

Mid-Year Economic and Fiscal Outlook

Financial Year 2026 and 2027 Outlook

Ministry of Finance, Economic Planning, Trade and Investment, August 2026

MYEFO looks at the state of the economy for the current year (2026) based on developments and data from the first half of the year. MYEFO comments on economic and fiscal performance for the first half of the year; updates forecasted economic conditions for the second half of the year; and provides an initial forecast of anticipated 2027 economic activity. Combined, this allows for the determination of a recommended Government expenditure “envelope” for 2026. MYEFO is compiled by the Ministry of Finance, with inputs from the Macro-Economic Framework Working Group (MFWG).

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Acronyms and Abbreviations

ANA	Annual National Accounts
ASP	Agency for Social Protection
ATT	Accommodation Turnover Tax
BT	Business Tax
CBS	Central Bank Seychelles
CD	Custom Duties
CIF	Cost, Insurance and Freight
CSRT	Corporate Social Responsibility Tax
DICT	Department of Information and Communications Technology
EFF	Extended Fund Facility
EIB	European Investment Bank
ESL	Environmental Sustainability Levy
ET	Excise Tax
FPCD	Financial Planning and Control Division
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management System
IMF	International Monetary Fund
IOT	Indian Ocean Tuna
IPT	Immovable Property Tax
LMG	Locally Manufactured Goods
NBS	National Bureau of Statistics
NIHSS	National Institute of Health and Social Studies
MoFEPTI	Ministry of Finance, Economic Planning, Trade and Investment
MFAD	Macroeconomic Forecasting and Analysis Division
MDAs	Ministries, Departments, and Agencies
OECD	Organisation for Economic Co-operation and Development
OT	Other Tax
PIM	Public Investment Management
PUC	Public Utilities Corporation
PIT	Personal Income Tax
PSIP	Public Sector Investment Program
QNA	Quarterly National Accounts
RST	Resilience and Sustainability Trust
SCAA	Seychelles Civil Aviation Authority
SFRSA	Seychelles Fire and Rescue Services Agency
SIDOL	Seychelles Institute of Distant and Open Learning
SIMBC	Seychelles International mercantile Banking Corporation

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SITE	Seychelles Institute for Teacher Education
SLA	Seychelles Licensing Authority
SRC	Seychelles Revenue Commission
STC	Seychelles Trading Company
TMT	Tourism Marketing Tax
VAT	Value Added Tax
WB	World Bank Group
WEO	World Economic Outlook

About the Document

Introduction

The purpose of the MYEFO report is to provide updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in the current Budget Papers.

The MYEFO updates key information contained in the most recent Budget Economic and Fiscal outlook report and takes into account, to the fullest extent possible, all Government decisions and all other circumstances that may have a material effect on the fiscal and economic outlook.

This document provides a snapshot of the economy as after the first half of 2026 giving a brief outlook for the rest of 2026 and 2027. It also presents revised estimates of Government revenue, which form an important basis for determining the level of expenditure that can be accommodated within the fiscal framework.

The document further assesses expenditure performance by Ministries, Departments and Budget-dependent agencies against their annual allocations and provides an update on Government debt.

Economic Outlook

Overview

Since the escalation of the Middle East conflict, economic growth and disinflation prospects have dampened across the world. Disruptions to production and seaborne transportation in and around the Persian Gulf have impacted commodity markets beyond just crude oil and natural gas, ranging from industrial metals to high-grade helium. Most small-island states in Indian Ocean including Seychelles face the same predicament from the conflict, with direct disruptions to key shipping routes and flight connectivity, coupled with a drop in travel sentiments across key tourism markets. Domestic measures aimed to bolster the tourism sector, mitigate against shipping disruptions, and fuel cost rises have shielded some households and businesses, although, the associated fiscal costs and the prospect of a more prolonged conflict continue to weigh in on the outlook.

International Developments

In its July update to the April WEO, the International Monetary Fund (IMF) revised its global real GDP growth projection for 2026 slightly downwards to 3.0 per cent and increased its projection for 2027 to 3.4 per cent, indicating a broadly similar cumulative picture to the April WEO's reference scenario (see Figure 1 overleaf)¹. Estimates from major international financial institutions average out to 2.7 per cent and 3.0 per cent for 2026 and 2027, respectively (see Table 1). Figure 2 overleaf highlights the regional growth forecasts, indicating that Emerging Market and Developing Economies (EMDEs) and the Sub-Saharan region are projected to grow faster than the global average in 2026 and 2027, whilst Advanced Economies are expected to grow slightly below the global average.

The revised estimates reflect the stronger than anticipated quarter one growth performances in several major economies, owing partly to lower-than-expected oil price rises and the growing momentum in AI related investments and manufacturing. As Figure 1 overleaf shows, starting from the January WEO update, prepared prior to the escalation of the Middle East conflict, the current July WEO update predicts growth rates broadly similar to the reference scenario with a slightly stronger 2027 growth forecast. The current forecasts remain higher than the more pessimistic adverse and the severe scenarios. Global headline inflation is estimated at 4.7 per cent in 2026, an upward revision of about 0.3 percentage points relative to the reference forecast. For 2027, the headline inflation rate was revised upwards to 3.9 per cent, reflecting the conflict's impact on energy and food prices.

Given developments in the conflict since the July WEO's release, the economic outlook is expected to have slightly worsened, with heavier downside risks. In particular, recent developments have raised uncertainty regarding the prospect of trade normalisation through the Strait of Hormuz in the near-term, while the possibility of additional charges on shipping through key regional waterways could further raise transport and trade costs.² Away from the Middle East, intensifying Ukrainian attacks on Russian refineries³ and export infrastructure have increased pressure on the global supply of petroleum products, with a recent diesel export ban and restrictions on exports of gasoline and jet fuel introduced by the Russian Government to help mitigate domestic shortages⁴.

¹ <https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf>

² <https://www.reuters.com/world/middle-east/yemens-houthis-considering-fees-ships-sailing-through-red-sea-sources-say-2026-07-29/>

³ <https://www.bbc.com/news/articles/c998gg5pe09o>

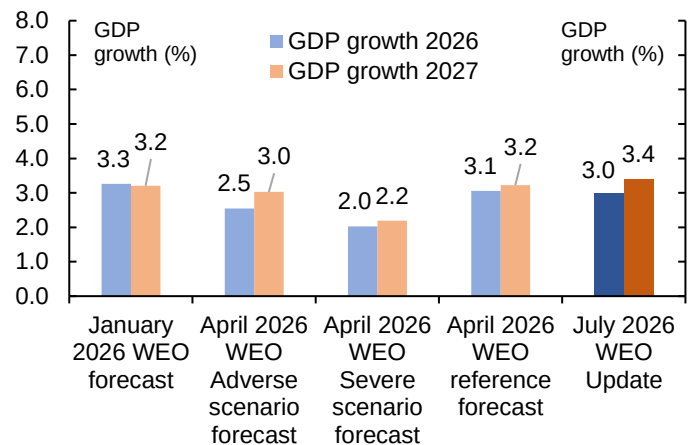
⁴ <https://www.reuters.com/business/energy/leas-russian-oil-output-forecasts-cut-after-ukraine-attacks-2026-07-10/>

Table 1: World Output Estimates and Forecasts by Key institutions⁵

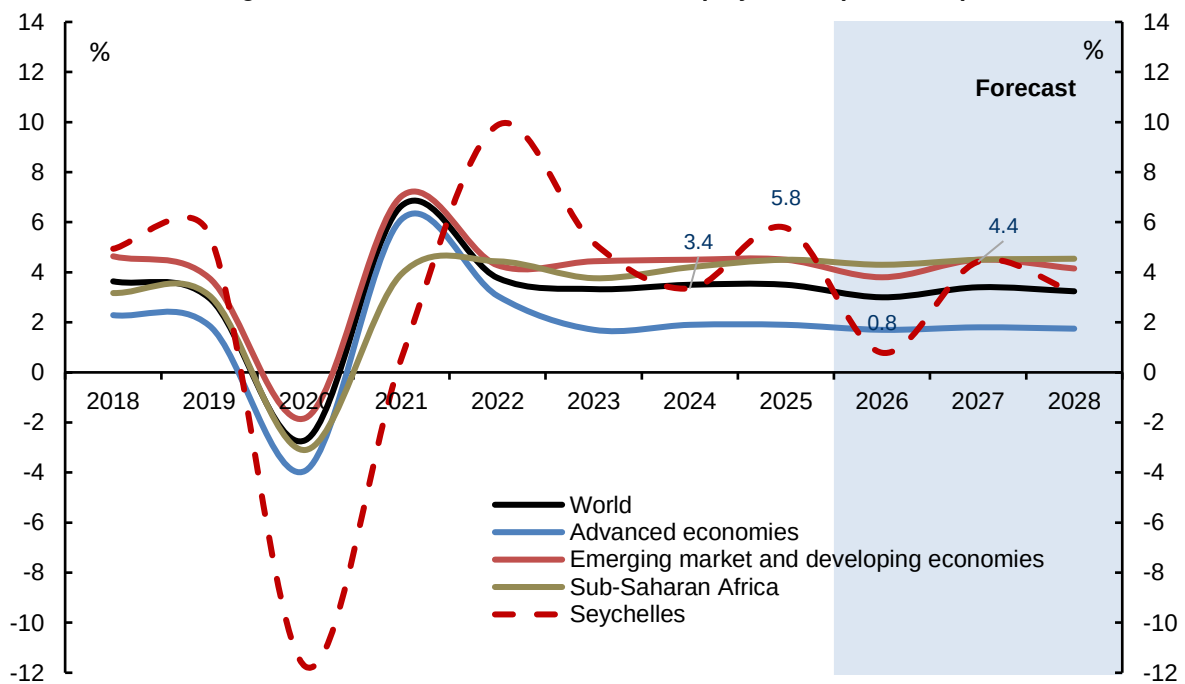
	World GDP Growth (%)		
	2025	2026	2027
World Bank	2.9	2.5	2.8
OECD	3.4	2.8	3.1
IMF	3.5	3.0	3.4
Fitch Ratings	2.7	2.4	2.5
Average	3.1	2.7	3.0
Seychelles	5.8	0.8*	4.4*

Source: IMF/OECD/World Bank/Fitch Ratings/MFAD

*Preliminary revised estimates

Figure 1: IMF Global Real GDP Growth projections across rounds for 2026 and 2027


Source: IMF World Economic Outlook Database

Figure 2: Real GDP Growth estimates and projections (2026-2038)


Source: IMF World Economic Outlook Database and Macroeconomic Forecasting & Analysis Division Estimates

Domestic Developments

2026 and medium-term forecast

Seychelles real GDP growth for 2026 has been revised downwards to 0.8 per cent, from 3.3 per cent projected at the time of the Budget. The revision primarily reflects the assumptions regarding disruptions to the tourism sector, along with the general economy-wide impact of shipping delays and increases in import and energy

⁵ IMF World Economic Outlook Update July 2026; Macroeconomic Forecasting and Analysis Division; OECD Economic Outlook, Volume 2026 Issue 1; World Bank Global Economic Prospects June 2026; Fitch Ratings Global Economic Outlook June 2026

costs due to the Middle East conflict. Visitor arrivals growth estimate for 2026 has been revised downwards to a contraction of -10 per cent from the 3.5 per cent growth estimated at the time of the Budget. In terms of energy costs, so far, the Government has cushioned most of the rise, with the local pump price of Gasoil and Gasoline increasing by about SR 5 and SR 4.5 per litre, respectively, since end-March.

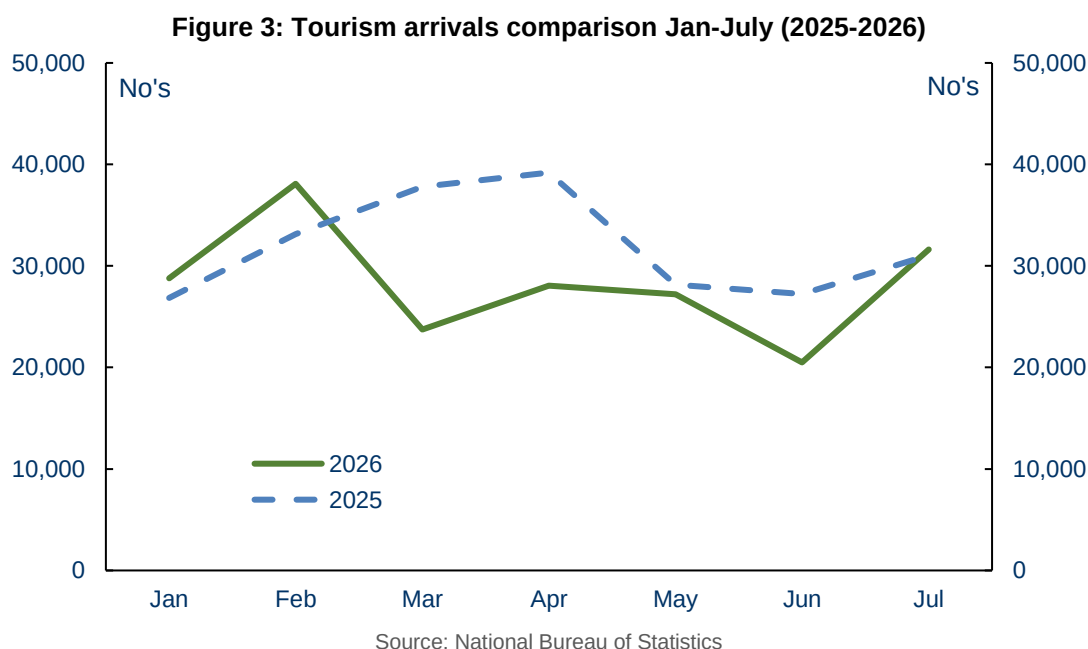
The main tourism-related sectors, notably the 'Accommodation and food service activities' and 'Administrative and support service' activities are expected to see a contraction. The 'Manufacturing' sectors are also expected to contract given the blocked trade routes and airspace restrictions. On the other hand, the 'Information and Communications' sector is expected to see solid growth, driven by expanding data traffic and continued efforts to push digitalisation across the public sector.

For 2027, real GDP growth is projected at 4.4 per cent, up from 3.3 per cent projected at the time of the Budget. The recovery is underpinned by an expected easing of disruptions and a rebound in visitor arrivals, which are projected to grow by about 12 per cent. Over the medium term, real GDP growth is projected to average around 3.1 per cent, supported by continued growth in the tourism sector.

The subsequent sub-sections briefly explain some of the drivers of the various sectoral growth projections.

