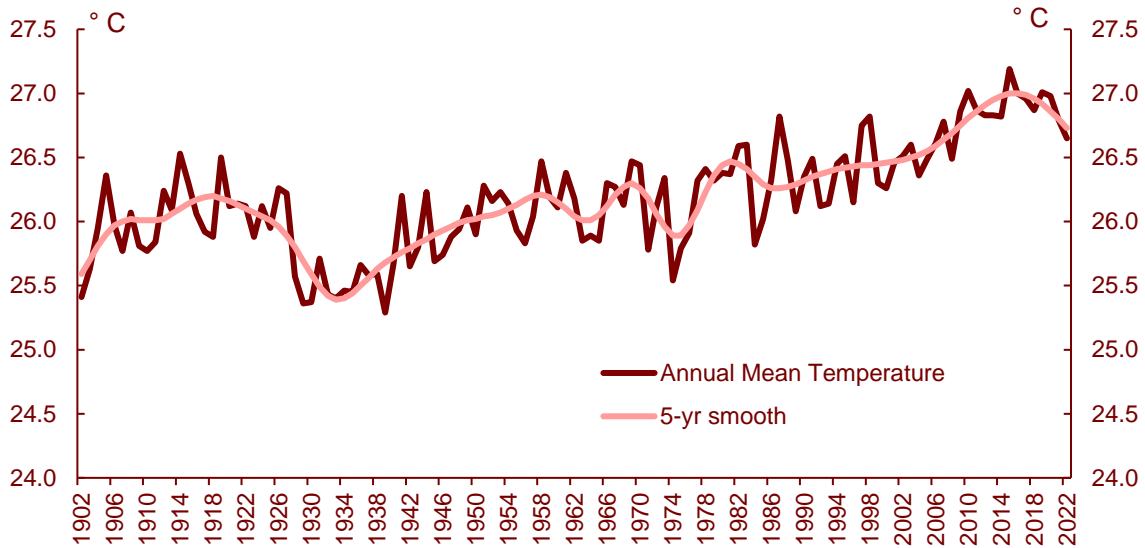
The authors use historical climate and economic data to estimate how changes in temperature and precipitation influence GDP per capita. The study concludes that persistent changes in temperature, but not precipitation, have a significant negative effect on economic growth. Specifically, if temperatures deviate from historical norms by 0.01 degrees Celsius annually over an extended period, long-term income growth decreases by 0.05 percentage points per year. Limiting the global average temperature increase to below 2 degrees Celsius above pre-industrial levels, as agreed in Paris, would reduce global income by 1 per cent by 2100. Conversely, a further rise in average global temperatures by 0.04 degrees Celsius, consistent with the RCP 8.5 scenario (which assumes higher greenhouse gas emissions without mitigation policies), could lower global real GDP per capita by 7 per cent by 2100.

The magnitude of these income effects would vary significantly across countries, depending on the rate of temperature increases, income bracket, and climate variability in each nation. In fact, under a high-emissions scenario with no policy intervention (RCP 8.5), global per capita GDP losses could nearly double, leading to a 13 per cent reduction in global income by 2100 if country-specific climate variability increases in line with temperature rises. It is important to note that all countries are predicted to be negatively affected by temperature increases, however the study estimates that poorer and hotter countries would be more severely affected.

Figure 23 presents the average annual temperature in Seychelles from 1902 to 2022. In line with observations from other countries, an upward trend is evident throughout the period, despite some fluctuations year to year. In the first half of the timeline, the average temperature stood at 25.93 degrees Celsius, while in the second half, it increased to 26.44 degrees Celsius -- an overall rise of half a degree. An all-time high of 27 degrees Celsius was reached in 2016, though since 2017, a slight moderation can be observed.

¹⁰ Kahn, M. E., Mohaddes, K., Ng, R. N. C., Pesaran, M. H., Raissi, M., & Yang, J.-C. (2019). *Long-Term Macroeconomic Effects of Climate Change: A Cross-Country Analysis*. <https://doi.org/10.17863/CAM.41763>

Figure 23. Seychelles' Annual Mean Temperature (1902 to 2022)



Source: Climate Change Knowledge Portal, World Bank

These temperature deviations from historical averages suggest that Seychelles is also vulnerable to climate-related losses in productivity. Using the estimates from Kahn et al. (2021)¹⁰, it is possible to augment the long-term analysis above with the productivity impact under hotter temperature profile.

In an attempt at quantifying the long-term impact of climate change on public finances, the Q-CRAFT¹¹ was used to generate a stylised assessment of the impact of four different climate scenarios against the baseline.

Scenarios:

Baseline - Projected fiscal path 'status quo'; in the absence of climate change

Paris - based on the SSP1-2.6 IPCC scenario where international commitments from the 2015 Paris summit are met. This scenario assumes significant cuts in emissions, keeping global temperature increase above its pre-industrial level below 2°C at the end of the century.

Moderate - based on the SSP2-4.5 IPCC scenario. Emissions continue increasing in line with the continuation of present trends and stabilise at the end of the century. This scenario assumes that climate mitigation policies continue along the observed trend, but countries do not take more aggressive actions to fulfil their Paris commitments.

High - based on the high-emissions SSP3-7.0 IPCC scenario. Rather than intensifying climate mitigation efforts, countries start scaling back their implemented policies in a fragmented world with limited energy efficiency improvements and continued use of fossil fuels.

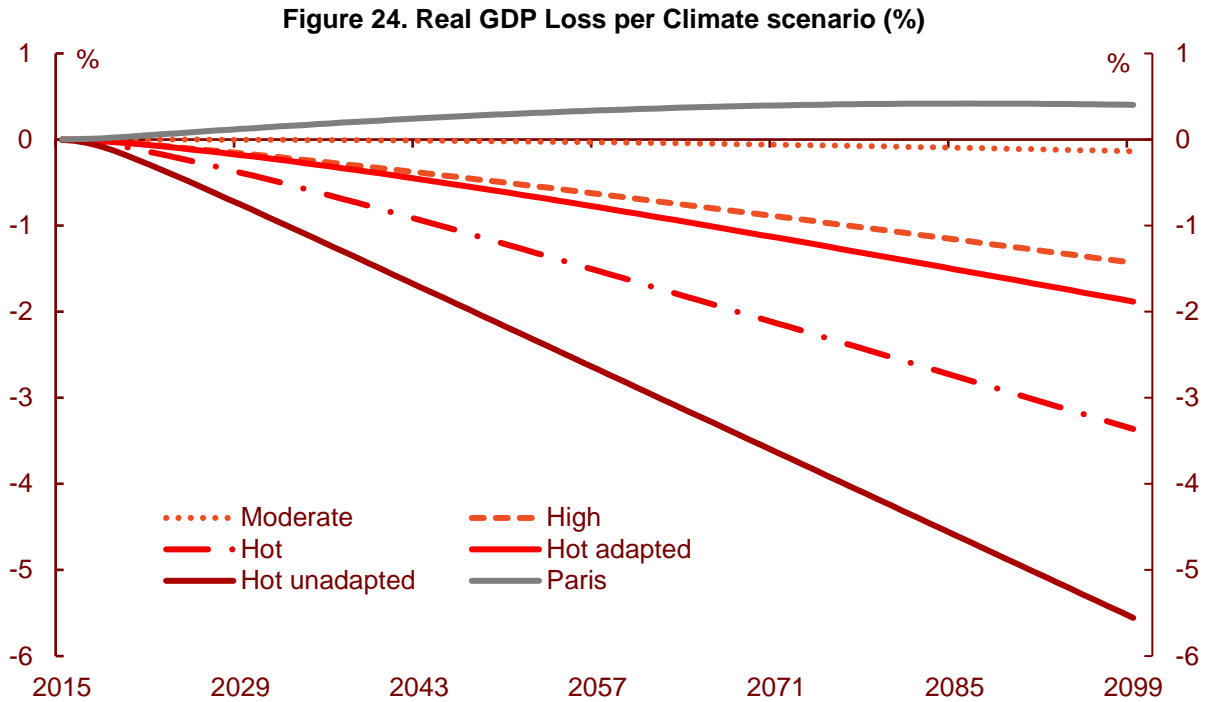
Hot - emissions are as in the "high" scenario, but it uses the 90th percentile of temperature increase among all climate models that used SSP3-7.0 emissions, instead of the median of temperature projections.

Hot adapted - same temperature increases as in the hot scenario, but countries adapt to it more quickly.

Hot un-adapted - same temperature increases as in the hot scenario, but countries adapt very slowly to climate change.

¹¹Quantitative- Climate Risk Assessment Fiscal Tool- IMF tool developed to quantify long-term fiscal risks associated with climate change.

Figure 24 illustrates the change in GDP as a result of changes in productivity under each scenario. A hot climate scenario can reduce GDP by as much as 1.7 per cent by 2060 and 3 per cent by 2090. Conversely, models suggest that adhering to global warming mitigation measures of the Paris Agreement by all countries could partially reverse climate change impacts, potentially resulting in a 0.4 per cent increase of GDP by 2090.

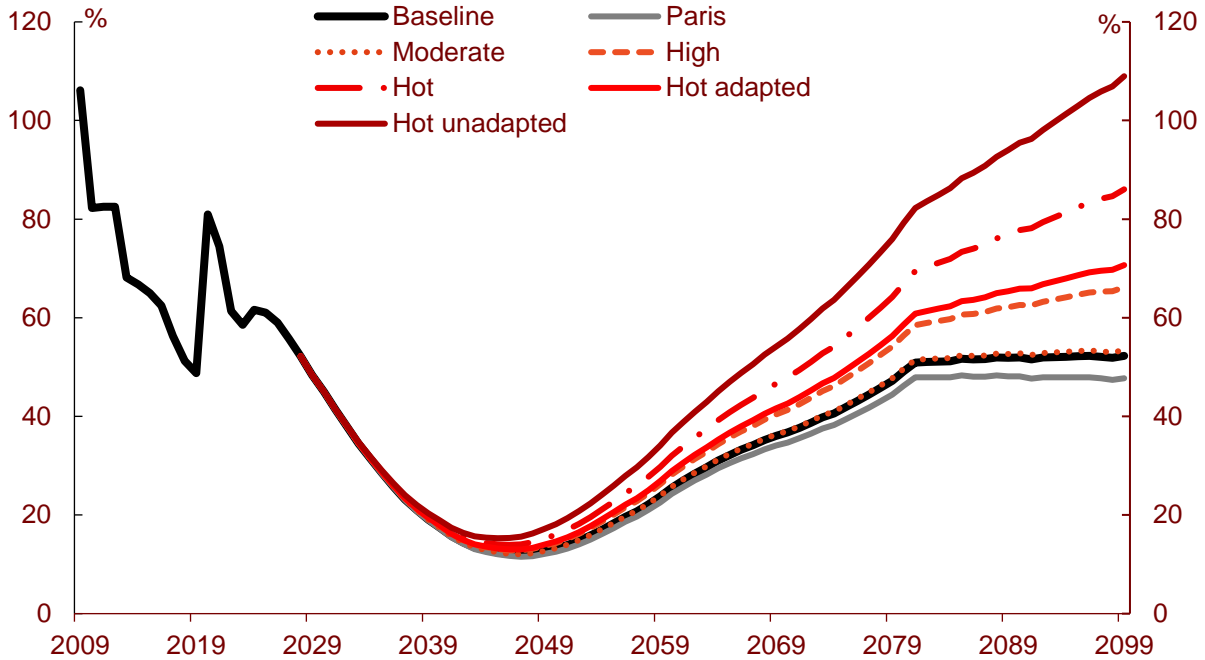


Source: Macroeconomic Forecasting and Analysis Division; Q-Craft tool estimates.

The smaller GDP caused by slower productivity growth translates into lower revenue than the baseline, while expenditure is assumed to remain unchanged. As a result, the Budget deficit widens, raising debt levels. Higher debt level and a smaller GDP means higher debt-to-GDP ratio relative to the baseline, with worse climate scenarios yielding bigger rises in the ratio.

Figure 25 overleaf illustrates the debt-to-GDP effects of unmitigated temperature increases compared to a baseline. The worsening climate change could push debt significantly above the 50 per cent of GDP fiscal rule ceiling.

Figure 25. Debt to GDP ratio per Climate scenario (%)



Source: Macroeconomic Forecasting and Analysis Division; Q-Craft tool estimates.

Under the 'Hot' scenario, whereby temperature increases without any mitigation, the debt-to-GDP ratio is expected to deviate from the baseline at around 2040, and the difference is expected to increase after this point. At the end of the century, debt-to-GDP ratio is expected to reach 86 per cent in the 'Hot' scenario, as compared to 52.2 per cent in the baseline scenario.

Rising Sea Level

A major share of the country's infrastructure, population and economic activities are located in the coastal zone. Rising sea levels poses a threat and will have a fiscal cost as people relocate and infrastructure is upgraded. Adaptation strategies, which include building barriers such as seawalls, rock armouring and bullnose parapet walls, will require increased public expenditure to protect assets at risk, thus imposing additional stress on the Budget. Rising sea levels also affect tourism establishments located near the coast and tourist attractions such as beaches, negatively impacting the tourism industry.