Tourism

For the year 2025, total visitor arrivals reached 398,841, representing a strong growth of 13 per cent over 2024. As of July 2026, a total of 198,023 visitors have been recorded, representing a decline of about 11.4 per cent over the same period in 2025. The first quarter recorded a decline of 7 per cent compared to the same period in 2025, while the second quarter recorded a greater contraction of 20 per cent year-on-year. The deterioration primarily reflects disruptions associated with the ongoing Middle East conflict, particularly reduced aviation connectivity through key regional hubs and weaker traveller confidence. Europe continues to account for the largest share of total year-to-date arrivals at 70 per cent, followed by Asia at 17 per cent and Africa at 8 per cent.



At country level, performance from key European markets have declined. As at July, visitor arrivals from Germany recorded a contraction of 12 per cent compared to the same period last year, while France and Italy also recorded declines of 10 per cent and 30 per cent, respectively. Conversely, the Russian market has proven to be resilient, recording positive growth of 20 per cent compared with 2025. The main Asian markets also

recorded contractions., Arrivals from the UAE and Israel, both of which have been directly affected by the conflict, contracted by 10 per cent and 49 per cent, respectively.

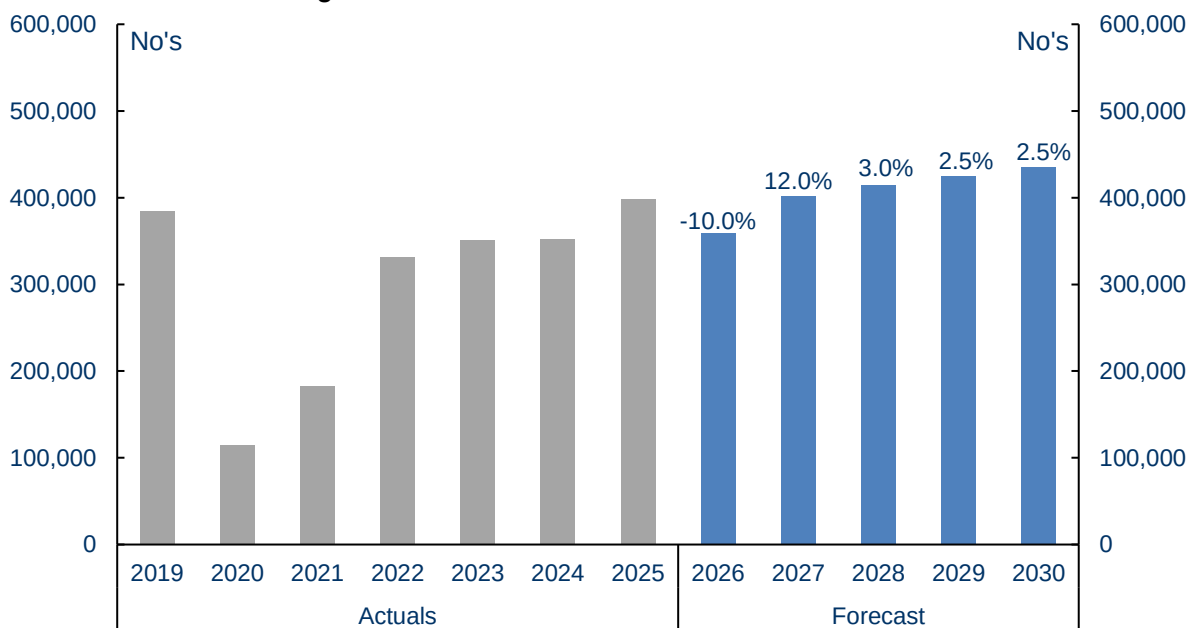
Table 2: Top contributing markets comparison Jan-July (2025-2026)

Markets	Arrivals (No's)		% Growth
	2025	2026	
Germany	27,629	24,284	-12.1
France	23,687	21,266	-10.2
Russia	22,380	26,855	20.0
Italy	12,935	9,013	-30.3
UK	12,589	9,070	-28.0
Poland	8,001	6,465	-19.2
Switzerland	7,872	6,907	-12.3
UAE	12,332	11,132	-9.7
Israel	8,260	4,170	-49.5
India	7,862	7,750	-1.4
Others	79,928	71,111	-11.0
Total	223,475	198,023	-11.4

Source: National Bureau of Statistics

Considering the aforementioned developments, total visitor arrivals for 2026 are now forecasted at 358,957, which represents a decline of 13 per cent relative to the baseline forecast of 412,800 visitors and 10 per cent vis-à-vis 2025. Tourism arrivals are projected to recover in 2027 with growth of 12 per cent over 2026, on account of improved connectivity and assuming a gradual de-escalation of the conflict and the restoration of flight operations. Over the medium term, growth is expected to stabilise at 3 per cent in 2028 and 2.5 per cent from 2029 onwards.

Figure 4: Medium term tourist arrivals estimates



Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Note - Percentages indicate growth rates

Manufacturing

The manufacturing sectors are anticipated to contract by an average of 2.9 per cent in 2026, mainly as a result of disruptions caused by the Middle East conflict, particularly through blocked trade routes and airspace restrictions.

The 'Manufacturing of Fishery Products' sector is forecasted to contract by 3 per cent. Manufacturers are facing challenges in matching the high output achieved in 2025, amid rising costs of raw materials, energy and freight. The reduction in production also reflects changes in customer demand and broader market conditions. The sector is forecasted to grow by 2 per cent in 2027 as manufacturers work towards restoring production to 2025 levels.

Similarly, a contraction of 3 per cent is forecasted for the 'Manufacturing of Beverages and Tobacco' sector. Quarter 1 production statistics indicate lower manufacturing output for most beverage categories in comparison to the same period in 2025. This slump in performance is expected to persist throughout the rest of the year as this sector also faces supply chain difficulties, reduced demand and rising costs exacerbated by the disruptions of the ongoing Middle East conflict. The sector is forecasted to rebound at a growth rate of 4 per cent in 2027.

Following a year of high output supported by elevated construction activity, the 'Other Manufacturing' sector is forecasted to contract by 3.5 per cent. While production statistics indicate relatively stable growth of concrete and rock product manufacturing during the first quarter, the sector faces similar import related difficulties and rising costs. These challenges combined with stagnant construction output suggest slow activity for the remainder of 2026, while a recovery to 2025 levels is anticipated in 2027, with growth forecasted at 3.5 per cent.

Construction

Flat growth is expected in the 'Construction' sector for 2026. Recent engagements with industry leaders indicate a generally slower pipeline of infrastructure projects for the year, mostly as a result of shipping and supply-chain constraints. This insight together with the latest Quarterly National Accounts (QNA) data, contractions in year-to-date cement imports (-2.7 per cent as at June 2026), and credit flow to the sector contributed to the flat growth estimate. The sector is expected to recover in 2027, growing at 6 per cent, as the gradual easing of on-going disruptions is expected to allow the completion of new and delayed projects. Over the medium-term, the sector is expected to grow at about 5 per cent.

Information and Communication Technology

The 'Information, Communication and Technology' sector continues to be one of the fastest growing industries. In the first quarter of 2026, production statistics indicated strong performance, with data traffic, the main proxy for activity, recording a growth of 47 per cent compared to the same quarter last year. The outlook for this sector remains positive in line with Government's ongoing efforts to digitalise most of their processes, which is expected to drive growth for this sector. Overall, this sector is projected to grow by 10 per cent in 2026, 8 per cent in 2027 and at an average of 5 per cent over the medium term.

Agriculture and Fisheries

The 'Agriculture' sector is expected to remain flat in 2026, unchanged from 2025 and a downward revision from the 3 per cent anticipated at the time of the Budget. The revision follows the contraction recorded in the first quarter, as reported by the QNA, which reflects the import constraint faced by the sector due to the Middle East conflict. Growth is nonetheless expected to return to 3 per cent in 2027 and to be sustained at that rate over the medium term, as the sector remains a key focus of Government policy under broader strategies to diversify the economy and strengthen food security.

The 'Fisheries' sector is estimated to grow by 1 per cent in 2026, down from 2 per cent in the original Budget. The revision reflects a first-quarter slowdown driven by a lower fish catch. It should be noted, however, that catch data from the Seychelles Fishing Authority are preliminary and will be revised later in the year. Growth is

expected to recover in 2027 and to average 2 per cent per year over the medium term, supported by ongoing investment in fisheries-related infrastructure and initiatives to strengthen the sector's workforce.

Finance and Insurance Activities

The 'Finance and Insurance Activities' sector is forecasted to grow by 4 per cent in 2026. As at June, the total year-to-date growth in credit flow to 'Individuals & Households' and 'Other Private Sector' were 17 per cent and 6 per cent, respectively. The tourism sector continues to hold the largest share of 'Other Private Sector' credit flow at 23 per cent and saw double-digit growth whilst contractions were noted in sectors such as 'Building and Construction', whose credit flow declined by about 5 per cent.

Insurance activities also remains positive albeit concerns of higher costs of importing materials to settle claims, particularly for imported vehicle spare parts. Some of these disruptions, including those contributing to reduced credit flows in sectors such as 'Building and Construction' activities are expected to ease by 2027, contributing to an accelerated growth of 5 per cent before returning to a medium-term average of 4 per cent.

Public Sector

The Public Sector comprising 'Public Administration and Defence; Compulsory Social Security', 'Education' and 'Human Health and Social Work Activities' remains a significant contributor to domestic activity. Following relatively strong growth in recent years, supported in part by increases in employee compensation, real output growth across the Public Sector is projected to moderate in 2026. All three industry categories are projected to grow by about 2 per cent.

The forecasted moderation in annual Public Sector growth over 2026 is primarily attributed to the tighter fiscal environment expected to prevail this year. Increased fiscal commitments associated with social expenditure, together with the direct fiscal costs arising from the ongoing Middle East conflict, are expected to constrain the Government's capacity to expand expenditure on Public Sector investment and recruitment. Consequently, growth across the Public Sector is projected to remain positive but comparatively subdued over the short to medium term.

Monetary Sector

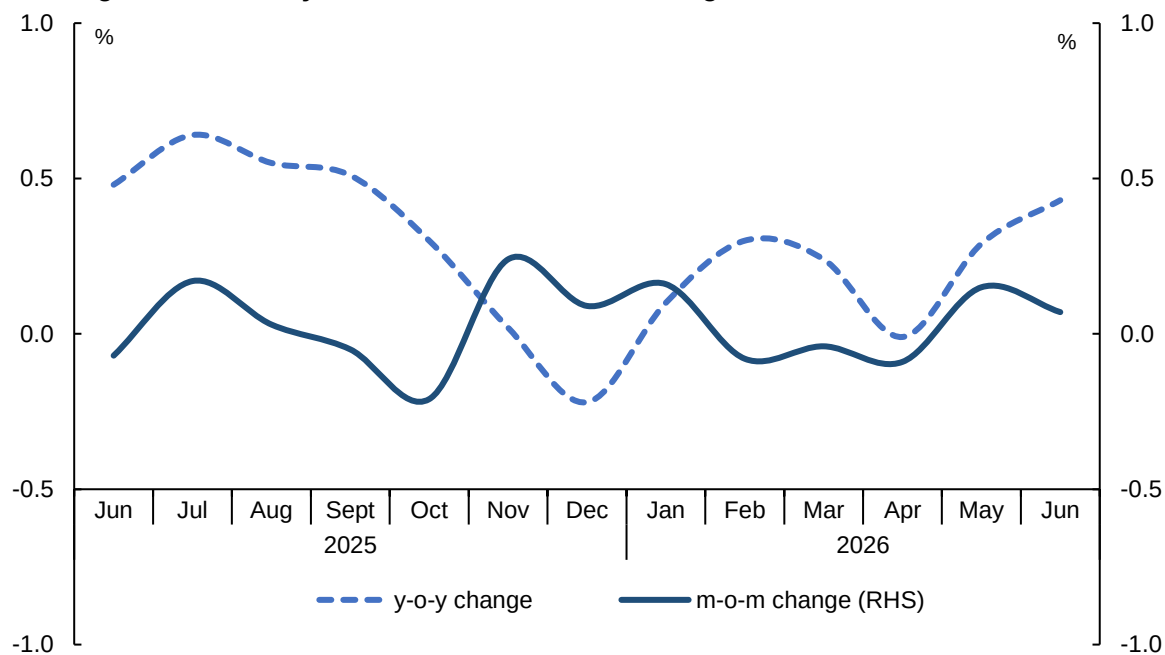
Inflation

The Consumer Price Index (CPI), as published by the National Bureau of Statistics (NBS), showed mixed movements in the average prices of goods and services during the first half of 2026. Notably, there was an uptick in domestic prices in year-on-year terms as of May 2026, which reflected the pass-through from higher international fuel prices to the domestic market. In June 2026, the year-on-year inflation rate stood at 0.4 per cent, primarily driven by higher prices in the sub-categories of 'Alcoholic beverages', 'Transport', 'Meat (Fresh, chilled, frozen)' and 'Vegetables'.

On the external front, foreign inflationary pressures intensified during the first six months of the year. This outcome was mainly attributed to the energy price shock, uptick in fertiliser costs and shipping disruptions associated with the conflict in the Middle East. As for the outlook, global inflation is expected to increase during the rest of the year, reflecting the impact of higher energy and food prices as a result of the tensions in the Middle East. With reference to the commodity markets, international oil prices are expected to be elevated in the latter half of the year and will remain highly sensitive to changes in supply conditions and geopolitical developments. As regards to global food prices, moderate increases are being anticipated on account of supply chain challenges owing to the disruptions in the Strait of Hormuz, as well as lower agricultural output associated with the El Niño phenomenon.

In terms of foreign exchange developments, there was an expansion in both the demand and supply of foreign currency during the first half of this year, when compared to the corresponding period in 2025. With regards to the exchange rate movements, the Seychelles rupee (SR) depreciated against the major traded currencies during the first six months of 2026, relative to the same period in the preceding year. This outcome was mainly driven by increased demand for foreign exchange, coupled with a moderation in foreign exchange inflows on account of the lower tourism sector performance during the first half of 2026. Looking ahead, the supply of foreign exchange is expected to improve, although it will remain largely dependent on the performance of the tourism sector. In line with the expectations that international oil prices will be elevated for the remainder of the year, domestic demand for foreign exchange associated with fuel imports is anticipated to be strong. Consequently, sustained demand for foreign exchange may underpin a weakening of the domestic currency if not matched by a corresponding increase in the supply. As a result, the exchange rate outlook will continue to be influenced by the external environment namely, the repercussions from the geopolitical tensions on international commodity prices, shipping and freight costs, as well as domestic needs.

With regards to monetary policy developments, the Monetary Policy Rate (MPR) was kept at 1.75 per cent for the third quarter of 2026, a stance that has remained unchanged since the second quarter of 2024. The decision to maintain the existing policy stance considered the fact that despite a slight uptick in inflation observed since the start of the year, overall inflation is forecasted to remain broadly contained. As customary and in line with its objectives, the Central Bank remains vigilant to both domestic and international developments and will adjust its policy stance should the need arise.