Contingent Liabilities

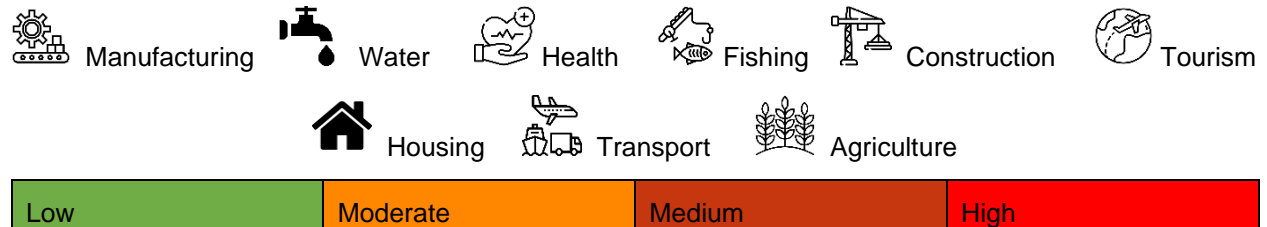
In Seychelles, the growing frequency and intensity of natural disasters is significantly increasing the demands on the Government's contingency Budget allocation. The rising risks from tropical storms, floods, and landslides would likely result in an escalation of the financial burden of disaster-related damage to critical infrastructure such as roads, ports, and utilities. These events require costly repairs and rebuilding efforts, drawing heavily from the contingency Budget. Additionally, emergency disaster relief operations, including providing immediate assistance to affected populations and restoring essential services, further strain Budget resources and additional pressure on fiscal reserves.







Environmental degradation, particularly the loss of coral reefs and mangroves, compounds these challenges by reducing natural coastal protection. As these ecosystems deteriorate, the Budget faces increased costs to implement artificial protective measures, such as sea walls, to shield communities from storms and tidal damage. The need to fund such infrastructure from the contingency Budget further stresses Government finances.


















The agriculture and fisheries sectors, vital to the local economy and food security, are also threatened by climate change. Disruptions from droughts, flooding, and landslides can reduce crop yields, forcing the Budget to provide financial support or subsidies to affected industries. This, in turn, increases the drain on contingency funds, especially if domestic food production declines and food imports become more expensive.

The following table illustrates the impact of climate change across various sectors, highlighting the likelihood of effects on public enterprises and the severity of fiscal impacts associated with each sector.







Table 6. Impact of Fiscal Risks from Climate Change across sectors



Climate impact	Sector Affected	Exposed PEs	Likelihood	Fiscal Impact
Flooding	 Flooding negatively impacts agriculture through crop damage from excess water, soil erosion, nutrient loss, delays in planting and harvesting, as well as endangerment of livestock. These adverse effects can lead to significant economic losses for farmers and PEs involved in agriculture, and may result in food supply shortages which translates into higher prices, and potentially increased pressure on public assistance programs.	Islands Development Company (IDC)		
	 Flooded roads may lead to road closures which disrupts the movement of goods, services, and people. Such disruptions can reduce productivity and disrupt supply chains, which would hinder business performance and reduce tax revenue. Floods also damage infrastructure, which is costly to repair thus increasing public expenditure.	Seychelles Public Transport Corporation (SPTC)		

	 Floods can lead to significant property damage, including to social housing.	Property Management Corporation (PMC) Nouvobanq Seychelles Commercial Bank	 
	 During storms, tourism related infrastructure such as hotels and restaurants, as well as natural attractions namely beaches, are damaged. Storms also raise safety concerns, which can discourage people from travelling and decrease tourism receipts. Heightened safety concerns can also reduce the turnover of tourism establishments, ultimately decreasing total tax revenue.	Seychelles Park and Gardens Authority (SPGA) L'Union Estate Ltd Seychelles Civil Aviation Authority (SCAA) Air Seychelles	 
Storm	 Storms disrupt transportation services such as flights, ferry services, and road transportation; hence reducing the mobility of visitors and residents. By damaging public infrastructure, storms also increase public expenditure.	Air Seychelles Seychelles Ports Authority (SPA) SCAA SPTC	 
	 Storms can damage development sites causing delays in various projects and increased construction costs. It also poses a risk for insurance companies in the event that buildings and other assets are destroyed.	PMC Green Island Construction Company Ltd Seychelles Pension Fund	 
Landslides	 Landslides can lead to road blockage thus causing disruptions in transportation networks. This increases the costs of business due to the need to reroute. Additionally, repairing damaged infrastructure increases public expenditure.	SCAA SPTC	 
	 Landslides can destroy farmland, thus reducing agricultural output and revenue.	IDC	 

Droughts	 <p>Increased frequency and duration of droughts poses a risk to water availability. Given increasing demand, Seychelles already relies partially on desalination to meet water needs. An exacerbation of the situation will put pressure on the publicly owned utilities company due to the high cost of desalination.</p>	Public Utilities Company (PUC)		
	 <p>Lower precipitation and interruptions in piped irrigation can reduce agricultural yields, which will affect the revenue of PEs that have agricultural interest. Additionally, a smaller supply can lead to high food prices.</p>	IDC		
Sea Level rise/coastal erosion	 <p>Sea level rise and coastal erosion can lead to damage to coastal infrastructure, such as roads, buildings and ports. This can put a strain on the Budget due to increased public expenditure needed to invest in adaptation.</p>	SPA SPTC		
	 <p>Beach erosion will decrease the overall attractiveness of the destination, given Seychelles' niche of 'sun, sea and sand'. Tourism establishments and tourism related PEs will therefore be affected by low income which further affects both tax and non-tax revenue.</p>	L'Union Estate Ltd		
	 <p>Rising sea levels and coastal erosion might also disrupt coastal ecosystems that affect the fisheries industry, thus reducing revenue generated by the industry.</p>	Seychelles Fishing Authority (SFA)		
	 <p>An epidemic would increase the demand for medical services, which can stress the healthcare system and increase public health expenditure.</p>			

Epidemics		By reducing labour supply and disrupting supply chains, an epidemic can reduce firms' profitability, ultimately reducing tax revenue collected from businesses. Rising health concerns from an epidemic can also increase uncertainty in the economy, thus reducing investment.	Seychelles Trading Company Ltd (STC)		
		An epidemic can also discourage people from travelling, which would reduce tourism receipts.	SCAA L'Union Estate Ltd SPGA Development Bank of Seychelles (DBS) Nouvobanq Seychelles Commercial Bank		

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

5.3 Natural Disasters Risks

Natural disasters (NDs) result from natural hazards, often geophysical or biological, which overwhelm local capacity. As per the International Disaster Database 'EM-DAT'¹², NDs are specified as events whereby at least one of the following holds:

- 10 or more fatalities;
- 100 or more people affected;
- Declaration of state emergency; and,
- Call for international assistance.

These events tend to cause disproportionately large economic losses for SIDS such as Seychelles. This impact arises from the SIDS' limited capacity to respond to NDs, and the fact that they tend to face more extreme weather events than larger countries.¹³

Natural disasters create fiscal spending needs through both the rebuilding efforts following the disaster as well as the mitigation efforts in anticipation of future disasters. These efforts tend to cause the Budget's fiscal outcomes to deviate from targets and projections. The remainder of this section will consider the impact of a potential ND over the medium term for Seychelles.

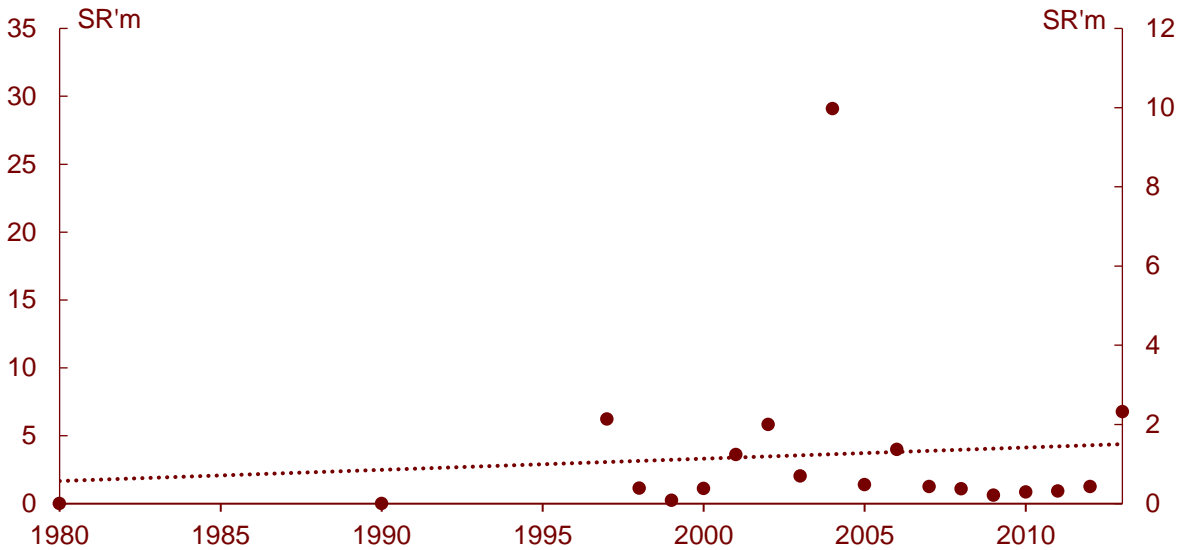
¹² From the Centre for Research on the Epidemiology of Disasters – CRED, at the Université Catholique de Louvain.

¹³ Marto, R., Papageorgiou, C. and Klyuev, V., 2018. Building resilience to natural disasters: An application to small developing states. *Journal of Development Economics*, 135, pp.574-586.

Natural Disasters in Seychelles

Seychelles has mostly only witnessed the tail end of several natural disasters, especially tropical cyclones, which often devastate most other island nations in the Indian Ocean. This advantage that Seychelles enjoys due to its geographical position is being threatened by the effects of climate change, which has contributed to harsher weather patterns.

Figure 26. Plot of the reported damages from NDs (1980-2014) in SR 'm



Source: UN DesInventar Open Source Initiative, available at <https://www.desinventar.net/>

Since independence, Seychelles has been facing a slightly increasing trend in economic losses from natural disasters. As depicted in Figure 26, of all the years between 1980 and 2013, 2004 stands out with almost SR 30m in damages, with most damages caused by the unexpected 26th December Tsunami. However, more worrying is the trend among the relatively milder natural disasters such as flooding and landslides, which have become a usual feature of the long rainy season.

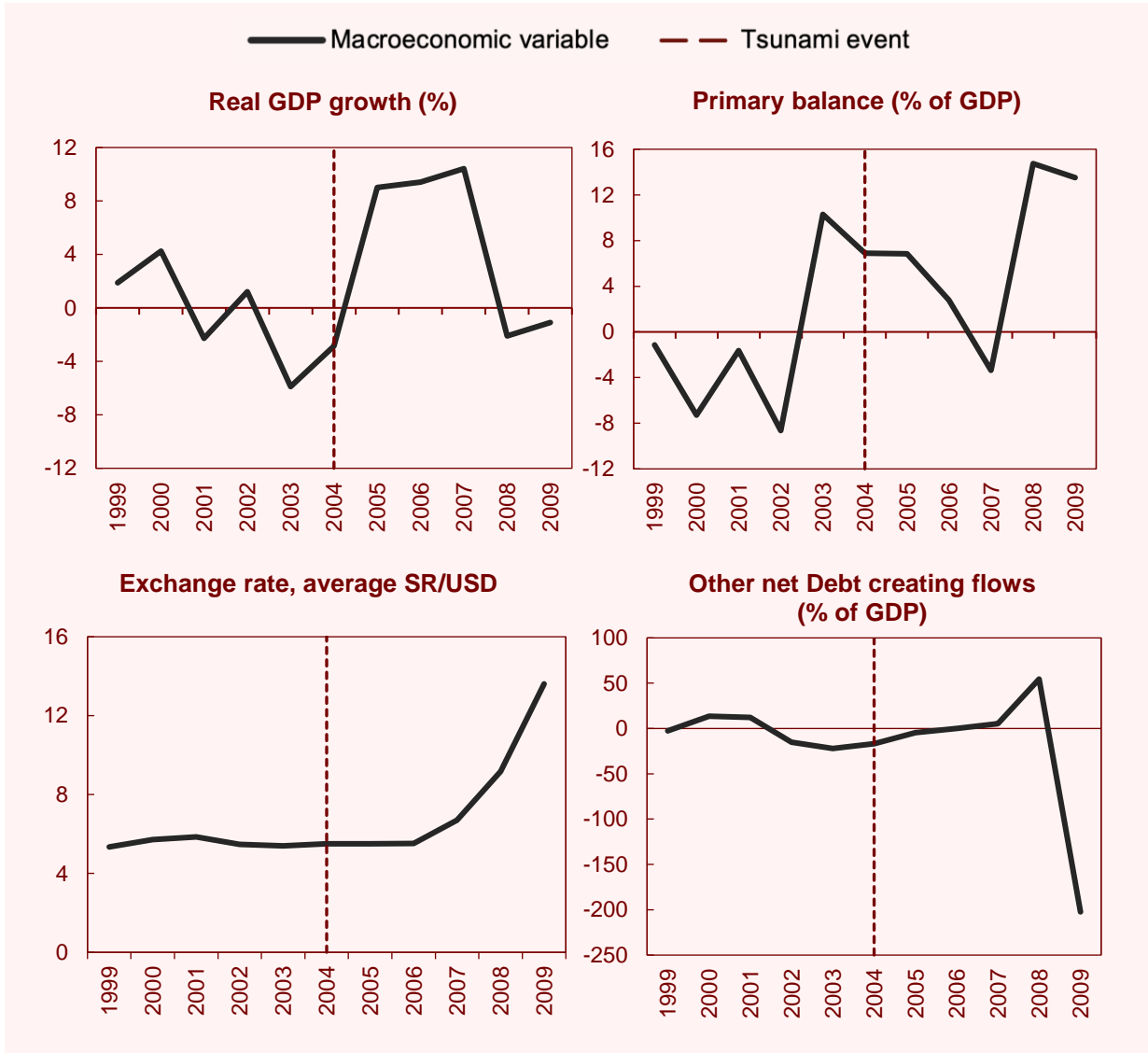
These trends will cost both private and Budget entities and will ultimately exert pressure on the economic welfare of all citizens. This pressure often stems from the damages to local businesses, including many tourism establishments, as well as the associated logistical challenge of getting around if the coastal roads are affected. Beyond these is the possible loss of lives and the dent in public and/or business confidence if NDs become more common. The overall impact on GDP growth varies depending on the sectors of the economy impacted, if durable consumption goods are destroyed, then GDP is unlikely to fall as much as if productive capital is destroyed.¹⁴