Figure 5: Year-on-year and month-on-month change in the Consumer Price Index

Source: National Bureau of Statistics

Interest Rates

The monetary policy stance remained accommodative during the first three quarters of 2026. Consequently, the MPR was kept at 1.75 per cent, whilst the interest rate on the Standing Deposit Facility (SDF) and Standing Credit Facility (SCF) stood at 0.25 per cent and 3.25 per cent, respectively. The Minimum Reserve Requirement (MRR) on applicable rupee-denominated deposits remained unchanged at 10 per cent, whereas that on deposits denominated in foreign currencies was kept at 13 per cent.

At its June 2026 meeting, the Board decided to maintain an accommodative monetary policy stance for the third quarter of the year. This outcome reflected the fact that although there was a slight uptick in inflation since the beginning of 2026, overall inflation is expected to be broadly contained. Hence, the Board considered it appropriate to maintain an unchanged monetary policy stance given the heightened global uncertainty. Consequently, the MPR as well as the interest rates on the SDF and SCF were maintained. As for the MRR on applicable rupee-denominated deposits and deposits denominated in foreign currencies, these remained unchanged at 10 per cent and 13 per cent, respectively.

With reference to interest rate movements, the average effective lending rate decreased by 15 basis points to stand at 9.69 per cent in June 2026. Over the same period, the average interest rate on foreign currency loans decreased to 7.80 per cent from 7.96 per cent in June 2025. Notably, interest rates on foreign currency-denominated facilities were relatively stable during the first six months of 2026, as compared to the general reduction observed during 2025. This outcome was primarily attributed to the pause in global monetary policy easing or in some instances, a reversal in stance, as central banks assessed the fallout from the uncertainties surrounding the conflict in the Middle East. As for the interest rate on rupee-denominated loans, it declined by 13 basis points to stand at 10.04 per cent in June 2026.

As at June 2026, the average return on the 91-day, 182-day and 365-day Treasury bills (T-bills) stood at 2.25 per cent, 2.47 per cent and 2.50 per cent, respectively. In comparison to the same period in 2025, this was a reduction of 25 basis points, 6.5 basis points and 12 basis points on the 91-day, 182-day and 365-day T-bills, correspondingly. The decline in the average return on short-term Government securities was consistent with a

moderation in the volume of issuances. As for the return on the 7-day Deposit Auction Arrangement (DAA), it remained stable at 1.75 per cent throughout the first half of the year.

In line with its debt management strategy, the Government continued to auction longer-term securities thus far in 2026. Two Treasury bonds with a 7-year and a 5-year tenor were issued in March and June, at average yields to maturity of 4.66 per cent and 3.71 per cent, respectively.

Looking ahead, consistent with the accommodative monetary policy stance, no significant upward pressures are being anticipated in the banking sector interest rates on facilities denominated in local currency. However, developments in global financial markets will continue to impact on foreign currency-denominated loans with variable interest rates.

External Sector

Global economic activity was disrupted by the conflict in the Middle East, following the strikes by the United States (US) and Israel on Iran on February 28, 2026. Initial assumptions by the International Monetary Fund (IMF) encompassed a relatively quick resolution, energy prices normalising in the second half of the year and with spillover effects being contained. However, the attritional nature of the war has resulted in heightened uncertainty, with a rise in global energy prices, supply chain and air connectivity disruptions - most notably within the Strait of Hormuz and Middle East aviation hubs - and rising geopolitical risks within the Middle East and beyond. While the July 2026 IMF World Economic Outlook (WEO) Update assumed this impact was somewhat moderated by heavy investment in Artificial Intelligence (AI) in select economies for 2026, downside risks persisted, with the conflict expected to have an uneven impact across countries and a higher global inflation path.

Given the conditions, global growth is projected at 3.0 per cent for 2026, a slight downward revision when compared to 3.1 per cent from the April 2026 WEO. For 2027, global growth has been revised upwards from 3.2 per cent to 3.4 per cent. Of note, the Eurozone and United Kingdom (UK) are projected to grow by 0.9 per cent and 1.0 per cent respectively, while US growth rate is forecasted at 2.3 per cent. Among emerging markets, China, India and Russia are projected to expand by 4.6 per cent, 6.4 per cent and 1.1 per cent correspondingly.

On inflation, initial assumptions for 2026 were impacted by US tariff policies and spillover effects, albeit with a projected global disinflationary path. This assumption was consistent with forward guidance by policy makers whereby, most major central banks were expected to lower benchmark policy rates given the outlook. However, initial assumptions were revised following the onset of the conflict with uneven effects observed across the global economy. Of note, energy importers were more severely impacted coupled with elevated risks of trade fragmentation, declining energy inventories and supply chain disruptions further raising inflationary expectations. As such, relative to the October 2025 IMF WEO forecast of 3.7 per cent, global headline inflation was further revised upwards to 4.4 per cent in April 2026 and subsequently, to 4.7 per cent in July 2026.

From a policy standpoint and relative to initial market expectations of monetary policy loosening at the start of the year, the European Central Bank (ECB) raised the three key ECB interest rates by 25 basis points in June citing the uncertainty of inflation outlook, upside risks for inflation and downside risks for economic growth. With respect to the US Federal Reserve Bank (US Fed), despite sustained political pressure for rates cuts and inflation being above the US Fed's 2.0 per cent target, the federal funds rate remained unchanged as at end-July 2026. Notably, there was increased urgency by some Committee members for a rate hike in the July 2026 meeting, citing inflation being above the US Fed's target and growing upside risks to inflation. The Bank of England held its key policy rate at 3.75 per cent in July 2026 following a rate cut in December 2025.

Looking ahead, uncertainty persists with increased upside inflation risks going into 2027. While market prices have adjusted, prolonged effects remain uncertain given evolving geopolitical conditions, loss of key energy refining infrastructure, the Russia-Ukraine war and uneven policy responses globally, among others. As such, forward guidance will remain critical but subject to evolving external conditions.

On the services sector, the domestic environment remains challenging and uncertain. As at end-June 2026, a total of 166,355 visitors was recorded, which was a decrease of 14 per cent when compared to the corresponding period in 2025. The performance followed a sharp decline from March 2026 onwards, largely attributed to the Middle East war and resultant connectivity challenges. However, and over the same period, tourism earnings were estimated at USD 580m, a year-on-year growth of 6.4 per cent. This outcome was due to an increase in the estimated yield per tourist, primarily attributed to higher average room rates.

The tourism sector outlook for the remainder of the year remains uncertain. On the one hand, arrivals remain robust, and the aviation hubs remain resilient whilst on the other hand, conditions remain volatile and subject to

sudden shifts. Additionally, while mitigating measures -including the enhanced role of Air Seychelles and aviation link diversification- have been adopted, factors such as price sensitivity of visitors, external price dynamics and geopolitical security will remain concerns going into 2027.

Imports

The overall value of imported goods is projected to increase in 2026, in comparison to the previous year. This expansion primarily reflects higher international commodity prices, particularly the uptick in fuel prices observed since March 2026. Furthermore, international food prices are expected to increase moderately in view of supply challenges attributed to the disruptions in the Strait of Hormuz and lower agricultural production as a result of the El Niño phenomenon. In contrast, imports associated with Foreign Direct Investment (FDI) projects are expected to decline in 2026, on account of delays in the implementation of certain projects that were initially scheduled to commence during the year.

Exports

The total value of exported goods is forecasted to increase in 2026, relative to 2025. This growth is primarily driven by higher oil re-exports, which mainly reflects the expansion in international oil prices observed for the most part of this year. Conversely, revenue from the export of canned tuna is expected to decline, owing to lower production resulting from weaker demand for tuna in key export markets, coupled with supply chain disruptions.

Services

The country's services account is anticipated to remain in surplus in 2026, although its value is expected to be lower than in the previous year.

The export of services is primarily linked to tourism activity and is projected to be lower than the outcome for 2025. The tourism sector has faced several challenges since March 2026 as a result of the intensification of the conflict in the Middle East. A total of 166,355 tourists disembarked in Seychelles during the first half of the year, which was a decrease of 14 per cent when compared to the corresponding period in 2025. This outcome reflected the decline in the frequency of flights servicing the destination as of March 2026 due to disruptions in the Middle East aviation hubs. Nonetheless, the loss in air connectivity via this region has been partly mitigated by temporary direct flights to Europe by Air Seychelles as from the end of March 2026, in addition to travellers using alternative routes to the destination. Although total visitors from Europe have notably declined, the top five source markets were Russia, Germany, France, Italy and UK. Tourism earnings for January to June 2026 were estimated at USD 580m, a year-on-year expansion of 6.4 per cent. This was mainly attributed to an increase in the average room rates and strong performance of the sector in the first two months of the year. Hence, despite the challenges faced, tourism activity has remained fairly positive. Nonetheless, tourism earnings in 2026 are forecasted to contract relative to the preceding year, on account of potential resurgences in the Middle East conflict and its impact on visitors' willingness to travel through the region.

As for imports of services, its level is projected to be above that for 2025, owing to higher freight and transportation costs as well as other trade-related services.

Capital and Financial Accounts

The capital and financial accounts offer valuable insight into the financing of a country's current account transactions.

Capital transfers continued to be dominated by bilateral and multilateral donations of capital goods from partner countries. The value of such is expected to be above that recorded in 2025. As has traditionally been the case, FDI and transactions under "other investments" remain the primary sources of financing for the current account. FDI inflows are projected to decrease in 2026, due to delays in the implementation of certain tourism-related investment projects.

External Reserves

At the end of 2026, the level of gross international reserves has been projected at USD 898m, an improvement when compared to the outcome of USD 878m in 2025. The increase in reserves is expected to be primarily driven by Budget support received from multilateral partners during the year.

With regard to opportunistic purchases of foreign exchange undertaken by the Bank in the domestic market, these were conducted throughout 2025 until March 02, 2026. Of note, foreign exchange auctions were suspended as of March 04, 2026, as a precautionary measure in response to the heightened uncertainty surrounding the conflict in the Middle East. Notably, this approach aimed to ensure orderly conditions in the foreign exchange market without compromising the floating exchange rate regime.

In terms of reserves adequacy, the country's gross reserves in 2026 are forecasted to be 4.1 months of imports cover, relatively unchanged when compared to 2025.

Fiscal Outlook

Although GDP growth has been revised downwards, Government remains committed to its fiscal targets. The 2026 mid-year primary balance is projected at 0.1 per cent of GDP, with a projected surplus of SR 17.9m. For the year 2027, the primary balance is projected at 1.1 per cent of GDP.

Despite the deterioration in the primary balance, Government remains committed to maintaining fiscal sustainability being supported by ongoing reforms with the continuous support of the International Monetary Fund (IMF) through the Extended Fund Facility (EFF) and Resilience and Sustainability Trust (RST) programmes, both of which provide financial and technical support to strengthen fiscal resilience.

For the mid-year 2026 revision, total revenue including grants is projected at SR 12.05bn, a downward adjustment of SR 232.3m. Tax revenue has been revised downwards by SR 62.6m, reflecting weaker macroeconomic assumptions and adjustments made to the forecast for VAT refunds relating to tourism-related projects. However, the bulk of the revision stems from non-tax revenue. Grants has been increased by SR 9.3m largely as a result of fluctuations in foreign exchange.

On the expenditure side, primary spending is now projected at SR 12.03bn, which stands at about SR 299.8m higher than the initial Budget. This is primarily driven by upward adjustments to 'Transfers to Public Enterprises', 'Goods & Services' and 'Net Lending'.

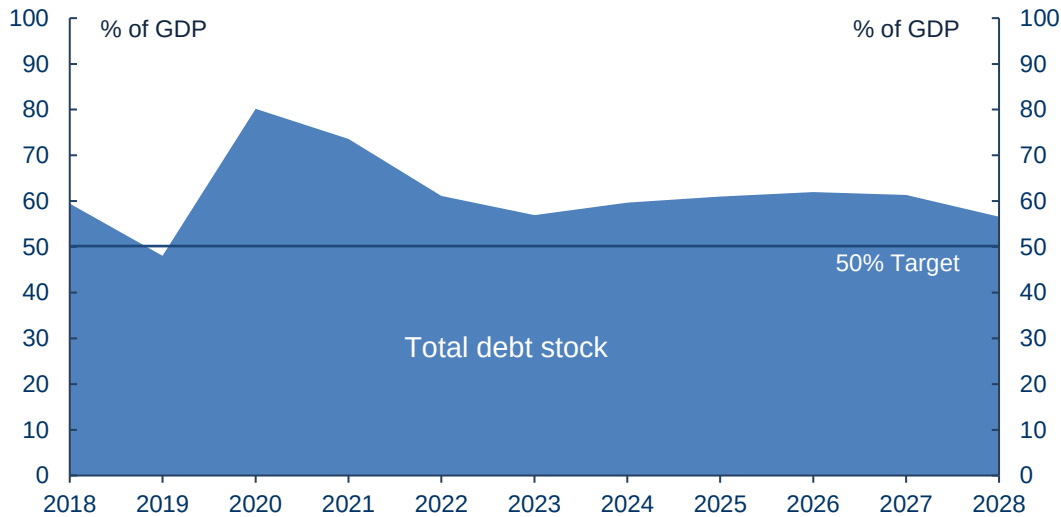
Table 3: Revised Government Revenue and Expenditure (SR'000s)

DESCRIPTION	2025 Actual ⁶	2026 Budget	2026 MYEFO	2027
Revenue and Grants	11,221,758	12,281,883	12,049,602	12,512,485
Primary Expenditure	10,322,112	11,731,551	12,031,367	12,117,585
Primary Balance	899,647	550,332	17,944	394,900
% of GDP:	2.6	1.5	0.1	1.1

Source: Ministry of Finance estimates

As at June 2026, the debt-to-GDP ratio stood at 53.6 per cent and is projected to increase to approximately 56.1 per cent by December 2026. The increase is attributable to movements in nominal GDP and an anticipated disbursement expected during the second half of the year. Over the medium term, the debt-to-GDP ratio is expected to follow a gradual downward trajectory, declining by an average of 1.2 percentage points annually. This will support continued progress towards the Government's target of reducing the ratio to 50 per cent by 2030.

⁶ 2025 Actual collection as reported in the 2025 Annual Performance Report submitted to National Assembly

Figure 6: Total Debt to GDP (%)

Source: Ministry of Finance - Debt Management Division

Revenue & Grants

Total revenue and grants for 2026 has been revised downwards by SR 232.3m or 2 per cent compared to the initial Budget. This is mainly attributed to a downward revision in non-tax revenue by SR 179m or 11 per cent, mainly due to a reduction in dividend income. Tax revenue has also been revised downwards by SR 62.6m or 1 per cent vis-à-vis the initial Budget. This follows adjustments in key lines such as VAT, Excise tax and Custom Duties. For the year 2027, total revenue and grants is expected to amount to SR 12.5bn, equivalent to about 33.6 per cent of GDP.