As per the current IMF working guideline for the ND simulation tool, the scenario will be based on past NDs which resulted in economic damages equal to or greater than 1 per cent of GDP. Therefore, only the 2004 tsunami will be used as the historical reference point for the simulation.

¹⁰ Strulik, H. and Trimborn, T., 2019. Natural disasters and macroeconomic performance. *Environmental and resource economics*, 72, pp.1069-1098.

The 2004 tsunami, also known as the Boxing Day tsunami killed at least 225,000 people¹⁵, impacting many countries across the Indian Ocean. In Seychelles, two people lost their lives and several hundreds of people were affected, with total economic losses (direct and indirect) amounting to about 3.6 per cent of GDP¹⁶. Figure 27 presents the trends of selected macroeconomic variables before and after the 2004 Tsunami, and it shows a few changes in trends, despite the inherent difficulty of visually discerning the tsunami's impact.

Figure 27. Trends of selected macroeconomic variables around the 2004 tsunami



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

¹⁵ Inderfurth, K.F., Fabrycky, D. and Cohen, S., 2005. The 2004 Indian Ocean tsunami: one year report. *The Sigur Center Asia Papers*, pp.1-40.

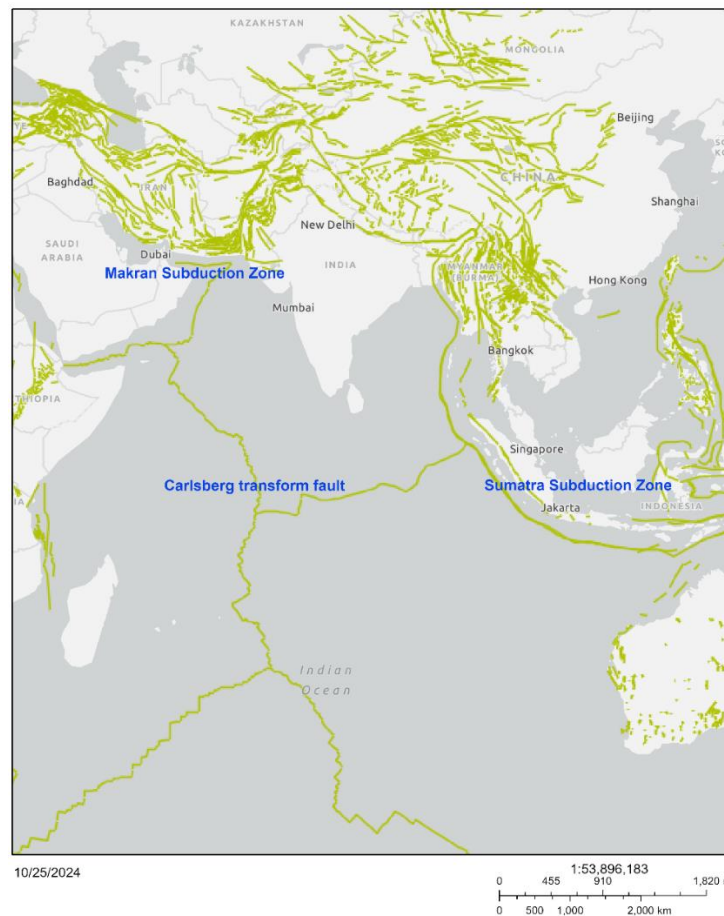
¹⁶ Based on IMF's 2017 country report for Seychelles. Report No. 17/161.

Natural Disasters Debt Shock

For the shock exercise, a tweaked version of the 2004 tsunami is considered, specifically, the shock scenario considers a **hypothetical 2025 tsunami of twice the intensity of that which happened in 2004**, to stress test the economy and fiscal capacity.

Of the existing works on ND risk assessment, the simulation studies by Seng and Guillande (2008), are of particular interest to the tsunami shock scenario considered. The two authors used three main tsunami threat sources for Seychelles, which are potential sites for underwater earthquakes; the Sumatra subduction zone; the Makran subduction zone; and, the Carlsberg transform fault¹⁷, all three of which are labelled on Figure 28.

Figure 28. Map showing tectonic plate boundaries/faults (in light green) and three potential tsunami threat sources for Seychelles.



Map data © OpenStreetMap contributors, Microsoft, Facebook, Inc. and its affiliates, Esri Community Maps contributors, Map layer by Esri, Sources: Esri, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodastystyrelsen, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap and the GIS user community.

The authors simulated tsunamis originating from all three threat sources. This section considers one worst-case scenario similar to the authors for the Sumatra subduction zone (the origin of the actual 2004 tsunami).

¹⁷ Seng, D.C. and Guillande, R., 2008. Disaster risk profile of the Republic of Seychelles. *United Nations Development programme*.

Specifically, the worst-case scenario is assumed to be a result of the waves reaching the shores during high tide (as opposed to the actual).

In essence, the question being asked is:

What would be the impact of another tsunami event in 2025 on public debt?

Using the IMF Debt Dynamics Tool (DDT), and the newly introduced extension template for Natural disasters (IMF ND_DDT), a natural disaster shock scenario is presented. In the ND_DDT the shocks were calibrated as follows:

- Computing the historical change in each relevant variable during the 2004 tsunami to derive the observed shocks to these variables.
- Assuming the 2025 scenario shock to each relevant variable to be **twice** that in 2004, except the primary balance (PB).
- Assuming the PB shock to be the result of a **200 per cent increase** in the 2025 'contingency fund' (0.4% of GDP).

Table 7 below presents some of the shock parameters used in the model. Bearing in mind the current fiscal target for Seychelles over the medium term; ensuring fiscal sustainability and reducing public debt to 50 per cent by 2030, the present scenario introduces shocks to the baseline debt path.

Table 7. Summary of natural disaster scenario shock - 2025 Debt simulations

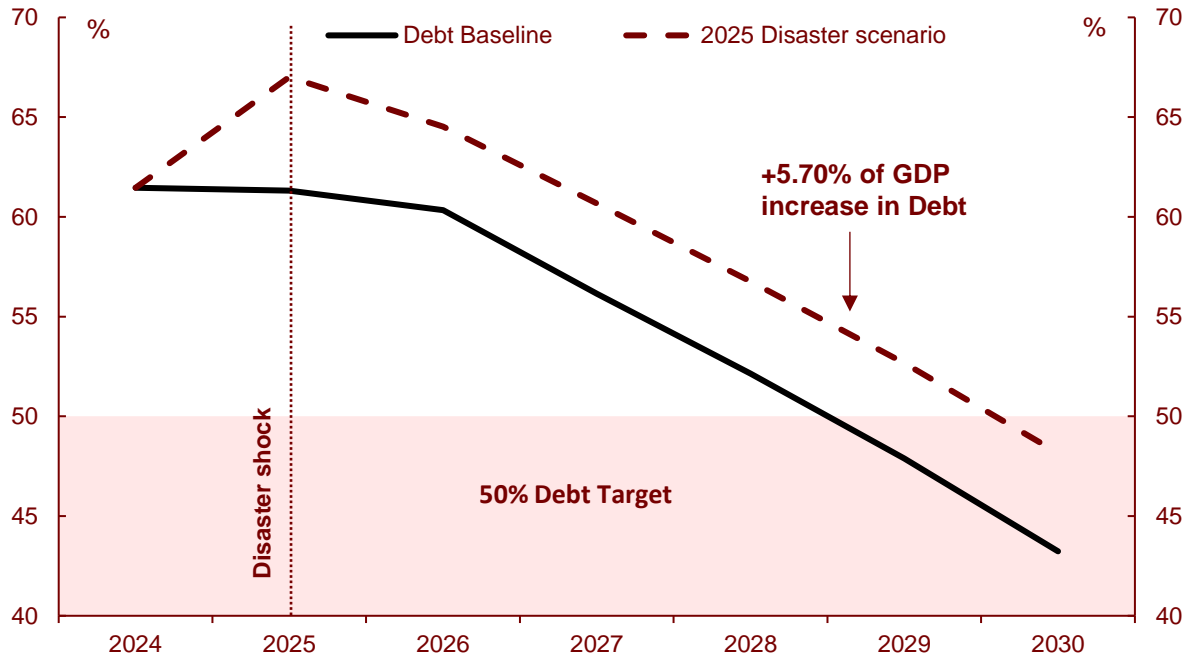
Variables	<i>Shocks: Size of change 'pre' and 'post' from baseline</i>	
	2004 Tsunami Actual	2025 Tsunami Scenario
Exchange rate change (% , avg)	3.29	6.57
Domestic debt effective interest rate (%)	1.43	2.87
External debt effective interest rate (%)	0.08	0.16
GDP deflator inflation (%)	0.60	1.20
Primary Balance (% of GDP)	-3.40	-0.40
Other net debt-creating flows (% of GDP)	5.31	10.62
Disaster scenario Debt impact (% of GDP)		5.70

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

*Note. 2025 scenario assumed change of key variables to be twice of 2004 event with exception of the PB

Figure 29 overleaf presents the baseline debt path and the projected debt path under the ND shock, with the impact of the 2025 natural disaster scenario on the Debt path being an increase of about 5.70 per cent of GDP, with the main drivers of this increase being the 'other net debt-creating flows' and the PB.

Figure 29. Debt projections for 2025 natural disaster scenario (% of GDP)



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

This exercise has shown that the potential fiscal cost of a tsunami, twice as damaging as 2004, is likely to offset the public debt path upwards but not enough to result in missing the planned 50 per cent target by 2030.

6. Risk Assessment Matrix 2025

Given the fiscal risks presented in this document, a fiscal Risk Assessment Matrix (RAM) was developed (Table 9). 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 8. Risk Assessment Matrix 2025

Risks Identified	Likelihood/ Time Horizon	Impact	Transmission	Mitigating Measure	Effectiveness of mitigating measures
External Risks					
Tourism arrivals shock	Med-High/ST-MT	High	Recent escalation of conflict in the Middle East may impact tourist arrivals from the region (Israelis were on average 5% of arrivals in 2022 and 2023). Additionally, other source markets may be affected if flights are re-routed to avoid no-fly zones, thus leading to longer and more expensive flights. Other possible spillover effects include rising fuel prices, which will put pressure on the economies of source markets, further reducing travel.	<p>Provide additional fiscal buffers and contingencies to lessen the impact of lower economic growth on Budget targets.</p> <p>Push forward with plans to incentivise airlines to fly to Seychelles via various financial schemes, which may alleviate airline cost from having to re-route and/or higher fuel prices.</p> <p>Speed up efforts to diversify the tourism source markets to other regions, as well as wider diversification of the economy to increase non-tourism output and FX earnings.</p>	Medium
Large movements in the international fuel price	Med-High/ST	Med-High	Potential for further increases in international fuel prices as a result of escalation in the Middle East conflict. An increase in international fuel prices will increase foreign exchange outflows, which will affect external balances, and increase pressure on exchange rates.	<p>Monitor developments in the international oil market and allow exchange rate to move freely to absorb shocks. Review reserve adequacy</p> <p>Move towards less fuel dependency and improve energy mix (long-term) i.e., further investment in renewable energy sources.</p>	Medium
Macroeconomic Risks					
Exchange rate shock	Med-High/ST-MT	Med-High	Strengthening of the USD against the EUR is a possibility in the short to medium term given the possibility of fuel price hikes due to the Middle East conflict, as well as general uncertainty. Additionally, any decrease in arrivals from Europe would result in lower tourism earnings, and added pressure on the exchange rate. The above would increase inflationary pressures, impact on Budget revenues and costs, and Seychelles' ability to service its debt.	<p>Speed up efforts to diversify the economy to increase output and broaden FX earnings.</p> <p>Continuing the campaign to curb import related consumption, especially in terms of energy imports.</p>	Medium