Table 4: Revised Government Revenue (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Tax Revenue	9,855,208	10,269,865	10,207,291	10,936,386
Non-Tax Revenue	1,197,226	1,556,311	1,377,047	1,454,349
Grants	169,324	455,707	464,973	121,751
TOTAL: REVENUE & GRANTS	11,221,758	12,281,883	12,049,311	12,512,485
% of GDP:	34.0	34.6	34.6	33.6

Source: Ministry of Finance estimates

Tax Revenue

Tax revenue has been revised downwards by about SR 62.6m for this mid-year Budget revision. Total receipts are now estimated at SR 10.21bn, representing a reduction of 0.6 per cent relative to the initial Budget estimate of SR 10.27bn. Table 5 below shows a breakdown of the revised forecast by tax line. The revision to total tax revenue reflects a combination of strong 2025 revenue base, stronger-than-anticipated tax collections during the first half of the year and the weaker economic outlook. Strong year-to-date collections across several tax lines provided an upside to the forecast. However, these gains were more than offset by downward revisions to the macroeconomic assumptions and tourism outlook, resulting in an overall downward revision to the 2026 tax revenue estimate.

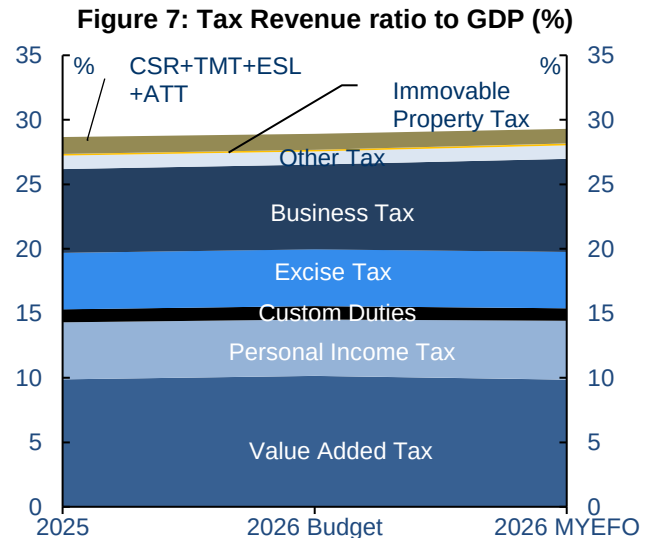
Table 5: Mid-year revised Tax revenue (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Personal Income Tax (PIT)	1,518,982	1,554,150	1,584,927	1,706,665
Social Security Tax - Arrears	3,342	-	-	-
Custom Duties (CD)	344,597	368,852	342,726	358,532
Excise Tax (ET)	1,504,354	1,564,743	1,517,078	1,620,372
Goods and Services Tax (GST)	161	-	-	-
Value Added Tax (VAT)	3,399,892	3,604,048	3,435,780	3,781,184
Business Tax (BT)	2,231,624	2,332,636	2,515,885	2,596,918
Corporate Social Responsibility Tax (CSR)	2,453	14,520	1,160	1,776
Tourism Marketing Tax (TMT)	111,698	115,716	115,122	122,969
Tourism Environmental Sustainability Levy (TESL)	186,200	153,602	129,215	144,721
Accommodation Turnover Tax (ATT)	153,601	152,908	151,970	170,207
Other Tax (OT)	354,341	365,768	366,358	385,034
Immovable Property Tax (IPT)	43,964	42,922	47,068	48,010
TOTAL: TAX REVENUE	9,855,208	10,269,865	10,207,291	10,936,386
% of GDP:	28.7	28.9	29.3	29.4

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

A significant downward revision is seen in Value Added Tax (VAT), which was reduced by about SR 168.3m relative to the initial Budget. This was largely offset by an upward revision in Business Tax (BT) by about SR 183.2m, reflecting the strong revenue growth from the financial sector.

Lower real and nominal GDP growth assumptions, together with year-to-date collection performance, contributed to downward revisions to Custom Duties (CD) and Excise Tax (ET). Tourism-related taxes were also revised downwards reflecting the revised visitor arrivals estimate, particularly the Tourism Environmental Sustainability Levy (TESL), Accommodation Turnover Tax (ATT), and Tourism Marketing Tax (TMT).



Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimate

As shown in Figure 7, despite the lower tax revenue estimate, tax receipts as a share of GDP are projected to increase from 28.9 per cent at Budget to 29.3 per cent. This reflects the larger downward revision to nominal GDP relative to the reduction in tax revenue.

Personal Income Tax

Background

Personal Income Tax (PIT) is a withholding-based tax on wage income for nationals and resident expatriates. It is also levied on non-monetary employee benefits. This tax was introduced on 1st July 2010, replacing the previous Social Security Contribution system. As of 1st June 2018, the flat rate regime was replaced by a progressive system with different rates applicable to various income brackets.

2026 Context

The mid-year estimate for PIT stands at about SR 1.58bn, representing an upward revision of about SR 30.8m, or 2 per cent relative to the initial Budget. Despite the lower nominal GDP assumptions, the overall positive revision follows from a higher base from last year and year-to-date performances. Of note, in terms of the latter, an adjustment was made to account for collections as at June within the 'Central Government' subline, which across the three sublines, recorded the strongest over-performance in level terms, against both the initial Budget profile and last year's collection.

The over-performance of the 'Central Government' subline can be majorly attributed to the number of new job posts created in Government since the start of the year, as reflected in increased Government expenditure on 'Wages and Salaries' relative to the same period last year. Notably, as at May, total Government gross wage outlays grew by about SR 15.9m or 6.4 per cent.

For 2027, PIT collections are projected to grow by about SR 121.7m to SR 1.71bn, equivalent to 4.6 per cent of GDP.

Table 6: Medium-Term Personal Income Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Central Government	328,934	341,034	366,359	391,330
Other Public Sector	143,970	150,567	154,463	164,992
Private Sector	1,046,078	1,062,549	1,064,105	1,150,343
TOTAL: PIT	1,518,982	1,554,150	1,584,927	1,706,665
% of GDP	4.4	4.4	4.5	4.6

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Custom Duties

Background

Custom Duties (CD) is levied on specified goods that are imported to Seychelles based on their CIF (Cost, Insurance and Freight) value. However, approximately 90 per cent of the tariff lines are subject to a zero per cent rate. The applicable tax rate depends on the nature of the Custom Duties component, whether it is specific or ad valorem. Tax collections on ad valorem rate items tend to grow in tandem with Nominal GDP whereas, tax collections on specific rate items grow in tandem with Real GDP.

2026 Context

The 2026 CD revenue estimate has been revised downwards to SR 342.7m, representing a reduction of SR 26.1m, or 7.1 per cent, from the initial Budget estimate of SR 368.9m. This downward revision primarily reflects the lower 2026 real GDP growth outlook, together with a weaker revenue base following the under-performance of key CD sub-lines in 2025. Continued revenue shortfalls in the 'Alcohol' and 'SLA Levy' sub-lines have also contributed to the downward revision.

Although the 'Alcohol' sub-line has recorded a modest year-to-date recovery as at June 2026, collections remain below historic levels. In contrast, 'SLA Levy' receipts have continued to decline, falling by about 39 per cent, relative to the corresponding period of 2025.

While analysis remains ongoing, the sustained and proportionately significant decline in 'SLA Levy' receipts is considered to reflect a shift in consumer demand away from conventional internal combustion engine (ICE) vehicles towards full electric and hybrid vehicles (EVs), which are subject to lower environmental levy (no levy applied for full electric vehicles), rather than a broad-based decline in vehicle import volumes.

Overall, the 2026 mid-year estimate has been revised downwards by about SR 1.9m, or 0.5 per cent, relative to 2025 collections. While the majority of CD sub-lines have generally performed in line with initial expectations, the downward revision to the 2026 real GDP growth outlook and continued under-performance of the 'SLA Levy' subline have weighed on the overall forecast.

For 2027, Customs Duties are projected to recover by approximately SR 15.8m, or 4.6 per cent, to SR 358.5m, supported by the anticipated improvement in economic activity as the effects of the ongoing Middle East conflict gradually ease.

Table 7: Medium-Term Customs Duties (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Custom Duties Direct imports	344,597	373,852	347,726	363,532
Alcohol (Beverages Spirits and Vinegar)	78,263	82,457	78,877	82,364
Textiles and textile articles	7,215	6,295	7,320	7,819
Tobacco (Tobacco and Manufactured Tobacco)	2,027	2,136	3,018	3,152
Prepared Food (Prepared Foodstuffs)	10,596	11,028	10,750	11,483
Others	173,408	188,943	180,012	187,970
SRC Levy (Additional Levies)	7,828	9,176	7,906	8,256
SLA Levy (Vehicles)	34,854	40,410	25,969	27,117
Documentary Charges	4,993	5,368	5,023	5,245
Livestock Trust Fund	25,412	28,039	28,850	30,126
Custom Duties Exemptions	0	-5,000	-5,000	-5,000
TOTAL: CUSTOM DUTIES	344,597	368,852	342,726	358,532
% of GDP:	1.0	1.0	1.0	1.0

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Note: As part of the mid-year revisions, the 'Levy' previously reported as a single line, has been disaggregated into 'SRC Levy' (Additional Levies) and 'SLA' Levy' (Vehicles)

Excise Tax

Background

Excise Tax (ET) applies to specific imported and locally manufactured goods that generate negative externalities, with the primary aim of discouraging their consumption and production. Five categories of goods are currently subject to ET, namely alcoholic beverages, petroleum products, tobacco, motor vehicles, and sugar-sweetened beverages. With the exception of motor vehicles, ET on these goods is imposed on a specific basis; that is, per unit of volume or quantity. In contrast, ET on motor vehicles is levied on an ad-valorem basis, meaning it is calculated as a proportion of the good's value.

The demand for excisable goods tends to be relatively unresponsive to price changes (i.e., price inelastic), particularly in the case of addictive goods such as tobacco and alcohol. This characteristic limits the extent to which higher tax rates reduce consumption, thereby ensuring a stable revenue stream for the Government.

2026 Context

Compared to the initial Budget, the Excise tax estimate has been revised downwards by SR 47.7m or 3.0 per cent to SR 1.52bn, representing 4.4 per cent of GDP. The revision reflects lower-than-expected year-to-date collections across specific sub-lines, a lower revenue base carried forward following shortfalls in 2025, and lower nominal and real GDP growth assumptions.

Excise on 'Imports – Motor Vehicles' under-performed during the first half of the year and has been revised downwards by SR 16.5m. The 'Imports – Petroleum' and 'Imports – Alcohol' sub-lines have also been revised downwards, by a combined SR 19.6m, on account of a lower base following under-performance in both lines in 2025. These shortfalls stemmed from a slowdown in petroleum product imports towards the end of 2025 and a shift in the composition of alcoholic beverage imports towards lower-taxed categories.

Excise on 'Locally Manufactured Goods – Alcohol' and the Sugar tax on 'Locally Manufactured Beverages' also fell short of expectations and have been revised downwards by SR 19.8m and SR 4.0m, respectively. These under-performances stem from a decline in domestic alcohol sales, driven by growing competition from imported alternatives. As at June 2026, sales of locally manufactured alcoholic beverages fell by 6.5 per cent compared to the same period in 2025. A portion of these shortfalls also reflects newly outstanding excise liabilities.

Partly offsetting these movements, 'Locally Manufactured Goods – Tobacco' has been revised upwards by SR 13.5m, having over-performed due to stronger-than-expected local cigarette sales. In the first half of the year, local sales rose by 8.7 per cent compared to the same period in 2025, supported in part by a shift away from duty free purchases, which fell by 16.3 per cent over the same period.

In 2027, Excise receipts are projected to grow by SR 103.3m or 6.8 per cent to SR 1.62bn, equivalent to 4.4 per cent of GDP. The growth is underpinned by an anticipated increase in demand for both imported and locally manufactured excisable goods, as the weaker growth assumptions that constrained the 2026 estimate ease and incomes and consumer sentiment recover.

Table 8: Medium-Term Excise Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Imports	1,100,949	1,148,842	1,112,529	1,190,575
Alcohol	211,209	221,267	212,866	222,277
Petroleum	705,862	736,260	725,092	757,171
Motor Vehicles	179,816	187,117	170,659	207,042
Tobacco	4,062	4,197	3,912	4,085
Locally Manufactured Goods	346,980	355,471	349,121	364,555
Alcohol	200,039	203,666	183,857	191,985
Tobacco	146,941	151,805	165,264	172,570
Sugar Tax	56,425	60,430	55,428	65,242
Imported Beverages	27,394	29,513	28,548	35,321
Locally Manufactured Beverages	29,030	30,917	26,880	29,921
TOTAL: EXCISE TAX	1,504,354	1,564,743	1,517,078	1,620,372
% of GDP:	4.4	4.4	4.4	4.4

Source: Ministry of Finance - 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, in adherence to the 'destination principle'. Businesses with taxable supplies exceeding SR 2m are required to be VAT registered, while businesses below this threshold can register voluntarily. VAT collections tends to grow in tandem with Nominal GDP and it accounts for approximately 35 per cent of total tax revenue, making it the single largest tax line.

2026 Context and 2027 Projections

The mid-year estimate for VAT stands at SR 3.44bn, a downward revision of SR 168.3m, or 4.7 per cent, relative to the initial Budget. The principal driver across most sub-lines is a set of revised macroeconomic assumptions prompted by the Middle East conflict. Nominal GDP growth for 2026 has been lowered from 4.1 per cent to 1.5 per cent, while the growth assumption for 'Accommodation and Food Services' sector specifically have been revised to a contraction of 5.3 per cent, in line with a significant decrease in tourist arrivals from March 2026.

This reduction is partly tempered, however, by a relatively strong outturn in the first half of the year, despite the conflict. Notably, the 'Tourism' sub-line was the largest over-performer even though it carries the largest downward revision due to the aforementioned weak economic growth assumption. Analysis shows that the over-performance can be explained by two factors: tourism refunds and timing. Firstly, the initial Budget estimated tourism refunds of SR 353.6m, on the basis that two large hotel projects were being finalised in 2026, two further large projects were scheduled to commence, and one medium-sized project was ongoing. However, actual refunds paid out up to June was 57.8 per cent below forecast and 50.7 per cent below the same period last year, leading to high net collections. The refunds forecast has accordingly been reduced to SR 300.8m. The adjustment remains moderate, as information from SRC on claims not yet processed indicates that a portion of the outstanding refunds may still materialise before year-end. For claims that have not been submitted at all,

SRC is unable to establish why the companies concerned have delayed, or whether the claims will be lodged this year or next.