MINISTRY OF FINANCE, NATIONAL PLANNING & TRADE

Inflation shock	Med-High/ST-MT	Med-High	High and volatile costs of global oil, as well as the aforementioned shocks to the exchange rate will increase pressure on domestic prices through higher import costs. An increase in inflation will affect Budget spending, cost of living, business confidence and general financial stability.	Proactive monetary policy intervention. Continuing the campaign to curb import related consumption.	Medium
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Fiscal Risks

Increase in Budget gross financing needs	Med/ST	Med-High	Lower economic growth from a possible tourism slowdown due to geopolitical conflict and fuel price hikes, shortfall in meeting tax revenue targets, high spending pressures, and shortfalls in planned external financing would deteriorate fiscal balances and would increase financing needs.	Build up contingency buffers. Tighten and ensure fiscal discipline. Develop alternative financing and debt strategies.	Med-High
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Missing IMF Programme performance targets	Low-Med/MT	Med-High	Geopolitical conflicts leading to external shocks, slower implementation of policy reform measures, and increasing Budget financing needs would lead to a worsening fiscal position, missing quantitative performance targets, and marking a departure from the sustainability path.	Ensure continuous monitoring and evaluation of performance benchmarks.	Med-High
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Public Enterprise risks

PE contingent liabilities	Med/ST-MT	Med-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 and public debt.	Reinforce PE monitoring and develop early warning mechanisms, as well as fiscal strategies. Review PE contingency plans, ensure greater contingency reserves, and negotiate suitable financing terms for guarantees.	Medium
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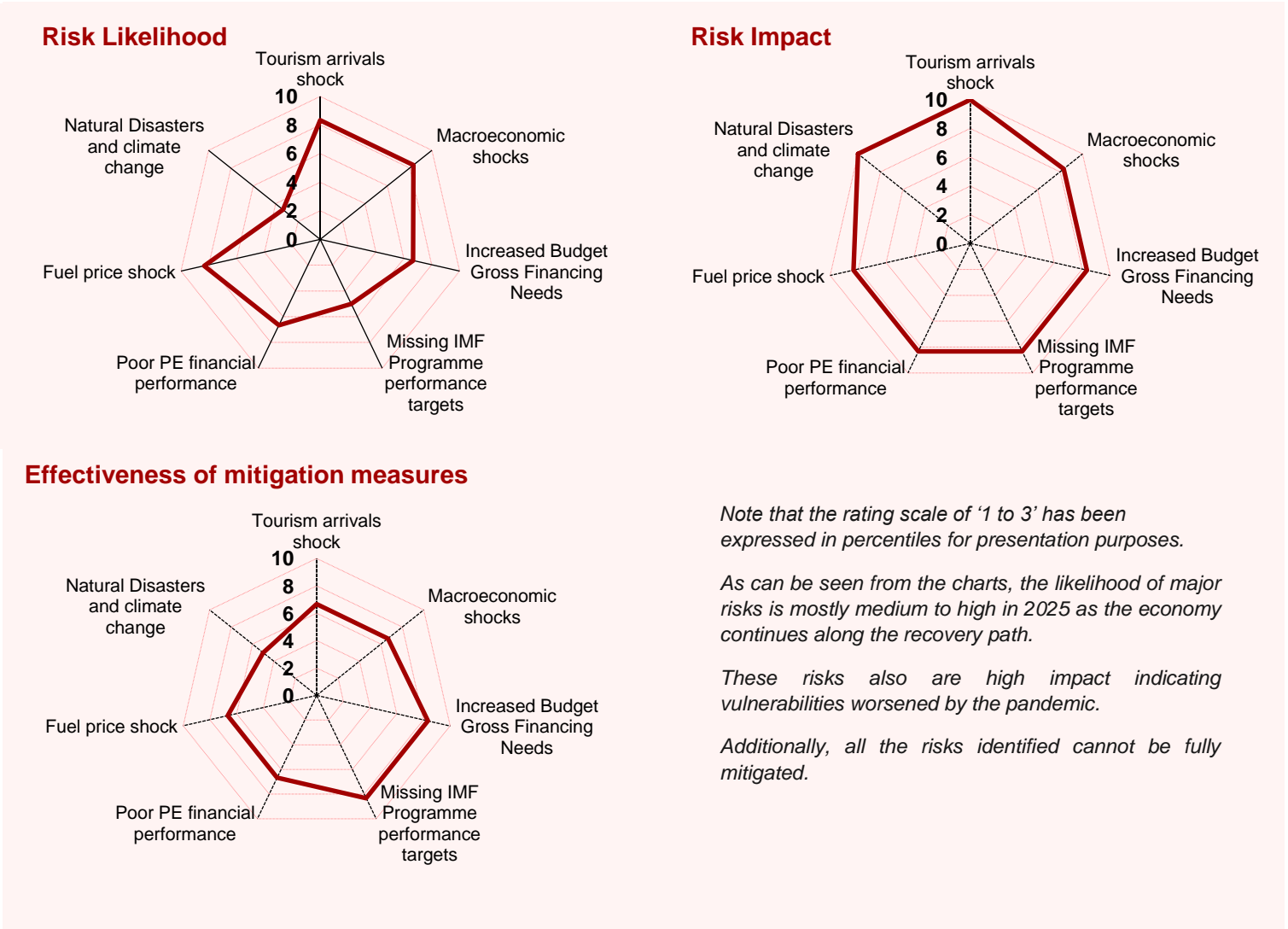
Other Risks

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.	Develop disaster management fiscal plans. Ensure that Budget contingency buffers are provisioned for in the event of a natural disaster occurring. Source additional financing for climate change adaptation and mitigation projects e.g. improving coastal infrastructure resilience.	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 2025 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 30. RAM 2025 charts



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 2025 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, MoFNPT

6. Mitigating Fiscal Risks

As part of the process of identifying, evaluating and analysing fiscal risks, strategies and methods to mitigate the possible impact of such risks are crucial for an economy. All of the aforementioned risks discussed in this document will affect the fiscal position of the country, and impact upon fiscal targets and fiscal sustainability. Risk mitigation therefore 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.

6.1 Broad approaches to mitigation

- **Maintain 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. Currently, this is estimated at SR 50m and is included as part of 2025 Budget. As part of the upcoming Public Financial Management act review, Government is assessing the option of creating a budget buffer fund to accommodate for these uncertainties.
- 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 was undertaken by PEMC in 2023 and it is a work in progress.
- **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.

6.2 Mitigating Climate risks

When it comes to mitigating demographic as well as climate change fiscal risks, various approaches aimed at reducing greenhouse gas emissions and enhancing resilience need to be implemented. There are steps that the Budget is taking today to mitigate the risks identified.