The second factor is the timing of collections. Domestic sub-lines are remitted approximately one month after the activity giving rise to them, therefore first-quarter collections reflect activity between December 2025 and February 2026. Robust tourism performance over that period underpinned strong first-quarter receipts. Collections have since slowed, however: the monthly average for the 'Tourism' sub-line fell from SR 98.3m in the first quarter to SR 69.1m in the second quarter. This supports the prediction that the effect of weaker economic growth will predominate, offsetting the earlier over-performance, hence the net revision for the 'Tourism' sub-line is a reduction of SR 59.1m.

The 'Imported Goods' sub-line has been revised down by SR 65.0m. Unlike the domestic sub-lines, import VAT is payable at the time of import and therefore carries no collection lag. Consequently, collections as at June provide a timely reflection of conditions from March onwards, with collections under-performing the profile. Similarly, the 'Construction' sub-line has been revised downwards by SR 48.2m. This largely reflects delays to the start of two major Government projects as well as a slight revision due to the lower tourism refunds estimate for this year.

The estimate is reduced by a further SR 21.5m by the postponement of e-invoicing from the fourth quarter of 2026 to the first quarter of 2027. Overall, VAT collections are expected to grow modestly at 1.3 per cent in 2026, broadly in line with nominal GDP growth of 1.5 per cent.

For 2027, VAT collections are forecasted to grow by 10.1 per cent over 2026, reaching SR 3.78bn, or 10.2 per cent of GDP. This recovery is expected to be driven by a rebound in GDP growth, particularly in tourism-related activities, alongside the introduction and implementation of e-invoicing from the first quarter of 2027, and the commencement of major Government projects.

Table 9: Medium-Term Value Added Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
VAT- Domestic	1,995,738	2,151,899	2,048,642	2,258,261
LMG- Alcohol	65,689	68,561	87,492	95,729
LMG- Tobacco	29,039	30,309	31,332	34,282
Construction	230,929	281,451	233,207	282,022
Services - Tourism	832,278	884,604	825,483	889,359
Services - Financial & Insurance activities	100,399	113,359	108,419	119,767
Services - ICT & Telecommunication	152,207	168,666	160,832	176,519
Real Estate	53,249	55,545	56,054	61,522
Wholesale Retail - Others	248,721	258,424	250,197	274,601
Others	283,227	290,979	295,626	324,460
VAT- Imported	1,405,597	1,457,149	1,392,139	1,527,923
VAT-Exemptions	-1,442	-5,000	-5,000	-5,000
TOTAL: VALUE ADDED TAX	3,399,892	3,604,048	3,435,780	3,781,184
% of GDP:	9.9	10.1	9.9	10.2

Source: Ministry of Finance and Macroeconomic Forecasting & Analysis Division estimates

Business Tax

Background

The Business tax revenue consists of provisional payments (called Pay As You Go – PAYG) made by businesses in monthly instalments towards their tax liability for the current year. Businesses are also assessed on their profits for the previous year, which they are required to disclose in their annual Business tax return submissions. Based on this assessment, a business may either have an additional tax liability (PAYG paid is less than actual tax payable), or be entitled to a refund (PAYG paid exceeds actual tax payable). Although businesses are required to lodge their annual returns by the 31st March, extensions to the annual lodgement date may be granted under the Seychelles Revenue Commission (SRC) lodgement program.

2026 Context

The 2026 Business tax mid-year Budget forecast stands at SR 2.52bn, equivalent to about 7.2 per cent of GDP, and indicating a growth of SR 284.3m or 12.7 per cent in comparison to 2025 collections. The Business tax estimate was revised upwards by SR 183.2m or 7.9 per cent in comparison to the initial 2026 Budget. This increase is primarily driven by rapid revenue growth from the financial securities sector, coupled with revised nominal economic growth estimates for the 2025 financial year, reflecting a total increase of SR 199.0m in the 'companies' line. Stronger-than-expected collections in 2025 also contributed to the revision, prompting upward adjustments across all sub-lines for the 2026 mid-year Budget forecast, particularly in the 'withholding tax' line.

Conversely, windfall under-performances reflecting year-to-date collections and trends reduced the estimate by SR 34.4m. This is particularly reflected in the 'others' line, which fell short of the year-to-date forecast by SR 30.4m. The under-performance is likely a result of persistent classification issues, which continue to cause volatility amongst the Business Tax collection data.

Table 10: Medium-Term Business Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Companies	1,852,516	1,967,634	2,148,875	2,224,571
Sole Traders	94,332	92,316	104,059	105,572
Partnerships	35,216	33,526	42,975	43,600
Trusts	15	16	15	16
Withholding Tax	150,731	137,139	157,606	159,898
Others	52,007	55,434	24,770	25,131
Residential Dwelling	46,807	46,572	37,584	38,130
TOTAL: BUSINESS TAX	2,231,624	2,332,636	2,515,885	2,596,918
% of GDP:	6.5	6.6	7.2	7.0

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates.

For 2027, Business tax collections are projected at SR 2.60bn, equivalent to about 7.0 per cent of GDP. This indicates a growth of SR 81m or 3 per cent over 2026, mostly supported by the continued expansion of the financial services sector, countering the contractionary effects of slow economic performance in 2026.

Corporate Social Responsibility Tax

Background

Corporate Social Responsibility Tax (CSRT) was introduced in January 2013, and has been abolished as of 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. CSRT was established to encourage compliance with ethical and regulatory standards, as well as promote accountability for businesses' actions.

2026 Context

The initial CSRT 2026 Budget estimate stood at about SR 14.5m, significantly above historical annual collections. The Budget estimate reflected expectations of enhanced enforcement and a strengthened commitment to recovering outstanding CSRT arrears.

However, year-to-date CSRT receipts indicate that the anticipated improvement in arrears collections has not materialised. Instead, arrears collections over the first half of the year have declined by about 30 per cent, compared with the corresponding period of 2025. Consequently, the mid-year estimate has been revised to SR 1.2m, representing a contraction of SR 1.3m, or 52.7 per cent, relative to SR 2.5m collected in 2025.

Notwithstanding the significant downward revision to the 2026 revenue estimate, CSRT collections are projected to recover moderately in 2027 to about SR 1.8m.

Table 11: Medium-Term Corporate Social Responsibility Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Corporate Social Responsibility Tax	2,453	14,520	1,160	1,776
TOTAL: CSRT	2,453	14,520	1,160	1,776
% of GDP:	0.0	0.0	0.0	0.0

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates.

Tourism Marketing Tax

Background

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

2026 Context

The 2026 mid-year estimate for TMT stands at SR 115.1m, representing a slight downward revision of about SR 0.6m or 0.5 per cent against the initial Budget of SR 115.7m. This is mainly attributed to a lower revenue base following the lower-than-expected collections outturn for 2025, in addition to the downward revision of GDP assumptions, which further reduced the mid-year estimate. These were however partially offset by stronger year-to-date performance with collections about 5 per cent above the initial Budget profile.

Table 12: Medium-Term breakdown of Tourism Marketing Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Tourism Marketing Tax	111,698	115,716	115,122	122,969
TOTAL: TMT	111,698	115,716	115,122	122,969
% of GDP:	0.3	0.3	0.3	0.3

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Tourism Environmental Sustainability Levy

Background

Tourism Environmental Sustainability Levy (TESL) 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). Effective on **1st January 2026**, a policy change exempted small accommodation establishments from the TESL. Consequently, the **SR 25 levy rate** is no longer applicable. As a result, the levy is now charged only to **medium and large accommodation establishments**.

2026 Context

The 2026 mid-year estimate for TESL amounts to SR 129.2m, representing a downward revision of SR 24.4m or 15.9 per cent, relative to the initial Budget. This is mainly attributed to a lower revenue base following the weaker-than-anticipated collections in 2025 and the revised tourism outlook. Adjustments were also made to cater for the year-to-date under-performance, where collections are about 18 per cent below the Budget profile. Partially offsetting these factors, a refinement to the costing of the reform exempting guests in small establishments indicates that the measure will reduce collections by less than assumed at Budget, contributing an upward adjustment of SR 6.2m.

For 2027, ESL collections are projected at SR 144.7m, supported by the anticipated recovery in visitor arrivals.

Table 13: Medium-Term breakdown of Environmental Sustainability Levy (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Environmental Sustainability Levy	186,200	153,602	129,215	144,721
TOTAL: ESL	186,200	153,602	129,215	144,721
% of GDP:	0.5	0.4	0.4	0.4

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Accommodation Turnover Tax

Background

First introduced in 2023, the Accommodation Turnover Tax (ATT) applies to tourism accommodation operators with an annual turnover of at least SR 100m. Once an operator surpasses the threshold in a given year, they become liable to pay a 2 per cent tax on their monthly turnover in the following year.

2026 Context

Compared to the initial 2026 Budget, the ATT estimate has been revised downwards slightly by SR 0.9m, or 0.6 per cent, to SR 152.0m. The revised estimate is broadly in line with the 2025 outturn of SR 153.6m and represents 0.4 per cent of GDP.

The downward revision primarily reflects the weaker tourism outlook, with arrivals now expected to contract by 10.0 per cent, compared with growth of 3.5 per cent assumed at the time of the initial Budget. The reduction in the ATT estimate is nonetheless modest relative to the deterioration in the arrivals forecast, as ATT is levied on accommodation turnover rather than visitor numbers. Higher average room rates recorded year to date have helped offset the impact of lower arrivals on accommodation turnover.

In 2027, receipts are projected to grow by SR 18.2m or 12.0 per cent, to SR 170.2m, equivalent to 0.5 per cent of GDP. The growth is underpinned by an anticipated increase in accommodation turnover, in line with the projected recovery in arrivals.

Table 14: Medium-Term breakdown of Accommodation Turnover Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Accommodation Turnover Tax	153,601	152,908	151,970	170,207
TOTAL: ATT	153,601	152,908	151,970	170,207
% of GDP:	0.4	0.4	0.4	0.5

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Other Tax

Background

Other Tax comprises of a range of license fees and smaller tax lines that covers a variety of sectors in the economy. The main constituents are 'Road Tax', 'Stamp Duty' and the 'Environment Trust Fund', alongside other smaller licence and registration fees.

2026 Context

The mid-year estimate has been revised to SR 366m, representing a slight upward revision of SR 0.6m or 0.2 per cent, relative to the initial Budget. The revision reflects a combination of expected receipts under selected tax lines, a lower revenue base following weaker-than-anticipated collections in 2025, the downward revision to the macroeconomic assumptions, and year-to-date collection performance.

The largest upward revision was made to the 'Stamp duty' sub-line by SR 3.9m, to cater for the expected receipts from sale of assets. 'In addition, the 'Environment trust fund' sub-line was revised by about SR 3m, mainly due to a higher revenue base following strong collections recorded in 2025. These upward revisions were largely offset by downward revisions across other sub lines to account for the year-to-date under-performances.

For 2027, Other tax revenue is projected at SR 385.0m, equivalent to 1 per cent of GDP.

Table 15: Medium-Term breakdown of Other Tax (SR' 000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
OT- Ministry of Finance				
Trade/Ind Licences	7,624	8,353	7,414	7,742
Licences and Other Licence Registration	4,534	5,399	4,525	4,725
Road Tax and Other Licences	147,950	149,903	146,557	153,036
Telecommunications Licences	45,223	59,822	60,850	62,997
Hotel Licences	319	351	319	333
Liquor and Toddy Licences	330	387	332	347
Radio Broadcasting Licences	15,889	451	865	865
SUB TOTAL	221,868	224,666	220,862	230,044
OT- MoENRT				
Environment Trust Fund	28,898	7,566	10,180	10,630
OT- Department of Legal Affairs				
Stamp Duty	94,539	123,851	127,781	136,490
OT-Department of Transport				
Vehicle Testing	9,036	9,685	7,536	7,869
TOTAL: OTHER TAX	354,341	365,768	366,358	385,034
% of GDP:	1.0	1.0	1.1	1.0

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Immovable Property Tax

Background

Immovable Property Tax (IPT) came into effect in January 2020, and is applicable to non–Seychellois owners of immovable property for residential purpose. The tax is levied at 0.50 per cent of the market value of the property (up from 0.25 since January 2024).

2026 Context

The 2026 mid-year IPT revenue estimate has been revised upwards to about SR 47.1m, representing an increase of about SR 4.1m, or 9.7 per cent, over the initial Budget estimate of SR 42.9m. This upward revision reflects a stronger revenue base, supported by the over-performance of IPT revenue against the 2025 end-of-year estimate and current year to date monthly revenue over-performances against the 2026 year-to-date profiled collection.

Although IPT collections have remained below initial expectations following the tax rate change at the beginning of 2024, revenue performance during the first half of 2026 indicates a gradual improvement. As at June 2026, year-to-date collections exceeded the profiled Budget estimate by about SR 7.8m, or 80.6 per cent, equivalent to an average monthly over-performance of around SR 1.3m.

Notwithstanding this strong performance, a prudent upward revision has been applied to the 2026 revenue estimate, as the majority of the over-performance was concentrated across the first two months of the year. This may partly reflect late payments relating to 2025 or possible structural shifts in the timing of taxpayer payments, rather than a sustained increase in underlying IPT revenue. Consequently, a sizeable share of the first-quarter over-performance has been treated as a one-off timing-related windfall.

The 2027, IPT revenue is projected at about SR 48m, equivalent to about 0.1 per cent of GDP.

Table 16: Medium-Term breakdown of Immovable Property Tax (SR' 000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Immovable Property Tax	43,964	42,922	47,068	48,010
TOTAL: IMMOVABLE PROPERTY TAX	43,964	42,922	47,068	48,010
% of GDP:	0.1	0.1	0.1	0.1

Source: Ministry of Finance - Macroeconomic Forecasting & Analysis Division estimates

Non-Tax Revenue & Grants

2026 Context

Non-tax revenue collected during the first half of 2026 amounted to SR 464.5m against a year-to-date Budget estimate of SR 644.7m, representing an under-performance of SR 180.2m or 27.9 per cent. Despite the shortfall against Budget, non-tax revenue was SR 145.2m or 45.5 per cent higher than in the first half of 2025. The shortfall was concentrated in dividend income and proceeds from the sale of assets, while Fees and Charges recorded an over-performance.

Compared to the initial Budget, for the full year, non-tax revenue has been revised down from SR 1.56bn to SR 1.38bn, a reduction of SR 179.0m or 11.5 per cent. Grants have been revised upward by SR 9.3m, from SR 455.7m to SR 465.0m.

Table 17: Non-Tax Revenue and Grants (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO	2027
Non-Tax Revenue	1,197,226	1,556,311	1,377,047	1,454,349
Fees and Charges	436,567	513,806	524,209	489,374
Dividends Income	601,479	620,152	477,127	692,463
Proceeds from Sale of Assets	103,241	379,987	333,137	231,772
Other Non-Tax	55,939	42,366	42,866	40,740
Grants	169,324	455,707	464,973	121,751
TOTAL: NON-TAX REVENUE & GRANTS	1,366,550	2,012,019	1,842,020	1,576,100
% of GDP:	4.1	5.7	5.3	4.2

Source: Ministry of Finance - Financial Planning and Control Division estimates

Fees and Charges

Fees and Charges collected during the first half of 2026 amounted to SR 261.8m compared to a year-to-date Budget estimate of SR 244.9m, amounting to an over-performance of about SR 16.9m or 6.9 per cent. Also note that collections were SR 62.1m or 31.1 per cent higher than the first half of 2025.

Table 18: Fees and Charges (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO
First half of the year	199,667	244,917	261,787
Second half of the year	236,900	268,889	262,422
TOTAL: FEES AND CHARGES	436,567	513,806	524,209
% of GDP:	1.6	1.4	1.5

Source: Ministry of Finance - Financial Planning and Control Division estimates

The largest positive line variances against the initial Budget included:

- Telecommunication Licence Fees under the Seychelles Communications Regulatory Authority (SR 22.3m) due to collection of licenses now being made by the Authority as opposed to the Seychelles Licensing Authority from June 2026.
- Immigration fees from the Department of Immigration (SR 13.2m) as a result of increased demand for immigration and permit related services.
- Property Transfer Fees (SR 9.0m) due to increase in sanctions and application fees. The increase is also partly explained by increased sales of condominiums under the 'Villa Policy' which were completed in 2025 with sales now ongoing.
- Company Registration Fees (SR 5.3m) as a result of increase in new business registrations and renewals as well as improved revenue collection and compliance by relevant agencies.
- Passenger Service Fees (SR 4.0m) partly explained by outstanding passenger fees for the year 2025 now being collected in 2026.

Despite the positive variances, lower collections as compared to their respective Budget were seen from certain lines including 'Disembarkation Fees' (SR 12.8m) as a result of lower number of passenger arrivals compared to the projected figures for the reporting period, Road Maintenance receipts (SR 4.4m), Passport Fees (SR 2.8m) and Sanctions from Beneficial Ownership (SR 2.5m).

Dividend Income

Dividend income for the first half of 2026 amounted to SR 127.3m against a year-to-date Budget estimate of SR 230.5m, representing a shortfall of SR 103.2m or 44.8 per cent. This was nevertheless SR 82.3m higher than the SR 45.0m collected over the same period in 2025.

Table 19: Dividend Income for the first half of 2026 (SR'000s)

DIVIDEND INCOME	Budget	Actual
Seychelles International Mercantile Banking Corporation Limited	50,000	-
Seychelles Port Authority	-	50,000
Seychelles Petroleum Company	83,333	-
Land Marine Ltd	2,100	-
Indian Ocean Tuna Limited	7,767	-
Seychelles Airport Authority	16,667	-
Island Development Company	35,000	15,000
Seychelles Commercial Bank	1,333	3,960
Financial Services Authority	16,667	-
Seychelles Fishing Authority	11,667	35,000
Ile Du Port Handling Services	5,948	23,322
TOTAL: DIVIDEND INCOME	230,482	127,282

Source: Ministry of Finance- Financial Planning and Control Division estimates

For the mid-year revision, the full-year dividend forecast has been revised down from SR 620.2m to SR 477.1m, a reduction of SR 143.0m. The main downward revisions relate to Seychelles Petroleum Company (SR 103.0m), Seychelles Ports Authority (SR 50.0m), Seychelles Airport Authority (SR 15.0m), Island Development Company (SR 15.0m) and Seychelles Fishing Authority (SR 10.0m). These reductions are partly offset by a new SR 50.0m dividend projection from the Seychelles Sovereign Investment Fund.

The downward revisions are as a result of the negative impacts of the ongoing Middle East conflict on the Public Enterprises which has affected their current profitability.

Other Non-Tax

Other Non-Tax revenue amounted to SR 14.8m against a year-to-date Budget estimate of SR 21.6m. For the mid-year revisions, Other Non-Tax projection is broadly unchanged, increasing by SR 0.5m to SR 42.9m.

Table 20: Other Non-Tax (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO
First half of the year	23,633	21,583	14,834
Second half of the year	32,306	20,783	27,740
TOTAL: OTHER NON-TAX	55,939	42,366	42,575
% of GDP:	0.2	0.1	0.1

Source: Ministry of Finance- Financial Planning and Control Division estimates

Proceeds from Sales of Assets

Proceeds from the sale of assets amounted to SR 60.6m against a year-to-date Budget estimate of SR 147.8m. Compared to the initial Budget the projection for proceeds from sale of assets has been revised down by about SR 46.9m. The main component of the amendment for the sale of asset is related to the expected income from the Ile Aurore reclamation project. The original 2026 Budget made provision for USD 14m (SR 206.1m) based

on the specifics of the project's implementation plan. This has however been revised downwards to Euro 10m (SR 159.2m).

Grants

Grant receipts for the first half of 2026 amounted to SR 70.9m against a year-to-date Budget estimate of SR 140.5m, representing a shortfall of SR 69.6m or 49.5 per cent. Compared to the initial Budget, the full-year grant projection has been revised upward by SR 9.3m, from SR 455.7m to SR 465.0m.

Table 21: Grants Receipts (SR'000s)

GRANT RECEIPTS	2025 Actual	2026 Budget	2026 MYEFO
Cash Grant	54,806	150,563	158,993
Benefit in Kind	114,518	305,143	305,979
Capital	91,597	274,979	275,709
Recurrent	22,921	30,164	30,269
TOTAL: GRANT RECEIPTS	169,324	455,707	464,973
% of GDP:	0.5	1.3	1.3

Source: Ministry of Finance- Financial Planning and Control Division estimates

Cash Grant

For the 2026 mid-year review, 'Cash Grant' has been revised upwards from SR 150.6m to SR 159m. This is largely as a result of fluctuations in foreign exchange rate as well as provision made towards allocation for a component of the '12 units Ex Ferrari' housing project.

Grants in Kind

Total allocation for 'Grants in Kind' has remained fairly at par with the Budget with a minor increase of less than 1 per cent to account for fluctuation in foreign exchange rate.

Expenditure

Scope

This section is dedicated towards reviewing expenditure incurred by Central Government and Budget-dependent entities. It does not include the cost of financing, net lending and contingency fund.

Overview

Expenditure and net lending during the first half of 2026 totalled SR 5.27bn. The largest components were Wages & Salaries at SR 1.90bn (36.0 per cent of total expenditure and net lending), Goods & Services at SR 1.76bn (33.3 per cent), and Benefits & Approved Programmes of the Agency for Social Protection at SR 813.4m (15.4 per cent).

Against a year-to-date Budget estimate of SR 6.57bn, expenditure and net lending was lower by SR 1.30bn or 19.8 per cent. Compared with the first half of 2025, expenditure and net lending increased by SR 271.3m or 5.4 per cent.

At mid-year, full-year expenditure and net lending has been revised upward by SR 335.8m, from SR 12.55bn to SR 12.89bn.

Table 22: Expenditure and Net lending (SR'000s)

EXPENDITURE & NET LENDING	2025 Actual	2026 Budget	2026 MYEFO
Wages and Salaries	3,509,295	3,881,138	3,893,005
Goods and Services	4,042,157	4,179,163	4,324,542
Transfers to Public Enterprises	60,941	71,741	274,706
Benefits and Approved programs of ASP	1,281,827	1,655,999	1,678,926
Social programs of government	243,717	332,739	303,048
Other	15,591	152	152
Interest due	896,091	820,028	855,988
Capital Expenditure	1,036,546	1,448,525	1,277,601
Development Grant	161,999	157,491	157,491
Net Lending	-60,060	-55,397	61,898
Contingency	30,099	60,000	60,000
TOTAL: EXPENDITURE & NET LENDING	11,218,203	12,551,579	12,887,355
% of GDP:	32.9	35.3	37.0

Source: Ministry of Finance- Financial Planning and Control Division estimates

Primary Expenditure

Total primary expenditure as at mid-year 2026 amounted to SR 4.85bn against a year-to-date Budget estimate of SR 6.12bn. 'Wages and Salaries' accounted for the largest component of primary expenditure spent at 31 per cent followed by 'Goods & Services' at 29 per cent and 'Benefits & Approved Programmes of ASP' at 13 per cent.

As part of the mid-year Budget review exercise, total primary expenditure has been revised upwards by SR 299.8m largely driven by revised Budgets for 'Transfers to Public Enterprises', 'Goods & Services' and 'Net Lending'.

Current Expenditure

Current expenditure amounted to SR 5.03bn in the first half of 2026 against a Budget estimate of SR 5.69bn, representing under-execution of SR 660.5m equivalent to 12 per cent. Compared to the initial Budget, the full-year estimate has been revised upward from about SR 10.9bn to SR 11.3bn.

Table 23: Current Expenditure (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO
Wages and Salaries	3,509,295	3,881,138	3,893,005
Goods and Services	4,042,157	4,179,163	4,324,542
Transfers to Public Enterprises	60,941	71,741	274,706
Benefits and Approved programs of ASP	1,281,827	1,655,999	1,678,926
Social programs of government	243,717	332,739	303,048
Other	15,591	152	152
Interest due	896,091	820,028	855,988
TOTAL: CURRENT EXPENDITURE	10,049,619	10,940,960	11,330,367
% of GDP:	29.4	30.8	32.5

Source: Ministry of Finance - Financial Planning and Control Division estimates

Wages and Salaries

Actual expenditure on 'Wages & Salaries' amounted to SR 1.90bn for the first six months of 2026 against a year-to-date Budget estimate of SR 2.00bn, resulting in an underspending of SR 102.6m or 5.1 per cent. Wages expenditure was SR 169.6m or 9.8 per cent higher than in the first half of 2025.

Ministries, Departments, and Agencies (MDAs) with the largest saving under 'Wages & Salaries' for the first six months are mainly:

- Seychelles Revenue Commission (SR 8.5m)
- Ministry of Education and Human Resource Development (SR 8.4m)
- Department of Defence (SR 5.6m)
- Seychelles Infrastructure Agency (SR 4.4m)
- Department of Legal Affairs (SR 4.2m).

Compared to the initial Budget, 'Wages & Salaries' estimate has been revised upwards by SR 11.9m, from SR 3.88bn to SR 3.89bn.

Goods and Services

'Goods and Services' expenditure as at end-June amounted to SR 1.76bn compared to a year-to-date Budget estimate of SR 2.23bn, representing under-execution of SR 470.1m or 21.1 per cent. Spending was SR 74.3m or 4.4 per cent higher than in the first half of 2025.

Compared to the initial Budget, 'Goods and Services' estimate has been revised upwards by SR 143.9m, from SR 4.18bn to SR 4.32bn.

The following MDAs were the main contributors to the savings under 'Goods and Services':

- The Ministry of Health (SR 68.8m) largely attributed to procurement delays for overseas purchase of medical supplies
- The Department of Defence (SR 33.5m) largely attributed to delays in procurement of aircraft spares and vessel dry-docking payment
- The Seychelles Revenue Commission (SR 33.0m) due to delays in implementation of the e-invoicing project
- The National Sports Council (SR 26.1m) due to delayed disbursement of federation grants, postponed overseas travel and lower operational demand due to the temporary closure of the swimming pool.
- The Ministry of Finance, Economic Planning Trade and Investment (SR 26.1m) as a result of delays in execution of the Integrated Financial Management Information (IFMIS) project.

Despite these under-performances, the Seychelles Home Care Agency recorded expenditure approximately SR 20.2m above its mid-year Goods & Services Budget.

Transfers to Social Programs of Central Government

Social Programmes recorded expenditure of SR 95.2m as at end-June against a year-to-date Budget estimate of SR 151.3m, representing underspending of SR 56.1m or 37.1 per cent. The outturn was broadly in line with the SR 94.8m recorded in the first half of 2025. The full-year estimate has been revised down by SR 29.7m to SR 303m.

Transfers to Public Enterprises

Transfers to Public Enterprises as at end-June amounted to about SR 51.9m against a year-to-date Budget estimate of SR 33.4m, exceeding the Budget by SR 18.5m or 55.3 per cent. Public Enterprises to which funds have been transferred as at end of June 2026 are as follows:

- Air Seychelles	SR 18.5m
- Seychelles Postal Services Company	SR 2.3m
- Seychelles Public Transport Corporation	SR 27.6m
- Guy Morel Institute	SR 2m
- SeyCAAT	SR 0.9m
- National Information Services Agency	SR 0.5m

This was SR 23.7m higher than the first half of 2025. The full-year estimate has been revised upward from SR 71.7m to SR 274.7m.

Benefits and Approved Programs of ASP

As at end-June, spending under 'Benefits and Approved Programmes of the ASP' amounted to SR 813.4m against a year-to-date Budget estimate of SR 835.0m, representing underspending of SR 21.6m or 2.6 per cent. Expenditure was SR 190.9m or 30.7 per cent higher than in the first half of 2025. Compared to the initial Budget, the estimate has been revised upwards by SR 22.9m to SR 1.68bn.

Capital Expenditure

Capital expenditure as at end-June amounted to SR 181.1m against a year-to-date Budget estimate of SR 795.9m, indicating an under-execution of SR 614.9m or 77.3 per cent. This represents an execution rate of 22.7 per cent against the mid-year Budget and a reduction of SR 197.3m or 52.1 per cent relative to the first half of 2025.

Compared to the initial Budget, the full-year capital expenditure (excluding development grants) estimate has now been revised downward by SR 170.9m, from about SR 1.45bn to SR 1.28bn.

Table 24: Capital Expenditure (SR'000s)

DESCRIPTION	2025 Actual	2026 Budget	2026 MYEFO
Capital Expenditure	1,198,545	1,606,016	1,435,092
Capital Projects	1,036,546	1,448,525	1,277,601
o.w. Grant funded	102,016	339,794	344,225
Development Grant	161,999	157,491	157,491
% of GDP:	3.5	4.5	4.1

Source: Ministry of Finance- Financial Planning and Control Division estimates

Domestic Financing

The approved Public Sector Investment Program (PSIP) Budget under local financing for the year 2026 stood at SR 1.09bn and this is SR 181m less than the approved local financing Budget for the year 2025.