- **Prudent fiscal management**. As a small island economy with limited skilled labour availability, infrastructure and relative financial means, it is important to look for sustainable financing methods

to adapt and mitigate against climate impacts. The Seychelles 'Ministry of Finance' in 2008 adopted the Medium-Term Fiscal Framework (MTFF) which allows analysts to take a medium-term outlook to revenues and expenditures. This framework has allowed for fiscal decisions to be made more prudently and reduce unforeseen Budget misallocations and overspending. Another step has been the adoption of a Fiscal Risk Statement (FRS), which identifies key fiscal risks of the country both internally and externally, which is then reviewed to allow for educated decisions when it comes to spending.

- **Better mobilise Budget revenue growth.** In order to effectively fund environmental mitigation and climate-resilience policies, it is crucial to ensure that necessary finances are collected through the effective mobilisation of Budget revenue growth. Within the 'Seychelles National Development Strategy 2024-2028 (NDS)' the strategy for resource mobilisation is to ensure that the required funds are available to put into place the necessary interventions laid out in the NDS. This strategy consists of two parts: (i) domestic resource mobilisation and (ii) foreign resource mobilisation.

On the domestic side this strategy consists of firstly ensuring efficient and equitable tax regimes to increase domestic revenues. Secondly, to improve public financial management to avoid excessive expenditure and maintain a healthy balance within the Budget. The latter is attained through responsible domestic borrowing, collecting dividends from state owned enterprises (PEs) and supporting the Private Sector through the identification and creation of new Public Private Partnerships (PPPs). Similarly, strategies directed towards foreign resource mobilisation involve attracting foreign direct investment in an effort to diversify the economy and continue engagement with traditional development partners. One such partner is the IMF, which mobilises the Extended Fund Facility (EFF) and more notably the Resilience and Sustainability Facility (RSF) intended specifically for investment into the adaption and mitigation of climate change impacts.

- **Invest in adaptation and mitigation.** It is crucial to invest in adaptation strategies in order to enhance resilience and protect communities from the impacts of climate change. In terms of adaptation strategies, this might include investing in the research and development of different climate resistant crops, ensuring the resilience of the Agricultural sector.

In terms of protection strategies, it is important to strengthen infrastructure resilience, mainly flood defences. In 2019, the Coastal Management Plan was endorsed by the Cabinet and it sets out strategies such as monitoring and research, installing coastal protection infrastructure and implementing nature-based solutions.

Seychelles also enhanced its Nationally Determined Contributions (NDC) aiming to reduce greenhouse gas emissions by 26 per cent by 2030, attainable through a shift to low carbon transport, and increased use of renewable energy from renewable sources.

- **Improve productivity growth.** Productivity growth in the face of climate risks can be achieved by implementing strategies to maximise output while minimising environmental impacts. These strategies include embracing a circular economy approach where businesses shift to products and processes that reduces wastes, and the resources are reused. The Budget can also implement regulations that requires industries to adapt and innovate while complying with environmental standards.

6.3 Mitigating Natural Disaster Risk

- **Further enhance the capacity of the Disaster Risk Management Department (DRDM).** This would help with timely responses to natural disasters and promote an important monitoring hub to raise caution regarding upcoming disasters.
- **Improve the methodology used for projecting the contingency fund.** An upgraded fund allocation system would help with gauging the strain put on the Budget by natural disasters over time and help identify priority areas where the contingency fund would be most useful. This strategy ties with the previous point on capacity building at the DRDM, to enable proper analysis of risks to help derive the appropriate contingency fund allocations.
- **Enhance the integration of ND risk within the broader climate change mitigation/adaptation agenda.** This strategy would ensure that the country's challenges with natural disasters are well noted in the broader climate-change risk discussions, be it on the research front and/or in terms of climate financing.

7. Conclusion

The Fiscal Risk Statement addresses potential fiscal threats to the Government's Budget in the medium term. These risks stem not only from macroeconomic uncertainties, challenges in budget execution, and the performance of public enterprises, but the evolving landscape of climate change and natural disasters. As a small island nation with limited resources and high vulnerability to external shocks, the implications of these risks are particularly pronounced.

To illustrate various sources of fiscal risks, sensitivity analyses were conducted across several variables, including inflation and exchange rates. Fan charts depicted how changes in estimated real and nominal GDP, tax revenue, and inflation rates would respond to different shock magnitudes.

Fiscal stress tests on public debt were simulated using the IMF Debt Dynamics Tool, examining four key variables: exchange rate, primary balance, real interest rate, and real GDP growth. Results showed that debt is particularly sensitive to fluctuations in real exchange rates, followed by shifts in the primary balance relative to GDP. In both shock scenarios, debt deviated the most from the baseline downward trajectory.

A combined shock scenario was also explored, assessing the macroeconomic effects of the ongoing conflict in the Middle East considering both a conservative and an extreme case. The conservative scenario assumes that the conflict remains contained, while the extreme case assumes an escalation into a full-blown war engulfing the region. In both scenarios, the shock would adversely impact tourism arrivals and global oil prices (under the extreme case), ultimately hindering economic growth. With fewer visitors than expected, tourism revenue in foreign currency is likely to decline, which could strain the domestic market and elevate annual inflation expectations. Deterioration in these macroeconomic indicators could harm revenue forecasts, threaten the primary balance, and impede planned debt reduction efforts.

Additionally, the document summarizes risks faced by Public Enterprises (PEs), categorizing them into contingent liabilities, macroeconomic risks, institutional risks and other risks. This disclosure is crucial, as fiscal risks from PEs pose significant threats to public finances. Fluctuations in oil prices, interest rates, exchange rates, and inflation particularly impact enterprises like Air Seychelles, IDC, PUC, SEYPEC, and STC. Other concerns, such as contingent liabilities and government guarantees for PEs, could also negatively affect the Government. Risks arising from weaknesses in the Government's institutional framework might further strain Seychelles' fiscal aggregates, creating uncertainty and undermining compliance, transparency, and accountability.

This document also features an in-depth mapping of fiscal risks arising from demographic challenges, climate change, and natural disasters. It quantifies these risks through a long-term fiscal sustainability analysis that evaluates various climate scenarios. By examining potential future trends and their implications for public finances, the document aims to provide policymakers with critical insights for developing adaptive strategies.

To safeguard its fiscal sustainability, the Government must adopt a comprehensive risk management framework that addresses the interconnectedness of these various factors. This includes enhancing the monitoring and assessment of macroeconomic indicators, improving the efficiency of budget execution, and ensuring that public enterprises operate within a sustainable financial framework.

Additionally, proactive strategies must be implemented to mitigate the impacts of climate change and natural disasters, ensuring that infrastructure is resilient and communities are prepared for potential disruptions. By prioritizing these actions, Seychelles can build a robust and resilient economy capable of withstanding both current challenges and future uncertainties.