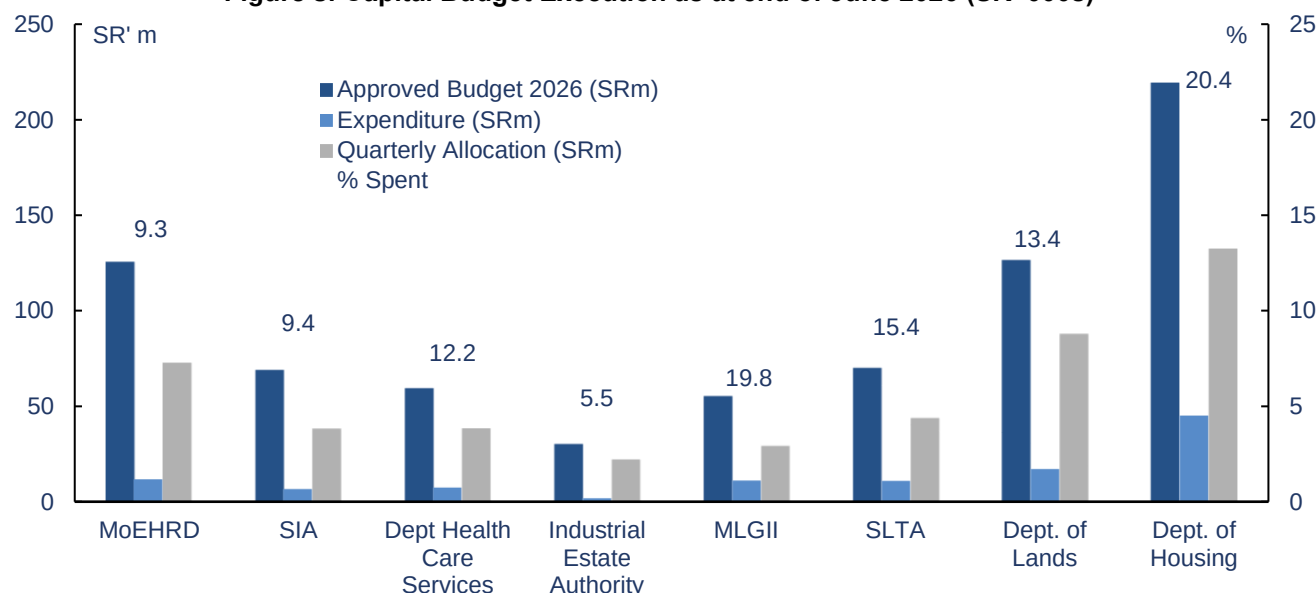
As of June 2025, out of the approved local Budget of SR 1.27bn, up to SR 369.3m or 29.1 per cent had been spent. By June 2026, out of the total approved local Budget of SR 1.090bn, up to SR 174.1m or 16 per cent had been spent.

The execution rate as at the end of June 2026 stood at 16 per cent, representing a decline of 13.1 percentage points compared with 29.1 per cent at the corresponding period in 2025. This is equivalent to an approximately 45 per cent reduction in the execution rate year-on-year.

The execution rate for the year 2026 as at end of June 2026 for MDAs accounting for the highest shares of the Government's capital Budget are as follows:

- Department of Health Care Services – 12.2%
- Ministry of Education & Human Resources Development – 9.3%
- Seychelles Infrastructure Agency – 9.4%
- Seychelles Land Transport Agency – 15.4%
- Ministry of Local Government & Community Affairs – 19.8%
- Department of Housing– 20.4%
- Department of Lands– 13.4%
- Industrial Estate Authority– 5.5%

Figure 8: Capital Budget Execution as at end of June 2026 (SR' 000s)



Source: Ministry of Finance - Financial Planning and Control Division estimates

Several projects originally budgeted for implementation in 2026 have been deferred to 2027. These deferrals are primarily due to factors such as design revisions, funding reallocations, procurement delays, or strategic reprioritization to align with broader governmental objectives.

The deferred projects, along with their respective responsible agencies and allocated Budgets are summarized in Table 25 overleaf:

Table 25: Deferred projects (SR' m)

Project Name	Ministries, Departments, Agencies (MDAs)	Budget Allocation (SR' m)
Construction of Crisis Centre	Department of Social Affairs	3.3
Major renovation, Liberty House	Department of Finance	4
Ministry of Local Government and Inner Islands	Construction of new Port Glaud DA's Office	3
Department of Internal Security, Public Safety & Homeland Coordination	Construction of New Building for Regional Maritime Security Bodies	18
Department of Defence	Construction of new women's barrack	2.1
Department of Culture	Construction of National Archives	8
	Renovation of Gran Kaz	3
Completion of Copolia sewerage works	Seychelles Infrastructure Agency	3
Opening of River Channel and Construction of Side Wall behind Sacos Housing Estate Quincy	Department of Energy and Climate Affairs	1.4
Repair and Upgrading of Faulty LPTP (Civil & Engineering work)	Landscape and Waste Management Agency	1

Source: Ministry of Finance - Financial Planning and Control Division estimates

Loan Financing

As at the end of June 2026, SR 2.1m, representing 11 per cent of the approved foreign loan allocation of SR 18.7m, was disbursed under the Seychelles Solid Waste Management Project implemented by the Landscape and Waste Management Agency.

Grant Financing

A total of SR 339.8m was allocated as grant financing for the year 2026 out of which a total amount of SR 4.9m or 1.5 per cent was recorded under foreign grant-funded projects during the reporting period, of which SR 4.2m was spent specifically under the West Coast Project Phase 2, 3 & 4 under the Department of Transport.

Development Grants

Development Grants issued as at end-June amounted to SR 75.6m against a year-to-date Budget estimate of SR 78.9m, an under-execution of SR 3.3m or 4.2 per cent. This compares with SR 38.2m in the first half of 2025. The current estimate remains unchanged compared to the initial Budget, standing at SR 157.5m.

Table 26: Development Grants (SR'000s)

DESCRIPTION	2026 Budget	2026 MYEFO	Actual as at June 2026	Spending (%)
Seychelles Public Transport Corporation				
<i>o/w Government Budget</i>	20,000	30,086	10,893	54
<i>o/w Foreign Loan/ Grant</i>	15,791	5,705	0	0
Property Management Corporation	54,860	54,860	47,937	87
Public Utilities Corporation Local	66,839	66,839	16,758	25
TOTAL:	157,491	157,491	75,588	48

Source: Ministry of Finance - Financial Planning and Control Division estimates

Projects completed during the first half 2026

Main projects completed during the first half of the year includes:

- Department of Defence
 - o Construction of Jetty
 - o Renovation to Main kitchen
- Ministry of Land and Housing
 - o Cap St Marie Land Bank
 - o 24 Housing Units Ex-Zelia Anse Boileau
 - o 24 Housing Units H10051, La Gogue
 - o 16 Housing Units Anse Francois, Pointe Larue
 - o 8 Housing Units lower Les Mamelles
- Ministry of Education
 - o Grand Anse Praslin Creche Renovation Works
 - o Construction of Creche Anse Royale
- Health Care Services
 - o Renovation English River Health Center
- Department of Foreign Affairs
 - o Renovation of Carport

Outlook for second half of the year

Overall, second-quarter implementation demonstrates that capital project execution remains well below the level required to achieve effective utilisation of the 2026 PSIP Budget. The lower execution rate compared with 2025 points to delays in procurement processes, project mobilisation, contract implementation and expenditure processing across several MDAs.

Unless implementation accelerates significantly over the remaining half of the year, there is a heightened risk that a substantial proportion of the approved capital Budget will remain unutilised, potentially delaying the delivery of strategic infrastructure and public investment priorities.

Accordingly, MDAs should be encouraged to intensify project implementation, expedite procurement and contract management processes, strengthen project monitoring, and promptly address implementation bottlenecks to improve execution during the remaining quarters of 2026.

Project statuses from MDAs show that several projects are currently ongoing, whilst a considerable number of projects are at various stages of design and procurement.

Some of the larger ongoing projects expected to see completion during the year are outlined in the table below.

Table 27: Summary of Ongoing Large Government Projects for 2026

MDA	Project	Status	Expected Completion
Department of Public Administration	Renovation of National House Building	Implementation	End-August 2026
Department of Defence	Renovation of Helicopter Hangar	Implementation	August 2026
	Renovation of Praslin Sub-Station	Tendering / Awarded	December 2026
Department of Lands	Ex-Deltel Dan Bamboo, Anse Royale	Implementation	September 2026
	New La Retraite Land Bank	Implementation	July 2026
	Fond Azor Land Bank Extension	Implementation	End of Q3 2026
Seychelles Fire and Rescue Agency	Renovation Works on SFRSA Headquarters	Implementation	End-July 2026
Ministry of Education	Headquarters Upgrading Works	Implementation	September 2026
	La Rosière Primary School – Construction of New Block	Implementation	End-July 2026
	La Rosière Primary School – Renovation of Old Block	Implementation	End-December 2026
	Beau Vallon Secondary School – Renovation Works	Implementation	End-July 2026
	English River Secondary School – Renovation Works	Tendering	During 2026
	SITE – Renovation Works to Auditorium and Cafeteria	Implementation	October 2026
Local Government	SIDOL – Reconstruction of Boundary Wall	Implementation	During 2026
	Ile Perseverance 1 DA's Office	Implementation	October 2026
Health Care Services	Renovation of ex-NIHSS	Implementation	End-August 2026
	Construction of Ile Soleil Health Centre	Implementation	End-December 2026
	Renovation of Doctor's House/Training Centre at Mont Fleuri	Implementation	July 2026
	Reroofing Corgat Estate Clinic	Implementation	End-September 2026
Climate Affairs	Anse Royale Beach Park Phase 3	Tendering	During 2026
Department of Social Affairs	Youth Hope Residential Center	Implementation	December 2026
National Council for Children	Re-roofing of NCC Headquarters	Tendering	During 2026
	Construction of Boundary Wall at President's Village	Tendering	During 2026
Industrial Estates Authority	Renovation of Micro-Enterprise Centre, Grand Anse Praslin (ex-STC)	Implementation	December 2026
	Upgrading, Reparation & Construction of Drains (Taylor Smith etc.) – Phase 2	Design	During 2026
	Redevelopment of Existing Micro-Enterprise Centers	Tendering	During 2026

Source: Ministry of Finance - Financial Planning and Control Division

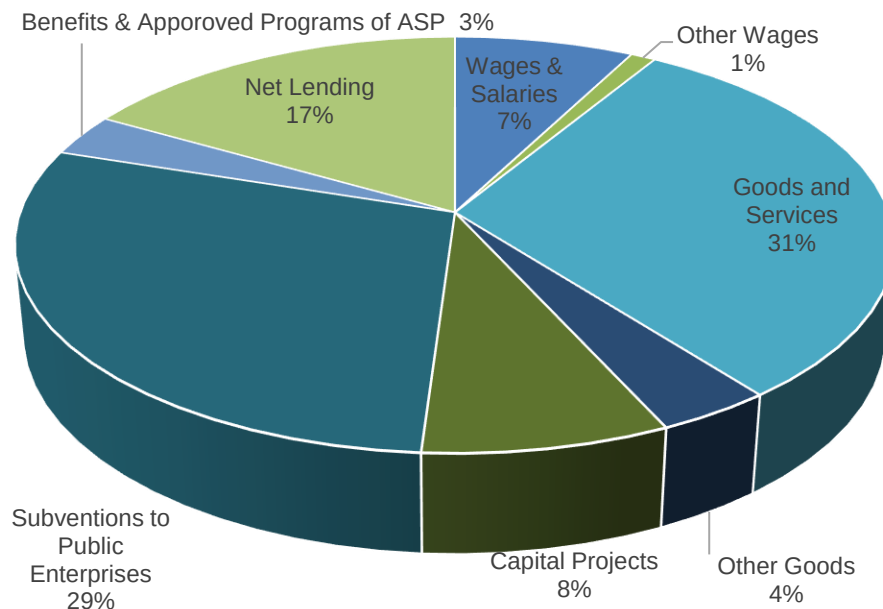
Net Lending

Net Lending recorded a net cash inflow of SR 33.3m in the first half of 2026, compared with a budgeted net inflow of SR 30.3m and a net inflow of SR 27.2m in the first half of 2025. Compared to the initial Budget, however, the full-year Net Lending position has been revised from a budgeted net inflow of SR 55.4m to a net expenditure of SR 61.9m.

Mid-Year Expenditure Revision

The 2026 mid-year review assessed requests for additional funds and identified Budget cuts across Ministries, Departments and Agencies. Approved adjustments amount to SR 701.1m in additional funds and SR 401.3m in Budget cuts, resulting in a net additional funding requirement of SR 299.8m.

Figure 9: Supplementary Budget Allocation



Source: Ministry of Finance - Financial Planning and Control Division estimates

Wages and Salaries

The main additional funds are as follows:

- Ministry of Health – SR 25.0m to address identified deficit based on existing payroll
- Ministry of Homeland Security and Civil Affairs – SR 11.0m to cater for second year police cadets to be appointed in October 2026 and deficits arising from recruitment beyond posts funded in the approved 2026 Budget.
- Ministry of Fisheries, Agriculture and Blue Economy – SR 10.45m: transfer of salary expenditure relating to the Seychelles Agricultural Development Agency and Biosecurity Agency, whose expenditure was initially borne by the Department of Agriculture before the agencies became operational.
- Gratuity under ‘Other Wages’ – an additional SR 7.5m following an updated assessment of the expenditure requirement for the 5% annual gratuity for PSC contract employees.

Several Budget cuts are proposed primarily as a result in delay in recruitment across various MDAs, the main of which are listed below:

- Department of Legal Affairs - SR 4.4m
- Seychelles Revenue Commission - SR 4.0m
- Ministry of Finance, Economic Planning, Trade and Investment - SR 3.0m
- Ministry of Employment and Human Resource Planning - SR 1.8m
- Environment - SR 1.7m
- Department of Information Communication - SR 1.5m

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- Public Enterprise Monitoring Commission - SR 1.3m
- Industrial Estates Authority - SR 1.3m

Goods and Services

The main additional funds are as follows:

- Seychelles Home Care Agency - SR 29.4m for caregiver payroll-related shortfalls and projected increases in caregiver numbers
- Seychelles Agricultural Development Agency - SR 20.05m, principally the Livestock Subsidy;
- Landscape & Waste Management Agency - SR 18.11m, including the impact of the minimum wage increase on existing contracts and landscape/beautification expenditure
- Ministry of Health - SR 10m for medicines and other priority requirements
- Seychelles Broadcasting Corporation - SR 6.58m for World Cup programme licence fees, utilities, security/enforcement at the new premises and other operational expenditure
- SLTA - SR 5m including fuel, bitumen procurement and road-related expenditure; and SR 3m each for the Office of the President and Legislature for operational requirements.
- National Day Celebrations – SR 17.0m to cater for settlement of outstanding expenditure associated with the 50th Anniversary National Day celebrations.
- Inquiry Commission – SR 8.98m to cater for shortfalls associated with the commissioner's remuneration packages and other Commission expenditure.

The main Budget cuts are as follows:

- Department of Public Administration - SR 10.3m due to delay of the HRMS project
- Ministry of Finance - SR 2m due to delay in the IFMIS project

Capital Projects

The approved mid-year adjustment for Capital Projects is a net Budget cut of SR 155.7m, comprising SR 55.4m in approved additional funds and SR 211.1m in approved Budget cuts.

Social Programs of Government

Due to identified savings from the Social Programs of Government Budget lines, a total of SR 28.2m is proposed to be cut from the original Budget. The main cuts are listed below:

- Housing Finance Scheme - SR 10m
- SME Scheme - SR 5m
- Education Loan Scheme - SR 4m
- Financial Assistance for 13th Month - Private Sector - SR 4m
- Unemployment Relief Scheme - SR 3m

Subvention to Public Enterprises

The main amendments to Subvention to Public Enterprises are listed below:

- Air Seychelles - SR 194.95m in Government budgetary support to sustain strategic air connectivity on the Paris, Istanbul and Rome routes, as part of Government's policy response to mitigate the operational and financial impacts arising from the Middle East conflict.
- Seychelles Postal Services Company - SR 6m: operational support arising from the impact of the Middle East crisis.
- The Guy Morel Institute - SR 1.7m: operational shortfall.
- National Information Services Agency (NISA) - SR 0.3m: Long Service Allowance for employees.

Benefits and Approved Programs of ASP

The main amendments to Subvention to 'Benefits and Approved Programs of ASP' are listed below:

- SR 18.45m - Retirement Benefits: to meet the projected shortfall based on existing trends as well as increase in number of retirees.
- SR 4.5m - Neurodivergent Scheme: provision for the new scheme aimed at assisting families with children with autism.

Net Lending

The total amendment to the original Budget for 'Net Lending' is an additional fund of SR 117.3m to the Seychelles Trading Company (STC) to cater for costs of increasing of basic commodities stock as part of government's strategy to mitigate the impact of the ongoing Middle East conflict.

Debt Outlook

2026 Overall Context

As illustrated in Table 28, at the end of June 2026, the total Government Debt Stock amounted to SR 18.66bn, representing approximately 53.6 per cent of the Gross Domestic Product (GDP). The total stock of domestic debt stood at around SR 8.33bn, while the external debt stock was approximately SR 10.34bn, accounting for 23.9 per cent and 29.7 per cent of GDP, respectively. External debt remains the primary component of the total debt stock, comprising 55.4 per cent of the overall debt stock.

Table 28: Provisional Total Debt Stock as at June (Millions)

Description	Domestic SR' m	External SR' m	External USD	Total SR' m
Total Debt Stock	8,325.2	10,339.4	702.8	18,664.4
Debt to GDP Ratio	23.9%	29.7%		53.6%

Source: Ministry of Finance - Debt Management Division

2026 External Debt Stock

The external debt is defined as the outstanding amount of those actual current, and non-contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of the Seychelles economy.

External Debt by Creditor Category

At the end of June 2026, external debt represented 55.4 per cent of the total debt portfolio. The external debt stock grew by 4.6 per cent, from SR 9.87 bn at the end of December 2025 to SR 10.34 bn in June 2026. This growth was driven by five separate disbursements; four under existing loan facilities from the IMF and the World Bank, and one under a new World Bank facility, namely the 'Seychelles Second Sustainable and Inclusive Growth Development Policy' project loan, as shown in Table 29. The two IMF disbursements represented the final disbursements under these respective facilities. Collectively, these disbursements increased the stock of the Multilateral creditor category, as highlighted in Table 30.

Table 29: External borrowings and disbursements as at June 2026

DESCRIPTION	Loan Amount (USD' m)	Amount Disbursed (USD' m)
IBRD- <i>'Solid Waste Management Project'</i>	5.0	0.2
IBRD- <i>'Strengthening Quality of the Social Protection System'</i>	30.0	0.9
IBRD- <i>'Seychelles Second Sustainable and Inclusive Growth Development Policy'</i>	30.0	30.0
IMF- <i>'Extended Fund Facility 2 (2023)'</i>	42.0	16.2
IMF- <i>'Resilience and Sustainability Facility (RSF)'</i>	34.0	24.6
TOTAL:	141.0	71.9

Source: Ministry of Finance - Debt Management Division

The breakdown of the total external debt stock by creditor category, illustrated in Table 30, shows that the creditor categories maintained the same relative rankings as in December 2025. Stock values declined across almost all creditor categories, driven by steady debt service repayments, a lack of new issuances, and the favourable appreciation of the Seychelles rupee against the US dollar to 14.71 per USD from 14.91 per USD. The sharpest drop occurred within the Private Creditors category, which fell by 36.9 per cent following the

maturity of the Eurobond earlier this year. Conversely, disbursements from the IMF and World Bank expanded the Multilateral segment, which was the main driver of the overall increase in the external debt stock. As a result, external debt increased to 55.4 per cent of the total debt stock, compared with 54 per cent at the end of last year.

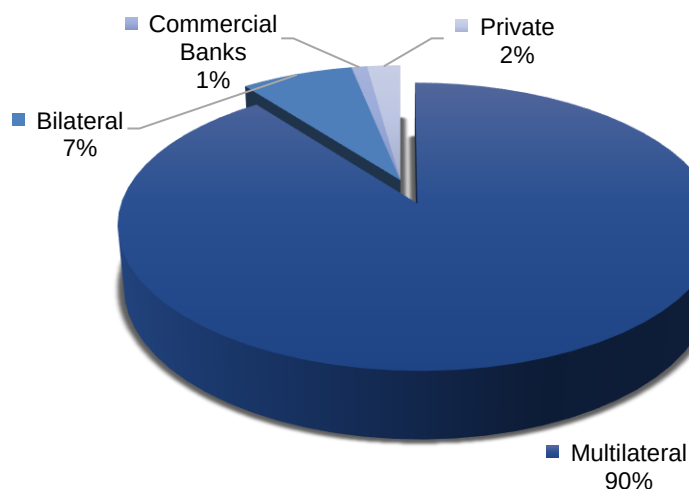
Table 30: External Debt by Creditor Category Dec 2025 vs June 2026

DESCRIPTION	Dec-25	Jun-26	% Change
Multilateral	8,531	9,268	8.6
Bilateral of which;	867	746	-14.0
<i>Paris Club</i>	369	294	-20.3
<i>Non-Paris Club</i>	498	452	-9.2
Commercial Banks	120	104	-13.3
Private	350	221	-36.9
TOTAL: EXTERNAL DEBT	9,868	10,339	4.8

Source: Ministry of Finance - Debt Management Division

Figure 10 displays the distribution of creditor categories within the total external debt stock. Multilateral creditors account for the largest share at 90 per cent (up from 86 per cent in December 2025), driven by the aforementioned IMF and World Bank disbursements. Bilateral creditors represent the next largest share at 7 per cent (down from 9 per cent), while Private creditors and Commercial banks make up the smallest portions at 2 per cent and 1 per cent respectively.

Figure 10: External Debt by percentage composition as at June 2026



Source: Ministry

Debt Management Division

of Finance -

External Debt Repayments

Table 31 presents the forecasted external debt repayment schedule for the latter half of 2026. Total debt service is projected at USD 45.4m, with the largest payments expected in October and November, amounting to USD 10.3m and USD 9.9m, respectively. The elevated October payment is primarily driven by the first principal repayment on the Blue Bond, while the November payment reflects the scheduled principal repayment under the IMF EA EFF 1 which repayment began in February this year.

Table 31: External Debt Forecast by Month - 2026 in USD' (000)

EXTERNAL DEBT (USD)	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Principal	1,528	6,942	1,405	7,494	6,013	6,661	30,042
Total Interest	4,297	2,095	2,045	2,788	3,909	260	15,394
TOTAL: DEBT FORECAST	5,825	9,037	3,450	10,282	9,922	6,921	45,437

Source: Ministry of Finance - Debt Management Division

2026 Domestic Debt Stock

The domestic debt stock represents all debt liabilities owed to residents of the Seychelles economy. Overall, the domestic debt stock decreased by SR 96m, primarily driven by debt settlements and a lower total value of new issuances, despite two new loan guarantee facilities being executed for DBS in Q1 and Q2 2026, worth SR 200m combined. As shown in Table 32, Government securities remain the largest component of domestic debt at SR 7.08bn, representing a 1.6 per cent decrease from the December 2025 closing stock value, reflecting reduced borrowing needs to bridge financing gaps. The most significant decline of 28.6 per cent occurred in the Other Debt Liabilities category due to steady repayments under the CBS Private Sector Relief Schemes.

Table 32: Changes in Domestic Debt Stock (SR' m)

DOMESTIC DEBT	Debt Stock		% Change
	Dec-25	Jun-26	
Loans	864	884	2.3
Government Securities	7,193	7,081	-1.6
Other Securities	343	345	0.6
Other Debt Liabilities	21	15	-28.6
TOTAL:	8,421	8,325	-1.1

Source: Ministry of Finance - Debt Management Division

Composition of Domestic Securities

Table 33 outlines the composition of domestic securities from December 2025 to June 2026, showing an overall decrease of SR 108m, or 1.4 per cent. This decline was primarily driven by T-bonds, as the retirement of existing instruments exceeded the value of new issuances. Meanwhile, the Other Securities Domestic Debt category remained flat throughout the period. Treasury bills experienced minor activity, with new issuances offset by settlements which resulted in a minimal 1 per cent change only.

Table 33: Composition of Domestic Securities (SR' m)

DOMESTIC DEBT	Debt Stock (SR' m)		%
	Dec-25	Jun-26	Change
Government Securities			
T-Bills	2,117	2,139	1.0
T-Bonds	5,075	4,943	-2.6
Treasury Deposits	45	47	4.4
Other	298	298	0.0
TOTAL:	7,535	7,427	-1.4

Source: Ministry of Finance - Debt Management Division

From January to June 2026, the Government issued two T-bonds, a 7-year and a 5-year T-bond, one in each quarter, as forecast in the Annual Borrowing Plan. At the outset, each of these T-bonds targeted SR 100m, and both were met with strong demand, resulting in oversubscriptions at favourable coupon rates. This indicates a robust appetite on the domestic market. Competitive bidders, consisting mainly of financial institutions, remained the strongest participants, dominating the T-bond allotted shares at well over 80 per cent during each of these auctions. Table 34 provides a summary of this year's T-bond issuances up to June 2026, with SR 316.2m allotted overall.

Table 34: 2026 Treasury bond Issuance Summary

Quarter	T-Bonds	Issue Limit (SR M)	Total Subscribed	Coupon Rate (%)
Q1	7-Year T-Bond	100.0	152.0	4.8
Q2	5-Year T-Bond	100.0	164.2	3.8
Total		200.0	316.2	

Source: Ministry of Finance - Debt Management Division

Interest Rates on Treasury Bills

The table below provides a comparison of interest rates between the end of June 2026 and the same period in the previous year. As illustrated, interest rates declined across all three tenors, with the 91-day T-Bill rate recording the largest decline of 7.02 per cent.

Table 35: Interest Rates on Treasury Bills

Treasury Bills	Interest Rates (%)		
	Jan-Jun 2025	Jan-Jun 2026	% Change
91 Days	2.42	2.25	-7.02
182 Days	2.53	2.48	-1.98
365 Days	2.62	2.50	-4.58

Source: Ministry of Finance - Debt Management Division and CBS

Table 36 below shows the total amount of T-Bills issued as at the end of the second quarter of 2026 compared with the corresponding period in 2025. Total issuance increased by approximately SR 240m, with the largest

increase recorded in the 365-day T-Bill at SR 114m, followed by the 182-day and 91-day T-Bills at SR 76m and SR 49m, respectively. This was mainly due to a higher requirement for cash-flow financing and the under subscription of T-bonds issued during the second quarter of 2025. However, this was partially offset by the oversubscription of T-Bonds issued during the first quarter of 2026.

Table 36: Treasury Bills Issuance Comparison

Treasury Bills	Amount issued SR' m		
	Jan-Jun 2025	Jan-Jun 2026	% Change
91 Days	59.0	108.2	83.5
182 Days	114.0	189.9	66.6
365 Days	136.7	251.2	83.8
TOTAL:	309.7	549.4	

Source: Ministry of Finance - Debt Management Division and CBS

Selected Economic Indicators

	2025	2026 MYEFO	2027
National income and prices			
Nominal GDP (millions of Seychelles rupees)	34,341	34,841	37,216
Real GDP growth (%)	5.8	0.8	4.4
GDP deflator growth (%)	0.3	0.7	2.3
CPI (% , annual average)	0.3	0.8	2.5
Government Budget (% GDP)			
Total revenue, including grants	32.7	34.6	33.6
Total revenue, excluding grants	32.2	33.3	33.3
Grants	0.5	1.3	0.3
Expenditure and net lending	32.7	37.0	34.9
Current expenditure	29.3	32.5	30.4
<i>Of which: interest payments</i>	2.6	2.5	2.3
Capital expenditure (excluding development grants)	3.0	3.7	3.8
Net Lending	(0.2)	0.2	-0.2
Primary balance, including grants	2.6	0.1	1.1
Primary balance, excluding grants	2.1	-1.3	0.7
Overall balance (accrual basis), excluding grants	0.0	-2.4	-1.2
Overall balance (cash basis), including grants	0.2	-2.4	-1.2
Domestic bank financing (net)	-0.8	-0.2	2.7
External sector (in USD million, unless otherwise indicated)			
Current account balance including official transfers	-135	-274	-189
Current account balance including official transfers (% of GDP)	-5.8	-11.7	-7.6
<i>Imports of goods</i>	1,440	1,497	1,493
<i>Imports of services</i>	1,148	1,151	1,185
<i>Exports of goods</i>	519	523	528
<i>Exports of services</i>	2,008	1,919	1,998
Primary Income, net	-61	-58	-28
Secondary Income, net	-12	-11	-10
Foreign Direct Investment, net	-284	-249	-238
Gross official reserves (USD' m)	878	898	918
In months of imports, c.i.f.	4.1	4.1	4.1
Total debt outstanding (% of GDP)	53.3	56.1	53.8
Total debt outstanding (millions of Seychelles rupees)	18,288	19,544	20,011
<i>Domestic (% of GDP)</i>	24.5	24.3	25.2
<i>External (% of GDP)</i>	28.8	31.8	28.6

Source: Seychelles Macro-Economic Framework Working Group.